



p. adr. VAT Solutions Sarl
1, rue Goethe
L-1637 Luxembourg

BREXIT preparedness notice

The Registration Duties, Estates and VAT Authority (AED) informs you on VAT related matters in relation with a possible UK Withdrawal without a withdrawal agreement (No-deal Brexit).

VAT related consequences of a British exit from the European Union as from the 29th of March 2019 at 24:00 Brussels time (CET):

Treatment of supplies of goods between the EU and the UK

As of the withdrawal date, the EU rules for cross-border supplies and movements between EU Member States will no longer apply in the relations between EU-27 Member States and the United Kingdom (e.g. no intra-Community supplies and acquisitions; no distance sales regime for goods to and from the United Kingdom). Instead, as of the withdrawal date, supplies and movements of goods between the EU and the United Kingdom are subject to the VAT rules on imports and exports.

For on-going movements between the UK and the EU-27, the risk of double taxation is temporary. Moving the timing of the transport would be sufficient to avoid double taxation. Moreover, such a double taxation would not have serious consequences if and insofar as the VAT due is immediately and fully deductible. Anyhow, such a double taxation would be contrary to the principle of neutrality of VAT.

Treatment of the supplies of services between the EU and the UK

EU VAT legislation provides for different regimes of VAT payments/returns for cross-border supplies of services to/from Member States and third countries. The place of supply of services depends on various factors, such as the nature of the service, whether or not the person receiving the service is a taxable person, the place where the service is carried out, etc.

The withdrawal of the United Kingdom may have an impact for taxable persons established in the United Kingdom who supply services in the EU from the withdrawal date and for taxable persons established in the EU who supply services in the United Kingdom from the withdrawal date.

Reporting and control of transactions with the UK that take place before the withdrawal

Taxable persons have to submit recapitulative statements of their intra-EU supplies of goods, their supplies of goods for which they can use the simplification scheme for intra-Community acquisitions (triangular operations), and their intra-EU supplies of services for which the recipient is liable. This recapitulative statement must be made each month or each calendar quarter, and it must be submitted within the legal deadlines.

These obligations still apply in the relation with the UK, for intra-Community transactions in the period from 1 January 2019 until 29 March 2019.

Taxable persons should prepare themselves for a withdrawal of the UK without a withdrawal agreement. Taxable persons in the EU should take all necessary steps to ensure that they can provide all necessary evidence with regard to their intra-Community supplies and intra-Community acquisitions to/from the United Kingdom before the withdrawal date, and with regard to all other supplies of goods and services that they have made in, or received from, the United Kingdom before the withdrawal date.

- e.g. A condition for exempting intra-EU supplies of goods or services by taxable persons in the EU-27 to taxable persons in the UK is the status as taxable person of the customer at the time of supply. Vies-on-Web allows taxable persons making intra-EU supplies of goods or services to check the validity of the VAT identification numbers allocated to taxable persons in the Member State of destination. From the moment of the withdrawal of the UK, the disconnection of the UK from the IT-system will imply that taxable persons can no longer check the validity of the VAT identification number of UK customers. Economic operators should thus check the validity of UK VAT numbers before the withdrawal.

VAT refund in accordance with Council Directive 2008/9/EC of 12 February 2008

Council Directive 2008/9 will no longer apply in the UK after 29 March 2019. The electronic VAT refund application will no longer be available to request refunds of VAT paid in the UK.

For VAT paid until 31.12.2018, a refund request can still be submitted by the taxable person in the beginning of 2019, in accordance with Directive 2008/9. This should best be done as soon as possible and by the beginning of March 2019 at the latest, in order to permit the residence Member State to transfer the request to the refund State by 29 March 2019.

For VAT paid from 1 January 2019 until 29 March 2019 or VAT paid before 1 January 2019, for which a refund request is not submitted and transferred by 29 March 2019, a UK taxable person will have to use the only available procedure for VAT refund requests, i.e. the national procedure implementing the 13th VAT Directive (86/560) in the EU27-MS, and taxable persons established in an EU-27 MS will have to request the VAT refund in the UK in accordance with the UK procedures applying to refund requests submitted by taxable persons in third countries.