



# **VAT AND INTERNATIONAL BUSINESS**

Advisory Handbook 2025



**If your business supplies goods internationally or provides services to customers outside the Netherlands, you must understand the potential VAT obligations in other countries. Should I charge VAT? What rate should I apply? Who is responsible for paying the VAT? In which country must the VAT be paid? How can I reclaim VAT paid?**

This advisory handbook provides a comprehensive overview of the VAT obligations you may encounter when conducting business abroad.

## **WHERE AND BY WHOM IS VAT DUE?**

To determine where VAT is due – in the Netherlands or abroad – it is essential first to establish where the transaction is carried out. If it is in the Netherlands, you will deal with Dutch VAT obligations. If it is abroad, you will be subject to foreign VAT obligations.

### **Note!**

Avoid assuming that a service performed in the Netherlands is automatically subject to Dutch VAT. The place where you are physically located when providing a service is not always the place where the service is considered to occur for VAT purposes.

The rules for establishing where a transaction is carried out are not straightforward. It is crucial to distinguish between the supply of goods and the provision of services, as different rules apply to each.

### **Tip!**

If the rules determine that your transaction takes place abroad, you may not always need to pay VAT there. In many cases within the EU, a reverse charge mechanism can be applied, allowing you to shift the VAT obligation to your customer, who will then be responsible for paying the foreign VAT.

## **SUPPLY OF GOODS**

### **Supply of Goods to a Business in the EU**

When supplying goods to a business within the EU, this is generally considered an Intra-Community Supply (ICS) at a 0% VAT rate. The conditions for this are that the goods are transported from the Netherlands to another EU country, and you possess the VAT identification number of the business established in that EU country.

### **Tip!**

You can verify your customer's VAT identification number on the official EU VAT number verification website.

You will charge 0% VAT but must still report this supply (at 0% VAT) in your VAT return and in your EU sales listing. Your foreign customer will then conduct an Intra-Community Acquisition (ICA) in the other EU country, paying VAT there at the applicable rate (which can generally be reclaimed in their VAT return).

### Example

You supply goods to a business in France with a French VAT identification number. The goods are transported from the Netherlands to France in connection with this supply. This is considered an ICS. For VAT purposes, the supply is treated as taking place in the Netherlands at a 0% VAT rate. Your French customer makes an ICA in France, paying VAT there at the applicable rate.

### Supply of Goods to Private Individuals in the EU from 1 July 2021

From 1 July 2021, a new EU VAT directive for e-commerce applies, introducing new rules for distance sales of goods to consumers and non-VAT-registered businesses in other EU member states.

#### Unified Threshold

From 1 July 2021, a single unified threshold of €10,000 applies for the supply of goods to consumers in the EU outside the Netherlands. This threshold applies to all sales to consumers in the EU, including the sale of digital services. If the entrepreneur stays below this threshold, they apply the Dutch VAT rate and report it in the Dutch VAT return. The transport must begin in the Netherlands.

#### Note!

If the €10,000 threshold is exceeded in any year, you must immediately begin applying foreign VAT and can no longer use the €10,000 threshold, even in the following calendar year.

The new threshold of €10,000 is calculated for all EU member states combined. Only if the total of all distance sales to consumers in all other member states does not exceed €10,000 does the exception apply.

Entrepreneurs may choose to apply VAT in the foreign country instead of using the €10,000 threshold. This choice must be reported to the Dutch Tax Authorities in time. The choice takes effect on the first day of the calendar quarter following the notification. If you want the choice to take effect from the date of the first digital service or distance sale, you must notify the Tax Authorities by the 10th of the following month.

Opting for foreign VAT may be beneficial if the VAT rate in the foreign country is lower than in the Netherlands, and the price is agreed upon as VAT-inclusive. Additionally, foreign input VAT can be reclaimed via the foreign VAT return. However, this involves additional administrative burdens.

#### Note!

These VAT rules only apply if the goods are shipped or transported by, on behalf of, or indirectly through the supplier. If your situation is different, other VAT rules may apply. If in doubt, please contact us for advice on your specific situation.

### One-stop-shop system

If distance sales exceed the threshold or you have voluntarily opted out of using the threshold, you must calculate the VAT of the country where the goods are delivered. You must also pay VAT there and submit a VAT return. However, you can also opt for the simplified One-Stop-Shop (OSS) system.

Under this OSS system, you can report and pay the VAT due in other EU countries through the Dutch Tax Authorities. To use this system, you must register your business for the 'Union scheme' within the OSS system of the Dutch Tax Authorities. They will ensure the VAT is forwarded to the various EU countries. Registration can be done through the 'My Tax Business' portal of the Dutch Tax Authorities.

#### Tip!

When applying the Union scheme, Dutch VAT rules apply to invoicing. This means you are not obliged to issue an invoice for distance sales.

Under the OSS, input VAT cannot be reclaimed. If VAT has been charged in another country, it must be reclaimed through a foreign VAT refund application. Alternatively, foreign VAT can be reclaimed directly by opting to file a VAT return in that country.

Non-EU businesses are also eligible to register. However, they must appoint a representative based in the country where they wish to register.

#### From MOSS to OSS

Suppliers of digital e-commerce services could already use a one-stop system for consumers within the EU, known as the MOSS system. As of 1 July 2021, this system was replaced by the OSS system. It applies when the combined value of e-commerce services and distance sales exceeds €10,000, or if the supplier has voluntarily chosen not to apply the threshold amount.

#### Supply of goods to non-EU customers

If you supply goods to a business or a private individual outside the EU, this is considered an export, provided the goods are transported to a non-EU country. For exports, a 0% VAT rate applies, provided you can present valid evidence that the goods have left the EU. You must apply a 0% VAT rate but still report this export at 0% VAT in your VAT return.

#### Other types of supplies

The main rules for the supply of goods have been outlined. However, there are situations where the rules may differ. These may include:

- Supply of New or Nearly New Means of Transport: Special VAT rules apply.
- ABC Transactions: These involve goods being sold by A to B and then by B to C, with the goods being delivered directly from A to C.
- Dropshipping: This occurs when an online store purchases and resells goods, but the supplier directly ships the goods to the customer who ordered them.

Different VAT rules may apply in these situations.

#### Tip!

Always consult our advisors regarding the VAT rules that apply to your specific situation.

## PROVISION OF SERVICES

### Services to a Business in the EU

Under the main rule, services provided to a business in another EU country are subject to VAT in the customer's country. You do not charge Dutch VAT, nor do you charge foreign VAT. Instead, you shift the VAT to your customer, who declares it in their own country (at the applicable VAT rate). You must report this service in your Dutch VAT return and in your EU sales listing.

#### Note!

Exceptions to this main rule exist. These include:

- Services relating to immovable property.
- Admission to certain events.
- Short-term hire of a means of transport.
- Passenger transport services.
- Restaurant or catering services.

Always seek advice from our advisors regarding the VAT rules for your specific situation.

### Services to a Business Outside the EU

Services to a business outside the EU are generally subject to VAT in the country of your customer. These services are not reported in your Dutch VAT return. You must determine which obligations you need to fulfil in the customer's country.

### Services to a Private Individual

Under the main rule, services provided to private individuals abroad are subject to Dutch VAT.

However, several exceptions exist, including services related to:

- Immovable property.
- Passenger transport.
- Restaurant services.
- Intermediary services.

### Other Services – Special Rules

Specific rules apply to other services, including:

- Advertising Services: Typically taxed in the customer's country.
- Advisory Services: Generally taxed in the customer's country.
- Services provided to non-EU customers: Taxed in the country where the private customer is located.

### Small Businesses Scheme

The Small Businesses Scheme (*Kleineondernemersregeling* - KOR) applies to businesses with an annual turnover of up to €20,000 subject to Dutch VAT. If you participate in the KOR, you do not need to charge VAT to your customers. However, you cannot deduct the VAT you have paid either. This scheme is not always advantageous.

From 1 January 2025, businesses can apply the KOR in other EU countries where they operate. You can choose which countries you wish to apply the KOR to, and you will not be required to submit VAT returns there. However, you must provide the Dutch Tax Authorities with a quarterly summary of your turnover in the EU.

### **Requirements for EU-KOR**

- Your primary establishment must be in the Netherlands.
- Your turnover across all EU countries, including the Netherlands, must not exceed €100,000.
- The national turnover threshold of the EU country where you wish to apply the exemption also applies. In the Netherlands, this is €20,000.

## **REFUND OF VAT PAID IN THE EU**

If, as an entrepreneur, you have purchased goods and services somewhere in the EU in 2024, you can reclaim the VAT via the Dutch Tax Authorities. You must comply with specific requirements, including submitting your refund request by 1st October 2025. Late refund requests may not be refunded.

This applies to VAT paid on business-related expenses, including but not limited to:

- VAT on fuel.
- VAT on taxi rides.
- VAT on hotel stays during a conference.

## **LOGIN DETAILS FOR VAT REFUND REQUESTS**

To reclaim VAT, you must do so digitally via the following site: [eubtw.belastingdienst.nl/netp/](https://eubtw.belastingdienst.nl/netp/). You will need login details for this. If your advisor reclaims VAT on your behalf, both you and your advisor will need login details.

- Existing Login Details: If you have reclaimed VAT from an EU country in a previous year, you already have login details and must use them. If you cannot access your login details, contact the Dutch Tax Telephone Service.
- New Login Details: If this is your first time reclaiming VAT from the EU, request login details via the form on the Dutch Tax Authorities website ([www.belastingdienst.nl](https://www.belastingdienst.nl), search term 'request login details'). Complete, print, and send the form. Processing may take up to four weeks.

## **SUBMITTING A VAT REFUND REQUEST**

Once logged in, you can submit a request for the refund of VAT paid. This must be done separately for each EU country where VAT was paid. You must provide, among other details, the invoice date and invoice number for the purchased goods and services.

#### Note!

- Each refund request must be for a minimum of €50 per country and must be submitted by 1st October 2025.
- For amounts below this threshold, each country decides whether to issue a refund.
- For larger amounts (€400 or more), you can request a refund at any time during the calendar year.
- In some cases, you must upload digital copies of the invoices when submitting your refund request.

## CONCLUSION

VAT regulations are complex, with numerous rules and exceptions depending on the nature of your transactions. Few situations fit standard VAT rules without exceptions. Therefore, always consult our advisors regarding the VAT rules applicable to your specific situation.

## CONTACT

Email: [info@esj.nl](mailto:info@esj.nl)

Phone: +31 (0)88 0320 600

#### *Disclaimer*

*This advisory handbook has been prepared with great care. However, no liability is accepted for any inaccuracies or omissions. Due to the broad and general nature of this handbook, it is not intended to provide all information necessary for making financial decisions.*