



# Consequence of Brexit after the transition period: risk of VAT identification of operators importing goods in DDP in the United Kingdom

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# VAT & Customs alert

## Consequence of Brexit after the transition period: risk of VAT identification of operators importing goods in DDP in the United Kingdom

As a reminder, the withdrawal agreement 2019 / C 384 I / 01 of the United Kingdom from the European Union provides for a transitional period ending on 31 December 2020, during which European Union law continues to apply in relations between the Member States of the European Union and the United Kingdom (maintenance of the Customs Union and current VAT formalities).

At the end of the transitional period, and without any other agreement, European Union law will no longer be applicable in relations with the United Kingdom and the latter will become a third country with numerous consequences for companies trading with the United Kingdom - United (re-establishment of customs formalities, designation of a customs representative, costs of any customs duties and import VAT, etc.).

Therefore, from now on, companies carrying out operations in the United Kingdom must anticipate any additional costs resulting therefrom and prepare to comply with the VAT and customs obligations to which they will be subject in the United Kingdom.

More and more British retailers are asking their non-established suppliers to import goods in DDP \* into the UK in anticipation of the UK's exit from the Customs Union and Union VAT regimes. European. The transfer of ownership taking place after the goods have entered the United Kingdom, the operation will be considered as a domestic delivery thus creating an obligation to identify for VAT in the United Kingdom the said suppliers.

It would therefore be necessary to anticipate the VAT impacts arising from this practice in order to be in compliance in the United Kingdom and in particular:

- if the DDP was maintained after December 31, 2020 by the parties, foreign operators should:

- 1) have submitted VAT registration files in the United Kingdom,
- 2) modify their price and tax clauses initially provided for in the contract

- if the RFP could be changed, the parties should:

- 1) negotiate a new incoterm avoiding this registration requirement,
- 2) modify the contracts accordingly.

\* **DDP** - *Delivered Duty Paid* - is an incoterm under which the seller assumes all risks and costs, customs clearance included up to the place of destination, the buyer being responsible only for insurance costs and unloading at destination.

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