

RMB

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STOP STRUGGLING WITH BREXIT AND SELL DDP IN THE EU



RMB

CONQUER EUROPE,
WE'LL HANDLE THE PAPERWORK

STOP STRUGGLING WITH BREXIT AND SELL DDP IN THE EU

INTRODUCTION

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evolved to deal with
Brexit ?

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CASESTUDY

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Has your business evolved to deal with Brexit ?

The beginning of 2021 was like a bad dream for many British businesses. In addition to a no-deal Brexit, the impact of COVID-19 made trading especially difficult. The biggest change for UK businesses is that the UK is now treated as a 'third country' by the EU.

Time has passed since then, but many British and European companies still struggle to determine how they should be selling across this new border. The precise impact of Brexit depends on what type of trade you do with the EU.

In this brochure we detail a range of scenarios for different types of businesses which will answer several of your questions. However, if your business does not follow one of the scenarios outlined, we advise you to get professional advice as soon as possible.

RMB are available to help you negotiate the post-Brexit trade landscape.

Book a call with one of
RMB's Brexit specialists today!

We will answer your questions quickly and comprehensively, so your business is Brexit-evolved.

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UK businesses selling B2B in the EU

Affects any business that sells to another company across the UK/EU border.

Examples include heavy industry and distributors.

B2B transactions are no longer classed as intracommunity movements. As a result, these operations are classed as imports and exports between the UK and EU. This means that VAT and duties must be paid on imports in the country of import. The question arises which of the parties should take care of this additional workload and responsibility, specifically regarding transport, insurance, naming the exporter/importer of records and so on. Each and every of the before mentioned questions will have consequences for the one that will take this responsibility in terms of potential liabilities and costs.

From a commercial point of view, your clients do not want to have more administrative burden and many British companies have concluded that they need to switch to working on a DDP basis with their clients to minimize the barriers to trade.

DDP incoterm means “Delivery Duty Paid”. This means, depending on the country of arrival of goods, that as a British company:

- you take care of the transport of your goods,
- you take care of the customs formalities in the EU,
- you become the Importer of records in the EU.

This takes the customs administrative burdens and costs away from your customers, but your company will need to appoint a customs agent in the EU so that goods are cleared in your name. Make sure to have this conversation with your customers and have clear agreements on the responsibility of you as a supplier and your client as the receiver of the goods.

What are the basic requirements to sell DDP to the EU?

- Obtain an EU VAT number to benefit from the Import VAT reverse charge mechanism,
- Obtain an EORI number in the EU (one number is enough to cover the whole of 27 EU member states),
- Register in the country where your goods are destined if there is no reverse charge rule for the local supply of goods by non-residents. This is the case in Germany and Austria,
- Appoint an accredited customs agent or broker.



Why choose France as a unique country of import in the EU?



It is important to carefully select the country where your goods clear customs and there are several reasons why France is an excellent option for British exporters:

1. No need to use T1 documents to reach EU consignees

A. Smart border

The Smart Border is the result of the close cooperation between British and French customs. It is an innovative customs system, which aims to automate and digitalise the process as much as possible.

How does it work?

Your goods are first checked on the British side, border control and the HMRC go over the migratory and customs controls respectively. After that, as the lorry gets on to the ferry/train, a notification of embarking and a declarant notification to validate the anticipated declaration is filed by your French customs broker in real time.

The lorry then crosses the Channel and your French customs broker has 40 minutes to 1 hour to validate the import declaration, either manually or using the automated validation process. This means that your goods are cleared whilst crossing the channel. During the crossing the driver scans the barcode that he was given, so when disembarking they already know whether to follow the green lane or the orange one.

If it is the green lane, the lorry is allowed to continue its journey without stopping once arrived into France. If it is the orange lane, additional sanitary controls need to be performed by the French customs authorities. Even if this is the case, this process rarely takes more than a couple of hours before the lorry is released.

Thanks to this ingenious system, your company, as a British exporter, can deliver to EU clients without any noticeable delays on the border or during the clearing process.



B. Goods are customs cleared on a DDP basis

Delivered duty paid (DDP) is a delivery agreement whereby the seller assumes all responsibility of transporting the goods until they reach an agreed-upon destination. In other words, the British exporter handles all tax and customs formalities when delivering to their EU clients.

C. Goods are deemed to be in free circulation as soon as they arrive in France

Once the clearing process has been completed in France, the goods are in free circulation in the EU. In practice this means, the British exporter clears the goods upon arrival in France and is then able to ship goods across the EU without needing to fulfil any further tax or customs formalities in the country of destination.

D. UK exporters bill EU clients as if they are EU suppliers

By clearing goods in France first, the British exporter delivers the goods within the EU from France. From the clients' perspective, it is as if they are buying from France.



2. Import VAT deferment available

A. Even better... has become mandatory

Import VAT deferment or « autoliquidation de la TVA à l'importation » as they call it in France, is basically the equivalent of "Postponed VAT accounting" in the UK.

The use of this mechanism has become mandatory since 1st January 2022 but the reverse charged import VAT must be filed in a French VAT return. A French VAT registration number is therefore required for all companies importing goods into France from 1st January 2022!

B. Benefits on cash flow

The VAT on import is no longer payable to the French customs broker which is a blessing in disguise because:

- No IMPORT VAT to be prefinanced ever again,
- No more time-consuming procedures to get the import VAT refunded,
- One VAT number that can be used to deliver DDP to both French and other EU clients.

Our conclusion: It is worth waiting 2 or 3 months to be VAT registered in France!

3. Efficiency

A. Geography

Central location in the EU

Huge investments have been done in the North of France region, including in the port of Calais, which has recently expanded and opened a brand new port. Several other ports are also at your disposal in France, such as Dunkirk, or Boulogne-Sur-Mer (known for its important fish market).

Extensive road network

Several crossing possibilities are at the disposal of the British exporters such as by ferry or the tunnel train. The north of France boasts various transport possibilities to facilitate the movement of goods across the EU, making it as efficient as possible.

B. Costs

Cost efficiency is important to retain your competitive position in the EU markets. Dover – Calais is the shortest crossing between the UK and the EU, only 20 miles. France is also very friendly to British exporters, not only from a customs perspective, but from a fiscal perspective as well! Even back in 2020, before Brexit took place, the French tax authorities announced that British companies shall be whitelisted in France. This promise was put into practice, which now has the following benefits:

- Mutual tax reciprocity between France and the UK,
- No requirement to set up a bank guarantee with the French tax authorities,
- Lower VAT compliance costs.



4. No need to set up a company in France

British exporters do not need to setup a company in the EU in order to export and trade with their EU clients. Although there are cases where a company is mandatory, most of the time a VAT number will suffice.

Still remaining a British company and not bearing any other responsibilities or tax liabilities in the EU other than filing VAT returns, our set of solutions are very attractive for many British exporters wanting to continue trading with the EU.

Contact us for your free
Brexit-evolved check-up!

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UK businesses selling B2C in the EU

The reform affects businesses that are based in the EU and businesses which sell goods into the EU from the outside.

1. A guide to the (I)OSS reforms

From 1 July 2021 the European Union (EU) has implemented new rules to modernize value added tax (VAT) on cross-border e-commerce transactions. The reforms will affect businesses that are based in the EU and businesses which sell goods into the EU from outside.

YOUR BUSINESS IS AFFECTED IF YOU:

- Sell goods from warehouses located in the EU to private individuals in the EU,
- Sell goods directly from a third country to private customers in the EU using DDP and DAP import procedures,
- Use a marketplace to sell your goods to individuals in the EU. A marketplace is any platform that brings together a buyer and a seller, resulting in the delivery of goods to the buyer. Examples of marketplaces include Amazon, eBay, Bol.com, Google shopping, and other similar platforms.

DO NOT AFFECT YOUR BUSINESS IF YOU:

- Only sell to professionals (B to B) in the EU,
- Only make sales through a physical store.

To simplify the obligations of merchants under the new rules, the EU has established the One Stop Shop (OSS) and Import One Stop Shop (IOSS) platforms. OSS/IOSS replaced the existing Mini-One-Stop-Shop (MOSS) system since 1 July 2021.

2. OSS and IOSS – an overview

Both the OSS and the IOSS platforms are open to all companies. Whether you are established in the EU or not, you can request access to the electronic OSS or IOSS platform and the one you will use depends on the type of transactions you carry out. Both platforms enable you to benefit from the VAT simplification rules from 1 July 2021 onwards.

The use of the OSS or IOSS platforms is optional. Companies can choose not to use the simplification rules. In this case you will need in most cases to register for VAT in every EU country where you sell goods or maintain warehouses.

All companies have the right to appoint a VAT agent or a representative to manage their OSS and IOSS VAT returns. In the case of a company that is not established in the EU and which opts to use the IOSS platform, this is mandatory.

Both OSS and IOSS are open to marketplaces. We can provide you more detailed information regarding this topic.

Please check our E-Commerce brochure or simply go to our website



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Brexit-evolved check-up!

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New definition of the exporter

Affects any non-EU business that needs to export goods from the EU

If you are based in the UK and want to ship goods from the EU to a third country or back to the UK, you are no longer able to export goods in your name. This applies even if you are VAT registered in the EU as a UK company. Businesses in this situation need to appoint a representative who agrees to be the exporter of record.

RMB can be this representative for your company!



RMB is standing by to help you with your Brexit questions.
Find out how we can help...

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Brexit and VAT : The new rules

1. Recap of the current situation

BEFORE BREXIT

UK companies operate under harmonised VAT rules when they buy and sell goods within the EU. That means:

- Intra-EC deliveries are VAT exempt,
 - Intra-EC acquisitions are VAT reverse charged,
 - Simplified ABC transactions are possible.
-
- **No Import VAT** for flows of goods between UK and EU member states,
 - **UK companies have no obligation to register for VAT in Europe if they make direct sales to EU member states** (Intra-EC deliveries, VAT exempted from UK).

AFTER BREXIT

- The end of harmonised VAT rules and a return to regulations that were in place before 1993,
 - export of goods from the UK,
 - import of goods in the EU,
 - Customs formalities.
-
- **Payment of import VAT** for flows of goods between UK and EU member states,
 - **Mandatory VAT registration** in Europe for **DDP sales** using the Import VAT reverse charge mechanism, highly recommended.



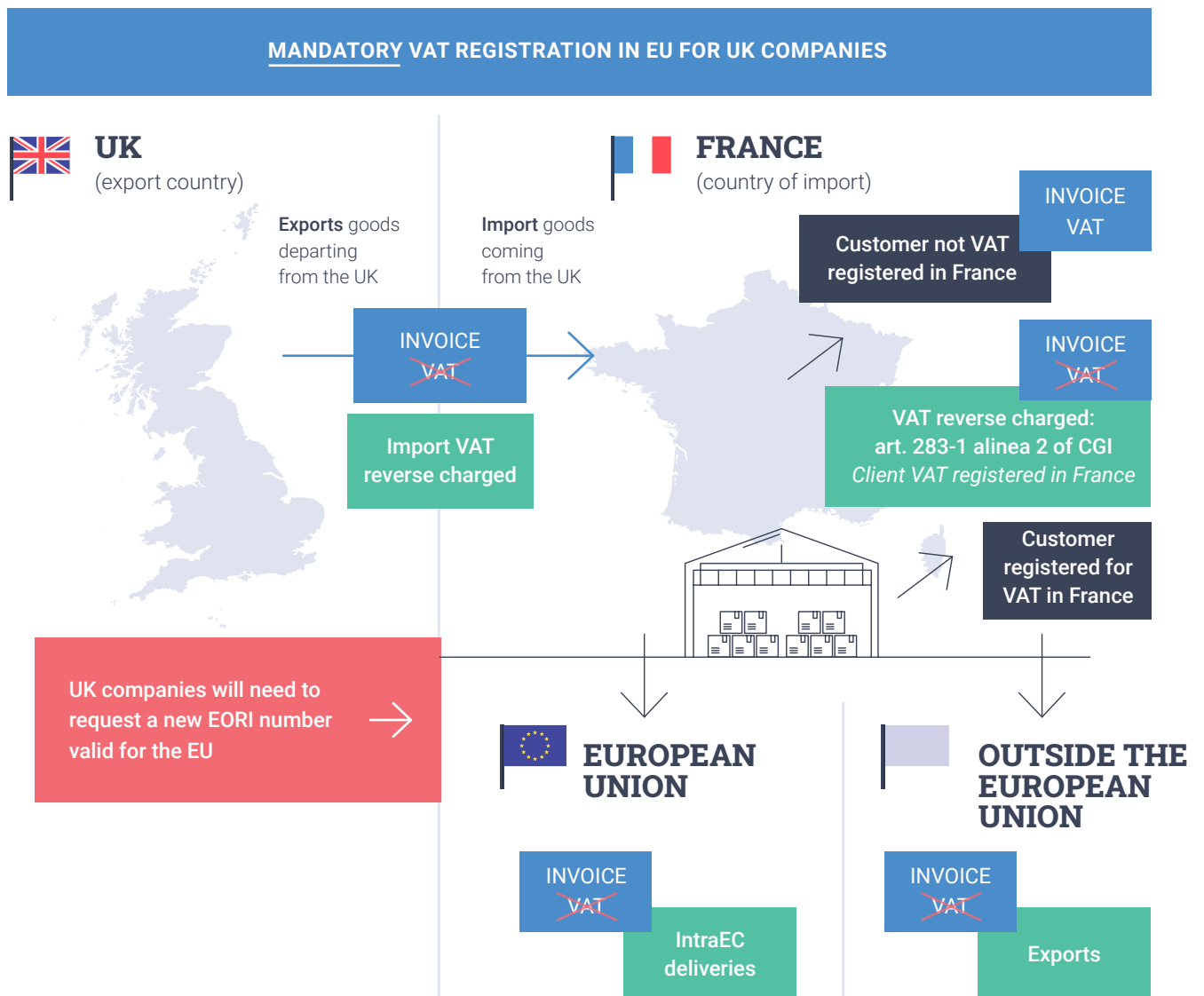
2. VAT issues

Mandatory VAT registration in Europe for UK companies

For example: Your company is established in London and trades in spare parts for industrial equipment. As part of its business activity, you carry out the following operations in France:

- Intra-EC deliveries of goods from France to other EU member states,
- Exports goods from France to third-party countries,
- Local sales to customers not VAT registered in France (such as foreign companies and consumers),
- Import of goods in your own name.

Each of these operations require your company to be VAT registered in France.





OUR RECIPE FOR SUCCESS:

Sell DDP by being the importer of record yourself!

- Obtain an EU EORI number, we can handle this for you,
- Appoint a customs broker or let us know if you need us to recommend one,
- Appoint RMB as your Tax Agent,
- Make use of the SMART border system, which enables you to pass the border without any holdups,
- Keep full control on supply chain and delivery times,
- Once registered for VAT, use the VAT Deferment account on imports,
- Remain a UK business, no corporate tax requirements in the EU.



About RMB

Fiscal Representation in the EU and beyond

VAT/customs assistance

VAT refund requests

Management of Intrastat

Representation of posted workers

Why choose RMB

Fully accredited as a fiscal representative

Highly rated by the French National Bank

30 competent and motivated experts

Knowhow in 27 different countries

Innovative & secured IT tools &
automation process

Dedicated account management

No hidden costs

Talk to RMB experts, not robots

We really answer your questions

Strategically based between Calais,
Paris, Belgium & the Netherlands

Contact us for your
free post-Brexit check-up!

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SCAN ME

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