

VAT Regulation changes in European Union

Since 1st of July 2021 European Union is announced new VAT regulations. This change mainly effects on buyers, who has no EU VAT number (private buyers). Until now, private buyers were not forced to pay VAT, but from now nobody is in exception. Please see background laws and rules:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006L0112&from=it>

There are 3 different typical cases, please study them below:

- 1.) If you are business owner in European Union (EU), you can buy the tool or service (software) from me by 0% VAT. But in your country, you must pay the VAT amount, based on your country's rules and percentages. This is not a new regulation, it was exactly same before the changes. Please note, I must report your VAT number and the order amount to local TAX office.
- 2.) If you are a private buyer in European Union (not a business owner) I must ask from you VAT payment, and I will pay this VAT amount into your country's TAX office, via a new electronic network system called OSS (One Shop Stop). This is a new regulation, which cause lot of additional work for me and extra payment for private buyers.
- 3.) If you are a buyer from outside of EU, you can buy the tool or service (software) from me by 0% VAT. But when the parcel arrives at your country, the Customs Office will ask from you to pay TAX, customs charges or maybe both. This is also not a new regulation, it was exactly same before the changes. Because service (software) is downloadable, not visible in parcel customs office at border, so remain 0% TAX and VAT, and I do not report this event to your country.

See below chart for case studies, on comparing format. As you see, everybody shall pay VAT or TAX somehow, outside of seller's location.

Case	Seller Location	Buyer Location	Has buyer EU VAT Number?	Pay VAT in web shop via seller	Pay VAT in own country via buyer	Pay customs charges (TAX) via buyer
1	EU (Hungary)	EU	No	Yes	No	No
2	EU (Hungary)	EU	Yes	No	Yes	No
3	EU (Hungary)	Outside of EU	-	No	No	Yes
Special	EU (Hungary)	EU (Hungary)	Yes/No	No	No	No

Only Hungary to Hungary payment is remained 0% for both parties, due to my business format.

Regarding EU VAT rates to understand your country's values, please visit below link:

https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm

See below extract from site to understand VAT rates:

List of VAT rates applied in EU member countries (Last updated as of 1 January 2021)		
Member State	Country code	Standard rate (%)
Austria	AT	20
Belgium	BE	21
Bulgaria	BG	20
Cyprus	CY	19
Czechia	CZ	21
Germany	DE	19
Denmark	DK	25
Estonia	EE	20
Greece	EL	24
Spain	ES	21
Finland	FI	24
France	FR	20
Croatia	HR	25
Hungary	HU	27
Ireland	IE	23
Italy	IT	22
Lithuania	LT	21
Luxembourg	LU	17
Latvia	LV	21
Malta	MT	18
Netherlands	NL	21
Poland	PL	23
Portugal	PT	23
Romania	RO	19
Sweden	SE	25
Slovenia	SI	22
Slovakia	SK	20

For private buyers VAT is INCLUDING in the indicated price of web shop and emphasize as (including VAT) equal GROSS AMOUNT, and we will highlight also on the invoice the VAT amount which based on above chart required in your country.

Please select in web shop by correct way the items (including VAT or VAT free) according to your country and your business type. Please buy goods or services with EU VAT number indication in web shop if your VAT number is valid. We will cross check your validity in VIES database https://ec.europa.eu/taxation_customs/vies/?locale=en and ask VAT balance payment if your VAT number is invalid. If your EU VAT number is correct, invoice indication become 0% VAT. Please note, my country's VAT is the highest 27% in the EU, so you will pay in any other countries less amount.

30th of July 2021 Sincerely, UltraProg