



Smart decisions. Lasting value.

Brexit Myth-Busting – Trade Frictions and unexpected cost

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About Crowe UK

1000+
People



80+
Partners

6
Locations



8th
AIM
and Main
Market Auditor ^Ω



9th
Largest
Audit firm in the UK [∂]



UK Member of the
8th largest accounting
network in the world



1. Cheltenham
2. Kent (Maidstone and Tunbridge Wells)
3. Manchester
4. Midlands
5. London
6. Thames Valley

[∂] FRC Key Facts and Trends in the Accountancy Profession Figure 33: UK fee income of audit firms that audit PIEs – by fee income on audit (October 2020)

^Ω By number of audits of listed companies, FRC Key Facts and Trends in the Accountancy Profession, Figure 38. (October 2020)

Data is correct as at October 2020. For up to date statistics, please ask your marketing contact.

About Crowe Global

146

Countries

765

Offices

41,097

Total people

4.4b

Global
Revenue US\$

8th

Largest Global
Accounting
Network



UK/EU Trading beyond the transition period – Under TCA

New Free Trade Agreement (FTA) – The Trade and Cooperation Agreement (TCA)

- Goods of UK or EU origin benefit from the TCA's zero tariffs and goods outside of the scope will have to pay the standard ("Most Favoured Nation") tariffs
- Ways of considering 'originating' from the UK/EU - 'wholly obtained' or substantially transformed
- Classification of goods – how to classify correctly

Rules of Origin - 'originating' and qualify for preferential tariffs based on change in tariff classification, on a value method, based on weight and on a specific production process

Rules of Origin

General Provisions:

- Cumulation of Origin - originating products from one party to be treated as if they are originating in another/ Full bilateral cumulation
- Wholly obtained products
- Substantially transformed – Insufficient production
- Tolerance

Different origin requirements apply to individual commodity - Examples: Plastics equipment

Plastics				
Chapter 39 - Plastics and articles thereof				
Subheading 39.01-39.15	CTSH;	A chemical reaction, purification, mixing and blending, production of standard	or	MaxNOM 50 % (EXW).
Subheading 39.16-39.19	CTH; or			MaxNOM 50 % (EXW).
Subheading 39.20	CTSH; or			MaxNOM 50 % (EXW).

Origin documents

- Statement of origin : Valid for 12months from date in the EU and up to a max. 24months for the UK / ANNEX ORIG-4 [Text of the statement on origin]
- Importer's knowledge : Article ORIG.18(2) [Claim for preferential tariff treatment]
- Suppliers' declarations: Supporting proof of origin

Northern Ireland – Goods ‘at risk’

TSS – Trader Support Service; moving goods between GB and NI

UK TS – UK Trade Scheme; moving goods between GB to NI not ‘at risk’

- Sales to or final use by end consumers in NI
- Business use in NI
- One of the approved processing sectors

Additional requirements for moving goods into NI for processing

- Meet the turnover criteria (£500,000)

Supporting evidence you’ll need to declare your goods not ‘at risk’

Low Value Consignment Relief (LVCR) - Exports

- LVCR now abolished in the UK.
- Applies in EU until 1 July 2021.
- Items sent to the EU from GB are subject VAT and duties in the EU.
- Items valued at under €22 (£15) are not subject to VAT or duties.
- Commercial goods sent to the EU over €22 (£15) and below €150 (£135) will usually incur import VAT but no Duty in the receiving country.
- Commercial goods sent to the EU over €150 (£135) may attract VAT, customs duties and a clearance/handling fee in the receiving country.
- Some goods are excluded.

Importing Goods – value up to £135

- Special rules so certain goods to GB customers will have UK supply VAT charged at the point of sale
- **Online Marketplaces**
 - Special rules apply where consignment of goods with a value of £135 or less that are sold through an online marketplace to customers in GB will have UK supply VAT charged at the point of sale, where B2C accounted for by the online marketplace.
- **Direct to customers (not through an online marketplace)**
 - Goods that are outside the UK at the point of sale – seller must work out the value of the goods. UK Supply VAT is then charged at the point of sale.
 - Good held in UK – supplier registers for VAT.
 - Where the recipient is a business (B2B) sale and the customer has provided its UK VAT registration number, the customer accounts for the VAT under the reverse charge.
 - Consignments valued at more than £135 - normal VAT and customs rules will apply.

VAT rules – Postponing Import VAT

- Applies to imports into GB (from anywhere) and NI (from outside EU)
- No approval needed – automatic cash flow easement
- Goods must be use for your business
- Identified on import declaration
- Accounted for on VAT return (Boxes 1 and 4 for VAT amount and Box 7 for import value)
- Register for CDS to obtain monthly statement

[Get your postponed import VAT statement - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



Thank You

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