

Brexit VAT Factsheet

Introduction

Mapping your supply chain will be important as there may be changes to your treatment of VAT either in the supply of goods and or services depending on which jurisdiction your trade is in. **The NI Protocol provides that Northern Ireland will be subject to the same EU VAT rules on goods as EU Member States after the transition period. The Protocol provides that EU VAT rules on services will not apply to Northern Ireland after the transition period.** Whilst NI maintains alignment with the EU VAT rules for goods, including goods moving to, from and within NI it will remain part of the UK's VAT system.

Northern Ireland / Ireland

Supply of goods

The NI protocol applies to supplies of goods between NI and the EU (including ROI). From 1 January 2021, the VAT treatment on the supply of goods, as well as the intra-community supply and acquisition of goods rules, applies when moving goods from NI to ROI. EU businesses supplying and moving goods to NI also follow the same intra-community rules as before this date. NI businesses are required to complete [EC Sales Lists](#) when selling goods to VAT registered customers in the EU and Intrastat declarations (which are subject to the [Intrastat threshold for dispatches and arrivals](#)). ROI companies moving and supplying goods to NI are required to report details of trade with NI on the Intrastat system (subject to the threshold limits) and VAT

Information Exchange System (VIES). Click [here](#) for HMRC's guidance on how to report sales for goods from NI to the EU for VAT. Click [here](#) for HMRC's guidance on Intrastat declarations and [here](#) for the Irish Revenue's guidance on VIES and Intrastat. There is also a requirement to put an "XI" prefix in front of your VAT number on your invoices if moving goods from NI to EU and to provide your XI prefix in front of your VAT number when communicating with suppliers moving goods from EU to NI. Click [here](#) to check if you are trading under the NI protocol.

Supply of services	<p>The NI Protocol does not apply to the supply of services and NI follows all UK VAT rules relating to services. Most services supplied between NI and the EU should not see significant changes for most sectors in respect of legislation and guidance, however, there may be some changes in terminology and invoice references. In addition, the UK updated the specified supplies order so that relevant financial supplies to EU counterparties (including ROI) give the right to recovery of associated UK VAT on costs. Click here to access HMRC's Transitional Guidance for VAT specified supplies. If you make specified supplies from the UK to a person who belongs outside the UK, you'll be entitled to recover as input tax the VAT incurred on financial services supplied to persons belonging outside the UK or directly related to an export of goods, insurance services supplied to persons belonging outside the UK or directly related to an export of goods or the making of arrangement for these specified supplies. VAT incurred before the end of the transition period that is used to make specified supplies to persons in EU member states cannot be recovered. If you are supplying services from the UK that come under use and enjoyment rules and are effectively used and enjoyed outside the UK, they will be outside the scope of VAT. Click here to access the Cross Border Taxation 2018 Act.</p> <p>The current VAT treatment on other supplies of services between ROI and NI has not changed. Click here to access HMRC's VAT notice 741a on the place of supply of services and click here to access the place of supply rules for services outlined by the Irish Revenue. Further guidance may be issued by both tax authorities and further changes may arise.</p>
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Northern Ireland / Great Britain	
Supply of goods	<p>The NI Protocol applies to the supply and movement of goods between NI to GB and GB to NI. Click here to access HMRC's policy paper (updated on 29th January 2021) setting out how VAT rules apply to movement of goods between GB and NI. VAT continues to be accounted for by the supplier as it previously was on goods supplied between NI to GB and GB to NI. VAT also has to be accounted for when a business moves its own goods from GB to NI, however, a business is not required to account for VAT on the movement of own goods from NI to GB unless the goods are subject to an onward sale to its customer in GB. Exceptions to these rules apply whereby the customer/importer accounts for VAT in its UK VAT returns in certain cases. These include movements of goods between GB and NI declared into a special customs procedure, supplies currently subject to domestic reverse charge rules, or supplies subject to onward supply procedures. Click here</p>

	to access HMRC’s current manual on place of supply of goods and it is expected that the manual will continue to be updated to consider the NI Protocol changes.
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Ireland / Great Britain	
Supply of goods	<p>The movements of goods between ROI and GB are treated as exports and imports for VAT purposes. The Brexit Omnibus Bill introduced postponed accounting VAT for all importers registered for VAT in ROI. Postponed Import VAT accounting (PIVA) for imports eliminates the VAT cash flow cost of imports resulting in a significant VAT cash flow benefit for traders. The UK has also introduced PIVA in respect of all imports into GB from both EU and non-EU countries from 1 January 2021 for businesses that are VAT registered in the UK. PIVA must be selected on the import customs declaration otherwise import VAT is due at point of entry as normal. If a business opts to use PIVA, the business is required to sign up to the Customs Declaration Service (CDS) in order to view and download their monthly statements. The monthly statements are required in order to complete the UK VAT returns. Although HMRC have extended the delayed customs declarations from 30 June to 31 December 2021, you must account for import VAT on your VAT return based on your own records during this period. This should continue until the monthly PIVA Statements are issued by HMRC following submission of the delayed customs declarations. Click here for more information on how to complete your VAT return to account for import VAT and click here for HMRC’s guidance on goods moved between GB and EU from 1 January 2021. Click here for guidance on CDS.</p> <p>From 1 January 2021, you must continue to submit UK Intrastat arrival declaration for goods you import from the EU (including ROI) into GB until 31 December 2021. You no longer need to submit an Intrastat declaration for goods you export from GB to the EU as outlined in the HMRC notice 60. If you are trading with GB from 1 January 2021, the rules of trade with a non-EU country apply between ROI and GB. Therefore, supplies and movements of taxable goods between ROI and GB are subject to the VAT rules on exports and imports. Also, you no longer have to report details of trade with GB on the Intrastat system or VIES. Intra-EU rules and simplifications, such as triangulation, no longer apply to sales in GB. ROI businesses may be required to register for VAT in GB as</p>

	<p>outlined in the Irish Revenue's guidance on the VAT implications of trade with GB.</p> <p>From 1 January 2021, you need an EORI number to move goods between ROI/EU and GB. For GB businesses, you need an EU EORI number if your business is making declarations or getting a customs decision in the EU. You can get this from the customs authority in the EU country where you submit your first declaration or request your first decision. Click here to access HMRC's guidance on EORI numbers.</p>
Supply of services	<p>The previous VAT treatment of supplies of services between ROI and GB has not changed. Click here to access HMRC's VAT notice 741a on the place of supply of services and click here to access the place of supply rules for services outlined by the Irish Revenue.</p> <p>The UK updated the specified supplies order so that relevant financial supplies to EU counterparties (including ROI) give the right to recovery of associated UK VAT on costs. Click here to access HMRC's Transitional Guidance for VAT specified supplies. If you make specified supplies from the UK to a person who belongs outside the UK, you'll be entitled to recover as input tax the VAT incurred on financial services supplied to persons belonging outside the UK or directly related to an export of goods; insurance services supplied to persons belonging outside the UK or directly related to an export of goods or the making of arrangement for these specified supplies. VAT incurred before the end of the transition period that is used to make specified supplies to persons in EU member states cannot be recovered. If you are supplying services from the UK that come under use and enjoyment rules and are effectively used and enjoyed outside the UK, they will be outside the scope of VAT. Click here to access the Cross Border Taxation 2018 Act.</p>

Northern Ireland / Ireland / Rest of World (non-EU countries)	
Supply of goods	<p>The movements of goods between NI and the rest of the world are treated as exports and imports for VAT purposes. Postponed Import VAT Accounting (PIVA) is available to VAT registered businesses for import of goods into NI from Rest of World countries. PIVA must be selected on the import customs declaration to ensure import VAT can be accounted for on the UK VAT return of the party that owns the goods and is named as the consignee (similar to Reverse Charge), otherwise import VAT will be due at point of entry as normal. If a business opts to use PIVA, the business is required to sign up to the Customs Declaration Service (CDS) in order to view</p>

	<p>and download their monthly statements. The monthly statements are required in order to complete the UK VAT returns. Click here for guidance on CDS. From 1 January 2021, you need an EORI number that starts with XI to export goods from NI to rest of world and importing into NI from rest of world. NI businesses should be issued with a unique NI EORI starting with XI. The XI EORI is also used in respect of making a declaration in NI or getting a customs decision in NI in respect of GB to NI movements. Click here to access HMRC's guidance on EORI numbers. Click here to access HMRC's manual on place of supply of goods. Click here to access HMRC's guidance on how VAT applies to goods imported into NI from non-EU countries.</p>
Supply of services	<p>The previous VAT treatment on supplies of services between NI and non-EU countries has not changed. Click here to access HMRC's VAT notice 741a on the place of supply of services.</p>