Learn more about Thresholds

VAT registration: Threshold

VAT registration thresholds

1.1. Overview of local VAT threshold

Local VAT registration thresholds were designed to reduce the administrative burden of small enterprises. The thresholds listed below are applicable only for the companies **resident in the countries mentioned**. Please note that local thresholds may be subject to certain conditions. You should therefore confirm whether you meet any such specific conditions.

Non-residents (no permanent establishment in the given country) **face a nil registration threshold**, meaning as from the first sale they are obliged to register for VAT purposes, report and pay VAT in the given countries. An exception to this is the distance selling model, defined in the following section of this document.

1.2. Local VAT registration threshold as of April 2017

Austria	EUR 30,000
Belgium	EUR 25,000
Bulgaria	BGN 50,000
Croatia	HRK 230,000
Cyprus	EUR 15,600
Czech Republic	CZK 1million
Denmark	DKK 50,000
Estonia	EUR 16,000
Finland	EUR 10,000
France	From EUR 33,100 to EUR 82,800
Germany	EUR 17,500
Greece	EUR 10,000
Hungary	HUF 8million
Ireland	EUR 37,500 or EUR 75,000
Italy	From EUR 25,000 to EUR 50,000
Latvia	EUR 50,000
Lithuania	EUR 45,000
Luxembourg	EUR 30,000
Malta	nil
Netherlands	nil
Poland	PLN 200,000
Portugal	EUR 10,000 or EUR 12,500
Romania	RON 220,000
Slovakia	EUR 49,790
Slovenia	EUR 50,000
Spain	nil
Sweden	nil
United Kingdom	GBP 83,000

VAT registration: Threshold

2.1. Overview of distance selling threshold

One of the most common situations where a foreign EU VAT registration is required is where companies are selling goods across EU borders to consumers through the internet (known as Distance Selling).

Distance selling has another aspect: it occurs when a VAT-registered business in one EU country supplies and delivers goods to a customer in another EU country who is not registered for VAT.

Customers who are not VAT-registered include:

- Private individuals
- Some small businesses
- Businesses that can not be registered for VAT because their activities are exempt
- Public bodies
- Charity organizations

For example, when an EU business starts making distance sales it should initially charge the VAT rate applicable in its own Member State. However, it is important that the value of sales to customers in each EU Member State is carefully monitored because once an annual net value threshold of the customer country has been exceeded (known as the Distance Selling Threshold (DST)), the business must register for VAT in that country and start charging local VAT.

National VAT registration thresholds are set by each country separately. If a foreign company is selling below these thresholds, it does not need to VAT register. Once over any threshold within the same calendar year, it must apply for a VAT number, see our EU VAT Registration briefing.

VAT registration: Threshold

2.2. Distance selling threshold as of April 2017

Each member country of the EU is free to set its own distance selling registration threshold, given below.

EUR 35,000	EUR 35,000 equivalent		Higher	
Austria Belgium Cyprus Estonia France Finland Greece Hungary Ireland Italy Latvia Lithuania Malta Portugal Slovakia Slovenia Spain	Bulgaria Croatia Czech Republic Denmark Poland Romania Sweden	BGN 70,000 HRK 270,000 CZK 1,140,000 DKK 280,000 PLN 160,000 RON 118,000 SEK 320,000	Germany Luxembourg The Netherlands United Kingdom	EUR 100,000 EUR 100,000 EUR 100,000 GBP 70,000 (EUR 90,000)

2.3. How to calculate the threshold?

A seller has to calculate the annual threshold for each Member State separately.

To check if you have exceeded the threshold, add together the total net value of distance sales (excluding VAT). Exclude intra-Community supplies of goods, supplies of new means of transport or of goods that are subject to excise duty.

2.4. Examples of threshold application

Example 1. Where should VAT be charged?

A German seller transfers goods to private individuals in Austria. The threshold of EUR 35,000 in Austria is exceeded. The place of supply is shifted from Germany to Austria, i.e. to the end point of the transport. The supply of goods is effected in Austria and therefore subject to VAT in Austria. The German entrepreneur has to be registered in Austria for VAT purposes. The invoices issued to these Austrian individuals have to show the Austrian VAT rate.

* See article 34 of Directive 2006/112/EC, as amended

VAT Registration: Threshold

Example 2. How to calculate a threshold

The Seller A is VAT registered in the UK and sells sports equipment to individuals via his website. His sales to Italy are:

Month	Net value of sales	Distance sales for a calendar year
October 2015	€ 5,000	
November 2015	€ 10,000	
December 2015	€ 15,000	€ 30,000
January 2016	€ 10,000	
February 2016	€ 15,000	
March 2016	€ 25,000	€ 50,000

The DST in Italy is €35,000. DSTs are based on calendar years. Seller A did not exceed the Italian DST in 2015.

He did however exceed the DST for 2016 in March 2016 as total sales in the period of January – March 2016 amounted to €45,000.

The Seller A now needs to register for VAT in Italy and start charging Italian VAT at 21% on future sales to non-registered customers in Italy for the foreseeable future.

Example 3. How to charge VAT

The Seller may initially sell to private individuals under their local VAT number at their home VAT rate. For example, an Italian seller sells handbags at 21% to German customers instead of German VAT (19%).

If the Italian retailer sold more than €100,000 worth of goods in Germany in that period, so the Seller must register as a non-resident VAT trader in the country.

The Seller can then continue to sell, but charge the local VAT. In the example, this would mean the Italian company charging 19% VAT, which is payable to the German tax authorities through a German VAT return.

KPMG

KPMG

Contact details:

There are many ways to contact KPMG. Please also share your feedback and experiences with us as we are constantly developing and enhancing our offering for Amazon sellers.

1. Please write to your dedicated account manager or marketplace@kpmg.com

2. Our international (local language) phone lines are open between 9.00 and 17.00 Central European Time:
   Berlin: +49 303 187 7935
   London: +44 203 769 4348
   Madrid: +34 910 601 599
   Paris: +33 1 78 90 27 21
   Rome: +39 06 97 62 87 41
   Beijing: +86 10 8783 3297

   Please note that VAT technical advice cannot be provided by phone.

2. Send your written correspondence and documents to us at:
   Marketplace Sellers KPMG Global Services Hungary Ltd
   Vaci ut 31
   1134 Budapest
   Hungary

3. If you have any issues that require senior attention, please contact our program leaders:
   Fergal Garvey, Fergal.Garvey@kpmg.hu
   Stefan Mladenovic, Stefan.Mladenovic@kpmg.hu

kpmg.hu

kpmg.com/app