

European VAT Calculation Services methodology

On this page

- [1. Purpose](#)
- [2. Scope](#)
- [3. Overview](#)
- [4. Seller VAT calculation eligibility criteria](#)
- [5. VAT registration numbers](#)
- [6. Determining the VAT jurisdiction](#)
- [7. Assigning a Product Tax Code \(PTC\)](#)
- [8. Assigning "Default country for VAT exclusive price"](#)
- [9. Determining the VAT exclusive/inclusive price](#)
- [10. Time of sale for VAT calculation](#)
- [11. Refunds](#)
- [12. VAT rate maintenance](#)
- [13. VAT invoicing](#)
- [14. VAT calculation reporting](#)
- [15. VAT Calculation Services enrollment and activation](#)
- [16. Deactivation](#)

Last updated on July 1, 2021.

1. Purpose

This document describes the methodology we apply to calculate VAT for sellers using Amazon's VAT Calculation services.

Important: Read this VAT Calculation Services Methodology carefully before using Amazon's VAT Calculation services. You are responsible for the accuracy of all calculations, invoicing, tax reporting and any other tax-related obligations. Consult a tax advisor if you need assistance in configuring tax settings for your business.

2. Scope

The methodology described in this document applies only to orders enrolled in the VAT Calculation service, for which sellers are responsible for the collection and remittance of VAT to the relevant tax authorities. The methodology described in this document does not apply to any orders related to the following scenarios:

2.1 VAT on eCommerce Legislation

2.1.1 United Kingdom ('UK') VAT on eCommerce Legislation

The UK formally exited the EU's Single Market and Customs Union on January 1, 2021 ("Brexit"). From this date, the UK introduced a new set of VAT rules which changes the way that VAT is accounted for certain sales made by sellers to UK customers.

From January 1, 2021, Amazon is responsible for collecting UK VAT on the following sales of goods delivered to customers in the UK, who are not UK VAT registered, where ordered through any Amazon storefront:

1. Goods delivered from seller inventory stored outside the UK with a shipment value of up to £135; and
2. Goods delivered from seller inventory stored in the UK, irrespective of value, where the seller is not established in the UK.

Where either of these supplies take place, Amazon will calculate and collect UK VAT from the customer at checkout and remit this directly to the UK Tax Authorities. Sellers will not receive the UK VAT amount in their disbursements and will not be required to remit these amounts to the UK Tax Authorities.

There are exceptions for some sales of goods delivered to customers in Northern Ireland, for which seller may remain responsible for accounting for any UK VAT due.

Sellers remain responsible for accounting for any UK VAT on any other supplies including supplies to UK VAT registered business customers. The methodology described in this document will continue to apply for these supplies.

For more information about how Amazon will calculate and collect UK VAT on these supplies, go to [UK VAT on eCommerce Legislation help page](#).

2.1.2. Norwegian VAT on eCommerce legislation

Norway has implemented Norwegian VAT on eCommerce legislation which changes the way VAT is accounted on certain sales made by sellers to Norwegian customers.

From 28 April 2021, Amazon is responsible for collecting Norwegian VAT on sale of goods delivered to customers in Norway, ordered through any Amazon store, where:

1. The goods are delivered from inventory stored outside Norway.
2. The shipment value of each item in the order does not exceed NOK 3,000.
3. The items ordered do not include foodstuff, alcoholic beverages, or certain exempted products.

For these transactions, Amazon calculates and collects Norwegian VAT from the customer at checkout, and remit this directly to the Norwegian Tax Administration. You will not receive the Norwegian VAT amount in your disbursements and you are not required to remit these amounts to the Norwegian Tax Administration.

Note: The current VAT exemption for sales of goods under NOK 350 (where goods are delivered to Norwegian customers from inventory stored outside of Norway) is not applicable for these sales. Norwegian VAT is calculated and collected by Amazon on all sales that meet the above requirements.

If you deliver goods to Norwegian customers, who are registered for Norwegian VAT (B2B customers), your B2B customer will be responsible to self-account for any Norwegian VAT through their VAT return.

There are no changes to your VAT responsibilities if you deliver from inventory held in Norway or if you are established in Norway. You are responsible for accounting any VAT due on these sales.

For more information about how Amazon will calculate and collect Norwegian VAT on these supplies, go to [Norwegian VAT on eCommerce Legislation](#).

2.1.3. EU VAT on e-Commerce Legislation

July 1, 2021, Amazon will collect VAT on the following e-commerce sales of goods delivered to customers in the EU, who are not VAT registered (B2C), ordered through any Amazon store, where:

1. Goods delivered from inventory stored outside the EU with a shipment value of up to EUR 150; and
2. Goods delivered from Seller inventory stored in the EU, irrespective of value (both cross border or domestic sale), where the Seller is not established in the EU.

Where either of these supplies take place, Amazon will calculate and collect EU VAT from the customer and remit this directly to the respective EU Tax Authorities. Sellers will not receive the EU VAT amount in their disbursements and will not be required to report or remit these VAT amounts to the EU Tax Authorities.

The VAT rate charged by Amazon will be the one applied in the country of delivery to your customer i.e. if the goods are delivered to a customer address in Spain, Amazon will apply the relevant Spanish VAT rate.

Amazon will not collect VAT on the sale or delivery of goods to VAT registered customers in the EU where current VAT reporting requirements will continue to apply. You will still be required to meet your VAT registration requirements in the EU countries in which you hold inventory.

For more information about how Amazon will calculate and collect EU VAT on these supplies, go to [EU VAT on e-Commerce \(EU VOEC\) legislation - 2021](#)

Note:

For any orders that Amazon is responsible to collect VAT from the customer at checkout and remit this directly to the relevant tax authorities, Amazon will use its own product-related VAT rate settings to perform the VAT calculation. Product-related VAT rate settings set by Sellers for Amazon's VAT Calculation Services will not be used to calculate VAT on these supplies.

Product-related VAT rate settings set by Sellers will continue to be used on all other supplies for which Sellers remain responsible for any VAT or import fees due.

Sellers established inside EU

From July 1, 2021, the following changes to the VAT treatment and reporting of EU cross border distance sales (B2C) will be introduced in the EU:

Removal of Distance Selling Thresholds

The Distance Sales thresholds set at each EU Member State are abolished and a general tax at destination principle for all cross border B2C supplies of goods will apply, i.e. VAT is due in the EU country where the goods are shipped to. As a result, you may be required to obtain a VAT registration number in each EU Member State to where you perform B2C Distance Sales.

There is an exception to the above rule for 34 Micro-Business. Where the cross border distance sales shipped from your principal place of business ("PPOB") do not exceed EUR 10,000 on an annual basis, you may charge and collect VAT from the country of dispatch (i.e. your PPOB). Orders fulfilled from other countries will not benefit from this exception and will be taxed in the country of delivery.

Introduction of Union One-Stop shop (UOSS)

To remove the high administrative burden of obtaining EU VAT Registration Numbers (VRN) and managing VAT filings in up to 27 EU countries, the EU has introduced a Union One Stop Shop (UOSS) solution. When opting in for UOSS, there is no need to register for VAT in all EU countries where your goods are shipped to the customers (B2C). You can report all EU B2C Distance Sales through a single VAT return filed in your country of establishment, irrespective of the actual ship from and ship to countries. Note that this does not remove other obligations for obtaining a VAT registration number, such as holding inventory in other EU countries.

Note: Amazon VAT Calculation Services does not offer support for sellers who opt to apply the Micro-Business exception.

3. Overview

Amazon's VAT Calculation Services will exclusively perform VAT calculations for the United Kingdom ('UK') and the 27 European Union ('EU' or 'EU27') Member States on products sold on Amazon's EU and UK stores. The VAT calculations are performed based on seller-determined tax settings and any other related seller information set up during configuration.

Amazon's VAT Calculation Services do not perform VAT calculations in countries located outside of the EU and the UK.

VAT Calculation Services:

Amazon's VAT Calculation Services utilizes a third-party VAT calculation software, Vertex Indirect Tax O Series. This software contains VAT calculation rules and logic, including logic related to rounding of the calculated amounts. Amazon's VAT Calculation Services support for the following VAT calculations and related functions:

- VAT rates (including monthly updates)
- VAT jurisdiction determination
- VAT exclusive price logic:
 - How VAT will be calculated from the seller's inclusive display price
- Pre-populated Product Tax Codes (PTCs) to support product-specific taxability across the EU member states and the UK
 - Example: Books, clothing and food;
- The ability to add/remove VAT registration numbers, including UOSS number
- The ability to specify a single, 'default Ship-from' location for seller-fulfilled orders
- The ability to specify an override 'Ship-from' location upon shipment confirmation;
- The ability to select a seller-selected default PTC
- The ability to set an ASIN/SKU level PTC
- The ability to select a seller-defined default country for determining VAT exclusive price
- The ability to specify tax settings to calculate VAT on shipping and gift wrap
- The ability to handle B2B (business-to-business) and B2C (business-to-consumer) transactions
- VAT Calculation report;
- Detailed monthly Amazon VAT Transactions report including details on VAT rate, VAT amount and VAT exclusive price to facilitate VAT reporting
- VAT invoice and credit note generation
- XML invoice and credit note creation on domestic B2B [and B2C](#) supplies in Italy [and cross-border B2C and B2B supplies from Italy, with the exceptions mentioned below \(B2B and B2C is defined in section 13\)](#);
- E-report (XML report of the PDF Invoice) creation of the invoice and credit note for all supplies from a valid Hungarian VAT Registration Number
- The ability to correct Billing address and/or Legal business name on VAT Invoices

Further information: This relates to instances where a customer requests Billing Address and/or Legal Business Name correction on VAT invoices generated by Amazon. Seller-generated VAT invoice corrections are not supported.

- Non-resident domestic reverse charge calculations

Further information: This relates to instances where a customer is VAT registered and established in the country where the transaction takes place for VAT purposes and the seller is

only VAT registered in this country (but not established). Countries that have implemented non-resident domestic reverse charge mechanism are Belgium, France, Italy, Netherlands and Spain.

Example of a non-resident domestic reverse charge transaction:

A French VAT registered seller who does not have a physical presence in France lists an item at € 12.00 on Amazon.fr, ships the items from France and sells the item to a B2B Customer located in France.

VAT rate = 0% (non-resident domestic reverse charge)

VAT exclusive item price calculation: € 12.00/ (1 + 0.20) = € 10.00 (Base price on which domestic reverse charge is calculated).

Final VAT inclusive item (including applicable VAT) price calculation: € 10.00 * (1 + 0.00) = €10.00

Amazon's VAT Calculation Services do not currently support the following calculations and related functions:

- Any reverse charge calculation other than that described above
 - Example: Product-related reverse-charge calculation on domestic supplies such as mobile phones, above a threshold; any other non-resident domestic reverse charge, etc.
- The ability to specify multiple 'Ship-from' locations for seller-fulfilled orders
- VAT calculation on PrimeNow transactions
- VAT calculation on sellers' local VAT registration numbers (i.e. not VIES Validated)
- VAT calculation on digital products and services, including a delivery of goods which were ancillary to a supply of services
- Calculation of customs duties, taxes and fees due on the importation of goods:
 - Example: Goods imported from China into the EU
- Calculation of local tax rates in the following territories, where currently only mainland tax rates are supported, such as:
 - Corsica (France)
 - Azores and Madeira (Portugal)
- Calculation of the Impuesto General Indirecto Canario (IGIC) in the Canary Islands (Spain)
- Refer to [VAT Calculation Services – FAQs](#) for a list of EU territories that fall outside the scope of EU VAT rules.
- Calculation of any regulatory or environmental fees/taxes:
 - Example: Bottle deposits and Waste Electrical & Electronic Equipment (WEEE);
- VAT calculation at the shipment level:
 - That is, Amazon's VAT Calculation Services calculate VAT at the unit level and this is then multiplied by the quantity of the product purchased;
 - Example: If a customer purchases 10 units of product X then Amazon's VAT Calculation Services calculates VAT on one unit and then multiplies the value by 10;

- Post-transaction VAT calculation and reporting corrections;
- Generation of VAT returns and other tax-related reports:
 - **Example:** Intrastat and European Sales Listings/Recapitulative Statements;
- VAT obligations in respect of the cross border movement of seller's own goods between EU Member States or Northern Ireland, such as goods transferred between Amazon fulfillment centers (FCs);

Further information: The seller will be responsible for ensuring the necessary compliance related obligations are fulfilled. The details of the EU cross border FC-to-FC transfers are available in the Amazon VAT Transactions Report in the Reports section in the Seller Central account.

- Any special VAT schemes including the Cash Accounting scheme, Second Hand Margin Scheme or special publishers' VAT regime;
- VAT calculation in consideration of the EUR 10,000 threshold Micro-Business exemption for EU B2C distance sales transactions.
- [E-report \(XML report of the PDF Invoice\) creation of the invoice and credit note for all supplies from/to San Marino and Romania](#)
- [XML invoice/ credit note creation and reporting through SDI of B2C EU distance sales transactions from IT:](#)

[\(a\) when the Selling Partner is registered for VAT in the destination country. For this transaction, VCS will be generating a pdf invoice for the B2C sale to the end customer](#)

- [Example: a Selling Partner established in Italy performs a B2C distance sale from IT to a customer in AT. The Selling Partner has a valid VAT number in the ship-from and ship-to locations. VCS will generate a PDF VAT invoice with AT VAT.](#)

[\(b\) when VCS only generates a receipt for sales transaction \(e.g. the Selling Partner did not provide a VAT registration number in the destination country \(or in the ship from country\) and has **not** opted into the UOSS simplification.\)](#)

Amazon's VAT Calculation Services rely on the accuracy of the VAT registration numbers, PTC (Product Tax Code), and other VAT calculation settings supplied, or configured by the seller via Seller Central and, if applicable, the VAT registration number supplied by the Customer. **Sellers are solely responsible for ensuring that their information and settings, including ship from locations are updated in Seller Central where necessary are at all times accurate and up-to-date.** Amazon does not represent or warrant that the VAT calculations or VAT invoices produced by Amazon's VAT Calculation Services will at all times be correct or that they will at all times be reported timely to the relevant Tax Authority (where the services include such reporting) and we are under no obligation to (but may in our discretion) verify or correct the information supplied by the seller or the customer. In particular, Amazon assumes no liability for VAT invoices which are incorrect as a result of inaccurate or incomplete information supplied by the seller or the customer. Additionally, where Amazon requires Sellers to provide valid

credentials for e-invoicing/e-reporting use cases, it cannot create a VAT invoice if the Seller does not provide these. Amazon assumes no liability for the inability to issue a VAT invoice in these specific circumstances.

4. Seller VAT calculation eligibility criteria

Following are the requirements for a seller to be eligible to enroll into VAT Calculation Services:

VAT Registration Number

- For EU VAT purposes, you must have a valid EU intra-community VAT registration number that is valid on VIES (VAT Information Exchange System of the EU Commission.) VIES is an electronic mean of validating VAT identification numbers of economic operators registered in the European Union for cross-border transactions on goods or services.
- For UK VAT purposes, you must have a valid UK VAT registration number that is valid on the UK government's "Check a UK VAT Number" service.
- You must be VAT registered in the locations where you allow your inventory to be placed, and request VAT calculations to be performed.

Legal name

Your legal name in Seller Central must match the legal name associated with your respective VAT registration number held by the tax authorities.

Default Country for VAT Exclusive Price

You must select the UK or one of the EU27 countries as your "Default Country for VAT Exclusive Price" and must have a government-validated VAT registration number in the chosen county.

Note: By enrolling in VAT Calculation Services, you agree to provide invoices for all Amazon-fulfilled shipments dispatched from countries where you have not provided a VIES, or UK valid VAT registration number (and for which, as a result, Amazon's VAT Calculation Services will not generate an invoice).

5. VAT registration numbers

Amazon's VAT Calculation Services will use all valid VAT registration numbers (EU27 and UK only) in order to determine the jurisdiction in which the transactional VAT liability exists when selling on Amazon's European stores. VAT Calculation Services will disregard for VAT calculation and invoicing purposes any local EU VAT number a seller has on their account. VAT registration numbers can be provided during the VAT Calculation Services enrollment process and then managed from the 'Tax Information' section available in Seller Central under 'Account Info'.

Amazon performs regular validations (see below) on VAT registration numbers supplied by both sellers and customers. However, Amazon cannot guarantee the validity of a VAT registration number used in its VAT Calculation Services at any time. Only government-validated VAT registration numbers that are granted by EU Member States or the UK Government will be used in VAT Calculation Services.

VAT registration numbers are validated via various methods:

- If an EU VAT registration number is activated for intra-community (EU cross-border) transactions it will be validated via the EU VAT Information Exchange System ([VIES](#)) database. Further details about the validation process can be found [here](#).
- If a UK VAT registration number has been issued by the UK Government, it will be validated via the UK's VAT number validation system. Further details about the validation process can be found [here](#);
- Amazon allows customers to enter their Local VAT registration numbers (VAT registration numbers that can be validated only via Local Tax Authorities website) in Italy, and Spain. The local VAT numbers are sequentially validated against VIES and subsequently against the local Tax Authority website where available. From January 1, 2020, these Local VAT registration numbers no longer qualify for the VAT exemption of intra-community B2B supplies of goods, instead these transactions will be subject to origin (ship from) VAT. These Local VAT registration numbers are validated by the below described process:
 - For Italian VAT registration numbers, these are validated against the local Italian tax authorities website, [Agenzia](#).
 - For Polish VAT registration numbers, these are validated against the local Polish tax authority's website, <https://ppuslugi.mf.gov.pl/#1>
 - For Spanish VAT registration numbers, a copy of the VAT certificate is required. Further details about this verification process can be found [here](#).

The requirement to have a VAT registration number where you store inventory

If a seller has goods stored in one of our European fulfillment centers, seller must have a government-validated VAT registration number in that jurisdiction for VAT Calculation Services to perform VAT calculation and invoicing. For example, if seller has goods in a German fulfillment center, then the seller must have a German VAT registration number that is valid in VIES.

If a seller successfully joins VAT Calculation Services and then subsequently removes VAT registration numbers from their Seller Central account or if a seller does not have a government-validated VAT registration number for a given jurisdiction, then VAT Calculation Services will charge the customer the VAT inclusive price but not perform a VAT calculation or generate a VAT invoice. VAT Calculation Services will only generate a receipt for all orders where the downloadable VAT invoice badge was displayed and the seller will therefore be responsible for generating their own invoice.

The requirement to have a VAT registration number in the EU Member State destination country for B2C Distance Sales

Starting July 1, 2021, a seller is either required to have a VAT registration number in each of the EU countries they perform B2C Distance Sales or declare if the Seller has opted for the Union One Stop Shop (UOSS) simplification in the [Tax settings](#) page.

If the seller does not provide a VAT number in the destination country and has not opted into the UOSS simplification then VAT Calculation Services will charge the customer the VAT inclusive price but not perform a VAT calculation or generate a VAT invoice. VAT Calculation Services will only generate a receipt for all orders where the downloadable VAT invoice badge was displayed and the seller will therefore be responsible for generating their own invoice.

Seller Central legal name

VAT Calculation Services requires seller's legal name in Seller Central under **Settings > Account Info > Business Information > Identify Information**, to match exactly with the legal name associated with Seller's VAT registration number. Once seller's legal name has been correctly entered and if a seller likes a different 'Trading Name' displayed on their storefront then the Seller can achieve this by updating their 'Display Name' under **Settings > Account Info > Business Information > Display Name**.

Group VAT registration number

If a seller has a Group VAT registration number, and the company registering for VAT Calculation Services is not the representative member, seller must provide their 'Certificate of Members' which states all of the Legal Company names associated with the VAT registration number. The legal name of the Company with which seller registers on VAT Calculation Services must be shown on this certificate in order to pass the legal name eligibility check.

6. Determining the VAT jurisdiction

The Vertex jurisdiction selection logic uses information from four transaction-related details to determine whether it is a B2B (Business-to-Business) or B2C (Business-to-Customer) transaction as well as the VAT jurisdiction and tax type (i.e. VAT). The four transaction-related details are:

- Seller VAT registration numbers
- Union One Stop Shop (UOSS) declaration
- Customer VAT registrations numbers (if applicable)
- Ship-from location (departure country)
- Ship-to location (arrival/destination country)

6.1 Seller VAT registrations

All the government validated EU and UK VAT registration numbers that have been submitted by the seller under can be found under **Settings > Account Info > Tax Information > Place of Establishment Information (Vat Information** for certain stores) in the Seller Central.

6.2 Customer VAT registrations

All EU and UK VAT registration numbers that have been supplied by the Customer in their Amazon account will be taken into consideration.

Since January 1, 2020, EU VAT legislation requires an EU VAT number (valid in VIES) of the customer in another country than the ship-from country as a substantive condition to VAT exempt/zero rate cross border supplies of goods.

Where a customer does not have a VIES valid VAT number but instead a local VAT number, the EU VAT exemption of cross border supplies of goods cannot occur, instead origin (ship from location) VAT will be charged. This applies specifically to customers in Italy, and Spain.

For example, when a seller (with a VIES valid VAT registration number in Germany) ships products from Germany to business customers in Spain who only have local Spanish VAT numbers, the seller is not able to treat the cross-border supply as VAT exempt/zero rated and German VAT is due as the country of origin for the movement of goods.

6.3 Ship-from location

6.3.1. Products shipped using Fulfillment by Amazon (FBA): Upon shipment of the product, the final VAT calculation will use the actual 'Ship-from' location (departure country) for shipments originating from an Amazon fulfillment center.

6.3.2. Seller-fulfilled products for VAT calculation purposes: Seller-fulfilled shipments will use the 'default Ship-from' location (departure country) configured within seller's VAT calculation settings unless the seller updates the "Ship-from" location during the shipment completion process. sellers must always ensure that the 'default Ship-From' location in their Seller Central account is up-to-date.

6.4 Ship-to location:

The 'Ship-to' location is based on the customer-supplied country, county/province, city and postal code as Amazon's VAT Calculation Services will also handle VAT calculation for orders shipped to certain [VAT excluded territories](#). Amazon's VAT Calculation Services will calculate tax based on the tax location our system determines to be the most accurate when cross referenced to the customer-supplied address.

7. Assigning a Product Tax Code (PTC)

The PTC is important in order to determine the applicable VAT rate on the products listed by the seller in the relevant country where VAT is due (tax jurisdiction).

As a system default, the standard rate PTC (A_GEN_STANDARD) will be set as the seller default PTC once VAT Calculation Services are enabled. VAT Calculation Services will always

apply the standard VAT rate on the products in each of the countries (for example, currently 19% in Germany, 20% in the United Kingdom).

If a seller wishes to change the system default position and assign another PTC, then seller can do so by either changing the seller-selected default PTC assignment within their tax settings, or by setting offer level PTC assignments. An offer level PTC assignment applies on an individual offer basis and can also be used to choose a PTC that is different from the seller-selected default PTC. The Offer level PTC assignment will take precedence over the default PTC.

For more information, go to [VAT Rates and My PTCs](#).

Note: All PTC's must be spelled correctly, as displayed in the European Seller Central help pages, for them to be effective in VAT calculations. Invalid PTC's will be disregarded in VAT calculations in favor of the seller's default PTC. Offer level PTC assignments are only valid per the store for which the seller makes the assignment. If you want the assignment to be valid across all European stores, you must perform an offer-level PTC assignment on each of the stores.

8. Assigning "Default country for VAT exclusive price"

Note: By enrolling in VAT Calculation Services and the Fulfillment by Amazon (FBA) program, the seller may experience different VAT treatments for products fulfilled by Amazon and products self-fulfilled. Sellers are solely responsible for ensuring that their 'Default Ship-from' location and 'default country for VAT exclusive price' are at all times accurate and up-to-date.

8.1. Fulfillment by Amazon (FBA) products:

- **European sellers enrolled in FBA:** The 'default country for VAT exclusive price' will be pre-selected in the seller's tax settings to reflect the country of the 'default Ship-from' (departure location) address provided the seller has a government-validated VAT registration number in the 'default Ship-from' country in their Seller Central account.
- **Non-European sellers enrolled in FBA:** Non-European sellers who ship products from locations outside of the United Kingdom and EU and are using FBA service will have to provide the 'default country for VAT exclusive price'. The seller-chosen country must have a government-validated VAT registration number in the UK or EU27 in their Seller Central account.

Note: If sellers are importing products from outside Europe, clearing the duties and taxes associated with that import and then making local (either UK domestic or intra-EU) sales from any EU27 or UK location, sellers may specify that importation point as the default Ship-from location. In that case, the 'default country for VAT exclusive price' will be preselected to reflect the country of the 'default Ship-from' address.

8.2. Seller-fulfilled products:

Sellers that have their 'default Ship-from' (departure location) address located outside Europe, VAT Calculation Services will not generate VAT invoices or perform VAT calculations. The

seller will be responsible to create VAT invoices and account for VAT on all their self-fulfilled orders.

9. Determining the VAT exclusive/inclusive price

Amazon's VAT Calculation Services utilizes three primary components to support VAT calculations displayed during the listing of a product, order checkout and on the invoices:

- VAT registration numbers and VAT calculation settings configured by the seller
- Logic and rules built into Vertex Indirect Tax O Series
- Accompanying methodologies applied by Amazon. For example: VAT exclusive price determination and the allocation of order-level promotions to individual items in an order.

Amazon's VAT Calculation Services uses the seller-provided tax inclusive selling price ("Display price") and the logic described below, which is based on the seller's VAT registration status, to determine which VAT rate will be used to determine the tax exclusive price ("VAT exclusive price"), where applicable.

9.1 Calculation of VAT from the display price to determine the [actual or] VAT exclusive price:

Sellers are expected to provide an item display price targeted at customers in the local stores (United Kingdom, Germany, France, Italy, Poland, The Netherlands, Spain, and Sweden) on which they list their items. Therefore, generally, the calculation of VAT from the display price will be performed in the following precedence:

9.1.1. For business-to-business (B2B) transactions:

- If the seller **has** a government-validated VAT registration number in the store's country, then VAT Calculation Services will use the store VAT rate to determine the VAT exclusive price from the display price. The VAT rate applied depends on the PTC defined by the seller in their tax settings alongside other logic requirements.
- If the seller does **not** have a government-validated VAT registration number in the store's country, then VAT Calculation Services will use the seller-defined 'default country for VAT exclusive price' location rate to determine the VAT exclusive price from the display price. VAT rate applied depends on the PTC defined by the seller in their tax settings alongside other logic requirements.

9.1.2. For business-to-consumer (B2C) transactions:

- If the seller has 1) a government-validated VAT registration number in the marketplace country and 2) either a government-validated VAT registration number in the destination country or has opted into the UOSS simplification, then VAT Calculation Services will use the marketplace VAT rate to determine the VAT exclusive price from the display price. VAT rate applied depends on the PTC defined by the seller in their tax settings; or

- If the seller has 1) a government-validated VAT registration number in the destination country or has opted into the UOSS simplification and 2) Seller has provided the ‘Default Country for VAT Exclusive Price’ then VAT Calculation Services will use the ‘Default Country for VAT Exclusive Price’ VAT rate to determine the VAT exclusive price from the display price. VAT rate applied depends on the PTC defined by the seller in their tax settings; or
- In all other instances, VAT Calculation Services will use the ‘Ship-From’ (also refer to EU VAT distance selling rules above) country VAT rate to determine the VAT exclusive price from the display price. VAT rate applied depends on the PTC defined by the seller in their tax settings.

Following are some examples to demonstrate the VAT exclusive price determination methodology set out above. The standard German VAT rate (19%) and Polish VAT rate (23%) have been used in the below examples. The actual VAT rate used will depend on the PTC (see section 7.0).

Example A:

- **EU Business-to-Business (B2B)** transaction: Seller is VAT registered in the store's country and sells the product to a VAT registered Customer within the EU, we will use the store's country VAT rate of the product to derive the VAT exclusive price.

A German VAT-registered seller that lists an item at €11.90 on Amazon.de will see the following VAT exclusive price for an item subject to VAT at the standard rate (or the total price paid including any applicable VAT):

$$11.90 / (1 + 0.19) = €10.00$$

- **EU Business-to-Business (B2B)** transaction: Seller does not have a VAT registration number in the store's country and sells the product to a VAT registered Customer within the EU, we will use seller's ‘default country for VAT exclusive price’ VAT rate to derive the VAT exclusive price.

A Polish VAT-registered seller, whose ‘default country for VAT exclusive price’ is also Poland and who is not VAT registered in Germany, lists an item at €12.30 on Amazon.de. The seller will see the following VAT exclusive price (the total price paid including any applicable VAT) for an item subject to VAT at the standard rate:

$$12.30 / (1 + 0.23) = €10.00$$

Example B:

EU Business-to-Consumer (B2C) transaction: Seller has a VAT registration number in the destination country or has opted into UOSS and ships the product to a Customer who is not VAT registered in the EU, then VAT Calculation Services will use the ‘Ship-from’ country VAT rate

to determine the VAT exclusive price from the display price. VAT rate applied depends on the PTC defined by the seller in their tax settings;

Note:

Following is one of the example outcomes for an EU B2C transaction. For complete list of EU B2C outcomes. Refer to section **9.1. Calculation of VAT from the display price** to determine the VAT exclusive price.

A German VAT-registered seller, that lists an item at €11.90 on Amazon.de, ships the product from Germany to a customer in Poland, seller will see the following VAT exclusive price for an item subject to VAT at the standard rate:

$$11.90 / (1 + 0.19) = €10.00$$

Note: Amazon Business customers: The logic outlined above will also be used to determine the VAT exclusive item price shown to Amazon Business Customers on the Amazon website as part of their Amazon Business shopping experience.

9.2 Calculation of VAT on the VAT exclusive price:

Once the VAT exclusive price is determined, based upon the logic detailed above, VAT calculation is performed once more on the VAT exclusive price. This results in an accurate VAT inclusive price which is also the total price charged to the customer.

9.2.1. VAT Calculation on Item:

Once the VAT exclusive price is determined, the final VAT inclusive selling price is determined by performing a VAT calculation using the methodology described above. This calculation considers three primary components, that is, VAT registration numbers, Vertex rules and logic and accompanying Amazon methodologies, in order to perform the calculation.

Following are some examples to demonstrate the VAT calculation:

Seller who has not opted into the UOSS simplification but has a valid VAT Number in the destination country

- **EU Business-to-Consumer (B2C)** transaction: A German and Austrian VAT-registered seller lists an item at €11.90 on Amazon.de, ships the item from Germany and sells the item to a B2C Customer based in Austria (VAT rate = 20%):

$$\text{VAT exclusive item price calculation: } 11.90 / (1 + 0.19) = €10.00$$

$$\text{Final VAT inclusive item price calculation: } 10.00 * (1 + 0.20) = €12.00$$

This is because VAT is due in Austria at 20%. The VAT exclusive price stays the same but the price paid by the customer increases due to the higher VAT rate in Austria.

Seller who has not opted into the Union One Stop Shop (UOSS) simplification and does not have a valid VAT Number in the destination country

- **EU Business-to-Consumer (B2C)** transaction: A German VAT-registered Seller lists an item at €11.90 on Amazon.de, ships the item from Germany and sells the item to a B2C Customer based in Austria (VAT rate = 20%):

In this instance the Seller does not have either a valid VAT number in Austria or a UOSS registration then under EU VAT rules no VAT calculation can occur.

Seller who has opted into the Union One Stop Shop (UOSS) simplification

- **EU Business-to-Consumer (B2C)** transaction: A German VAT-registered Seller who has opted into the UOSS simplification lists an item at €11.90 on Amazon.de, ships the item from Germany and sells the item to a B2C Customer based in Austria (VAT rate = 20%):

VAT exclusive item price calculation: $11.90 / (1 + 0.19) = €10.00$

Final VAT inclusive item price calculation: $10.00 * (1 + 0.20) = €12.00$

The Seller charges destination VAT for their B2C cross border sales under their UOSS VAT number, in this example 20% Austrian VAT is due. The VAT exclusive price stays the same but the price paid by the Customer increases due to the higher VAT rate in Austria.

- **EU Business-to-Business (B2B)** transaction: A German and Austrian VAT-registered seller lists an item at €11.90 on Amazon.de, ships the item from Germany and sells the item to a B2B Customer based in Austria (VAT rate = 0% - intracommunity supply of goods):

VAT exclusive item price calculation: $11.90 / (1 + 0.19) = €10.00$

Final VAT inclusive (total price paid including any applicable VAT) item price calculation: $10.00 * (1 + 0.00) = €10.00$

- **EU Business-to-Business (B2B)** transaction: A German and Italian VAT-registered seller lists an item at €11.90 on Amazon.de, ships the item from Germany and sells the item to a Customer based in Italy with a Local IT VAT number:

VAT exclusive item price calculation: $11.90 / (1 + 0.19) = €10.00$

Final VAT inclusive item price calculation: $10.00 * (1 + 0.19) = €11.90$

Origin VAT has been charged as Distance Sales VAT cannot be charged because the Customer has a Local IT VAT number (i.e. it is not a B2C sale and the Distance Sales

VAT rules do not apply) and the 0% VAT exemption on intra-EU supply of goods cannot be applied because the customer's VAT number is not valid on VIES.

9.2.2. VAT Calculation on Promotion:

Promotions are fixed-price inclusive, meaning the VAT inclusive promotion value is only determined upon the calculation of the final VAT inclusive selling price (see section 8.2 A). The VAT calculated on the promotion follows the VAT rate associated with the item. Once the VAT inclusive promotion value is determined, we will use the VAT rate associated with the item to derive the VAT exclusive promotion value.

- **Example A:**

EU Business-to-Consumer (B2C) transaction: A German and Austrian VAT-registered seller lists an item at €11.90 on Amazon.de and sells the item to a B2C Customer based in Austria (VAT rate = 20%) with a 10% promotion:

VAT exclusive item **price** calculation: $11.90 / (1 + 0.19) = €10.00$ (Display price on .de website)

VAT inclusive item **price** calculation: $10.00 * (1 + 0.20) = €12.00$ (as VAT due in Austria)

VAT inclusive item **promotion** calculation: $12.00 * 0.10 = €1.20$

VAT exclusive item **promotion** calculation: $1.20 / (1 + 0.20) = €1.00$

Final VAT inclusive item price calculation: $12.00 - 1.20 = €10.80$

- **Example B:**

EU Business-to-Business (B2B) transaction: A German VAT-registered and Austrian VAT-registered seller lists an item at €11.90 on Amazon.de and sells the item to a B2B Customer based in Austria (VAT rate = 0% - intracommunity supply of goods on the basis a valid VIES VAT number is provided) with a 10% promotion:

VAT exclusive item **price** calculation: $11.90 / (1 + 0.19) = €10.00$ (Display price on .de website)

VAT inclusive item **price** calculation: $10.00 * (1 + 0.00) = €10.00$

VAT inclusive item **promotion** calculation: $10.00 * 0.10 = €1.00$

VAT exclusive item **promotion** calculation: $1.00 / (1 + 0.00) = €1.00$

Final VAT inclusive item price calculation: $10.00 - 1.00 = €9.00$

9.2.3. VAT Calculation on shipping:

Shipping charges are fixed-price inclusive, meaning the price of shipping will not vary based upon the transactional details listed in section 6.0. Only the VAT exclusive shipping charge may vary from one transaction to another and please see shipping taxability option below.

Example A:

- **EU Business-to-Consumer (B2C) transaction:**

A German and Austrian VAT-registered seller ships an item from Germany to a B2C Customer in both Germany (19%) and Austria (20%) and the VAT inclusive shipping charge is the same to both countries, that is, €5.00. In both cases, the customer will always pay the full €5.00

Fixed VAT inclusive shipping charge to a German Customer: €5.00

VAT exclusive shipping price calculation: $5.00 / (1 + 0.19) = €4.20$

Fixed VAT inclusive shipping charge to an Austrian Customer: €5.00

VAT exclusive shipping price calculation: $5.00 / (1 + 0.20) = €4.17$

- **EU Business-to-Business (B2B) transaction:**

A German and Austrian VAT-registered seller ships an item from Germany to a B2B Customer in both Germany (19%) and Austria (0% - intracommunity supply of goods on the basis that valid VIES VAT number is provided) and the VAT inclusive shipping charge is the same to both countries, that is, €5.00. In both cases, the customer will always pay the full €5.00.

Fixed VAT inclusive shipping charge to a German Customer: €5.00

VAT exclusive shipping price calculation: $5.00 / (1 + 0.19) = €4.20$

Fixed VAT inclusive shipping charge to an Austrian Customer: €5.00

VAT exclusive shipping price calculation: $5.00 / (1 + 0.00) = €5.00$

Shipping Taxability Options:

By default, each shipping charge is assigned the same product tax code as the corresponding item. Therefore, the same product taxability rules will be applied to shipping charges. A seller may override the default shipping taxability rule by designating if shipping should always be taxable at the standard VAT rate.

Sellers should consult a tax advisor if they need assistance in configuring this tax setting for their business.

9.2.4. VAT Calculation on Gift Wrap Charges:

Gift wrap charges are fixed-price inclusive, meaning the total price of gift wrap will not vary based upon the transactional details listed in section 6.0. Only the VAT exclusive gift wrap charge may vary from one transaction to another and please see gift wrap taxability option.

Example A:

- **EU Business-to-Consumer (B2C)** transaction:

A German and Austrian VAT-registered seller gift wraps an item and ships it from Germany to both a Customer in both Germany (19%) and Austria (20%). The VAT inclusive gift wrap charge is the same to both countries, that is, €3.00. In both cases, the customer will always pay the full €3.00.

Fixed VAT inclusive gift wrap charge to a German Customer: €3.00

VAT exclusive gift wrap price calculation: $3.00 / (1 + 0.19) = €2.52$

Fixed VAT inclusive gift wrap charge to an Austrian Customer: €3.00

VAT exclusive gift wrap price calculation: $3.00 / (1 + 0.20) = €2.50$

- **EU Business-to-Business (B2B)** transaction:

A German and Austrian VAT-registered seller gift wraps an item and ships it from Germany to both a Customer in both Germany (19%) and Austria (0% - intracommunity supply of goods on the basis that a valid VIES VAT number is provided). The VAT inclusive gift wrap charge is the same to both countries, that is, €3.00. In both cases, the Customer will always pay the full €3.00.

Fixed VAT inclusive gift wrap charge to a German Customer: €3.00

VAT exclusive gift wrap price calculation: $3.00 / (1 + 0.19) = €2.52$

Fixed VAT inclusive gift wrap charge to an Austrian Customer: €3.00

VAT exclusive gift wrap price calculation: $3.00 / (1 + 0.0) = €3.00$

Gift wrap taxability options:

By default, each gift wrap charge is assigned the same product tax code as the corresponding item. Therefore, the same product taxability rules will be applied to gift wrap charges. A seller

may override the default gift wrap taxability rule by designating if gift wrap should always be taxable at the standard VAT rate.

Consult a tax advisor if you need assistance in configuring this tax setting for your business.

10. Time of sale for VAT calculation

VAT is pre-calculated at order checkout using the VAT calculation rules and rates in effect on the order checkout date. However, the VAT actually charged to the Customer will be based on the VAT calculation rules (including your and the buyer's VAT registration number status), rates and actual ship-from/to location in effect at the time.

Depending on how a shipment is fulfilled, payment method charge authorization could occur shortly after an order is submitted or immediately before product shipment.

Many factors can change between the order checkout date and the shipment date. As a result, the pre-calculated VAT amount may differ from the amount actually charged. For example, VAT calculation rules or rates, and the actual ship-from location may change (located under Fulfillment by Amazon Settings) and this could lead to an increase or decrease in the VAT charged, hence an increase or decrease in the price margin.

11. Refunds

All refund amounts will be treated as VAT exclusive and VAT calculations on refunds will follow the VAT calculation treatment of the original sales transaction to which it relates.

The customer refund process will depend on whether the product is shipped using Fulfillment by Amazon (FBA) or is seller-fulfilled.

11.1 Products shipped using FBA

Amazon's VAT Calculation Services will calculate VAT on customer return and non-customer return related refunds and adjustments, for example a seller issues a partial refund against the product but did not require the Customer to return it.

Note: We will not calculate VAT on adjustments designated as concession/goodwill. Amazon's VAT Calculation Services performs VAT calculation on the return of physical goods without regard to the period of time between the original sale and the return.

11.2 Seller-fulfilled products

Amazon's VAT Calculation Services will calculate VAT on any refunds issued by the seller via Seller Central. All such refunds are issued at the sole discretion of the seller.

Note: We will not calculate VAT on adjustments designated as concession/goodwill.

Amazon's VAT Calculation Services does not support VAT Only Refunds. This mainly applies to B2B cross-border supplies of goods in the EU where the customer informs the seller afterwards about his VAT registration number in the other EU Country and claims refund of the VAT charged. If seller wants to process a VAT Only Refund, then seller must use the 'Goodwill' refund option and produce their own credit note and new VAT invoice.

12. VAT rate maintenance

VAT rates, as well as VAT calculation rules and logic, are supplied by our third-party provider, Vertex, which provides monthly updates that we implement before the end of the calendar month.

13. VAT invoicing

Amazon's VAT Calculation Services will automatically create VAT invoices and credit notes to the Customer in the name and on behalf of the seller. The seller however legally remains the issuer of the VAT invoice that has been generated using Amazon's VAT Calculation Services. VAT calculation and invoice generation will also occur on orders that were placed before the activation date but fulfilled after the activation date. You must ensure that you no longer produce VAT invoices and credit notes for such orders and all transactions that occur after enrollment within Amazon's VAT Calculation Services.

Sellers still need to provide credit notes, as required, for transactions that occurred before enrollment within VAT Calculation Services but which are only returned/refunded after.

Note: Amazon's VAT Calculation Services uses UK VAT legislation and EU VAT Directive rules to create VAT invoices and not local country specific exceptions. Sellers still need to provide credit notes, as required, for transactions that occurred before enrollment within VAT Calculation Services but which are only returned/refunded after.

13.1. Invoice Number

A unique VAT invoice and credit note sequence will be created for each country within which the seller has a government-validated VAT registration number and which will be printed on the documents. Invoice numbers are created in numerical sequence. In the event a seller deactivates VAT Calculation services and then re-activates the service the sequence will continue from the last number.

13.2. Types of documents:

- **Simplified VAT invoices and simplified credit notes:** These will be generated when a seller sells under their Spanish VAT registration number to customers who have not provided a VAT registration number, a business registration number or their Citizen ID.
- **Receipts:** No VAT invoices will be generated when,

- A seller sells under their Italian VAT registration number to customers who have not provided a VAT registration number or a Codice Fiscale in their Amazon account
 - A seller has not provided Amazon with a VAT number in the arrival country in case of cross border EU distance sales (B2C) transactions or has not provided a valid UOSS VAT number
 - A seller ships goods from one of our European fulfillment centers but does not have a valid VAT registration number in that jurisdiction.
- **XML invoices**
 - **Exception:** All intra-EU Business-to-Consumer (B2C) supplies under the Sellers Union-OSS registration are not subject to XML invoicing.
 - **Hungary:** These will be generated for all sales from a Hungarian VAT Registration Number, for transactions with Hungarian VAT, and sent directly to the Hungarian Tax Authority's NAV invoicing system if the following conditions are met:
 - Seller has provided a valid Hungarian VAT registration number.
 - Seller has provided Technical User Credentials so XML can be reported via NAV. It is important to note that if a Seller does not provide valid credentials, Amazon will not be able to generate a VAT invoice in Hungary.

- **Business-to-Business and Business-to- Consumer (B2B/B2C) Italy:** These will be generated for domestic sales in Italy for Selling Partners registered and established in Italy and the Customer is registered in Italy for VAT (i.e. when the Customer provides a valid VAT registration number (Partita IVA)) as well as when the Customer provides their Business registration number (Codice Fiscale) to their Amazon account. These will also be generated for domestic sales in Italy when the Customer provides a valid personal Tax Identification Number to their Amazon account.

For sales without a Customer VAT Registration/Business Registration/Personal Tax Identification these will be issued as a Receipt (as described above) and not created in XML form.

XMLs will be sent to the SDI (Sistema di Interscambio) if the following conditions are met:

- Selling Partner has a VAT registration number in Italy and the associated address is also established in Italy. For more information go to, VAT Calculation Services – FAQs.
- Additionally, SDI will send the XML directly to the Customer if the Customer has entered their SDI, Account ID and/or Certified Email Address and has uploaded either its valid VAT registration number, Codice Fiscale or Personal tax identification number to its Amazon Business account; or

- Cross-border transactions from Italy: XML invoices will be issued for B2B cross-border transactions and B2C cross-border transactions if the seller is UOSS enabled, with the exceptions mentioned above; however, for these sales, the PDF invoice will continue to represent the valid invoice for VAT purposes. The XML will be sent via the SDI if the following conditions are met:
 - Selling Partner has an Italian VAT Registration Number and is physically present in Italy (a physical presence is considered if the address associated with Seller's Italian VAT registration number is in Italy).
- ~~Business-to-Business (B2B) Italy: These will be generated for domestic B2B sales in Italy and the SDI (Sistema di Interseambio) will send this directly to the customer if the following conditions are met:~~
 - ~~Seller has entered their SDI, Account ID and/or Certified Email Address;~~
 - or
 - ~~Seller has a VAT registration number and are physically present in Italy (a physical presence is considered true if the address associated with Seller's Italian VAT registration number is in Italy). For more information go to, VAT Calculation Services – FAQs.~~

13.3. Accessing VAT invoices:

VAT invoices are available for download in Seller Central:

- **Seller fee invoices:** These can be accessed by navigating to 'Tax Document Library' folder available under the 'Reports' tab and choosing 'Seller Fee Invoices' tab;
- **Amazon VAT calculation invoices:** You can bulk download VAT invoices generated by VAT Calculation Services by navigating to your Seller Central account. Select 'Tax Document Library' folder available under the 'Reports' tab, click the 'Amazon VAT Calculation' tab and select 'VAT Invoices' from the 'Report Type' dropdown box. The invoice URLs will also be embedded as part of the VAT Calculation report extracted for a chosen period;
- **Hungarian XML invoice:** You can obtain a Hungarian e-Report, XML, generated using their PDF invoice data by going to NAV Invoicing System (managed by the Hungarian Tax Authorities). Please note, in Hungary, the PDF remains the original VAT invoice. The XML is created to facilitate real-time reporting obligations of the PDF document.
- **Italian XML invoice:** Selling Partner can obtain Italian XML invoice by going to their personal Tax portal on the Italian Tax Authorities' website. We will provide a duplicate PDF document for each order in Seller Central, but this is not an official invoice. For these types of supplies, Selling Partner can only receive the official invoice from their personal Tax portal. For cross-border and export transactions in Italy, as the Customer will not be an Italian Customer and/or the goods will leave Italian borders, the PDF invoices will be available in Seller Central as the official VAT document. Additionally, Seller can obtain the XML (copy of invoice data) in their personal Tax portal on the Italian Tax Authorities website.

- ~~• **Italian XML invoice:** You can obtain Italian XML invoice by going to your personal tax portal on the Italian tax authorities' website. We will provide a duplicate PDF document for each order in Seller Central, but this is not an official invoice. You can receive the official invoice only from your personal tax portal.~~

14. VAT calculation reporting

For sellers who use Amazon's VAT Calculation Services, the VAT Calculations report will include VAT calculation information for sellers. This information can be useful in the preparation of the seller's periodic VAT returns. You can access this report by navigating to your Seller Central account: Select 'Tax Document Library' folder available under the 'Reports' tab, click on the Amazon VAT Calculation' tab and select 'VAT Calculations' from the 'Report Type' drop-down menu.

Additional information can also be found in the monthly Amazon VAT Transactions Report that is available in the **Reports** section of Seller Central.

Consult a tax advisor if assistance is needed in the compilation and filing of any tax-related returns.

15. VAT Calculation Services enrollment and activation

During VAT Calculation Services enrollment, sellers will be provided with the opportunity to determine when the calculation service will commence. The VAT Calculation settings will be effective from 12:00 a.m. (UTC) for any activation date you choose.

Any amendments you make to your calculation service commencement date post activation, requires 30 minutes for the changes to take into effect in the system. You are advised to monitor your transactions for the period the change is being made and make corrections as required.

16. Deactivation

You will be provided with the opportunity to deactivate VAT Calculation Services. You will be solely responsible for calculation, VAT invoicing and reporting from that date onwards.