Purchasing guidelines if the UK leaves the EU on the 12\textsuperscript{th} April with no-deal

Key messages

- There are no changes to the purchase of services from overseas suppliers.
- **Authorise import agents/carriers** to specify that we will account for import VAT on our VAT return for purchases of all goods from all overseas suppliers.
- Use the **EC tax codes** in CUFS for purchases of **goods from all overseas** suppliers.
- Goods purchased from EU suppliers may be subject to **customs duty** which would represent an additional cost to departments.
- Wherever possible, **purchase orders** for all imports should be raised using the University Standard Terms & Conditions to ensure that we that we buy items under **INCO DDP terms** (delivered duty paid) to mitigate the duty costs that the University will be responsible for.
- For goods ordered from outside the EC prior to the 12\textsuperscript{th} April but imported afterwards - the tax code will need to be changed when matching the supplier’s invoice to the purchase order to the correct EC tax code.
- **Purchases against EU grants** should continue to be charged to existing awards and projects.

Buying goods from overseas suppliers

In the case of a no-deal exit, 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. To ease the burden on businesses, HMRC have proposed a system of postponed accounting for import VAT and hence import agents/carriers will no longer have to pay import VAT on our behalf when goods enter the UK.

Effectively this is the same process that we have been using previously for the collection of **Acquisition Tax** on goods imported from the EC, which is now being extended to all imports regardless of where they are from (with the exception of Parcel consignments).

What this means in practice is that departments should from the 12\textsuperscript{th} April:

1) use the EC tax codes for **all** requisitions and orders for purchases of goods from overseas suppliers; and

2) **authorise** the import agent/carrier to specify that we will account for the import VAT on our VAT return and give them our VAT registration number, or EORI number\textsuperscript{1}

University’s VAT registration number: GB 823 8476 09
University’s EORI number: GB823847609000

This will mean that the import agent’\textasciiacute;s/carer’s invoice will no longer include a line for import VAT paid at the port on our behalf.

\textsuperscript{1} Accounting for import VAT if the UK leaves the EU without a deal: [https://www.gov.uk/guidance/accounting-for-import-vat accessed 26/03/19](https://www.gov.uk/guidance/accounting-for-import-vat accessed 26/03/19)
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**Tax codes for goods purchased from overseas post 12th April**

<table>
<thead>
<tr>
<th>The VAT rate of the goods if they had been purchased in the UK</th>
<th>Tax code to use on POs for goods from overseas suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard rated (SR20%)</td>
<td>EC20.0%</td>
</tr>
<tr>
<td>Reduced Rate (RR5.0%)</td>
<td>EC5.0%</td>
</tr>
<tr>
<td>NO UK VAT (eg. exempt or zero-rated goods)</td>
<td>EC0.0%</td>
</tr>
<tr>
<td>Medically Exempt (ME0.0%)</td>
<td>ME0.0%</td>
</tr>
</tbody>
</table>

- See [Processing an Invoice from an import agent/carrier on CUFS](#)
- Special rules for [Parcel consignments](#)

**Goods from outside the EU imported prior to 11pm GMT on 12th April**

Any goods from outside the EU imported prior to 11pm on the 12th April 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 as normal and the subsequent invoice from the overseas supplier processed with the tax code of NO UK VAT.

**Goods from outside the EU in transit at 11pm GMT on 12th April**

If a declaration has been made for the goods before 11pm on the 12th April then they 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.

If a declaration has not been made by 11pm then the import VAT can 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/carriers invoice and if the latter have not paid any Import VAT on our behalf please code the supplier’s invoice to the appropriate EC tax code when processing in Accounts Payable.

**Goods already ordered from outside the EU that are imported post 11pm on 12th April**

Where goods have already been ordered from suppliers outside the EU using the tax code NO UK VAT, but are subsequently imported post 11pm on the 12th April please ensure that the tax code is changed at the Accounts Payable stage to the appropriate EC tax code.

**Customs duty**

Customs duties will now be payable at the appropriate rate on all goods entering the UK (whereas currently it is only on goods entering the UK from outside the EU). Potentially this will represent an additional cost to departments. To minimise this impact Departments are reminded that all overseas purchases should be made using the University Standard Terms & Conditions so that you purchase items that are Delivery Duty Paid (DDP).

- DDP Delivery Terms – Bulletin No 760

The rate of customs duty you pay is known as the ‘tariff’. If the UK leaves the EU without a deal the UK government would set temporary rates which would:

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- apply from 11pm on 12th April 2019
- be in place for up to 12 months from 12th April 2019

The tariff for most goods imported from the EU will be temporarily zero.

- View the Temporary rates of customs duty (Tariffs) on imports after EU Exit published by the Government.

NB. There will be different rules with regard to goods being imported across the land border between Ireland and Northern Island and the temporary custom duty (tariffs) would not apply. 3

The University does not have a VAT & Duty Deferment Account and departments are not permitted to set one up. Therefore, the import agent/carrier will continue to make full custom declarations and pay these duty amounts over to HMRC on our behalf at the port and then recharge the University.

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’:

- Temporary Admission
- Inward Processing Relief (IOR)
- Outward Processing Relief (OPR)

Purchasing services from overseas
There are no changes to the purchase of services from overseas suppliers so departments should continue to use the tax code Services Tax.

- For more information see Purchasing Services from outside the UK

Purchases in relation to EU grants and projects
In the case of a no-deal Brexit, the UK government has committed to underwrite the funds of all active EU grants and bids submitted until exit day. The Research Operations Office will therefore finalise all the financial reporting of active EU grants in a short space of time after the 12th April and new replacement awards and projects will be set up.

In the meantime please continue to use your existing awards and projects until instructed otherwise by the Research Operations Office.

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

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There is also guidance available on the GOV.UK website

- **Import and export: customs declarations, duties and tariffs**

- **Temporary rates of customs duty (tariffs) on imports after EU exit**

- **Importing and exporting plants and plant products if the UK leaves the EU without a deal**

- **Importing animals, animal products and high-risk food and feed not of animal origin after EU exit**

For help on processing transactions in CUFS:

- [iProcurement guidance and FAQs](https://www.gov.uk/guidance/iprocurement-guidance-and-faqs)
- [Accounts Payable guidance and FAQs](https://www.gov.uk/guidance/accounts-payable-guidance-and-faqs)

UFS Helpdesk   ufsenquiries@admin.cam.ac.uk
(7)65999