

Intrastat & VAT issues on imported goods in The Drinks Trade

(These are OUR interpretations of notice 60 following extensive discussions)
We are awaiting confirmation from C&E

Intrastat:

The intrastat return should be completed for goods that arrive in the UK that are either intended for UK consumption or change ownership within the UK.

It is due at point of arrival in Bond or arrival to warehouse if delivered duty paid.

The cost used as Nett Value should be the value from the Supplier invoice converted to Sterling at the appropriate Exchange Rate. (Should be the prevailing C&E rate)

The person/company responsible for submission of the intrastat is the person/company that OWNS the goods as they come into the UK. (As long as this person/company is resident or registered in the UK)

(See notice 60 Section 6.4 paragraph 1 & 3)

Eg:

Example 1:

If goods are sold to a customer ex-cellars (EXW,CIF (to a point outside the UK), FOB (if port outside uk)) outside the UK and the acquiring customer therefore takes possession of the goods at the farm/factory gate then they are the owners as the goods arrive in the UK and therefore liable for the Intrastat submission.

Example 2: If the goods are sold DDU or DDP to be delivered to a UK warehouse before ownership changes, then the seller of the goods (IE: Owner at time goods crosses UK border) is liable for the intrastat.

VAT & Acquisition VAT

Basically the same scenario applies.

If the goods change ownership outside the UK then the purchaser takes ownership of the goods outside the UK Under Bond and no VAT or Acquisition VAT is liable to be charged. The VAT or Acquisition VAT is charged by the REDS or Bonded warehouse responsible for paying the Duty on the goods to C&E.

If the Goods are sold DDU (Under Bond) and delivered to UK Bonded warehouse. The receiving warehouse or warehouse that is responsible for clearing the goods to Duty Paid is liable for the VAT or Acquisition VAT. Not the Seller as the goods were sold under bond.

However, if the transport is charged as a separate item then Standard VAT is due on the transport element.

If the goods are sold DDP (Delivered Duty Paid) then the owner of the goods as it comes into the UK is the seller and therefore the seller is liable to charge Duty plus VAT on the Duty and VAT on the sales price of the goods.

Should the acquiring customer DEFER the duty to his own deferment then the Seller must charge VAT on the sales price of the goods and VAT on the Duty.

ALL VAT must be in charged Sterling and the Value of goods charged in foreign currency should be calculated using the prevailing C&E rates. (It is not always possible to use the C&E rate but it should remain as a guideline for rule of thumb.)

Goods destined for the UK MUST be sold DDU or DDP to persons/companies who are not VAT registered