

Guide from

[insert your firm’s name here]

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[Insert a line about your business here]

**VAT and duty on imports and exports**

Whether you are importing or exporting, there are important VAT and duty rules and procedures.   You must ensure that you charge (or pay) the right amount of VAT. If you are importing, you may also need to pay import duty.

VAT and duty rules and procedures changed at the end of 2020. In particular, trade with the EU and trade with Northern Ireland have been affected by Brexit.

## 1. Your customs and tax responsibilities

### Check your responsibilities for imports

* You are normally responsible for clearing the goods through UK customs and paying any taxes.
* Your supplier needs to provide the documentation you need to clear the goods through customs (and to make payment to the supplier).
* You may have to pay import duty.
* Your responsibilities depend on what you have agreed in the contract. To minimise the risk of disputes, your contract should use one of the internationally recognised Incoterms.

### Check your responsibilities for exports

* You are normally responsible for clearing goods outwards through UK customs.
* Your customer is normally responsible for overseas customs clearance and taxes. You can find out more about how other countries handle import duties and taxes from the Department for International Trade.
* You need to provide your customer with the documentation they need to clear goods into their country (and to pay you).
* Your responsibilities depend on what you have agreed in the contract. To minimise the risk of disputes, your contract should use one of the internationally recognised Incoterms.

### Special rules apply to trade with Northern Ireland

### Decide whether to use an agent to handle your responsibilities

* Freight forwarders can handle customs clearance as well as transport.
* Exporting can be simpler if you choose to sell to a single agent or distributor in an overseas country. However, this may not suit your export strategy.

## 2. Exporting goods

### Check what UK VAT rate applies to the goods

* Exports are usually zero-rated. You must keep proof that the goods have been exported.
* There are exceptions where exports are not zero-rated. You can check the details with your trade association, local chamber of commerce or HMRC.

### Check what paperwork you need

* You or your representative (for example, a freight forwarder) must [**declare the export**](https://www.gov.uk/check-customs-declaration).
* You need to provide your customer with the documents they need to import the goods into their country. Providing these documents can also be part of the process of getting paid.
* As a minimum, you will need documents recording the exporter (yourself), the customer, the goods and their value, the export destination, how the goods will be transported and the route they will take.
* Keep copies of documents giving details of all the sales you have made.

### Take care of any responsibility you have for overseas customs clearance and taxes

* Normally you will have agreed that your customer handles this. Take specialist advice, or use an expert agent, if you are responsible.

### Since Brexit, exports to the EU are treated in much the same way as exports to any other country

* Exports are generally zero-rated for VAT and have to be declared.
* EU VAT is payable on the goods when they enter the EU.
* From July 2021, UK businesses may be able to take advantage of the EU Import One-Stop Shop for sales to consumers worth under €150. You deal with the import VAT, making life easier for your customer.

### There are special rules for Northern Ireland

* The VAT treatment of [**exports from Northern Ireland to the EU**](https://www.gov.uk/guidance/dispatches-of-goods-from-northern-ireland-to-the-eu-and-charging-vat) is different. Exports from Northern Ireland to the EU do not have to be declared.
* Exports from Northern Ireland to countries outside the EU are treated in the same way as exports from Great Britain.
* Goods going from Great Britain to Northern Ireland have to be declared. Tariffs may be payable if the goods are ‘at risk’ of entering the EU (for example, by being sold on to customers in the Republic of Ireland).

## 3. Importing goods

### Check what import duty applies

* Import duty is based on the type of goods you are importing, the country they originate from and their value.
* There is no import duty for most imports from EU countries.
* Any duty must be paid before the goods are released by customs, unless you have opened a deferment account with HMRC.
* HMRC's [**Integrated Tariff**](https://www.gov.uk/trade-tariff) sets out the classification of goods and the rates of duty in detail.
* Your trade association or your import agent may be able to advise you.

### Confirm what paperwork you require from the supplier for customs clearance

* This normally includes an invoice and a copy of the transport documents.
* You may need proof of the origin of the goods to claim reduced import duty for goods from certain countries.
* A valuation document is also normally required for imports above a set value.

### Make arrangements to handle customs clearance

* Smaller importers often find it easier to have an agent handle customs clearance for them.

### Make arrangements for VAT

* [**VAT on imports**](https://www.gov.uk/guidance/vat-imports-acquisitions-and-purchases-from-abroad) is generally charged at the same rate as is used within the UK.
* You can usually account for import VAT on your VAT return. This means you do not need to pay the VAT upfront and then recover it.
* You must have an 'EORI' number and include your VAT registration number on any customs declaration.
* If you are not registered for VAT, or the goods are not for business use, you have to pay import VAT and cannot reclaim it.

### There are special rules for Northern Ireland

* VAT is handled differently on goods imported into Northern Ireland from the EU.
* In some cases, goods going from Northern Ireland to Great Britain may need to be declared.

## 4. Handling special cases when trading overseas

### Check whether any goods you are buying are subject to excise duty

* Excise duty is charged on fuel, alcohol and tobacco products.
* Excise duty is charged on imports from the EU as well as imports from countries outside the EU.
* If goods are subject to excise duty, you pay this at the same time as you pay VAT and import duty.
* VAT is charged on the value of the goods plus excise duty.

### Consider using a customs warehouse if you expect to store imports for a long time

* If you store goods in a customs warehouse, you will not need to pay import duty and VAT until you want to remove the goods from the warehouse.
* Storage 'in bond' like this is often used for products subject to excise duty, such as wine and cigarettes.

### Find out about possible tax relief if you are planning to re-export goods you import

* You may be able to take advantage of special inward processing relief rules so that you do not have to pay import duty and VAT.
* This relief can apply to imports that you process before re-exporting them.

### If you import or export regularly, find out about alternative procedures

* For example, businesses that import regularly and in large volumes can use processes such as Customs Freight Simplified Procedures.

### Take expert advice on your own circumstances

* HMRC can provide information on duty and VAT issues.
* Other sources of information and advice can include international trade advisers at your trade association or your local chambers of commerce.

## Signpost

* Find [**import**](https://www.gov.uk/import-goods-into-uk) and [**export**](https://www.gov.uk/export-goods) guidance on GOV.UK.
* Find guidance on [**trade with Northern Ireland**](https://www.gov.uk/guidance/trading-and-moving-goods-in-and-out-of-northern-ireland-from-1-january-2021) on GOV.UK.
* Check detailed guidance on [**zero-rated VAT for exports**](https://www.gov.uk/guidance/vat-on-goods-exported-from-the-uk-notice-703) on GOV.UK.
* Find guidance on the EU [**Import One-Stop Shop**](https://ec.europa.eu/taxation_customs/business/vat/ioss_en).
* Search for commodity codes, trade tariffs and duties and licensing requirements through the [**Trade Tariff**](https://www.gov.uk/trade-tariff) on GOV.UK.
* Check if you need to [**declare  goods**](https://www.gov.uk/check-customs-declaration). Make an [**import or export enquiry**](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/customs-international-trade-and-excise-enquiries) to HMRC (0300 322 9434).
* Find a [**trade association**](https://www.taforum.org/trade-associations/) relevant to your sector through the Trade Association Forum.
* Get help with trade documentation from your [**local chamber of commerce**](https://www.britishchambers.org.uk/page/trade-support-export-documentation).
* Search for a [**freight forwarder**](https://www.bifa.org/member-search) belonging to the British International Freight Association.
* Order a copy of [**Incoterms**](https://2go.iccwbo.org/explore-our-products/books/incoterms.html) from the International Chamber of Commerce.
* Find [**export market information and guidance**](http://opentoexport.com/) through Open to Export.

### Note

VAT, duty and customs rules are complex. This factsheet reflects our understanding of the basic position as known at the last update. Obtain advice on your own specific circumstances and check whether any relevant rules have changed.

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