

What are the New VAT Regulations for British SMB's

Here's everything you need to know about remaining VAT-compliant post-Brexit.



CHECKLIST FOR IMPORTING

1

IDENTIFY THE IMPORTER OF RECORD

- The party responsible for all clearance requirements: customs import declarations, import duties and tariffs (if applicable), and import VAT
- This can be you, the company you bought the goods from, or a customs agent

Clear this up well before the goods are due to be shipped.

2

APPLY FOR A UK EORI

- An EORI (Economic Operator Registration Identification) number is your golden ticket to trading with the EU
- You have to enter this number on all UK customs declarations

- If you're an international company that's registered for VAT, HMRC will have automatically issued you with an EORI.
- Or, apply by heading to www.gov.uk/eorito.
- The process takes 5 - 10 days.

3

WORK OUT YOUR IMPORT VAT STRATEGY

- You have three choices:
 1. Customer pay under Delivered at Place (DAP) Incoterms
 2. Pay VAT yourself at Customs
 3. Use Postponed VAT Accounting to defer the import VAT payment

Avoid option number 1 at all costs (if possible). Customers don't appreciate extra expenses—especially if they come as a surprise.

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WHO'LL COMPLETE IMPORT DECLARATIONS?

- Everything that passes through customs must be accompanied by detailed paperwork explaining what it is, where it's coming from, where it's going, and more
- Fortunately, you can use a customs intermediary to handle this on your behalf
- HMRC approves the following parties as customer intermediaries: Freight forwarders, Customs agents or brokers, and Fast parcel operators

We advise against handling the customs import process on your own. It takes up your time and effort, and you have to purchase your own commercial declarations software and complete the relevant training.

5

PREPARE UK INTRASTAT DECLARATIONS (if applicable)

- All VAT-registered businesses in the UK that import over £1.5 million worth of goods from the EU per year have to compile a monthly report declaring the nature, quantity, and cost of these goods (aka Intrastat declarations)

Note: Intrastat declarations will only be continuing until the end of 2021.

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REMEMBER THE NEW £135 IMPORT RULE

- There's zero import VAT on goods located outside the UK at the point of sale and with a consignment value of under £135
- Instead, you'll just charge your clients the VAT at the point of sale

Update the settings in your selling platform so that you're charging the correct VAT amount.

If you need help with this, contact a member of Osome's expert team to help guide you through the process.

What Does It Mean To Defer Your Import VAT Payments?

The Postpone VAT Accounting (PVA) scheme means that traders don't have to make cash payments every time they want to import goods from the EU into the UK.

Instead, they defer the payment—logging the total amount of VAT due (and recoverable) in their annual VAT return.

Remember to extensively log all your imports and exports on an ongoing basis as this will make the process of compiling your VAT return as easy as possible.