



BEZOS

The Brexit Manual

for eCommerce Sellers

A Guide for Post Brexit eCommerce

v4 - Updated 07/06/21

Introduction

Selling your products globally is essential to a growing e-commerce business. Brexit has changed the way you buy and sell goods between the EU and UK, so how do the new procedures affect you and what is the easiest way to navigate UK-EU cross border sales? This document provides an overview of the rules and regulations that came into force on the 1st January 2021, and has been updated to reflect the changes that will be enforced from the 1st July 2021.

Key changes from July

- **End of the Low Value Consignment Relief**
Goods under €22 no longer exempt from VAT and customs
- **IOSS and OSS come into force**
UK B2C sellers can collect and report VAT for the whole of the EU with an IOSS/OSS registration in one EU member state (IOSS limited to consignments under £135/€150)
- **Online marketplaces will be liable for handling the VAT**
For UK businesses selling goods with a consignment value below £135/€150 to EU customers. (This already applies to EU businesses selling to the UK)

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Summary of Terms

- **EORI Numbers** (Economic Operators Registration and Identification number)

This is an ID code used to track and register customs information. You need an EORI number to move goods between countries.

UK sellers will need an EORI starting with 'GB' followed by a 12 digit number (based on your VAT number) to import and export goods to and from the UK. If you have a UK VAT number you should have already been issued a GB EORI number.

To make customs declarations and decisions in Europe you will need a single EORI for any EU member state, these can be requested from the EU country you are established in or the first country you make a customs declaration in. If you are moving goods to or from Northern Ireland you will also need a EORI starting with 'XI'.

[More information and to apply for a code](#)

- **HS Codes** (Harmonized System / Tariff Codes)

These are an internationally standardised system to classify products. Goods are identified by a 6 digit code (Some countries add longer codes to the first six digits for further classification) that is recognised by all customs systems, and used to calculate customs duty among other things.

Certain carriers are requiring a minimum of 8 digit HS codes for exports.

[Look up tariff codes here \(+ bulk lookup tool\)](#)

[More information and tariff code lookup](#)

- **Customs Duty**

A fee placed on gifts or goods arriving in a country. For imports to the UK, the charges are applied by the Border Force on behalf of HMRC. Rates vary depending on the good, value and country of origin.

[Calculate import duty with this tool](#)

- **EOR** (Exporter of Record)

The person or company that acts as the exporter of a good, this will usually be the seller. The EOR is responsible for customs paperwork and export clearance.

- **IOR** (Importer of Record)

The person or company that acts as the importer of a good. This can be the customer, seller or an indirect broker. The IOR is responsible for paying any import tariffs, duty, and VAT for the goods to clear customs.

- **DDU** (Delivery Duty Unpaid) / **DAP** Delivered At Place

DDU has been replaced by DAP in the latest Incoterms, but DDU can still be used. For both the seller fulfils delivery and export, but the customer is responsible for paying any import duty and taxes to customs. As the customer acts as IOR, the seller does not require EORI or VAT registration in the destination country.

- **DDP** (Delivery Duty Paid)

The seller acts as the EOR & IOR, and is responsible for any VAT & customs clearance fees, The seller will require a VAT registration in the destination country, and a GB EORI number if shipping to the UK or an EORI number for any EU member state if shipping to the EU. VAT and Duty are usually paid by parcel carriers who then invoice the fees back to the sender. DDP means the customer will not be charged on receipt of the parcel and ensures that customs clearance can be expedited.

- **OSS** (One Stop Shop) & **IOSS** (Import One Stop Shop)

Both the new OSS & IOSS come into effect from the 1st July 2021. They allow UK & EU B2C sellers to collect VAT for all their sales through a single registration in one EU member state through which they report EU sales on a single VAT return. The OSS is for products moving from one EU country to another (replacing the old distance selling rules). The IOSS is for products being imported into the EU from another country e.g. the UK.

The IOSS is limited to limited to consignments under £135/€150, for consignments over £135/€150 VAT and import duties will be charged at customs. The OSS is only necessary for businesses whose sales exceed €10k into other EU countries, if total sales are < €10k the VAT rate of the ship-from EU country can be charged on all EU sales.

- **CPC** (Customs Procedure Code)

The reason for import/export, expressed as a 7 digit number or 6 digits & 1 letter.

The Trade Deal

- **Rules of Origin** - In general products with at least 50% of their value created in the UK or EU are exempt from customs import duty (but still pay VAT).^[1] **Claiming Preferential Rates**
- **Low Value Relief** - From the 1st July 2021 the low value consignment relief will end. Therefore orders shipped to the EU under €22 will no longer be exempt from import duty and VAT.
- **Low Value Import** - Consignments under £135 imported into the UK (& EU from 1st July) are duty exempt and subject to UK supply VAT charged by the seller at checkout, rather than import VAT.^[2]
- **VAT and Import Duty** - For goods not meeting the above exceptions, import VAT and import duty need to be paid in the country where the goods are received.

Currently UK sellers shipping to the EU will need to register for VAT in every European country that they are selling goods in if acting as IOR. After July 1st, 2021 the new one-stop-shop rules come into effect allowing UK and EU B2C sellers to register for VAT in one EU state to collect and report VAT for all their EU sales.

This document is only a guide, it is important that you seek advice from tax & legal professionals.

[1] - Rules of origin have varying thresholds - check with a legal advisor if your goods comply

[2] - Alcohol, tobacco products, and perfume or toilet waters are excluded from the relief of Customs Duty, and VAT at import is payable

Shipping Stock to a Warehouse

- Manufacturers will usually arrange shipping and export
- Otherwise you can arrange transport with a freight forwarder or pan-European logistics company
- The sender (whoever currently holds the stock) will need to act as the EOR
- You (the e-commerce seller) will need to act as the IOR for stock to be delivered to the warehouse, requiring an EORI and VAT registration in the destination country.

Shipping Stock to UK Warehouses

Seller	Stock Origin	Warehouse Location	UK VAT Registration	UK (GB) EORI	EU VAT Registration ^[a]	EU EORI ^[b]
EU	EU	UK	Yes	Yes ^[3]	No ^[4]	No ^[5]
EU	ROW	UK	Yes	Yes ^[3]	No ^[4]	No
UK	EU	UK	Yes ^[6]	Yes	No	Yes ^[5]

For EU sellers exporting consignments greater than €6000 to the UK, you need to be registered in the EU Registered Exporter System (REX) and have a registered exporter number.

[Find out about REX](#)

Shipping Stock to EU Warehouses

Seller	Stock Location	Warehouse Location	UK VAT Registration	UK (GB) EORI	EU VAT Registration ^[a]	EU EORI ^[b]
EU	UK	EU	No	No ^[5]	Yes	Yes
UK	UK	EU	No ^[4]	Yes ^[5]	Yes ^[7]	Yes ^[3]
UK	ROW	EU	No ^[4]	No	Yes ^[7]	Yes ^[3]

[More information for exporting stock as a UK Seller](#)

[a] - VAT registration for the country you are shipping to.

[b] - One EORI number for any EU member state

[3] - Yes, if acting as IOR (No, if a third party acts as IOR)

[4] - VAT registration dependent on sellers other circumstances

[5] - Yes, if acting as EOR (No, if a third party acts as EOR)

[6] - UK seller VAT registration is compulsory if turnover >£85k in 12 months. If turnover is <£85k, voluntary registration is possible. (EU sellers, UK VAT is compulsory without a threshold)

[7] - For the country you are shipping to.

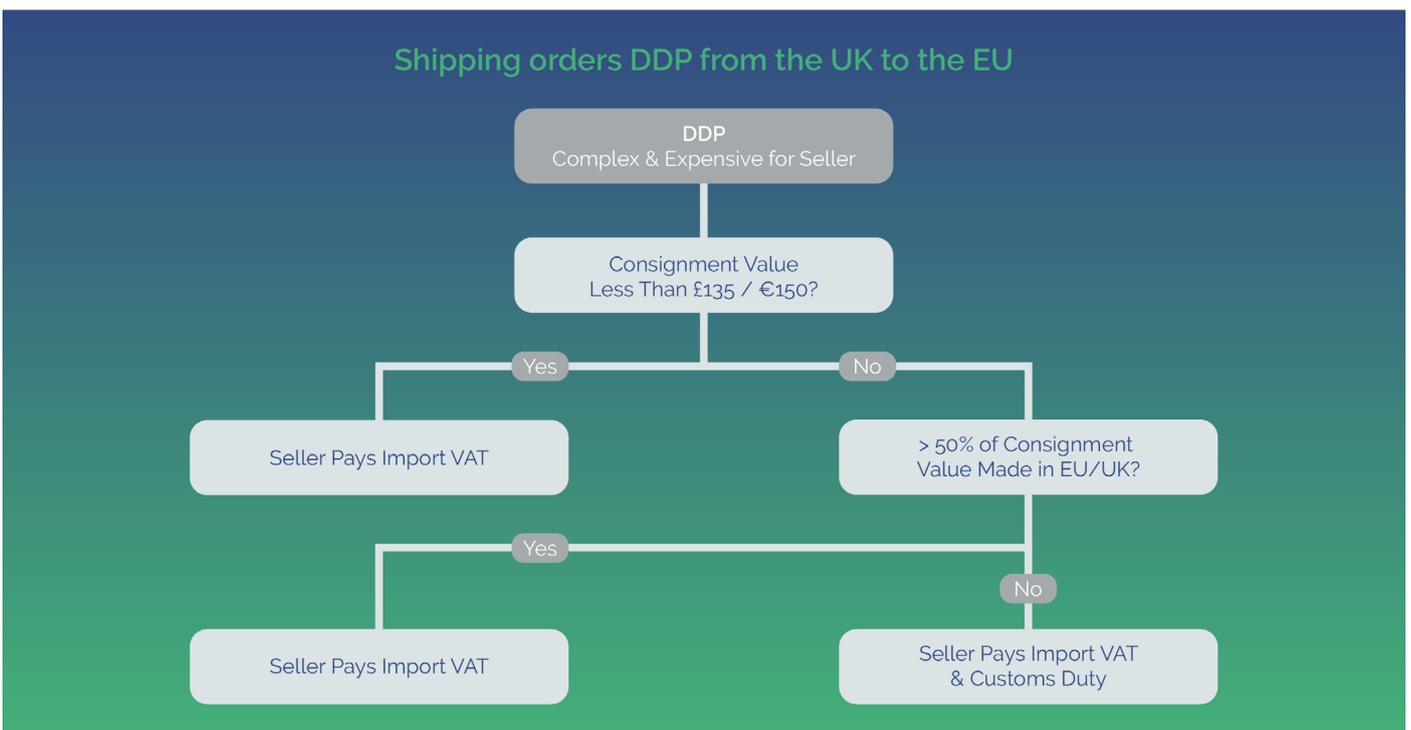
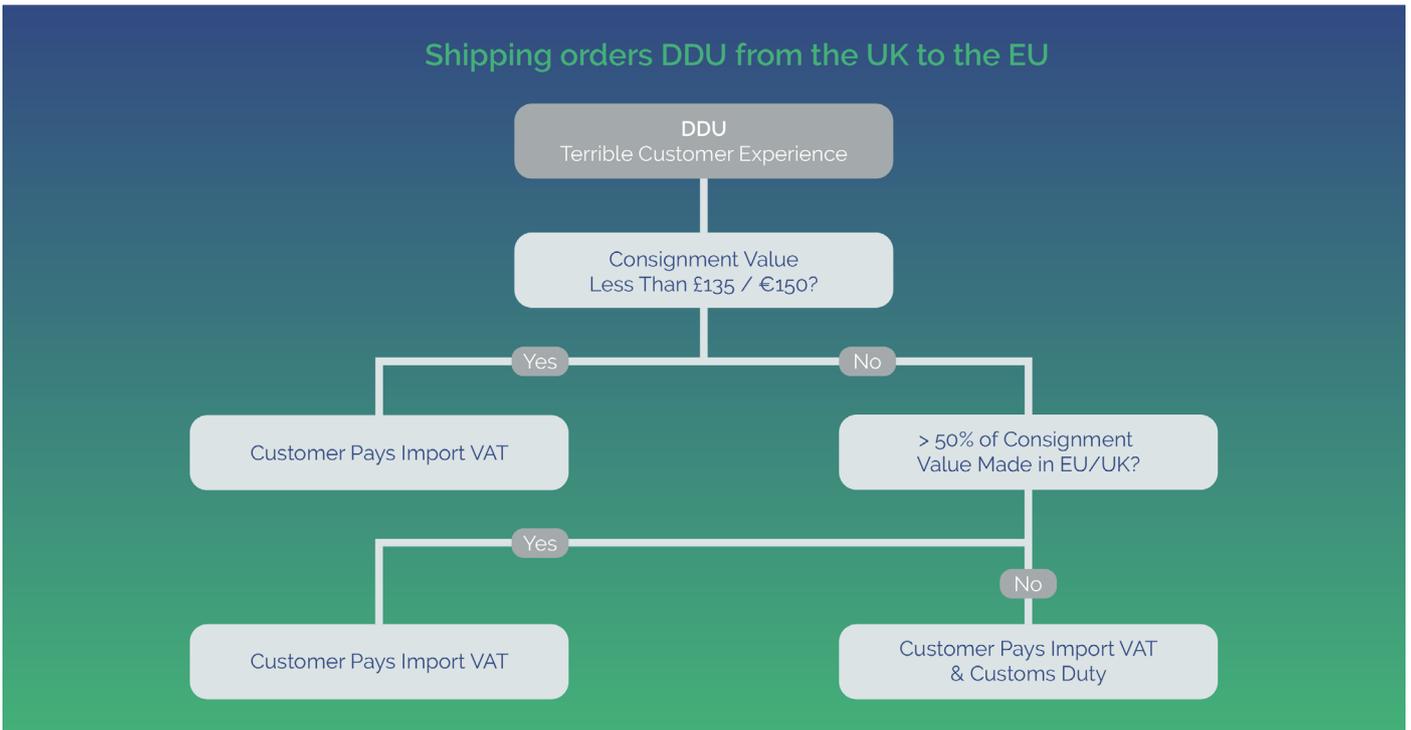
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Shipping Individual Orders to Customers

- The most popular options for sellers to send orders are DDP or DDU/DAP
- DDP requires sellers to act as both the EOR and IOR
- DDU/DAP the seller acts as EOR and the customer acts as IOR
- Whichever shipping option you choose it is sensible to reflect this in your checkout pricing
- If you ship DDU/DAP it is really important to communicate to customers that they will be charged additional taxes and fees by customs so they are not surprised by this later.
- UK sellers shipping DDP to the EU will need VAT registration in each European country they sell to until the 01/07/21 when they can register for the IOSS

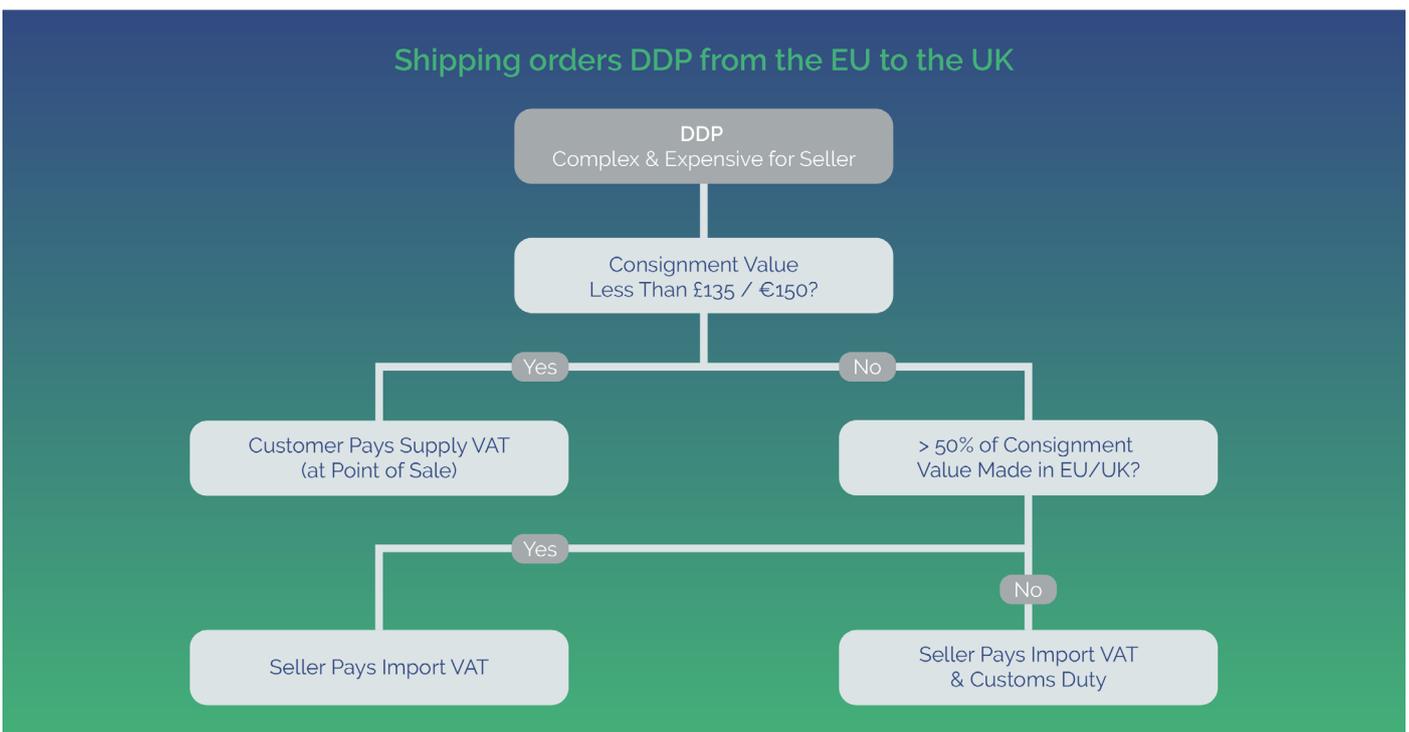
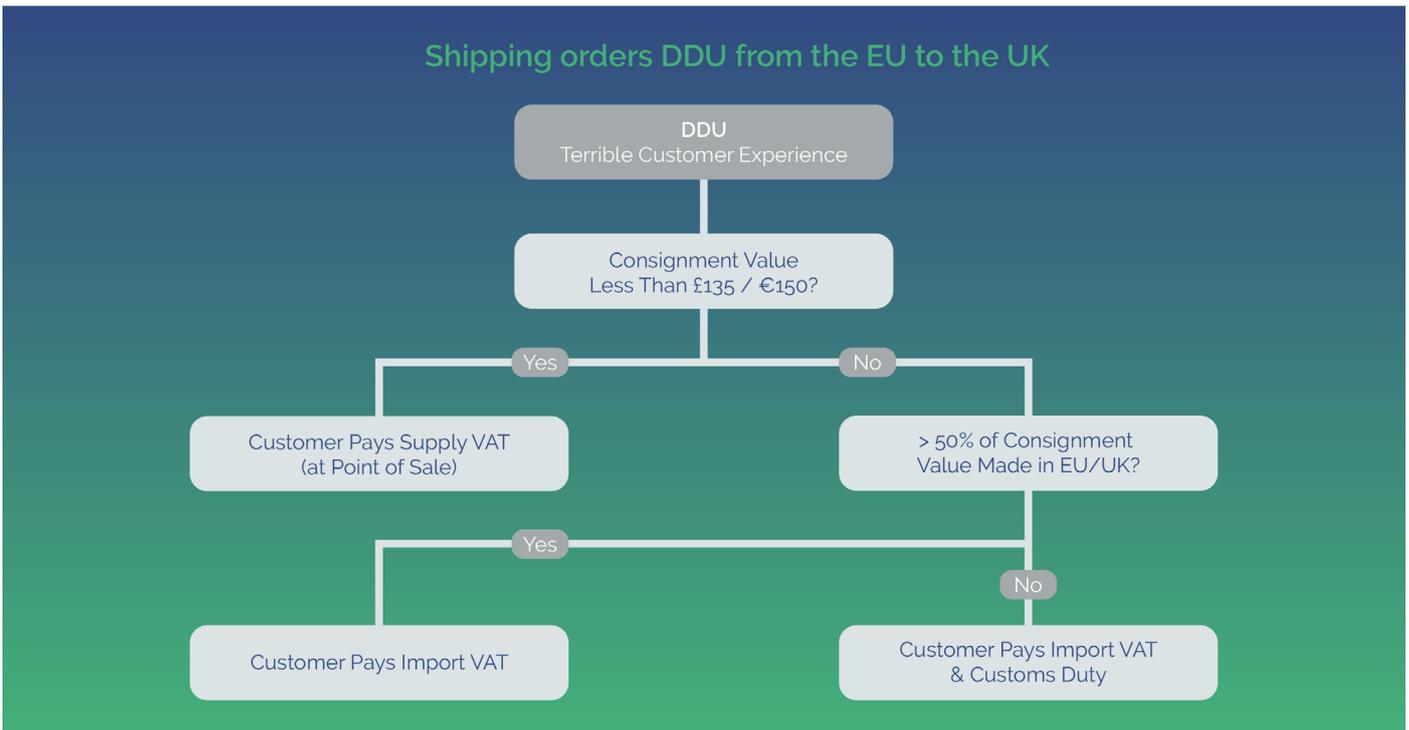
Shipping Individual Orders from a UK Warehouse

Seller	Product Location	Customer Location	UK VAT Registration	UK (GB) EORI	EU VAT Registration ^[a]	EU EORI ^[b]
UK	UK	EU	No ^[10]	Yes	Yes ^[12]	Yes ^[9]
EU	UK	UK	Yes	No	No ^[10]	No
EU	UK	EU	No	Yes	Yes ^{[9] [10]}	Yes ^[9]



Shipping Individual Orders from a EU Warehouse

Seller	Product Location	Customer Location	UK VAT Registration	UK (GB) EORI	EU VAT Registration ^[a]	EU EORI ^[b]
UK	EU	EU	No ^[10]	No	Yes ^[11]	No
UK	EU	UK	Yes ^[9] [10]	Yes ^[9]	No	Yes
EU	EU	UK	No ^[8]	No ^[8]	No ^[10]	Yes



[8] - No, unless acting as IOR

[9] - Yes, unless NOT acting as IOR (It may be best to act as IOR in this circumstance)

[10] - VAT registration dependent on sellers other circumstances

[11] - OSS registered in the EU country where you hold stock or VAT for the country you are selling to

[12] - Yes, if acting as IOR, you need IOSS in any EU country or VAT in the country you are selling to

This document is only a guide, it is important that you seek advice from tax & legal professionals.

Handling the Changes

Marketplace & Sales Channels

- Most major marketplaces will block sellers from selling between the UK and EU if their goods aren't first cleared through customs and VAT checks.
- For EU sellers using an online marketplace to sell goods with a consignment value below £135 to UK customers, the VAT liability will be shifted to the platform.
- For UK sellers The EU will have similar rules from the 1st July 2021.

Paying VAT

- **Postpone VAT Accounting (PVA)** - Many countries offer a deferred import VAT scheme allowing sellers to import goods without making a cash payment to customs at import VAT. Instead using postponed accounting they can record VAT in their next return as a book entry only (reverse charge). Read more here: [Postponed Accounting, Import VAT Options](#)
- **Zero Rate Goods** - Most export sales are exempt from UK VAT. Make sure to obtain proof of export, full information can be found [here](#).
- **Temporary Imports** - [Read this](#)
- **Cash payment** - Import VAT can be paid in cash directly to customs. If you are VAT registered in that country you will be able to reclaim this on your VAT return, without a VAT registration you will not be able to recover the money.

Returns Good Relief

How you and your customers handle returns is now crucial to avoid delays and excess VAT and customs costs. Returned Goods Relief (RGR) allows you to get relief on goods re-imported into the UK that have previously been exported. You can read more about RGR and download the forms [here](#).

Customs Export Information

You will need to provide to carriers:

- Sender details (Name, address, telephone number and email)
- Sender EORI
- Recipient details (Name, full address, destination country, telephone number and email)
- Recipient EORI if sending to a registered business
- Importer EORI (if applicable)
- Item details: (Description, quantity, weight, and value of contents)
- Country of origin of contents
- Shipping & insurance costs
- HS tariff code
- Reasons for export – (Sale, Return/Replacement, or Gift)

Why you should be using an EU & UK fulfilment network

Splitting your stock between EU and UK warehouses with a fulfilment network like the Bezos Fulfilment Network provides significant benefits for both EU and UK sellers to the way post Brexit e-commerce sales are handled.

Benefits:

- Only have to deal with customs clearance once rather than for each order
- No complications of DDP shipping with the need for precise information and additional registrations
- Avoid the bad customer experience from DDU/DAP shipping, where customers are lumped with additional, often surprise, fees and potential delays to their order
- Faster Shipping for Customers. As the order is closer to the customer and does not require cross border transport with customs processes
- Returns solution without customs requirements
- Able to use marketplaces to sell outside of your country

Speak to our fulfilment consultants
to see how we can help get your
fulfilment sorted

Book a free fulfilment
consultation

Find out how the Bezos Fulfilment
Network works

Visit our website

Information for Reference

EU VAT Rates

EU Member State	Standard VAT Rate
Austria	20%
Belgium	21%
Bulgaria	20%
Cyprus	19%
Czech Republic	21%
Croatia	25%
Denmark	25%
Estonia	20%
Finland	24%
France	20%
Germany	19%
Greece	24%
Hungary	27%
Ireland	23% - from 01/03/21
Italy	22%
Latvia	21%
Lithuania	21%
Luxembourg	17%
Malta	18%
Netherlands	21%
Poland	23%
Portugal	23%
-Azores	18%
-Madeira	22%
Romania	19%
Slovakia	20%
Slovenia	22%
Spain	21%
Sweden	25%

Useful Links

[EORI codes](#)

[Tariff Codes & Lookup](#)

[Tariff Codes Bulk Lookup Tool](#)

[Import Duty Calculator](#)

[REX for EU Sellers](#)

[UK Sellers Exporting Stock To EU](#)

[Claiming Preferential Rates](#)

[UK VAT Registration](#)

[Export VAT Relief](#)

[Temporary Imports](#)

[Postponed Accounting](#)

[Import VAT Options](#)

[Returned Goods Relief](#)

This document is only intended as a guide and will be updated as we learn more about how Brexit affects the eCommerce industry. It is important that you seek proper advice from tax & legal professionals.