

VAT Guidelines for purchasing goods and services from overseas from 1 January 2021

Version 2.0
8 October 2020

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Version history

Version	Date	Description
2.0	8 Dec 20	Updated to include Postal Imports less than £135, Any movements of goods with Northern Ireland, Expenditure against EU grants and projects. Contents page added for improved readability
1.0	1 Dec 20	Initial publication

Key messages

In general

- **New tax codes** are being introduced in CUFS for imported goods from all overseas suppliers.
- Certain imported goods may be subject to **customs duties** that will represent additional cost to departments.
- There are virtually no changes to the purchase of services from overseas suppliers.

To import agents/carriers

- **Provide** agents with the University's **VAT Registration and/or EORI number**

University's VAT Registration number: GB 823 8476 09

University's EORI number: GB823847609000

- **Confirm** that we will use **Postponed VAT Accounting (PVA)** to account for import VAT on our VAT return for purchases of goods from **all overseas suppliers**.
- **Instruct them to use existing customs declaration procedures for all imports** (do not use deferred declarations) but, **NOT** to pay the IMPORT VAT at entry – see Appendix A for suggested wording.

Postal imports less than £135

- **Provide** the supplier with the **University's VAT registration number** when ordering and code to the appropriate IMPORT tax code

On purchase orders

- Use the **IMPORT20%, IMPORT5%, IMPORT0% or ME0.0% tax codes** in CUFS for purchases of **goods (and related customs duty)** from **all overseas suppliers**.
- Wherever possible, all imports should be raised using the University Standard Terms & Conditions to ensure that we use **INCO DDP terms** (delivered duty paid) to mitigate the University's duty costs and import obligations.
- Purchases against EU grants should continue to be charged to existing awards and projects.

Suppliers' invoices

- For goods ordered prior to the 31 December 2020 but imported afterwards - the tax code will need to be amended to the correct **IMPORT** tax codes when matching the supplier's invoice to the purchase order.

Northern Ireland

- Contact the Tax Team if involved with the movement of **any** goods in, or out, of Northern Ireland

1. Buying goods from overseas suppliers

When the transition period ends on 31 December 2020, imports from countries in the EU will be subject to the same customs controls and VAT rules as imports from suppliers in the rest of the world.

1.1 Import VAT

From 1 January 2021, the way that we pay import VAT is changing. The University will be using its VAT return to account for import VAT on goods from all overseas suppliers. This is known as postponed VAT accounting (PVA). When instructed by us, import agents/carriers will no longer have to pay import VAT on our behalf when goods enter the UK. The University Tax Team has already confirmed to DHL and FEDEX that the University wishes to use PVA and standard customs procedures.

Departments should confirm that PVA is to be used when instructing import agents and that standard customs declarations are to be used (NOT deferred declarations). See [Appendix A](#) for suggested wording.

PVA is effectively the same process that we have been using for the collection of *Acquisition Tax* on goods imported from the EU, which is now being extended to all imports regardless of where they are from (with the exception of [Parcel consignments worth £135 or less](#)). This will mean that the import agent's/carrier's invoice will no longer include a line for import VAT paid at the border on our behalf.

From 1 January 2021, departments should:

- 1) **Use the IMPORT20%, IMPORT5%, IMPORT0% or ME0.0% tax codes** for all purchases of goods from overseas suppliers.
- 2) **Confirm with import agents/carriers that we will use PVA** - give them our VAT registration number and/or EORI number. We will account for the import VAT on our VAT return (using PVA).
- 3) **Instruct the import agents/carriers that we wish to use existing customs processes to complete a standard customs declaration at point of entry.** Do not use the 6 month deferred customs declaration option.

Tax codes for goods purchased from overseas from 1 Jan 2021

The VAT rate of goods if they had been purchased in the UK....	Tax code to use on POs for goods from overseas suppliers
Standard rated (SR20.0%)	IMPORT20%
Reduced Rate (RR5.0%)	IMPORT5%
Zero-rated (ZR0.0%)	IMPORT0%
Exempt (EXEMPT)	NO UK VAT
Medically Exempt (ME0.0%)	ME0.0%
OUTSIDE THE SCOPE (overseas VAT charged)	NO UK VAT

➤ See [Processing an Invoice from an import agent/carrier on CUFS](#)

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Goods from OUTSIDE the EU, imported up to 31 December 2020

Any goods from outside the EU imported up to 31 December 2020 will be subject to import VAT at their point of entry. The University's import agents/carriers will continue to pay this on the University's behalf and re-charge it to the University, alongside any duty charges and the fee for their services. These agents'/carriers' invoices should be processed per the current guidance (link above) and the subsequent invoice from the overseas supplier processed with the tax code of NO UK VAT.

Goods from OUTSIDE the EU, in transit - straddling 31 December 2020 and 1 January 2021

If a declaration is made on or after 1 January 2021, then the import VAT should be postponed, and our import agents/carriers will not need to pay this on the University's behalf. Therefore, when the invoice from the supplier is received please cross-check this against the agent's/carrier's invoice and if no import VAT has been paid on our behalf, please code the supplier's invoice to the appropriate IMPORT tax code when processing in Accounts Payable

Goods from INSIDE the EU, in transit straddling 31 December 2020 and 1 January 2021

As above, where a movement of goods has started before 31 December 2020 and ends after 1 January 2021, please ensure that it is coded to the relevant IMPORT tax code. . If any customs duty is charged on the agent's/carrier's invoice, this should be coded to the same IMPORT VAT code as the goods.

Goods from OUTSIDE the EU, already ordered that are imported after 1 January 2021

Where goods have already been ordered from suppliers outside the EU using the tax code NO UK VAT, but are subsequently imported post 1 January 2021, please ensure that the tax code used for the supplier's invoice is changed at the Accounts Payable stage to the appropriate IMPORT tax code and that any customs duty included on the agent's/carrier's invoice is coded to the same IMPORT tax code.

Goods from OUTSIDE the EU, where a pre-payment /deposit /stage payment was made prior to 1 January 2021

Import VAT is due on the full value of the goods. Please contact the Tax Team with details so we can ensure that the full VAT value is captured for the VAT return.

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](#). See [para 1.5](#)

1.2 Customs duties

The amount of duty due

The rate of customs duty we pay on goods when importing them into the UK is known as the 'tariff'. During the transition period, customs duties are only payable on goods entering the UK from outside the EU and the tariffs that we pay are preferential EU rates. This will change from 1 January 2021. The proposed UK tariffs to be applied to all imports can be found [HERE](#) but the final position

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will depend upon what is agreed between the EU and the UK.

Potentially, duty will represent an additional cost to Departments and import VAT is due on top of any customs duty charged. To mitigate the University's duty costs and import obligations **Departments are reminded that, where possible, all overseas purchases should be made using the University Standard Terms & Conditions** so that you purchase items that are **INCO terms: Delivery Duty Paid (DDP)**. DDP is an incoterm, meaning that the supplier will deliver goods to a final destination and be responsible for its import, e.g. customs declarations, duty and import VAT.

➤ [DDP Delivery Terms – Bulletin No 760](#)

Paying customs duty and making declarations

The University does not have a VAT and Duty Deferment Account and departments are not permitted to set one up.

From 1 January 2021, we will need to make full customs declarations for both EU and Non-EU imports at the point of entry and **Departments will need to confirm this with import agent/carriers** to ensure that the correct declarations / duty payments are made. The University is not using the 6 month deferred declaration scheme to which the import agents/carriers may refer.

Please code any **customs duty** element of an agent's / carrier's invoice **to the same IMPORT tax code** as the related goods (e.g. supplier's invoice coded to IMPORT20%, then customs duty coded to IMPORT20%).

1.3 VAT and duty reliefs

Please contact the Tax Team in the first instance if you have any questions about reliefs for duty and VAT, especially if you currently have any items that are subject to one of the following reliefs, which HMRC refer to as 'customs special procedures':

- [Scientific Instruments](#)
- [Temporary Admission](#)
- [Inward Processing Relief \(IOR\)](#)
- [Outward Processing Relief \(OPR\)](#)

1.4 Postal Imports less than £135

Where the University imports goods from overseas and the seller sends them as a parcel in the post and the consignment is valued at **less than £135** (exclusive of VAT), the way in which import VAT is paid is changing. From 1 January 2021, VAT will no longer be due at the border.

What is the significance of £135?

It is the threshold for customs duty purposes meaning that no customs duty will be due on these parcels – however, customs declarations are still needed.

Actions for departments

1) Provide the Supplier with the University's VAT registration number

This provides proof to the seller that we are a business customer. This is particularly important where a purchase order has not been raised for the goods including any purchases on the University corporate credit card.

University's VAT registration number: GB 823 8476 09

Where the University has provided its VAT registration number to the seller, the **import VAT** will be accounted for by the University on its UK VAT return using a new procedure called Postponed VAT Accounting (PVA).

2) Code the order, invoice, or receipt to the appropriate IMPORT tax code

This will be most commonly IMPORT20% or ME0.0% and ensures that the correct PVA procedure is used.

For further details please see HMRC guidance

<https://www.gov.uk/government/publications/changes-to-vat-treatment-of-overseas-goods-sold-to-customers-from-1-january-2021>

What if no VAT number is provided at the point of sale?

Sellers are liable to register for VAT in the UK for any supplies made directly to non-business customers and then charge domestic UK VAT, as if they made the supply in the UK. This should be coded to SR20% on CUFS rather than import VAT.

What if I am buying items off overseas suppliers through the Marketplace in iProcurement?

As the University's VAT number is automatically provided when the purchase order is transmitted, you should not be charged VAT on parcel consignments of less than £135. Select the appropriate IMPORT tax code on CUFS when raising the order and processing the invoice.

What if I am buying goods off other online marketplaces?

Remember to provide the University's VAT registration number when you order the goods. You will not then be charged VAT on the consignment and instead you should select the appropriate IMPORT tax code when processing the transaction.

Where our VAT number is not provided, the online marketplace involved in facilitating the sale will be responsible for collecting and charging you UK VAT on the goods.

What about consignments valued above £135?

Follow the standard guidance for imports – see para 1.1

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Does this apply to goods sent between Northern Ireland and Great Britain?

No, these are subject to special rules – see para 1.5 below

1.5 Any movement of goods involving Northern Ireland

At the end of the transition period, the Northern Ireland Protocol will take effect. The Protocol is an agreement between the EU & the UK which aims to avoid a hard border between Northern Ireland and Ireland. The Protocol means that Northern Ireland is simultaneously in both the UK and EU's VAT system for goods, including goods moving to, from and within Northern Ireland. UK VAT rules related to transactions in services will apply across the whole of the UK.

The application of the Protocol will involve some changes for sales and movements of goods that involve Northern Ireland. This could be purchases and sales but also moving the University's own goods e.g. collections and equipment for field trips and research. For goods, it will be important to make the distinction between UK (Great Britain and Northern Ireland), GB and NI.

For movements of goods from GB to NI, there are potentially customs declarations to be made plus payment of custom duties and import VAT.

To enable this, the University has applied for an XI EORI number – a special NI identification number - and registered with the [Trader Support Service](#).

Please email the [University Tax Team](#) for assistance within any sales/purchases or movements of goods involving Northern Ireland.

2. Purchasing services from overseas

There are virtually no changes to the purchase of services from overseas suppliers so Departments should continue to use the tax code **Services Tax** where applicable. The exceptions are where the service is used and enjoyed in the member state e.g. electronically supplied services, equipment and car hire, where VAT is likely to be charged by the supplier. Please contact the University Tax Team if you need advice on how to deal with such services.

- For more information see [Purchasing Services from outside the UK](#)

3. Purchases in relation to EU grants and projects

In principle, the withdrawal agreement provides certainty on EU funding. It commits the EU to honour the funds of all active awards until the end of the project, regardless of a deal. Therefore, please continue to use your existing awards and projects unless instructed otherwise by the Research Operations Office.

4. 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 [web chat](#).

To find out about:

- customs declarations and procedures
- duties and tariffs
- 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>
- *Importing and exporting plants and plant products from 1 January 2021*
<https://www.gov.uk/guidance/importing-and-exporting-plants-and-plant-products-from-1-january-2021>
- *Importing animals, animal products and high-risk food and feed not of animal origin from 1 January 2021*

Brexit Briefing Notes

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<https://www.gov.uk/guidance/importing-animals-animal-products-and-high-risk-food-and-feed-not-of-animal-origin-from-1-january-2021#new-notification-process>

For help on processing transactions in CUFS:

- [iProcurement guidance and FAQs](#)
- [Accounts Payable guidance and FAQs](#)

UFS Helpdesk ufsenquiries@admin.cam.ac.uk

Appendix A

Instructions to give to import agent/carriers to advise them of our import VAT and customs duty requirements - suggested wording

DHL/FEDEX - the University Tax Team has already confirmed with DHL and FEDEX that we wish to use Postponed VAT Accounting and standard Customs Declarations. However, please do confirm this with them.

Dear XXXXX,

POSTPONED VAT ACCOUNTING & STANDARD CUSTOMS DECLARATIONS

We would like to confirm the following:

- From 1 Jan 2021, we do want to use the postponed VAT accounting (PVA) scheme for all of our imports (EU and Non-EU).
- From 1 Jan 2021, we do want to use standard declarations for CUSTOMS DUTY purposes for all of our imports (this is different to postponed VAT accounting). We do not want to use the CUSTOMS DUTY deferred declarations for EU imports that has been introduced.

VAT number: 823 8476 09 EORI number: 823 8476 09 000

Would you please confirm that you have updated your records to record our instructions.