



Practical Approaches in Preparing for Brexit with RSM UK and RSM Ireland

QUESTIONS AND ANSWERS FROM CAUSEWAY WEBINAR, 27 OCTOBER 2020

QUESTION:

1. As a UK business, if we are the importer of record for our Irish customers and have an Irish VAT number, can we still use self-accounting for Irish import VAT?

ANSWER:

Yes, the system should be open to all importers that hold an Irish VAT registration.

QUESTION:

2. What is the most practical method to establish duty rates for large quantity of Tarriff codes?

ANSWER: Unfortunately, there is no 'quick' way of establishing duty rates for large quantities of commodity codes. You should check the commodity codes against the UK Global Tariff which can be found here - <https://www.check-future-uk-trade-tariffs.service.gov.uk/tariff>. Please note, suppliers may include the commodity code of each item on invoices, however you should never accept a commodity code that your supplier has provided at face value. You should also take reasonable steps to ensure that the commodity code is correct.

QUESTION:

3. As an English company we are concerned about selling our goods to Europe. Customers expect to receive goods with duty paid. We are concerned about how we achieve that. We do have 2 European subsidiaries, but the stock is not in those locations. What would be our best options?

ANSWER: If you ship the goods directly from the UK entity and agree with your customer to deliver goods with duty paid, you will be agreeing DDP incoterms and thus will be importer of record in the customer's country, and have to pay any import duties and account for Import VAT via an existing or new VAT registration in that country. This may meet a customer's demands of its supplier, but it means the supplier accepting full responsibility for paying VAT and customs at the destination border with the associated implications to profit margins. Another alternative would be to sell the goods to a subsidiary in the country where the customer is located (i.e. use a current sub or set up a new sub) and agree say DDP Incoterms to have the subsidiary be the importer of record and hold stock from which onward orders are fulfilled. With a zero rated export from the UK entity, this means the subsidiary becomes responsible for the import VAT and duties with an onward domestic or x-border sale of the goods to the customer, and relieving the UK entity of this responsibility.



QUESTION:

4. My company is reg in NI but I will have an ROI branch. The product I sell will mostly be made in NI but one part will be made in ROI and then brought north to complete the product. The product will then be sold in ROI... Will this be messy in terms of import/VAT?

ANSWER: As we understand under the Northern Ireland Protocol, Northern Ireland will continue to trade in alignment with the EU VAT rules for goods, including on goods moving to, from and within Northern Ireland. In response to your question, we expect that your current procedures on moving your goods between Northern Ireland and ROI to remain under EU VAT rules wef 1 January 2021. There should be no change in the paperwork, the border and no tariffs or regulatory checks.

QUESTION:

5. We are an NI company with majority of sales to GB and some purchases from GB. We charter our own ships. Am I correct in thinking 1) on sales we will still charge 20% VAT on sales and have no customs dec to make as NI to GB. 2) on purchases - there is no clear guidance as yet for Vat and customs decs for NI companies purchasing goods from GB and 3) nothing changes with regards to chartering ships as this is a service.

ANSWER:

Please see a link here to recent publication regarding movement of goods between GB and NI - <https://www.gov.uk/government/publications/accounting-for-vat-on-goods-moving-between-great-britain-and-northern-ireland-from-1-january-2021/accounting-for-vat-on-goods-moving-between-great-britain-and-northern-ireland-from-1-january-2021#vat-on-goods-sold-between-great-britain-and-northern-ireland>

1) Yes, if the goods are being sold from NI to GB, VAT will be due. 2) Goods purchased from GB should continue to have VAT accounted on the sale. Northern Ireland traders may benefit from signing up to the new Trader Support Service here - <https://www.gov.uk/guidance/trader-support-service>
3) Services supplied in NI will follow the GB rules for services from 1 January 2021, and broadly the rules will remain unchanged. 'Chartering' however in VAT terms can have various meanings, including, hiring means of transport which may be impacted under 'use and enjoyment' provisions which is worth double checking.

QUESTION:

6. Will VAT rules apply in relation to Services businesses who currently sell Services to public sector in ROI and reclaim PSWT?

ANSWER:

The end of the transition period will not affect the PSWT treatment, i.e. public sector bodies will continue to apply PSWT to UK providers of professional services. UK service providers can continue to claim a refund from the Irish tax authorities under usual rules.
From a VAT perspective, the UK provider should apply the usual place of supply rules, subject to usual exceptions.

