

# New rules for Value Added Tax (VAT) on shipments of 135 GBP or less to the UK

## Helping you keep up and get ahead

On January 1, 2021, the UK introduced changes to how its Value Added Tax (VAT) would be applied to goods of 135 GBP or less entering the UK. Since these changes impact how you sell and ship to the UK, we've prepared this helpful information for you.

If you sell:	New VAT rules for shipments of 135 GBP or less	What this means for your business
<p>Directly to UK customers, private consumers, and non-UK VAT-registered businesses</p>	<ul style="list-style-type: none"> <li>• Low Value Consignment Relief (LVCR) no longer applies to low-cost items that had been exempt from VAT in the past.*</li> <li>• Sellers are responsible for the VAT for all shipments entering the UK with a value of 135 GBP or less.</li> <li>• For items entering Great Britain (England, Scotland, and Wales), the VAT is charged at the point of sale.</li> <li>• For items shipped to Northern Ireland where the buyer doesn't have a VAT number included on the documentation, sellers or the Online Marketplace (if facilitating the transaction) are liable for the import VAT charges. You must register for a UK VAT number and account for import VAT on your UK VAT return.</li> </ul> <p><i>NOTE: VAT doesn't apply to the sale of excise goods (such as beer, wine, and tobacco products) and non-commercial goods such as personal gifts not intended for resale.</i></p>	<p><b>You must:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Register</a> for a UK VAT number, AND</li> <li>• Create an internal process for recording and paying the VAT to the UK government.</li> <li>• You can pass this cost onto the buyer by adding it to their invoice at the time of sale or pay the VAT on your own.</li> </ul> <p><i>NOTE: FedEx will no longer need to collect VAT prior to delivery from buyers, so these goods can route for delivery upon clearance with no delays for VAT collection.</i></p>
<p>To UK VAT-registered businesses</p>	<p><b>All changes above plus:</b></p> <ul style="list-style-type: none"> <li>• You can now use the reverse charge method in which the buyer agrees to pay the VAT directly to the UK government.</li> <li>• For items shipped to Northern Ireland that include the buyer's VAT number on the documentation, the buyer is liable for the import VAT, and postponed VAT accounting is available.</li> </ul>	<p><b>You should include on your invoice:</b></p> <ul style="list-style-type: none"> <li>• The VAT amount as a separate entry—do not add this amount to the total charge.</li> <li>• The buyer's VAT number—not yours—provided to you by the buyer.</li> <li>• Indicate "Reverse charge—buyer to account for VAT."</li> </ul>
<p>Through an Online Marketplace (OMP)</p>	<p><b>All changes above except:</b></p> <ul style="list-style-type: none"> <li>• OMPs selling to customers in the UK are responsible for collecting VAT from customers.</li> <li>• If goods being sold are already in the UK at the point of sale, the OMP making the sale is now responsible for the VAT.</li> </ul>	<ul style="list-style-type: none"> <li>• If you sell goods through an OMP, you do not need to use your UK VAT number or charge the VAT.</li> </ul>

\*LVCR-excluded goods subject to Excise Duty, restricted items, and goods covered by International Conventions such as the CITES (the Convention of International Trade in Endangered Species of Wild Fauna and Flora).

# Answers to a few questions you may have



## Q. How is the 135 GBP amount defined?

A. The value is based on the actual price at which the goods are sold and does not include transport and insurance costs and any other taxes and charges. In addition, the 135 GBP limit applies to the value of the total shipment, not the separate value of individual items.

## Q. What about shipments over 135 GBP in value?

A. There are no changes to the VAT for these shipments. However, UK VAT registered importers can now use postponed VAT accounting to account for VAT on these shipments. More details can be found [here](#).

## Q. What if I sell goods already in the UK but not through an OMP?

A. Overseas sellers remain responsible for accounting for the VAT on goods already in the UK and sold directly to UK consumers without OMP involvement.

## Q. What happens if businesses exporting goods to the UK do not register for VAT?

A. Sellers are fully responsible for complying with these rules and registering for the UK VAT and paying any non-compliance penalties. FedEx cannot register for the UK VAT on your behalf.

## Q. Will UK businesses receiving goods from other countries need to do anything?

A. If they are a VAT-registered business, they will need to provide the seller with their VAT number so the seller can include it on the invoice when using the reverse charge method.

## Adapting your business plan

### Keeping pace with new VAT rules

For U.S. exporters and sellers like yourself, accounting for these new VAT rules in your business plan, product costing, shipping policies, and documentation completion is essential.

- Know the correct VAT rate to apply to the goods you sell and maintain corresponding records. More information can be found [here](#).
- Determine how you'll pay for these added taxes and duties.
- Calculate how much, if at all, you may want to consider price increases to cover the increased costs.
- Notify buyers and customers in advance of any new prices resulting from new VAT rules.
- Revisit refund and return policies for any needed updates.
- Identify where in your order-taking process you need to gather the UK VAT registration number from your customers when they will be paying for the VAT.

## Moving forward with FedEx

### We're here to help you deliver

If you have any concerns or questions about this information, please contact your FedEx Account Executive. Helpful resources for you:

- [Highlights](#) of VAT changes.
- [Guidance](#) on complying with UK VAT rules.
- [Register](#) for your UK VAT number.

You can't make the rules, but with FedEx, you can master them.

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