01 / WHAT ARE YOU REALLY SELLING?

An online sale is not one single VAT category.

Start with the product, the customer and their location.

Automated product or human service?

What you sell	Starting point
Automated download, software or recorded course	Can be an electronically supplied service where delivery is essentially automated with minimal human intervention.
Bespoke consultancy or design by email/video	Not automatically an electronic service just because it is delivered online.
Live webinar, virtual event or tuition	Needs its own classification and current place-of-supply review. Do not copy the download rules.

A bundle of content, support and live teaching may need a single-supply or separate-supplies check. Give SBX the actual product description and terms.

Business customer or consumer?

For many ordinary services sold to an overseas business, the business-to-business rule places the supply where the customer belongs. Special services can be different.

For electronic services sold to consumers, VAT is generally due where the consumer belongs. A UK-only seller can therefore need an overseas tax process.

NO UK VAT IS NOT NO TAX

An overseas consumer sale may be outside UK VAT but still attract destination-country VAT or sales tax. Your UK VAT registration threshold does not settle the foreign obligation.

For UK-established businesses selling services online. Goods, marketplaces that act as seller, exemptions and non-EU country rules need their own checks.

CHECK THE RULES · What counts as a digital service · Overseas services: Notice 741A · EU One Stop Shop and thresholds

02 / EUROPEAN UNION CONSUMER SALES

A UK-only seller does not get the EU €10,000 threshold.

For electronic services taxable in the EU, check the position from the first sale.

The practical route: Non-Union OSS

A business with no business establishment or fixed establishment in the EU may use the **Non-Union One Stop Shop (OSS)** for covered consumer services.

You register through one EU member state, charge the correct customer-country VAT and report covered sales through that scheme.

It is optional, but can avoid separate VAT registrations for those covered supplies in each customer country. Once chosen, include all supplies covered by that scheme, not selected countries only.

DIFFERENT FROM YOUR UK RETURN

Non-Union OSS is a separate **quarterly** return and payment. It does not replace your UK VAT return or your business's profit-tax reporting.

Two thresholds not to borrow

The EU €10,000 cross-border threshold is restricted to qualifying EU-established suppliers. It does not create a VAT-free start for a business established only in the UK.

The EU cross-border small-business exemption introduced in 2025 also does not generally cover a UK-established supplier with no EU establishment.

Choose the correct rate

The rate follows the country and type of supply. Software, electronic publications and education may not all have the same rate.

Outside the EU, check each destination's digital-tax rules and thresholds separately. OSS does not pay tax to every country in the world.

CHECK THE RULES · EU One Stop Shop and thresholds · Non-Union OSS registration · EU small-business scheme limits · OSS returns and payment

03 / PLATFORMS, PRICES AND RECORDS

Check who is responsible for collecting the VAT.

A checkout or payment processor is not automatically the seller for tax purposes.

You are the seller: illustrative calculation

A consumer pays **£120** for software. Assume 20% destination VAT applies and your business is responsible for it. The payment processor retains a £3 fee.

Step	Amount
Customer payment including local VAT	£120
VAT within the price: £120 ÷ 6	(£20)
Sales value before VAT	£100
Processor fee	(£3)
Amount left before other costs/taxes	**£97**

The processor pays you £117, but £20 of that is still tax to account for. Do not treat £117 as your net sales.

The 20% is an example rate, not a rate for all foreign digital sales. Separate VAT treatment of the processor fee is excluded from this illustration.

When a platform is treated as supplier

Some digital marketplaces are responsible for consumer VAT under the platform rules. Check the agreement, invoices and settlement report; do not assume this from a familiar brand name.

Keep the evidence of the platform's role and your own supply to it. The platform collecting consumer VAT does not remove all your bookkeeping or tax obligations.

Evidence of customer location

For the normal electronic-service rules, gather the required non-conflicting evidence, such as billing address, bank location and IP information. Two pieces are normally needed, subject to specific presumptions or exceptions.

Use proportionate secure records. A currency choice or nationality alone does not establish where the customer belongs.

CHECK THE RULES · What counts as a digital service · Overseas services: Notice 741A · OSS record keeping

04 / BEFORE YOU SWITCH ON WORLDWIDE SALES

Decide the tax process before customers reach checkout.

Give SBX the product, the sales countries and the platform terms.

Your launch checklist

1. Identify the legal seller and classify each product or service.

2. Separate business and consumer customers and collect location evidence.

3. Check relevant country registrations, OSS eligibility and the rates.

4. Set tax-inclusive consumer pricing, receipts, refunds and reports correctly.

5. Reconcile gross sales, taxes, refunds, fees and payouts each period.

The ongoing routine

Non-Union OSS returns/payments are normally due by the end of the month after each quarter. Nil returns can still be required while registered.

OSS records must generally be kept for **10 years from the end of the year of the transaction**. This is longer than the usual UK VAT record period.

Tell us before adding a new country, changing from live teaching to automated content, changing platforms or opening an overseas establishment.

Product / service	Customer country and type	Who accounts for tax?	Rate / evidence / registration
[enter]	[business or consumer]	[you or platform; basis]	[enter]

Download a copy to complete. Send completed records through your private SBX channel, not the shared client library. Worksheets use manual entries and totals.

Contact our office or your account manager. info@sbxaccountants.com | 020 7046 1730

CHECK THE RULES · What counts as a digital service · Non-Union OSS registration · OSS returns and payment · OSS record keeping