



Brexit update: new rules for trade after 2020

HMRC recently published some new information that may be relevant for a businesses who trade with the UK. From 1 January 2021, businesses without a UK establishment cannot hold a UK Duty Deferment Account (DDA). Non-UK businesses will no longer be able to access duty deferment in their own right but can instead use a UK established agent for deferring duties. Agents with CFSP authorisation can import goods for customers in a direct capacity for UK traders but for non-UK traders, they must act in an indirect capacity and be liable.

Some new guidance has been published for businesses bringing or receiving goods into Great Britain (GB) or Northern Ireland (NI). VAT will continue to be accounted as it is currently on goods sold between GB and NI.

Non-UK importers need a UK-established customs agent to import / export goods

Non-UK businesses importing in the UK or exporting from the UK need a UK-established customs agent who will act as a declarant of the imported / exported goods. This means that companies who are not established in the UK should ensure that they have a UK customs agent who will import/export their goods after 2020. Non-UK companies can be mentioned as a consignee on the import declaration.

From 1 January 2021, non-UK companies cannot have their own UK duty deferment account (DDA) and they need to rely on the DDA of their UK agent when deferring customs duties. In order to delay submitting supplementary declarations and payment of customs duties up to 6 months (until 1 July 2021), the UK customs agent must be authorized for simplified declarations and have access to a UK DDA.

Movements of goods between GB and NI

VAT rules

HMRC has issued a [Policy Paper](#) on 26 October 2020 which sets out how VAT should be accounted for after the end of the transition period. HMRC confirms in its letter to UK VAT registered businesses that there will be no requirement for a new or separate VAT registration for sales of goods in NI, and both GB and NI sales should continue to be reported on a single UK VAT return.

With a small number of exceptions, HMRC has stated that the current system of accounting for VAT (i.e. as domestic UK supplies) will continue. Consequently, if a business will deliver goods from the GB to NI or vice versa then VAT will continue to be accounted as it is currently on goods sold between GB and NI. This means that the seller of the goods will use its GB VAT number and continue to charge its customers VAT and should show this on its invoices. The VAT charged will be accounted for as output VAT on the VAT return in the same box as it is now. Please note that some exceptions apply.

Customs

HMRC has published some [guidance](#) for **UK businesses** what declarations need to be made for goods brought or received into GB or NI from 1 January 2021.

From GB to NI

For most goods no exit declarations will need to be made. Guidance on this will be published at a later date.

- an entry summary (safety and security) declaration must be submitted before the goods arrive
- an entry declaration will need to be made when the goods arrive.

From NI to GB

- For most goods no entry declarations will need to be made. Guidance on this will be published at a later date.

XI number

A special VAT identification (ID) number with the specific prefix "XI" will be used by businesses in Northern Ireland

(NI), so that EU VAT provisions can be properly applied to goods, in line with the special rules as per the NI Protocol applicable on NI.

HMRC confirms in its letter to UK VAT registered businesses that there will be no requirement for new or separate VAT registration for sales of goods in NI.

For goods under the EU rules, as per the NI Protocol:

- goods are located in NI at the time of sale;
- goods supplied in NI by VAT-registered EU businesses; or
- the sale or movement goods from NI to EU or vice versa

then businesses should substitute 'XI' country code in their GB VAT number on invoices.

From 1 January 2021, to move goods to or from NI, businesses will need an EORI number that starts with XI. Companies that have an existing GB EORI number can apply for a NI one.

Trade Support Service

Businesses who move goods between Great Britain and Northern Ireland from 1 January 2021, can sign up for the free [Trader Support Service](#).

Collection of Intrastat Data

Businesses currently registered for Intrastat or in the coming year exceeding the Intrastat exemption threshold, which is £1,500,000 for EU imports (arrivals) and/or £250,000 for EU exports (dispatches), must submit Intrastat declarations in 2021 for the following movement of goods:

- Goods imported into Great Britain (GB) from the European Union (EU)
- Goods imported into Northern Ireland (NI) from the EU
- Goods exported from NI to the EU

No need to submit Intrastat declarations for goods exported from GB to the EU.

See more at [UK Government's Intrastat Guide](#).

Contact

Do you have questions or do you need more detailed information? Please do not hesitate to contact us.



Aiki Kuldkepp
Senior Manager VAT
T +31 (0)88 676 97 56
E aiki.kuldkepp@nl.gt.com



Bob van der Steen
Managing Director / Head Indirect Tax
T +31 (0)88 676 92 90
E bob.vander.steen@nl.gt.com

