



Northern Ireland Protocol Customs Duty and VAT

Important information for businesses who move goods between Great Britain and Northern Ireland from 1st January 2021.

Trader Support System (TSS)

Trader Support System (TSS) Due to the UK's obligations under the Northern Ireland Protocol, customs declarations will be required when moving goods between Great Britain and Northern Ireland, or into Northern Ireland from outside the UK. To facilitate these movements, and minimise the burden on GB businesses, the UK is introducing the new Trader Support System (TSS) which will be operational from the 1st January 2021. This will be a free of charge online portal that will enable businesses to provide details on the affected movements. Although the system is not yet operational, businesses can now register for access to TSS via the link below:

<https://www.export.org.uk/mpage/trp>.



We recommend that businesses who;

- are moving the goods themselves
- act on behalf of someone else, or
- send parcels between Great Britain and Northern Ireland, or bring parcels into Northern Ireland from outside the UK

register for TSS before 23 November to ensure they are ready for 2021. Provided businesses have registered with TSS before 23rd November they will automatically be issued with a new XI EORI number which is required for trade between GB and Northern Ireland

There remains a lack of detailed information about how the protocol will impact UK businesses. It is likely that certain goods will be subject to Customs Duty on entry to NI, with a rebate system to recover this Duty if the goods do not move to the EU from NI.



Food



Agricultural product



Sanitary goods



Phytosanitary goods

Northern Ireland VAT

Northern Ireland will operate a dual VAT regime as part of the Brexit Withdrawal agreement. The rest of the UK, Great Britain (GB), will leave the EU VAT regime but NI will remain inside the EU VAT, Customs Union and Single Market for goods only. Goods moved between NI and the rest of the EU

will continue to be treated as intra-EU transactions. Businesses in NI may be required to have 2 VAT numbers, their UK one and a special EU VAT identification number, the latter for continued VAT-free trade with EU suppliers.

Great Britain to Northern Ireland

- Food and agricultural products – and all sanitary and phytosanitary – will be subject to specified processes.
- UK authorities apply EU customs rules to goods entering NI.
- New process for traders, notably new electronic import declaration requirements, and safety and security information.
- New Trader Support Service (TSS) will undertake digital processes on behalf of traders
- Goods moved between NI and the rest of the EU will continue to be treated as intra-EU transactions.

Movement of Own Goods

Under the obligations in the Protocol, import VAT will be due on goods that enter Northern Ireland from Great Britain. Whilst this won't change the way in which VAT is charged and accounted for on most sales from GB to customers in Northern Ireland, there is an important change where goods are moved but ownership does not change.

When a VAT registered business moves its own goods from Great Britain into Northern Ireland, VAT will be due. The business will need to account for VAT on the movement. This should be included as output VAT on the VAT return. Where the goods are being used for taxable sales, the VAT may also be reclaimed as input VAT on its UK VAT return, subject to the normal rules. Where a business uses the goods for exempt activities, or where the goods are put to a mixed taxable and exempt use, it may be required to make an adjustment to its calculations.

Similar rules will also apply where goods are supplied between members of a VAT group, and those goods move from Great Britain to Northern Ireland.

Margin Scheme

Another significant change is that the margin scheme for second-hand goods, will not be available for sales in Northern Ireland where the stock is purchased in Great Britain. The VAT on these sales will be subject to the normal rules and must be accounted for on the full value of the supply.

This will be a major disincentive for Northern Ireland dealers to buy second-hand stock in GB with the used car market particularly affected.

Rest of the World to Northern Ireland

Northern Ireland will be able to benefit from future UK FTAs.

- Tariffs may apply for goods imported from the rest of the world (and from outside the EU).
- The UK's tariff regime will apply to such movements, unless a good is considered 'at risk' of moving into the EU, in which case EU tariffs will apply.

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