

VAT and import of goods

This question and answer appeared in the 'Ask an expert' section of 'The Manufacturer' website in June 2009.

Question:

Can you explain the VAT rules on the importation of goods. We buy bulk chemicals from Norway. Our suppliers invoice does not carry VAT. Our UK customer uses their deferment arrangement with HMRC, and pays the national VAT arising on importation. We subsequently raise the usual VAT invoice on our UK customer. What entries do we make on our VAT return?

Answer:

Goods imported into the UK from outside the EU will be subject to VAT and possibly duty. The goods need to be "entered" into the UK through HMRC by entering their details onto an import entry which will show the import value for Customs' purposes. VAT will be payable either up front to HMRC at the time of import or through a deferment account held by the importer. Deferment results in the appropriate VAT being taken from the importer's bank account by HMRC on the 15th day of the month after the import.

In the scenario identified in this instance, it is the UK customer who will pay the import VAT, not the UK distributor/supplier which is different from the normal situation where the distributor will account for the import VAT. This situation does not identify who actually has title to the goods once they come into the UK as this will influence what documentation is required and how the VAT return is completed. More information required please!

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