



## HOW BREXIT AFFECTS VAT

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During the transition period, which will end on December 31<sup>st</sup>2020, the UK will remain in the Customs Union and the Single European Market. This being the case, the commercial relationship between the UK and the UE shall remain the same as it is at present until 2021.

As of 1<sup>st</sup> January 2021, the flow of goods between the UK and the EU will not be considered as intra-community transactions but will normal imports and exports. That will involve the liquidation of VAT payments on operations from the UK to any EU country. Payment will be made at customs at the moment of import. If the VAT settlement period is monthly, the company may make a deferred payment.

### Exports from UK to Spain → Supposing UK a third country out of EU.

- **UK:** the provider declares VAT in Spain. You can file a tax return:
  - In Spain: obtaining Spanish tax identification number.
  - In UK: through MOSS (Mini One-Stop Shop).
- **Business to consumer (B2C) in Spain:** Invoice include Spanish VAT.
- **Business to Business (B2B) in Spain:** Must declare VAT for reversal of the taxable person in boxes number 12 and 13 of Spanish 303 model. If UK has VAT, you cannot deduct this expense.

### Exports from UK to Spain → Nowadays, bought community states.

- **UK:** the provider declares VAT in Spain. You can file a tax return:
  - In Spain: obtaining Spanish tax identification number.
  - In UK: through MOSS (Mini One-Stop Shop).

- **Business to consumer (B2C) in Spain:** Invoice include Spanish VAT.
- **Business to business (B2B) in Spain:** Must declare VAT for reversal of the taxable person. You need an intra-community operator number and report in 349 Spanish model, indicating the provider intra-community operator number.

### Imports from Spain to UK → Supposing UK a third country out of EU.

- **Spain:** Transaction not subject to VAT.
- **Business to consumer (B2C) out of EU:** Subject in the State in which client is resident, so the invoice has not Spanish VAT. If UK has VAT, you must declare UK VAT. If there is effective use in other community state different to Spain, VAT will impact to the state when the transaction where really located.
- **Business to business (B2B) out of EU:** Transaction not subject to Spanish VAT, so the invoice has not Spanish VAT. If UK has VAT, you must declare UK VAT. If there is effective use in other community state different to Spain, VAT will impact to the state where the transaction where really located.

### Imports from Spain to UK → Nowadays, bought community states.

- **Spain:** Transaction not subject to Spanish VAT. You have to consign the tax base in the 303 Spanish model. The declaration and the subsequent VAT income, can take place:
  - In the State in which client is resident: You have to get a NIF of this state.
  - In Spain: through MOSS (Mini One-Stop Shop).
- **Business to consumer (B2C) in Spain:** Subject in the State in which client is resident, so the invoice has not Spanish VAT. The VAT applicable, will impact to the community state where the transaction where really located.
- **Business to business (B2B) in Spain:** Must declare VAT for reversal of the taxable person. You need an intra-community operator number and report in 349 Spanish model, indicating the provider intra-community operator number.

*\*This guide has been realized using the current European law.*

# The Brexit Law

Operated by Scornik Gerstein LLP - [london@scornik.com](mailto:london@scornik.com) - (0) 207 831 7070