

Your Brexit FAQs

1. What is Brexit?

Brexit is short for "British exit" – referring to the decision of the UK to leave the European Union (EU).

2. What is the current situation and what is happening next?

The Brexit transition period has ended. The United Kingdom (UK) is no longer part of the European Union (EU) Single Market and the EU Customs Union from January 1, 2021. As a result, the UK government is implementing changes to the trading rules.

We have updated the Brexit Information Hub on fedex.com with the latest information that you should be aware of and to answer the most common questions. We also recommend you keep referring back to the page where we will provide latest updates should they occur.

3. What will the UK importation levy changes be under Brexit?

a. Why are there changes in the UK importation levy?

With the end of the EU Single Market and the EU Customs Union membership, the UK government implemented changes to the UK Global Tariff and to VAT.

b. Will this levy change apply to my shipment?

The UK Global Tariff will apply to all goods you import from January 1, 2021 unless an exception applies and subject to the trade agreement (if any) signed between the UK and the applicable country, VAT may be payable on all goods entering the UK as parcels sent by overseas businesses. Please refer to the below websites for further information:

- Find out whether a trade agreement applies to your country, <https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>
- Find out more about the tariffs, taxes and rules that will apply to your commodity shipping to the UK, <https://www.gov.uk/get-rules-tariffs-trade-with-uk>
- Use the UK Trade Tariff Tool to find the commodity codes and tariff that will apply to your goods, <https://www.gov.uk/trade-tariff>

c. Will a preferential tariff rate still apply to my goods?

A preferential tariff rate will apply if a country:

- has a free trade agreement with the UK
(<https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>)
- is part of the Generalized Scheme of Preferences (GSP)
(<https://www.gov.uk/guidance/trading-with-developing-nations-from-1-january-2021>)

Note: Under the GSP, developed countries offer non-reciprocal preferential treatment (such as zero or low duties on imports) to products originating in developing countries.

d. What will happen to the APAC Free Trade Agreement (FTA) countries when the UK leaves the EU? How will this affect the tariff rates?

The UK has concluded trade agreements that are in effect or in progress of discussion with different countries. The latest updates related to APAC markets are outlined below:

- The UK has signed a FTA with **Japan** on Friday October 23, 2020
(<https://www.gov.uk/guidance/summary-of-the-uk-japan-comprehensive-economic-partnership-agreement>)
- The UK has signed a trade agreement with **South Korea** to take effect from January 1, 2021
(<https://www.gov.uk/government/collections/uk-south-korea-trade-agreement>)
- The UK has signed a mutual recognition agreement (MRA) with each of **Australia** and **New Zealand** to take effect from January 1, 2021. These MRAs replicate the effect of existing EU arrangements
(<https://www.gov.uk/guidance/uk-australia-mutual-recognition-agreement>) /
(<https://www.gov.uk/guidance/uk-new-zealand-mutual-recognition-agreement>)
- The UK has signed a FTA with **Singapore** to take effect from January 1, 2021
(<https://www.gov.uk/government/collections/uk-singapore-trade-agreement>)
- The UK has concluded the FTA with **Vietnam** to take effect from January 1, 2021
(<https://www.gov.uk/government/collections/uk-vietnam-free-trade-agreement>)

e. Are there any changes to the UK import VAT rules?

Yes, below are the changes to the UK import VAT rules. This is updated as of February 1, 2021 and is subject to change due to further Brexit updates:

Low Value Consignment Relief (LVCR)

- a) The Low Value Consignment Relief (LVCR) exemption will be removed starting from January 1, 2021.

VAT on imports under £135

- a) When the total value of goods in the parcel is £135 or less (excluding freight and insurance cost and any other identifiable taxes and charges), supply VAT will be replaced. This means that VAT will no longer be collected at the time of import, but will be charged by the seller at the time of sale and accounted for by the seller on a regular VAT return.
- b) For seller outside of the UK who is planning to sell goods with a total value under £135 to UK based consumers directly (i.e. private individuals and non-VAT registered businesses), a UK VAT number must be registered. The seller should include the VAT invoice with the consignment.
- c) For seller outside of the UK who is planning to sell goods with a total value of £135 or less to UK VAT registered businesses, the UK VAT registered businesses will need to provide their VAT registration numbers, which should then be quoted on the commercial invoice. The seller does not need to charge VAT at the point of sale. The UK VAT registered businesses receiving the goods will need to account for the VAT on their next VAT return, i.e. reverse charge applies.
- d) This rule does not apply to shipping of non-commercial items (i.e. personal property and gifts).
- e) This rule does not apply if the goods in the consignment will be subject to any excise duty, for example tobacco and alcohol.

VAT on imports above £135

- a) Postponed VAT Accounting (PVA) for VAT registered businesses in the UK will be introduced and will apply to any shipments valued at greater than £135.
- b) PVA enables UK importers who are VAT registered to manage their import VAT through their normal VAT return process.

- Find out more guidance on VAT changes from the UK government, <https://www.gov.uk/guidance/vat-and-overseas-goods-sold-directly-to-customers-in-great-britain-from-1-january-2021>

f. How can exporter outside of the UK register for a UK VAT number?

- To be able to register for a UK VAT number, a UK Government Gateway account need to be established. Your email address is required in order to set it up.
- A UK bank account is not required to register for UK VAT number or to pay VAT after registration is completed.
- Find out more guidance on register for VAT, <https://www.gov.uk/guidance/register-for-vat#register-online>
- There will be additional taxes, fees, and penalties if the exporter doesn't abide by the new UK VAT rules.

g. How can UK VAT registered businesses apply for the Postponed VAT accounting (PVA) scheme?

- Following the latest guidance from HM Revenue & Customs (HMRC), FedEx will assume that all UK VAT registered businesses want to take advantage of the PVA scheme, unless we are instructed by you or your supplier otherwise.
- If you do not wish to use PVA, please ensure that you inform FedEx directly using the email address: PVAUPDATES@FEDEX.COM - please include your company name, address, and VAT/ Economic Operator Registration and Identification (EORI) number in the email.
- Find out more about PVA, <https://www.gov.uk/guidance/check-when-you-can-account-for-import-vat-on-your-vat-return>