How and when to use MOSS

Technical Indirect Tax

01 April 2015

For VAT purposes, some services to consumers are now taxed where the consumer is rather than the supplier. This requires registration in EU member states where the services are provided. On 1 January 2015 a simplified accounting system called the mini one-stop shop (MOSS) went live.

In the March issue of Tax Adviser, Tarlochan Lall outlined the basic principles of MOSS and the supplies to which it applies (‘Concession shopping’, page 38). However, we are aware of residual confusion about when MOSS can apply. Here are some key points:

- First, it must be remembered that the scheme operated by HMRC is concerned with accounting for VAT due in other member states. It is designed to allow a person in one member state or outside the EU to account for VAT due on digital supplies made to consumers in other member states.
- Second, it is entirely voluntary. There are no UK penalties for not registering, but if you make digital supplies of whatever value in another member state, you may become liable to interest and penalties there if you have neither registered in that country nor registered with HMRC to apply the MOSS scheme. You must either use MOSS or register individually in each member state where you have customers for digital supplies.
- Third, at present the scheme applies only to digital supplies such as telecoms, broadcasting and electronic services. These must be supplied in the course of business. But beware: what is regarded as a business in the UK may have a narrower definition elsewhere.

A taxpayer must register for VAT MOSS by the tenth day of the month after its first digital services supply. HMRC are expecting the first returns in April 2015 from those who have made supplies in the first quarter of 2015 under the new scheme. If you have made digital supplies in other member states in the first quarter of 2015, you have now missed the registration deadline and there may be penalties for late

registration; in these circumstances you should take some action as soon as possible and consider taking professional advice.

Finally, it must be remembered that, if you provide services other than digital supplies to which MOSS applies in other EU countries, then no matter how small their value, you will be liable to account for VAT there if these supplies are made in the course of a business. You should register for VAT there if you have not already done so.