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The Essential Guide to VAT for Online Retailers Selling in the United Kingdom



Foreign companies can register for VAT in the UK without the need to form a local company.

Voluntary registration for VAT in the UK is also allowed if the seller advises their local tax authority in the first instance.

A non-EU company requiring a UK VAT registration does not need to appoint a fiscal representative unlike other countries such as France or Italy.

A VAT registration in the UK can take between four to six weeks to be issued.

The Distance Selling VAT Rules in the United Kingdom

An online seller selling from a EU country into the UK via a website or through the marketplaces directly to UK private customers, accounts for any VAT due on those sales in their own country, up to the set UK threshold of £70,000 (or equivalent). At this point UK VAT registration becomes obligatory. Once registered, UK VAT at the applicable rate (standard, reduced or zero-rate) needs to be accounted for on any sales to UK customers.

Using Fulfilment Centres in the United Kingdom

Using fulfilment centres in the UK to store goods for sale to private individuals (or any other EU countries) creates a taxable supply and triggers an immediate need to VAT register in the UK. There is no threshold to exceed.

Reporting

VAT returns in the UK are usually required quarterly.

Alternatively, it is possible to subscribe to the Annual VAT accounting scheme, which means compliance costs will be kept low. Regular payments have to be made to the UK tax authority and only one VAT return is filed a year.

Intrastat Declarations

Intrastat Declarations are statistical returns required by the EU to monitor trade between the EU member states.

In addition to VAT returns, if turnover exceeds the Intrastat Declaration threshold (for arrivals in the UK the threshold is £1,500,000 and for dispatches £250,000) there is also an obligation to file monthly Intrastat Declarations as well as UK VAT returns.

Penalties

Helping E-Commerce Trade Internationally

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Failure to comply with local VAT regulations can result in penalties and interest being applied by the UK Tax Authority. Please be aware the European tax authorities are becoming more proactive in searching for non-compliant online retailers. They have set up mutual co-operation with each other and they share data.

In the UK, penalties can vary from just a warning to 100% of the value of the VAT owed.

Summary	
Standard	20% Most Goods and Services
Reduced rate	5% Some goods and services eg. Children's car seats
Zero rate	0% - Most Groceries and children's clothing
Threshold for supplies made in the UK by a Non-Established Taxable Person	Nil
VAT registration threshold for distance sellers	£70,000 or equivalent
Intrastat Threshold – Dispatches and Arrivals	Arrivals £1,500,000 Dispatches £250,000

Please note -The information is correct at time of publishing - November 1st 2015

What to Do Now

If you want to know more, or think you need to register in the UK, please don't hesitate to contact us on **+44 (0)1273 634594** or email info@simplyvat.com