



Platform Update Release Notes

3.8

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Overview

cleverbridge announces platform release 3.8, which introduces added functionalities enabling you to offer domestic credit card processing in Brazil and revised EU-VAT calculations to comply with the new rules that go into effect on January 1, 2015.

For more information about any of the new features and enhancements in release 3.8, contact your cleverbridge client manager.



Brazil Domestic Payment Vehicles

Despite the significant opportunities offered by the developing ecommerce sector in Brazil, there are a number of challenges posed to international ecommerce businesses seeking to exploit this vast market. Key trade regulations introduced in 2013 have effectively mediated international ecommerce efforts by introducing increased transaction costs. Coupled with the fact that approximately 80% of Brazilian consumers prefer to shop online using domestic payment vehicles for international purchases, the net effect renders the online business climate economically prohibitive.

In order to facilitate our clients' market strategies into Brazil, cleverbridge has partnered with one of Brazil's leading payment service providers, enabling you to offer domestic credit card processing. The supported domestic credit cards will include the three most popular brands: Hipercard, Elo and Aura, providing a more inclusive payment option offering for prospective consumers.

Note that cleverbridge's current development efforts are focusing on additional features to facilitate Brazilian market penetration including:

- Online banking transfers
- Installment payments (Parcelamento/Parcelas)
- Domestic debit cards

The sum total of all of our developmental efforts will ensure that cleverbridge's platform will be one of the most flexible and comprehensive Brazilian market ecommerce solutions for years to come.



2015 VAT Regulation Changes

As described in our recent email announcement (Subject: Important Information About 2015 VAT Regulations) there are new regulations for VAT (Value-Added Tax) in the European Union (EU) that will take effect January 1, 2015. These regulations directly impact suppliers and consumers of telecommunications, broadcasting and electronic services located in the EU.

What is changing?

Previously, VAT rates were determined by the seller's location. Because cleverbridge is headquartered in Germany, all transactions with European consumers through our platform included Germany's 19 percent VAT rate in the price. (However, business-to-business [B2B] transactions did not include VAT due to the reverse-charge mechanism in place.)

The new rules for 2015 change VAT assessment to a destination-based tax system for business-to-consumer (B2C) transactions. Starting January 1, VAT rates will be based on where the consumer resides, not on where the legal entity selling the product is located. (B2B customers will continue to be exempt from paying VAT on online orders.)

Luxembourg	17%	Estonia	20%	Netherlands	21%	Portugal	23%
Malta	18%	Slovakia	20%	Spain	21%	Finland	24%
Cyprus	19%	United Kingdom	20%	Slovenia	22%	Romania	24%
Germany	19%	Belgium	21%	Italy	22%	Croatia	25%
France	20%	Czech Republic	21%	Greece	23%	Denmark	25%
Austria	20%	Latvia	21%	Ireland	23%	Sweden	25%
Bulgaria	20%	Lithuania	21%	Poland	23%	Hungary	27%

How is cleverbridge responding?

As your e-commerce provider, cleverbridge ensures compliance with the new VAT regulations. On January 1, our platform will incorporate all of the new VAT rates, which will be applied to EU consumer purchases based on their location.

What do I need to do?

You don't need to do anything related to implementing or calculating new VAT rates. Our platform will automatically take care of that. However, given these new regulations, you may want to re-evaluate how you display your prices to European consumers. Basically, you will need to decide whether you will apply a gross or a net pricing model.



Option 1: Define gross price(s).

To provide a marketing-friendly shopping experience, you can configure every cart to always display a single VAT-inclusive price to European consumers. However, with this strategy, if German consumers (19% VAT) pay the same price as Danish consumers (25% VAT), the VAT rates will make a difference in the revenue you receive.



Option 2: Define net price(s).

This approach focuses on maintaining consistent revenue per transaction. The gross price will vary due to different VAT rates, leading to variation in price between your website and the shopping cart. This could potentially affect conversion rates. However, you can generate the exact same revenue on every single transaction from EU consumers.

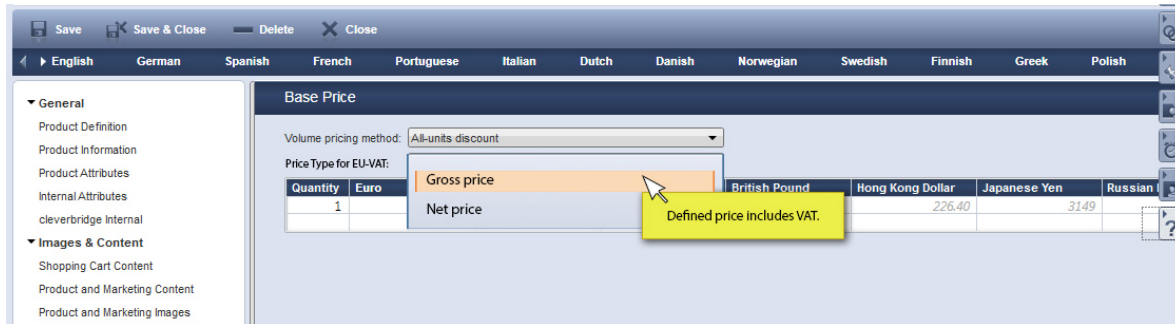




EU-VAT Tax settings

The settings to choose either a gross or a net pricing mode are administered via the Base Price drop-down list (Price Type for EU-VAT). Please refer to the screen-captures below, for reference.

Please note that for customers outside the EU, the “Price Type for EU-VAT” setting is irrelevant. Their prices will always be calculated based on the defined price regardless of this additional setting.



This view features the CA dropdown text with the new GROSS PRICE selection and tooltip clarification.



This view features the CA dropdown text with the new NET PRICE selection and tooltip clarification.

If you have any questions or would like guidance about the new VAT regulations and how they can affect your business, please contact Client Management.