

BREXIT – Overseas online retailers and online marketplaces

Factsheet

In recent years, concern has been growing across EU governments that overseas retailers are selling goods to EU consumers without accounting for VAT which is properly due.

What happens now?

Many overseas retailers use an online market place and, since 2018, online market places have been required to undertake checks on the retailers using their platforms and can be held jointly and severally liable for VAT due on sales.

What is going to happen?

After 31 December 2020 new rules will apply to sales by overseas retailers to UK customers. In summary:

- Goods delivered to the UK:
 - Consignments of no more than £135 in value will be subject to import VAT at the point of sale and the overseas retailer or, if used, online market place will be liable to account for this.
 - Consignments exceeding £135 in value are subject to the normal rules at import, i.e. the overseas retailer will need to declare them to customs and pay import VAT, etc.
- Goods already in the UK at point of sale:
 - If the overseas retailer sells them directly they should already be registered for VAT, there will be no change to the existing rules on 31 December.
 - If sales are made via an the online market place, the online market place will be liable for the VAT due on sale. The overseas retailer will be deemed to make a zero-rated sale to the online market place when the goods are sold, this will enable them to register for UK VAT and recover VAT incurred on their costs.

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