



# NEW VAT RULES FOR SMALL BUSINESSES



## Extending VAT exemption

Small businesses established in another Member State will benefit from VAT exemption where they do business

## Simplifying VAT obligations

New simplifications will apply for both exempt and non-exempt small businesses

## HOW WILL THE NEW VAT EXEMPTION WORK

Place of taxation is where consumption takes place



### Exemption will apply if:

- turnover in Country B is below the national threshold in Country B
- annual turnover in the EU is below € 100,000



## WHAT ARE THE THRESHOLDS?

**€ 85,000**

of annual turnover in one EU Member State

**Maximum national exemption threshold**

**€ 100,000**

of annual turnover in the EU

**Eligibility condition for small businesses established in another EU Member State**

**€ 2,000,000**

of annual turnover in the EU

**Threshold defining small business**

## SIMPLIFYING VAT OBLIGATIONS

Introducing simplifications for both exempt and non-exempt small businesses



**VAT exempt** small business

**Simplified:**

- registration
- invoicing
- account keeping
- VAT returns



**Non-exempt** small business  
less than €2 million of annual turnover in the EU

**Simplified:**

- registration
- record keeping
- longer tax periods
- less frequent VAT returns
- payments