How to prepare your shop for the new EU VAT rules?

ShopFactory Support - 2021-12-08 - Shipping and Taxes

On July 1st 2021 there will be a big change in how shop-owners in the European Union countries have to deal with their taxes.

This change will affect all shop-owners based in an EU country who are shipping to consumers in other EU countries.

From July 1st onwards there will be a new simplified tax system in place.

- If your total turnover to consumers (not businesses) in other countries is lower than 10.000 euro you can calculate your own countries tax rates

- As soon as you go over the 10.000 euro threshold this will change and you will have to charge your customers with the tax rate that applies to their own country

All tax rates that are to be applied for EU countries can be found here:
https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm#shortcut-8

This means that as soon as you hit the 10.000 euro threshold you will have to change the VAT settings of your shop.

Before you start making these changes we strongly recommend you to create a backup of your shop. (see https://shopfactory.deskpro.com/en/kb/articles/keeping-a-constant-backup-of-your-shop-project for instructions on this)

Below you will find how to do this, we have two scenarios.

1 for prices inclusive VAT and 1 for prices exclusive VAT.

The correct settings for prices Inclusive VAT in your shop:

In ShopFactory Central go to My Store -> Taxes, to open the Tax Wizard

1) Remove the vat setting(s) you currently have by deleting it

2) Now create a new tax for each EU country separately by clicking + sign

3) IE: for Belgium you type Belgium in the field: Tax name

4) Enter percentage for Belgium at: Enter the tax rate

5) Tick the radio button for "all existing and new products"

6) Tick: Other regions

7) Click next at the bottom of the wizard

8) From the list on the left select Belgium

9) Double click on Belgium, this will move Belgium to the column on the right (It will show European Union - Belgium) that is ok.

10) Click next at the bottom of the wizard

11) Make sure to check that two boxes at the bottom right are ticked (they should already be ticked): "Allow customers with Sales Tax exemptions to remove sales tax from charges" and "Prices include this tax"

12) Optional: If you want you can add texts in the "Text displayed with product (incl. Belgium)" and the "Text displayed with product (excl. Belgium)" fields

12) Click finish at the bottom of the wizard.

13) Click Save to save your shop before you add the next country

Repeat steps 2-13 for all 27 EU countries (PS for your own country you should not tick the box for "Allow customers with Sales Tax exemptions to remove sales tax from charges").

14) Now save the shop.

15) you can now do an external preview of your shop to check if everything is as it should be.

PS : If this is not the case, then first clear the cache of your browser. Clear the browser history AND cookies. Select: Settings - Rebuild all and preview in your browser. This should make sure you see the correct tax settings.

16) Publish your website to the Internet

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In ShopFactory Central go to My Store -> Taxes, to open the Tax Wizard

1) Remove the vat setting(s) you currently have by deleting it

2) Now create a new tax for each EU country separately by clicking + sign

3) IE: for Belgium you type Belgium in the field: Tax name

4) Enter percentage for Belgium at: Enter the tax rate

5) Tick the radio button for "all existing and new products"

6) Tick: Other regions

7) Click next at the bottom of the wizard

8) From the list on the left select Belgium

9) Double click on Belgium, this will move Belgium to the column on the right (It will show European Union - Belgium) that is ok.

10) Click next at the bottom of the wizard

11) Make sure to check that only 1 box at the bottom right is ticked (it should already be ticked): "Allow customers with Sales Tax exemptions to remove sales tax from charges"

12) Optional: If you want you can add texts in the "Text displayed with product (incl. Belgium)" and the "Text displayed with product (excl. Belgium)" fields

12) Click finish at the bottom of the wizard.

13) Click Save to save your shop before you add the next country

Repeat steps 2-13 for all 27 EU countries (PS for your own country you should not tick the box for "Allow customers with Sales Tax exemptions to remove sales tax from charges").

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