

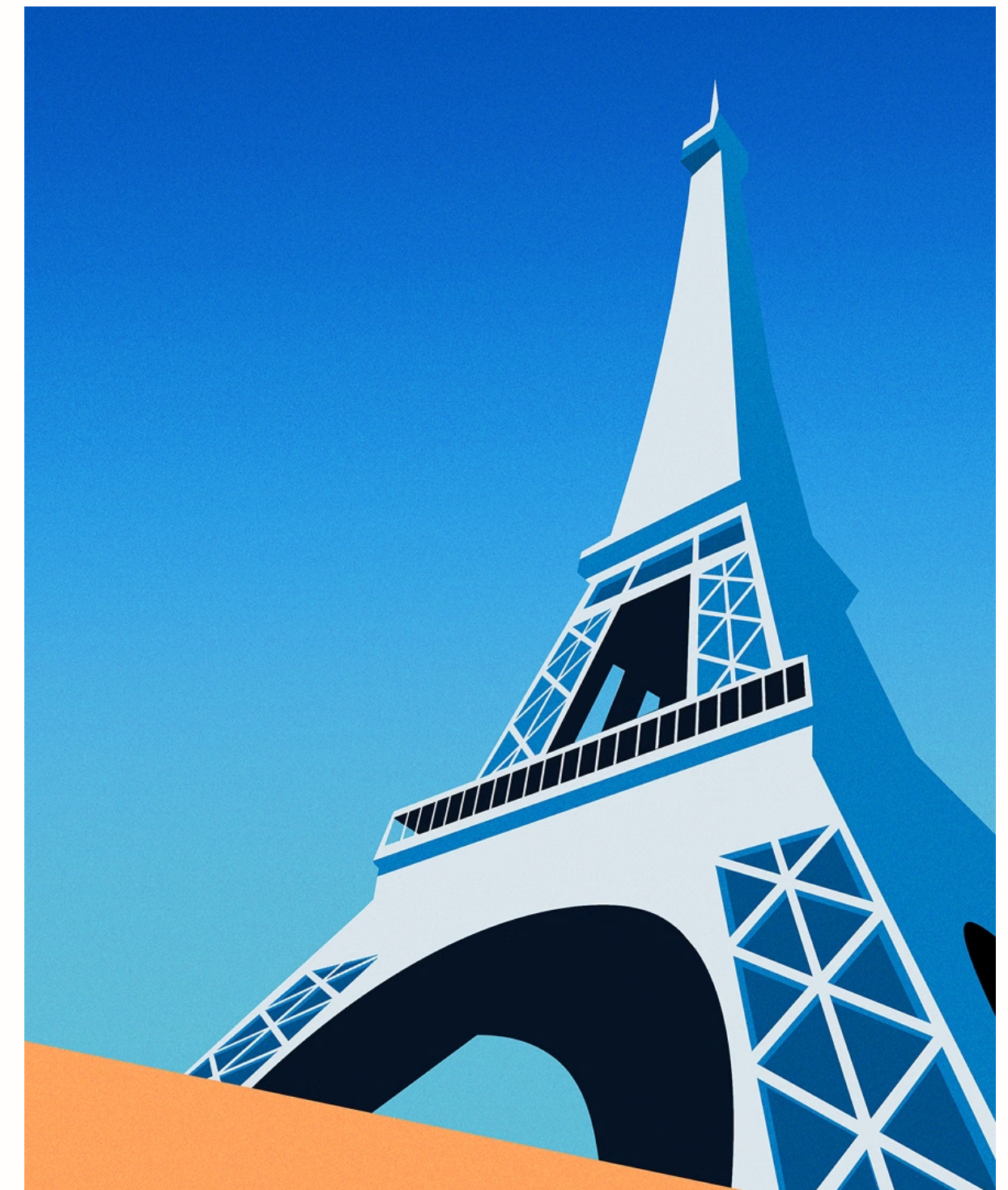
Introduction to *VAT*

A practical guide to value-added tax for businesses selling across borders

Sam Suechting · Commenda ·

commenda.io

2026



48.8584° N, 2.2945° E

France

WELCOME

Your speaker & host

Sam Suechting

Commenda

Works with founders and finance teams on cross-border VAT, GST, and sales tax

Has helped companies untangle registrations and filings across dozens of countries

Believes tax compliance should be boring — in a good way

ABOUT COMMENDA

Global compliance platform for VAT, GST, and US sales tax

Registrations, filings, and remittance handled end-to-end

Threshold monitoring so you know where obligations arise

One dashboard, backed by local tax experts worldwide

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Do business anywhere

Commenda

AGENDA

What we'll cover today

- 01

VAT fundamentals

The mechanics, a worked example, rates and exemptions, VAT vs US sales tax

~18 min
- 02

When does VAT apply to your business?

Registration triggers, place of supply, imports & exports, marketplaces, OSS/IOSS

~20 min
- 03

Compliance in practice

The filing lifecycle, reclaiming VAT, e-invoicing — and what going wrong costs

~18 min
- Q

Live Q&A

Your questions — drop them in the chat anytime

~10 min



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47.3702° N, 8.5441° E *Switzerland*

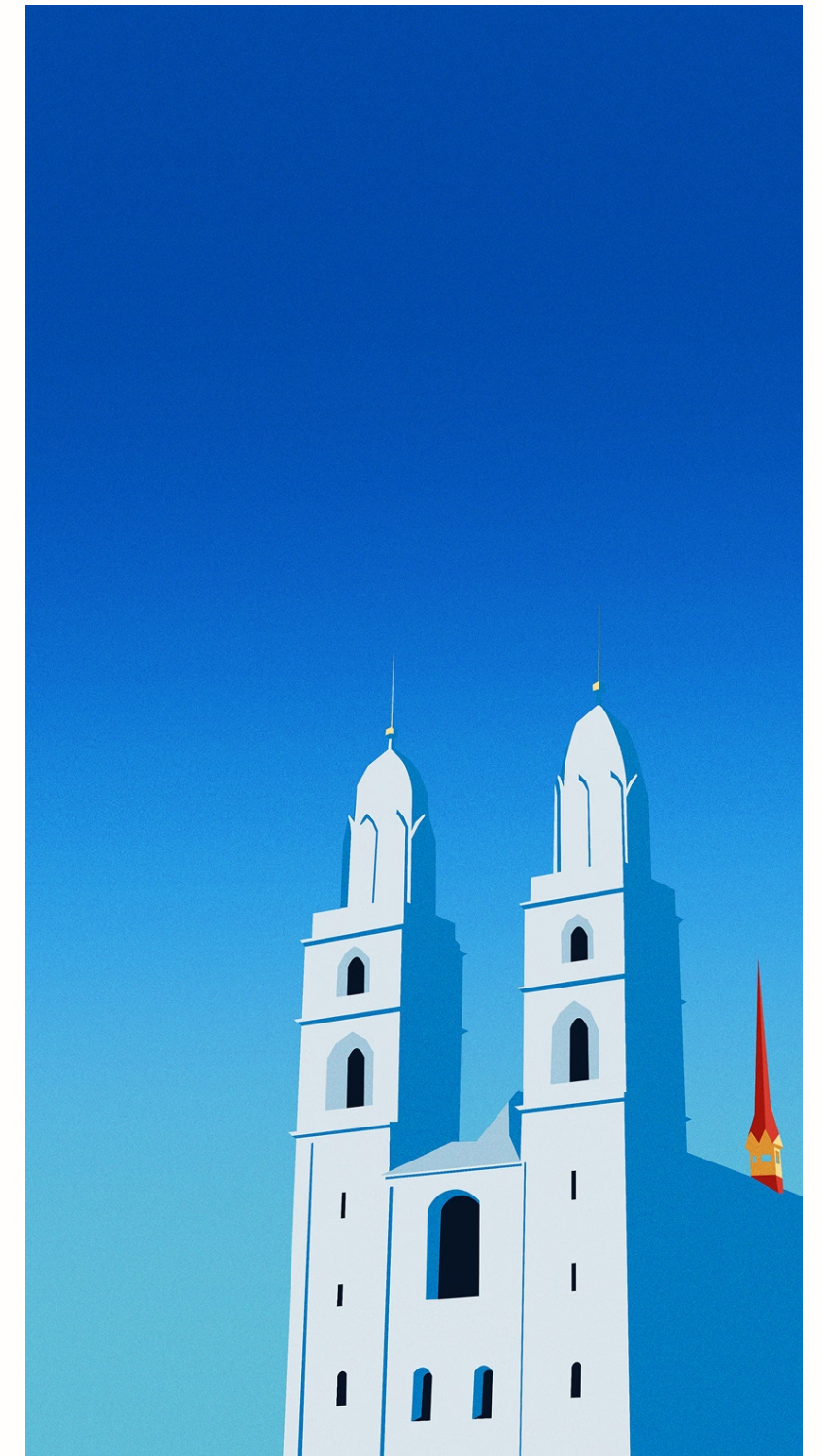
Quick Poll!

What is your biggest worry around VAT?

- A. Knowing where/when I need to register*
- B. Understanding if my products are taxable*
- C. Knowing how much I owe*
- D. Something else!*

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47.3702° N, 8.5441° E Switzerland

PART ONE

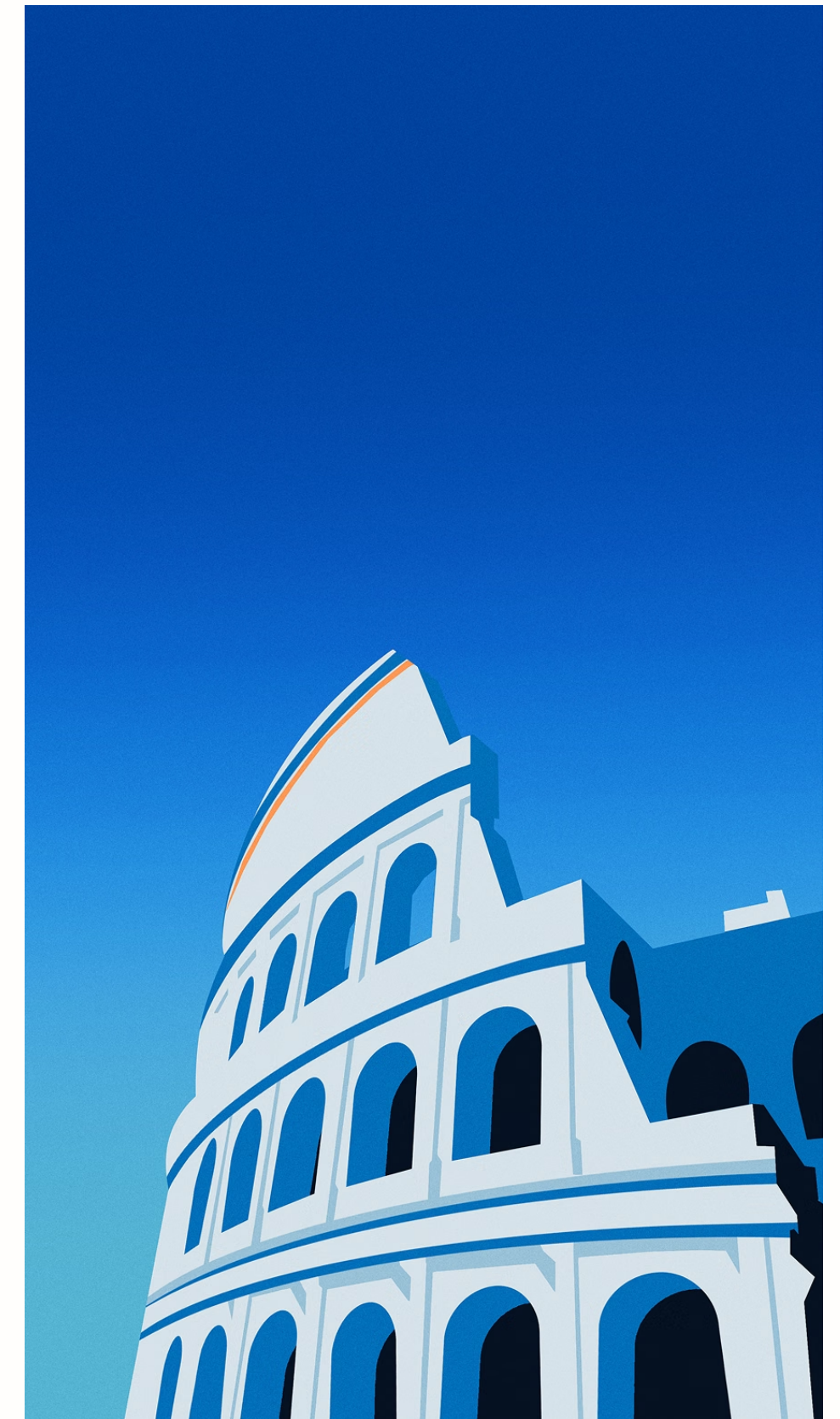
VAT *fundamentals*

What VAT is

How the credit mechanism works

VAT vs US sales tax

Rates, zero-rating & exemptions



PART 1 · FUNDAMENTALS

What is VAT?

Value-Added Tax is a *consumption tax* charged at every stage of the supply chain — but ultimately paid by the final consumer.

175+

countries levy a VAT or GST — the US is the big exception

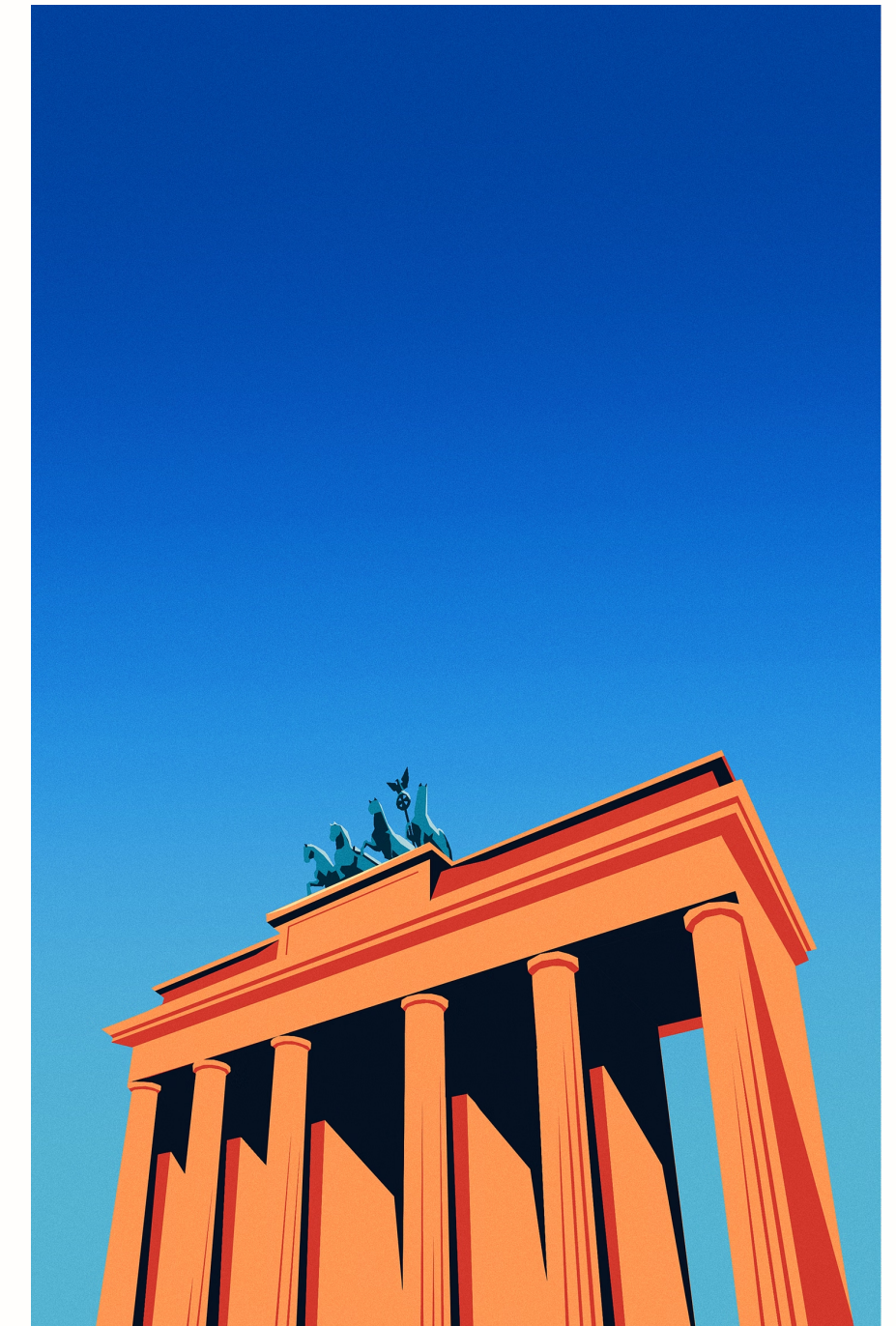
~20%

of the world's tax revenue is raised through VAT-type taxes

★ **Consumers bear it, businesses remit it** — VAT isn't your cost, but collecting it correctly is your legal obligation.

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52.5163° N, 13.3777° E

Germany

PART 1 · FUNDAMENTALS

How VAT works — a worked example

A 20% VAT, followed through the supply chain

MANUFACTURER		RETAILER		CONSUMER	
Sells to retailer		Sells to consumer		Pays €300 total	
€100 + €20 VAT		€250 + €50 VAT		€250 + €50 VAT	
Output VAT	€20	Output VAT	€50	No credit — the consumer bears the full €50	
Input credit	€0	Input credit	–€20		
Remits	€20	Remits	€30		

★ Government receives **€50 total** — exactly 20% of the €250 final price. Each business remits tax only on the value it added.

PART 1 · FUNDAMENTALS

VAT vs US sales tax

	VAT / GST	US sales tax
Where it's charged	Every stage of the supply chain, with input credits	Final retail sale only
Who administers it	National governments — one system per country	12,000+ state and local jurisdictions
Typical rate	15–27% standard rates	6–10% combined state + local
Registration trigger	Turnover thresholds — often zero for foreign sellers	Economic nexus (commonly \$100k in sales)
Invoicing	Strict — a compliant VAT invoice is required to claim credits	Minimal requirements

Quick Poll!

How many countries are you selling in today?

A. I'm not selling yet

B. 1

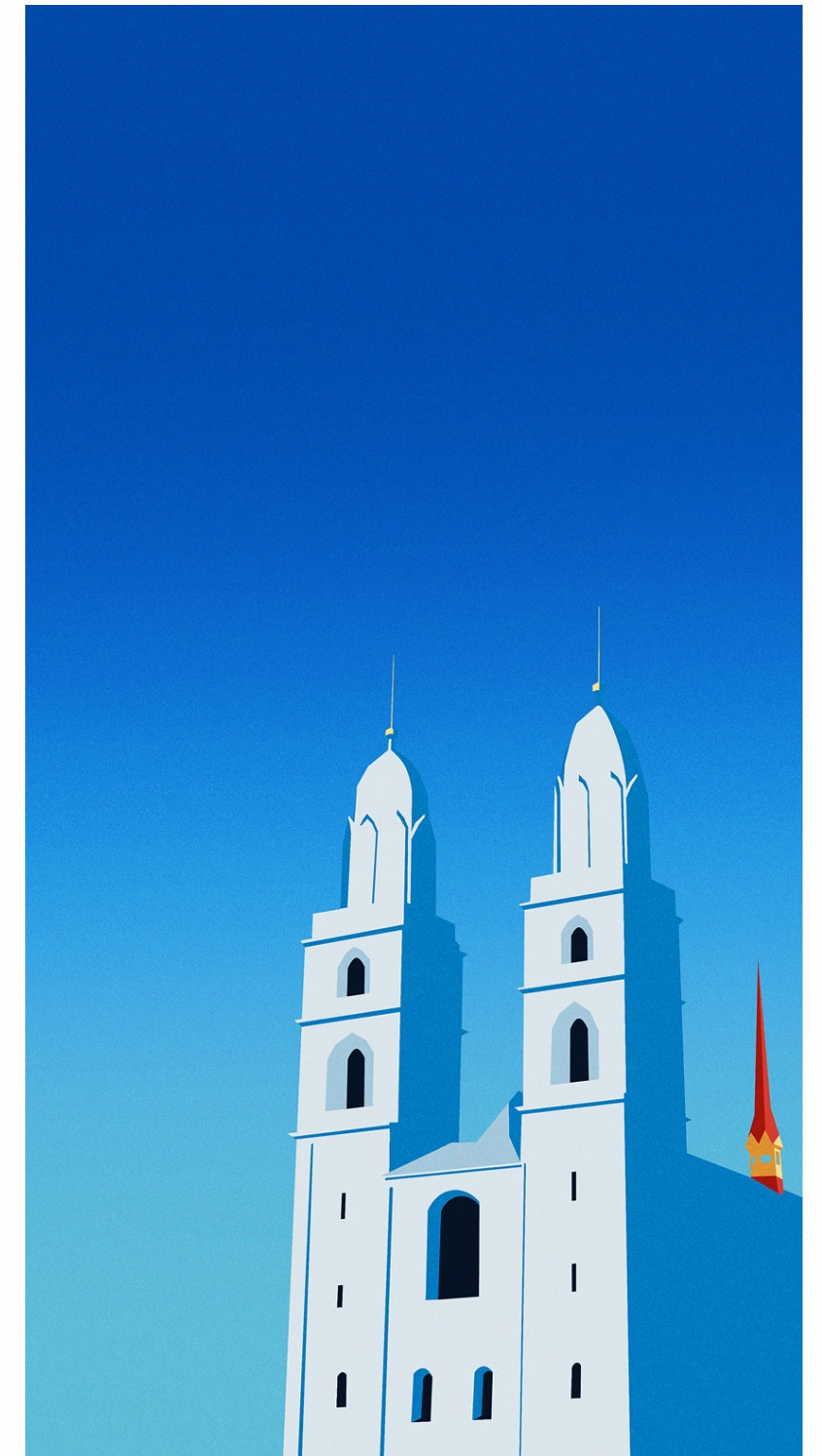
C. 2-5

D. 5-10

E. 10+

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PART 1 · FUNDAMENTALS

VAT around the world

Standard rates in markets you’re most likely to sell into

20%

United Kingdom

19%

Germany

20%

France

17–27%

EU range

10%

Australia (GST)

5%+

Canada (GST)

18%

India (GST)

10%

Japan

9%

Singapore (GST)

5%

UAE

16%

Mexico (IVA)

None

United States

★ Rates change and reduced rates apply to specific goods — always confirm the current rate before you price or invoice.

PART 1 · FUNDAMENTALS

Not everything is taxed at the standard rate

Most countries run three or four rate bands — classification decides which one applies

<i>Standard rate</i>	<i>Reduced rate(s)</i>	<i>Zero rate</i>
The default for most goods and services	Essentials and favored sectors	Taxable — but at 0%
UK 20%, Germany 19%, France 20%	Food, books, hotels, passenger transport, medicine	Exports almost everywhere; UK: most food, books, children’s clothing
Applies unless a specific relief says otherwise	Germany 7%, France 5.5% & 10%, Spain 10% & 4%	You still reclaim input VAT (next slide)

★ Getting classification wrong means charging the wrong tax on every sale — audit findings here multiply fast.

PART 1 · FUNDAMENTALS

Zero-rated vs exempt

Both mean no VAT on the sale. The difference is what *you* can reclaim.

Zero-rated (0%)

Still a taxable supply — you're inside the VAT system

You charge 0% and reclaim **all input VAT** on your costs

Examples: exports, and country-specific reliefs (UK food & books)

Exempt

Outside the credit chain entirely

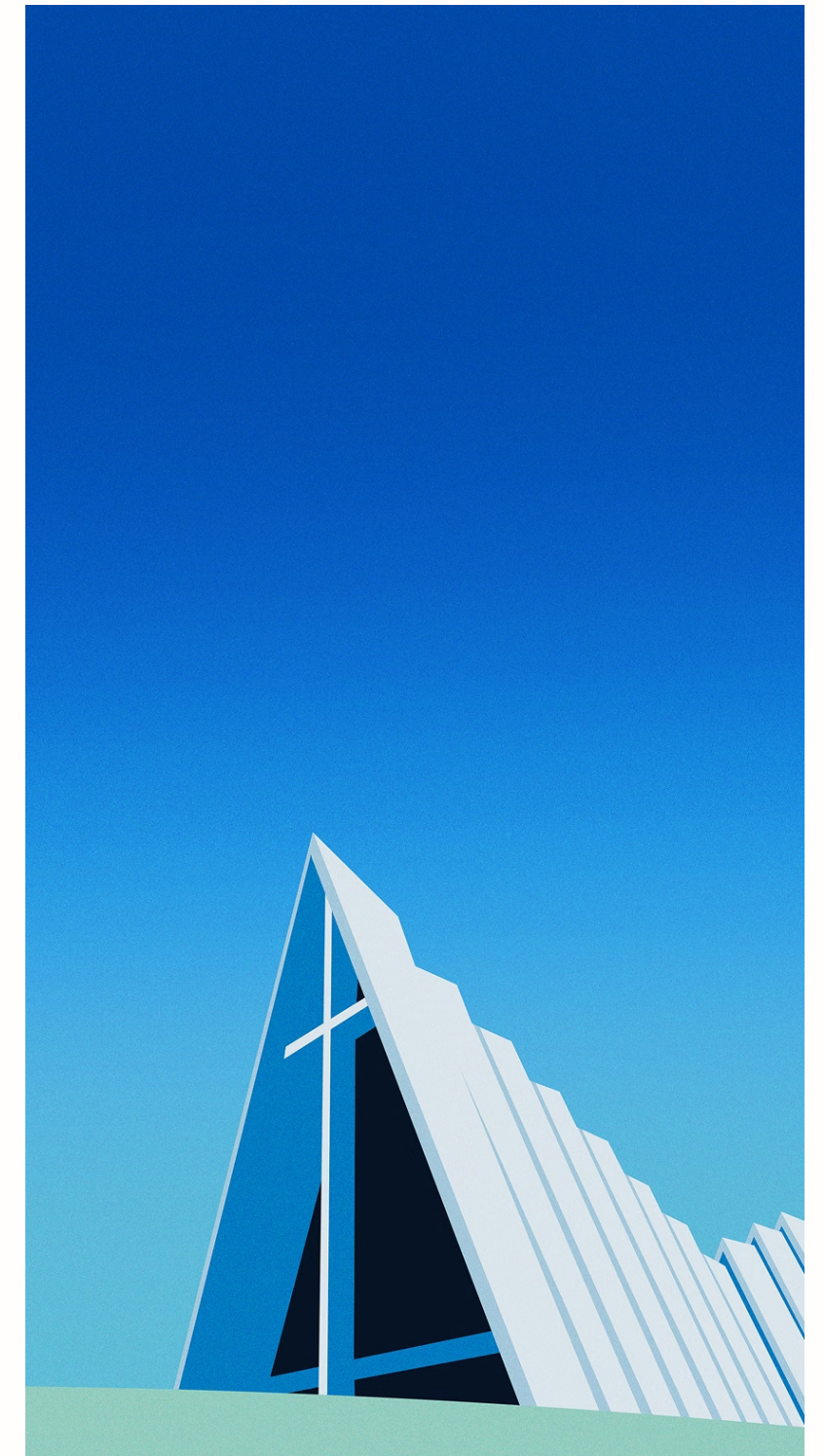
No VAT charged — and **no input VAT recovery** on related costs

Examples: financial services, insurance, healthcare, education

★ **Partly exempt?** Businesses with mixed activities must apportion input VAT — a permanent calculation burden for fintechs, insurers, and edtech.

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69.6489° N, 18.9873° E

Norway

PART TWO

When does VAT *apply to you?*

Registration triggers

Place of supply — goods and services

Imports, exports & marketplaces

OSS & IOSS



PART 2 · WHEN VAT APPLIES

When must you register?

Where your customers are matters more than where you are

- 01 Local turnover thresholds.** Domestic businesses register once sales pass a threshold — e.g. £90,000 in the UK. Thresholds vary widely.
- 02 Foreign sellers: often zero.** Many countries give non-resident sellers no threshold at all — your first taxable sale creates an obligation.
- 03 Digital services (B2C).** SaaS, streaming, e-books sold to consumers are taxed where the customer lives — often from sale one.
- 04 Local inventory.** Storing stock in a country — a 3PL or Amazon FBA warehouse — typically triggers immediate registration there.

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Denmark

PART 2 · WHEN VAT APPLIES

Place of supply: goods

For physical products, VAT follows the goods — where they are and where they end up

Domestic sale	Goods stay in one country → that country’s VAT applies. The simple case.
Intra-EU B2B	Zero-rated dispatch from the seller; the business customer self-accounts for acquisition VAT. Requires the customer’s VAT number and proof the goods moved.
Export (leaving)	Zero-rated — but only if you hold proof of export. No paperwork, no zero rate: authorities assess VAT as if it never left.
Import (entering)	Import VAT is due at the border, on top of any customs duty — whoever is the importer of record pays it.

PART 2 · WHEN VAT APPLIES

Place of supply: services

GENERAL RULE — B2B

Taxed **where the customer belongs** . Usually handled by the customer via reverse charge — you invoice without VAT.

GENERAL RULE — B2C

Taxed **where the supplier belongs** — you charge your home-country VAT to consumers.

...but the exceptions do the heavy lifting

Digital services B2C	Taxed where the customer lives — this exception swallows the B2C rule for SaaS, apps, streaming, e-books
Land, property & events	Where the property sits; where the event happens
Transport, restaurants & catering	Where performed

PART 2 · WHEN VAT APPLIES

B2B vs B2C — who charges the VAT?

SELLING B2B*the reverse charge*

Your business customer self-accounts for VAT in their own country — you typically don't charge it

You must validate the customer's VAT number (e.g. via VIES in the EU) and keep the evidence

Invoice must state that the reverse charge applies

Cross-border goods can still require local registrations

SELLING B2C*you are on the hook*

You charge VAT at the customer's local rate and remit it — which means registering where they live (or using OSS)

For digital services, place of supply = customer location; you need two pieces of evidence (IP address, billing address, bank country...)

Consumer prices are quoted VAT-inclusive in most markets — factor it into pricing

PART 2 · WHEN VAT APPLIES

Imports, exports & the cash-flow trap

Exporting

Zero-rated in nearly every VAT system — no VAT on the sale

Keep proof of export (customs declarations, transport docs) — the zero rate is conditional on it

You still recover input VAT on the costs behind exported sales

Importing

Import VAT (plus customs duty) is due at the border, before goods clear

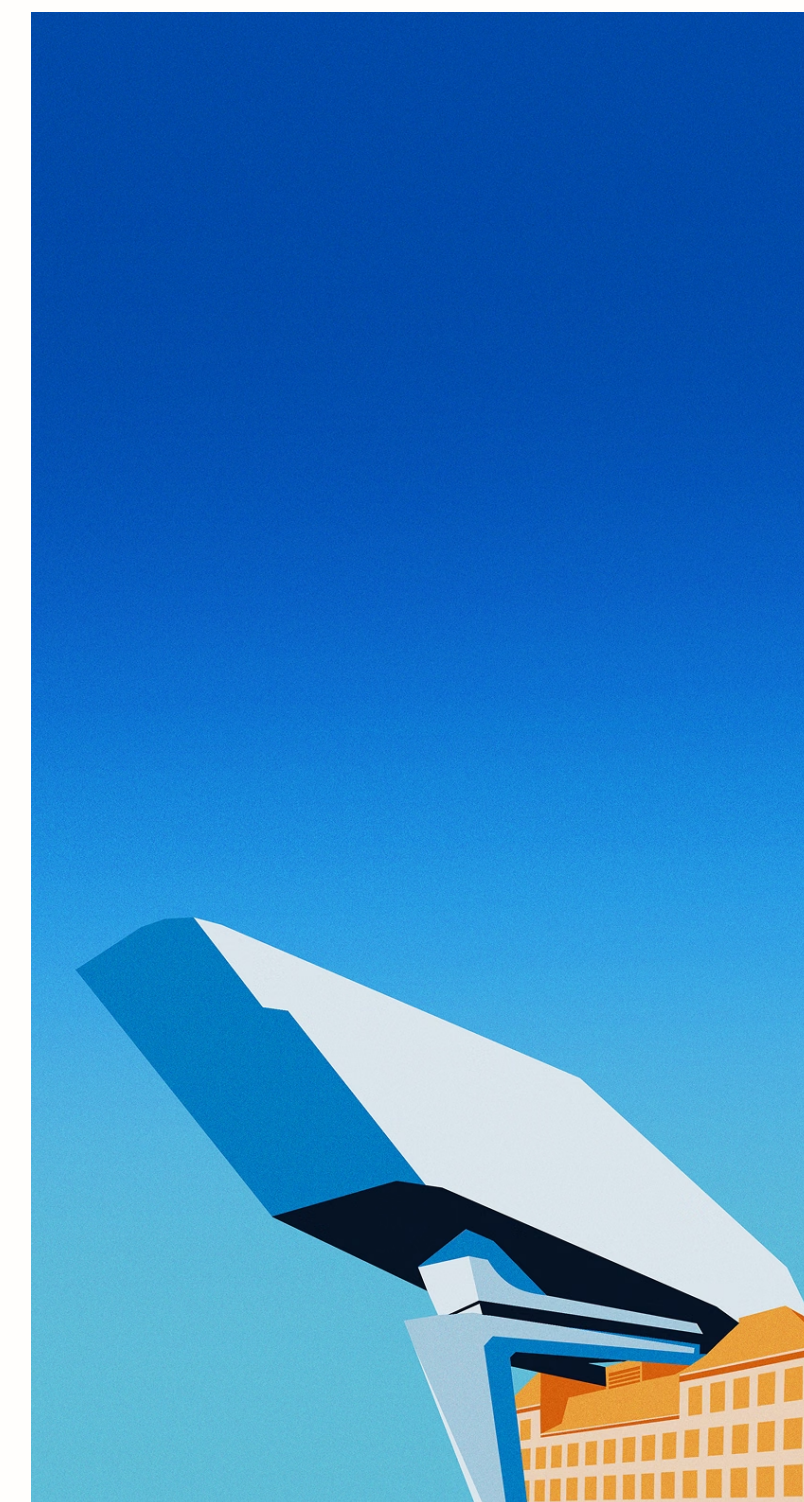
Recoverable — but only by the importer of record, and only via a local VAT registration

Postponed accounting (UK PIVA, NL Art. 23, France) lets you declare instead of pay upfront — a major cash-flow saver

★ **Watch your Incoterms:** selling DDP makes *you* the importer of record — import VAT, duty, and often a local registration land on you.

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Belgium

PART 2 · WHEN VAT APPLIES

Selling through marketplaces

Amazon, eBay, Etsy, app stores — sometimes the platform owes the VAT, not you

When the platform is the *deemed supplier*

EU & UK: marketplace collects VAT on imported B2C goods ($\leq$ €150 / £135) and on EU/UK sales by non-established sellers

App stores generally handle VAT on B2C app and in-app sales

What stays *your* problem

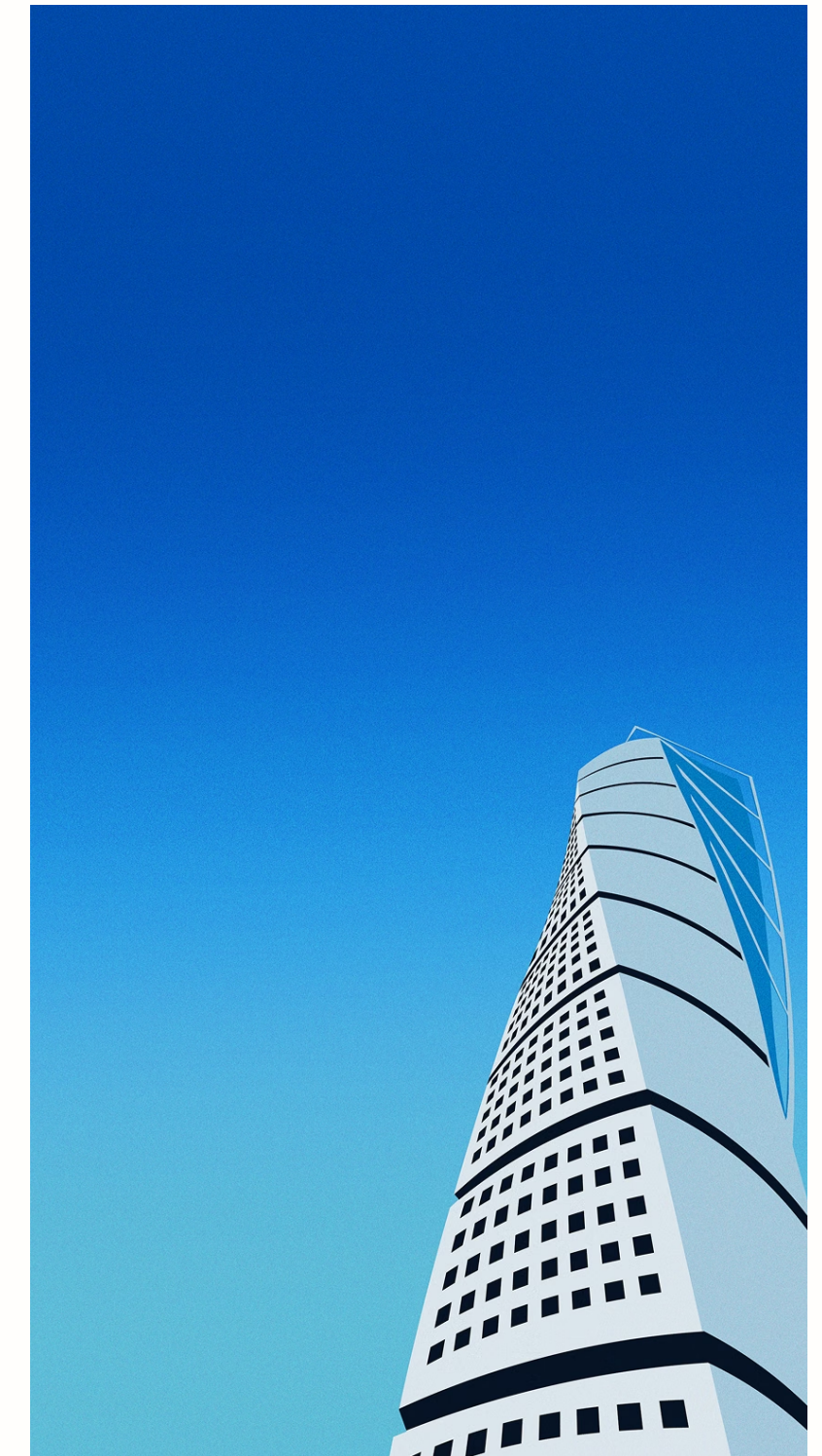
Sales on your own website — no platform, no shield

B2B sales and higher-value consignments

Stock in local warehouses (FBA) still triggers registrations

Your data is reported to tax authorities (DAC7 and similar)

★ “The marketplace handles it” is true only for the exact transactions the rules cover — map yours before relying on it.



PART 2 · WHEN VAT APPLIES

EU simplifications: OSS and IOSS

One registration instead of *twenty-seven*

OSS — One Stop Shop

Covers B2C sales of services and intra-EU goods to all 27 member states

Register in one EU country, file one quarterly return, pay once — VAT is distributed for you

Non-EU businesses use the “non-Union” scheme for services

IOSS — Import One Stop Shop

For B2C goods imported into the EU in consignments up to €150

Collect VAT at checkout, file one monthly return — no surprise charges for your customer at delivery

Faster customs clearance; without it, couriers collect VAT plus handling fees from your buyer

★ **Note:** the UK left the EU — sales to the UK need a separate UK VAT registration.

PART THREE

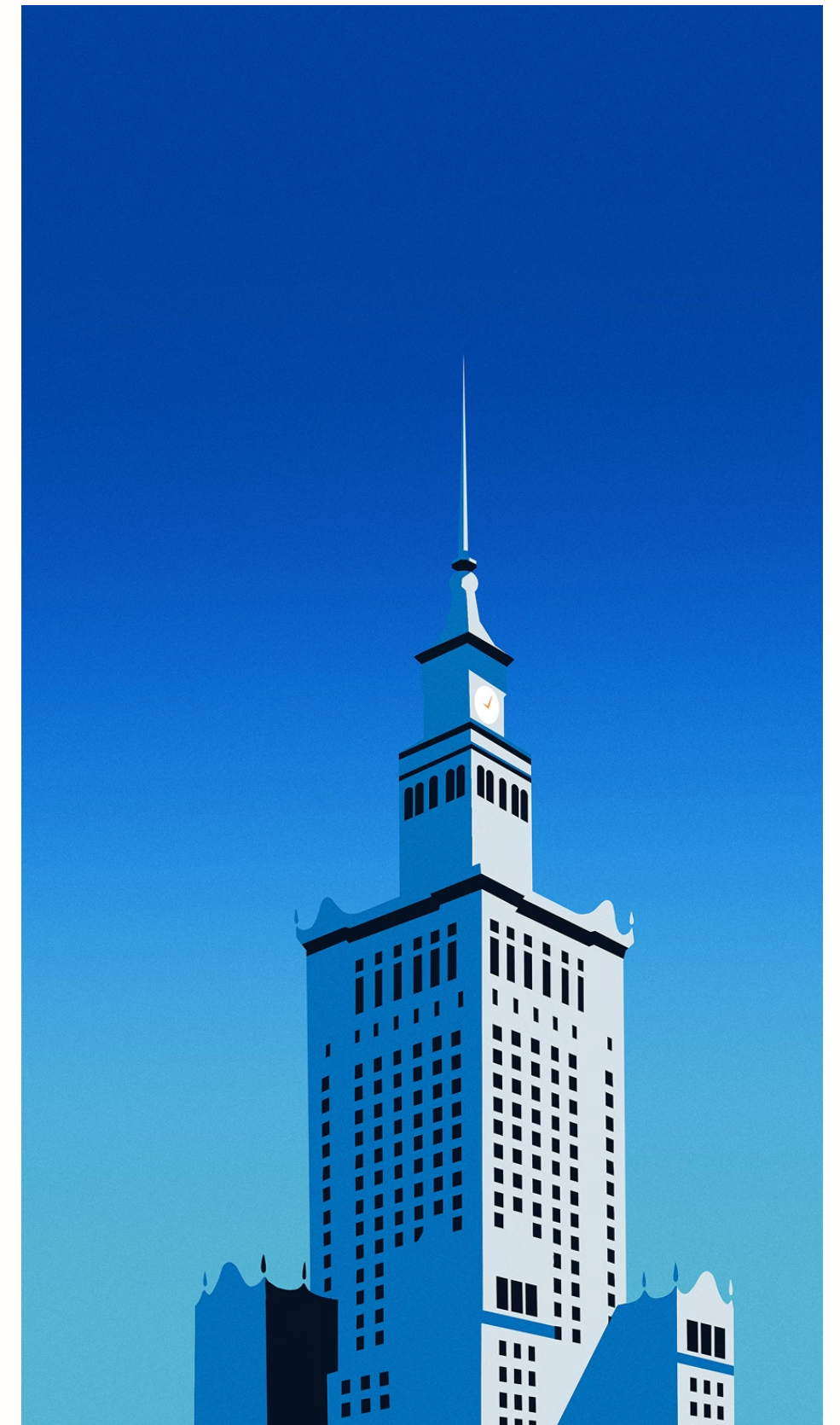
Compliance *in practice*

The filing lifecycle

Reclaiming input VAT & foreign refunds

E-invoicing

Mistakes & penalties



PART 3 · COMPLIANCE IN PRACTICE

The compliance lifecycle

What staying compliant actually involves, country by country

01 Register

Apply to each tax authority where you have obligations

Non-residents may need a fiscal representative

Expect 2–12 weeks; sell compliantly in the meantime

02 Invoice

Issue compliant VAT invoices: your VAT number, rate, VAT amount, customer details

E-invoicing mandates are spreading fast (Italy, France, Poland...)

03 File

Submit returns monthly or quarterly, per country

Report output VAT collected and input VAT reclaimed

Deadlines and formats differ everywhere

04 Remit

Pay what you owe in local currency, on time

Excess input VAT can be refunded or carried forward

PART 3 · COMPLIANCE IN PRACTICE

Reclaiming input VAT — the rules

Recovery is a *right, not a favor* — but it comes with conditions

What you can reclaim

VAT on goods & services used for taxable business activity

Import VAT where you're the importer of record

VAT on costs behind zero-rated sales (incl. exports)

What you need

A valid VAT invoice in your business's name — no invoice, no credit

An active VAT registration in that country

Claims made within the time limit (often 4–5 years, sometimes less)

Common blocks

Business entertainment (blocked almost everywhere)

Company cars — partial or full blocks in many countries

Costs tied to exempt activities or private use

✦ Excess input VAT? Most countries refund it or carry it forward — build refund timing into your cash planning.

PART 3 · COMPLIANCE IN PRACTICE

Foreign VAT: refunds without a registration

Paying VAT in countries where you’re *not* registered? There’s a claim route for that.

Where it comes from

Hotels, travel & conferences for your team abroad

Trade shows, exhibitions & local event costs

Foreign supplier invoices with local VAT on them

Tooling, warranty & repair costs incurred abroad

How you get it back

EU businesses: electronic refund claim via their home portal

Non-EU businesses (incl. US): “13th Directive” claims, country by country

Reciprocity rules and strict annual deadlines apply — miss the date, lose the money

★ **Most companies never claim.** Billions in recoverable VAT are forfeited every year — for frequent exhibitors this is real margin.

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47.7982° N, 13.0477° E

Austria

PART 3 · COMPLIANCE IN PRACTICE

E-invoicing: where VAT compliance is heading

Tax authorities increasingly see the transaction *before* you file the return

What’s changing

Mandatory e-invoices cleared through government platforms — Italy (SdI), Poland (KSeF), France rolling out now

Real-time or near-real-time transaction reporting (Spain SII, Hungary)

EU “VAT in the Digital Age” (ViDA): digital reporting for cross-border EU trade by 2030

What it means for you

Compliance moves into your billing system — errors surface per invoice, not per return

Retrofitting at filing time stops working; data quality becomes the control

Each country has its own format and platform — plan integrations per market

✦ Entering a market with an e-invoicing mandate? Build it into the launch plan — not the year-one cleanup.

PART 3 · COMPLIANCE IN PRACTICE

Common mistakes — and what they cost

“WE THOUGHT...”

“No office there means no VAT.”

Physical presence is irrelevant — sales create obligations.

“Our customers handle it.”

Only true for B2B reverse charge — never for B2C.

“We’re too small to matter.”

Many countries have zero thresholds for foreign sellers.

“We’ll register when we’re bigger.”

Liability accrues retroactively from your first taxable sale.

THE BILL WHEN IT SURFACES

Back VAT on past sales — usually unrecoverable from customers, so it comes out of your margin

Penalties and interest — commonly **10–100%** of the tax due, more for deliberate non-compliance

Audits reaching back **4–10 years** depending on the country

Discovery is getting easier — marketplaces and payment processors now report seller data to tax authorities

PART 3 · COMPLIANCE IN PRACTICE

[Screenshot this one](#)

Your 5-question compliance self-check

- 01 Do you sell goods, services, or digital products to customers in VAT countries?
- 02 Do you know every country where you've crossed a threshold — or where the threshold for foreign sellers is zero?
- 03 Are you charging the correct rate and issuing compliant VAT invoices?
- 04 Are returns filed and paid on time in every country where you're registered?
- 05 Are you reclaiming the input VAT you're entitled to?

Answered “no” or “not sure” to any of these? That's your starting point.

RECAP

Three things to remember

01

Consumers bear it, you carry it

VAT isn't your cost — but collecting, reporting, and remitting it correctly is your legal responsibility.

02

Your customers set the map

Obligations follow where you sell, not where you sit. Foreign-seller thresholds are often zero.

03

Non-compliance compounds silently

Liability accrues from the first taxable sale — registering late means back taxes, penalties, and interest.

COMMENDA

Where Commenda *fits in*

Everything we covered today, handled for you

- 01 Know where you owe.** We analyze your sales footprint, flag where you have obligations today, and monitor thresholds as you grow.
- 02 Get registered.** VAT, GST, and sales tax registrations — including fiscal representation where it's required.
- 03 Stay compliant.** Invoicing, returns, and remittance run on time, every cycle, in every country — one dashboard for all of it.

Not sure where you stand? We'll run a free VAT exposure assessment on your sales data — reach out after the session.

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52.3702° N, 4.8952° E

Netherlands

LIVE Q&A

Questions ?

Drop them in the chat — we'll take as many as time allows.

Speaker **Sam Suechting**

Email sam@commenda.io

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commenda.io

2026



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