Brexit changes and checking your VAT return

Where are we now?

Dynamics Trainer

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Can you hear me?

Is everything clear?

~ 45 mins

Q & A

What we'll cover

1. Brexit one year on
2. Master Data Changes
3. Postponed VAT Accounting
4. VAT Statement changes
5. Services & Reverse Charge
6. April 2021 onwards & MTD

SUMMIT UP

Questions/Comments/Concerns?

Ask away!

BUT…This is ***not*** VAT advice

Dynamics 365 BC or NAV

Posting Setup Changes

A summary of where you could be…

- No further use of the EU Reverse charge VAT posting setup (unless trading in Northern Ireland)
- Zero rated posting setup for EU2021 (mirrors ROW/Export)
- Imports below £135 have different rules
- EU2021 and FULL combination might be required as EU suppliers start to register with HMRC for VAT and then have GB VAT Reg no. (to allow VAT to be charged on separate invoice)
- EU suppliers with UK VAT registration, UK VRN, so treatment is like Domestic – challenge for new account creation and data checking
- Review your VAT statement to ensure all new combinations are picked up correctly

Dynamics 365 BC or NAV

Multiple VAT Registrations?

A summary of where you could be…

- Considering registering in an EU country to allow sales via DDP? There are some other options but BC can handle it
- If trading in Northern Ireland or registered for VAT in other countries then extra lines in VAT posting setup will be required
- Care if you could ship/receive to/from the EU from multiple locations, i.e. a UK mainland warehouse and one in Northern Ireland or France will have a different treatment
- Additional Reporting Currency can help if only one extra VAT registration (shows up on the VAT entry) to allow the EURO value to be shown/reported easily BUT only really works if consistently invoicing in EURO

Dynamics 365 BC or NAV

Master Data Changes

A summary of where you should be…

- All customers and vendors that were using the VAT Business Posting Group of EU swapped to EU2021
- All open documents updated, either swapped to EU2021 if nothing shipped/received or if part done then lines split and remaining quantities moved to new document
- See our booklet on the Brexit portal in the Supporting Documents section https://www.tecman.co.uk/brexit
- Filters can be used to check the above has been done (filter lists by VAT Bus. Posting Group and EU to check), or our Clever Data Validation may help (and some of you may have this already) https://www.tecman.co.uk/who-we-are/our-thoughts/isv-enhancements/-clever-data-validation-for-brexit
- Plus review Incoterms, check these are recorded correctly in the system (Shipment Method Codes)
- New options for selling DDP and also IOSS came in JULY. UPS quite active in offering guidance here and here with a webinar

(PVA)

Postponed VAT Accounting

The new (optional) way to handle your import

VAT has had a *slightly* bumpy start

- Large take up, brings a cashflow benefit, some businesses wary
- Per transaction basis, chosen per importation/customs declaration see here
- Completely optional – sign up for PVA statements here
- Some freight forwarders pushing back though (pushing for use of their Vat Deferment Account)
- Teething problems at HMRC, issues with statements, was fixed by June
- Simple to post in BC/NAV using a journal, recurring journal is ideal as it keeps the lines

Dynamics 365 BC or NAV

Services and reverse charge

A point to consider…

- Not relevant to all business, some have previously adopted the separation of goods from services due to complications in the past with the Intrastat report and boxes 8/9
- Optional use of SERV20 for example to allow services to have separate vat entries
- In a nutshell, general rule on place of supply, UK VAT rules such as VAT Notice 741a explain the process, when purchasing a service from abroad but the place of supply is UK you should account for the VAT in Boxes 1,4, 6, & 7
- Requires some extra lines in VAT Posting Setup and changes in the VAT Statement to pick them up correctly
- Could apply to small invoices from Google (AdWords), or Facebook for example, from EIRE
- See our booklet on 'Handling Services' on the Brexit portal in the Supporting Documents section https://www.tecman.co.uk/brexit

Making Tax Digital

April 2021 and MTD

The so called ‘phase 2’ of MTD is now with us, but what does it actually mean?

- Digital Links are required (no copy and paste if using a bridging solution)
- Bridging solutions in themselves are still fine (if using the above)
- The granular data (VAT Entries) is still not (yet) required
- VAT Groups – functionality was released by Microsoft in BC16/17, also in JAN CU for NAV2018 and BC14
- VAT Groups functionality already further improved by Microsoft
- Has continued, those companies that were voluntarily registered for VAT but were below the compulsory VAT registration threshold now must be registered for MTD
- For those on older systems we have an MTD Export tool which ensure compliance and has a robust audit trail / log

Recent changes

VAT Statement wording change

On 11th Feb 2021 HMRC updated their documentation and on 8th April 2021 they changed the wording on Government Gateway. But, failed to publicise this well.

- Explained in our blog post here https://www.tecman.co.uk/who-we-are/our-thoughts/digital-transformation/item/357-changes-to-the-uk-vat-return
- Really only a clarification, but quite useful
- Boxes 2, 8 & 9 now only used if trading under the Northern Ireland Protocol (and you will do an Intrastat report)
- Wording changed and advice notes updated
- Wording will need abbreviating to fit into the 100 characters available on Business Central
- Help documents are available on our website with further detail
- Some customers have received reminder emails from HMRC and UK Trade Info recently clarifying this

Recent changes

VAT Statement wording change

Important notice regarding Intrastat and completion of your VAT return

Who should read this

For the attention of the Managing Director / Accounts Department.

Intrastat and completion of your VAT return

Intrastat is the system for collecting data on the physical movement of goods between Northern Ireland (NI) and the European Union (EU).
Previously HM Revenue & Customs (HMRC) collected the value of EU trade with the UK using the VAT Box 8 for total value of dispatches of goods and related costs (excluding VAT), and Box 9 for total value of acquisitions of goods and related costs (excluding VAT).
From **1 January 2021** these should only be completed for goods that move between NI and the EU.
Box 8 of your VAT return should only reflect goods moved out of NI to the EU, while Box 9 should only reflect goods moved from the EU into NI. Completing these boxes may result in you being asked to submit Intrastat declarations.
If you have completed your VAT return incorrectly, please follow the guidance on how to amend your VAT return.
For further information please visit Intrastat help and VAT guidance How to fill in and submit your VAT Return (VAT Notice 700/12).
HM Revenue & Customs can be contacted by emailing Intrastat enquiries or calling 03000 594231 between 09.00 to 16.00 Monday to Friday.

If you wish to be removed from this contact list, you can unsubscribe.

VAT Returns

VAT Statement – tools to check

On 11th Feb 2021 HMRC updated their documentation and on 8th April 2021 they changed the wording on Government Gateway. But, failed to publicise this well.

- Review the VAT statement, use the Preview function, and drill down to investigate – more flexible than VAT Statement Report
- Boxes 2, 8 & 9 now only used if trading under the Northern Ireland Protocol, is your totalling updated correctly?
- Use the Day Book VAT Entry
- Use filters on Chart of Accounts or built in to the VAT Statement
- Export VAT Entries then summarise in Excel
- Do your staff know how to post all VAT transactions (Full VAT invoices, partially reclaimable VAT etc.)

Recent changes

Full customs controls

Came into effect on 1st January 2022. Applies to UK – EU transactions with the exception of the Island of Ireland.

- End of ability to defer customs declarations – could previously defer for 6 months, now declare and pay tariffs on import
- Full customs controls at all ports and border locations
- Changes to Commodity Codes
- Rules of Origin apply more strictly (see next slide) – Suppliers Declarations and Statement on Origins
- GVMS compulsory at ports where it is in use
- CHIEFS being withdrawn (March 2023) CDS now main focus as a single customs platform

Recent changes

Rules of Origin change

Came into full effect 1st January 2022. Reduced rate of customs duty available (preferential tariffs).
Easements have ended so now need Supplier Declarations

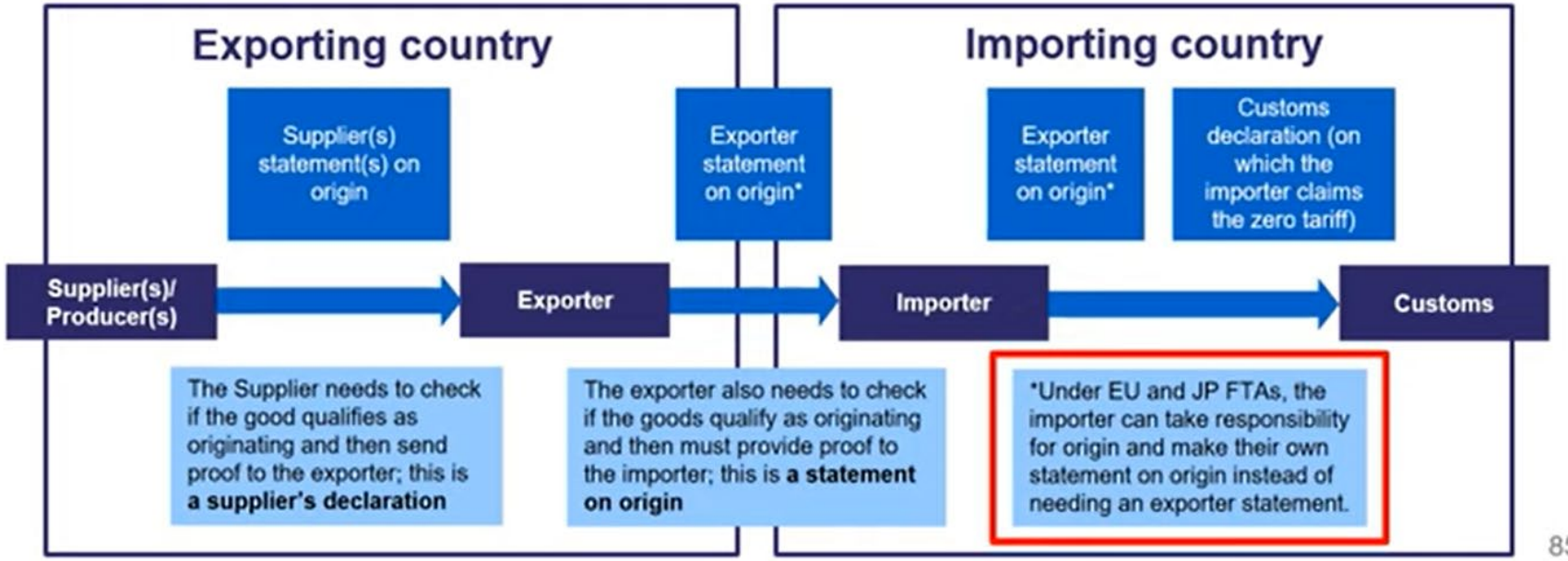
- HMRC Recorded webinar available here https://www.youtube.com/watch?v=EnsqszPkdKg
- Proving originating status and claiming reduced rate of Customs Duty for EU – UK trade https://www.gov.uk/guidance/proving-originating-status-and-claiming-a-reduced-rate-of-customs-duty-for-trade-between-the-uk-and-eu
- Suppliers Declarations https://www.gov.uk/guidance/using-a-suppliers-declaration-to-support-a-proof-of-origin
- Also affects exports done in 2021, must hold a supplier declaration to support the preferential tariff or will be liable to pay the full rate and possibly a penalty and being excluded from using preferential tariffs
- 3 Steps: Correct Commodity Code, check Rules of origin (product specific, check TCA), proof (statement on origin by seller/importer with standard wording or evidence/importers knowledge)
- Manufactured products – consider non UK originating inputs (product specific rules apply)
- May be needed from further down your supply chain from other UK suppliers, for components in a product you then export
- Care regarding free circulation and re processing i.e. goods imported, processed and then re exported to EU.

Recent changes

Rules of Origin change

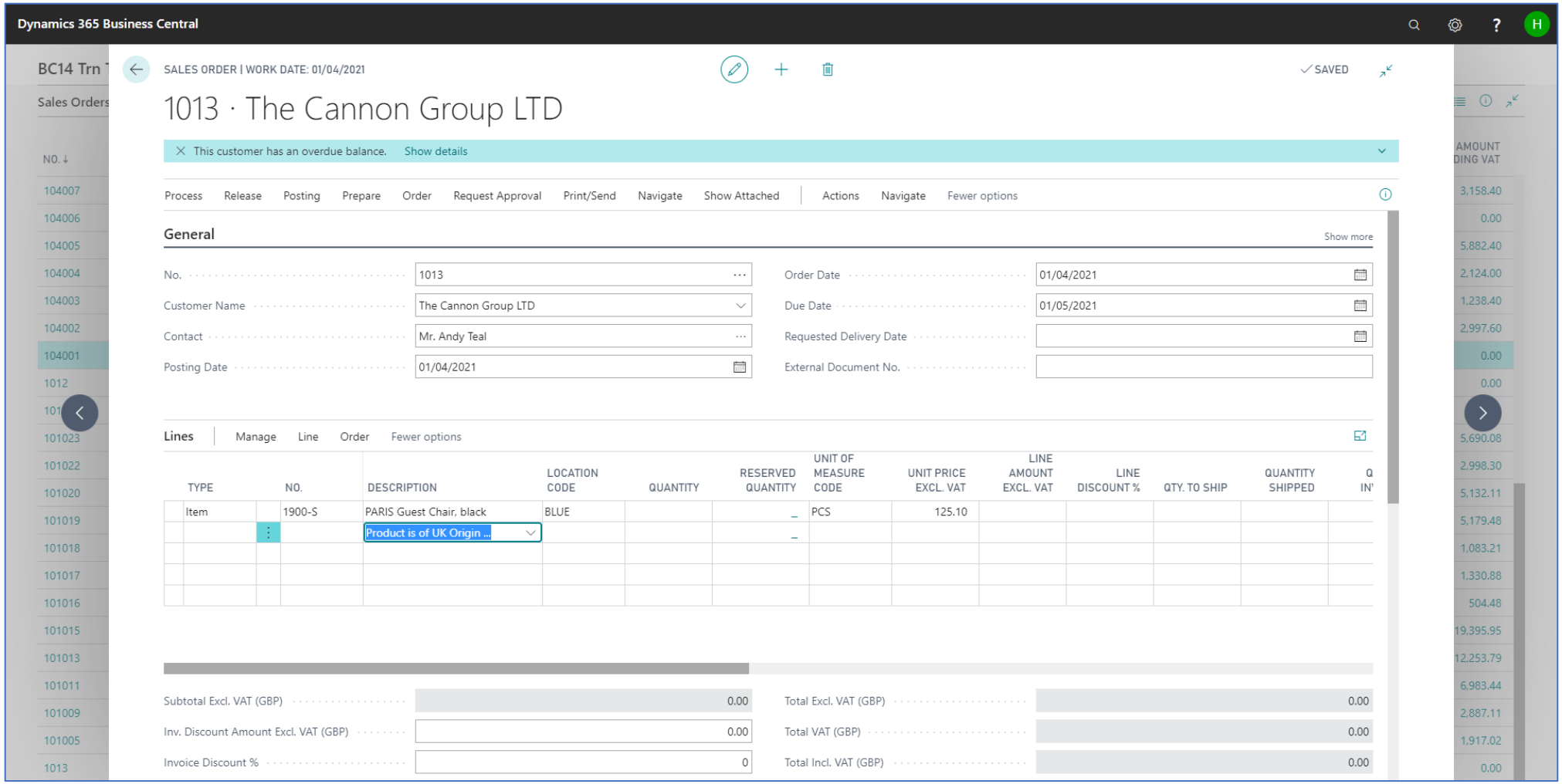
HM Government
UK TRANSITION

Documentation passes along the supply chain



Item Card

Extended Text



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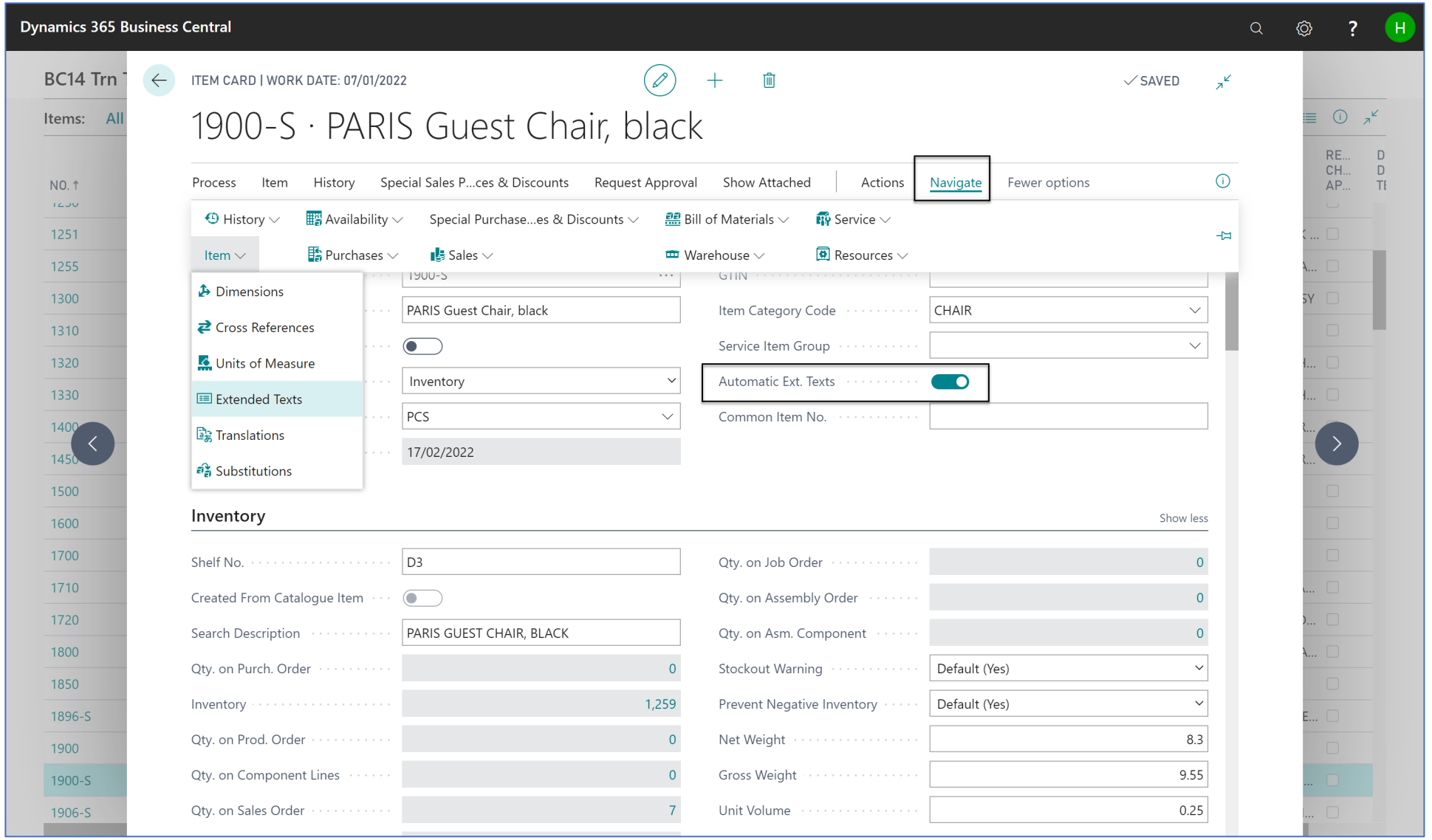
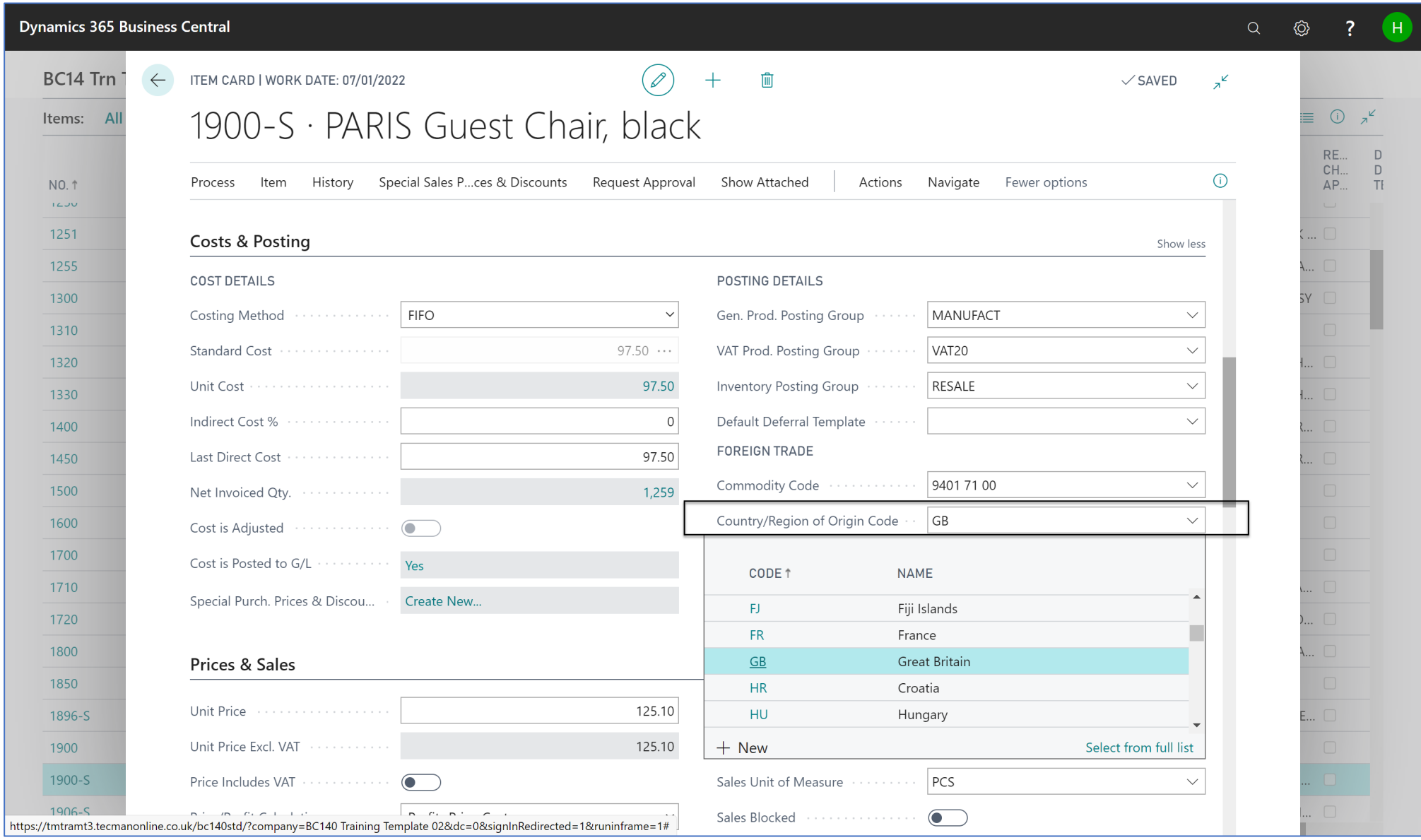


Item Card

Country/ Region of Origin



ESG (Environmental, Social and Governance

Payment Practices Code

Of increasing interest to stakeholders and the public/press.

- Payment Practices Report in NAV/BC since NAV2017, allows you to report your payments to suppliers according to terms
- Only compulsory for larger entities (was £36 million turnover, £18 million balance sheet, 250 employees)
- https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831507/payment-practices-performance-reporting-requirements.pdf
- The Code is voluntary but could be viewed as part of your broader ESG activities
- **The Payment Practices Code is newer whereby business of any size can sign up to commit to pay 95% of businesses with less than 50 employees within 30 days. This uses elements of the Payment Practices Reporting as compliance will be measured using the PPR data.**
- **The PPC is explained here: https://www.smallbusinesscommissioner.gov.uk/ppc/code-criteria/**

ESG (Environmental, Social and Governance

Plastic Packaging Tax

April 2022 onwards

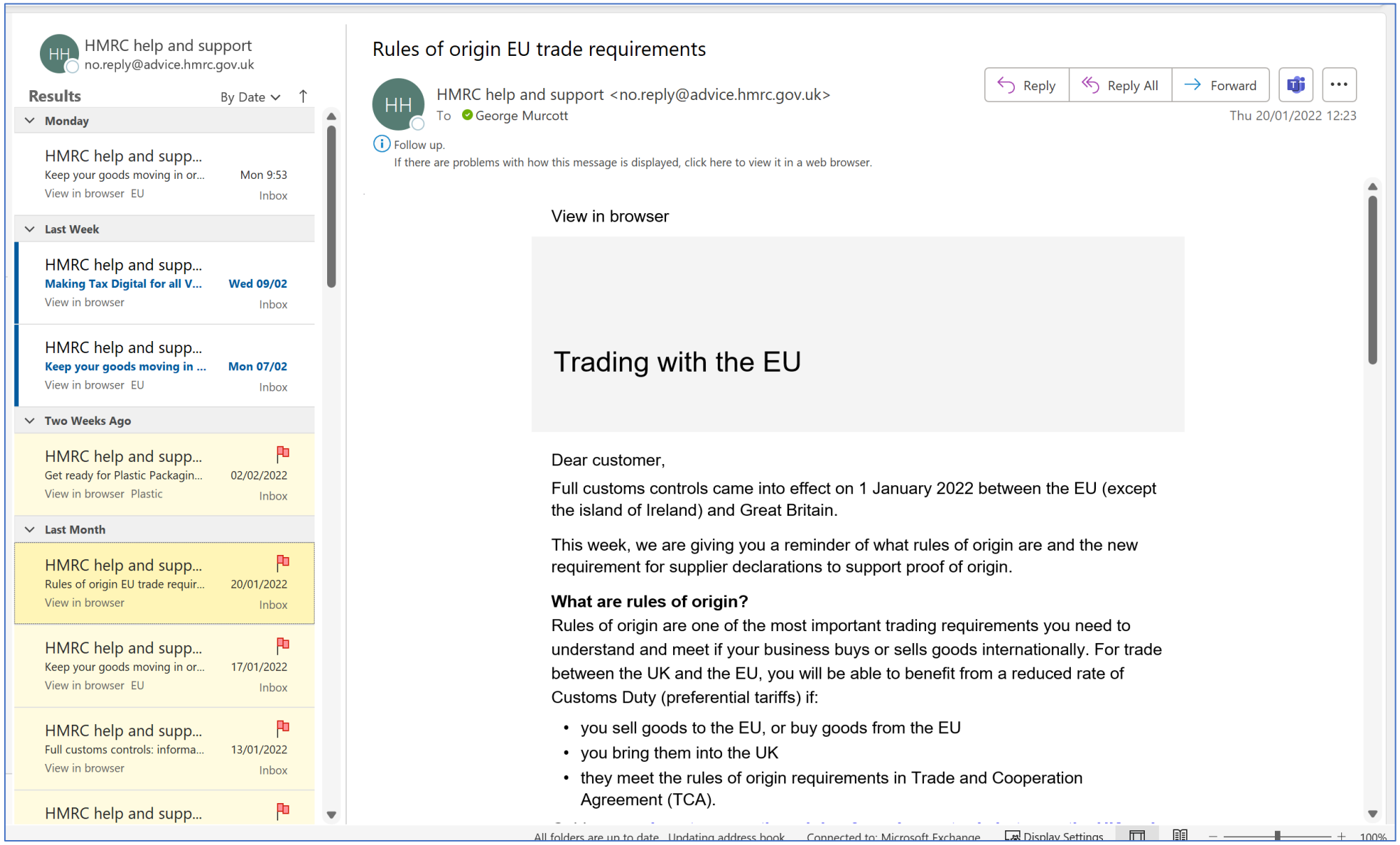
- Plastic packaging that is manufactured in or imported into the UK that does not contain at least 30% recycled plastic

https://www.gov.uk/government/publications/introduction-of-plastic-packaging-tax-from-april-2022

- Need to register if meet certain criteria, the link for steps to take is here https://www.gov.uk/guidance/check-if-you-need-to-register-for-plastic-packaging-tax
- Collection page has all the links to resources https://www.gov.uk/government/collections/plastic-packaging-tax

Further information

GOV.UK mailing list



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Questions?

Thank you.