

POST-BREXIT VAT RULES: WHAT YOU NEED TO KNOW

From fiscal representation to VAT refunds and new rules for e-commerce businesses, TMF Group experts answer the most common VAT-related questions received since Brexit.

The post-Brexit trade reality has brought a lot of confusion for cross-border businesses of all sizes, particularly in relation to VAT rules. Here we have the answers to seven of the most common questions received by TMF Group's tax experts since the start of 2021.

1. As a non-established business, can I continue trading in the UK in 2021 as I did before Brexit, using only my VAT registration?

Yes, non-established businesses can continue to trade as before, they do not need to have UK permanent establishment.

2. As a non-established business do I need a new VAT number for the UK, or can I keep my old one?

If you are registered for VAT in the UK, you automatically keep your old number – it does not change despite Brexit.

3. I am in e-commerce. Do I need to do anything different in 2021, or can I simply continue selling to my customers in the UK?

New VAT rules for e-commerce businesses came into effect at the end of the Brexit transition period (31 December 2020). The changes affect those trading via online marketplaces as well as those using their own website to receive orders and process payments.

Her Majesty's Revenue and Customs (HMRC) published a [policy paper](#) explaining the changes. For an analysis of your specific situation, we recommend getting in touch with our international tax team.

4. As a UK business VAT registered in various EU member states, can I continue trading as before?

The short answer is no, because the UK is no longer in the EU. Depending on the EU member states you are registered in, you may need to appoint a fiscal representative. The fiscal representative is jointly and severally liable for any tax unpaid, interests and penalties. You can expect your nominated fiscal representative to ask you for a bank guarantee or cash deposit.

5. As a UK business selling digital services in many EU member states, can I keep on using the Mini One Stop Shop (MOSS) scheme?

No, EU simplifications including the MOSS no longer apply to the UK. Under the rules covering the provision of digital services, you must either:



- ① register for the Non-Union VAT MOSS scheme in an EU member state or,
- ① register for VAT in each EU member state in which you supply digital services to consumers.

6. As a UK business, can I still make refund applications for VAT incurred within the EU in 2020?

Yes, you can. If you submit the VAT refund applications before 31 March 2021, you can use the HMRC EU VAT refund portal. After this date, applications can still be made but the method for doing so will change to the 13th Directive procedure. This method is likely to involve hard copies of invoices, an original certificate of taxable status, an application form to be completed and potentially the use of an agent/fiscal representative. Exact requirements will vary by jurisdiction.

7. We are a Hungarian/other EU country-registered business trading in the UK and as such, we incur UK VAT on invoices from suppliers and through hotel/restaurant expenses for our employees. Can we still recover this VAT?

Yes, you can. Until 31 March 2021 you can submit refund applications for 2020 through the Hungarian tax office EU VAT refund portal. After this date, you will need to submit paper claims and provide hard copies of original invoices/documentation. Note that HMRC are currently working on a trial which may allow for the submission of scanned invoices.

TMF Group can provide accurate, consistent and timely [international tax compliance](#) everywhere you need it, through our global network of local tax experts.

Want to know more about TMF Group services and how we can help your business? [Contact us.](#)

About TMF Group: TMF Group is the leading provider of business-processes outsourcing and administrative support services for streamlining local operations or for international business expansion. With some 7,800 experts – in-house, on the ground in over 80 locations – and is the only company worldwide to provide the combination of fiduciary, company secretarial, accounting and tax and HR and payroll services essential to the success of businesses investing, operating and expanding across multiple jurisdictions. We know how to unlock access to some of the world’s most attractive markets – no matter how complex – swiftly, safely and efficiently. That’s why over 60% of the Fortune Global 500 and FTSE 100 and almost half of the top 300 private equity firms use us. www.tmf-group.com