



Local Matters, National Strength.

IDT Meeting Frankfurt 2020

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Import VAT - UK

- No deal Brexit:
 - Reintroduction of PAS – Postponed Accounting System
 - Was the UK import VAT regime until 30 September 1984
 - Replaced by current system under pressure from EU
 - PAS works like acquisition tax adjustment/reverse charge – cash flow impact positive.

 - Withdrawal Agreement achieved:
 - Import VAT regime not yet ratified
 - Brexit deal still needs to be agreed with EU

 - What do we know:
 - Cabinet Minister Michael Grove – Speech to a Border Delivery Group confirmed:
 - HMG removing policies put in place in event of No Deal Brexit
 - Transitional Simplified Procedure scrapped
 - PAS will no longer apply – Cash flow impact negative
 - Import VAT and duty liable on entry
 - HMG will introduce border controls for EU goods from 1 January 2021
 - All UK imports and exports treated equally
 - Requirement to complete full Customs declarations
 - Undergo checks on goods at the border
 - Additional costs and delays for businesses trading with the EU
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Import VAT - UK

- What do we know (continued):
 - Until HMG announce otherwise:
 - Current UK – RoW import VAT regime will continue and apply to EU from 1 January 2021
 - Following case-law and from 15 July 2019 – only the owner of imported goods can recover UK import VAT (subject to normal rules)
 - UK EORI number will be required:
 - If not notified automatically, must be applied for
 - Does not apply if only move good between Northern Ireland and Republic of Ireland
 - RoW treatment will mean:
 - EORI required
 - Commodity codes required
 - Imports declared to HMRC – CHIEF access required
 - Goods need to be valued correctly
 - Import license required for restricted goods
 - UK VAT registration and Suspension regimes; etc.
 - VAT registration ‘should’ be virtually the same rules as present
 - Warehousing – we have 3 types
 - VAT and Duty Department Account
 - SIVA – Simplified Import VAT Accounting
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VAT e-commerce Package – UK

- Existing UK regimes - background
 - Online Market Places
 - Operator joint and severally liable for unpaid VAT of
 - UK Sellers since 15 September 2016 – S77B, VATA 1994
 - Overseas Sellers since 15 March 2018
 - Words “UK established” removed from S77B
 - Where
 - Seller offering on market place and has not registered for UK VAT
 - UK business has an £85,000 VAT registration threshold
 - Operator knew or should have known that the seller should be registered for UK VAT
 - Selling taxable goods
 - Goods in the UK at the point of sale
 - Supplied to a UK consumer
 - Imported into UK by Seller (so not distance sales)
 - No UK business or fixed establishment in UK
 - Goods advertised or offered for sale on a website and those goods are delivered in the UK



VAT e-commerce Package – UK

- Fulfilment House Due Diligence Scheme
 - Applies from 1 April 2019, where:
 - Business stores any goods
 - Imported from a country outside UK (and currently EU)
 - Are owned by or stored for some established outside UK (and currently EU)
 - Are being offered for sale and have not been sold in the UK before
 - If business does not apply for scheme
 - Cannot trade as a fulfilment business
 - Risks £10,000 penalty and criminal conviction
 - Late application
 - £500 penalty and £500 per month of delay to a maximum of £3,000.

VAT e-commerce Package – UK

- VAT e-commerce package being introduced 1 January 2021
 - Effects businesses operating electronic interfaces, such as Market Places or Platforms
 - Become for VAT purpose “the supplier” in certain circumstances
 - Collect and pay VAT
 - Moss will be extended and turned into OSS – B2C supplies
 - Non-Union scheme for TBE services extended to all types of cross border services
 - Union Scheme – Ditto
 - Union Scheme – Goods and certain domestic supplies facilitated by electronic interfaces
 - Distance sales threshold abolished
 - Import Scheme – Goods from RoW
 - Of value up to EUR 150
 - Seller charges and collects VAT at point of sale
 - Will need to register for OSS sales in EU
 - Abolition of small consignment relief
 - UK to adopt, so it says, but won't be EU Member State

VAT e-commerce Package – UK

- Potential Conflict:
 - Goods facilitated by an online market place
 - Goods 'held' in UK = UK registration or online market place deducts and declares output tax?
 - Goods 'held' elsewhere and delivered to UK = Import scheme, as UK can't use Union Scheme?
 - Goods 'held' by fulfilment house in UK for someone established outside UK = FHDDS registration and UK VAT registration?
 - I don't believe half of what I read, even if it originates from HMRC
 - Numerous examples. Ask Toon about Mutual Recovery Claims and the UK Portal
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