

The US selling partner's guide to VAT in Europe



The purpose of this document is to help you understand European Value Added Tax (VAT) as a Selling Partner on Amazon. For your convenience, we have summarized certain aspects and provided resources that can help you learn more about VAT.

What is VAT?

VAT stands for Value Added Tax and is a tax on consumer expenditure. It is collected on business transactions, imports and moving goods between EU countries. It's a tax that VAT-registered traders in the EU add to the price of the goods they sell, and pass on to the national tax authorities when they file their tax returns.

If you sell goods in any EU country, it's likely you may be required to register for Value Added Tax (VAT).

"We knew VAT was complex, but that didn't slow us down," says Dan McCarthy of Blink Home Security, who expanded from the US to the UK in 2016 and now sells across all five European marketplaces. "We found that while it does take some initial work, it was very manageable overall, especially with the right help. Given that our Europe business has been doubling year over year, I'm glad we didn't let VAT delay our expansion."

How VAT differs from US sales tax

There are many differences between VAT and US sales tax. But there are two in particular that all non-EU-based sellers who consider selling in the EU should know about.

1. **VAT is payable upon import.** When sending goods to a US fulfillment center, you don't have to pay sales tax in the US. However, as soon as you ship inventory to Europe (for example to a fulfillment center when using Fulfillment by Amazon, or FBA), you must pay that country's import VAT.
2. **VAT is included in the sale price.** Unlike in the US, where sales tax is added to the list price, VAT is included in the list price in the EU. Let's say that you sell a product on Amazon.com for \$100. To sell it for the equivalent price in the UK, you would list it on Amazon.co.uk for \$120 (assuming 20% VAT). This is important to remember when analyzing competitive pricing on Amazon's European marketplaces.

VAT Frequently asked questions from US selling partners

How do I know if I need to register for VAT in the EU?

The key factors that determine if you have an obligation to register for VAT are: your business' country of establishment, the location of your inventory, and your level of sales (read more about the ['VAT thresholds' in EU countries](#)). In general, when you sell your products on Amazon's European marketplaces, VAT registration will likely be required for at least one EU country. *To see if VAT registration is required, take this [brief test](#).*

Where should I register for VAT and how do I register for VAT in multiple countries?

If you store, move or sell goods in multiple EU countries you may be required to register for VAT where you store goods and based on the level of your distance selling. Distance selling is when you sell and ship your products to consumers in an EU country other than the one in which the products are stored. If this is the case, you could be required to submit VAT returns in more than one country. The requirements to register for VAT in multiple countries may differ and we recommend that you consult a tax advisor, particularly if you store goods in more than one EU country or make distance sales.

I sell products into an EU country from outside EU (I don't have a business establishment in EU) and I do not store goods in EU. Do I need to register for VAT?

If you import goods into the EU for onward sale you will generally be required to pay import VAT (and possibly import duty) to the tax authority where the goods are imported. Please note you will be required to register for VAT if you store goods in an EU country.

What is the level of the VAT rates?

If you sell goods in the UK the VAT rate applicable can vary depending on the type of goods you sell. At present, the VAT rates applicable are either 20%, 5% or 0%. It is worth noting that the vast majority of goods sold in the UK are subject to the 20% rate - please consult your tax advisor if you are uncertain on which VAT rate(s) to apply on your products.

[Click here](#) for more frequently asked questions about how VAT works

Disclaimer: This document is not exhaustive and is intended for use only as a general reference. The information in this document does not constitute tax, legal or other professional advice. We recommend that you consult your professional advisors for specific guidance and decision-making or if you need further detail in relation to VAT compliance.



How to register for VAT

While each Amazon seller is solely responsible for being VAT compliant, Amazon can provide resources and tools for your VAT registrations and filings in EU countries.

We recommend that you get professional advice from a European tax expert. It's the responsibility of each Amazon seller to ensure they are VAT-compliant and you should seek professional advice if you are unsure of your obligations.

Here are 2 options on how to start VAT registration and get expert guidance to understand VAT obligations early on.

Where register for VAT

If you store inventory in Europe you are required to have a registered VAT where your goods are stored. Many selling partners start their EU journey by storing goods and registering for VAT in UK and DE. Here's why:

- UK and Germany are Europe's largest opportunities for ecommerce meaning that inventory within the country is important to reach more customers with faster shipping options. Check out [Amazon Europe's fulfillment options](#) to find the one that works best for you!
- Mitigates the risk disruption with logistics due to [Brexit](#)
- The information required for UK and Germany VAT are simpler than other European countries

When the business grows and expands, further registrations for VAT might be needed.



Option 1: VAT Services on Amazon- Use VAT Services on Amazon to manage your VAT registration, filing and submission requirements. Amazon works with global tax service providers to enable VAT compliance in UK, Germany, France, Italy, Spain, Poland and Czech Republic.

- **Low Cost:** As a special ongoing promotion, we are providing the first year of service free* – which includes VAT registration and filings. In addition to the first year free promotion, for Year-2 you only need to pay €400 per year per country for your on-going VAT filing report submissions.
- **Automated VAT Filings:** You benefit from online and fully automated VAT filings integrated within Seller Central for your Amazon transactions.
- **Customer Support:** Your tax service provider will guide you step by step through your VAT Registration and once you begin your online VAT filing, you will receive dedicated customer support from Amazon.

[Get started with VAT Services on Amazon](#)

Find tips throughout the registration process and commonly requested documents.

*[*Terms and conditions for free one-year free promotion](#)*



Option 2: 3rd party solution providers- Given the complexity of VAT, and how different it is from US sales tax, many sellers hire a European tax expert. Many of these VAT experts provide a free first consultation to discuss your specific need. To get discounted rates from VAT experts, visit our [Solution Provider Network](#).

Here are some popular picks from the solution provider network.

REGIONAL EXPRESS
FREE VAT registration for Amazon sellers
Expert Tax Advice
Fast, seamless and extremely affordable!
Amazon seller review

More than 100 requests completed | 64 Reviews

Specialities: We specialize in UK/EU tax registration, filing and compliance - FREE UK VAT Registration for all Am...

UK/EU VAT & Tax Experts
Your gateway to the UK/EU Marketplace
AVASK
Accountants and Tax Experts

More than 100 requests completed | 83 Reviews

Specialities: UK and European e-commerce Accountants and Tax Experts



Tip: Some solution providers offer both tax and shipping services to help sellers expand to Europe. For example, *First choice shipping* provides both services with promotions specific to Amazon sellers.

FIRST CHOICE SHIPPING
LOCAL PROVIDER
51-100 requests completed | 62 Reviews

Specialities: We offer you rates at up to 80% off most of the major carriers, 2 Business day service, Delivery Str...





Applying for VAT

The time it takes to become VAT registered can vary. To avoid delays, start the process as soon as you register your EU seller account.

Commonly requested info

As part of the registration process, the local tax authorities require that VAT registration applications be accompanied by a number of supporting documents.

Required documents can include (but might not be limited to):

- (1) Photo identification document for legal representative** - Supported documents include a national ID card, driver's license, and a passport.
- (2) Your Company's Articles of Association** - The Articles of Association should include: (1) All shareholders' name (2) the percentage of shares held by each shareholder (3) the Date of Birth of each shareholder (4) the private address of each shareholder.
- (3) Certificate confirming your business activities** - You will need a copy of your Business License or a certified certificate of good standing issued by the local Administration for Industry and Commerce or the Division of Corporations of your State (e.g. Delaware). *Note: Certificates obtained on the internet are NOT official documents and will be rejected by the tax authorities.*
- (4) Second Proof of Identity for legal representative** - Supported documents include: Identity card, driving license, Marriage certificate, Birth certificate, Mortgage statement, Utility bill or lease/rental agreement, or Official document from your employer that contains name, date of birth and National Insurance number.
- (5) Third Proof of Identity for legal representative** - Supported documents include: Identity card, driving license, Marriage certificate, Birth certificate, Mortgage statement, Utility bill or lease/rental agreement, or Official document from your employer that contains name, date of birth and National Insurance number.
- (6) Bank Details** - Official letters from your bank. E-wallets such as PayPal, Payoneer or PingPong are not accepted.

Amazon VAT resources

EU VAT Education

Collection of resources with useful information about VAT

Solution Provider Network

Directory of third-party providers that provide tax services and more

VAT Services on Amazon

VAT registration, filing, and submission in Seller Central

VAT Calculation Services

Automated VAT calculation and invoicing

