

VAT and Customs - Brexit essentials

For businesses that import or export products to or from the UK or move products through the UK landbridge to or from the European mainland.

As the UK Government continues to push for an EU exit on 31 October, a no-deal Brexit is the most likely outcome. Bearing that in mind and with less than two months to go until the UK leaves the EU, it is essential for businesses to consider the indirect tax implications, including VAT and customs, without delay.

Key customs essentials in planning for Brexit

- **Register for customs** - If your business is moving goods to, from or through the UK it will need to register for customs. This can be achieved by obtaining an Economic Operators Registration and Identification (EORI) number. This number is valid throughout the EU and it is used as a common reference number for interactions with the customs authorities in any Member State. Once the EORI customs registration has been processed, a Trader Account Number (TAN) will be automatically assigned. Payments can then be made to this TAN using the following payment methods:
 - **Cash** - To lodge credit to this account, funds must be transferred from the business bank account to Revenue's bank account.
 - **Deferred** - A Deferred Payment Authorisation allows your business to import goods in one month and defer payment of duties until the fifteenth of the following month.
- **Decide who will submit your customs declarations** - Customs formalities will apply post-Brexit when trading in goods with the UK. This means your business will be obliged to submit customs declarations. You, or an agent acting on your behalf, must have the facility to lodge electronic customs declarations to Revenue. Depending on the good in question, supplementary information may be required to support the customs declaration:
 - commercial invoice;
 - bill of lading or airway bill;
 - packing list;
 - veterinary or plant health certificates; and
 - licences.
- **Know the key data required for a customs declaration** - It is vital that the goods are correctly classified. A commodity code is determined by the specific product. It is used to determine the import duties your business will be liable to pay.
- **Customs value of the goods** - The customs value of the goods must be accurately entered on the customs declaration. It consists of the invoice price plus the cost of transport and insurance.
- **Origin of the goods** - It is important to be aware of the origin of the goods and this is used to determine the amount of duty payable. This information should be provided by the supplier, bearing in mind that the country of origin may not be the same as the country of import.

The Irish Revenue's objective is to facilitate legitimate trade in moving goods as speedily and efficiently as possible. In addition, there are additional customs simplifications and procedures available under the Union Customs Code (UCC) which can help to further minimise the potential negative impacts of Brexit and support the efficient and timely flow of trade.

Key VAT implications of a no deal withdrawal from the EU

On 13 March 2019, the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Bill 2019 (the "Brexit Act") passed through the Committee and remaining stages of the Seanad and was accordingly sent to the President for signing. The Brexit Act has introduced a number of important provisions from a VAT perspective.

VAT postponed accounting for imports

This allows businesses to operate a postponed method of accounting for VAT on the importation of goods from the UK and also other third countries, ie outside the EU. Irish businesses have the opportunity to account for VAT on the import of goods from the UK in their next VAT return. Currently a business is obliged to pay VAT immediately on the importation of the goods, at the same time as custom duties. This measure helps alleviate the potential negative cash-flow effect on traders as a result of Brexit.

It is important to note that postponed accounting would apply to the importation of goods from all countries outside the EU and not just those from the UK.

While this measure will apply to all traders initially, the Brexit Act contains provisions to make its application conditional on the satisfaction of certain criteria. Where a business does not satisfy the criteria, Revenue may issue a notice of exclusion stating that the business is excluded from operating the postponed accounting. The business may appeal such a notice to the Appeal Commissioners.

VAT retail export scheme

The retail export scheme allows individuals who are resident outside the EU to reclaim VAT incurred on the purchase of goods within the EU. In order to receive the refund of VAT, the goods must be exported from the EU within three months of purchase. For a traveller to avail of the scheme the total value of the supply of goods, including tax must be greater than €175. UK domiciled or habitually resident travellers seeking to avail of the scheme must provide proof that:

- the goods have been imported into the UK by or on behalf of the traveller; and
- VAT and duties have been paid on the importation of those goods by virtue of the law of the UK.

Brexit impact assessment

It is strongly recommended that your business engages a specialist to perform a Brexit impact assessment to understand where and how your supply chain and your business may be impacted.

Contact

At Grant Thornton we have a dedicated indirect tax team of Brexit specialists who understand your business and can assist you with preparing for the potential outcomes of Brexit. Contact our Brexit specialists today.



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