

VAT on Imports: Changes from 1 Jan 2021

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HM Revenue
& Customs

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Imports and acquisitions

From 1 Jan 2021

- Movements of goods from Finland to GB are imports (they are no longer acquisitions). Import VAT (not acquisition VAT) will be due.
- Acquisition VAT will continue to be due on goods moved from the Finland to NI.
- Postponed VAT accounting (PVA) is available to UK VAT registered traders who
 - import goods into GB from anywhere outside the UK, or
 - Import goods into NI from outside the UK and EU.
- PVA allows importers to account for and recover import VAT on the same VAT return, and is available permanently.
- Other existing means of paying import VAT are also available.
- Non-VAT registered traders will pay import VAT when they make their customs declaration.
- Different rules apply to goods (excluding excise) in consignments valued at £135 or less.



Consignments valued at £135 or less (1)

- From the 1st January 2021, consignments of goods with a value of £135 or less that are outside the UK and sold to customers in the UK will have UK VAT charged at the point of sale.
- Goods located outside the UK and EU and sold directly to customers in Northern Ireland will be subject to import VAT.
- Online marketplaces, where they are involved in facilitating the sale, will be responsible for collecting and accounting for the VAT.
- For goods sent from overseas and sold directly to UK consumers without marketplace involvement, the overseas seller will be required to register and account for the VAT to HMRC.
- 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.
- Low Value Consignment Relief, which relieves import VAT on consignments of goods valued at £15 or less has been removed.



Consignments valued at £135 or less (2)

- For business to consumer (B2C) supplies of goods into the UK in consignments not exceeding a value of £135, the seller, or the online marketplace where it facilitates the supply, will be liable to register and account for UK VAT on their VAT return.
- For business to business (B2B) supplies where a VAT registered business customer provides its VAT registration number to the seller or online marketplace the business customer will then be responsible for accounting for any VAT due on their VAT return, if the goods are supplied in:
 - Great Britain using a 'reverse charge' procedure
 - Northern Ireland, using Postponed VAT Accounting.
- In both cases, the seller will be able to recover the VAT as input tax on the same VAT Return under normal VAT recovery rules.
- These rules do not apply to consignments containing excise goods, or to non-commercial transactions between private individuals. Such goods will be subject to the rules for consignments of goods exceeding £135.



Postponed VAT Accounting (1)

- PVA is selected on the customs declaration, and the trader's EORI (CHIEF users) or VAT Registration Number (CDS users) is entered.
- An online monthly statement is generated, which the trader will be able to access and download. It contains the information the trader needs to complete their VAT return.
- Traders do not need to be authorised to use PVA, but they must subscribe to CDS to access their online monthly postponed import VAT statements.
- To use PVA the imported goods must be for use in the trader's business.
- Non-established taxable persons (NETP) are entitled to use PVA. In order to import goods into the UK, a NETP will need to hold a UK EORI, and instruct an agent to make the customs declaration on its behalf.



Postponed VAT Accounting (2)

- PVA can be used when imported goods are removed into free circulation from a customs special procedure.
- PVA can be used when imported excise goods are released for home consumption. This includes when goods are released from an excise warehouse after being in duty suspense since the point of import.
- Use of PVA is normally optional. However, traders who import non-controlled goods into GB from Finland between 1 Jan and 31 Dec 2021 **must** use PVA and account for import VAT on their VAT Return if they either
 - delay their customs declaration or
 - use a simplified customs declaration to make a declaration in their own records.



PVA: Using someone to import goods on your behalf

- If you get a person or business to import goods on your behalf (such as a freight forwarder, customs agent, broker or fast parcel operator) you will need to tell them how you want to account for import VAT on those imports, so they can complete the customs declaration.
- If you already have someone you should contact them to tell them if you want to use PVA to account for import VAT on your VAT Return. You should keep a written record of what is agreed.



PVA: Business / non-business imports

- You are able to use PVA to account for import VAT on your VAT return if you import goods which will be used for both business purposes and non-business purposes or if you don't know whether or not they will be used for business purposes at the time that you import them.
- You are not be able to use PVA to account for import VAT on your VAT return if you import goods which you know will be used solely for non-business purposes. When you complete your customs declaration you will instead have to select that you'll be making immediate payment or using a duty deferment account.



Guidance on GOV.UK (1)

- **Postponed VAT Accounting**

www.gov.uk/guidance/check-when-you-can-account-for-import-vat-on-your-vat-return

www.gov.uk/guidance/complete-your-vat-return-to-account-for-import-vat

www.gov.uk/guidance/get-your-postponed-import-vat-statement

- **Importing goods not exceeding £135**

www.gov.uk/guidance/vat-and-overseas-goods-sold-to-customers-in-the-uk-using-online-marketplaces

www.gov.uk/guidance/vat-and-overseas-goods-sold-directly-to-customers-in-the-uk



Guidance on GOV.UK (2)

- **Paying VAT on imports from outside the UK to Great Britain and from outside the EU to Northern Ireland:**

www.gov.uk/guidance/vat-imports-acquisitions-and-purchases-from-abroad

- **How to fill in and submit your VAT Return:**

www.gov.uk/guidance/how-to-fill-in-and-submit-your-vat-return-vat-notice-70012

- **Value Added Tax EU Exit Transitional Provisions**

www.gov.uk/guidance/value-added-tax-eu-exit-transitional-provisions

