



The VAT landscape when dealing with EU member states has changed dramatically and Shipleys is working hard to ensure our clients understand the new rules, especially as they can differ from country to country.

A number of practical VAT and duty issues have emerged which were not wholly obvious in the lead-up to Brexit.

For example, to submit a VAT refund claim, several EU member states (including Spain, Italy and France) now require UK businesses to appoint a fiscal representative, which can make the process expensive. In light of this, businesses incurring a lot of VAT in the EU may want to rethink their VAT strategy.

And despite early misunderstanding of new post-Brexit arrangements, UK duty deferment accounts are not required for importing goods into Great Britain (GB) from the

EU. There's more detail on this and VAT refund claims on the Shipleys website at: <https://tinyurl.com/uxx98hmy>

E-commerce rule changes

From 1 January 2021, UK e-commerce VAT changes mean a business must have a UK VAT registration if it:

- operates an Online Market Place (OMP) that facilitates the sale of goods to the UK from overseas or local goods sold by an overseas seller, or
- sells goods directly (without OMP involvement) to UK customers where the goods are (a) outside the UK at the point of sale and (b) imported to the UK in consignments not exceeding £135 in value.

More at: <https://tinyurl.com/y8hxm3dt>

Since 1 July 2021, new EU arrangements mean all supplies of goods and most supplies of

services to EU consumers purchased via e-commerce are to be taxed where the consumer is located in the EU. The reforms include:

- the launch of a One-Stop Shop EU VAT return for eligible businesses
- replacement of the low-value import VAT exemption with an Import One-Stop Shop return
- making marketplaces the deemed supplier for VAT when they facilitate certain cross-border business-to-consumer transactions of third-party sellers.

More at: <https://tinyurl.com/zp45a94b>

If you would like further advice on EU VAT, please speak to your usual Shipleys contact or email Nancy Cruickshanks at CruickshanksN@shipleys.com

Reminders round-up

MTD deadline approaching

Making Tax Digital (MTD) rules – which require a business to keep digital records and use MTD-compliant software to file their returns – will include all VAT-registered businesses, regardless of turnover, from 1 April 2022.

In the meantime, all businesses not already signed up for MTD will have their VAT records moved by HMRC to a new database. Affected businesses may need to resubmit direct debit mandates and agents may have to file their clients' returns in a different way.

Shipleys can help businesses migrate to the MTD-compliant software. More on this at: <https://tinyurl.com/85422p>



Temporary change for commercial property ended

A temporary change to the rules for the notification of an option to tax (OTT) land and buildings has now ended.

For decisions to opt land or buildings made between 15 February 2020 and 31 July 2021 HMRC extended the notification period to 90 days. However, from 1 August 2021, notification must be within 30 days. More at: <https://tinyurl.com/nnp57j4e>

New 12.5% rate for hospitality industry

A new 12.5% VAT rate will replace the reduced 5% rate that has applied to most of the hospitality and tourist industry since July 2020. The 12.5% rate will be in place from 1 October 2021 to 31 March 2022 before a return to the usual 20% on 1 April 2022.



VAT registration

A reminder that businesses – companies, partnerships and the self-employed – must register for VAT if VAT taxable turnover goes over £85,000. HMRC is targeting businesses that have passed this threshold but not registered.

