ZAZEN TAX

The Pan-EU VAT Guide for UK Sellers

Ticking one box in Seller Central can create five or more foreign VAT registrations, each with its own filings, deadlines and penalties. This is what that box actually does, what it costs, and the volume at which it starts to be worth it.

Ten chapters. Rates and rules as at August 2026.

> **WHO THIS IS FOR**
>
> UK-established sellers using Amazon FBA who are considering Pan-EU, have been offered it, or have already turned it on and are not certain what followed.

CHAPTER ONE

The box

In Seller Central there is a setting that lets Amazon place your stock wherever it thinks it will sell fastest. Turning it on lowers your fulfilment fees and makes your products Prime-eligible in more countries. The interface presents it as a distribution option.

It is not a distribution option. It is a decision to hold stock in five or more countries, and holding stock in a country is what creates a VAT registration obligation there. Not selling. Holding.

Nothing in the flow says that. There is no warning, no threshold to cross, no grace period. Your stock moves, and from the day it arrives you are late unless you were already registered.

> THE WHOLE GUIDE IN ONE LINE
>
> VAT registration in the EU follows your stock, not your sales. Pan-EU moves your stock. Everything else here is consequence.

What Amazon requires from January 2026

Amazon now asks for VAT numbers in a minimum of five EU countries before it will keep you in the programme, up from four. That is Amazon protecting itself rather than protecting you, and it is a useful signal: the company running the programme has concluded that five registrations is the floor.

CHAPTER TWO

Where your stock actually goes

Pan-EU distributes inventory across the fulfilment network according to where Amazon expects demand. In practice that means Germany, France, Italy, Spain and Poland, with Czechia, the Netherlands, Sweden and Belgium appearing depending on the programme and the year.

You do not choose. You cannot choose. The algorithm moves units between countries continuously, and it will move them into a country before you have a VAT number there unless you have registered in advance.

Country	Why it matters
Germany	Usually the largest EU volume for UK sellers, and the strictest on documentation.
France	Requires a French VAT number and has its own filing rhythm.
Italy	Historically requires a fiscal representative for non-EU businesses.
Spain	Same, and its registration process is the slowest of the five.
Poland	Low fulfilment costs, which is why Amazon likes putting stock there.
Czechia, Netherlands, Sweden, Belgium	Appear in some programme variants. Check what your account is actually enrolled in.

> THE PRACTICAL PROBLEM
>
> Registrations take weeks and sometimes months. The stock takes days. If you enable the programme and then start registering, you spend the gap trading illegally in countries you have never visited.

How long each one takes

Timescales move, and they move in both directions, so treat what follows as an order of magnitude rather than a promise. What does not change is the shape: the fastest country is measured in weeks and the slowest in months, and you cannot start selling from stock in the slow ones while you wait.

Several member states require a fiscal representative for a business established outside the EU. A fiscal representative is jointly liable for your VAT, which is why they charge for it and why they ask for a deposit or a guarantee before they take you on. That is a cost and a delay that does not appear anywhere in Amazon's description of the programme.

The sensible order is to register everywhere first and enable the programme afterwards. Almost nobody does it that way, because the programme is one click and the registrations are five separate processes in five languages, and the click is available immediately.

CHAPTER THREE

Storing is the trigger, not selling

Most sellers understand VAT as something that starts when sales reach a level. That is how the UK threshold works and it is a reasonable thing to assume. It is not how this works.

Holding stock in a member state makes you a taxable person in that state. The obligation attaches to the goods being there, so it applies from the first day and at any volume. A single pallet sitting in a warehouse in Poland is enough. Selling nothing from it does not help.

Why there is no threshold

Registration thresholds exist to spare small local businesses the administration. They are available to businesses established in that country. A UK company has no establishment anywhere in the EU, so the thresholds are simply not available to it. For a non-established business the registration threshold is nil in every member state.

> SAID PLAINLY
>
> There is no small amount of stock you can hold in an EU country without needing to be registered there. There is no quiet start.

CHAPTER FOUR

The threshold that does not apply to you

You will read about a ten thousand euro EU-wide threshold, below which you can sell across borders without registering elsewhere. It is real, it is useful, and it is not for you.

That threshold is available to a business established in one and only one member state. It exists so that a small German shop selling occasionally into Austria does not need an Austrian registration. A UK business is established in no member state, so it does not qualify, at any level of sales.

This matters because a great deal of the advice online was written for EU-established sellers, or written before Brexit, and it still reads as though the threshold protects you. It does not.

CHAPTER FIVE

What Amazon collecting the VAT does and does not do

Since the marketplace rules changed, Amazon is often the deemed supplier on your EU sales. It charges the VAT to the customer, keeps it, and pays it over. Sellers reasonably conclude that this removes the problem.

It removes one problem and leaves the other. Amazon accounting for the output VAT on the sale does not change the fact that you hold stock in a country, and it is the stock that requires the registration. You still register, still file, and still report.

What your returns look like when Amazon collects

Frequently they show very little output VAT, because Amazon has accounted for it. They still have to be filed. A nil or near-nil return that is not submitted is as late as any other, and several of these countries fine by the return rather than by the tax.

> THE TRAP INSIDE THE RELIEF
>
> Sellers see Amazon collecting VAT, conclude they have no obligation, and stop filing returns they are still required to file. The penalties then accrue on nothing, which is the most annoying possible way to be fined.

What actually goes on the return

Your supply to the customer becomes a supply to Amazon, which is zero-rated, and Amazon makes the onward supply to the consumer and accounts for the VAT on it. So the sale appears on your return at nil output tax rather than not appearing at all. Meanwhile the stock movements into and out of that country appear as acquisitions and dispatches, and any local costs you incur carry input tax you can recover.

A return that looks empty is therefore usually not empty. It is a set of zero-rated supplies, some acquisitions, and a small input tax reclaim. Filing it as nil because the output box is nil is how sellers end up amending a year of returns at once.

CHAPTER SIX

Your own stock moving is a transaction

This is the part that surprises even sellers who have understood everything so far. When Amazon moves your units from Germany to Poland, nothing is sold. Somebody still has to report it.

A movement of your own goods between member states is treated as a supply in the country the goods leave and an acquisition in the country they arrive in. You are, for VAT purposes, selling to yourself across a border. That requires a VAT number at both ends, an entry on the dispatching country's EC Sales List, and an acquisition recorded in the destination.

Pan-EU generates these movements continuously and without asking. A single month can contain dozens between five countries, in both directions.

> WHY THIS ENDS THE DO-IT-YOURSELF OPTION
>
> Nobody reconciles cross-border stock movements between five jurisdictions by hand from a spreadsheet. This is the point at which Pan-EU stops being a setting and becomes a compliance function you have to pay for.

CHAPTER SEVEN

What OSS covers, and the four things it does not

The One Stop Shop lets you report cross-border B2C sales to consumers across the EU on a single quarterly return, instead of registering in every country you sell to. It is genuinely good and it is routinely oversold.

OSS solves selling across borders. It does not solve holding stock across borders, and Pan-EU is entirely about holding stock across borders.

OSS covers	OSS does not cover
Cross-border B2C sales from stock held in one member state to consumers in another	Domestic sales from stock in the country it is stored in
A single quarterly return for all of them	Movements of your own stock between member states
One registration rather than twenty-six	Imports from outside the EU
	Business to business sales

Read the right-hand column against what Pan-EU does. Local stock generating local sales, and constant transfers between countries. Almost everything Pan-EU creates falls outside OSS.

> THE USEFUL CONCLUSION
>
> OSS is the right answer if your stock stays in one place. It is not a substitute for local registration once your stock is distributed, and using it as one is the commonest mistake in this whole area.

Two schemes, and which one you are in

There are two versions. The Union scheme covers goods already inside the EU moving to consumers in other member states, and it is the one that matters once you hold stock there. The Import scheme, usually called IOSS, covers goods arriving from outside the EU in consignments up to one hundred and fifty euros, and it is the one that matters if you ship from the UK.

A UK business with stock in the EU can be in both at once, for different sales, and the two are reported separately. A UK business with no EU stock only needs the import scheme. Working out which sales belong in which is not difficult, and it is one more thing that has to be right every quarter.

Neither scheme lets you reclaim input VAT. Anything you are charged in an EU country is recovered through the local registration you have there, or through a refund claim if you have none, and the refund route is slow enough that most sellers stop bothering.

CHAPTER EIGHT

What it costs, and when it pays

Pan-EU lowers your fulfilment fee per unit, because units ship domestically rather than across a border. That is a real saving and it is the entire case for the programme. The question is whether it covers the compliance bill.

The compliance side

Five registrations, five sets of periodic returns, EC Sales Lists, and in some countries a fiscal representative. Costs vary a great deal between providers, so the figures below are a worked illustration rather than a quote. Put your own in.

Cost	Per country	Five countries
Registration, one-off	£350	£1,750
Filings and compliance, monthly	£120	£600
Annual compliance cost	£1,440	£7,200
First year total	**£1,790**	**£8,950**

The saving side

Cross-border fulfilment through the European Fulfilment Network costs roughly two to three pounds more per unit than domestic fulfilment. Take two pounds fifty as a working figure.

So the break-even is a volume, and you can calculate it

Divide the annual compliance cost by the saving per unit. On the illustration above, £8,950 divided by £2.50 is 3,580 units a year, or just under three hundred a month shipped into the EU.

> THE NUMBER TO ARGUE WITH
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> Below roughly three hundred EU units a month, Pan-EU costs more than it saves, even though every unit is individually cheaper to ship. Above it, the saving compounds and the programme is the right answer. Replace the two inputs with your own and the arithmetic is a single division.

Two things make that break-even worse than it looks. The compliance cost is fixed and arrives whether you sell anything or not, and the first year carries the registration fees on top. A seasonal business can spend a quiet spring paying six hundred pounds a month for registrations it is not using.

Two sellers, same product

	150 EU units a month	600 EU units a month
Fulfilment saved a year	£4,500	£18,000
Compliance cost, first year	£8,950	£8,950
First year position	**£4,450 worse off**	**£9,050 better off**

	150 EU units a month	600 EU units a month
From year two	£2,700 worse off	£10,800 better off

The smaller seller is paying nearly three thousand pounds a year for the privilege of cheaper fulfilment, and would be better off shipping cross-border at a higher unit fee with a single registration. The larger one is making ten thousand a year from the same decision. Same product, same programme, opposite answers, and the only variable is volume.

CHAPTER NINE

The other route, and what changed in July

If you keep your stock in one country and ship across borders from it, you avoid the whole problem. One registration where the stock sits, OSS for the cross-border sales, and no foreign filings.

You pay for it in fulfilment fees and in delivery times, and your Prime badge is weaker in the countries you are not stocked in. For a seller doing modest EU volume that is an easy trade.

Shipping into the EU from the UK

If you ship from the UK to EU consumers directly, the relevant scheme is the Import One Stop Shop, which covers consignments up to one hundred and fifty euros and lets you charge VAT at the checkout rather than leaving your customer to pay it at the door.

> NEW, AND NOT IN MOST GUIDES YET
>
> From 1 July 2026 the EU abolished the one hundred and fifty euro customs duty exemption. A flat charge of three euros an item now applies to imported e-commerce consignments at or below that value, including ones reported through IOSS. It is a small number that lands on every single parcel, and on a ten euro product it is thirty per cent of the price.

That change tilts the arithmetic towards holding stock inside the EU for anyone selling low-value items in volume, which is exactly the seller for whom five VAT registrations are least affordable. There is no comfortable answer for that seller, and pretending otherwise would not help.

CHAPTER TEN

Records, and how long they last

Every registration you take on brings a record-keeping obligation with it, and the EU ones are longer than the UK ones by a wide margin.

Records for the One Stop Shop schemes have to be kept for ten years from the end of the year the supply was made in. Not six, which is what a UK seller is used to, and not five. Ten. That obligation survives leaving the scheme, closing the registration and closing the company, and it applies to every sale you ever reported through it.

The local registrations carry their own periods, which differ by country and are generally between five and ten years. The practical answer is to keep everything for ten and stop trying to track which rule applies to which pile.

What you actually need to hold

- The transaction-level data behind every OSS return, by member state, not just the totals you filed.
- Evidence of where each customer was, because that is what decides which country's VAT rate applied.
- The stock movement records between fulfilment centres, matched to the acquisitions and dispatches you reported.
- The Amazon reports the figures came from, in the form they were downloaded in, because reconstructing them later is not always possible.

> THE PART PEOPLE FIND OUT TOO LATE
>
> Amazon does not keep your reports indefinitely and several of them are only available for a few months. A ten-year record obligation resting on a download window measured in weeks is a problem you have to solve monthly, not at the year end.

CHAPTER ELEVEN

If you have already ticked it

A good number of sellers discover all of this after the fact, usually when a letter arrives in a language they do not read. The position is recoverable and it gets worse with delay.

- Find out where your stock actually is. Seller Central will tell you, by country, and the answer is often more countries than expected.
- Register in each of them, starting with wherever the most stock has been longest. Registration is usually backdated to when the stock arrived, which is uncomfortable and correct.
- Work out what was sold from each country while you were unregistered. That is the exposure, and it is a real number rather than a fear.
- Disclose it. Every one of these countries treats an unprompted disclosure far better than a discovered one, in the same way HMRC does.
- Then decide whether to stay in the programme. Having gone through the pain is not a reason to keep paying for it if the volume does not support it.

> THE ONE THING NOT TO DO
>
> Do not turn the programme off and assume the problem leaves with it. Stock already in those countries stays there until it sells or you pay to have it removed, and the obligation lasts as long as the stock does.

What good looks like

A seller who knows which countries hold their stock, is registered in each, files on time in all of them, and has done the division in chapter eight recently enough to know it still works. That is the whole of it. It is not complicated, it is just not optional, and it is considerably cheaper to arrange in advance than to fix.

AFTER

The short version

- Registration follows stock, not sales. Holding stock in a country means registering there, from day one, at any volume.
- The ten thousand euro threshold is for EU-established businesses. It is not available to you.
- Amazon collecting the VAT does not remove your registration or your filing obligation.
- Your own stock moving between countries is a reportable transaction at both ends.
- OSS covers cross-border selling, not distributed stock. It is not a substitute.
- Pan-EU pays above roughly three hundred EU units a month on the illustration in chapter eight. Do the division with your own figures.
- OSS records last ten years, and Amazon's reports do not. Download monthly.

Zazen Tax

Accountants for people who sell things. zazentax.com/contact

General information, not advice for your circumstances. EU VAT rules differ by member state and change frequently, and the position for a business established outside the EU differs from the one described in most published guidance. Take advice before enabling a programme that distributes your stock.