KPMG Meijburg & Co Tax & Legal

EU reaches political agreement on extending distance sales, IOSS and the deemed supplier rule for imports

On 9 November 2026, the EU Member States reached a political agreement on new VAT rules for distance sales from third countries ('distance sales of imported goods'). The EUR 150 threshold will be removed for both the deemed supplier rule and the Import One-Stop Shop (IOSS), and distance sales will also be possible from designated customs warehouses within the EU. The intended effective date is 1 July 2028, but this is linked to the operational readiness of the new customs data system for these purposes.

The key changes

Removal of the EUR 150 threshold for the platform deemed supplier rule

An electronic interface, such as a marketplace or platform, is deemed to supply the goods itself when it facilitates distance sales of imported goods. In short, these are sales of goods to European consumers (and persons treated as such) that are dispatched from outside the EU. Currently, the deemed supplier rule only applies to such distance sales with an intrinsic value not exceeding EUR 150. This threshold will be removed, so that the deemed supplier rule will apply regardless of the value of the goods supplied.

Removal of the EUR 150 threshold for IOSS

The IOSS is an optional simplification that allows VAT on distance sales of imported goods that are subject to VAT in the Member State of destination to be reported in a single return for all EU countries and a VAT exemption to be applied upon importation.

Currently, the IOSS only applies to distance sales of imported goods with an intrinsic value not exceeding EUR 150. This threshold will also be removed. Businesses will therefore be able to report VAT on most distance sales of imported goods through a single Member State, regardless of the value of the consignment. Excise goods will remain excluded.

If the IOSS is not used, new rules taking effect on 1 July 2028 will mean that distance sales of imported goods will always require the supplier or facilitating platform to register for VAT in the Member State of destination.

Distance sales of imported goods from customs warehouses

The definition of distance sales of imported goods will be extended to supplies from special customs warehouses for distance sales as referred to in the new Union Customs Code. The normal VAT rules will continue to apply to other customs warehouses. How these rules currently operate is under discussion.

Potentially stricter requirements for IOSS intermediaries

The IOSS return can be submitted by an intermediary. If this intermediary acts on behalf of a business from a non-EU country (that does not have an agreement with the

EU on administrative assistance in VAT matters), harmonised minimum requirements for administrative capacity, financial solvency and reliability may apply. The European Commission must submit a proposal for implementing rules by 31 December 2027 at the latest. These must be approved separately and unanimously by the EU Member States.

When will the rules apply?

Under the agreed text, Member States must apply the new rules from 1 July 2028.

However, this is subject to a reservation, as the rules also depend on the so-called EU Customs Data Hub under the new Union Customs Code. This Data Hub should be available for customs warehouses for distance sales from 1 July 2028. If, for any reason, this is not achieved, the rules will take effect once this Data Hub is operating normally.

This appears to apply to all the measures discussed above, although the proper functioning of the Data Hub does not appear to be necessary for some of the measures.

What does this mean for businesses?

The extension of the IOSS is a welcome development, as e-commerce businesses and platforms currently face inefficient VAT treatment for distance sales of imported goods exceeding EUR 150. The new rules may reduce the number of local VAT registrations for non-EU sellers, but will also entail significant operational changes for platforms, sellers, logistics service providers and IOSS intermediaries.

- *Platforms* must take account of the extended deemed supplier rule. This will not only affect administrative processes, but may also have implications for pricing, invoicing, returns and VAT adjustments.
- *E-commerce businesses* must assess whether the removal of the EUR 150 threshold and the new customs warehouse will require changes to their business model and logistics and VAT reporting processes.
- *IOSS intermediaries* are recommended to monitor developments regarding new requirements and then assess existing arrangements on guarantees and governance against the future requirements for capacity, solvency and reliability.

Separately from this directive, work is currently underway on a technological solution to prevent fraudulent use of IOSS numbers upon importation. This solution will probably use unique numbers for each parcel that can be linked to the IOSS number. We expect this measure to be announced shortly. It will also require changes to the processes of platforms and e-commerce businesses.

Next steps in the legislative process

The political agreement now reached does not yet constitute the final adoption of the directive. As the Council of the European Union has amended the text, the European Parliament must be consulted again. Only after receiving this (non-binding) opinion can the Member States formally adopt the directive in the EU Council. The final text may therefore still change, but we expect any changes to be merely formal.

If you have any questions about this alert, please contact your Meijburg advisor.

KPMG Meijburg & Co
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