

# CTG Expert Insight Session: Brexit six months on

22 July 2021

#charitytax



## Today's panel

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- Richard Bray, CTG Chair
- Gerry Myton, HW Fisher
- Nick Saunders, RNLI
- Andrea Marshall, BUFDG





# Brexit Issues

**Gerry Myton, Head of Indirect Tax**

Thursday 22<sup>nd</sup> July 2021



# EU/UK Free Trade Agreement (1)

- FTA reduce admin and cost!
- Goods removed from UK = exports  
Goods into UK = imports  
GB goods not in free circulation until cleared at EU border and vice versa  
VAT and Duties payable at EU/UK border – pick your country of arrival carefully  
Loads of paperwork  
Inspections



# 1 January Changes

- Postponed VAT Accounting
- Need an EORI
- **Put “G” in box 47e of the import entry form**
- Monthly lists from HMRC – do check and reconcile to your own list
- PVA – non business use (criteria “used solely for non-business purposes”) pay at import or DDA  
DDA waiver to £10k (easily obtained)



# 1 January Changes

- Use all available reliefs – food/medicines/goods to be sold at charitable events, free of charge office equipment (there are more!) Claim – C285 form but time limits
- Rules of origin and FTA
- Classification of goods is important – minimise your duty “hit”
- Returned goods relief – 3 year rule



# 1 July 2021- EU Changes

- **Simplification established by EU – delayed by Covid19**

## **One stop shop (OSS)**

For businesses which sell stock held in the EU to consumers the one stop shop will allow them to use a VAT registration in a single member state to file a VAT return declaring and paying output VAT at the appropriate rates on sales to consumers in all 27 member states.

## **Import one stop shop (IOSS)**

For businesses selling stock from outside the EU to EU consumers, the IOSS will allow them to register for VAT in one member state and declare and pay output VAT on sales to consumers in all 27 member states.



# 1 July 2021 – EU Changes

- Potential B2C VAT rates under OSS

Germany : 7% but could be 19% based on distortion of competition

Italy : 22%

Belgium : 6% but conditions

Netherlands : 21% with 9% for books



# Where to Set up in EU (Netherlands)

- Using The Netherlands for:

2-4 weeks for a VAT/EORI number

Article 23 license

Fiscal Rep = local cash or insurance backed bond with tax authorities (€5k)

Compliance cost reasonable



# The Northern Ireland Protocol

- The iceberg of indirect tax – the ground keeps moving and so much is hidden in rules that are not properly explained and possibly because those writing the narrative don't understand it!
- Trader Support Service
- UK trader scheme – goods at risk
- NI EORI
- Affecting trade – “sausage wars”
- Implementation of **agreed** rules delayed – dialogue on-going!



# Trading and doing business with the EU member states post Brexit

Gerry Myton, Partner & Head of  
Indirect Tax:

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# Impact of Brexit at the RNLI

Author: Nick Saunders   Title: Senior Category Manager   Department: Procurement & Logistics

Date produced: July 2021   Version: 3

RNLI Classification: Protected



# LOGISTICS AT THE RNLI

238x Lifeboat Stations

250x Lifeguard Beaches

60x Support Sites

160x Retail Sites

>300x Supporter Branches

10x Museums

3x Manufacturing Sites

431x Lifeboats

9,000x Volunteer Crew





# What exactly do we buy...

Proud to be supporting  
the RNLI

Consultants

Pensions

RNLI

Ford  
Go Further

FLOAT FOR YOUR LIFE

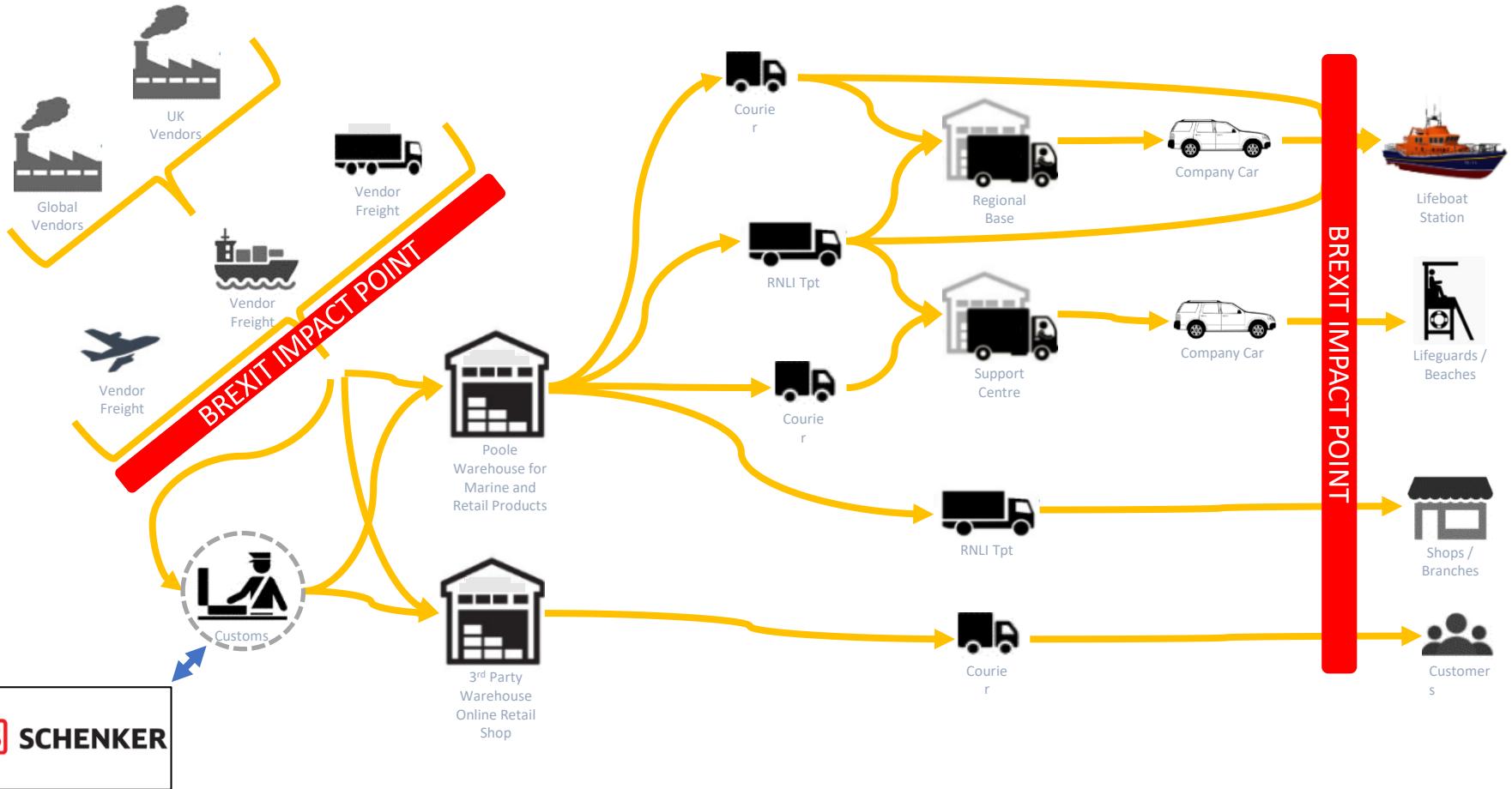
If you fall into water, fight your instincts  
to swim until the cold water shock passes.

FLOAT TO LIVE

22 July, 2021



# How does our Supply Chain work...





# What has changed with Brexit?

The UK relationship with the EU as a 'Third' Country



## TRADE IN GOODS

	EU-UK Trade and Cooperation Agreement	EU Member State
▶ Frictionless trade	✗	✓
▶ Zero tariffs or quotas *	✓	✓
▶ Zero customs formalities	○	✓
▶ Zero SPS checks	✗	✓
▶ Zero rules of origin procedures *	○	✓
▶ Fisheries agreement	○	✓

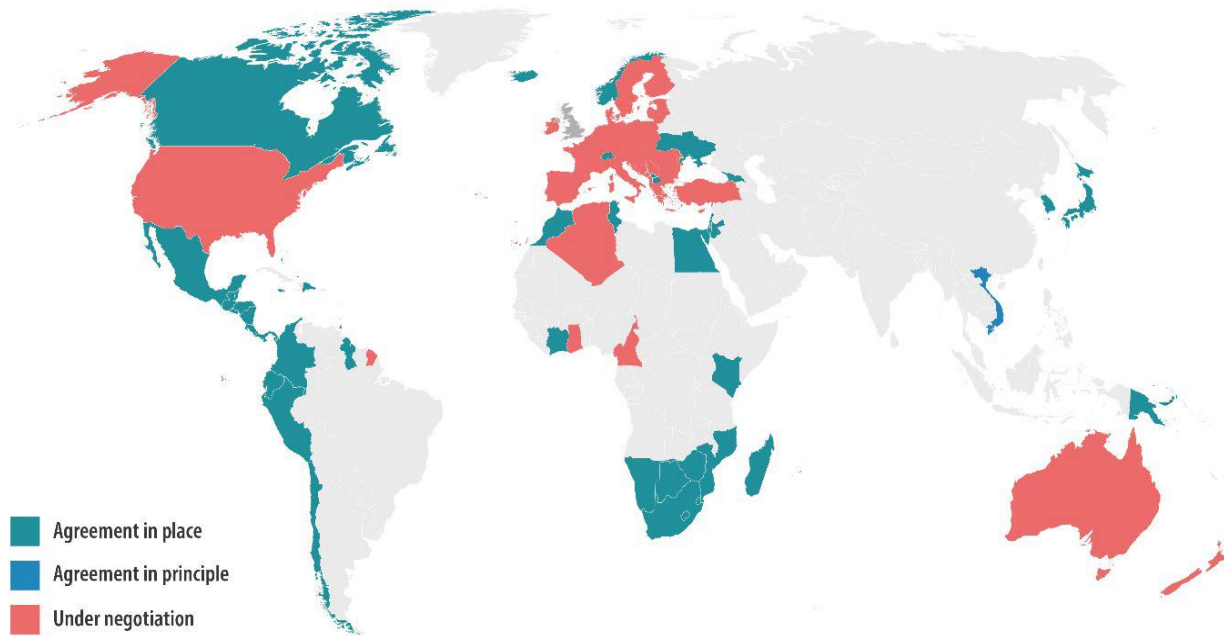
} Import VAT will still be charged on ALL imports, but the RNLI (Charity) will use Section 33 relief to reclaim VAT where possible.

\* = If Goods are NOT 'Originating Goods' made in the EU or UK, then import tariffs will be charged



# What has changed with Brexit?

The UK relationship with the Rest of the World



- Over 60x existing EU FTA's were 'rolled over' to also apply to the UK
- Agreements with Turkey and South Africa were key for products purchased by the RNLI
- Countries with no agreement are traded with on 'WTO Terms'
- Need to monitor for changes or renegotiations that may happen



# What Mitigations have we implemented?

MITIGATION	IMPLEMENTED
CHARITY/COMPANY REGISTRATION	✓
EORI NUMBER	✓
VAT NUMBER	✓
DUTY DEFEREMENT ACCOUNT	✓
TRANSITIONAL SIMPLIFIED PROCEDURES (TSP)	✓
CUSTOMS COMPREHENSIVE GUARANTEE (CCG)	✓
EXPORT LICENCES	✓
TRADER SUPPORT SCHEME (NI)	✓

MITIGATION	IMPLEMENTED
ISPM 15 TREATED WOODEN PACKAGING	✓
INWARD PROCESSING RELIEF	✗
AUTHORISED ECONOMIC OPERATOR	✗
RETURNED GOODS RELIEF	✓
CHARITABLE RELIEF	✓
END USE RELIEF (SHIPWORK PRODUCTS)	✓
CUSTOMS BROKER (DB SCHENKER)	✓
PREFERENTIAL RULES OF ORIGIN	✓



# The RNLI approach to Imports

Imports from our suppliers use End Use Relief wherever possible



- ❑ CUSTOMS DOCUMENTS = Required for ALL shipments
- ❑ VAT = Will be charged on Import @ 20%, all charges are billed against the RNLI Deferment Account
- ❑ TARIFFS (Duty) = Risk of tariffs on goods that are not made in the EU or where EU origin cannot be proved
- ❑ RELIEFS USED = Shipwork Products CPC 4000 023 for any items installed onto a Lifeboat
- ❑ INCOTERMS = DDP for goods originating in EU, and DPU for any goods arriving in
- ❑ IMPORT CLEARANCES = DB Schenker where required



# The RNLI approach to Exports

Exports to the Republic of Ireland using Charitable Relief



- ❑ CUSTOMS DOCUMENTS = Required for ALL shipments
- ❑ VAT = Zero VAT charged for Charitable Goods, 21% Import VAT for other shipments (i.e: Retail)
- ❑ TARIFFS (Duty) = Zero Tariffs charged for Charitable Goods or for goods 'Originating' in the UK
- ❑ EXPORT LICENCE = Required for 'Dual Use' Items
- ❑ RELIEFS = Charitable Goods - CPC 4000 C20 for any Charity Goods that are not for resale
- ❑ CLEARANCES = DB Schenker for All Shipments. Trader Support Scheme for Northern Ireland

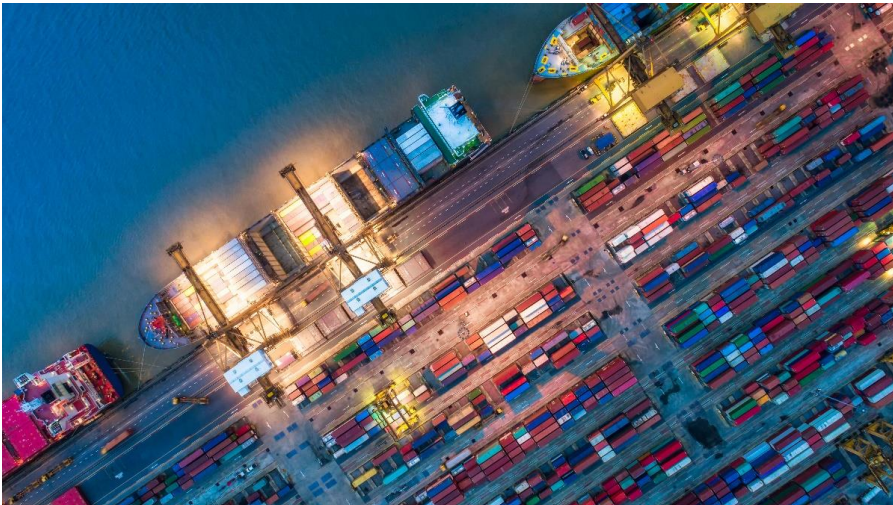


# Ongoing Challenges

Exports to the Republic of Ireland using Charitable Relief

- ☐ RETAIL PRODUCTS PARTICULARLY FOOD PRODUCTSREQUIRING SPS
- ☐ ADMINISTRATIVE BURDEN OF CUSTOMS PAPERWORK
- ☐ SYSTEM CHANGES AND RECORDING CUSTOMS DATA AGAINST ALL PART NUMBERS (Taric and Country of Origin)
- ☐ TRADER SUPPORT SCHEME LINK TO GVMS (Goods Vehicle Movement Service)
- ☐ CUSTOMS CLEARANCE DELAYS
- ☐ PORTENTIAL RISK OF CHANGES TO THE NI PROTOCOL OR THE EU FTA





## Brexit – issues being faced by the HE sector

Presenter:  
Andrea Marshall – Tax Specialist - BUFDG

22<sup>nd</sup> July 2021



## Main Issues Faced and Solutions

- Practical problems
- Solutions: **But...**
  - Won't have all the answers I am afraid
  - Please ask questions as we go along



# First....The elephant in the room...

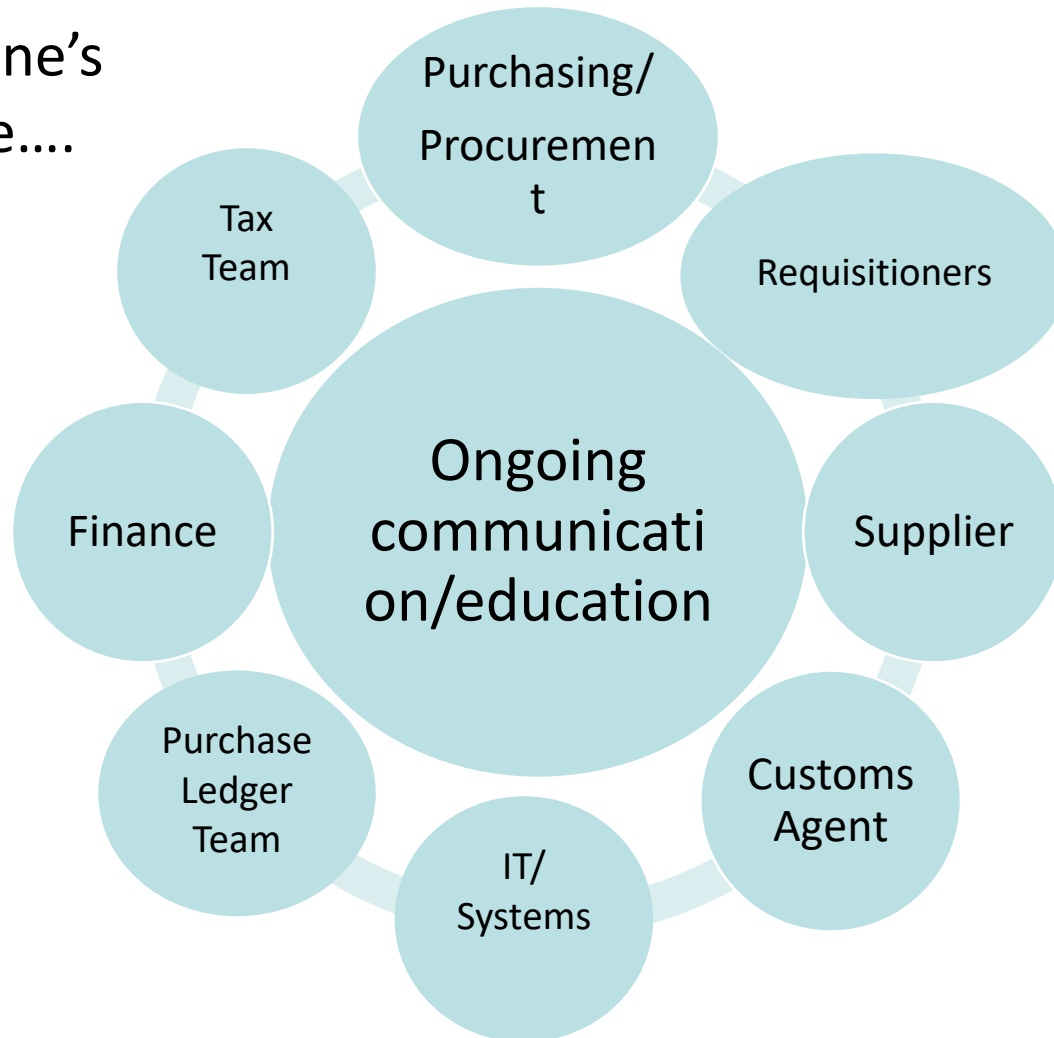


- Are your internal resources sufficient for this “whole new world”?



# Communication and education

This is everyone's  
~~problem~~ issue....





# Main practical problems being faced

- It's an ~~whole~~ old new world....
- Terminology
- Getting the reliefs due to you
- Identifying transactions/volume of transactions
- Getting information about those transactions
- Customs agents/fast parcel operators
- Hold up at the ports
- Actual payment of import taxes – how?
- Accounting for import VAT – overpaid or duplicate payments? (BUFDG in discussions with HMRC)



# Some tips but not foolproof!

- Focus on high value/high volume transactions
- Before order – be clear on item(s) and intended use – consider what reliefs are available and if additional paperwork is needed (e.g. certificates?)
- Look at the paperwork you are sending out with the order and to Customs agent...tell them once, tell them again and again...evidence it



# Import Reliefs – Often VAT is Driver

- Mean that import VAT and/or duty not payable depending on item and intended use
- Need to be clear:
  - who is buying (charity/uni or subsid?)
  - what is being purchased?
  - what is its intended use?
- If claiming relief, supplier and Customs agent need to be advised and extra documentation may be needed
- Correct Customs Procedure Code “CPC” needs to be entered on import document



# Reliefs available

- Specialist items/use - summarised in [BUFDG Guide](#) - see para 6.2

What?	Imported by	Import Duty Relief?	Import VAT Relief?	NIRU Cert	VAT Cert	CPC
<a href="#">animals for scientific research</a>	public establishment involved in education or sci including:...	Yes	N (unless	No	If donated,	Need to use one of the
<a href="#">blood grouping, tissue typing and therapeutic substances</a>	research laborat councils and sim medical schools					
<a href="#">donated medical equipment</a>	medical research including chariti medical research					
<a href="#">goods for testing</a>	Relief can be claimed by any person importing goods for testing, analysis or examination	Yes	Yes	Yes	Not necessary, provided correct CPC code used	Need to use one of the CPC codes listed in the guidance
<a href="#">miscellaneous documents and related articles</a>	Relief (which: an edu a scien a cultu					
<a href="#">museum and gallery exhibits</a> (for permanent import only, must be donated or purchased form a private person or not in the course of business)	Museu					
<a href="#">scientific instruments</a>	univer: trusts i and no or rese					
What?	Imported by	Import Duty Relief?	Import VAT Relief?	NIRU Cert	VAT Cert	CPC
<a href="#">substances for biological and chemical research</a> (applies to certain Tariff Headings only)	public establishment involved in education or scientific research, including: university medical schools, pharmacy or chemistry schools and colleges, medical schools and research laboratories	Yes	Yes	No if public body	Not necessary, provided correct CPC code used	Need to use one of the CPC codes listed in the guidance
<a href="#">visual and auditory goods</a> (only when produced by the UN)	public educational, scientific, or cultural establishment	Yes	Yes	No if public body	Not necessary, provided correct CPC code used	Need to use one of the CPC codes listed in the guidance



# Some tips but not foolproof!

- Correct INCOTERMS? Are they right? Do all parties understand what they mean in reality? Correct one can help prevent hold up at ports



# Incoterms Wall chart...e.g.

**TIBA**

Packaging and verification
 Loading
 Transport
 Customs export
 Handling
 Freight
 Handling
 Customs import
 Transportation to destination
 Unloading

COUNTRY, CITY, PLACE OF ORIGIN      TRANSPORTATION      COUNTRY, CITY, PLACE OF DESTINATION

### Incoterms® 2020 ICC | Rules for any mode or modes of transport

<b>EXW</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>FCA</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>CPT</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>CIP</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
	INSURANCE	■	■	■	■	■	■	■	■	■
<b>DAP</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>DPU</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>DDP</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■

### Incoterms® 2020 ICC | Rules for maritime transport and inland waterways

<b>CFR</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>FOB</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>FAS</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
<b>CIF</b>	COST	■	■	■	■	■	■	■	■	■
	RISK	■	■	■	■	■	■	■	■	■
	INSURANCE	■	■	■	■	■	■	■	■	■

SELLER ■      BUYER ■



# Some tips but not foolproof!

- Worth appointing your own Customs agent? Access to expertise?
- More transactions more leverage...so won't help everyone
- Assumption that import VAT is not a cost to businesses...advise agents that charities/universities cannot usually reclaim import VAT
- Be clear – how are you going to pay the import VAT and duty? Agent's duty deferment account? Charity's/university's duty deferment account? Self charge of VAT – if appropriate?
- Finance/Tax Team decide then advise
- Large value one off transactions - HMRC's Flexible Accounting System "FAS"



# Some tips but not foolproof!

## Fast parcel operators (FPO)

- Beware of multiple accounts across your organisation – try and consolidate – one point of contact as FPO might help...also might help when threatening to put a “stop” on your account!
- “Payment on delivery” demands – avoid them – you should be invoiced!
- Consignments below £135 – you can self-charge import VAT
- Once paid hard to resolve...but



# Some tips but not foolproof!

....pragmatism and realism....

- Bound to overpay some taxes
- Usually import VAT is the real cost not duty
- So, is it worth paying the duty and focusing on minimising import VAT?
- Hold up at the ports...some are paying import taxes demanded and then arguing issue later..but a cost
- Form C285 – reclaim later?



# Where to go for help

- BUFDG Guide being updated over the summer



# Questions and feedback

For more information please contact  
[info@charitytaxgroup.org.uk](mailto:info@charitytaxgroup.org.uk) or visit our  
website [www.charitytaxgroup.org.uk](http://www.charitytaxgroup.org.uk)