

International aspects of VAT

made simple



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Introduction

This guide is aimed at UK charities and voluntary organisations. Its purpose is to outline the special VAT rules that apply when goods and services are supplied across national borders.

This guide assumes a basic familiarity with VAT. For an introduction to VAT, see the Sayer Vincent introductory guide VAT made simple.

Place of supply

VAT is an EU-wide taxation system implemented mainly in the EU's VAT Directive (2006/112/EC). Each state's VAT rules must comply with the Directive. However, states have some discretion in how they apply the VAT rules, including, within limits, what rates of VAT to apply.

Each EU state charges and collects their own output VAT on supplies that take place in their state under their own VAT rules. Supplies are deemed to take place at a particular location, this is referred to as the place of supply. The VAT Directive sets out detailed rules for how to determine the place of supply.

If the place of supply is:

then

the UK

UK VAT rules apply and any output VAT due under the UK rules is due to HMRC

another EU state

That state's VAT rules apply and any output VAT due under that state's rules is due to that state's tax authority. No UK output VAT is due to HMRC

outside the EU

No output VAT (UK or other EU VAT) is due to any EU tax authority, though many non-EU states have their own VAT systems and so VAT or a similar sales tax may be due under that state's rules

UK and the EU

The UK is treated as a single state for VAT purposes and comprises England, Scotland, Wales, Northern Ireland and the Isle of Man. It excludes the Channel Islands (Jersey, Guernsey etc.) and British Overseas Territories such as Gibraltar. The UK Sovereign Bases Areas of Akrotiri and Dhekelia in Cyprus are treated as part of Cyprus for VAT. The EU currently comprises 28 states. These are listed below with each state's two letter prefix code in brackets:

Austria (AT)	Malta (MT)
Belgium (BE)	Netherlands (NL)
Bulgaria (BU)	Poland (PL)
Croatia (HR)	Portugal (PT)
Cyprus (CY)	Romania (RO)
Czech Republic (CZ)	Slovakia (SK)
Denmark (DK)	Slovenia (SI)
Estonia (EE)	Spain (ES)
Finland (FI)	Sweden (SE)
France (FR)	UK (GB)
Germany (DE)	
Greece (GR)	
Hungary (HU)	
Ireland (IE)	
Italy (IT)	
Latvia (LV)	
Lithuania (LT)	
Luxembourg (LU)	

Examples

Supply of goods or of services?

Reason

Sale of a printed book	Goods	Transfer of the actual right to dispose of physical goods as owner
Loan of a printed book	Services	No transfer of any right to dispose of goods as owner
Sale of an e-book on CD	Goods	Transfer of the actual right to dispose of physical goods as owner
Download of an e-book	Services	No physical goods involved

In the same way that the UK includes some territories and excludes others, so do many of the other EU members. For example, the Canary Islands are outside the EU VAT system, but within it for Customs Duty purposes. There is a list of these territorial adjustments in HMRC VAT Notice 724 The Single Market at section 2.4.

Goods and services

The cross border VAT rules are different for supplies of goods and supplies of services. The first step in assessing the VAT status of a cross border supply is to decide if it is a supply of goods or of services.

Goods are tangible physical property such a book, CD or car. A supply of goods means the transfer of the actual right to dispose of the goods as owner. Actual means an economic substance over legal form approach applies. A supply of services is any supply which is not a supply of goods.

Land

In the UK, the sale of a freehold interest or a long lease in land is treated as a supply of goods. The sale of a short lease or a licence to occupy is a supply of services. A long lease is a lease for more than 21 years in England, Wales and Northern Ireland and for not less than 20 years in Scotland.

Cross-border supplies of goods

For VAT purposes cross-border supplies of goods can be sub-divided into four scenarios:

- 1 Selling goods to an EU customer.
- 2 Buying goods from an EU supplier.
- 3 Export of goods (sending goods outside the EU).
- 4 Import of goods (bringing goods into the EU).

Each of these scenarios is considered in turn below.

EORI number

If you are involved in cross-border supplies of goods then you may have to obtain or activate your EORI number. This is a unique identity number assigned to 'economic operators' recognised across the EU. If you are UK VAT registered, your EORI number is 'GB' followed by your VAT number followed by three digits (000 for an un-grouped entity, successive numbers for VAT group entities). More on EORI numbers in Further information at the end of this guide.

1 Selling goods to an EU customer

If you sell goods from the UK to a customer in another EU state, the VAT position is as follows:

UK supplier not VAT registered

The supply counts towards the seller's UK VAT registration threshold.

Supplier and customer both VAT registered

The customer provides their VAT registration number to the supplier, the supplier checks this and then if OK, it zero-rates the supply (subject to the evidence and timing requirements below), adds the sale to its EC sales list, and records the customer's VAT number, with the two letter country prefix, on the VAT invoice. The EC sales list is a

supplementary VAT return (VAT 101) that must be submitted to HMRC detailing sales of goods and certain services to VAT registered customers in other EU states.

Supplier VAT registered and responsible for delivery, customer not VAT registered

For low levels of sales, the UK supplier charges UK VAT. But you need to be aware of the customer state's distance selling threshold. Once you exceed this, the supplier must register for VAT in the customer's state and charge local VAT. Current distance selling thresholds are:

EU state	Threshold
Austria, Belgium, Cyprus, Estonia, Finland, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Portugal, Slovakia, Slovenia, Spain	€35,000
France, Germany, Luxembourg, Netherlands	€100,000
Other	
Bulgaria	70,000 BGN
Croatia	2 70,000 HRK
Czech Republic	1,140,000 CZK
Denmark	280,000 DKK
Poland	160,000 PLN
Romania	118,000 RON
Sweden	320,000 SEK
UK	£70,000

The relevant distance selling threshold is compared with the net value of all sales of goods to unregistered customers in that EU state in the current calendar year. As soon as the threshold is exceeded, the supplier must register for VAT in that state and charge local VAT on its supplies of goods to customers in that state.

Examples

A charity online bookshop sells printed books to individuals in France, with delivery.

A charity online bookshop sells posters and prints to a VAT registered business in France, with delivery.

VAT implications

The shop zero-rates the sales to France up to France's distance selling threshold.

The shop zero-rates the sale subject to the evidence and timing requirements. The French businesses account for French acquisition VAT at the appropriate French rate.

Evidence and timing requirements for zero-rating

Timing requirement

The goods must physically leave the UK within three months (extended to six months in some cases).

Evidence

You must also obtain and retain proof the goods were sent abroad and the transaction actually occurred.

HMRC expect a combination of:

- customer's order
- inter-company correspondence
- copy sales invoice
- advice note
- packing list
- commercial transport documents
- insurance
- freight charges
- bank statements as evidence of payment
- receipted copy of the consignment note
- any other documents relevant to the removal of the goods.

VAT number

You must also provide evidence that the customer's VAT number is valid. Each EU state has a standard format for their VAT numbers, so checking its format is a first step towards validating a VAT number. HMRC provide a list of valid VAT number formats for each EU state at section 16.19 of VAT Notice 725.

To check the customer's VAT number is valid and belongs to the customer, use the online VIES system or ring HMRC. HMRC expect you to either use VIES or ring HMRC when you first take on a new customer and to keep checking regularly to make sure that the details are still valid and that the number has not been de-registered.

2 Buying goods from an EU supplier

This is the mirror image of scenario 1. If goods are purchased from a supplier based in another EU state, then the following applies:

Foreign supplier not VAT registered

The supply counts towards the foreign supplier's local VAT registration threshold

Supplier and customer both VAT registered

The UK customer provides its VAT registration number (with 'GB' prefix) to the EU supplier so the supplier can (after checking of the number) zero-rate its own supply. The UK customer self-accounts for acquisition VAT at the relevant UK rate of VAT. In effect the UK customer is treated as supplying the goods to themselves in the UK under the UK rules and having to pay a special type of output VAT called acquisition VAT on the supply. Acquisition VAT is entered in the UK VAT Return in box 2, not in box 1 and the net value of acquisitions must be included in box 7 and reported in box 9. The acquisition VAT paid can be recovered as UK input VAT, subject to the usual UK VAT recovery rules.

Supplier VAT registered and responsible for delivery, customer not VAT registered

The supplier charges their local state's VAT up to UK's distance selling threshold (£70,000). If the supplier's total supplies of goods to un-registered customers in the UK in the current calendar year exceed this, then the supplier must register for VAT in the UK and charge UK VAT on its UK sales. Suppliers may also register in the UK voluntarily if they make any level of taxable supply in the UK.

Relevant acquisitions

Buying from the EU could cause a UK entity to register for VAT. For example, a charity that is not VAT registered buys goods from an EU business for its own exempt or non-business activities. The value of these purchases (excluding any foreign VAT charged) counts towards the charity's relevant acquisitions threshold (in 2015-2016 the threshold is £82,000). If the total of such purchases in the year to date or in the next 30 days alone exceeds the relevant acquisitions threshold, then the charity would have to register for VAT in the UK and account for acquisition VAT on the purchases as above.

However, if the supplies are zero-rated under UK law, the UK customer can request exemption from registration from HMRC.

EU purchases examples

EU purchase

A UK VAT registered charity purchases a piece of equipment from a Spanish VAT registered supplier. The equipment will be used for the charity's exempt and non-business care activities

VAT implications

The UK charity provides its VAT number to the Spanish supplier. The Spanish supplier zero-rates its supply subject to the Spanish evidence and timing requirements. The UK charity accounts for acquisition VAT on the goods at the UK rate that would apply had the goods been purchased from a UK supplier.

Note that many care charities can zero-rate medical equipment purchases, and in such a situation the acquisition VAT would be zero as it is at the zero-rate.

An unregistered UK charity purchases a piece of equipment from a Spanish VAT registered supplier. The equipment will be used for the charity's exempt and non-business care activities

Assuming the purchase does not push the Spanish supplier above the UK's distance selling threshold, the supplier charges Spanish VAT.

The net value of the supply counts towards the charity's UK relevant acquisitions threshold. However, if the supply is zero-rated the UK customer can ask HMRC for exemption from registration.

3 Export of goods

In VAT terms, goods are exported when they are sent to a place that is outside the EU. The export of any type of goods by a UK business is zero-rated provided the UK export evidence and timing requirements are met. These are similar to the evidence and timing requirements for EC sales (see scenario 1 above).

Any export of goods from the UK by a charity is a deemed zero-rated supply. This means that UK development charities can register for VAT and recover input VAT incurred on aid goods that are sent to destinations outside the EU, including storage, transport, packing etc. Sending free aid goods to a destination in the EU is a non-business activity.

Export examples

Examples of goods exports

VAT implications

A UK business sells goods to a customer in Switzerland with delivery.

Providing the UK export evidence and timing requirements are met, the UK supplier can zero-rate its supply

A UK charity sends aid goods from the UK to Turkey

This is a deemed zero-rated supply by the UK charity. The charity can register for VAT if not already registered and recover any VAT incurred in exporting the goods to Turkey

4 Import of goods

In VAT terms, goods are imported when they are brought into the EU from outside. A special type of VAT (import VAT) applies when goods are imported. This type of VAT potentially applies to imports by businesses, non-business entities and private individuals. (Please note that customs duties may also be due, but this guide only covers VAT.)

Import VAT and customs duties must normally be paid before goods can clear UK Customs, but UK importers may be able to prepay or pay on delivery. For UK VAT registered entities, import VAT can be recovered in the same way as input VAT subject to the normal VAT recovery rules. HMRC normally send a monthly C79 certificate of import VAT paid which should be used as the evidence for any VAT claim.

There is an extensive list of imports by charities that are exempt from import VAT (and customs duties). These include:

- Disaster relief goods, when imported by a relevant organisation and when a disaster is announced by the EC.
- Basic necessities donated to a charity for free distribution to the needy.
- Goods donated by a person established abroad to a relevant organisation for use to raise funds at occasional charity events for the benefit of the needy. HMRC state (VAT Notice 317 Feb 2006 Section 2.4) 'An occasional charity event normally means any event held not more than four times a year by any one organisation.'
- Equipment and office materials donated by a person established abroad to a relevant organisation for meeting its operating needs or carrying out its charitable aims.

- Articles donated to and imported by a relevant organisation for supply to blind or other physically or mentally handicapped persons and which are specially designed for the education, employment or social advancement of such persons, including spare parts, components or accessories and including tools for its maintenance, checking, calibration or repair.

Exemption can be claimed at the time of import or retrospectively (within three years of import).

Import examples

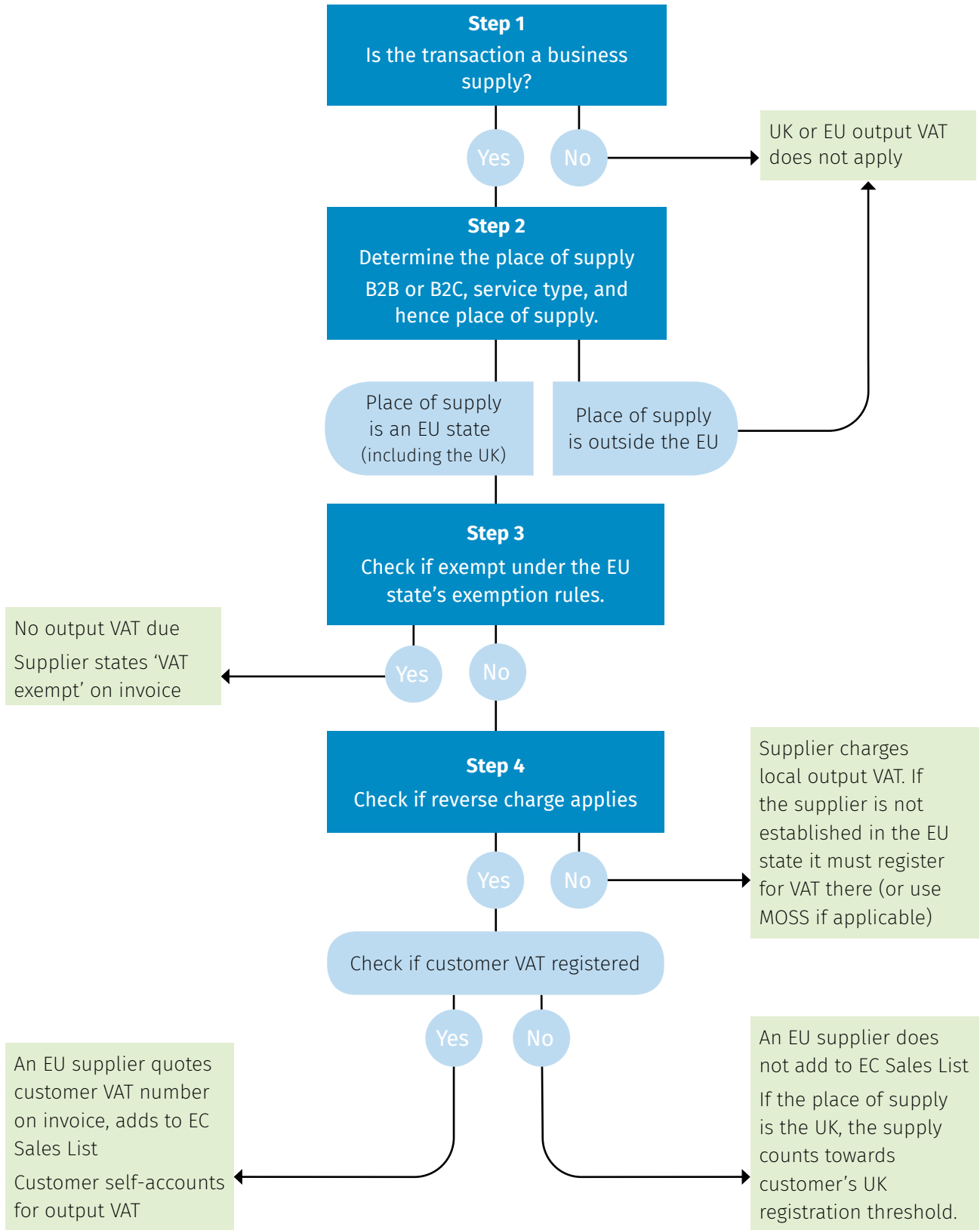
Examples of goods imports	VAT implications
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A business in Australia donates goods to a charity for use at an annual charity fundraising event	The goods should qualify for import VAT exemption
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A VAT registered charity purchases goods from the USA for use in its non-business activities	Unless any of the import VAT exemptions apply, import VAT must be paid. This import VAT is attributable to a non-business activity and as such is irrecoverable (unless the charity is eligible for a special reclaim scheme).
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Cross-border supplies of services

Where a supply of services takes place across national borders a four-step approach is recommended for determining the VAT treatment:



Step 1 Is the transaction a business supply?

Subject to a few exceptions, output VAT only applies to a transaction if it is a business supply:

- the transaction must be a supply of goods or services in return for consideration and
- that supply must be in the course or furtherance of a business activity of the supplier's

Donations, grants and other voluntary payments are not normally seen as being consideration for any supply, though grants calculated per unit of output are an exception.

Collaborative grant-funded projects

Where a public body such as the Department for International Development funds an overseas project, with a lead partner acquiring a grant, administering it and passing it to named partners as specified in the funding agreement, then HMRC may be prepared to accept that the funding passed on is non-business income for the partners on the basis of their guidance in Revenue and Customs Brief 10 2013. This may be the case even though the funding is transferred under a contract. In Revenue and Customs Brief 10 2013 HMRC accept this position for some situations in which public interest research funding is transferred under a contract between a lead partner and other partners.

Step 2 Determine the place of supply

You must next determine if the supply is B2B or B2C, the service type and hence, via that service type's rule, the location of the place of supply.

B2B or B2C

In many situations, a distinction is made between B2B and B2C services:

- B2B or 'Business to business' means the customer is VAT registered or has some business activities, even if the supply is for the customer's non-business activities. But if the supply is for the private use of the business owners or staff, it is treated as B2C.
- B2C or 'Business to consumer' means the customer is not VAT registered and has no business activities. For example, individuals acting in a private capacity and charities or other organisations with no business activities.

B2B evidence

Suppliers must obtain evidence to support a B2B treatment. This evidence can include:

- A VAT registration number
- An equivalent registration from outside the EU (e.g. GST number in Australia)
- Certificates from fiscal authorities, audited accounts, sales materials, website etc.

If there is no evidence, you must treat the supply as B2C. The customer cannot demand B2B treatment – it is up to the supplier to decide.

Service types

Supplies have to be characterised into one of 16 different service types depending on their nature:

- 1 General rule – the general rule applies unless one of the more specific types below applies.
- 2 Services related to land.
- 3 B2B services in respect of admission to cultural, artistic, sporting, scientific, educational, entertainment or similar events, such as fairs and exhibitions.
- 4 B2C services relating to cultural, artistic, sporting, scientific, educational, entertainment or similar activities such as fairs and exhibitions.
- 5 Intellectual property (IP) rights, advertising, consultancy and professional services, data processing, supply of information, financial services, supply of staff.
- 6 Electronically supplied services
- 7 TV, broadcasting & telecoms services
- 8 Passenger transport (excluding supplies under TOMS).
- 9 Transport of goods.
- 10 Short-term hire of means of transport.
- 11 Long-term hire of means of transport.
- 12 Hire of goods excluding means of transport.
- 13 Works on goods.
- 14 Restaurant and catering services.
- 15 Intermediary (agency) services.
- 16 Tour Operators' Margin Scheme (TOMS).

Place of supply rules For service types 1 to 6

Service type	B2B supplies	B2C supplies
1 General rule	Where the customer belongs subject to (a.)	Where the supplier belongs
2 Services related to land	Where the land is subject to (a1.)	Where the land is
3 Services in respect of admission to cultural, artistic, sporting, scientific, educational, entertainment or similar events, such as fairs and exhibitions	Where event takes place subject to (a1.)	n/a – rule B2B only
4 Services relating to cultural, artistic, sporting, scientific, educational, entertainment or similar activities such as fairs and exhibitions	n/a – rule B2C only	Where performance takes place
5 IP rights, advertising, consultancy and professional services, data processing, supply of information, financial services, supply of staff	General rule	Where the supplier belongs subject to (b.)
6 Electronically supplied services	General rule subject to (c.)	Where the customer belongs

a Reverse charge applies if the customer belongs in the EU.

a1 UK reverse charge applies if the supplier belongs outside the UK, the place of supply is the UK, the customer belongs in UK and the customer is UK VAT registered. Local reverse charges may also apply to supplies in other EU states as well, seek country specific guidance

b If the customer belongs outside the EU, the place of supply is outside the EU

c Use and enjoyment override:

- If the place of supply is the UK but the supply is to any extent effectively used and enjoyed outside EU, then place of supply is to that extent outside the EU.
- If the place of supply is outside EU but the supply is to any extent effectively used and enjoyed in UK, then place of supply is to that extent the UK. If the customer belongs in the UK and is registered for VAT in the UK, the UK reverse charge applies.

Step 3 Check if exempt under the EU state's exemption rules

The VAT exemptions for education, cultural services, subscriptions to non-profit making public interest bodies, health and welfare services etc. are set out in the VAT Directive and all EU states are required to implement them. In principle, each exemption has the same meaning, so for example the term 'supply of education' must be seen as having the same meaning throughout the EU.

However, for many of the exemptions, EU states can choose (within set limits) which entities are eligible to make such supplies VAT exempt. For example, EU states may only exempt supplies of education when they are made by public bodies which have educational objectives or other organisations recognised by the state as having similar objectives. So the fact you are an eligible body in the UK does not necessarily mean you are in other EU states – and vice versa.

Outline details about each EU state's VAT exemption rules can be found on the EC Europa website, but for state-specific rules you should consult that state's website, legislation and guidance. The EU's MOSS database has an outline of the education exemptions in each EU state.

Step 4 Check if the reverse charge applies

The reverse charge means the customer self-accounts for any output VAT due on a

supply rather than the supplier. They are treated as making the supply to themselves in their own state, with the result that output VAT may be due in that state under that state's VAT rules. The reverse charge applies if all of following conditions met:

- The supply is B2B and place of supply is an EU state (including the UK).
- The customer belongs in the EU state of supply but the supplier does not.
- The supply is not VAT exempt in the customer's EU state.
- The service type is general rule or the EU state of supply applies the reverse charge to the supply type.

Reverse charge implications for UK suppliers

If a VAT registered UK supplier supplies a reverse charge service to an EU customer:

- The supplier treats this as in effect a zero-rated sale in the UK VAT return
- Add to box 6 on the UK VAT return
- Record on the EC Sales List if the customer is locally VAT registered
- State "reverse charge" on the customer invoice and also the customer VAT number if the customer is registered for VAT in the state (with the state's two letter prefix code)
- Accounts systems usually have special VAT code which handles all this (Sage 50 t-code = T22)

Reverse charge implications for a UK customer

If the UK customer of a reverse charge purchase is VAT registered, the customer charges themselves output VAT at UK rates. Enter the reverse charge VAT in box 1 of the UK VAT return and if any of that VAT is recoverable, enter the recoverable amount in box 4. Enter the net purchase amount in boxes 6 and 7. (Sage 50 t-code = T24)

The customer can recover this VAT as input VAT subject to UK VAT recovery rules.

If the customer is not VAT registered, the supply counts towards the customer's UK VAT registration threshold, but only if the supply type is B2B general rule. UK reverse charges for other service types only apply if the UK customer is VAT registered.

Place of belonging

There are two sets of rules for determining where a supplier or customer belongs:

- If the supplier or customer is a legal entity
- If the supplier or customer is an individual.
If the supplier or customer is a self-employed individual then follow the legal entity rules.

Legal entity place of belonging

By default, a legal entity belongs at its business establishment. This is the place where the essential decisions concerning general management of the entity are taken. So it will normally be the location of the entity's head office.

But, if the supply is actually made from (for a supplier) or to (for a customer) a fixed establishment located in a different state from the business establishment, the entity belongs there for that supply.

Fixed establishment means a permanent presence with a suitable structure in terms of human and technical resources to enable it to provide the services (suppliers) or receive and use the services for its own needs (customers). In practice fixed establishments are normally permanent staffed offices, warehouses etc. They exclude temporary offices and temporary facilities set up to carry out a single time limited project.

Agents acting in a principal's name can create a fixed establishment for their principal, as can subsidiaries, branches etc., though for an agent's establishment to form a fixed establishment of a principal, the principal must have control over the staff and resources at that establishment.

If there are no business or fixed establishments – follow the rule for individuals.

Individual place of belonging

An individual belongs where they have their permanent address or usually reside.

For asylum seekers, HMRC accept that if the asylum seeker has not been granted a right or permission to remain in the UK, they are treated as belonging in their country of origin. Once permission is granted, they are treated as belonging in the UK.

Common cross-border supplies of services

General rule

Service type	B2B supplies	B2C supplies
General rule	Where the customer belongs. If the customer belongs in an EU state and the supplier does not belong in that state, the reverse charge applies.	Where the supplier belongs

The general rule applies unless one of the more specific rules applies.

The general rule applies to B2B supplies of:

- Consultancy services, intellectual property rights and advertising services - via rule 5.
- Supplies which do not fit into any of the 15 specific service types.

General rule examples

Scenario	B2B or B2C?	Place of supply is?	Consequences
UK business supplies consultancy services to a Kenyan business	B2B	Kenya	Outside the scope of UK VAT
A Kenyan business supplies consultancy services to a VAT-registered UK business	B2B	UK	The UK business charges itself UK VAT under the UK reverse charge
A UK business supplies consultancy services to a VAT-registered German business	B2B	Germany	German business applies the German reverse charge
A UK law firm supplies personal legal advice to a German individual	B2C	UK	The UK business charges UK VAT
A UK law firm supplies personal legal advice to a Somali asylum seeker in the UK via a charity acting as agent	B2C	Somalia	Outside the scope of UK VAT

Land-related supplies

Service type 2	B2B supplies	B2C supplies
Services related to land	Where the land is, subject to (a1)	Where the land is

a1 The UK reverse charge applies if the supplier belongs outside the UK, the place of supply is the UK, the customer belongs in UK and the customer is UK VAT registered. Local reverse charges may also apply to supplies in other EU states as well - seek country specific guidance. However, the UK reverse charge does not apply if the underlying supply is VAT exempt (so no VAT chargeable) or would be VAT exempt but for an option to tax (UK VAT applies). If a foreign supplier opts to tax UK land, they must register for VAT in the UK and charge UK VAT on their taxable supplies of the land.

Services related to land include:

- supplies of freeholds, leases and licences to occupy land or any other contractual right exercisable over or in relation to land, including the provision of holiday accommodation and pitches for tents
- the provision in an hotel, inn, boarding house or similar establishment of sleeping accommodation or of accommodation in rooms which are provided in conjunction with sleeping accommodation or for a supply of catering
- any works of construction, demolition, conversion, reconstruction, alteration, enlargement, repair or maintenance of a building or civil engineering work.
- services supplied by estate agents, auctioneers, architects, surveyors, engineers and others involved in matters relating to land.

Land-related supply examples

Scenario	Place of supply is	Consequences
Contract to construct a school in Bangladesh	Bangladesh	Outside scope of UK or EU VAT
UK charity purchases hotel accommodation in Romania	Romania	Romanian hotel charges Romanian VAT
UK charity purchases construction services from a Swiss builder for a branch office in Geneva	Switzerland	Swiss VAT charged by builder

Conferences and events

Many UK organisations organise conferences in the UK or abroad generating admission charges and income from commercial sales such as exhibitor packages.

Admissions

For B2B conference admissions, rule 3 applies to make the place of supply where the conference takes place, subject to any reverse charge applied. For B2C admissions rule 4 applies and makes the place of supply where the conference takes place.

Conference outside EU

If a conference is held outside the EU, no UK or EU VAT is chargeable on admission tickets, though a local VAT or equivalent sales tax may apply.

Conference in UK

If a conference takes place in the UK, the UK VAT rules apply. For many UK charities and voluntary organisations conferences have an educational element with lectures, seminars, workshops etc. and as such admission tickets will be exempt if the organisation is an eligible body for the purposes of the UK's education exemption (including when the supplier is a recognised educational institution or when any profits from education are reinvested in education). Otherwise, they will be standard-rated with the VAT payable to HMRC.

Conference in another EU state

If the conference is held in another EU state, check if the conference admissions will be an exempt supply under that state's exemption rules. If they do not qualify for exemption check if the state applies the reverse charge to B2B admissions. If it does you can reverse charge admissions sales to business

customers who qualify for the reverse charge treatment. However, you will have to register for VAT in the EU state concerned and charge local VAT if any sales are B2C. For most EU states, there are VAT agents who will handle VAT registration and completion of VAT returns for you.

B2B exhibitor fees

The VAT status of supplies to business exhibitors depends on what the exhibitor gets:

- Defined space for stand only – this is seen as a land-related supply
- Exhibitor package (e.g. site, stand, electricity, free admission passes, advertising, lunch etc.) – this is seen as a B2B general rule supply

Digital or electronic supplies

These are electronically supplied services, that is services which are delivered over the internet or other electronic network, where the supply is essentially automated and involves minimal human intervention, and would be impossible to provide in the absence of information technology. Examples are:

- Downloaded publications, games, images, videos, software, music etc.
- Pay access to websites and online databases
- Recorded podcasts (but not interactive webinars)
- Distance teaching if fully automated (but not if it involves interactive tuition, human exam marking etc.)

The place of supply rule for digital supplies is:

Service type 6	B2B	B2C
Electronically supplied services	General rule subject to use and enjoyment override	Where the customer belongs

Use and enjoyment override:

- If the place of supply is the UK, but the supply is to any extent effectively used and enjoyed outside EU, then place of supply is to that extent outside the EU.
- If the place of supply is outside EU but the supply is to any extent effectively used and enjoyed in UK, then place of supply is to that extent the UK. If the customer belongs in the UK and is registered for VAT in the UK, the UK reverse charge applies.

Examples	Place of supply is	Consequences
UK business supplies electronic journal to French business (VAT registered)	France	French business accounts for VAT under reverse charge (B2B rule)
UK business supplies electronic journal to private person in France (B2C)	France	UK business must account for French VAT to French authorities. Can use UK 'MOSS' scheme
UK business supplies electronic journal to private person in the USA	USA	Place of supply is where customer belongs. Outside the scope of UK or EU VAT

Mini-One Stop Shop (MOSS)

From 1 Jan 2015 UK suppliers of B2C electronic services to EU customers must register for VAT in the customer's state and charge local VAT. There is a nil registration threshold in such a situation, though the EC are discussing introducing a common EU registration threshold for electronic services. But as a simplification measure, suppliers can register for the 'mini-one-stop-shop' (MOSS) with their local VAT authority as an alternative. They then submit a single pan EU MOSS VAT return and pay all the output VAT due to a single VAT authority for onward transmission to the EU states involved. For UK businesses that authority is HMRC.

To register for MOSS with HMRC you must first be registered for VAT with HMRC. If you are not already registered for VAT in the UK, then in order to register for MOSS with HMRC, you must register for VAT. However, you are permitted to submit a nil UK VAT return and you do not charge VAT on UK taxable supplies. This is subject to the condition your level of taxable supplies remains below the UK VAT registration threshold. Log in to HMRC online services using the same user ID and password you used to register for VAT. You must then register for the EU MOSS scheme. Your business details, name, address and VAT registration number will be automatically populated on your VAT MOSS registration.

The MOSS return

The MOSS return is a separate VAT return from the normal UK return:

- Accounting periods are calendar quarters (31 March, 30 June etc.)
- Use to account for EU output VAT only. Cannot use to claim EU input VAT (do that via EU VAT refund scheme – also accessed via HMRC online services)
- Return and payment due within 20 days
- Must keep records for ten years

Consultancy, advertising, IPR etc.

Service type 5

IP rights, advertising, consultancy and professional services, data processing, supply of information, financial services, supply of staff

B2B

General rule

B2C

Where the supplier belongs but if the customer belongs outside the EU, the place of supply is outside the EU

Rule 5 applies to: supplies of intellectual property rights, for example use of a name or logo; advertising services; consultancy and professional services; data processing and information services; financial services; and supplies of staff (staff put under the direction and control of the customer)

Rule 5 examples

Examples

A UK VAT registered charity provides consultancy services to a Swiss charity

Place of supply is

Switzerland (B2B or B2C)

Consequences

Outside the scope of UK or EU VAT

A UK VAT registered charity purchases consultancy services from a Swiss VAT registered business

UK

Reverse charge applies, UK charity charges itself UK VAT at 20%

Further information

VIIES system

ec.europa.eu/taxation_customs/vies/

Checking a VAT number with HMRC

Ring the VAT helpline on 0300 200 3700

EORI numbers

www.gov.uk/eori-supporting-guidance

VAT rules in other EU states

ec.europa.eu/taxation_customs/taxation/vat/traders/vat_community/index_en.htm

MOSS database

This is an Excel database which can be downloaded from

ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/telecom/moss_report.xlsm

HMRC guidance

Imports

www.gov.uk/government/publications/vat-notice-702-imports/vat-notice-702-imports

Imports by charities

www.gov.uk/government/publications/notice-317-imports-by-charities-free-of-duty-and-vat/notice-317-imports-by-charities-free-of-duty-and-vat#relief-conditions

Import customs procedures

www.gov.uk/government/publications/vat-notice-7029-vat-import-customs-procedures/vat-notice-7029-vat-import-customs-procedures

Exports

www.gov.uk/government/publications/vat-notice-703-export-of-goods-from-the-uk/vat-notice-703-export-of-goods-from-the-uk

Intra-EU supplies of goods

www.gov.uk/government/publications/vat-notice-725-the-single-market/vat-notice-726-the-single-market

Cross-border services

www.gov.uk/government/publications/vat-notice-741a-place-of-supply-of-services/vat-notice-741a-place-of-supply-of-services

Mini-One-Stop-Shop (MOSS)

www.gov.uk/register-and-use-the-vat-mini-one-stop-shop

Sayer Vincent guides

VAT made simple

Gift Aid made simple

Notes



Notes





Made simple guides

Made Simple guides are aimed at finance professionals and other managers working in charities. They cover technical areas such as tax and VAT treatments as well as information management areas and aim to provide practical guidance to busy managers and trustees in charities.



Made to measure

Sayer Vincent is a firm of chartered accountants working solely with charities and social enterprises. Through tailored audit and advice services, we provide trustees and managers with the assurance that their charity is managing its resources effectively.

As well as being commercial accountants, Sayer Vincent people have an in-depth knowledge of the governance and management of charities and social enterprises. We can advise on a range of business activities to achieve the best financial outcomes, keeping in mind the context of your organisation's objectives.

Working with Sayer Vincent, you will feel that you have extra people on your team.

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