

# BREXIT

VAT Treatment of Goods and Services

# Cross-border supplies of Goods to the UK (except for Northern Ireland):

- ▶ Goods brought into the VAT territory of the EU from UK - subject to Customs supervision and controls under the Customs Regulation - VAT due on importation
- ▶ Goods leaving the EU to the UK - treated as exports - exempt from VAT

# Ireland/Northern Ireland Protocol applying from 1st Jan 2021

- ▶ **Regarding transactions involving goods only** any reference to the EU includes Northern Ireland and any reference to the UK refers only to Great Britain
- ▶ Taxable persons established in Northern Ireland have the prefix “XI” before their number for the purpose of the exemption from VAT on intra-community transactions of goods
- ▶ Transactions involving **services** are treated as if supplied to or from a third country
- ▶ Transactions involving movement of goods between Northern Ireland and Member States - EU VAT rules on goods are applied accordingly i.e. considered as Intra-community supplies or Intra-community acquisitions etc - validity of VAT number with “XI” prefix required
- ▶ Transactions involving movement of goods between Northern Ireland and the other parts of the UK - considered as imports/exports

# Ireland/Northern Ireland Protocol applying from 1st Jan 2021

- ▶ Taxable persons established in the EU are still able to use the OSS for intra-community distance sales of goods to customers in Northern Ireland
- ▶ Taxable persons established in the EU claiming refunds from Northern Ireland and taxable persons established in Northern Ireland claiming refunds from EU Member States may continue to use the existing procedure under the 8th Directive
- ▶ UK cannot participate, on behalf of Northern Ireland, in the EU decision making process

# Supplies of Services

- ▶ Existing rules of place of supply of services apply to the UK. Therefore save for existing exceptions, the general rule will be applied as follows:
- ▶ Supplies of services to Customers in UK (including Northern Ireland) by suppliers established in the EU and supplies of services to Customers in the EU by suppliers established in UK (including Northern Ireland) will be treated as being supplied to or from a third country)
- ▶ The place of supply of B2B services supplied by a supplier in Malta to a customer in the UK will be the UK and therefore will not fall within the scope of EU VAT
- ▶ The place of supply of B2B services supplied by a supplier in the UK to a customer in Malta will be Malta and therefore Maltese VAT will be due
- ▶ The place of supply of B2C services supplied by a supplier in Malta to a customer in the UK will be Malta and therefore Maltese VAT will be due
- ▶ The place of supply of B2C services supplied by a supplier in the UK to a customer in Malta will be the UK and therefore will not fall within the scope of EU VAT

# VAT Refunds (services)

- ▶ Refunds claimed by Maltese traders from UK under the 8th Directive, for the period up to 31st Dec 2020, had to be submitted through the Maltese Tax Authority Portal under the existing arrangements of the 8th Directive, **by the 31st March 2021**

# Separation Provisions under the Withdrawal Agreement for EU and UK traders

- ▶ For transactions that took place until the 31st Dec 2020, rights and obligations will apply for 5 years
- ▶ Amendments to MOSS returns for periods up to 31st Dec 2020, may be effected until 31st Dec 2021

# MOSS and OSS

- ▶ From 1st July 2021, a taxable person established in the UK making distance sales of goods to a customer in the EU may use the Import OSS Scheme for goods of an intrinsic value not exceeding €150
- ▶ Suppliers established in the UK or third country suppliers that chose the UK as the MS of Identification (MSID) will have to switch to the NON-UNION SCHEME
- ▶ Suppliers established in the UK who are also established in a Member State are required to move their MOSS registration to that Member State from 1st Jan 2021, if they still want to use MOSS
- ▶ Suppliers established in a third country or in a Member State who supply TBE services to UK customers can no longer use MOSS - UK rules apply to these transactions
- ▶ The above applies also to services that will be included with the extension of MOSS to OSS on the 1st July 2021.
- ▶ If a UK trader does not wish to use MOSS or OSS for his supplies to customers established in the EU, he has to register in all Member States where he supplies his services.