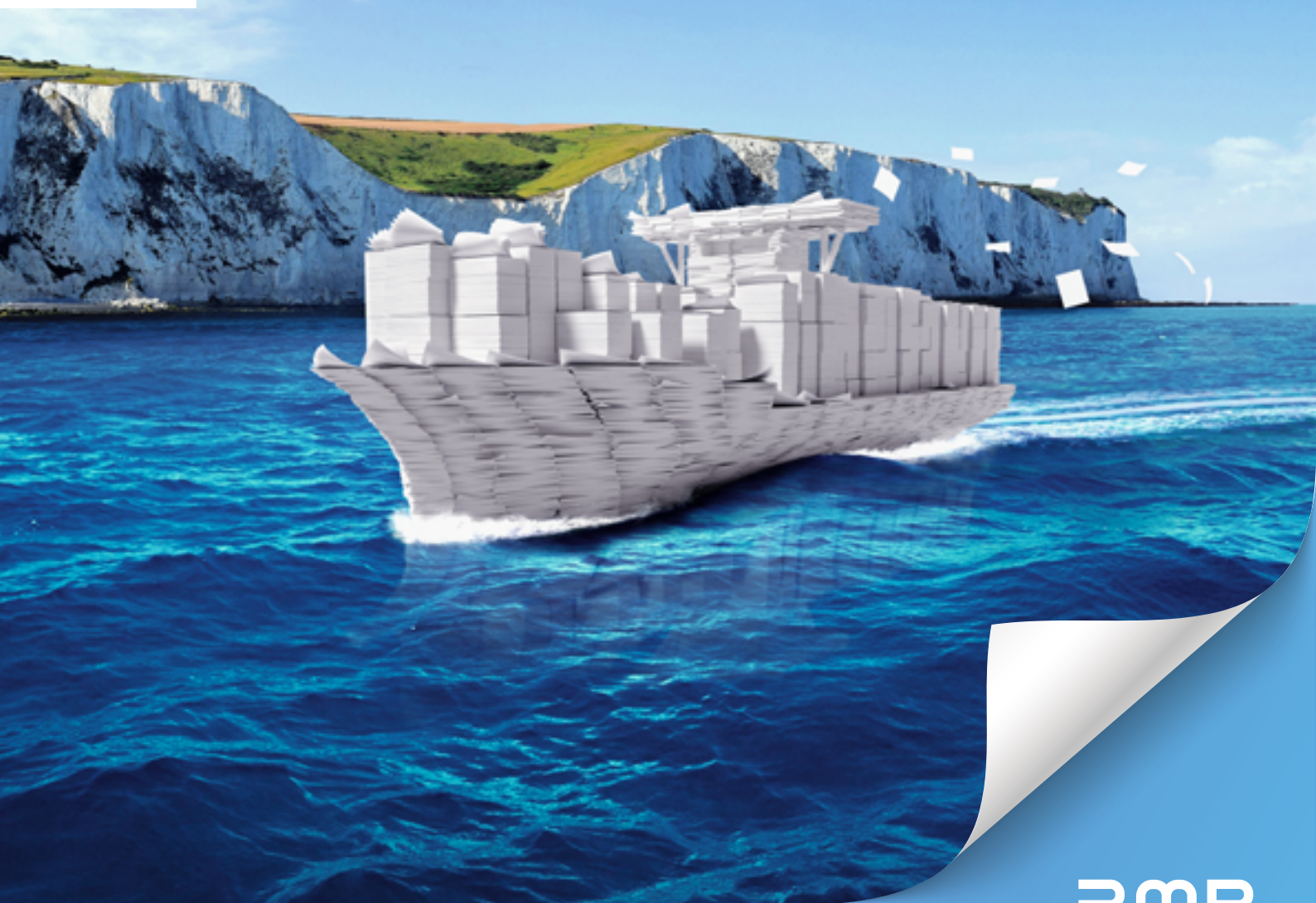
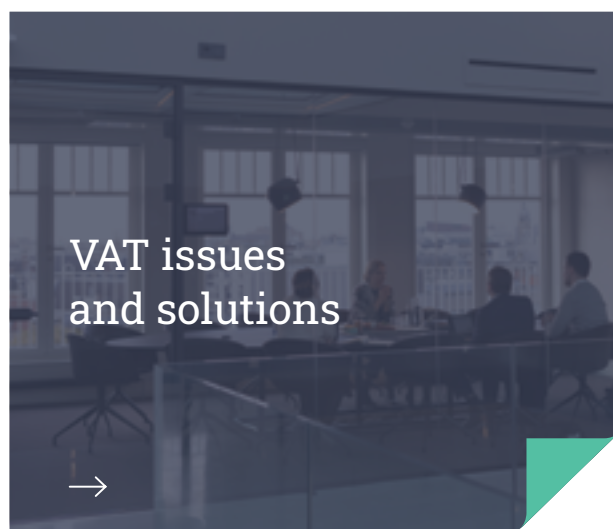


# THE IMPACT OF BREXIT ON EU BUSINESSES THAT TRADE WITH THE UK



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# The impact of Brexit on EU businesses that trade with the UK

The beginning of 2021 was like a bad dream coming true for many businesses that trade with the UK. In addition to a no-deal Brexit, the impact of COVID-19 made trading especially difficult. The biggest change for EU businesses is that the UK is now treated as a 'third country' by the EU. The precise impact of that depends on what type of trade you do with the UK.

In this brochure we detail a range of scenarios for different types of businesses. **This will answer a number of your questions. But if your business does not follow one of the scenarios outlined, you must get professional advice as soon as possible. RMB are available to help you negotiate the post-Brexit trade landscape.**

## 1. EU businesses selling to other businesses in the UK

**Applies to any business that sells to another company across the EU/UK border. Examples include heavy industry and distributors.**

Since Brexit, B2B transactions are no longer classed as intracommunity movements. In the UK, these transactions are classed as imports. That means VAT and duties need to be paid in the UK on imports from the EU to the UK.

In this environment, who takes responsibility for the additional workload? Who is responsible for transport, insurance, and who acts as the exporter/importer of record? And what are the fiscal and financial risks?





From a commercial point of view, your clients probably don't want to increase their post-Brexit administrative burden. At RMB, we are seeing a lot of EU suppliers who want to deliver to the UK on a Delivery Duty Paid (DDP) basis to the UK. DDP means that the EU company while exporting to the UK:

- Takes care of the transport of the goods
- Takes care of customs formalities in the UK
- Becomes the importer of record in the UK.

This removes the customs administration burden and costs away from your customers. But it also means your company will need to appoint a customs agent in the UK so that goods can be cleared in your name. Make sure you have a conversation with your UK customers about the implications of using DDP. Check that you have clear agreements on your responsibilities as a supplier, and the responsibilities your client must assume as the receiver of the goods.

**B2B businesses who want to keep trading as if Brexit never happened must:**

- Obtain an EORI number in the UK
- Register in the UK for VAT purposes. There is no reverse-charge rule for the local supply of goods by non-residents in the UK in B2B sales. An exception is made if goods are shipped from outside the UK, have a value of less than £135, and are sold to a client with a valid UK VAT number.
- Appoint an accredited customs agent or broker.

## 2. EU businesses selling directly to consumers in the UK

**Affects any business that sells direct to a consumer across the EU/UK border. Examples include distance sellers, retailers, tradespeople, and B2C shops (physical and online).**

EU businesses selling directly to UK private individuals can no longer benefit from the EU's distance selling regime. Any goods sent directly from the EU to private UK consumers need to be imported before they can be sold. That means that companies need to obtain a VAT number in the UK. They will invoice UK VAT to their customers when selling in the UK.

There are two scenarios to consider, based on the value of the individual package sent to the private consumer. In the case your company sends an individual package with a value below £135, you'll have the obligation to be VAT registered for VAT in the UK, and to invoice, collect and pay VAT in the UK, regardless if the goods were sent DDP or DAP.

Individual packages with a value above £135 are only subject to import duty and VAT in the UK if you sell DDP.

There is however the possibility to send this category of packages on a DAP basis so that the receiver in the UK is liable for the VAT and duties.

**Businesses that want to continue selling directly to consumers should:**

- Determine who should pay the duties and VAT on import. If the seller wants to take care of that, they will need to register for VAT in the UK.
- Ask for an UK number to be able to import goods in the UK.
- Keep in mind that once the goods are in the UK, the subsequent sale becomes a local sale which is subject to UK VAT.
- Check the VAT rate that applies to your goods in the UK. This can differ from EU country to country.

### 3. You are an EU business working with UK suppliers

EU companies which rely on suppliers in the UK (or vice versa) need to agree new rules that cover issues such as insurance and responsibility. Another important consideration is who will be designated as the importer. This will affect who pays VAT and customs duties on the imports. This change has significant consequences on cash flow, costs, and margins.

RMB can check the situation with your suppliers and create a plan for both sides of the relationship. Our goal is to ensure that the administrative burden is as light as possible for everyone involved.

We can offer several solutions for your suppliers. For example, RMB can act as the importer of record from a VAT perspective in the EU or UK. That avoids the obligation to have an established business in the EU. It means you do not need to worry about import formalities, VAT on import, duties, and other formalities. The involvement of RMB allows your suppliers to import and sell to you as if Brexit never happened.

**Some examples of our solutions include:**

- VAT registration in France (or in another EU country where your supplier would import the goods)
- Obtaining a VAT deferment account so that the supplier's cashflow is not heavily impacted by deferring the VAT on import
- Short-term solutions which allow your UK suppliers to import goods into France and sell them in all EU member states while waiting for their own VAT registration number.



Our goal is to ensure that the administrative burden is **as light as possible for everyone involved.**

**Michael Boulanger**  
Chief executive officer





# VAT issues and solutions

## 1. Importing into the UK while waiting for your VAT registration

If you don't have a valid VAT number in the UK, your company cannot invoice UK clients or collect UK VAT.

**Fortunately, there are ways to conduct operations in the UK while waiting for a UK VAT number. They include:**

- Obtaining a valid UK EORI which gives you the option to import goods into the UK
- Paying VAT on import. No deferment can be used because your company is not yet registered.

There are other solutions available. Contact RMB today so we can explain the options available to your business.

## 2. Reclaim UK VAT paid on import during the interim period

RMB can help you to claim back the UK VAT that was paid while your company was waiting to receive its UK VAT number.

With the right documents and good cooperation from customs brokers, transport companies, and other partners, RMB can make sure that your VAT is refunded.





### 3. Postponed VAT accounting and Duty Deferment account

Once your company receives a valid VAT number in the UK, we can apply for 'postponed VAT accounting'. This mechanism is very similar to one that exists in EU countries.

**It allows businesses to defer their UK VAT if your company:**

Is VAT registered in the UK?

Has a valid EORI number in the UK and is therefore the importer of record

Files import operations in its UK VAT return

**Ultimately, the goal is not to pay any VAT on import while crossing the UK border and so improve significantly the cashflow position of your company while trading with the UK.**

Contact our team so we can explain these options in detail!

[CONTACT US](#) →



## About RMB

Fiscal Representation in the EU and beyond

VAT/customs assistance

VAT refund requests

Management of Intrastat

Management of eco-contributions

Representation of posted workers posted

## Why choose RMB

Fully accredited as a fiscal representative

Highly rated by the French National Bank

30 competent and motivated experts

Knowhow in 27 different countries

Innovative & secured IT tools &  
automation process

Dedicated account management

No hidden costs

Talk to RMB experts, not robots

We really answer your questions

Strategically based between Calais,  
Paris, Belgium & the Netherlands

Contact us for your  
**free Brexit preparedness check-up!**

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