



## Online Events – VAT Update for PPA Members

The PPA has had an increasing volume of queries regarding the UK VAT treatment of online events. This note has been prepared to help UK businesses understand the key issues and the potential implications of the end of UK-EU transition rules for online events with a cross-border audience. There are detailed rules for determining the 'place of supply' and whether this is in the UK or an EU member state or elsewhere, which go towards determining where VAT should be accounted for. This is necessarily a summary of key issues and if you are in any doubt you should take advice on your specific circumstances.

If you, as a UK business, charge someone for the right to attend a live online event this is (by default) a standard-rated VATable supply. However complications can arise depending on the location of your customer, whether they are a business or non-business customer, and (if you supply a right to download recordings of the event) you may have to deal with the 'electronically supplied services' regime which has more complex rules and obligations.

**For a summary of the rules please see the table at the end of this note, which is supplemented by the following notes on detailed issues.**

### What is a business customer?

A business customer is – broadly – a person who is purchasing your services in the course of a business carried on by them. Usual HMRC guidance applies regarding the evidence which it is prudent to retain in order to verify someone as a business customer. If you cannot verify them as a business customer, you should treat the transaction as a B2C transaction.

### Registration in EU countries when supplying 'electronically supplied services'

These rules have been around in some form for over five years now and were intended to 'level the playing field' for different kinds of businesses selling to EU consumers. Now that the UK has left the EU and the transition period has ended there are two key differences for how these rules apply:

- The UK is not able to take advantage of any threshold below which it is not required to register in another territory – a single sale in (say) France can trigger the obligation to register for VAT there
- Businesses based in the UK are no longer able to take advantage of the 'one stop shop' for EU members.

There is still a 'Non Union VAT Mini One Stop Shop' available for non-EU businesses which will facilitate accounting for VAT in multiple EU jurisdictions. The alternative is to set up individual registrations in each country to which you sell.

### Sales to non-EU / non-UK countries

The above guidance includes an indication of the EU rules since these are governed by an overall framework that the UK has only recently departed from. However, other jurisdictions are also developing cross-border rules to protect their revenue base and prevent foreign businesses having a competitive advantage. These special rules most commonly apply to 'digital services'. Where you are making supplies to non-UK

customers, always consider whether you ought to take local advice on your obligations.

### **Use and Enjoyment Rules**

These are anti-avoidance rules which apply both in the UK and the EU.

If you provide 'electronically supplied services' to a business customer which belongs outside the UK then you would not normally charge UK VAT. However, if that business customer in fact consumes the services in the UK (because – for example – it is viewed by staff of that customer in the UK) then it may revert to being UK VATable.

The EU rules (from which the UK rules are derived) work in a similar way. So if the supply is treated under the place of supply rules as made outside the EU, but then is consumed by someone within the EU, then EU member state VAT obligations may be triggered, for either the customer or the supplier depending on whether the customer is VAT registered or not.

Suppliers may be able to manage their risk by (1) requiring customers to warrant that the stream / download will only be consumed in the country of purchase, and (2) making it clear that all prices exclude VAT arising in the country of the customer, or the country in which the services are consumed.

### **Mixed / Composite Supplies**

Where you are supplying multiple services with different VAT treatment, you are obliged to consider whether you are supplying a 'composite' supply (where there is a predominant supply and the whole bundle may be judged according to the nature of the predominant supply) or a 'mixed' supply (where there are distinct and separate aspects, and the price must be apportioned between them and VAT applied accordingly). This could arise for example where you provide customers with the ability to attend an event 'live' *and* download it afterwards, for a single inclusive price. This is a complex area and has been the subject of abuse and perceived abuse in the past, so where necessary seek specific advice.

### **Platforms**

Special rules apply where you supply electronically supplied services (e.g. downloads of events / talks) through a third-party platform. In some cases you may be treated as making a supply to the platform, and the platform must then deal with the onward supply to the customer, so this may simplify your VAT obligations.

For more information about these rules, see:

<https://www.gov.uk/guidance/the-vat-rules-if-you-supply-digital-services-to-private-consumers#third-party>

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## SUMMARY TABLE

<b>Admission to an online event which consists of presentations / discussions delivered live (<u>not classified as 'electronically supplied services'</u>)</b>			
	<b>Place where your customer belongs</b>		
	<b>Belongs in UK</b>	<b>Belongs in EU</b>	<b>Belongs outside UK / EU</b>
<b>Business Customer (B2B)</b>	You must charge UK VAT	Outside the scope of UK VAT Customer may have a 'reverse charge' obligation under EU VAT rules	Outside the scope of UK VAT
<b>Non-business customer (B2C)</b>	You must charge UK VAT		

<b>Supply of a right to download or stream pre-recorded video (<u>classified as an 'electronically supplied service'</u>)</b>			
	<b>Place where your customer belongs</b>		
	<b>Belongs in UK</b>	<b>Belongs in EU</b>	<b>Belongs outside UK / EU</b>
<b>Business Customer (B2B)</b>	You must charge UK VAT Subject to 'use and enjoyment' rules	Outside the scope of UK VAT Customer may have a 'reverse charge' obligation under EU VAT rules if they are VAT registered but otherwise should be treated in same way as B2C. Subject to 'use and enjoyment' rules	Outside the scope of UK VAT Subject to 'use and enjoyment' rules
<b>Non-business customer (B2C)</b>	You must charge UK VAT	Outside the scope of UK VAT You may be required to account for VAT in the customer's country of belonging	Outside the scope of UK VAT