



# BREXIT: VATS IT ALL ABOUT?

Since the UK left the European Union on 1st January 2021, there's been a lot of changes for businesses to make sense of.

Use this quick guide to make sure you have considered the tax points which could impact your business.



USE THE MAP BELOW TO IDENTIFY THE ACTIVITIES YOUR BUSINESS IS PERFORMING, THEN USE THE GUIDE TO FIND OUT THE TAX IMPLICATIONS FOR YOUR BUSINESS

KEY



TRADE  
(GOODS & SERVICES)



EMPLOYEE TRAVEL



GOODS



SERVICES



UNITED KINGDOM



NORTHERN IRELAND



EUROPEAN UNION



REPUBLIC OF IRELAND

MY UK BUSINESS TRADES GOODS FROM GREAT BRITAIN THROUGH NORTHERN IRELAND TO THE REPUBLIC OF IRELAND



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MY UK BUSINESS IS BASED IN NORTHERN IRELAND AND TRADES WITH THE REPUBLIC OF IRELAND



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MY UK BUSINESS EXPORTS GOODS TO THE EU



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MY UK BUSINESS IMPORTS GOODS FROM THE EU



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## MY UK BUSINESS IMPORTS GOODS FROM THE EU

### **Have you determined who is responsible for paying the Import VAT?**

This will depend on who is defined as the importer. It should be stated in the contract between your business and the supplier, or in the terms of sale (known as incoterms).

### **Have you applied for the Postponed Accounting of Import VAT Scheme?**

UK companies importing goods into the UK can use the Postponed Accounting of Import VAT Scheme by selecting this option on the customs declaration form. The scheme allows you to pay the import VAT on your VAT return rather than making cash payments of import VAT.

This may be preferred from a cashflow perspective as it means you can declare and recover VAT on your VAT return. Note – it ends on 1st July 2021.

### **How do you pay import VAT? Is it the best option for you?**

Importers can set up a Duty Deferment Account via Gov.uk that allows goods to be imported with VAT payments due monthly, direct to HMRC. This replaces paying the import VAT at the time the goods enter the UK.

Duty Deferment can be expensive so you should consider which option works best for your business.

### **Are the goods being imported valued below €150?**

From July 2021, VAT must be charged at the point-of-sale for shipments not exceeding €150. This VAT may be declared and paid via a new submission called the 'Import One Stop Shop'.

This will create a more efficient fast-track, quick and easy customs clearance.

### **Is your business an online marketplace? Changes are coming!**

From 1st July 2021, online marketplaces are responsible for collecting and accounting for import VAT where they facilitate a sale. They will be responsible for charging UK VAT to the UK purchaser.

You should consider your obligations under these new rules.

### **Do you have an Economic Operators Registration and Identification Number (EORI number)?**

If you plan to import goods into the UK, you will need an Economic Operators Registration and Identification Number (EORI). If you do not have an EORI, you may experience delays and costs such as storing goods at the port. You can apply via Gov.uk.

## MY UK BUSINESS EXPORTS GOODS TO THE EU

### Have you spoken to your customers about the Import VAT changes?

Any goods sold to the EU will now be subject to import VAT. You may have spoken to your customers and reviewed your contracts to discuss these changes.

Have you considered all customers especially those you don't regularly trade with?  
Do you need to negotiate contracts to reflect the additional costs?

You should ensure all customers are aware of the import VAT changes.

### Have you retained evidence to prove that the goods have left the UK?

A company must retain evidence to prove that goods have left the UK. This can include evidence such as a sales invoice, customs declarations, bill of lading documents and transport documents.

Usually, goods must be exported, and evidence gathered within 3 months of sale.

### Do you sell goods to non-UK consumers (B2C)?

If you sell goods to non-UK consumers, you may have a requirement to register for VAT in the EU countries you sell to.

If this is relevant to your business, you will be required to pay import VAT in that country and charge local VAT.

A special VAT fiscal representative may need to be appointed in the relevant EU country. A Fiscal Representative is a special type of VAT agent for foreign businesses with a VAT registration in another country.

### Have you considered changing the way your goods are sold?

Depending on the way your goods are sold and whether intermediaries are used, you may want to consider your approach to ensure VAT can be reclaimed where appropriate.

For example, you ship the goods to your customer and the local courier / tax office sends a VAT bill to the EU customer.

### Do you have an Economic Operators Registration and Identification Number (EORI number)?

If you plan to export goods from the UK, you will need an Economic Operators Registration and Identification Number (EORI). If you do not have an EORI, you may experience delays and costs such as storing goods at the port. You can apply via Gov.uk.



## MY UK BUSINESS EXPORTS SERVICES TO THE EU

### **Do you obtain evidence from your B2B customers that they are based outside the UK?**

It is recommended that you obtain evidence that your customer is based outside of the UK and are VAT registered such as by requesting a VAT or tax number.

### **Have you established the “place of supply” of your services?**

Rules exist to determine where the place of supply of services is located. These rules tell you which country your goods are supplied in, as it is not always straightforward.

You'll need to know the place of supply to determine the VAT treatment of your exports.

It can vary based on your business location(s), the type of service provided, who your customer is (business or consumer) and where your customer is located.

### **Are you a digital products seller, who operated a VAT Mini One-Stop Shop before 1st January 2021?**

From 1st January 2021, it is no longer possible to operate a Mini One Stop Shop. This applies to companies that sell digital services direct to consumers in the EU. This could include services such as games, telecoms and broadcasting services.

However, it is possible to register as a Non-Union MOSS scheme in an EU member state.

The Non-Union MOSS scheme allows you to have 1 VAT registration for your EU sales, but you must have a separate one in the UK if you need to be registered.

Each EU country's government has a website where you can register for the scheme.

### **Do you sell services overseas?**

From 1st July 2021, for all service businesses who sell cross border services to consumers, and the place of supply is deemed to be in the EU – such as legal and professional services – can use the Non-Union MOSS scheme.

The Non-Union MOSS scheme allows you to have 1 VAT registration for your EU sales, but you must have a separate one in the UK if you need to be registered.

Each EU country's government has a website where you can register for the scheme.

## MY UK EMPLOYEES TRAVEL IN THE EU

### Have you reclaimed VAT paid for employees on business trips in the EU?

You can reclaim VAT paid on business services such as hotels for employee business trips in the EU. There used to be one central claim process to claim EU VAT regardless of the EU country. However from 1st Jan, claims must be made by the company via the specific claim system in the relevant EU country rather than one central EU wide system.

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## MY UK BUSINESS TRADES GOODS BETWEEN GREAT BRITAIN AND NORTHERN IRELAND

### Is your business doing any of the following:

- You move goods under a customs special procedure;
- You sell certain goods such as computer chips or operate in construction from 1st March 2021 and are required to apply domestic reverse charges to ensure VAT is accounted for;
- You import goods into NI for onward supply to an EU country; or
- You sell goods via an overseas seller through an online marketplace?

Special exceptions apply to these types of activities, meaning the purchaser/importers will have a VAT responsibility i.e. registering for VAT, accounting for and charging VAT (where relevant).

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## MY UK BUSINESS TRADES GOODS FROM GREAT BRITAIN THROUGH NORTHERN IRELAND TO THE REPUBLIC OF IRELAND

### Have you determined the correct VAT treatment of your goods?

Complex rules apply when shipping goods from GB through NI to the ROI.

The incoterms and the time at which ownership transfers will need to be considered when determining the treatment.

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## MY UK BUSINESS IS BASED IN NORTHERN IRELAND AND TRADES WITH THE REPUBLIC OF IRELAND

### Are you using the correct prefix in front of your VAT registration number?

NI businesses and those trading goods in NI are required to use an "XI" prefix in front of their VAT registration number rather than the "GB" prefix when trading with EU suppliers and customers.

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## NEED VAT HELP?

There's a lot to consider here. If anything is unclear, or you want to make changes to the way your business is operating, we recommend specialist advice is obtained. Without advice, there is a risk of compliance issues, which can be expensive and time consuming.

If you need any help implementing VAT changes in your business, please contact me/us.