

Import VAT – Ways to Pay

Prior to the end of the Transition Period on 31 December 2020, goods arriving in the UK from the EU were classed as acquisitions. From 1 January 2021, goods entering Great Britain (GB) and goods entering Northern Ireland (NI) from outside the EU are classed as imports, rather than acquisitions. Customs duty and import VAT may now be due when goods are imported into the UK. This importer of the goods is liable to pay these taxes and is identified by the EORI (Economic Operators Registration and Identification number) number entered on the import entry completed prior to the arrival of goods. As a UK based business you will need either a GB or NI EORI number, as appropriate, to allow goods to be cleared by HMRC.

Paying for import VAT

There are now two options on how import VAT is declared and reclaimed.

1. C79 – The C79 is the document issued by HMRC as evidence of the amount of import VAT paid in the preceding month. It is generated using your EORI. If you are the owner of the goods and entitled to recover VAT, you will use the C79 as evidence to recover the VAT paid to HMRC. HMRC will send you a C79 certificate in the post. This can take several weeks to arrive. The C79 should be retained within your VAT records as evidence of any input tax reclaim.

As you will have paid the import VAT and then must wait for the C79 to be received, this option will have cashflow implications.

2. Postponed VAT Accounting (PVA) – When PVA was originally announced in 2018, it was envisioned to be a temporary measure for 6 months in the event of “no deal Brexit”, but it is now a permanent measure.

As the importer of the goods, you will inform your Customs agent that you will be using PVA. To do this, your Customs agent will include CODE G at box 47e ‘Method of payment’ on the customs form C88

When the goods are released, no import VAT will be charged. You will instead declare and reclaim the import VAT on your next VAT return.

You will need to register to receive PVA monthly statements. To register, you will require your Government Gateway user ID and password which is linked to your UK EORI number. The link below takes you to the Government Gateway to start the process of applying for monthly statements <https://www.gov.uk/guidance/get-your-postponed-import-vat-statement>. The monthly statements are not sent to you automatically, so should be retrieved each month. They are accessible for only 6 months, you should save/print these statements and retain them as part of your VAT records.

The statement will be available in the first half of the month and will provide import VAT information from the previous month.

On the VAT return covering the period in which the goods were imported, you should review the PVA monthly statements and enter the total import VAT for the period within box 1 and the net costs in box 7. You should also enter the amount of VAT you are entitled to reclaim on the import of goods in box 4.

The PVA provides a cashflow advantage in comparison to the payment of VAT at import and later recovery by using the C79 issued by HMRC.

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