



VAT changes following the end of the Brexit Transition Period





The UK Government is introducing some changes to VAT regulations from 1st January 2021. These include:

Low Value Consignment Relief

The current Low Value Consignment Relief scheme where goods under the value of £15 were previously not applicable for VAT will be removed. This means all shipments imported into the UK from any country in the world will be liable for VAT.

VAT on imports under £135

Goods entering Great Britain (England, Scotland and Wales) with a total value of £135 or less (excluding freight and insurance cost and any other identifiable taxes and charges) will be replaced by supply VAT. This means that VAT will no longer be collected at the time of import, but will be charged by the seller at the time of sale and accounted for by the seller on a regular VAT return.

- 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.
- You must register for a UK VAT number if you are planning to sell goods with a value of £135 or less directly to UK based consumers (private individuals and non-VAT registered businesses).

- To be able to register for a UK VAT number you will need to establish your UK Government Gateway account. You will only need to supply your email address in order to set it up.
- A UK bank account is not required to register for UK VAT or to pay your VAT after registration is completed.
- You do not need to register for a UK VAT number if you will only be selling goods with a total value of £135 or less to UK VAT registered businesses who will provide you with their VAT registration number, which should then be quoted on the commercial invoice.
- You will be able to check if the VAT provided by the buyer is valid using the new online service that will go live in December.
- In order to charge the correct VAT rate, you will need to know specific description of goods you are selling, and their UK VAT rates. The VAT charge will have to be indicated on the commercial invoice that you generate at the time of sale.
- You will have to keep a record of the goods you sell and ensure you have the correct information to apply the correct VAT treatment to them.

- If your sales are facilitated by an Online Market Place they will have to provide their UK VAT number. The new rules will not apply to the following types of shipments:
 - Consignments containing excise goods
 - Consignments containing non-commercial goods such as personal gifts

Postponed VAT Accounting

Postponed VAT Accounting (or PVA) for VAT Registered business in the UK will be introduced and will apply to any shipments valued at greater than £135. PVA enables UK Importers who are VAT registered to manage their import VAT through their normal VAT returns process. We expect many UK Importers will want to use this scheme and those that do should email FedEx at pvaupdates@corp.ds.fedex.com stating that they “authorise FedEx and TNT to clear imports into the United Kingdom using PVA” and including their company details and EORI number.

More information on the above changes can be found at [gov.uk](https://www.gov.uk).