

Norway: VAT on Business-to-Consumer (B2C) Low Value Imported Goods

Introduction

On 1 April 2020, the VAT exemption for imported goods costing NOK 350 or less (approximately EUR 30 / USD 35) supplied by foreign businesses to consumers in Norway was abolished.

Under new rules, most business-to-consumer (B2C) imported 'low value goods' with a value below NOK 3,000 (approximately EUR 270/ USD 300) are now liable for Norwegian VAT, payable by the supplier.

A simplified VAT on E-Commerce (VOEC) scheme has been introduced for foreign retailers and online marketplaces to register, declare and pay Norwegian VAT on B2C supplies of low value goods.

The changes are designed to restore a level playing field for Norwegian retailers who have not been able to benefit from the VAT exemption available only to foreign suppliers.

Impact on online retailers selling into Norway

The new law will have a significant impact on retailers as:

- it applies to foreign online retailers with no registered business address or residence in Norway;
- it applies to all low value goods, including those previously below the VAT exemption threshold; and,
- it impacts suppliers' pricing and profit margins.

New obligations for foreign retailers

The new rules require foreign online retailers and marketplaces such as Amazon and eBay, whose total taxable supplies to Norwegian consumers exceed NOK 50,000 (approximately EUR 4,500 / USD 5,000)

in a 12-month period, to:

- register for VAT in Norway;
- charge Norwegian VAT on low value goods at the point of sale;
- report VAT information to Norwegian customs; and,
- file VAT returns and remit the VAT to the Norwegian tax authority on a quarterly basis.

Consequences of non-compliance

If a foreign supplier fails to comply with the VOEC scheme, the goods will be subject to VAT at the border, the carrier or forwarder will charge the Norwegian customer an extra fee for customs clearance, and delivery to the customer is likely to take longer.

What businesses need to be doing now

Impacted businesses need to consider the following:

- Immediately registering in either the Norwegian VAT registry or the VOEC scheme.
- Determining the value of supplies of goods to Norway on an item by item basis.
- Reviewing pricing and profit margins to take into account the charging of Norwegian VAT at the standard rate (currently 25%).
- Communicating to customers that Norwegian VAT is chargeable on relevant supplies.
- Updating website information and terms and conditions to allow for the charging of VAT, clearly identifying whether advertised prices are VAT-inclusive or exclusive.
- Implementing any changes that may be needed to accounting, billing and check-out systems to enable the charging and reporting of Norwegian VAT.

For further guidance on the new rules or for assistance in registering for Norwegian VAT, please contact us on:

<http://www.rbcvat.com/> • +44 (0) 118 321 6823