

VAT on trade between Ireland and Great Britain after the transition period

Brexit and VAT changes

As the transition period for the UK's withdrawal from the EU ended at 11pm on 31 December 2020, Great Britain will no longer be treated as if it is a full EU member state for VAT purposes and the rules of trade with a third country will apply to trade with the UK.

Northern Ireland will continue to be treated as an EU member state with regard to VAT on goods but will not be treated as a member state with regard to VAT on services.

Importing from Great Britain

VAT on imports

For VAT purposes, imports are goods arriving into the EU VAT area, which includes Northern Ireland but excludes Great Britain.

If you are approved to use the deferred payment system, VAT will not be due at the point of importation and you can defer payment of certain import charges including customs duty and VAT until the 15th of the month after importation. The VAT due on the goods is calculated on the total cost of the goods including transport costs, insurance costs and any applicable customs duty.

You will have to declare each importation to Revenue using a customs import declaration. The declaration is submitted electronically using Revenue's Automated Import System (AIS).

If you are a VAT-registered trader, you are generally entitled to take credit in your return in the taxable VAT period concerned for VAT paid on goods imported for the purposes of your business.

Import VAT is not payable on goods imported by a VAT-registered trader who:

- is based in a customs-free airport or port, or
- holds a VAT-free authorisation.

Distance selling

Companies based in Great Britain will continue to have an obligation to register in Ireland and charge Irish VAT if they are selling goods from their business to private consumers in Ireland. Those companies will also need to complete the necessary import declaration in respect of goods imported into Ireland.

Postponed accounting

Postponed accounting arrangements enable VAT-registered traders to self-account for VAT on imports on their VAT return so that import VAT may, subject to the usual rules on deductibility, be reclaimed at the same time as it is declared on a VAT return.



This will be a straightforward reverse charge transaction, without the need to pay the import VAT at the point of importation.

Postponed accounting will not apply to goods purchased from Northern Ireland. These purchases will be treated as EU intra-community acquisitions as at present.

Postponed accounting for VAT on import is available to all VAT-registered traders, subject to certain conditions. Traders must be able to demonstrate to Revenue that they meet the following conditions and requirements, where the accountable person:

- a. Is in compliance with the current VAT Act, Tax Acts, Capital Gains Tax Acts, Customs Act, statutes relating to duties of excise, and any other instrument made under any of these enactments.
- b. Keeps full and true VAT records in accordance with the VAT Act.
- c. Has not have been convicted of an offence under any of the Acts.
- d. Provides the information or documentation specified below to the Revenue, if requested:
 - i. evidence of the current business address and previous business addresses, if any, to include an address of a premises and an address at which manufacturing, retail, storage, administrative or other operations are carried out;
 - ii. information relating to the trader's solvency, including the source of any loans or other financing received (or to be received) and the use or intended use of the moneys received through those loans or other financing;
 - iii. information relating to the type, volume and value of goods and services supplied to or by the trader;
 - iv. information relating to the supply of goods or services to or by the trader concerned, including the terms and conditions of such supply, negotiations relating to that supply, the means by which the goods or services are to be supplied and the commercial rationale for supplying or receiving those goods or services;

- v. evidence that there is a system in place for maintaining records relating to the supply by or to the trader of goods and services that ensures those records are complete, accurate and readily available to that person;
- vi. the most recently completed audited accounts;
- vii. a declaration that all information provided by that person for the purposes of postponed accounting is correct;
- viii. a tax clearance certificate;
- ix. any other information that Revenue deem is required.

Revenue may also seek security bonds at the point of registration or at any stage in the life cycle of a business, where it is clear that such action is necessary for the protection of the exchequer.

To use postponed accounting, an importer should enter a code on the import declaration. This code will allow the VAT on import liability to be accounted for by the importer in their VAT return. The VAT return will contain new boxes to capture this information. If an importer wishes to pay VAT at the time of importation, the relevant code should not be entered.

Where a trader is excluded by Revenue from the postponed accounting scheme, the code should not be entered on the import declaration. The import declaration completed by or on behalf of a trader will not be pre-populated with the postponed accounting indicator. In that case, VAT will have to be accounted for and paid on importation. Customs staff will ensure that any importer who has been excluded is not allowed to avail of the scheme.

The VAT return and annual Return of Trading Details (VAT RTD) will be amended to coincide with the introduction of postponed accounting. These returns will require additional details relating to postponed accounting. The amended VAT return and VAT RTD will apply for all VAT periods or accounting periods commencing from 1 January 2021.

Reclaiming VAT incurred in Great Britain

The Electronic VAT Refund (EVR) system will no longer be available to claim:

- VAT incurred in Great Britain by Irish traders, or
- VAT incurred in Ireland by traders in Great Britain.

The EVR system can be used to reclaim VAT incurred on goods in Northern Ireland. Traders in Northern Ireland should use the prefix "XI" in their VAT number for the purpose of transactions relating to goods with the EU.

Exporting to Great Britain

For VAT purposes, exports are goods directly dispatched to a destination outside the EU VAT area. This now includes Great Britain.

The distance selling threshold will no longer apply to sales made by businesses in Ireland to consumers in Great Britain.

The zero rate of VAT applies to exports.

You must ensure that the goods have left the EU and have evidence of export.

You will need to declare each export to Revenue using a customs export declaration. The declaration is submitted electronically using Revenue's Automated Import System (AIS).

Licences are required to export certain types of goods from the EU. You may be required to show Revenue that you have a licence for exporting goods.

For additional information or help with any tax-related issues related to Brexit and international trade, contact a member of our tax team.

About us

Established in 1941, Crowe is a leading accountancy and business advisory firm in Ireland. Throughout our 75-year history, we have developed an unrivalled understanding of the Irish business environment and built a national reputation in auditing, tax and business consultancy.

We work with a variety of clients across commercial and public sectors. Our services include Audit & Assurance, Tax, Corporate Insolvency & Recovery, Corporate Finance, Consultancy, and Outsourcing.

We are also independent members of the eighth-largest accountancy network in the world, with colleagues in over 750 offices across 130 countries. Through this global reach we are able to offer clients a seamless service when trading internationally.

Our success is the result of our exceptional client service. Together with our clients, we work to optimise the present and maximise the future, tirelessly exploring all possibilities until we find the right solution. We help clients make smarter decisions today that create lasting value for tomorrow.

Smart decisions. Lasting value.

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