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VAT FOR GB BUSINESSES EXPORTING TO THE EU

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WHO SHOULD READ THIS DOCUMENT?

- Businesses established in Great Britain or the Isle of Man (**‘GB businesses’**) that make supplies of goods to customers in EU Member States. Great Britain includes England, Wales and Scotland, and does not include Northern Ireland.
- This document covers:
 - VAT Registration
 - VAT Rates and Rules
 - VAT Refunds
 - Low Value Consignment Relief
 - Returned Goods Relief
 - Fiscal Representatives

GLOSSARY

For the purposes of this document, the following terms have been defined:

TERM	DEFINITION
GB BUSINESSES	These are businesses established in Great Britain (England, Wales and Scotland) or the Isle of Man that make supplies of goods to customers in EU Member States/or the rest of the world.
BUSINESS CUSTOMERS	These are taxable or non-taxable businesses that conduct any economic activity in an EU Member State/or the rest of the world.
NON-BUSINESS CUSTOMER	A non-business customer is a private individual consumer.
GB BUSINESSES ACTING AS A NON-ESTABLISHED TAXABLE PERSON IN THE EU	A non-established taxable person in the EU is a business that is neither established in, nor has a fixed establishment in the EU country where the tax is due.
IMPORTER	An importer is an individual or business who is responsible for paying import VAT on goods and completing the necessary customs clearance procedures and formalities at the point of entry into the EU. Who the importer is should be set out in contractual arrangements between the seller and customer (and agent, where applicable).
ZERO-RATED	This is where the supply of goods is subject to VAT at 0%.
DOMESTIC REVERSE CHARGE MECHANISM	This is an anti-fraud procedure, where it is the customer's responsibility, rather than the supplier's, to account to their domestic tax authority for VAT on supplies of goods.
TAXABLE SUPPLIES	A taxable supply is any supply of goods made in the EU which is not exempt from VAT. Taxable supplies also include those which are zero-rated for VAT.

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VAT OVERVIEW

MOVING GOODS FROM GB TO EU MEMBER STATES

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1.1 OVERVIEW – GB AND THE EU

- Under EU law, indirect taxes are broadly harmonised at EU level.
- However, there may be different VAT rules and regulations across the 27 EU Member States as they are able to apply VAT rules within the parameters of the EU VAT directive (Council Directive 2006/112/EC).
- Businesses exporting to the EU from GB should ensure they are aware of the importing requirements of the relevant EU Member State, as these may differ across individual EU Member States.

1.1 OVERVIEW – GB AND THE EU CONTINUED

- As of 1 January 2021, supplies of goods sent to customers within the EU by GB businesses are treated as exports from GB and are zero-rated for UK VAT, subject to the seller obtaining evidence of export.
- Further guidance can be found here: www.gov.uk/guidance/vat-exports-dispatches-and-supplying-goods-abroad
- On importation into the EU, goods may be subject to duties and import VAT. These are typically payable by the importer, unless alternative contractual arrangements have been agreed between the parties.
- When importing goods into the EU, there are general rules that you need to follow. Individual Member States may also have their own VAT rules for imports.
- **Import VAT is usually due at the point of importation into the EU**, and charged by the customs authority in that Member State. This may not necessarily be the EU Member State of destination.
- More information on EU VAT rules can be found here: https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm

1.2 OVERVIEW – VAT REGISTRATION

DO I NEED TO REGISTER FOR VAT?

As a GB business, you may be required to register for VAT in the EU, if you are:

- making taxable supplies from and/or to an EU Member State;
- importing goods into an EU Member State;
- holding goods in warehouses or consignment stock in EU Member States for customers, or
- supplying and installing equipment in an EU Member State.
- More information about VAT registration in EU Member States, can be found here: europa.eu/youreurope/business/taxation/vat/vat-exemptions/index_en.htm
- To find out how to file a VAT return online in an EU Member State, please see here: europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm#shortcut-4

1.3 OVERVIEW – VAT RATES AND RULES FOR IMPORTS OF GOODS

HOW MUCH VAT IS DUE ON GOODS?

- Check if you are responsible for paying import VAT. You may need to check the contractual arrangements between yourself and the customer (and agent, where applicable).
- The amount of import VAT due will depend on the rate of VAT applied in the relevant Member State.
- VAT rates across the EU vary and can be found here:
- https://europa.eu/youreurope/business/taxation/vat/vat-rules-rates/index_en.htm#shortcut-6
- Import VAT is calculated on the customs value, which includes any duty, as well as the transportation and insurance costs.

1.4 OVERVIEW – VAT REFUNDS

CAN I CLAIM VAT REFUNDS FROM THE EU?

- You may be able to claim a VAT refund from the EU Member State in which you paid the VAT if you are not established in the EU and have been charged VAT on business activities in that country.
- VAT can be reclaimed by the party that paid the VAT.
- Further information on this can be found here:
europa.eu/youreurope/business/taxation/vat/vat-refunds/index_en.htm#shortcut-1

1.5 OVERVIEW – LOW VALUE CONSIGNMENT RELIEF

WHEN IS VAT DUE?

- Before 1 July 2021, goods with a value of under 22 euro were relieved from VAT when imported into the Netherlands.
- However, as a result of the new EU e-Commerce package, **Low Value Consignment Relief has been removed**, and VAT is now due on all imported goods.
- Further information on the new EU e-Commerce package can be found here:
- https://ec.europa.eu/taxation_customs/business/vat/vat-e-commerce_en

1.6 OVERVIEW – RETURNED GOODS RELIEF

WHAT IS RETURNED GOODS RELIEF AND WHEN CAN I CLAIM THIS?

Returned goods relief is a relief available to both businesses and individuals, where previously exported goods are re-imported into GB subject to the conditions below:

- The goods must be re-imported in an unaltered state.
- The goods must have been in free circulation in GB when they were exported, unless they were originally declared to inward processing or end-use.
- The goods must not have been exported to be repaired or processed.
- The goods must be re-imported within 3 years of their export or by 30 June 2022 under a special grace period agreed.
- The goods must be re-imported by the same individual or business that exported them.
- Further information can be found here: www.gov.uk/guidance/pay-less-import-duty-and-vat-when-re-importing-goods-to-the-uk-and-eu

1.7 OVERVIEW – FISCAL REPRESENTATIVE

DO I NEED A FISCAL REPRESENTATIVE?

- A fiscal representative is a special type of tax agent in an EU Member State that is responsible for correct VAT calculations, registration and reporting for non-EU businesses. They must be a taxable person liable for VAT and established in the relevant EU Member State.
- Some EU Member States require non-EU businesses to appoint a fiscal representative that will have joint and several liability for the VAT due.
- EU Member States who require a fiscal representative as the default sometimes have legislation which disapplies this requirement where this is agreed with the non-EU country of businesses.
- As this requirement varies across EU Member States, you should check the rules of the EU Member States that you trade with. EU Member State tax authority websites can be found here:

ec.europa.eu/taxation_customs/national-tax-websites_en



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MOVING GOODS FROM GB TO EU: THE NETHERLANDS

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2.0 OVERVIEW – THE NETHERLANDS

The following information covers VAT only. Please ensure you check which customs and excise rules apply before exporting.

If you are a GB business exporting to the Netherlands:

- Your goods from GB are zero-rated subject to you obtaining evidence of export.
- Any import VAT due upon importation into Netherlands is normally payable by the importer of the goods.
- You may be required to register for VAT in the Netherlands, if you make supplies in, and/or import goods into the Netherlands, even if you are not established in the Netherlands.
- You should check with the Dutch tax authority whether you need a fiscal representative in the Netherlands. Further information can be found here:
https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/filing_vat_return_and_paying_vat/filing_a_vat_return/tax_representative
- Where a GB business is not required to be registered for VAT in the Netherlands but incurs VAT on business expenses in the Netherlands, they may be able to reclaim VAT paid in the Netherlands through the EU refund procedure – 13th Directive procedure for VAT refunds to non-EU businesses.
- GB businesses with an XI prefix may be able to reclaim VAT through the electronic cross-border VAT refund procedure for EU businesses. For more information on using an XI prefix for VAT please check the guidance on the application of VAT under the NI Protocol <https://www.gov.uk/government/publications/accounting-for-vat-on-goods-moving-between-great-britain-and-northern-ireland-from-1-january-2021>.
- Further information on importing goods into the Netherlands can be found here:
https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/vat_relatating_to_purchase_and_sale_of_goods/import_from_non-eu_countries_to_the_netherlands/import_from_non-eu_countries_to_the_netherlands

2.1 VAT REGISTRATION – THE NETHERLANDS

DO I NEED TO REGISTER FOR VAT IN THE NETHERLANDS?

- As a GB business, you may be required to register for VAT in the Netherlands if you make taxable supplies in the Netherlands or import goods into the Netherlands. **However**, if you appoint a fiscal representative or customs forwarding agent, you will not usually be obliged to register yourself as a taxpayer for VAT purposes.
- You must register in the Netherlands as a foreign business if:
 - You do not need to submit a VAT return and you want to submit a VAT refund request.
 - You want to apply for use of the One Stop Shop via the Netherlands.
- Further information on VAT registration in the Netherlands can be found here:
https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/filing_vat_return_and_paying_vat/filing_a_vat_return/tax_representative
- Where a GB business is not established in the Netherlands but is required to register for VAT, there is no VAT registration threshold. This is separate to the domestic VAT threshold for businesses that have an establishment in the Netherlands. Further information on Dutch domestic VAT registration threshold can be found here:
https://europa.eu/youreurope/business/taxation/vat/vat-exemptions/index_en.htm#shortcut-1.

WHAT DO I NEED TO REGISTER FOR VAT IN THE NETHERLANDS?

- You should complete the Foreign Company Registration form. Further information can be found here:
https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/themaoverstijgend/applications_and_forms/registration_for_m_foreign_companies

2.2 VAT RATES – THE NETHERLANDS

WHAT VAT RATES APPLY TO THE NETHERLANDS?

DUTCH VAT RATES	PERCENTAGE (%)
STANDARD VAT RATE	21%
REDUCED RATE	9%
ZERO RATE	0%

- Where import VAT is charged it is usually at the rates above.
- Further information on Dutch VAT rates can be found here:
https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/calculating_vat/vat_tariffs

2.3 VAT REFUNDS – THE NETHERLANDS

IF YOU ARE A GB BUSINESS CLAIMING VAT REFUNDS VIA THE 13TH DIRECTIVE PROCEDURE IN THE NETHERLANDS DURING THE REFUND PERIOD, YOU MUST MEET THE FOLLOWING CONDITIONS:

- you are VAT registered in the UK;
- you are charged VAT on business activities in the Netherlands;
- you have neither headquarters nor management in the Netherlands or other EU Member States;
- you must not be registered, liable or eligible to be registered in the Netherlands for VAT purposes;
- you must not have any fixed establishment, seat of economic activity, place of business or other residence in the Netherlands or other EU Member States; and
- you have not supplied any goods or services in the Netherlands other than:
 - transport services,
 - supplies where the customer or purchaser must account for VAT.

Further information can be found here:

https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/claiming_refund_of_vat/conditions_for_claiming_refund_of_vat.

2.3 VAT REFUNDS – THE NETHERLANDS CONTINUED

HOW DO I SUBMIT A VAT REFUND IN THE NETHERLANDS?

- You must first register for VAT as a foreign entrepreneur before submitting a claim for refund of VAT.
- The VAT registration form can be found here:
https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/themaoverstijgend/applications_and_forms/registration_form_foreign_companies
- The application form for VAT refunds can be found here:
https://download.belastingdienst.nl/belastingdienst/docs/app_vat_refund_outside_eu_ob1682z25foleng.pdf
- Your VAT refunds claim must be submitted within 6 months after the end of the calendar year of importation.
- It takes 1-4 months for a minimum of €50 per calendar year or €400 per quarter to be refunded.

Further information can be found here:

- https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/claiming_refund_of_vat/claiming_refund_of_vat_for_entrepreneurs_from_non-eu_countries
- https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/themaoverstijgend/applications_and_forms/registration_form_foreign_companies.

2.3 VAT REFUNDS – THE NETHERLANDS CONTINUED

WHAT DOCUMENTS DO I NEED TO APPLY FOR A REFUND?

- Certificate of status (VAT registration certificate issued by HMRC)
- Further information on certificate of status can be found here: <https://www.gov.uk/guidance/get-confirmation-from-hmrc-that-you-are-trading-in-the-uk>
- Import documents
- Original invoices and receipts or invoice from customs forwarding agent (excluding import duties)
- You must send your application form with the required documents to the Dutch Tax and Customs Administration at the following address (address correct in August 2021):

Belastingdienst

Postbus 2892

6401 DJ Heerlen

Netherlands



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