

VAT and overseas goods sold to customers in the UK using online marketplaces (OMP's)



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

The £135 limit applies to the value of a total consignment that is imported, not the separate value of individual items that are in a consignment.

What is an online marketplace (OMP)?

HMRC's definition of an OMP is a business using a website or mobile phone app to handle the sale of goods to customers which meets all the following conditions:

- *In any way sets the terms and conditions on how goods are supplied to the customer*
- *Is involved in any way in authorising or facilitating customer's payments*
- *Is involved in the ordering or delivery of the goods*

A business that merely lists or advertises goods or redirects customers to other electronic interfaces where goods are offered for sale would not be regarded as an OMP.

What if I sell my goods through my own website?

The rules when using your own website mean that you will need to account for the VAT on the transactions. Please see our other factsheet, '[VAT and overseas goods sold directly to customers in the UK through the business website](#)' for full details.

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 OMP's 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.

The OMP will be held liable for under-declared VAT if they cannot show they have taken reasonable steps to make sure the correct VAT was charged.

What if the customer is a business?

If the customer provides a current VAT registration number, the OMP 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 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.

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.

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

This strand of the measure will apply to goods of any value.

The overseas seller will remain liable for any import VAT and Customs duty when the goods are first imported into the UK.

When the goods are sold to the customer the overseas seller will be deemed to have made a zero-rated supply of the goods to the OMP. The overseas supplier does not have to issue invoices to the OMP as the supplies are deemed zero-rated. As deemed taxable supplies are made at the zero-rate the overseas seller may recover the original import VAT.

The OMP will be liable to account for supply VAT on the sales unless the goods are for a UK VAT registered business customer.

What happens if the sale is to a VAT registered business customer?

The OMP should pass on all the details of the sale and the customers' VAT registration number to the overseas seller who will be liable to account for the VAT. (There will be no reverse charge applied to this transaction).

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.

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

