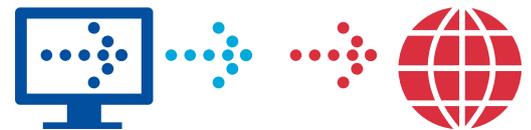


VAT and overseas goods sold directly to customers in the UK through the business website



From 1 January 2021, consignments of goods with a value of £135 or less that are outside the UK and sold directly to customers in Great Britain, (England, Scotland and Wales), will have UK ‘supply VAT’ charged at the point of sale rather than be liable to import VAT.

The £135 limit applies to the value of a total consignment not the separate value of individual items that make up a consignment.

Why a value of £135?

This is the low value threshold below which customs duty is relieved at import (Exempt).

How do you work out the value of a consignment?

The seller must work out the ‘intrinsic value’ which is the price of the goods excluding transport and insurance costs unless they are built in and not shown separately. Any identifiable taxes / charges must also be excluded.

What is happening to the import VAT exemption for goods valued at £15 or less (LVCR)?

This has been removed in Great Britain for all such goods imported from outside the UK.

How do overseas suppliers account for ‘supply VAT’?

They must register for UK VAT, account for sales at the correct rate of VAT, and keep accurate records of the goods sold.

What if the customer is a business?

If the customer provides a current VAT registration number, the seller must note on the sales invoice ‘reverse charge: customer to account for VAT to HMRC’. The business customer will then be responsible for accounting for supply VAT on their VAT return under the reverse charge procedure.

The business customer will be able to recover VAT as input tax on the same VAT return under normal VAT recovery rules.

What if the goods are in the UK at the point of sale?

The seller must register and account for VAT on any sales made direct to UK customers under the normal rules.

What about consignments valued at more than £135?

Normal VAT and customs rules will apply on importation of the goods into the UK. Depending on the contract of sale, VAT / duty will be payable by the customer or will be settled by the seller at the time of import.

UK Businesses importing goods will be able to use postponed VAT accounting to account for import VAT on their return where they are the importer of record.

Are any goods excluded from the scheme?

These rules do not apply to the import of:

- *Consignments containing any excise goods, (alcohol, tobacco products)*
- *Non-commercial goods, (for example, gifts)*
- *Goods from Jersey and Guernsey if VAT is collected and paid to HMRC under the Import VAT Accounting Scheme*

Why doesn't the above guidance seem to relate to Northern Ireland (N.I.)?

That's because under the Protocol agreed between the UK and EU, N.I. is still treated in many respects as part of the EU.

Supplies from EU sellers to customers in N.I. may still be treated as 'distance sales' rather than imports and there are complications which the government are still working through in relation to the protocol.

When we receive clarification on these matters our guidance will be updated.

Are there still controls at the UK border?

Although there will be no VAT to collect at the border, customs declarations are still required for non-fiscal purposes. However, in recognition of the changed role of the customs declaration for affected consignments, a number of facilitations including the use of reduced data sets and bulk declarations are available.

What declarations are required from the post and parcel operators?

For imports into Great Britain by the Royal Mail Group (RMG), customs declarations may be made on customs forms CN22 and CN23 for non-controlled goods not exceeding £900 in value. Full electronic customs declarations must be submitted for all other movements.

Imports by other express parcel operators must be declared on full electronic customs declarations unless the parcel operator is authorised to submit bulked reduced data set customs declarations for low value goods (Under £135).

What if I sell my goods through an Online Marketplace (OMP) like Amazon rather than through my own website?

There are rules which can make the OMP liable to pay the VAT over to HMRC even though the goods are not theirs. Please see our other factsheet '[Goods in the UK sold by an overseas seller through an OMP](#)' for full details.

Contact us

Should you have any specific queries or require any further assistance please contact the VAT, Customs and Indirect Tax team at VATAdvice@pkf-francisclark.co.uk and a member of our team will contact you.

E-Commerce Changes UK – from 01/01/2021

