

MINI ONE STOP SHOP (MOSS)

Tolley® Guidance

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With effect from 1 January 2015, the VAT treatment of supplies of broadcasting, telecommunication and electronic (BTE) services was amended. With effect from this date all supplies, subject to the impact of the use and enjoyment provisions, will be liable to VAT in the country where the customer belongs. As a result if a supplier provides BTE services to a private or non-business customer (B2C) then they will be required to register for VAT in the customers EU country in order to account for VAT on the services provided.

If a business provides BTE services to a 'relevant business customer' (B2B) established in another EU country, then the customer will be required to account for VAT using the reverse charge. Suppliers who only make B2B supplies of BTE services are not affected by the new rules.

The EU Commission is aware that the revised VAT treatment may create a liability for businesses making B2C supplies to VAT register in up to 28 EU countries and that the administrative burden could be enormous. Therefore, the EU has introduced a new simplified VAT registration that enables businesses supplying B2C BTE services to VAT register in one EU country in order to submit one EU VAT return that covers all EU countries rather than VAT registering in all EU countries where relevant supplies are made. The new simplified arrangements can be used by EU and non-EU businesses. The scheme is called the Mini One Stop Shop (MOSS) and there are separate schemes for non-EU suppliers called the 'non-Union VAT MOSS' and for EU suppliers called the 'Union VAT MOSS'. The MOSS scheme is a voluntary arrangement and EU and non-EU businesses that are required to VAT register in other EU countries, as a result of supplying BTE services, can choose to either VAT register using the simplified scheme or VAT register in each EU country where they make relevant supplies.

The Non-Union VAT Moss scheme has replaced the VoES scheme which was implemented to enable non-EU businesses supplying e-services to private / non-business customers within the EU to have one VAT registration number covering all of their relevant EU supplies.

BTE services

Due to the fact that the nature of these types of services can evolve rapidly, it is not possible for an exhaustive list of these types of services to be produced. However listed below are the most common items that are classified as BTE.

Broadcasting services

Broadcasting services include services consisting of audio and audiovisual content, such as radio or television programmes, which are provided to the general public via communications networks by a media service provider for simultaneous listening or viewing on the basis of a programme schedule.

Telecommunication services

Includes:

- fixed and mobile telephone services for the transmission and switching of voice, data and video, videophone services
- telephone services provided through the internet
- voice mail, call waiting, call forwarding, caller identification, etc
- facsimile, telegraph and telex
- access to the internet, including the World Wide Web

Electronically supplied services

Electronic services are essentially automated services involving minimal human intervention which are dependent on information technology for their delivery. Includes:

- the supply of digitised products generally, including software and changes to or upgrades of software
- services providing or supporting a business or personal presence on an electronic network such as a website / webpage
- online auction services
- Internet Service Packages (ISP) of information in which the telecommunications component forms an ancillary and subordinate part and which go beyond mere internet access and include other elements
- movie downloads, music downloads, e-books, online games, etc
- the provision of online advertising space including banner advertisements on a website / web page
- website hosting and webpage hosting

Registering for VAT MOSS

All EU countries offer a MOSS registration scheme. The information below relates to the UK scheme operated by HMRC.

Union Moss scheme – a UK resident applicant must:

- be registered for VAT in the UK, be established in the UK or have a fixed establishment in the UK, and make or intend to make one or more supplies of broadcasting, telecommunication or electronic services to a consumer in another EU country
- not have a fixed establishment in the EU country in which the consumer belongs
- not be registered under a non-UK special scheme
- not be excluded from using the scheme.

Non-Union Moss scheme:

- the business must make B2C BTE to customers belonging within the EU

- the supplier must not be established in any EU country (it cannot have a fixed or business establishment in any EU country)
- the supplier cannot be VAT registered in any EU country in respect of other supplies of goods or services made within the EU

Micro businesses

HMRC has issued additional guidance for small or micro businesses that are currently trading below the UK VAT registration threshold on using the VAT mini one-stop-shop (MOSS) to account for cross-border supplies of BTE services after 1 January 2015. The guidance issued confirms that micro businesses registering for MOSS will not automatically be required to charge UK VAT on domestic supplies providing their domestic sales remain under the UK VAT registration threshold. However if they wish to use MOSS they will need to apply for UK VAT registration and complete a quarterly UK VAT return in addition to their MOSS VAT return. No input tax can be claimed on the UK VAT return that relates to UK domestic supplies and any VAT refund or expenses claims must be directly attributable to cross-border EU sales activities.

Submitting VAT returns and payments

Once the business has registered for the MOSS then any VAT due on cross border BTE B2C supplies made within the EU on or after 1 January 2015 must be accounted for using the scheme.

The MOSS scheme returns are submitted electronically and the scheme return covers a calendar quarter. A business that is registered with HMRC to use the MOSS scheme must ensure that it submits the scheme return to HMRC and pays the relevant amount of VAT to HMRC within 20 days after the end of their VAT return period.

The relevant amount of VAT that must be paid to HMRC is the gross amount of non-UK VAT that is due as a result of making supplies of BTE services to consumers located in other EU countries, calculated using the correct VAT rate applicable in the EU country where relevant supplies of BTE services have been made. The vales included on the UK MOSS return need to be in GBP and the amounts must be converted using an acceptable rate of exchange.

Foreign input tax cannot be recovered on scheme return and must be reclaimed using the foreign VAT refund procedure (commonly referred to as the 8th /13th Directive refund scheme).