

Accounts Receivable: VAT guidelines for goods and services supplied to overseas customers from 1 January 2021

Key Messages

Supplies of goods and services to customers in the EU will now largely be treated the same as such transactions with the rest of the world.

Goods

- **All sales of goods (to EU and Non-EU countries) are now EXPORTS and should be coded to RG-Goods to ROW**
- [New University Standard Terms & Conditions of Sale](#) provide more protection to the University by placing the import VAT & duty obligation on the customer – these should be used where possible.
- Sales of **goods to businesses in the EU** use tax code **RG-Goods to ROW**
- Sales of **goods to individuals in the EU** use tax code **RG-Goods to ROW**
- Sales of **goods to non-EU countries** continue to use tax code **RG-Goods to ROW**
- A customs export declaration will now be required for goods leaving the UK.

Services

- The VAT rules for services are different depending on whether we are providing them to a business or to an individual.
- Sales of **services to all overseas businesses (EU & non-EU)**: will generally be VAT-free, use tax code **RS - Services to ROW** (but see exceptions below for those that are taxable in UK and attract VAT at SR20% or are EXEMPT).
- Sales of **services to all overseas individuals (EU & non-EU)**: will often be SR20% or EXEMPT education but some exceptions can now be VAT-free (see below).
- If providing **digital services**, the rules are complex. Please contact the University's Tax Team.

1. GOODS - Sales to businesses and individuals outside the UK

1.1 VAT

From 1 January 2021, **sales of goods to businesses and individuals in the EU will be treated in the same way as sales of goods to businesses and individuals in the rest of the world**, from a VAT perspective.

All sales of goods to countries outside of the UK should use the tax code 'RG - Goods to ROW' when being processed in CUFS.

If we export goods to a customer outside the UK, our supply is zero-rated if we retain proof of export. This can be a certificate of posting, air waybill etc. The customer's VAT number no longer needs to be quoted on your sales invoice.

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1.2 Border procedures

We will now need to make an export declaration to HMRC for any goods exported to the EU from the UK, in the same way as goods going to non-EU countries. We may need an export agent to deal with this additional administration.

Whoever is importing the goods into the EU (normally the customer or their agent) will need to comply with the EU member state customs controls. The goods may also be subject to import VAT and duties.

We may need a license or, to follow special rules, to export restricted goods abroad, for example animals, medical equipment, and chemicals. See <https://www.gov.uk/starting-to-export/licences>

NB. There will be different rules regarding goods being imported across the land border between Ireland and Northern Ireland and for goods moving between GB (England, Scotland, and Wales) and Northern Ireland. These are yet to be finalised by HMRC and The Tax Team will give further guidance at that stage¹.

1.3 Terms & Conditions of Sales

Revised [University Standard Terms & Conditions of Sale](#) state that the price of goods or services will be exclusive of VAT or other taxes; making the customer responsible for the payment of any VAT or duty. Please ensure these terms and conditions are used where possible.

2. SERVICES - Sales to business and individuals outside the UK

The VAT rules for services are different depending on whether we are providing them to a business (B2B) or to an individual (B2C).

If providing digital services, the rules are complex. Please contact the University's Tax Team.

2.1 Sales of services to overseas businesses (B2B)

Overseas B2B supplies of services are normally zero-rated unless they are one of the exceptions in the table below. Quoting the buyer's VAT number is the best way to evidence that the customer is in business so please continue to do this as best practice. When raising an invoice on CUFS please use the tax code '**RS - Services to ROW**'.

Exceptions to the general VAT rule for services to businesses	
<ul style="list-style-type: none">AccommodationCateringPassenger transport	Will be treated as taking place where the activity is located and, assuming in most cases the activity

¹<https://www.gov.uk/government/publications/moving-goods-under-the-northern-ireland-protocol>

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<ul style="list-style-type: none">• Services relating to land• Right of admission to cultural events inc. conferences, seminars, and course fees	will take place in the UK, the normal UK VAT rules will apply - see Sales/Income in the UK. Where located - as above.
<ul style="list-style-type: none">• Hire of goods• Electronically supplied services	If the items/services are used in the UK they will be subject to UK VAT rules (this is called 'use & enjoyment').
<ul style="list-style-type: none">• Education	Should be entered on CUFS as EX- Exempt irrespective of the location of your customer.

2.2 Sales of services to overseas individuals

Generally, sales of services to non-UK individuals will be treated as if they were supplied in the UK, and the normal UK VAT rules will apply – they will often be SR20% or exempt education.

There are exceptions to this. The following type of sales will be VAT-free, and the VAT code 'RS - Services to ROW' should be used when raising an invoice on CUFS:

- Transfers and assignments of copyrights, patents, licenses, trademarks and similar rights
- Advertising
- Consultancy
- Hire of goods where they are used and enjoyed outside the UK

There are complex rules for digital services – please contact the University Tax team.

2.3 Miscellaneous receipts

For income receipted into CUFS (not driven by invoices) from overseas customers, Departments should continue to consider whether there is a supply for VAT purposes and what the nature of this is (goods or services) and then follow the guidance above.

3. More help and information

For queries in relation to VAT, customs and excise duties and reliefs.

Please contact the University Tax Team: VATQueries@admin.cam.ac.uk

The Government's Brexit imports and exports helpline: Tel: 0300 322 9434 (Mon-Fri 8am-6pm) and [webchat](#).

To find out about:

- customs declarations and procedures
- duties and tariffs

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- importing and exporting different goods
- transporting goods to and from the EU
- product safety regulations

There is also guidance available on the GOV.UK website

- *Import and export and customs for businesses*
<https://www.gov.uk/topic/business-tax/import-export>

For help on processing transactions in CUFS:

- [Accounts Receivable guidance and FAQs](#)
- UFS Helpdesk ufsenquiries@admin.cam.ac.uk