The Ultimate EU SaaS VAT Compliance Checklist

Execute these technical and administrative milestones to establish a fully compliant sales pipeline within the European Union.

Phase 1: Entity & Threshold Configuration

- [ ] Audit your corporate residency to confirm if you fall under the €10,000 regional exemption for EU-based businesses or face a zero-threshold mandate as a non-EU entity.
- [ ] Build automated revenue counters in your data dashboard to monitor cumulative cross-border consumer transactions across all member states on a rolling monthly basis.
- [ ] Choose your primary administrative hub and register for the Non-Union One Stop Shop portal at least 14 days before processing your first international consumer transaction.

Phase 2: Checkout & Data Architecture

- [ ] Configure your checkout database fields to collect two separate, non-contradictory pieces of geographic data, such as billing country and IP address, for every single checkout attempt.
- [ ] Create an automated data storage rule to log and isolate these customer location identifiers in an unalterable format within your transaction logs for a minimum of 10 years.
- [ ] Build a dynamic tax calculation script within your checkout engine that automatically updates and applies the correct standard retail tax rate based on the verified country of consumption.

Phase 3: B2B Verification & API Integration

- [ ] Connect your billing framework directly to the European Commission's VIES API registry to perform instant lookups on corporate credentials entered during checkout.
- [ ] Set up your platform's transaction router to apply the 0% reverse-charge mechanism only when the system returns a valid status from the government database.
- [ ] Program your verification logic to extract and record the unique VIES consultation code into the active customer profile to act as official audit proof.
- [ ] Design a redundant processing queue to save unverified numbers and systematically re-attempt validation loops every 24 hours in the event of government server downtime.

Phase 4: Invoice Engineering & Compliance Reporting

- [ ] Update your invoice rendering engine to generate unique, sequential numbering strings automatically for every newly generated transaction document.
- [ ] Embed standard regulatory notation text directly onto outgoing B2B receipts, reading exactly: "VAT exempt – reverse charge applies".
- [ ] Set up multi-currency accounting lines to separate net subscription revenues from collected tax balances, automatically converting totals to Euros using official central bank exchange rates.
- [ ] Program automated quarterly calendar reminders to compile your digital transaction summaries and submit your consolidated One Stop Shop electronic returns by the absolute end of April, July, October, and January.

Phase 5: Subscription Management & Recurring Revenue Upkeep

- [ ] Program your recurring billing logic to re-verify stored corporate tax identification numbers against the VIES registry every 90 days before processing automated subscription renewals.
- [ ] Implement location change triggers in your customer portal that force a dynamic tax rate recalculation if a user updates their billing country or credit card details mid-cycle.
- [ ] Design automated dunning management sequences to handle failed recurring transactions caused by tax rate modifications or localized payment processing updates across different member states.
- [ ] Map out precise partial-refund scripts that mathematically isolate, track, and credit back both the net subscription fraction and the proportional tax component when processing customer returns.

Phase 6: Product Classification & Global Pricing Frameworks

- [ ] Conduct a comprehensive inventory of your entire product catalog to clearly separate pure software-as-a-service layers from hybrid packages like downloadable apps, consulting hours, or physical add-ons.
- [ ] Check your pricing models against reduced-rate exemptions, ensuring specialized digital goods like e-books or online educational materials pull correct localized lower rates instead of standard rates.
- [ ] Set up separate tax ledger lines for distinct localized payment methods to track regional processing rules across diverse transaction networks.

Phase 7: Data Protection & Audit Preparation

- [ ] Align your checkout data collection engine with strict European privacy rules, ensuring your storage methods for IP addresses and location evidence protect consumer identity.

- [ ] Create a secondary, secure cloud database to serve as an unalterable, structured repository for all transaction files, transaction timestamps, and consultation logs.
- [ ] Conduct bi-annual internal mock-audits by extracting 100 random European sales entries to verify that each item contains two valid location proofs, a matching tax rate, and a valid invoice string.

Phase 8: Automation Architecture & Infrastructure Selection

- [ ] Think of integrating standalone tax calculation APIs that keep filing liability in-house or outsource your entire calculation, collection, and remittance workflows to a comprehensive merchant of record to completely offload regional audits, dynamic rate updates, OSS filings, and financial liability from your internal engineering team.