

AUDIT • TAX • ADVISORY

ICAEW

Brexit – Selling to Consumers

December 2020

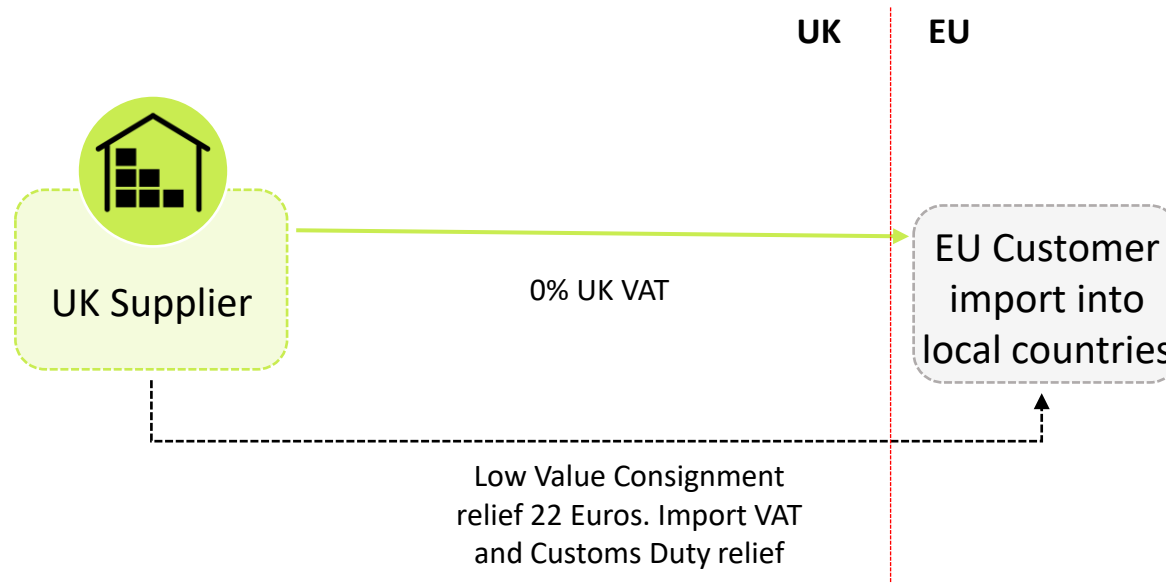
Distance Selling

How does it currently work



UK B2C sale

Direct import by customer before July 2021



Low Value Consignment relief

- Goods imported into the EU from the UK – low value consignment relief applies. Import VAT and Customs Duty is not payable on goods valued at €22 or less.
- Customer is Importer of Record
- Carrier e.g. DHL make a simplified import declaration, no commodity code required and customer's name and address as IOR.

Goods up to 150 Euros

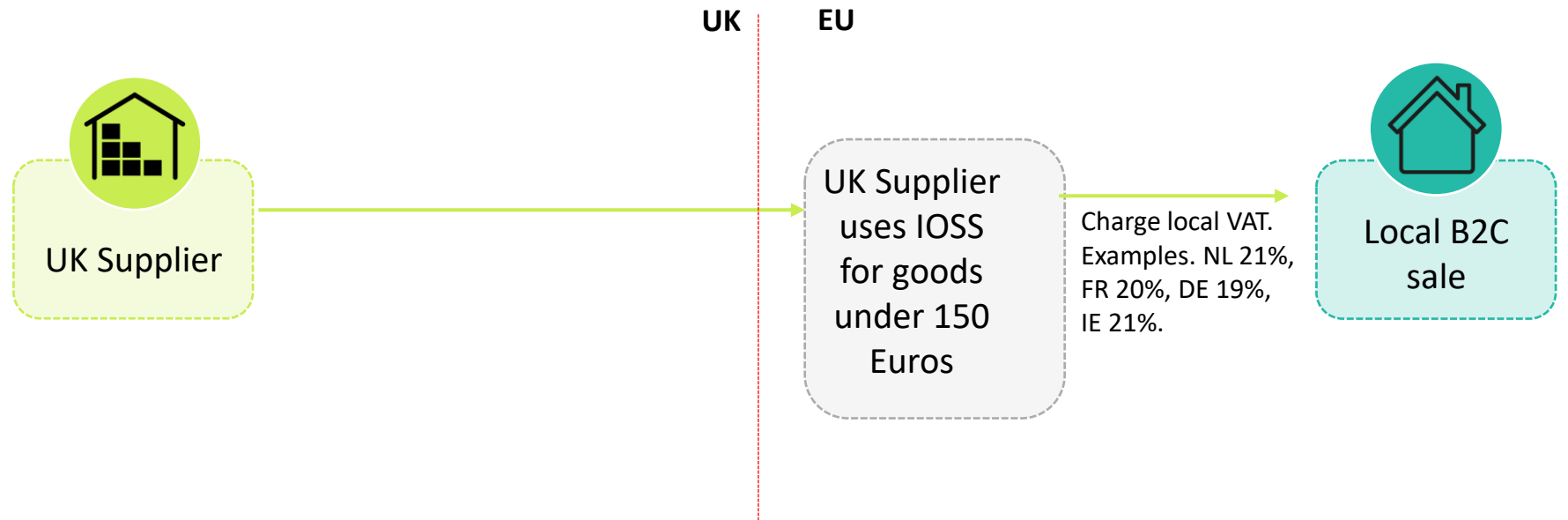
- Goods with a sales value of 150 Euros and less are relieved of Customs Duty when entered to a particular Customs Procedure code (400000 4/6)
- Customer is importer of record
- Carrier pays import VAT and recharges to UK Supplier
- Import VAT included in the price quoted on the website

UK Supplier

B2C sale

From 1st July 2021 –
the Importers' One
Stop Shop "IOSS"

Sales < €150



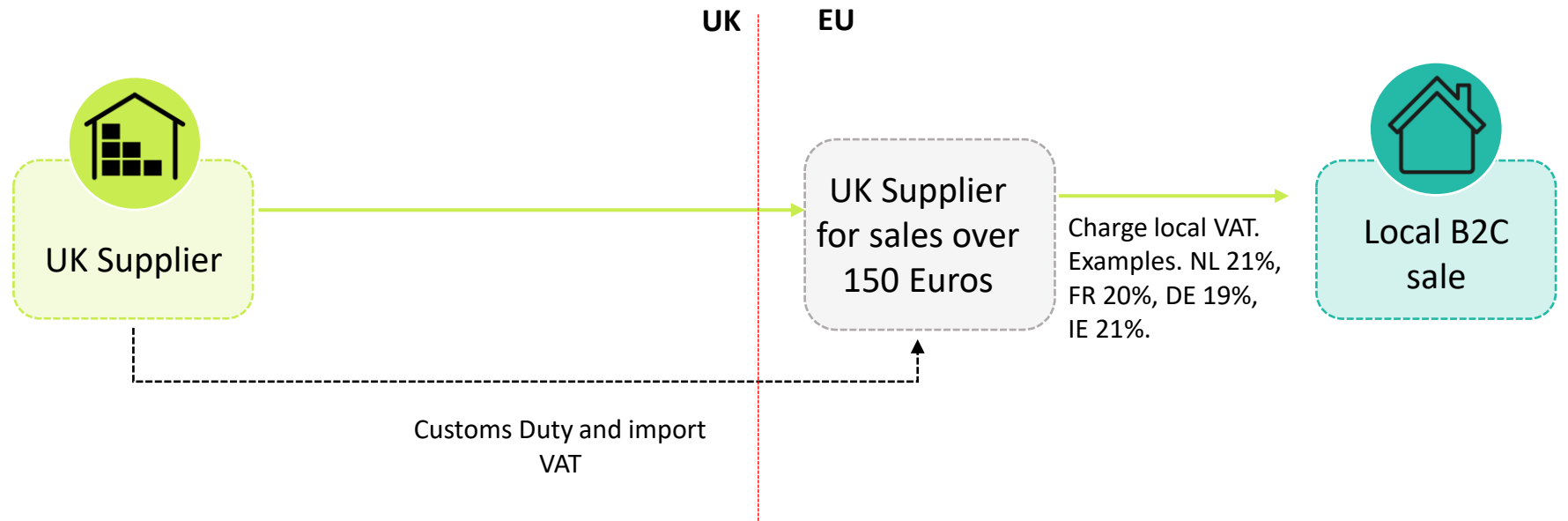
- **UK-> EU**

- Low Value Consignment relief is abolished.
- Orders fulfilled to EU customers from the UK.
- IOSS introduced – for e-commerce sales up to €150, no import VAT is payable by UK Supplier.
- Instead, VAT in the country of destination is charged to the customer at the point of sale and declared through a single IOSS VAT return for all EU countries.

UK Supplier

B2C sale after 1 July 2021

Sales > €150

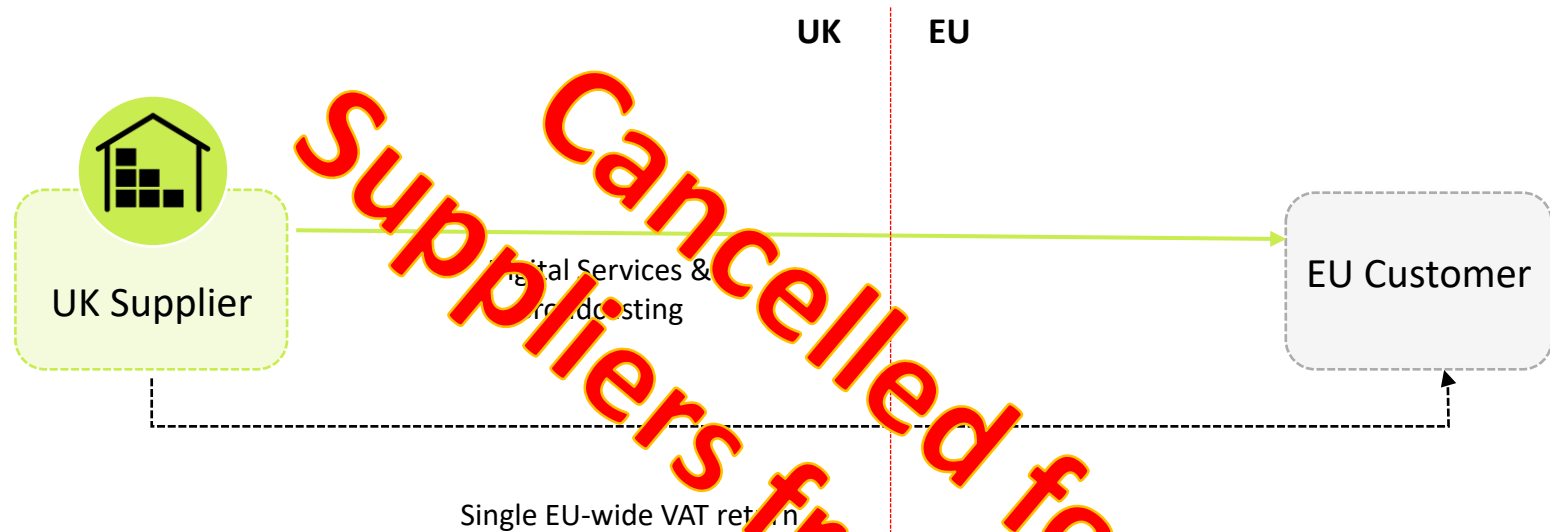


- **UK-> EU**

- For sales above €150, UK supplier must register for VAT in the EU country of destination. They will recover the import VAT, charge local VAT to the customer and account for this on the VAT return. (NOTE point below about OSS and importing via 1 EU country and distributing from there).
- EU Customs Duty and import VAT payable by UK supplier can potentially be deferred through a deferment account in that country.

VAT MOSS

How does it work currently?



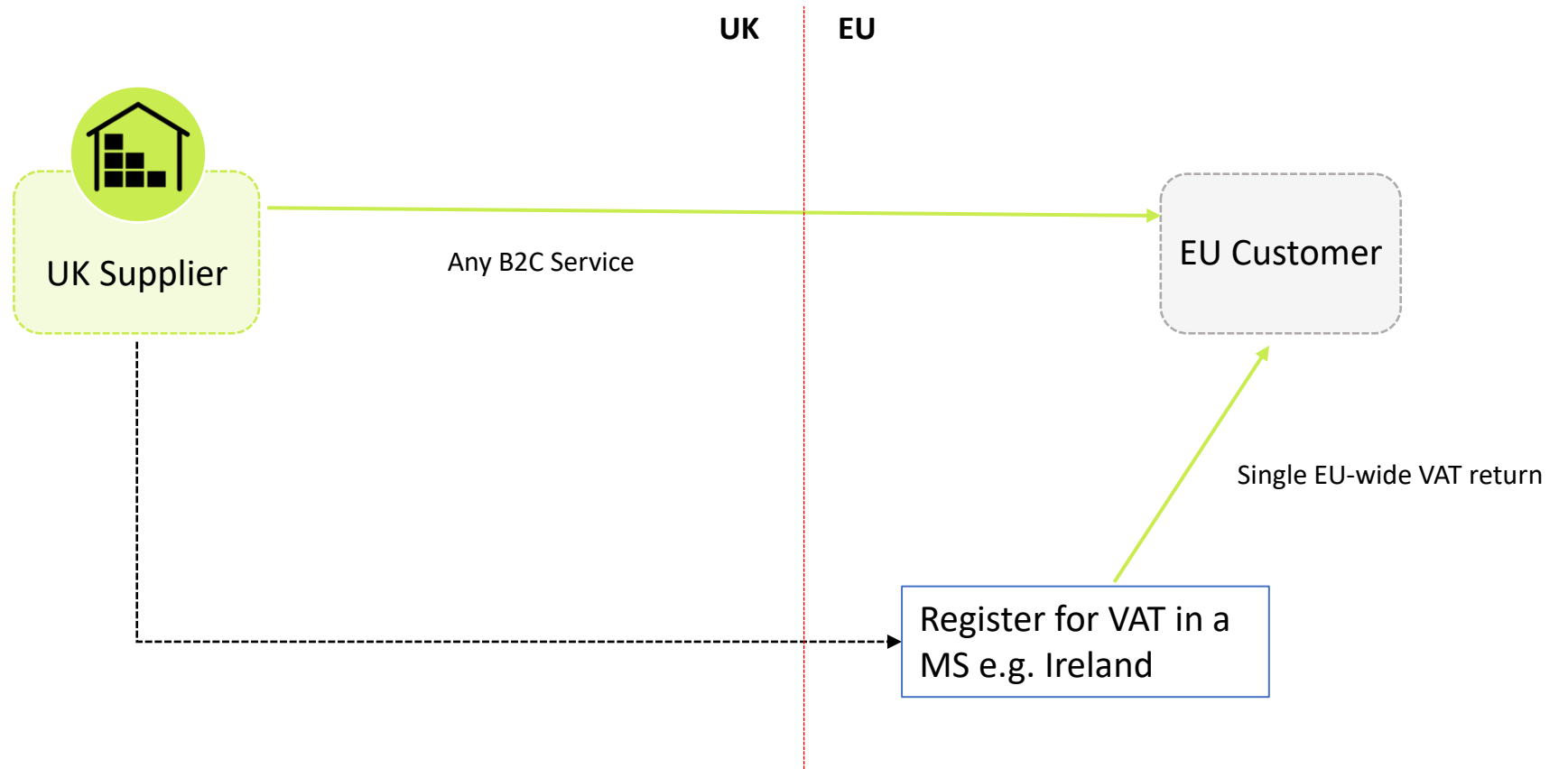
**Cancelled for UK
from 1/1/21**

VAT MOSS

- Only for ESS and Broadcasting
- UK VAT if total turnover to EU consumers < £8,818
- Register for VATMOSS to avoid multiple registrations
- Account for EU VAT rates through single portal

Non-Union One Stop Shop

For non-EU suppliers inc UK from 1/1/21

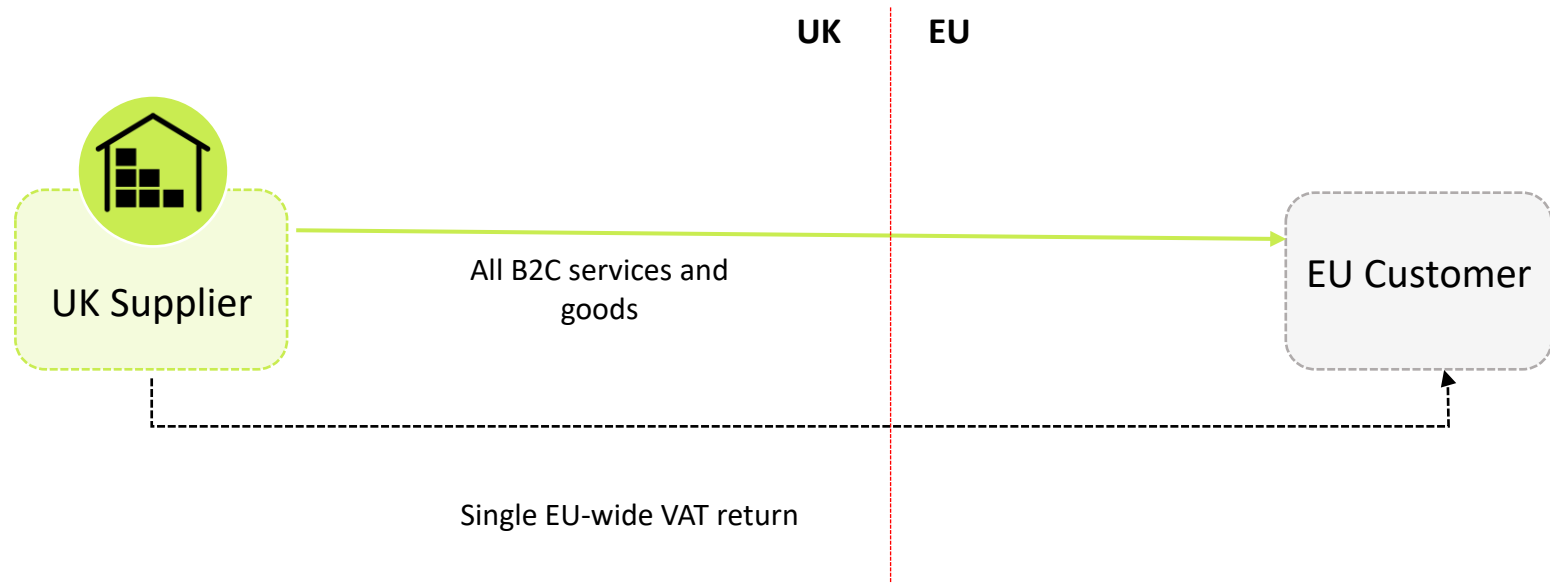


VAT MOSS

- Extension to all services where place of supply is deemed to be in the EU
- Possible application: legal services, freight transport, provision of information
- Nil threshold
- Register for VATMOSS to avoid multiple registrations – deadline of 10th February (if supplies made in January)
- Account for EU VAT rates through single portal

VAT MOSS

Changes from 1st July







VAT MOSS

- Only for businesses with an EU establishment
- Nil threshold – end of distance selling thresholds
- Register for VATMOSS to avoid multiple registrations
- Account for EU VAT rates through single portal

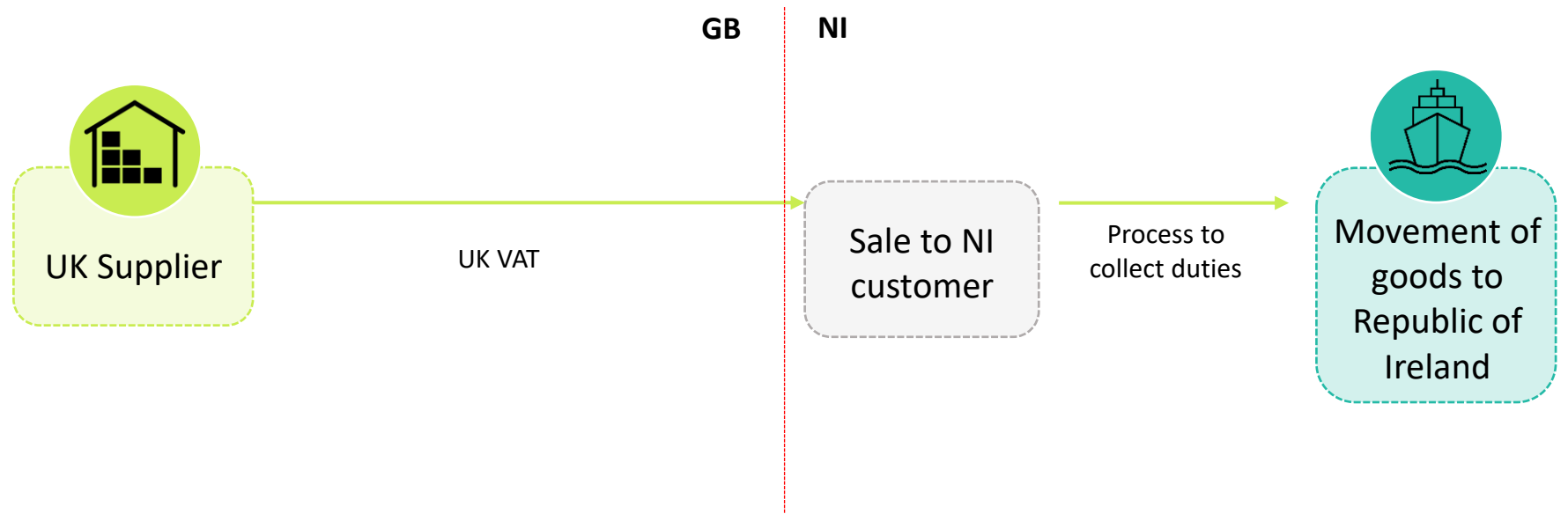
Duty deferment

- From 1st January 2021, Customs Duty and Import VAT will be incurred on the import of goods into the EU from the UK. In order to ease cashflow, the local entities have the option to use a duty deferment account. Their options are as follows:
- Use own deferment account**
 - Set up a deferment account in their name in the EU country of destination.
 - The Baker Tilly network can assist with the set up of these accounts in the various countries.

Country	Cost	Timeframe	Other info
 France	€2,000	< 30 days	Postponed VAT accounting authorisation separate to account Bank guaranteed required
 Germany	€1,200-€1,500 <small>Provided no further questions from tax authorities</small>	~ 4 weeks	Account covers duty and VAT Bank guaranteed required
 Italy		~ 2 months	Account covers duty and VAT Bank guaranteed required
 Spain	€2,500	~ 7 days	Can also apply for deferred import VAT regime Bank guarantee required to cover duty & VAT if applicable

- Once the deferment accounts are set up, the local entity will need to provide the carrier with their deferment account number, which will form part of the master data and ensure that the local entity receives the correct paperwork, to recover import VAT on their VAT return (if required).
- Use carrier/agent's deferment account**
 - Can instruct agent to clear the goods using their account. They will need to be provided with the entity's local VAT & EORI number.
 - Agent will pay the VAT via their deferment account and then invoice the entity for reimbursement.
 - Fees are associated with usage of an agent's deferment account.
- No deferment account used** - The goods will be held at the port until the Customs Duty is paid. The agent clearing the goods will request payment. Charges are made if goods remain on portside.

Movements of goods from UK (GB) to Northern Ireland



- All GB businesses selling into Northern Ireland are required to register for the Trader Support Service. This will simplify digital declarations which are required for these movements.
- Goods sold to NI will be subject to UK VAT as normal.
- A special NI EORI number will be required to move the goods into NI.
- Subsequent movement of goods from UK via NI to Republic of Ireland: process to collect duties (details TBC).
- 'Northern Ireland Businesses' are to be allowed continued access to the EU Single Market and Customs Union. However, the term 'Northern Ireland Businesses' is still to be defined

Intrastat & ECSLs

- Intrastat Arrivals declarations will continue to be in operation from 1st January 2021 for goods imported into GB from the EU. This is intended to last 1 year.
- Intrastat declarations will continue to be submitted for both Dispatches and Arrivals into/out of Northern Ireland. This will continue indefinitely.
- ECSLs to end except for business in Northern Ireland



Sales via an online platform

New Rules for Overseas Sellers

UK:

- From 1/1/21 – sales will be deemed to be by marketplace
- Seller will remain liable for import VAT and Customs Duty on the importation of the goods
- Seller's 'sale' to the marketplace will be zero-rated

EU:

- From 1/7/21 – provisions similar to UK
- For supplies from outside the EU \leq €150

Professional Services B2C

Current

Private Customer EU based – UK VAT applicable

Private Customer outside of the EU and UK – no VAT applicable

From 1/1/21

No VAT to be charged to any private customer outside of the UK (both EU and non-EU)

From 1/7/21

One-stop shop for all B2C services.

Questions?

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