

EU import/export changes

February 2021

Introduction

On the 1 January, new trading rules apply when purchasing from or selling goods to the European Union.

Imports from the EU – customs process

If you want to buy, sell, or move goods between Great Britain and Europe from 1 January 2021, you will need to make **customs declarations**. Customs declarations are complex and time consuming, so most businesses use a specialist, such as a freight forwarder or fast parcel operator, to do this for them. There is different rules for online sales and Northern Ireland which are discussed later.

If you use a freight forwarder or fast parcel operator, they may ask you for an EORI number. These are detailed below for your organisation.

Potentially import duty and UK VAT may be due on importation and you should take this into consideration.

Import duty will be a direct additional cost to your budget.

UK VAT will be recoverable if you possess a valid vat document.

Action:

If using a freight forwarder or fast parcel operator, please quote your relevant VAT number and inform them that you are operating “postponed VAT accounting” when ordering goods from an EU supplier.

Online market places

New e-commerce rules from 1 January 2021 in the UK

From 1 January 2021, businesses located outside the UK (including in the EU27), that sell goods to customers in the UK in consignments of less than £135 (€150), are required to register for UK VAT and account for UK output VAT to HMRC on their supplies – in effect, the place of supply of the goods is moved to the UK.

For consignments in excess of £135 in value, normal rules apply to the importation of goods into the UK, i.e. UK VAT and Customs Duty are payable by the customer on importation to the UK.

This means you may be asked by the delivery company to pay additional charges, import duties and VAT, before they will allow you to take possession of the goods.

Imports duties are not recoverable and will be a direct cost and coded to tax code V7.

The VAT will not be recoverable unless you are in possession of a valid vat document. Where this is not the case you must treat any charge as a gross payment coding the amount to tax code V7.

Exports to the EU – customs process

Customs export declarations are necessary from 1 January 2021 and will require specialist knowledge, it is recommended that you appoint a specialist to handle your export declarations.

You can zero rate your exports,(charge VAT at 0%, tax code A8) but you will need documentary evidence of goods leaving the UK which must be retained for 6 years.

An EORI number will be required when exporting to the EU, it stands for (Economic Operator Registration and Identification Number) and it is a unique ID code used to track and register customs information in the EU. The following table shows the registered EORI number for OCC and your associated VAT registration:

Organisation	VAT Number	EORI Number
Oxfordshire County Council	195 4786 09	GB 195 4786 09 000

Imports/exports to the rest of the world

Your EORI number is also required for imports from non-EU countries – UK VAT is due at the border but HMRC allow for **postponed VAT accounting** which is the option you should use. The VAT will be recoverable, but any duty cannot be recovered.

You can zero rate your exports, but you need documentary evidence of goods leaving either:

- the UK from Great Britain
- the UK and EU from Northern Ireland

This can be commercial or official evidence. If you do not get this evidence in time, you will have to account for the VAT.

Imports/exports to Northern Ireland

VAT treatment of GB-NI sales

From a VAT perspective, in most cases the sale of goods from GB to NI is quite straightforward, UK VAT is charged in the normal way.

Where there is the potential for onward supply to the EU special rules apply, please contact the IBC Tax Team via an online enquiry for further guidance.

VAT treatment of NI-GB sales

VAT should be charged on these sales as normal applying the usual rules for a UK domestic transaction.

Most goods moving from NI to GB will be 'qualifying goods' and customs declarations or other declarations will not be required. If you are told otherwise by the freight forwarder, please contact the IBC Tax Team via an online enquiry for further guidance.

Services

No changes to procedures for services, please quote your VAT registration number where relevant when purchasing services from outside the UK. When selling services outside the UK treat as a zero-rated supply.

Contact details

If you would like further information or have a question, please raise an enquiry through the online portal and a member of the IBC Tax Team will respond.