

FREQUENTLY ASKED QUESTIONS

BREXIT

This webinar was delivered as part of Tourism NI's Tourism Enterprise Development (TED) Programme by Feargal McCormack, Managing Director of PKF-FPM. Following the session Feargal and his team kindly provided responses to a number of industry questions received during the webinar. Please find responses below.

Questions and Responses

1. If you are shipping pop ups etc for promotional shows do you need an ATA carnet?

If moving goods from NI to GB on a temporary basis, an ATA Carnet can be used to replace the need for customs documentation on return to NI.

An ATA Carnet removes the need to pay duty and/or vat at the time of import and thus facilitates efficient import.

Typically ATA Carnets are used for the temporary movement of:

- Commercial samples
- Goods used at trade fairs, exhibitions, shows or similar events
- Professional equipment

For further information to include details of goods which cannot avail of an ATA Carnet, click [here](#).



2. Will tourists buying goods, including alcohol and tobacco, and then moving on to GB or RoI require additional documentation or restricted in the value of goods they can carry home?

In respect of the movement of goods from NI to RoI there will be no new restrictions or paperwork required.

In respect of passenger purchase of alcohol and tobacco, the UK House of Commons published a briefing paper outlining that after the UK leaves the Single Market, passengers entering GB from EU and non-EU countries from 1 January 2021 will be entitled to bring in defined amounts of alcohol, tobacco and other goods, without having to pay UK VAT or duty on these imports.

These personal allowances will be as follows:

ALCOHOL	TOBACCO	ANY OTHER GOODS
<ul style="list-style-type: none"> • 42 litres of beer • 18 litres of still wine • 4 litres of spirits • 9 litres of sparkling wine, fortified wine or any alcoholic beverage less than 22% ABV 	<ul style="list-style-type: none"> • 200 cigarettes • 100 cigarillos • 50 cigars • 250g tobacco • 200 sticks of tobacco for heating • or any proportional combination of the above. 	<ul style="list-style-type: none"> • £390 or £270 if travelling by private plane or boat.

For more information on the latest reforms please click [here](#).



3. At present I provide online services to customers in the EU and outside of the EU, are there any changes arising from Brexit/ what are the requirements for shipping online sales outside the UK?

Online sales to customers in the EU:

- Customs - No additional customs formalities will apply on the movement of goods between NI and EU member states. There will be no new paperwork, no tariffs and no additional regulatory checks,
- VAT: The distance selling rules will continue to apply to companies supplying goods arising from online sales to private customers in an EU member state. As such, NI traders will continue to charge UK VAT until sales reach the relevant threshold in that member state. If your distance sales exceed the appropriate threshold in an EU member state, you must register for VAT in that member state and account for VAT at the appropriate rate in that member state.

Online sales to customers outside the EU:

- These will continue to be treated as exports and imports for both VAT and customs purposes, as is currently the case.
- All traders supplying goods online must be aware of the EU July 2021 e-commerce VAT package which will abolish country-specific “distance sales” thresholds, implement a unique and common threshold of €10,000 and introduce a one-stop-shop which will allow EU-wide VAT liabilities to be submitted through a single EU-wide VAT return (thereby avoiding multiple VAT registrations and EU reporting obligations).
- The above guidance relates to the supply of goods by NI businesses to EU customers through ecommerce sales. The requirements for companies providing online services, particularly online digital services, will also be impacted by Brexit and traders should seek further assistance in this regard.

4. Will NI be able to have different VAT or tax rates from other EU states and GB?

- NI will remain part of the UK VAT regime, however, in relation to VAT rates NI remains bound by EU rules which provide a good deal of flexibility already.
- There is a specific provision in the Protocol which allows the UK government to apply NI VAT exemptions and reductions including zero rating.
- For e.g., the UK government have committed to scrapping the 5% VAT rate on sanitary products from 1 January 2021 and NI will be entitled to benefit from this in the same way that the rest of the UK does.
- As such, if reduced rates of VAT were to be introduced by the UK government in the future it is likely that these would be applied to NI in the same way in which they would be applied throughout the remainder of the UK.

5. We source our hotel supplies from a company in England, because the options are limited here. Do we need an EORI number for this?

- From 1 January 2021, the movement of goods GB- NI will be treated as an import into the EU and full import customs declarations will be required.
- An EORI Number will be required in order to make the relevant customs declarations.
- As highlighted during the webinar, Northern Ireland's unique position under the Protocol will be recognised through their XI EORI number, however, an XI EORI number can only be obtained if you already have a GB EORI Number in place.
- If you have not yet obtained an EORI Number, you can apply for a GB EORI number and an EORI number that starts with XI at the same time.
- The HMRC website currently indicates that you will receive your EORI number within 4 working days of application.

6. Regarding the TOMS Scheme, if you have a turnover of £110K, but your outsourced and relevant reseller fees are £50K, would this would mean that you are under the VAT threshold for VAT registration / charging VAT?

Under TOMS, if you're considering whether you must register for VAT or whether you must de-register, your taxable turnover is regarded as the total of:

Total margin on your taxable (including zero-rated) margin scheme supplies. This will include the full value of taxable (including zero-rated) in-house supplies, taxable agency commission and any other taxable (zero-rated) supplies you make in the UK.

As such, your turnover under TOMS for registration purposes in the above example would be £60k.

*There was a subsequent question received: Specific to the TOMS Scheme: Are we correct in understanding that a company only needs to register for VAT once their turnover less their payments to relevant sub-contractors exceeds £85K?

As outlined above, when considering turnover for VAT registration purposes, it is the tour operator's margin that needs to be considered.

7. Will non-EU visitors to N.I be able to claim a VAT refund on goods bought in N.I as in Great Britain the VAT Retail Export Scheme is scheduled to end on 31 December?

- The VAT Retail Export Scheme allows retailers to offer VAT refunds on goods to visitors to the EU and NI where they take those goods with them in their luggage when they leave.
- The RES schemes will no longer be available to GB traders post 31 December 2020.
- However, NI traders that use the scheme will continue to operate the scheme much the same as they do now. In order to do so, they will be required to obtain evidence showing visitors destination when they leave NI. Retailers will still need to obtain an endorsed VAT407 claim form as they do now.
- The scheme will be available for goods removed to GB by visitors to the EU and NI. However, additional conditions will apply for goods purchased in NI and removed to GB.
- Goods that have been subject to a VAT RES claim in NI will not be subject to passengers allowances and VAT will be due on their full value on entering GB.
- Where visitors make purchases in NI under the scheme, and remove the goods to GB, the retailer will collect this import VAT before giving the refund of VAT and account for it on their VAT returns.

- VAT will not be due on goods entering GB from NI if they have not been subject to a VAT RES claim.

8. If you run a small online shop do you need to fill out customs materials or does royal mail cover this?

- Where you have identified that additional customs obligations arise, and the Incoterms dictate that customs are your responsibility, you will be held liable for any unpaid duties or failure to satisfy customs obligations. Therefore it is essential that you ensure all customs obligations are satisfied- either in house, through engaging with a customs agent or utilisation of the Trader Support Scheme (TSS). Royal Mail will not automatically carry out customs formalities on your behalf.

9. How will this affect the management of data associated with EU guest bookings?

If you are processing the data of an EU subject but the goods or services are being supplied within the UK, it seems that you do not need to appoint an EU rep. Further clarification is needed.

You still must comply with GDPR, but there is no significant change here, as you should already be compliant.

After 1 January this will amount to a cross border data transfer. This means you have to take steps to safeguard the data. There is an exception for consumer only data, but this will not apply if you store your data outside the UK (e.g. you use a cloud service based in Dublin). If you cannot rely on the consumer exception, you need to take additional safeguards by inserting standard clauses into your terms of business/ privacy notice.

10. Should I be concerned with data if passengers book my airport transfer service using our online reservation system, if they are a resident of EU?

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11. Will there be any restrictions on tourists travelling from the EU to the NI and if so will tour operators be aware of these?

EU, EEA and Swiss citizens will continue to be able to travel to the UK for holidays or short trips without needing a visa. They will be able to cross the UK border using a valid passport which should be valid for the whole time you are in the UK. There are currently no border checks travelling from ROI into NI but the advice is for travellers to have travel documents and identity documents available for inspection. Tour operators should make their customers aware of this before booking tours.

12. Will the ability for students to come over in exchange schemes to work or get experience be affected?

Assuming this is a question about whether the temporary work visa under tier 5 remains the same, the answer is yes. There may be a new application form but the process seems to be the same.

*Delivered as part of the Tourism Enterprise Development (TED) Programme
on behalf of Tourism NI by:*

