

Disclaimer:

The answers presented here have been carefully analyzed by tax experts and G2A.COM believes that their content is correct and accurate. However, please be reminded that this summary is for general information only and is not tax advice. We urge you to consult your tax advisor regarding the specific tax consequences which may be applicable to you. G2A.COM does not accept any liability for any tax related penalties, charges, loss or damages which may be incurred as a result of your activity on our websites.

1. Why do you make this change?

It is a part of our business strategy to make the G2A.COM Marketplace open, give more freedom to our Users, in this case especially our Sellers. We want the G2A.COM Marketplace to become a place where you can develop your business and build your brand. We strongly believe that full transparency here will benefit everybody: sellers, buyers and the gaming community as a whole.

The other reason is that there are more and more products on the G2A.COM Marketplace (the number of titles exceeds 67 000) and we plan to introduce new verticals which will allow users to introduce custom made products, we are considering adding streaming and many more products. In other words: the content on G2A.COM that will be available from sellers soon will be too huge and too differentiated to allow us to analyze the tax treatment of each and every product. As the product is owned by the seller and sold directly to the buyer, it is logical that the analysis of the tax consequences is on the seller's side.

2. What are the rules of paying EU VAT for digital products?

In its essence it's not that complicated. The main rule here is that VAT is due when a business sells a digital, off-the-shelf product to a consumer established in an EU country. VAT should be paid to the country of the customer according to the standard rate of the customer's country. If the seller is established in the EU he submits a VAT MOSS return and pays this VAT to a tax office in the seller's country of establishment. If the seller is established outside the EU, he can choose an EU country in which to pay the VAT and the VAT MOSS return is to be submitted. The relevant tax office then divides the amount paid between the EU countries according to VAT MOSS procedures so there is no need to submit a separate VAT return and make a separate payment for each EU country.

If you need more details please find a link below to the official Explanatory Notes of the European Commission:
https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/vat/how_vat_works/telecom/explanatory_notes_2015_en.pdf

Here you can find a list of VAT rates in the EU countries:
http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf

3. How will I know where my customer is located to properly determine my VAT obligation?

G2A.COM will determine the location of the buyer for you using data taken from three independent and reliable sources. Each transaction will be listed in a relevant report with information regarding the country of the customer. The transactions will be sorted by country to make preparation of your VAT MOSS return fast & easy.

4. How will I know how to calculate all this VAT? I make so many transactions with so many buyers...

Don't worry – you will get from us a full and detailed breakdown of your sales, divided by country summarized monthly and quarterly. This should be more than enough to properly and easily calculate your VAT obligations.

5. Is it legal that you don't pay VAT?

First of all – we do pay and we will pay VAT. It's just this obligation is limited to G2A.COM's own services which in this case mostly mean Marketplace services (and related fees).

Regarding the sale of products, we use a mechanism of “explicit indication” provided for in the EU VAT law that allows us to indicate the seller as making the supply and the marketplace as a provider of intermediary services. As the G2A.COM Marketplace was always about connecting buyers and sellers.

There are several legal conditions that need to be met by a marketplace in order to qualify for the above, and we worked long and hard to meet them all. We used the assistance of top tax experts from around the world from the most renowned advisory firms to develop our Marketplace in order to satisfy the requirements. Moreover, we have obtained an official tax ruling from EU tax authorities confirming our position.

So yes, the solution is legal, as it is directly provided for in the EU Regulation and confirmed by an official tax ruling.

6. Is every seller on the G2A.COM obliged to pay EU VAT?

Generally speaking only if a seller sells digital products to consumers in the EU within your business activity he is obliged to pay EU VAT. If you sell only privately owned products (for example: game codes that someone gave to you) but you do not do it professionally in a repetitive manner, you are not a VAT-payer.

The moment that a seller becomes a VAT-payer (when your selling is considered professional business activity) is not obvious in every case. Generally, it is not directly connected with formal business registration but with the seller's actual behavior. In case of doubts we suggest that you seek professional advice.

7. How am I supposed to deal with issuing so many bills to the buyers?

As a part of our new service G2A.COM will issue bills to the buyers on your behalf, so that you don't have to worry about it. Of course you will have access to all your bills and relevant breakdowns.