

Trade in Digital Services

Key Facts

1

The UK will be outside the European Single Market, including digital services

2

This will have consequences for licences, tax and data transfer for providers of digital services

3

In some cases digital service providers will have to be based in the EU, appoint a representative or have an EU-hosted website

Digital services include broadcasting services, telecommunications services, and certain e-services (electronically supplied service). An e-service classifies as a digital service if the sale of digital content is essentially automatic. For example, automatic downloads of stock pictures or a link to downloadable content sent by email. Individually commissioned content, booking websites or e-commerce, are examples of e-services that are also classified as a general service or as distance selling.

From 2021, businesses that provide digital services and e-services may face changes with regard to their licences, handling of VAT and data transfers. The audiovisual sector may lose its capability to stream to EU countries if they don't have a presence there.

With regard to VAT, the place of supply of digital services will be where the customer is located and the €10,000 (£8,818) threshold to sales in the EU will no longer apply. Businesses have to either:

- VAT register in one EU country and use the VAT Mini One Stop Shop (VATMOSS) to sell in the rest of the EU;
- or register in all the different countries of their customers;
- or use the Non-Union VATMOSS scheme

The legal basis for holding personal data from EU clients may become a problem next year. The EU will have to decide whether the UK's data protection rules are "adequate" to allow unrestricted data transfer. This can take up to two years. Businesses need to continue to apply GDPR standards and also consider the ICO guidance on how to keep data flowing from the EU to the UK.

Other issues that may be relevant for digital service providers are Geoblocking, Roaming, Broadcasting, Information security, Intellectual Property and eu-Domain names.

To do

- Find out via the [UK](#) and the [EU](#) information portals what EU rules there are around your digital service and how they may change
- Read the [EU's general guidance on electronic communications](#)
- Read the [ICO guidance](#) on data traffic with the EU
- [Sign up](#) for the London Growth Hub's business resilience training to help you identify risk areas for your digital business

What's next

The UK and the EU intend to negotiate an Information and Security Agreement. Also, the EU has started working on a so-called “adequacy decision” for transfer of personal data to the UK as an outside country.

For more information on the changes next year:

Visit [London Growth Hub](#) or [sign up](#) for free business resilience training

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