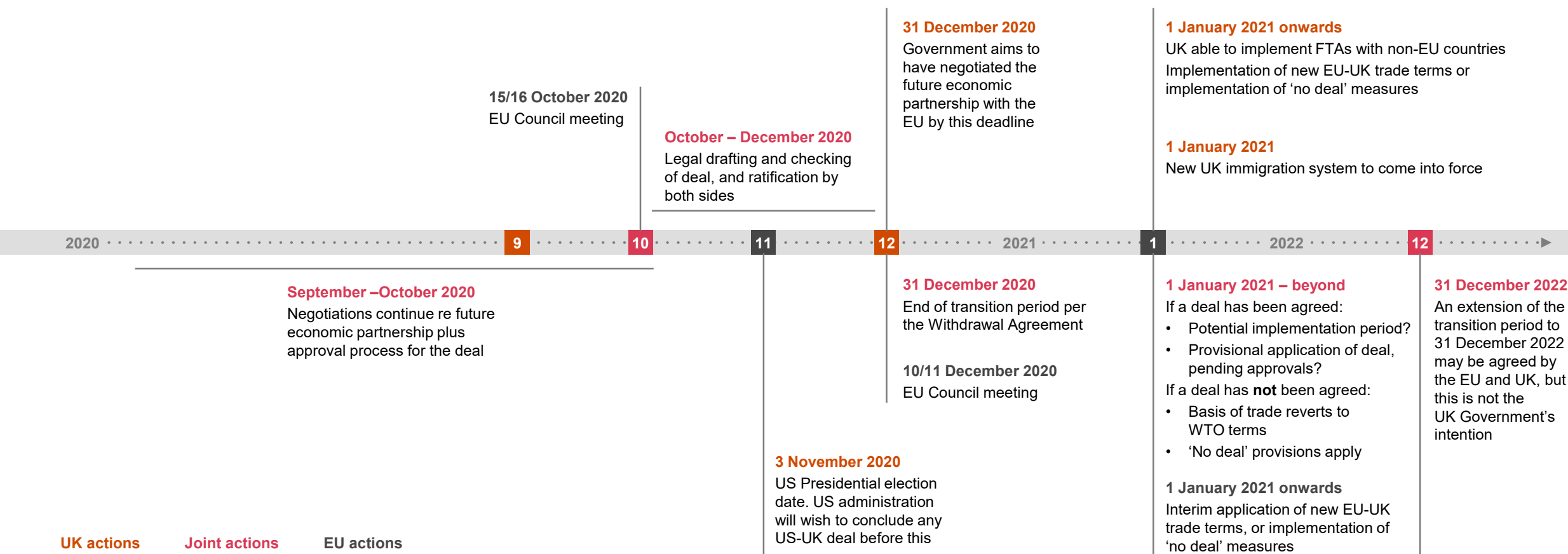


VAT & the NI protocol

8 October 2020



Brexit and beyond timeline



Movement of goods - NI to GB



- NI will follow EU VAT rules on goods
- VAT zero rated export followed by Import
- Shift from UK VAT charge to no VAT (zero rate) & Import VAT due and payable by customer

Mechanism unknown for payment of import VAT in GB- systems/coding consideration

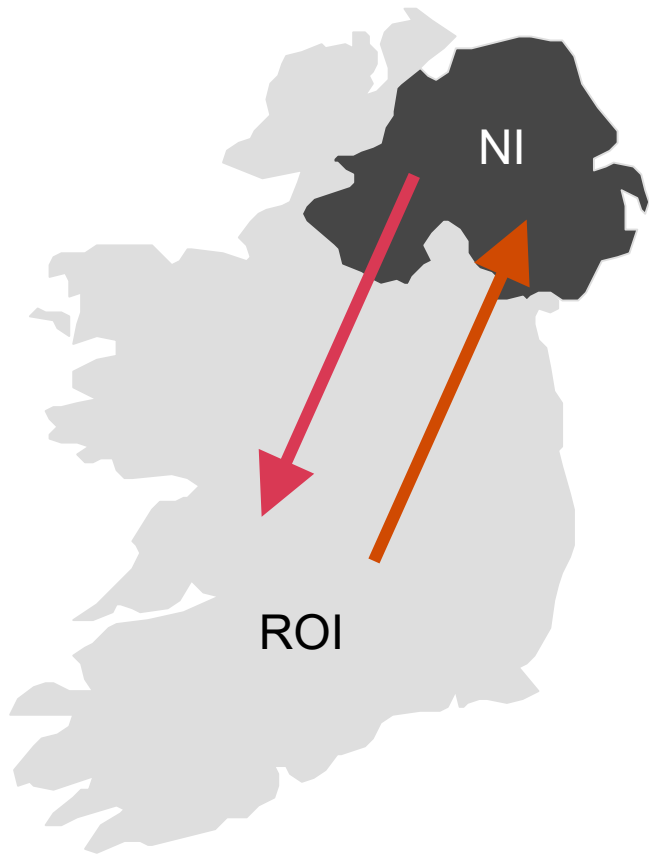
- Separate NI VAT number- possibly two UK VAT registrations depending on location of goods
 - VAT accounting for those with sites in NI and GB
 - Zero rated exports generally require customs documentation to support zero rating
- UK Gov position- no additional paperwork- therefore no C79 cert to recover import VAT in GB?
- Contrary to EU position of requiring exit declaration of some kind

Movement of goods - GB to NI



- VAT zero rated export followed by Import
- Shift from UK VAT charge to no VAT & Import VAT due and payable by customer in NI
- Mechanism unknown for payment of Import VAT in NI- systems/coding consideration
- Unlike NI to GB, full customs declarations will be required
- NI business will use the Trader Support Service to file customs declarations
- Likely that this will create documentation to allow Import VAT recovery in NI
- If “at risk” additional EU tariffs and paperwork- mechanism for refund yet to be determined

Movement of goods - NI and EU



- NI part of EU for VAT purposes for goods
- These movements should remain unchanged
- EC Sales List & Intrastat returns required
- Potential benefits to NI business in regards to EU VAT simplifications such as triangulation, call off/consignment stock, supply and install etc.
- B2C supplies- distance sales remain unchanged until EU VAT reform in July 2021

Movement of goods - GB to EU



- These will now be treated as exports.
- Relevant exporting documents and evidence will be required to support the zero rating.
- Have you engaged a broker/agent to file these customs declarations?
- Intrastat declarations still required
- Loss of EU VAT simplifications
- Triangulation- does a GB operation source goods from one EU country which are shipped direct to a customer in another EU country?
- Call off/consignment stock- do you ship goods from GB to hold stock in an EU country?
- Do you supply goods from GB for which you also install on site in the EU?
- Possible EU VAT registrations triggered
- Fiscal representation needed in some EU countries
- B2C- no distance sales thresholds to monitor

Movement of goods - EU to GB



- These will now be treated as imports
- Import VAT payable through GB VAT return
- Additional customs duty payable per UK's Tariff- dependant on trade negotiations
- The UK Government has allowed for a 6 month deferment for most businesses in getting their import declarations in.
- Have you engaged a broker/agent to file these customs declarations?
- Intrastat declarations still required
- UK private consumers receiving low value goods (up to £135)- overseas sellers to register and account for UK VAT at point of sale instead of at point of entry into GB

Other considerations

NI to non-EU countries

- Remain imports and exports.
- NI may benefit from FTA negotiated by rest of UK
- Goods imported into NI will also be subject to “at risk” test.
- TSS for importations into NI
- Again, evidence and ability to track and trace is crucial.

Services

- Generally VAT rules on services remain unchanged.
- Regulatory equivalence/market access a concern- dependant on trade negotiations
- Services governed by UK VAT rules- what VAT return will these transactions be reported on?
- NI/GB to EU- treat as would with third countries now.
- Note use and enjoyment provisions- website hosting, software, broadcasts, distance teaching
- Digitised services (B2C) loss of MOSS for GB operations
- EU VAT refund scheme- NI and GB distinction

Key issues for each supply

NI-GB goods movements

- Importer of record
- Inco-terms
- Documentation
- VAT systems change for accounting
- Possibly two UK VAT registrations for those with NI and GB stocks of goods



NI-EU goods movements

- Largely unchanged
- B2C supplies changing in July 2021 with EU VAT reforms



GB- EU goods movements

- Importer of Record?
- Postponed VAT Accounting in the UK
- Inco-terms
- Import Evidence
- Export Evidence
- Customs Broker
- Data
- Intrastat Declarations
- New VAT registrations
- Fiscal representation



Services

- Largely unchanged
- Regulatory/market access constraints to consider
- MOSS
- Use and Enjoyment



Brexit readiness – VAT actions and next steps

- Update supply chain review
- Overlay VAT consequences
- Determine time to take actions such as VAT registration applications, EORI
- ERP requirements
- Commercial decisions to be made such as importer of record
- Any VAT leakage in the supply chain to manage?
- What do I do about the uncertainties?
- Keep up to date with announcements/changes.



Any questions?



Thank you

pwc.co.uk/brexit

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