

sage X3

VAT eCommerce
package in the EU

For Direct Customers and Sage Partners

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For Direct Customers and Sage partners

This document could be updated periodically so we recommend you check for updates.

What is changing?

On the July 1, 2021 the EU VAT e-commerce package comes into effect. This legislation changes the way that sellers, both in the EU and outside the EU, apply and report EU VAT on sales of goods and services to consumers in the EU, referred to as B2C transactions. The destination principle applies, meaning that the VAT is calculated/paid in the EU country where services are imported and consumed.

Who is affected?

All EU companies selling goods or services to consumers located in EU countries other than the supplier's established country are affected and must apply the destination principle.

To ease the tax reporting, EU companies still have the option to register in each EU country where they sell goods and services or to adopt the Mini One-Stop-Shop¹ (OSS) option. With this option, companies do not need to register in each country where they sell goods and services. They declare and pay their VAT for B2C transactions with a single EU member registration.

How is Sage making these changes available to customers?

If you are already registered in multiple countries, you should not be affected. B2C sales in all registered countries should already be considered as domestic sales with the correct domestic rates. You can continue with your current process.

If you are not already registered in multiple countries and you sell goods and services in the EU, you are affected and must prepare. You can register in all EU countries where you do business, or you can use the OSS option.

- Review your tax settings if they are not already in place for B2C sales across the EU. In Sage X3, you can define as many tax codes and rates as needed and set up the rules triggering the correct tax code for the context. These settings are independent from the Sage X3 versions and releases.
- Report your tax on EU B2C sales in the OSS. You can extract the relevant transactions using the standard tools: queries, business intelligence platforms, reports, and more. If you use the VAT framework for VAT declarations, delivered for versions 11 and up, you can include B2C EU sales in the process. The latest release, 2021 R2 (v12.0.26), provides additional capabilities for tax reporting through a dedicated standard inquiry.

Which Sage X3 versions is this update be available for?

Sage did not identify any major need requiring a product update. All maintained versions as defined in the Product Life Cycle Policy provide the capabilities needed to manage this important change.

Tax settings are completely user-defined. Updates were not needed.

¹ OSS already exists for very specific services.

What about customers running earlier versions of Sage X3?

For customers running earlier versions of Sage X3 who are no longer eligible for maintenance support as per the Sage X3 Lifecycle policy, we strongly recommend upgrading to the latest release as soon as possible.

However, the tax engine is robust enough that you can update your settings to meet the new requirements.

What would a basic to-do list include?

If you are affected by the change, you might find this list helpful. This list is not exhaustive and needs to be modified to meet your specific business needs.

- ✓ Contact your tax adviser.
- ✓ Identify the tax rate to apply in all the EU countries where you sell goods and services to consumers and create these tax codes rates in Sage X3.
- ✓ Identify your B2C customers in the EU. This attribute must be usable in the tax determination engine so that you can easily trigger the correct tax codes for your sales transactions. The BP tax rule² is well-suited for this purpose. For example, you could consider new BP tax rules like B2CFR, B2CDE, B2CSP for your B2C customers in France, Germany, and Spain, or you could just identify a general BP tax rule like B2C.
- ✓ Define the tax determination rules that apply to these customers using a combination of criteria like BP tax rule or/and country of the customer, and so on.
- ✓ Review and adjust the settings for tax reporting.
- ✓ Review VAT box definitions and VAT return settings against the VAT return you need to generate, if you use the VAT Framework for declarations
- ✓ Define how you extract and calculate the taxes that you need to declare in the OSS. For V11.0.14 and up and ideally 2021.R2 (V12.0.26), you can use powerful query and reporting tools to facilitate the exaction process.

Who can a customer contact to find out how to do the changes?

Customers can contact their partner in the normal way for any related question.

Partners can contact their Partner Account Manager for support.

Where can I find out more information?

The scope of this new regulation is defined by the European Community:

- English https://ec.europa.eu/taxation_customs/business/vat/vat-e-commerce_en
- French https://ec.europa.eu/taxation_customs/business/vat/vat-e-commerce_fr
- German https://ec.europa.eu/taxation_customs/business/vat/vat-e-commerce_de

² Because the domestic tax must be calculated, make sure that the **Rule type** attached to this BP Tax Rule is **Normal** and not **CEE** or **Export**.

For guidance how to set up the tax engine and reporting in Sage X3, the Online Help Center contains function-specific documentation and how-to guides.

Sage recommends these online resources to get started:

- [VAT rate changes](#)
- [Tax determination criteria](#)

Who can I contact for more information or support?

Contact your local support.

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