Addendum to the VAT e-Commerce explanatory notes

Revised version 6 October 2026

VAT treatment of the EUR 3 customs duty on distance sales of imported goods not exceeding EUR 150 – from 1 July 2026 until 30 June 2028

Background:

As from 1 July 2026, the customs duty exemption threshold of EUR 150 is abolished. In accordance with Council Regulation (EU) 2026/382 of 11 February 2026[1], a new temporary EUR 3 fixed customs duty applies per item supplied as a distance sale of imported goods (DSIG) in a consignment not exceeding EUR150.

The import duty will be due at the time the customs declaration for release for free circulation of the goods into the EU is accepted.

VAT treatment of this EUR 3 customs duty:

1. DSIG imported via the IOSS

When the IOSS is used, the importation benefits from an exemption of import VAT. Instead, the VAT on the supply is collected upfront on the DSIG at the time the payment of the order is accepted. This VAT is declared and remitted via the monthly IOSS VAT return.

Since IOSS goods benefit from a VAT exemption at import, there is no VAT due on the EUR 3 Customs duty at the time of importation.

The taxable amount of the DSIG, on which the VAT will be collected in relation to the supply, should not include the EUR 3 customs duty since this is only due when the customs declaration for release for free circulation is accepted, and not at the moment of the sale. **However, where the EUR 3 customs duty is charged to the consumer at the moment of sale, it becomes part of the consideration obtained or to be obtained by the supplier in return of the supply from the customer or a third party. Under those circumstances, the EUR 3 customs duty is part of the taxable amount for VAT.**

2. DSIG imported via the Special Arrangements

[1] Council Regulation (EU) 2026/382 of 11 February 2026 amending Regulation (EC) No 1186/2009 as regards the elimination of the threshold-based customs duty relief (OJ L, 2026/382, 18.2.2026, ELI: http://data.europa.eu/eli/reg/2026/382/oj).

The Special arrangements may be used as an alternative simplification when IOSS is not used. Under these arrangements, import VAT is due. The customer is the person liable for the payment of the import VAT. Postal operators/carriers collect that VAT from the customer and remit it on a monthly basis.

As mentioned, VAT is due at importation. Therefore, the EUR 3 customs duty must form part of the taxable amount on which the VAT is charged by postal operators/carriers.

When the goods are returned, the VAT charged on the EUR 3 customs duty will be refunded as part of the total VAT paid for this importation.

3. DSIG imported under the standard procedure

If neither the IOSS nor the special arrangements are used, import VAT is due under the standard procedure. The EUR 3 customs duty must form part of the taxable amount on which the VAT is charged.

When the goods are returned, the VAT charged on the EUR 3 customs duty will be refunded as part of the total VAT paid for this importation.

For any further clarification on the application of the EUR 3 customs duty, please refer to the Customs guidance on EUR 3 customs duty and the Union handling fee.

VAT treatment of the EUR 2 Customs Union handling fee on distance sales of imported goods (expected from 1 November 2026)

The Customs reform will introduce a new Union handling fee of EUR 2, which is expected to apply to all distance sales as from 1 November 2026.

This handling fee is to be considered **compensation for a service rendered by a public authority acting as such (Customs authorities) for each distance sale of imported goods (DSIG) including supplies exceeding EUR150**. In accordance with Articles 73, 78 first paragraph (b) and 86(1)(b) of the VAT Directive, the handling fee should be part of the VAT taxable amount as it amounts to an incidental expense to the supply.

As a consequence, the VAT will be due on this handling fee.

VAT treatment of this EUR 2 handling fee:

1. DSIG imported via the IOSS (for supplies not exceeding EUR150)

When the IOSS is used, the importation benefits from an exemption of import VAT. Instead, the VAT on the supply is collected upfront on the DSIG at the time the payment of the order is accepted. This VAT is declared and remitted via the monthly IOSS VAT return.

Since IOSS goods benefit from a VAT exemption at import, there is no VAT due on the EUR 2 handling fee at the time of importation.

However, where the EUR 2 handling fee is charged to the consumer at the moment of sale, the EUR 2 handling fee forms part of the taxable amount for VAT to be declared in the IOSS VAT return.

2. DSIG imported via the Special Arrangements (for supplies not exceeding EUR150)

The Special arrangements may be used as an alternative simplification when IOSS is not used. Under these arrangements, import VAT is due. The customer is the person liable for the payment of the import VAT. Postal operators/carriers collect that VAT from the customer and remit it on a monthly basis.

As mentioned, VAT is due at importation. Since the EUR 2 handling fee amounts to an incidental expense to the supply, the handling fee must form part of the taxable amount on which the VAT is charged by postal operators/carriers.

When the goods are returned, the VAT charged on the EUR 2 handling fee will be refunded as part of the total VAT paid for this importation.

3. DSIG imported under the standard procedure (for any supply)

If neither the IOSS nor the special arrangements are used or where the DSIG exceeds EUR150, import VAT is due under the standard procedure. The EUR 2 handling fee must form part of the taxable amount on which the VAT is charged.

When the goods are returned, the VAT charged on the EUR 2 handling fee will be refunded as part of the total VAT paid for this importation.

For any further clarification on the application of the EUR 2 Union handling fee, please refer to the Customs guidance on EUR 3 customs duty and the Union handling fee.

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