Foreword

This notice cancels and replaces Notice 725 (October 2012).

1. Introduction

1.1 What is this notice about?

This notice explains the way VAT is charged and accounted for on movements of goods within the EC Single Market and how businesses should account for VAT on goods they buy from other EC Member States.

1.2 What's changed?

This notice has been revised to reflect the following changes.

Paragraph 16.19 - VAT registration numbers in other Member States. Introduction of Croatia with effect from 1 July 2013 and changes to Ireland

1.3 Who should read it?

You should read this notice if you are involved in the movement of goods between EC Member States or make supplies to diplomatic missions, consulates, international organisations or NATO visiting forces.

1.4 Legal status of this notice

Paragraphs 4.3, 4.4, 4.5, 5.2, 8.5, 17.10 have force of law. The items concerned are flagged accordingly and the text appears in a box as follows.

Example of 'force of law' text
Text shown in boxes has the force of law.

2. VAT in the EC

2.1 What is the Single Market?

The Single Market is a term that has applied since 1 January 1993 to trading between Member States. This covers intra-EC supplies of goods.

2.2 Are goods arriving in the UK from other Member States referred to as imports?

With the introduction of the Single Market, goods coming into the UK from other Member States are no longer called imports, but are referred to as acquisitions or arrivals. The term 'import' is only used for goods coming into the UK from countries outside the EC. For further information on imports, see **Notice 702 Imports**.

2.3 Are goods leaving the UK to go to other Member States referred to as exports?

With the introduction of the Single Market, goods leaving the UK to go to other Member States are no longer called exports, but are referred to as dispatches or removals. The term 'export' is only used for goods leaving the UK to go to countries outside the EC. For information about exports, see **Notice 703 VAT Export of goods from the United Kingdom**.

2.4 VAT territory of the Single Market

From 1 May 2004, the VAT territory of the EC is made up of 25 Member States. The following table shows the Member States and their territories which are included or excluded for VAT purposes. For further information about the territory of the EC for Intrastat purposes, see **Notice 60 Intrastat General Guide**. From 1 January 2007 Bulgaria and Romania will join the EC.

Member State	**including…**	**but excluding…**
Austria	Jungholtz and Mittelberg	
Belgium		
Bulgaria		
Cyprus	the British Sovereign Base Areas of Akrotiri and Dhekelia,	the United Nations buffer zone and the part of Cyprus to the north of the buffer zone, where the Republic of Cyprus does not exercise effective control
Czech Republic		
Denmark		the Faroe Islands, and Greenland
Estonia		

Hungary		
Finland		the Åland Islands.
France	Monaco,	Martinique, French Guiana, Guadeloupe, Reunion, and St Pierre and Miquelon
Germany		the island of Heligoland, and Büsingen
Greece		Mount Athos (also known as Agion Oros)
Ireland		
Italy		Campione d'Italia, the Italian Waters of Lake Lugano and Lvigno
Latvia		
Lithuania		
Luxembourg		
Malta		
Netherlands		Antilles
Poland		
Portugal	the Azores, and Madeira.	
Romania		
Slovakia		
Slovenia		
Spain	the Balearic Islands,	the Canary Islands, Ceuta, and Melilla
Sweden		
United Kingdom	the Isle of Man,	the Channel Islands, and Gibraltar

2.5 Other areas not within the EC

Liechtenstein, the Vatican City, Andorra and San Marino are not within the EC for VAT purposes.

2.6 Why do I need to know the status of the territories?

You need to know which territories are included, or excluded, from a Member State because:

- movements of goods between the UK and any of the above countries, or their **included** territories, are treated as intra-EC supplies for VAT purposes, whereas
- movements of goods between the UK and any of the **excluded** territories are treated as imported or exported goods for VAT purposes.

2.7 How is VAT collected on goods moving between Member States?

VAT on goods traded between Member States is not collected at the frontier. The way VAT is accounted for on intra-EC supplies largely depends on whether the recipient of the supply is registered for VAT in the Member State of arrival. For further information see sections 3 and 6. For these purposes movements of goods between Member States within the same legal entity (often referred to as a transfers of own goods) are treated as supplies (see section 9). Special rules apply in the case of natural gas and electricity, along with heat and cooling (see **VAT Information Sheet 21/10** Place of supply of natural gas and electricity (also heat and cooling)).

2.8 How is VAT collected on supplies of excise goods?

For information about the VAT treatment of supplies involving excise goods, see paragraph 15.4.

2.9 Trade statistics on goods moving between Member States

The system for collecting statistics on the trade in goods between Member States is known as Intrastat. All businesses carrying out trade with other Member States must declare the totals of their sales and acquisitions on their VAT Return. Traders whose EC trade exceeds a legally set threshold have to complete additional statistical information called Supplementary Declarations. Statistics are compiled from the Supplementary Declarations and information supplied on the VAT Return. For further information on this, see section 18 and **Notice 60 Intrastat General Guide**.

2.10 Are the VAT rules and Intrastat the same in other Member States?

Yes. But there may be some small variations. If you want to check the position in another Member State you should contact the relevant VAT authority (see paragraph 2.11).

2.11 VAT in other Member States

Details of contact addresses and other useful information provided by the VAT authorities in other Member States can be found on the following EC website: **European Commission**.

2.12 Equivalent of 'Value Added Tax' and 'VAT' in other Member States

The equivalent in each Member State is:

Member State	**VAT Equivalent**
Austria	Mehrwertsteuer (Mwst) Umsatzsteuer (Umst)
Belgium	Belasting over de Toegevoegde Waarde (BTW) Taxe sur la Valeur Ajoutée (TVA)
Bulgaria	Данък Добавена Стойност or Данък Добавена Стойност
Cyprus	Φόρος ΠροστιΘέμενης Αξίας (ΦΠΑ)
Czech Republic	Daň z přidané hodnoty (DPH)
Denmark	Omsaetningafgift
Estonia	Käibemaks

Finland	Arvonlisavero (ALV)
France	Taxe sur la Valeur Ajoutée (TVA)
Germany	Mehrwertsteuer (Mwst) Umsatzsteuer (Umst)
Greece	Arithmos Forologikou Mitroou (FPA)
Hungary	Általános Forgalmi Adó (ÁFA)
Ireland	Value Added Tax
Italy	Imposta sul valore Aggiunto (IVA)
Latvia	Pievienotãs vértîbas nodoklis
Lithuania	Pridetines vertes mokestis (PVM)
Luxembourg	Taxe sur la Valeur Ajoutée (TVA)
Malta	Value Added Tax
Netherlands	Omzetbelasting (OB) Belasting over de Toegevoegde Waarde (BTW)
Poland	Podatek od towarów i uslug
Portugal	Imposto sobre o Valor Acrescentado (IVA)
Romania	Tăxa pe valoarea adăugată
Slovakia	Daň z přidanej hodnoty (DPH)
Slovenia	Davek na dodano vrednost (DDV)
Spain	Impuesto sobre el Valor Anadidio (IVA)
Sweden	Mervardeskatt (MOMS)

2.13 Normal rules for claiming input tax

The amount you can reclaim as input tax is subject to the 'normal rules'. These include the evidence you must obtain and any additional partial exemption calculations you are required to carryout. For further information about this see dealing with input tax in **Notice 700 The VAT Guide** and **Notice 706 Partial Exemption**.

3. Supplies to customers registered for VAT in another Member State

3.1 How is VAT accounted for?

The normal VAT treatment of goods supplied between VAT-registered traders in different Member States is as follows:

- the supply in the Member State of dispatch is zero-rated (how this applies in the UK is explained in more detail in section 4), and
- VAT is due on the acquisition of the goods in the Member State of arrival and is accounted for by the customer on their VAT Return at the rate in force in that Member State (how this applies in the UK is explained in more detail in section 7).

3.2 Special rules

There are various special rules that apply in particular circumstances. These are explained in the following sections of this notice:

Section	Subject
9	Transfers of own goods
10	Temporary movements of goods
11	Installed or assembled goods
12	Intra-EC processing, repair, etc
13	Triangulation
14	Supplies to diplomatic missions, consulates, international organisations and NATO visiting forces
15	Other intra-EC movements of goods

3.3 Supplies to the Isle of Man and the Channel Islands

Goods sent to the Isle of Man from the UK are treated as domestic supplies for VAT purposes. Consequently the rules described in this notice do not apply and VAT must be charged at the appropriate UK rate in the normal way. On the other hand, goods sent to the Channel Islands are treated as exports from the EC for VAT purposes. For further information about exports, see **Notice 703 Export of goods from the United Kingdom**.

3.4 Time of supply (tax point) for goods supplied to other Member States

The tax point for a supply of goods to a VAT registered customer in another Member State is the earlier of either:

- the fifteenth day of the month following the one in which you send the goods to your customer (or your customer takes them away), or
- the date you issue a VAT invoice for the supply.

3.5 Why do I need to know the tax point for my supplies?

You should use the tax point as the reference date for including the supplies on your VAT Return, EC Sales Lists and, normally, your Intrastat Supplementary Declarations.

However, if it is more convenient, you may use the calendar month during which the goods arrive in, or are dispatched from the UK for your Intrastat Supplementary Declaration, see **Notice 60 Intrastat General Guide**.

3.6 Payments received in advance of invoicing or delivery

The receipt of a payment in these circumstances does not create a tax point for your intra-EC supply. However, you must issue a VAT invoice to your customer for the amount paid to you (see paragraph 16.9) and the date of issue of the VAT invoice will be the tax point.

Where you issue a series of invoices relating to the same supply of goods, the time limit for obtaining valid evidence of removal begins from the date of the final invoice (see paragraph 4.4).

3.7 Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)
Goods supplied to VAT registered customers in other Member States where zero-rating conditions in paragraph 4.3 are met.(1)	**boxes 6 and 8** - value of supply.	Yes - customer's VAT number and value of supply.	Yes - as a dispatch (value of supply).
Goods supplied to customers in other Member States where zero-rating conditions in paragraph 4.3 are not met.(2)	**box 1** - output tax* **and 6** - value of supply. (*see also paragraph 16.10 in cases where the time limits for removal and obtaining evidence are not met)	No.	Yes - as a dispatch. See also paragraphs 0 and 6.17 for distance sales and **Notice 60 Intrastat General Guide**.

Notes

1. Supply may be zero-rated

2. UK VAT charged at appropriate rate. (But see paragraph 6.4 about distance selling.)

3.8 What happens if goods are lost, destroyed or stolen?

As the supplier your liability to account for VAT depends on the circumstances.

Where goods are lost, destroyed or stolen and this occurs…	**then…**

in the UK before you have supplied them (eg whilst in storage awaiting delivery or collection),	if there has been no supply, no VAT is due.
while being transported in the UK by either you or your customer,	VAT is due **unless** you hold evidence of loss, destruction or theft (eg an insurance claim or police investigation).
while being transported outside the UK by either you or your customer,	the goods may continue to be zero-rated (see paragraph 4.3) **provided** you have valid proof of removal of the goods from the UK and the VAT registration number of your customer. (NB Your customer may still be liable to account for acquisition tax. Also there may be additional VAT liabilities if the loss, destruction or theft occurs en route through a Member State. In that event you should check on the position with the VAT authority in the Member State concerned – see paragraph 2.11).

4. Zero-rating of supplies to VAT registered customers in another Member State – general requirements

4.1 EC law covered by this section

Article 28C(A) of the EC Sixth Directive (77/388/EEC) states that Member States shall exempt certain supplies subject to conditions laid down for the purpose of ensuring the correct and straightforward application of such exemptions (zero-rating) and preventing any evasion, avoidance or abuse. The UK uses the term 'zero-rating' rather than 'exemption' used in EC law to avoid confusion with the use of exemption elsewhere in UK law.

4.2 UK law on removals

The UK VAT law relating to the zero-rating of removals of goods for VAT purposes can be found in the Value Added Tax Act 1994 sections 30(8), 30(10) and regulation 134 of the Value Added Tax Regulations 1995.

4.3 When can a supply of goods be zero-rated?

The text in this box has the force of law

A supply from the UK to a customer in another EC Member State is liable to the zero rate where:

- you obtain and show on your VAT sales invoice your customer's EC VAT registration number, including the 2-letter country prefix code, and
- the goods are sent or transported out of the UK to a destination in another EC Member State, and
- you obtain and keep valid commercial evidence that the goods have been removed from the UK within the time limits set out at paragraph 4.4.

You must not zero-rate a sale, even if the goods are subsequently removed to another Member State, if you:

- supply the goods to a UK VAT registered customer (unless that customer is also registered for VAT in another Member State. In such cases they must provide their EC VAT registration number and the goods must be removed to another EC Member State)
- deliver to, or allow the goods to be collected by, a UK customer at a UK address, or
- allow the goods to be used in the UK in the period between supply and removal, except where specifically authorised to do so.

Paragraph 4.9 covers the checks that you must undertake to make sure that your customer's EC VAT number is valid.

4.4 Time limits for removal of goods and obtaining evidence of removal

The text in this box has the force of law

In all cases the time limits for removing the goods and obtaining valid evidence of removal will begin from the time of supply. For goods removed to another EC Member State the time limits are as follows:

- three months (including supplies of goods involved in groupage or consolidation prior to removal), or
- six months for supplies of goods involved in processing or incorporation prior to removal.

4.5 Goods removed to customers in other Member States after processing or incorporation

The text in this box has the force of law

When you make a supply of goods to a VAT registered customer in another Member State, but have to deliver them to a third person in the UK who is also making a taxable supply of goods or services to that customer, you can zero-rate the supply provided:

- you obtain and show on your VAT sales invoice your customer's EC VAT registration number, including the 2-letter country prefix code
- the goods are only being delivered and **not** supplied to the third person in the UK
- no use is made of the goods other than for processing or incorporation into other goods for removal, and
- you obtain and keep valid commercial evidence that the goods have been removed from the UK within the time limits set out at paragraph 4.4.

and your records show:

- the name, address and VAT number of the customer in the EC
- the invoice number and date
- the description, quantity and value of the goods
- the name and address of the third person in the UK to whom the goods were delivered
- the date by which the goods must be removed
- proof of removal obtained from the person responsible for transporting the goods out of the UK, and
- the date the goods were actually removed from the UK.

Your records must be able to show that the goods you supplied have been processed or incorporated into the goods removed from the UK.

In cases where the third person is not in the UK but in another EC Member State, the same conditions will generally apply to allow you to zero-rate your supply.

4.6 What should I do if I cannot meet all the conditions in paragraphs 4.3, 4.4 or 4.5?

If you cannot obtain and show a valid EC VAT registration number on your sales invoice you must charge and account for tax in the UK at the appropriate UK rate.

If the goods are not removed or you do not have the evidence of removal within the time limits you must account for VAT as described in paragraph 16.10. No VAT is due on goods which would normally be zero-rated when supplied in the UK. You may wish to consider taking a deposit for the VAT (see paragraph 5.5) if you have reason to doubt that the goods will be removed. Extra caution may be advisable if your customer:

- is not previously known to you

- arranges to collect and transport the goods, or their transport arrives without advance correspondence or notice
- pays in cash, or
- purchases types or quantities of goods inconsistent with their normal commercial practice

4.7 How can I obtain my EC customer's VAT registration number?

You should carry out normal commercial checks such as bank and trade credit worthiness references before you start making supplies to an EC customer. As part of these checks you should ask your customer to supply you with their EC VAT number. We strongly recommend that you obtain confirmation of their EC VAT registration number in writing. You should retain the letter or advice received from your customer for future reference because one of the conditions for zero-rating your supply, is that you hold a valid EC VAT number for your customer. For further information on normal commercial checks, please see section 6 of **Notice 726**.

4.8 How can I make sure my EC customers give me their VAT registration numbers?

When you write to your customer, ask them to provide you with the number which has been allocated to them for intra-EC trade. In certain countries e.g. Spain and Italy, businesses are required to register their VAT number for Intra -EC use and if they don't do this, the number will show as invalid on the Europa website.(see below). If they do not supply you with their VAT number then you are obliged to charge UK VAT on any supplies of goods. If you are supplying services and your customer cannot supply you with a VAT number then you must make sure you have sufficient evidence to show that your supply is to a business in order to zero rate the supply.

4.9 Checking the validity of an EC customer's VAT registration number

You should check the validity of the number you have been given by making sure it follows the format at paragraph 16.19. Further checks on the validity of a customer's number should be made using the Europa website.

All Member States share these arrangements and businesses in other Member States can verify a UK VAT registration number in the same way.

When making an enquiry on the Europa website you must identify yourself by entering your own VAT registration number and print out a record of the date and time that the enquiry was made and the result of the enquiry. If it later turns out that the customer's number was invalid, e.g. the tax authorities database was not up to date, you will be able to rely on the validation record as one element to demonstrate your good faith as a compliant business and, in the UK, to justify why you should not be held jointly and severally liable for any VAT fraud and revenue losses which occur.

You must also regularly check your EC customer's VAT registration number to make sure that the details are still valid and that the number has not been recently deregistered.

Alternatively you can contact the VAT Helpline on **0845 010 9000** to validate your customer's VAT registration number and to verify that the name and address is correct.

4.10 Will I have to account for VAT if my customer's VAT number turns out to be invalid?

No. But only if you have genuinely done everything you can to check the validity of the VAT number; can demonstrate you have done so; have taken heed of any indications that something might be wrong and have no other reason to suspect the VAT number is invalid.

4.11 What is meant by 'reasonable steps'?

HMRC does not expect you to go beyond what is reasonable but will be seeking to identify what actions you took to check the validity of your customer's EU VAT registration number. This will focus on the due diligence checks you undertook and, most importantly, the actions taken by you in response to the results of those checks.

We would consider 'reasonable steps' to be, you genuinely doing everything you can to check the integrity of the VAT registration number, being able to demonstrate you have done so and taking heed of any indications that the number may be invalid.

Some examples of **not** having taken 'reasonable steps' would be:

- using a VAT number that does not conform to the published format for your customer's Member State as shown in paragraph 16.19, or
- using a VAT number that you have not regularly checked using the Europa website or with HMRC
- using a VAT number which you have already been informed is invalid, or

- using a VAT number which you know does not belong to your customer.

4.12 Will VAT be chargeable if reasonable steps are not considered to have been taken?

Yes. You will have to account for VAT at the appropriate UK rate.

4.13 Intra-EC supplies of freight containers

For information about the conditions for zero-rating the sale of a container to a VAT registered customer in another Member State, see **Notice 703/1 Supply of freight containers for export or removal from the United Kingdom**.

5. Zero-rating of supplies to VAT registered customers in another Member State – evidence of removal

5.1 Evidence of removal

A combination of these documents must be used to provide clear evidence that a supply has taken place, and the goods have been removed from the UK:

- the customer's order (including customer's name, VAT number and delivery address for the goods)
- inter-company correspondence
- copy sales invoice (including a description of the goods, an invoice number and customer's EC VAT number etc)
- advice note
- packing list
- commercial transport document(s) from the carrier responsible for removing the goods from the UK, for example an International Consignment Note (CMR) fully completed by the consignor, the haulier and signed by receiving consignee
- details of insurance or freight charges
- bank statements as evidence of payment
- receipted copy of the consignment note as evidence of receipt of goods abroad

- any other documents relevant to the removal of the goods in question which you would normally obtain in the course of your intra-EC business.

Photocopy certificates of shipment or other transport documents are not normally acceptable as evidence of removal unless authenticated with an original stamp and dated by an authorised official of the issuing office.

5.2 What must be shown on documents used as proof of removal?

The text in this box has the force of law
The documents you use as proof of removal must clearly identify the following: • the supplier • the consignor (where different from the supplier) • the customer • the goods • an accurate value • the mode of transport and route of movement of the goods, and • the EC destination

Vague descriptions of goods, quantities or values are not acceptable. For instance, 'various electrical goods' must not be used when the correct description is '2000 mobile phones (Make ABC and Model Number XYZ2000)'. An accurate value, for example, £50,000 must be shown and not excluded or replaced by a lower or higher amount.

If the evidence is found to be unsatisfactory **you** as the supplier could become **liable** for the VAT due.

5.3 Evidence of removal of goods to the Republic of Ireland across the Irish Land Boundary

The evidence you obtain must clearly show that the goods have left the UK. The types of documentary evidence required are explained in paragraphs 5.1 and 5.2. See also paragraph 5.5 for advice when goods are collected by your customer. Depending on the circumstances of the removal, we recommend that you obtain the following types of evidence to meet the conditions for zero-rating:

If the goods are...	**then commercial evidence should include...**

removed by road by an independent carrier,	a copy of the carrier's invoice or consignment note, supported by evidence that the goods have been delivered to a destination in the Republic of Ireland (eg a receipted copy of the consignment note).
removed by rail,	the consignor's copy of the consignment note signed by the railway official accepting the goods for delivery to your customer.
removed in your own transport,	a copy of the delivery note showing your customer's name, address, EC VAT number and actual delivery address in the Republic of Ireland if different, and a signature of your customer, or their authorised representative, confirming receipt of the goods.
collected by your customer or their authorised representative,	a written order completed by your customer, which shows their name, address, EC VAT number, the name of the authorised representative collecting the goods, the address in the Republic of Ireland where the goods are to be delivered, the vehicle registration number of the transport used, and a signature of your customer, or their authorised representative, confirming receipt of the goods.

Where you sell a motor vehicle, which is collected by your customer or their representative, it may be difficult to obtain satisfactory evidence of removal from the UK. In these circumstances, a copy of the vehicle registration document issued by the authorities in the Republic of Ireland will normally provide satisfactory evidence of removal if supported by other evidence described above and in paragraph 5.1.

5.4 What if I deliver the goods to my customer in another EC Member State?

In addition to the examples of acceptable documents relating to the sale listed in paragraph 5.1, travel tickets can also be used to demonstrate that an intra-EC journey took place for the purpose of removing the goods from the UK.

5.5 What if my customer collects the goods or arranges for their collection and removal from the UK?

If your VAT registered EC customer is arranging removal of the goods from the UK it can be difficult for you as the supplier to obtain adequate proof of removal as the carrier is contracted to your EC customer. For this type of transaction the standard of evidence required to substantiate VAT zero-rating is high.

Before zero-rating the supply you must ascertain what evidence of removal of the goods from the UK will be provided. You should consider taking a deposit equivalent to the amount of VAT you would have to account for if you do not hold satisfactory evidence of the removal of the goods from the UK. The deposit can be refunded when you obtain evidence that proves the goods were removed within the appropriate time limits.

Evidence must show that the goods you supplied have left the UK. Copies of transport documents alone will not be sufficient. Information held must identify the date and route of the movement of goods and the mode of transport involved. It should include the following:

Item	Description
1	Written order from your customer which shows their name, address and EC VAT number and the address where the goods are to be delivered.
2	Copy sales invoice showing customer's name, EC VAT number, a description of the goods and an invoice number.
3	Date of departure of goods from your premises and from the UK.
4	Name and address of the haulier collecting the goods.
5	Registration number of the vehicle collecting the goods and the name and signature of the driver and, where the goods are to be taken out of the UK by a different haulier or vehicle, the name and address of that haulier, that vehicle registration number and a signature for the goods.
6	Route, for example, Channel Tunnel, port of exit.
7	Copy of travel tickets.
8	Name of ferry or shipping company and date of sailing or airway number and airport.
9	Trailer number (if applicable).
10	Full container number (if applicable).

11	Name and address for consolidation, groupage, or processing (if applicable).

5.6 How long must I retain evidence of removal?

You must make sure that the proof of removal is:

- retained for six years, and
- made readily available so that any VAT assurance officer is able to substantiate the zero-rating of your removals.

5.7 Can I use an agent?

You, as the supplier of the goods, or your customer can appoint a freight forwarder, shipping company, airline or other person to handle your intra-EC supplies and produce the necessary evidence of removal.

However, you remain legally responsible for ensuring that the conditions for zero-rating supplies of goods to other EC Member States, as set out in paragraphs 4.3, 4.4 and 4.5, are met. This includes obtaining and holding evidence of removal of the goods from the UK.

5.8 Groupage or consolidation transactions

If you use a freight forwarder, consignments (often coming from several consignors) may be aggregated into one load, known as groupage or consolidation cargo. The freight forwarder must keep copies of the original bill of lading, sea-waybill or air-waybill, and all consignments in the load must be shown on the container or vehicle manifest. You will be issued with a certificate of shipment by the freight forwarder, often supported by an authenticated photocopy of the original bill of lading, a sea-waybill or a house air-waybill. Where such consignments are being removed, the forwarder may be shown as the consignor in the shipping documents.

(a) Certificate of shipment

Certificates of shipment are usually produced by packers and consolidators involved in road, rail and sea groupage consignments when they themselves receive only a single authenticated transport document from the carrier. It is an important document, which should be sent to you as soon as the goods have been removed from the UK.

The certificate of shipment must be an original and authenticated by an official of the issuing company unless it is computer produced, on a once-only basis, as a by-product of the issuing company’s accounting system. A properly completed certificate of shipment will help you to meet the evidential requirements described in paragraph 5.1.

(b) What information must be shown?

Although the certificate of shipment can be in any format, it must be an original and will usually contain the following information:

- the name and address of the issuing company
- a unique reference number or issuer's file reference
- the name of the supplier of the goods (and VAT number if known)
- the place, port or airport of loading
- the place, port or airport of shipment
- the name of the ship or the aircraft flight prefix and number
- the date of sailing or flight
- the customer's name
- the destination of the goods
- a full description of the goods removed to another Member State (including quantity, weight and value)
- the number of packages
- the supplier's invoice number and date if known
- the bill of lading or air-waybill number (if applicable)
- the identifying number of the vehicle, container or railway wagon.

5.9 Postal Services

Goods sent by post may be zero-rated if they are sent directly to your customer registered for VAT in another EC Member State, and you hold the necessary evidence of posting. The receipted forms described in the table below, plus the Parcelforce Worldwide statement of account or parcel manifest listing each parcel or multi-parcel, will provide evidence of removal.

Method of posting	Evidence required

Letter post or airmail	A fully completed certificate of posting form presented with the goods, and stamped by the Post Office. Acceptable forms are: Form C&E 132 for single or multiple packages taken to the Post Office. Blank forms may be obtained from our website go to, **hmrc.gov.uk** or by phoning the VAT Helpline on **0845 010 9000**. • Form P326 available from the Post Office and used for single packages taken to the Post Office, or • a Certificate of Posting for International Mail Only, or a Royal Mail Collection Manifest, available from a Royal Mail sales advisor, for use by customers using their Business Collections Service, where the Royal Mail collection driver signs the certificate. Further information on Royal Mail international services is available on their website, go to **Royal Mail**.

Parcels	Parcelforce Worldwide operates a range of international parcel services. If you use any of these services you will be provided with: • a service specific barcoded label • a customs export declaration (for non-EC destinations only) • a copy of the Parcelforce Worldwide conditions of carriage, and • a printed receipt, which is your proof of shipment for all destinations. An individual barcode label must be affixed to every parcel. You do not need to complete the customs export declaration for goods being sent to another EC Member State. If you arrange for the parcel to be collected from your premises the collecting driver will sign your printed receipt. This is your proof of shipment for EC destinations. If the parcel is taken to a Post Office, the counter clerk will provide you with a printed proof of shipment from the Post Office SmartPost system. This will show the overseas delivery address, date of dispatch and unique consignment number. You should keep this printed proof of shipment as your evidence of removal. In addition to the individual parcel declarations described above, account customers of Parcelforce Worldwide have two further potential sources of information listing multiple parcel dispatches. These are: • Worldwide Dispatch manager (WDM) – online users can print a manifest which lists all dispatched parcels, and • a Statement of Account. All of the individual parcel declarations, plus either the manifest or the statement of account listing each dispatch will provide proof of removal for VAT purposes. You can find further information on Parcelforce Worldwide International services on their website, go to **Parcel Force Worldwide**.

5.10 Couriers and fast parcel services

Courier and fast parcel operators specialise in the shipment of goods to overseas destinations within guaranteed timescales.

(a) Operators who do not issue separate certificates of shipment

Most courier and fast parcel operators do not issue separate certificates of shipment. The invoice for moving goods from the UK, which bears details of the unique airway bill numbers for each shipment, represents normal commercial evidence of removal. In addition, many express companies are able to offer a track and trace service via their websites where the movement of goods can be traced through to the final destination. This information can be printed and also be used to confirm removal from the UK.

(b) Operators who use the system based upon a Dispatch Pack

A few companies still use a documentary system based upon a Dispatch Pack containing accounting data, a Customs export declaration and receipt copies of the relevant house airway bill or consignment note. These packs are issued to customers to complete for each removal from the UK.

An export declaration does not need to be completed for goods being sent to another EC Member State but a Dispatch Pack must be completed for each overseas address and consignee. The driver collecting the parcels will endorse the receipt copy and return it to the consignor. This, plus the statement of account listing each removal, will provide evidence of removal from the UK.

(c) Use of more than one courier/fast parcel company

Due to the complexities of the movement of goods within the courier/fast parcel environment, there is often more than one company involved in the handling and ultimate removal of the goods. Ultimately, you as the UK supplier may not be certain as to which courier/fast parcel company has removed the goods. If you are aware that this may happen you will need to establish what proof of removal you will receive from the company to whom you give your goods. The proof available is described in (a) and (b) above.

(d) Overseas customer arranging the removal by courier

If your EC customer arranges for the goods to be removed by courier you should ascertain what proof of removal they will be providing to allow you to zero-rate the supply. You should consider taking a deposit equivalent to the amount of VAT you would have to account for if you do not hold satisfactory evidence of the removal of the goods from the UK. The deposit can be refunded when you obtain evidence that proves the goods were removed within the appropriate time limits.

6. Supplies to customers (including private individuals) who are not registered for VAT

6.1 How is VAT accounted for?

For supplies to unregistered customers, or private individuals, VAT is normally accounted for by the supplier as a domestic supply in the Member State from which the goods are dispatched.

6.2 Tax point for supplies where UK VAT is chargeable

As a domestic supply, liable to UK VAT, the normal tax point rules apply. For further information about the normal rules, see the sections dealing with time of supply in **Notice 700 The VAT Guide**.

6.3 Special arrangements for supplies of goods to private individuals or non-registered persons

Special arrangements apply to the following:

- supplies to non-registered persons of new means of transport including boats, aircraft and motor vehicles (for further information, see **Notice 728 New means of transport**)
- supplies of excise goods for private purposes (for further information see section 15.4)
- distance sales (for further information see paragraph 6.4 and **Notice 700/1 Should I be registered for VAT?**), and
- purchases by exempt bodies and non-taxable organisations (for further information about how this can make the purchaser liable to register for VAT, see **Notice 700/1 Should I be registered for VAT?**).

6.4 Distance selling

Distance selling occurs when a taxable person in one Member State supplies and delivers goods to a customer in another Member State who is not registered or liable to be registered for VAT. These customers are known as non-taxable persons and will include private individuals, public bodies, charities and businesses which are not VAT registered because their turnover is below the registration threshold or whose activities are entirely exempt. The most common examples of distance sales are goods supplied by mail order or ordered over the internet.

6.5 How do I treat distance sales from the UK to other Member States?

(a) Accounting for VAT

If you are registered for VAT in the UK and make distance sales to customers in another EC Member State, you should charge UK VAT until:

- the value of your supplies in a calendar year exceed the distance selling threshold in that country, or
- you exercise the option described in paragraph 6.10.

Once the value of your distance sales exceeds this threshold, you will be liable to register and account for VAT in that Member State.

(b) Intrastat

If you trade above the UK Intrastat threshold you must report your distance sales to all non-taxable persons on your Intrastat Supplementary Declaration, even when your distance sales from the UK are below the distance selling threshold in the Member State of arrival. For further information, see **Notice 60 Intrastat General Guide**.

6.6 What is the distance selling threshold for each Member State?

Each Member State is responsible for setting its own threshold, which is set in its own currency. The level of the threshold in a particular Member State can be found on the website mentioned at paragraph 2.11 or by contacting the VAT authority in the Member State concerned.

6.7 Distance sales of excise goods

If you make any distance sales of excise goods to another EC Member State you will be required to register and account for VAT in that Member State, irrespective of the value involved.

6.8 Should I keep a record of my distance sales to each Member State?

You must keep a separate record of your distance sales to each Member State. This will allow you to monitor any liability to register for VAT there.

6.9 Will I be required to appoint someone to act on my behalf in another Member State?

If you are required to register in another Member State, you may need to appoint someone to act on your behalf there. You should check this with the relevant VAT authority (see paragraph 2.11). Alternatively, you may be able to register personally and deal with your tax obligations yourself.

6.10 Opting to account for VAT on supplies in the Member State to which the goods are sent

If your distance sales are below the threshold you may, nevertheless, opt to register and account for VAT in the Member State of destination of the goods. But this does mean you will have to account for VAT on all supplies below the distance selling threshold in that Member State.

6.11 What should I do to exercise this option?

If you decide to exercise the option you must do the following:

Step	Action
1	Notify HMRC by writing to the appropriate written enquiries team details of which can be found on our website go to, **hmrc.gov.uk** or by phoning the VAT Helpline on **0845 010 9000.**
2	Contact the VAT authority for the Member State to which the goods are supplied. (You will need to do this at least 30 days before making the first supply you intend to be covered by the option and must register from that date. You will also need to provide them with written evidence that you have informed HMRC in the UK).

You will then be subject to, and must comply with, the VAT rules in that Member State.

6.12 How will this affect my UK VAT registration?

Once you have taken up the option to account for VAT in another Member State, you will no longer charge UK VAT.

6.13 When can I cancel the option?

You will normally be required to remain registered in that Member State for at least two calendar years from the date of the first supply following registration there. After this time, if the value of your supplies remains below the threshold and you decide to cancel your option, you must notify HMRC by writing to the appropriate written enquiries team. Details can be found on our website go to, **hmrc.gov.uk** or by phoning the VAT Helpline on **0845 010 9000**. This should not be less than 30 days before the date of the first supply you intend to make after the cancellation.

6.14 What should I do if I am required to register for VAT in another Member State?

The registration requirements in each Member State vary. If you are required to register for VAT in another Member State, you must notify the appropriate VAT authority (see paragraph 2.11). You are responsible for ensuring that you register at the correct time and that you account for tax to the correct VAT authority.

6.15 How do the distance selling rules apply to group registrations?

Group treatment is a facility which allows two or more corporate bodies controlled by the same person, to account for VAT as a single VAT registration. Although each VAT group member is, and remains, a legal entity in its own right, it is treated as a single taxable person in the UK. However, UK VAT groups are not recognised in other Member States.

Group members must therefore individually monitor the value of their own distance sales to each Member State. Where the value of sales in a calendar year exceeds a Member State's distance selling threshold, that group member will be liable to register for VAT there in its own right.

A group member is entitled to exercise the option described at paragraph 6.10.

6.16 What should I do if I am making distance sales to the UK?

If you make distance sales to the UK, and the value of these sales in a calendar year exceeds the UK threshold of £70,000, you will be liable to register for VAT in the UK. You must then charge and account for UK VAT on your sales. However, any supplies involving goods subject to excise duty are not subject to the threshold and you must register for VAT immediately you make a supply of this kind. You can also register in the UK under the option described in paragraph 6.10.

For more information about registering for VAT in the UK for distance sales, see **Notice 700/1 Should I be registered for VAT?**

6.17 Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**

Distance sales from UK below threshold in Member State of arrival.	**box 1** - output tax. **box 6** – value of supply.	No.	Yes – as a dispatch (use VAT exclusive value). (See **Notice 60 Intrastat General Guide**)	Treated as a UK domestic supply for VAT purposes, but must still be declared on your Supplementary Declaration.
Distance sales from UK on or above threshold in the Member State of arrival (or where option to register there has been exercised – see paragraph 6.10).	**boxes 6 and 8** – value of supply.	No.	Yes – as a dispatch (value of supply).	Although VAT is chargeable on the supply in the Member State of the arrival, the value must still be declared on your UK VAT Return and Supplementary Declaration.
Distance sales to UK above UK distance selling threshold (or where option to register here has been exercised – see paragraph 6.16).	**box 1** – output tax. **box 6** –value of supply.	No.	Yes – as an arrival (value of supply) if the Intrastat threshold for arrivals has been exceeded. (See **Notice 60 Intrastat General Guide** for details of the current Intrastat threshold.)	Treated as a supply in UK and supplier required to register here.

Distance sales to UK below UK distance selling threshold	No.	No.	No.	No.

7. UK acquisition of goods from another Member State

7.1 What is an acquisition?

An acquisition in the UK occurs where:

- there is an intra-EC movement of goods to the UK
- the goods are received here by a VAT registered trader, and
- the supplier is registered for VAT in the Member State of departure.

In which case the recipient is required to account for VAT on the goods acquired in the UK.

7.2 How do I account for acquisition tax in the UK?

You must account for any tax due on your VAT Return for the period in which the tax point occurs (see paragraph 7.3) and you may treat this as input tax on the same VAT Return subject to the normal rules (see paragraph 2.13).

7.3 Time of acquisition

The time of acquisition is the earlier of either:

- the 15th day of the month following the one in which the goods were sent to you, or
- the date your supplier issued their invoice to you.

7.4 Rate of VAT on acquisitions in the UK

Acquisitions are liable at the same rate as domestic supplies of identical goods in the UK. So, for example, no tax is due on acquisitions of goods which are currently zero-rated in the UK.

7.5 Do I account for acquisition tax if I make a part or full payment for the goods?

No, part or full payment for an intra-EC supply of goods does not create a tax point for the acquisition.

7.6 What should I do if my supplier sends me an invoice for the amount I paid?

You should account for the acquisition tax, provided the date of issue of the invoice is earlier than the 15th day of the month following the one in which the goods were sent to you.

7.7 Is acquisition tax always due where the goods are received?

The VAT on an acquisition is always due in the Member State where the goods are received. However, there is a 'fallback' provision that applies where the VAT registration number quoted to the supplier to secure zero-rating has been issued in a different Member State. In that event the acquisition tax must be accounted for in the Member State of registration, but the customer also remains liable to account for acquisition VAT in the Member State to which the goods have been sent.

7.8 Do I have to account for acquisition tax whenever I give my UK VAT number to an EC supplier?

You are liable to account for acquisition tax in the UK unless you can demonstrate that you have already accounted for acquisition VAT in the Member State to which the goods were dispatched where this is different (see paragraph 7.7 above).

7.9 Refund of UK acquisition tax if VAT is also accounted for in the Member State of arrival

You can obtain a refund of any UK acquisition tax accounted for in the circumstances described in paragraph 7.8. But you should only do this where you have not claimed, or have been unable to claim, full input tax credit for that acquisition.

7.10 Changes to your VAT registration

(a) Group registrations

If you are part of a VAT group, you must notify the National Registration Service in writing of any changes to the membership of the group. The address for this can be found on our website, go to **hmrc.gov.uk**.

It is in your own interests to do this promptly, as it allows us to make sure that our records are kept up to date at all times. We can then reply correctly and without delay to any enquiries made about your registration number.

(b) Other registrations

Remember, if you acquire goods from other Member States you will need to inform your EC suppliers of any changes to your VAT registration number. Otherwise they will have to charge you VAT on their supplies.

7.11 Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**
Acquisitions of goods from VAT registered suppliers in other EC Member States.	**box 2** – acquisition VAT for goods positive-rated in UK. **box 4** – input tax subject to normal rules (see paragraph 2.13) **boxes 7 and 9** –value of acquisition.	No.	Yes – as an arrival (value of supply).	You must provide your EC supplier with your VAT number to quote on the sales invoice.

8. Tax value of acquisitions

8.1 Calculating the amount of tax due on an acquisition

The amount of tax due on an acquisition is the tax value multiplied by the appropriate VAT rate.

8.2 What is the tax value of an acquisition?

This is, usually, what you pay for the goods, it is also called the ‘consideration’.

8.3 What is consideration?

Consideration is any form of payment in money or in kind, including anything which is itself a supply. The consideration includes any payment which you make to cover your supplier’s costs in making the supply, such as packing, transport or insurance for which they are responsible under their contract with you.

8.4 Establishing the tax value of an acquisition

The tax value of your acquisition can be established as follows:

Where…	**then the tax value of your acquisition is…**
the consideration is wholly in money,	the amount paid.
the consideration is non-monetary, for example the supply is made in return for payment in goods or services, or is monetary and non-monetary,	the monetary equivalent of the consideration calculated by reference to the price, excluding VAT, which you would have to pay if the consideration were monetary.
the consideration involves a discounted amount and you pay the discounted amount,	based on the discounted amount.
the consideration includes the offer of a conditional discount which is dependent upon some future event, for example on condition that you buy more from your supplier, or make payment within a specified period of time,	based on the full amount paid. If you later earn the discount, the tax value is reduced and you can adjust the amount of tax accounted for (but you should only do this where you have not claimed, or have been unable to claim, full input tax credit for that acquisition).
there is no consideration, for example a transfer of own goods (see section 9), or when goods are supplied without charge,	in either case, what it would cost you, or the person transferring the goods to you, to purchase the goods in question at the time of the acquisition.

8.5 What should I do if the value of an acquisition is in a foreign currency?

Where the value of your acquisition is in a foreign currency, you should convert it to sterling as follows:

The text in this box has the force of law.
For VAT purposes, amounts of money must always be expressed in sterling. If you need to convert an amount from a foreign currency into sterling, you must do so on the following basis: (a) Unless you have adopted one of the alternatives set out below, you must use the UK market selling rate at the time of the acquisition. The rates published in national newspapers will be acceptable as evidence of the rates at the relevant time. (b) As an alternative you may use the period rate of exchange published by HMRC for customs purposes. The VAT Helpline can give details of particular period rates. You may adopt this alternative in respect of all your acquisitions or in respect of all acquisitions of a particular class or description. If you opt in respect only of a particular class or description you should make a note in your records at the time of adoption of the class or description to which your option relates. You do not need to notify HMRC in advance if you wish to adopt this alternative, but if you make such an option you cannot then change it without first obtaining HMRC agreement. (c) You may apply in writing to HMRC for the use of a rate or of a method of determining a rate which you use for commercial purposes but which is not covered by (a) or (b) above. In considering whether to allow such applications HMRC will take into account whether the proposed rate or method is determined by reference to the UK currency market, whether it is objectively verifiable, and the frequency with which the applicant proposes to update it. Forward rates or methods deriving from forward rates are not acceptable.

Before 1 January 1993 you may have used a rate authorised in writing by HM Revenue & Customs under the concessionary arrangements for supplies which applied up to that date. By concession you may extend this to acquisitions without further notification, unless the rate you use wholly derives from currency markets other than in the UK. Your continued use of these concessionary rates is subject to review by HMRC.

The text in this box has the force of law.
Whatever rate or method you adopt, the appropriate rate for any supply is the one current at the time of supply.

8.6 Do I include any excise duty in the tax value of an acquisition?

Yes. For goods subject to excise duty or, in the case of EC accessionary states, customs duty or agricultural levy, the value of the acquisition is the value determined according to the principles outlined in this chapter plus the duty and/or levy arising from the removal to the UK.

9. Transfers of own goods between Member States

9.1 What is the position if I transfer of my own goods?

A transfer of your own goods from one Member State to another within the same legal entity, for example between branches of the same company, is deemed to be a supply of goods for VAT purposes.

9.2 Is the supply liable to VAT?

The transfer of your own goods is liable to VAT in the same way as other intra-EC supplies of goods described in this notice.

9.3 Can the supply be zero-rated?

The supply may be zero-rated subject to the conditions in paragraph 4.3.

9.4 Is acquisition tax due?

You will normally be liable to account for acquisition VAT in the Member State to which the goods are transferred.

9.5 Registering for VAT in the Member State to which the goods are sent

You may need to be registered for VAT in the Member State to which the goods were dispatched in order to meet your obligations to account for acquisition tax and also to account for VAT if you subsequently supply the goods there. You will also be able to use that VAT registration number to support zero-rating of the deemed supply in the UK (see paragraph 4.3).

9.6 What do I do if I am not registered in the Member State to which the goods are sent?

If you are not registered for VAT in the Member State to which you transfer your own goods, you should treat the supply as a domestic supply (see paragraph 6.1). You must account for VAT on the transfer at the appropriate UK rate.

9.7 Do I need to register for VAT in the UK if I transfer my own goods from another Member State?

This will depend on whether you exceed the UK VAT registration thresholds. For further information about registering for VAT in the UK, see **Notice 700/1 Should I be registered for VAT?**

9.8 Are there any exceptions to this rule?

There are some exceptions which are covered in sections 10 and 11.

9.9 Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**
Transfers from the UK to other Member States.	**boxes 6 and 8** – value based on cost of goods.	Yes – value based on cost of goods.	Yes – as a dispatch (value based on cost of goods).	A deemed supply in the UK. It may be zero-rated subject to the conditions in paragraph 4.3.

Transfers from other Member States to the UK.	**box 2** - acquisition VAT for positive-rated goods in UK. **box 4** – input tax subject to normal rules (see paragraph 2.13). **boxes 7 and 9** – value based on cost of goods.	No.	Yes – as an arrival (value based on cost of goods).	There is an acquisition in the UK by the owner of the goods.

10. Temporary movement of goods

10.1 Are temporary movements of goods treated as a transfer of my own goods?

The following temporary movements are **not** treated as deemed supplies of goods as described in section 9:

- goods transferred temporarily to another Member State in order to make a supply of services there provided **all** of the conditions at paragraph 10.2 are met, and
- goods transferred to another Member State for temporary use there provided **all** of the conditions at paragraph 10.4 are met.

In each case no acquisition VAT is due in the Member State to which the goods are transferred.

10.2 Conditions for the temporary movement of goods used to make a supply of services

You must meet **all** of the following conditions:

Condition	Description
1	You do not have a place of business in the Member State to which the goods are temporarily transferred.

2	You have a specific contract to fulfil.
3	You intend to return the goods to the Member State from which they were dispatched.

10.3 In what circumstances might this apply?

This can apply to your tools and equipment which you take to another Member State to use there, for example to repair or service machinery. It also applies to goods that are loaned or leased to somebody in another Member State.

10.4 Conditions for goods transferred for temporary use in another Member State

You must meet **both** of the following conditions:

Condition	Description
1	The goods would be eligible for temporary importation relief if they were imported from outside the EC.
2	They are to remain in the other Member State for no longer than two years.

10.5 Which goods are eligible for temporary import relief?

For further information about this, see **Notice 200 Temporary Importations into the European Community**.

10.6 What happens if circumstances change?

The conditions described at paragraphs 10.2 or 10.4 may later cease to be met (for example, in the case of paragraph 10.2, where the goods are disposed of locally rather than returned to the UK or, in the case of paragraph 10.4, they are to remain in the other Member State for more than two years). In that event the original movement should be treated belatedly as a deemed supply and acquisition, as described in section 9.

10.7 Do I need to hold evidence of removal and return to the UK?

Although these transfers of your own goods are not treated as supplies for VAT purposes, you still need commercial evidence that the goods left the UK and have later returned. You must also maintain a register of temporary movements of goods, as described in paragraph 16.7.

10.8 Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**
Goods sent from the UK used in making a supply of services in another Member State that remain out of the UK for **less** than two years.	No.	No.	No.	Requirement to keep a register of goods moved temporarily (see paragraph 16.7).
Goods sent from the UK used in making a supply of services in another Member State that remain out of the UK for **more** than two years.	No.	No.	Yes – as a dispatch (value based on cost of goods).	Requirement to keep a register of goods moved temporarily (see paragraph 16.7).

Temporary transfer of goods from UK which would be eligible for temporary importation relief if sent from outside EC that remain out of the UK for **less** than two years	No.	No.	No.	Requirement to keep a register of goods moved temporarily (see paragraph 16.7).

11. Installed or assembled goods

11.1 What is covered by the term installed or assembled goods?

A supply of installed or assembled goods occurs when you supply goods and there is a contractual obligation for you to install or assemble the goods for your customer. For example a supplier of studio recording equipment where the supply involves installation at the customer's studio.

11.2 Place of supply of installed or assembled goods

The supply takes place where the installation or assembly of the goods is carried out.

11.3 Registering for VAT for supplies of installed or assembled goods

You are liable to register for VAT in any Member State in which you are supplying installed or assembled goods. However, some Member States operate a simplified procedure which permits the VAT-registered customer to account for the VAT due. You are not required to register in a Member State which has this facility.

11.4 Which Member States operate the simplified procedure?

Adoption of the simplified procedure is optional for Member States. To find out if it is available in a particular Member State you should contact the VAT authority there (see paragraph 2.11).

11.5 Are installed or assembled goods liable to acquisition tax?

The movement of the goods (eg the component parts) between Member States as part of a supply of installed or assembled goods is not treated as a supply of own goods. Consequently there is no acquisition in the Member State of installation or assembly.

11.6 Accounting for VAT on goods installed or assembled in the UK

If you supply goods from outside the UK to be installed or assembled here (the goods may be sourced from another Member State or a third country) your supply is liable to VAT in the UK and you may be required to register here. However, the UK operates the simplified procedure mentioned in paragraph 11.3. You may use that simplified procedure provided:

- your customer is registered for VAT in the UK
- you are registered for VAT in another Member State, and
- you are not required to be registered here for any other reason.

11.7 How does the simplified procedure work?

Under the simplified procedure your UK customer is treated as acquiring the goods in the UK and must account for acquisition VAT on the full value of your supply. As a result you are no longer liable to account for VAT.

11.8 Using the simplified procedure

If you are a supplier in another Member State and you wish to use these simplified arrangements you must do **all** of the following:

Step	Action
1	Issue your customer with a VAT invoice.

2	Issue that invoice within 15 days of the date on which your supply would otherwise have taken place under normal UK time of supply rules for goods. (For further information about this, see the sections dealing with time of supply in **Notice 700 The VAT Guide**.) These include receipt of a payment, or completion of the installation or assembly.
3	Tell us you intend to use this arrangement. You should write to: The Non Established Taxable Persons Unit (NETPU) HM Revenue & Customs Ruby House 8 Ruby Place Aberdeen AB10 1ZP and include the following information: • your name, address and EC VAT registration number • the name, address and VAT registration number of your UK customer (you must make a separate notification for each customer no later than the date of issue of the first invoice to the customer concerned), and • the date on which you began, or will begin, the installation or assembly of the goods.
4	Send a copy of the notification to your UK customer to advise them that you are using the simplified arrangements and so they are required to account for the VAT. You must send this no later than the date you issue the first invoice to your customer.

11.9 Do I have to send a notification for further supplies to the same customer?

No. But you will have to make further notifications for any new UK customers.

11.10 Receiving installed or assembled goods from a supplier using the simplified procedure

As the UK customer you should account for VAT on the supply to you as an acquisition by including the tax in box 2 of your VAT Return. You may also include this as input tax on the same VAT Return subject to the normal rules (see paragraph 2.13).

11.11 Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)
Goods sent from UK for installation or assembly in another Member State.	**box 6** – value of supply. **box 8** – value based on cost of goods at time of dispatch.	No.	Yes – as a dispatch (value based on cost of goods if known, otherwise open market value).
Goods sent from another Member State for installation or assembly in UK where supplier registers for VAT in UK	**box 1** - output tax. **box 6** - value of supply.	No.	Yes – as an arrival (value based on cost of goods if known, otherwise open market value).

Goods installed or assembled in the UK where supplier elects to use simplification procedure.(1)	**box 2** - acquisition VAT. **box 4** - input tax (subject to normal rules see paragraph 2.13). **boxes 7 and 9** - value of acquisition.	No.	Yes – as an arrival (value based on cost of goods if known, otherwise open market value).

Notes

1. Customer is responsible for reporting requirements.

12. Movements of goods for process, repair, etc

12.1 What is covered by this section?

This section outlines the VAT treatment of goods that are moved between Member States in circumstances where some form of service is to be applied to those goods. The services can include things like processing, repair and valuation.

12.2 Goods sent from the UK for work to be carried out elsewhere in the EC

This can include goods sent to more than one service provider in the other Member State or in different Member States **provided**, in all cases, the goods are returned to the UK after the services have been completed. Where it applies there is no deemed supply of own goods as described in section 9.

You are, however, required to:

Step	Action
1	Record the movement of the goods in your temporary movements register (see paragraph 16.7).
2	Hold commercial documentary evidence that the goods have been removed from the UK.

3	Account for VAT on each of the supplies of services you have received as a reverse charge. (For further information about the reverse charge, as it applies to work carried out on goods, see Notice 741A Place of supply of services.)
4	Where applicable complete an Intrastat Supplementary Declaration (see paragraph 12.7). For more information about Intrastat, see **Notice 60 Intrastat General Guide**.

12.3 Goods sent to the UK for work to be carried out

As the supplier of the service there is no requirement for you to account for VAT on the movement of the goods provided you return them to your customer when the work has been completed. Similarly, **provided** your customer is registered for VAT elsewhere within the EC, you are not required to charge VAT on the supply of your services. Your customer will account for this as a reverse charge. For further information about the reverse charge, as it applies to work carried out on goods, see Notice 741A Place of supply of services.

You are, however, required to:

Step	Action
1	Record the arrival and return of the goods in your temporary movements register (see paragraph 16.7).
2	Hold commercial documentary evidence that the goods have been removed from the UK.
3	Where applicable complete an Intrastat Supplementary Declaration (see paragraph 12.7). For more information about Intrastat, see **Notice 60 Intrastat General Guide**.

12.4 What happens if goods are not returned to the Member State of departure?

These arrangements do not apply if, for any reason, the goods are not eventually returned to the Member State from which they were originally sent. In that event they become subject to the normal intra-EC supply and acquisition rules and the owner of the goods may be liable to register for VAT in the Member State concerned.

12.5 Work performed on goods in another Member State before removal to the UK

This can occur where you buy goods from another Member State and have work performed on them before they are removed to the UK. The work may be performed by more than one supplier and they may be located in different Member States. Whatever the position you are required to:

Step	Action
1	Account for acquisition VAT on the supply of the goods in the normal way.
2	Account for VAT on each of the supplies of services you have received as a reverse charge. For more information about the reverse charge, as it applies to work carried out on goods, see Notice 741A Place of supply of services.
3	Where applicable complete an Intrastat Supplementary Declaration (see paragraph 12.7). For more information about Intrastat, see **Notice 60 Intrastat General Guide**.

12.6 Work performed on goods before removal from the UK

This can occur if you make an intra-EC supply of goods and your customer has work performed on them before they leave the UK. In this situation you can continue to treat the supply under the normal rules described in section 3 **provided** you meet all the relevant conditions. You will therefore need to make sure that your customer provides you with evidence of removal of the goods from the UK once the work has been completed (see paragraph 4.5).

12.7 Reporting requirements

Repaired goods:

Type of movement	VAT Return	EC Sales List (see Section 17)	Supplementary Declaration (see Section 18)	Notes

Goods sent to another Member States for repair – owner's reporting requirements.	No.	No.	No.	
Goods received back in the UK by owner after repair in another Member State – UK owner's reporting requirements.	**box 1** – output tax* **box 4** – input tax, subject to normal rules (see paragraph 2.13). **box 6** – value of repair services.	No	No.	*Output tax accounted for on repair services as a reverse charge (see paragraph 12.2).
Goods for repair received in the UK from other Member States – UK repairer's reporting requirements.	No	No.	No.	
Repaired goods returned to customer in another Member State – UK repairer's reporting requirements	**boxes 6** – value of repair service.	No.	No.	VAT on repair services accounted for by EC customer as a reverse charge (see paragraph 12.3).

Processed goods:

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)

Goods sent from UK for process in another Member State – UK owner's reporting requirements.	No.	No.	Yes – as a dispatch (value based on cost of goods).
Goods returned to UK from EC processor – UK owner's reporting requirements (1)	**box 1**- output tax* **box 4** – input tax subject to normal rules (see paragraph 2.13) **box 6** – value of the processing services.	No	Yes – as an arrival (value based on cost of goods and cost of process).
Goods received for process in UK from EC customer – UK processor's reporting requirements.	No.	No.	Yes – as an arrival (value based on cost of goods if known, otherwise open market value).
Goods returned after process in UK to EC customer - UK processor's reporting requirements (2).	**box 6** –value of process.	No.	Yes – as a dispatch (value based on cost of goods, if known, otherwise, open market value and cost of process).

Notes

1. *Output tax accounted for on processor's services as a reverse charge (see paragraph 12.2).

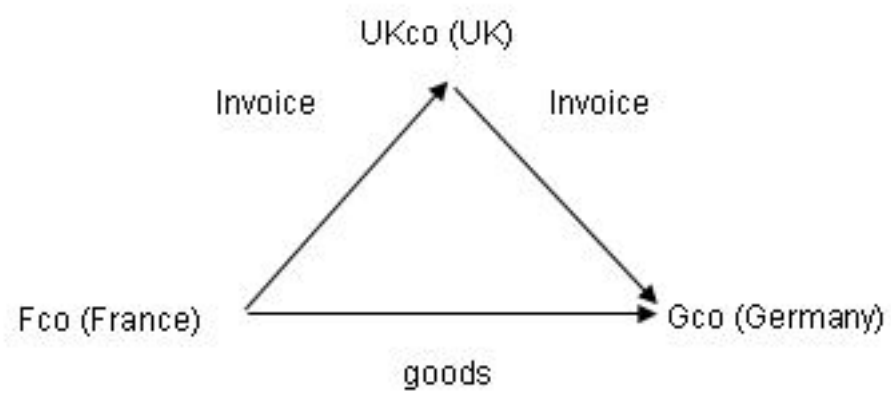
2. VAT on processing services accounted for by EC customer as a reverse charge (see paragraph 12.3).

13. Triangulation

13.1 What is triangulation?

Triangulation is the term used to describe a chain of intra-EC supplies of goods involving three parties. But, instead of the goods physically passing from one to the other, they are delivered directly from the first to the last party in the chain.

For example:



Here a UK company receives an order from a customer in Germany. To fulfil the order the UK supplier in turn orders goods from their own supplier in France. The goods are delivered from France to Germany.

13.2 What is the supply position?

There is a supply of goods by the…	**and this means that…**
French company to the UK company,	the French company can zero-rate the supply subject to the conditions described in paragraph 4.3.
UK company to the German company,	the UK company is acquiring and supplying those goods in Germany and is liable to register for VAT there unless the simplified procedure described at paragraph 13.5 is used.

13.3 How might I become involved in triangulation?

You might become involved in triangulation as either:

- the first supplier of the goods (the French company in the example above)
- the intermediate supplier (the UK company in the example above), or
- the final customer (the German company in the example above).

13.4 Treatment of supplies for VAT purposes

The VAT treatment within the EC is normally as follows:

If you are the…	**you may…**
first supplier,	zero-rate your supply of the goods subject to the conditions in paragraph 4.3.
intermediate supplier,	be liable to register for VAT in the Member State to which the goods are delivered and account for VAT on the acquisition and on your supply.
the final customer,	not need to do anything as you are receiving a domestic supply (but see the simplified procedure described in paragraph 13.5).

13.5 Registration of the intermediate supplier

An intermediate supplier is not necessarily required to register in the Member State to which the goods are delivered (see paragraph 13.2) as there is a simplified procedure which can be used in these circumstances.

13.6 When can the simplified procedure be used?

As the intermediate supplier you can use the simplified procedure if you:

- are already registered for VAT within the EC
- are not registered, or otherwise required to be registered, in the Member State to which the goods are delivered, and

- your customer is registered for VAT in the Member State of delivery.

13.7 Use of the simplified procedure as a UK intermediate supplier

To use the simplified procedure if you are a UK intermediate supplier making supplies of goods to a customer in another Member State, you must do all of the following:

Step	Action
1	Use your UK VAT registration number to allow your EC supplier to zero-rate the supply of goods in the Member State from which the goods were dispatched.
2	Issue a VAT invoice to your customer containing all the details normally required for intra-EC supplies.
3	Include the supply on your EC Sales List (see Section 17), quoting the VAT number of your customer in the Member State of destination of the goods.
4	Enter the total value of triangular supplies to each EC customer in that quarter on your EC Sales List on a single line separately from any other intra-EC supplies to that customer.
5	Identify your triangular transactions by inserting the figure 2 in the indicator box (the notes on the reverse of the EC Sales List give further details).
6	Omit details of triangular transactions on your UK VAT Return and Intrastat Supplementary Declaration (see Section 18).

13.8 Submitting a UK EC Sales List if your intra-EC supplies only involve triangular contracts

EC Sales Lists (Forms VAT 101 and 101A) can be submitted:

- using the EC Sales List online service (see paragraph 17.4), or
- by downloading the forms from the HMRC website, or
- by contacting the VAT Helpline who will arrange for EC Sales Lists to be sent to you automatically.

13.9 Use of the simplified procedure as an intermediate supplier in another Member State

If you are an intermediate supplier in another Member State making supplies to a customer in the UK you can avoid having to register for VAT in the UK by using the simplified procedure. To do so you must do **all** of the following:

Step	Action
1	Issue a VAT invoice to your customer containing all the details required by the Member State in which you are VAT-registered.
2	Issue that invoice within 15 days of the date on which your supply would otherwise have taken place under normal UK tax point rules for supplies of goods (for further information about tax points, see the sections sealing with time of supply in **Notice 700 The VAT guide**.
3	Tell us you intend to use this arrangement. You should write to: The Non Established Taxable Persons Unit (NETPU) HM Revenue & Customs Ruby House 8 Ruby Place Aberdeen AB10 1ZP and include the following information: • your name, address and EC VAT registration number you used, or will use, to obtain zero-rating of the initial supply of the goods • the name, address and VAT registration number of your UK customer (you must make a separate notification for each customer no later than the date of issue of the first invoice to the customer concerned), and • the date the goods were first delivered, or are intended to be delivered, to your customer under these arrangement.s
4	Send a copy of the notification to your UK customer to advise them that you are using the simplified arrangements and so they are required to account for the VAT. You must send this no later than the date you issue the first invoice to your customer.

13.10 Do I have to make further notifications for the same customer?

No, but you will have to make further notifications for any other UK customers.

13.11 Goods received from a supplier using the simplified procedure

As a UK customer whose supplier is using the simplified procedure you should do the following:

Step	Action
1	On receipt of your copy of your supplier's notification to HMRC (see paragraph 13.9 – step 4), account for VAT on the goods supplied to you under the simplified procedure as an acquisition (see section 7).
2	Submit supplementary declarations for goods supplied to you under these simplified arrangements (see section 18).

13.12 Triangulation involving a non-EC intermediate supplier

The VAT treatment will depend on the VAT registered status of the intermediate supplier as follows:

If the intermediate supplier is …	then …
already registered for VAT within the EC,	the procedures described earlier in this section will apply.
not registered for VAT within the EC,	the first supplier will be making a domestic supply (see section 6). However, in acquiring/supplying the goods involved, the intermediate supplier may be required to register in either the Member State of dispatch or arrival.

13.13 Triangulation where the movement of the goods is to a place outside the EC

Triangulation in these circumstances is not an issue. The supplier may, regardless of the location of the other parties, treat the supply as an export (see **Notice 703 Exports of goods from the United Kingdom**).

13.14 Triangulation where the movement of goods is from a place outside the EC

The triangulation simplification arrangements do not apply in these circumstances and it may be necessary for the first supplier or the intermediary supplier to register for VAT in the Member State where the supply takes place, depending on who imports the goods.

14. Supplies to privileged persons in other EC Member States

14.1 Arrangements for diplomatic missions, consulates, international organisations and NATO visiting forces in other EC Member States

Under international agreements, some people and bodies working in the international arena and hosted by other EC Member States may make purchases free of VAT. This section explains when you may zero-rate supplies under these agreements. The host government determines what bodies and persons qualify, and it may impose limitations. If your customer has any doubts about their status they should contact their host VAT authority for advice (see paragraph 2.11).

Qualifying bodies and persons have a duty to abide by the law and agreements underlying their entitlement to make purchases free of VAT (including limitations imposed by their host Member State), and to observe policies controlling abuse of those entitlements.

These arrangements apply only to supplies that would otherwise be subject to UK VAT at a positive rate. They do not apply to new means of transport. For further information about the zero-rating of new means of transport, see **Notice 728 New means of transport**.

14.2 What is an 'international organisation'?

For the purposes of this relief, 'international organisation' means an organisation established by a treaty between sovereign governments. An organisation formed by agreement between non-governmental bodies such as limited companies or charities is not an international organisation, nor is a body set up by a single state or government, for example a government department. Well known international organisations include the institutions of the European Union, the United Nations and its various subsidiary organisations, and the North Atlantic Treaty Organisation (NATO).

14.3 What is a 'NATO visiting force'?

For the purposes of this relief, a ‘NATO visiting force’ means an armed force contingent that:

- belongs to a NATO Member State
- is stationed in an EC Member State, and
- does not belong to the state in which it is stationed.

14.4 Zero-rating supplies of goods

A supply qualifies for zero-rating if it satisfies the following conditions:

Condition	Description
1	You must receive a certificate of entitlement (see paragraph 14.6).
2	The goods must be for the official use of: • an embassy • a high commission • a consulate • an international organisation • a NATO visiting force, or • a British armed force contingent based in Cyprus, or for the personal use of a member of staff of one of these bodies. ‘Official use’ includes goods the body receives for distribution (including sale) to its members and their accompanying dependants. ‘Personal use’ includes distributing goods to their accompanying dependants for no reward.
3	You, or a forwarder acting on your behalf, must remove the goods to an official address of the embassy, high commission, consulate, international organisation or force in another EC Member State or in one of the Sovereign Base Areas in Cyprus. You may consign goods to the post or to a courier or fast parcel service, including the British Forces Post Office (BFPO). If your customer is a British embassy or high commission in another Member State, you may consign goods to the Foreign and Commonwealth Office for delivery through diplomatic channels.
4	You must obtain and keep proof of the removal of the goods from the UK to the customer’s address in the host country. Proof of posting is sufficient.

5	If the supply is for a contingent of British forces in Cyprus or its staff, or for a NATO visiting force in Germany or its staff, the order must be placed by an Official Procurement Agency for the force, such as the NAAFI or a regimental purchasing officer.

14.5 Zero rating supplies of services

A supply of services qualifies for zero rating if it satisfies the following conditions:

Condition	Description
1	You must receive a certificate of entitlement (see paragraph 14.6).
2	The supply of services must be made to an international organisation, a NATO visiting force, or a British force in Cyprus, for the official use of the force or organisation.
3	The person placing the order must be based in an office of the force or international organisation in an EC Member State other than the UK.
4	A supply of services to British forces must in addition satisfy the following conditions: • the service must consist of training, software development, a supply of staff, or goods forwarding • for training, the trainees must all be members of a British contingent based in an EC Member State other than the UK, or members of British forces Cyprus • for software development, the software must be for the use of the force, and not for use in the UK • for a supply of staff, the staff must work exclusively for the force in the visiting force's host country or in a Sovereign Base Area in Cyprus, and • if the service is goods forwarding, the goods must all be forwarded to or from the force's premises in the other Member State or in a Sovereign Base Area in Cyprus.

14.6 What is a 'certificate of entitlement'?

You must obtain and keep documentation uniquely identifying the supply and claiming entitlement under Article 15(10) of EC Council Directive 77/388/EEC. This must be either:

- a certificate bearing the original signature of the head or acting head of the embassy, high commission, consulate, visiting force contingent or international organisation, with evidence of the qualifying status of the signatory, or

- any other form of certificate specified by their host government.

Exceptionally in the case of a supply for the British force in Cyprus or its members, or for a visiting force in Germany or its members, you must obtain and keep a certificate from the person placing the order uniquely identifying the supply for which relief is claimed, and claiming entitlement as follows:

- for British forces in Cyprus - under Article 14(1)(g) of EC Council Directive 77/388/EEC, or
- for a visiting force in Germany - under Article 15(10) of EC Council Directive 77/388/EEC.

14.7 Should I include these supplies on my EC Sales Lists?

Entries on EC Sales Lists are not required for these supplies.

14.8 Should I include these supplies on my Supplementary Declarations?

Certain supplies of goods under these arrangements must be included on your Supplementary Declarations. For further information see **Notice 60 The Intrastat General Guide**.

14.9 Do these supplies count towards distance selling thresholds?

In general, these transactions are not regarded as distance sales and do not count towards distance selling thresholds. Exceptionally supplies to Germany, do count towards your distance selling threshold in that country.

14.10 When should I seek further advice?

If you, as a supplier, receive a certificate claiming VAT relief for any goods or services that fail the requirements of this Notice, or if you have any doubts about the documentation you receive, contact the VAT Helpline on 0845 010 9000 for advice.

15. Other Intra-EC movements of goods

15.1 What does this section cover?

This section gives information about:

Subject	Location

Call-off stocks	Paragraph 15.2
Consignment stocks	Paragraph 15.3
Excise goods	Paragraph 15.4
VAT treatment of goods removed from a warehouse to a place outside the UK	Paragraph 15.5
Goods supplied on sale or return, or similar terms	Paragraph 15.6
Samples	Paragraph 15.7
Goods sent for testing	Paragraph 15.8

15.2 Call-off stocks

Call-off stocks are goods transferred by the supplier between Member States, to be held for an individual customer in the Member State of arrival pending 'call-off' for use by the customer as they need them. In the meantime title and ownership of the goods remains with the supplier.

This only applies in cases where the goods are destined for a single identified customer either

- for consumption within their business (eg as part of a manufacturing process), or
- to make onward supplies to their own customers.

Movements of goods to maintain the suppliers own stocks in another Member State, or where they are available for call-off by more than one customer, are to be dealt with as consignment stocks (see paragraph 15.3).

(a) Does the location of storage facilities affect treatment as call-off stocks?

The goods will normally be stored by the supplier at the customers premises. However, goods delivered to storage facilities operated by the supplier can still be treated as call-off goods provided the conditions described in paragraph 15.2 are met and the customer is aware of the details of deliveries into storage. Otherwise the goods should be treated as consignment stocks (see paragraph 15.3).

(b) VAT treatment of call-off stocks

If you…	**then…**

send goods from the UK to be held as call-off stock in another Member State,	the normal intra-EC rules apply so that your supply is treated as taking place in the UK and may be zero-rated subject to the conditions described in paragraph 4.3.
receive goods held in the UK as call-off stock by a supplier in another Member State,	the normal intra-EC rules apply and you should account for acquisition tax as described in section 7.

(c) Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**
Goods sent as call-off stocks from the UK to another Member State.	**boxes 6 and 8** – value based on cost of goods.	Yes – value based on cost of goods.	Yes- as a dispatch, (value based on cost of goods).	The supply may be zero-rated.
Goods received in the UK as call-off stocks.	**box 2** - acquisition VAT for positive-rated goods in UK. **box 4** – input tax subject to normal rules. **boxes 7 and 9** – value based on cost of goods.	No.	Yes – as an arrival (value based on cost of goods).	There is an acquisition by the UK customer.

15.3 Consignment stocks

Consignment stocks are goods you transfer between Member States to meet future supplies to be made by you, or on your behalf, in the Member State of arrival. The important feature is that the movement of the goods occurs before a customer has been found for them. This can include goods not meeting the conditions necessary for treatment as call-off stocks (see paragraph 15.2).

Consignment stocks are treated as a transfer of own goods for VAT accounting and reporting purposes (see section 9).

15.4 Movements of excise goods between Member States

All excisable goods must travel with an accompanying document. There are two types of accompanying document:

- an Administrative Accompanying Document (AAD), and
- a Simplified Administrative Accompanying Document (SAAD).

Examples of the circumstances in which they are used are as follows.

If the movement of goods is between warehouses and…	**then…**
they are moving under authorised duty suspension arrangements (for example an excise warehouse),	the consignor must complete an AAD. There must also be a financial guarantee to cover all excise duty liabilities during the movement. The consignee must complete a certificate of receipt for the goods on the reverse of Copy 3 of the AAD and return it to the consignor.
UK excise duty has already been paid,	the goods should travel with SAAD. The customer must also provide evidence that the excise duty has been paid in the Member State of destination or secured to the satisfaction of the VAT authorities there, **before the supplier dispatches the goods.**

For further information on the use of AADs and SAADs, see **Notice 197 Excise Goods - Holding and Movement**.

(a) Supply of excise goods to persons not registered for VAT

You can zero-rate an intra-EC supply of excise goods to persons not registered for VAT in another Member State, provided all the following three conditions are met:

Condition	**Description**
1	The goods are not for private use.
2	They are removed or dispatched from the UK to a destination in another Member State by or on behalf of the customer.

3	Within fifteen days of the end of the month in which they are moved, you must obtain (and keep) a receipted copy 3 of the AAD, (see paragraph 15.4). This must be certified by the consignee or VAT authority in the Member State of destination. The movement of goods must be completed as soon as possible and the certificate of receipt for the goods must be issued within four months of the time of supply.

(b) Payment of excise duty and VAT in the Member State of arrival

If the conditions in sub-paragraph (a) above are not met, the customer is liable for the excise duty and VAT. If duty suspended goods go missing in transit then the person who supplied the movement guarantee will be liable for the duty, along with any person who may be jointly and severally liable.

(c) VAT treatment for excise goods supplied to a VAT registered customer

Excise goods sold to somebody who is registered for VAT in another Member State are treated in the same way as any other type of goods.

(d) Excise goods supplied for private purposes

Excise goods supplied for private purposes where you arrange delivery to a customer in another Member State are covered by the special VAT arrangements for distance selling (see paragraph 6.4). Also the vendor must pay the duty in the Member State of destination at the time the goods are delivered. You may therefore have to register for excise purposes with the VAT authorities in the Member State concerned (see paragraph 2.11). In the UK, people receiving goods under Distance Selling arrangements, must appoint a Duty Representative to account for UK excise duty, before the goods are dispatched.

15.5 VAT treatment of goods removed from a warehouse to a place outside the UK

If goods are removed from a tax warehouse in the UK to a destination outside the UK, you will not have to pay the VAT normally due on removal to home use. In such circumstances, either the person making the final supply in warehouse or the person removing the goods can zero rate that transaction provided certain conditions are met (see table below). Liability to meet the zero rating conditions must be clearly established before the goods are delivered to avoid any doubt as to where responsibility lies.

The following table provides an overview of the VAT implications when goods are removed to a place outside the UK:

Where goods are removed from warehouse to	the VAT treatment is

A country outside the EC	Any VAT which would be due on removal to UK home use is not payable. Supplies of goods removed from the UK may be zero-rated as exports subject to meeting the conditions in **Notice 703 VAT: Export of goods from the United Kingdom**. An ESL is not required
A VAT registered customer in another Member State	You may zero-rate a supply of goods to a customer who is VAT registered in another EC country where the goods are moving outside the warehousing system provided the conditions in Notice 725 The Single Market are met. An ESL and an entry in box 8 of the VAT return is required
A tax warehouse in another EC Member State	You may disregard, for UK VAT purposes, any supply of the goods provided you are removing them directly to a registered tax warehouse in another EC country. An ESL, or an entry in Box 8 of the VAT return is not required

15.6 Goods sent on sale or return, approval or similar terms

These are goods which are not supplied until they are adopted by the customer. Adoption occurs when the customer indicates that they are going to keep the goods. Until then the customer has an unqualified right to return them at any time, unless there is an agreed time limit after which the goods are to be automatically treated as accepted.

(a) Accounting for VAT

If you send goods …	**then…**
from the UK on sale or return, approval or similar terms to somebody in another Member State,	you should treat this as a transfer of own goods (see section 9). This means that: • you will be making an acquisition of the goods in the Member State to which the goods are sent • a supply of those goods in that Member State if, and when, the goods are eventually adopted by your customer, and • you may need to register there to account for any VAT due on the acquisition and supply of the goods

to the UK from another Member State on sale or return, approval or similar terms,	you should treat this as a transfer of own goods (see section 9). This means that: • you will be making an acquisition of the goods in the UK • a supply of those goods in the UK if, and when, the goods are eventually adopted by your customer, and • you will also be liable to register for VAT in the UK, to account for any VAT due on the acquisition and supply of the goods

(b) Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**
Goods sent from UK to another Member State.	**boxes 6 and 8** –value based on cost of goods.	Yes – value based on cost of goods	Yes – as a dispatch (value based on cost of goods)	See section 9 (transfers of own goods). This assumes sender of goods is registered for VAT in Member State of arrival.
Goods sent to UK from another Member State.	**box 2** – acquisition VAT for positive-rated goods in UK. **box 4** – input tax subject to normal rules. **boxes 7 and 9** - Value based on cost of goods	No.	Yes as an arrival (value based on cost of goods).	There is an acquisition in the UK by the owner of the goods. This assumes sender of goods is registered for VAT in the UK.

15.7 Samples

Movements of goods that qualify as samples are disregarded for intra-EC supply and acquisition purposes. Details of the conditions that must be met to treat something as a sample can be found in **Notice 700 The VAT Guide**.

Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**
Samples sent to, or received from, another Member State.	No.	No.	No (when the goods are supplied free of charge).	

15.8 Goods sent for testing

Goods sent to, or received from, another Member State for testing are disregarded provided that:

- ownership remains unchanged, and
- the goods are either returned to the Member State of departure or are destroyed.

Reporting requirements

Type of movement	**VAT Return**	**EC Sales List** (see Section 17)	**Supplementary Declaration** (see Section 18)	**Notes**
Goods sent to, or received from, another Member States for testing.	No.	No.	No (unless it is known at time of dispatch that they will be tested to destruction – if so value based on cost of goods).	

16. Accounting and record keeping

16.1 Do I have to complete any returns in addition to my VAT Return?

Yes, in addition to the VAT Return you may have to complete the following:

- an EC Sales List – listing goods that you have sent to VAT registered businesses in other Member States, and services you have supplied that are subject to the reverse charge procedure in your customer's Member State, and
- an Intrastat Supplementary Declaration – which is completed for supplies of goods by larger businesses.

For further information see sections 17 and 18 respectively.

16.2 Completion of VAT Returns, EC Sales Lists and Supplementary Declaration

The reporting requirements for the various types of intra-EC transaction covered by this notice are described in each section.

16.3 Which boxes do I complete on my VAT Return to account for supplies and acquisitions of goods?

On the VAT Return (Form VAT 100) there are a number of boxes to gather information on the value of goods sold to, or bought from, other Member States and two boxes for VAT due on acquisitions. These are:

Box Number	Description
2	Total VAT due on EC acquisitions in the period.
4	Amount of VAT deductible on any business purchase including acquisitions of goods and related costs from other EC Member States (subject to the normal input tax rules).
6	Total value of all your business sales including supplies to other EC Member States.
7	Total value of purchases including acquisitions from VAT registered suppliers in other EC Member States.

8	Total value of supplies of goods and directly related costs (such as freight and insurance charges) to Member States in the period (excluding VAT). The value you enter in box 8, should be the total of all intra-EC supplies of goods made in that reporting period (excluding VAT) and not just the value of payments received. (Figures entered in this box must also be included in the box 6 total.)
9	Total value of acquisitions and directly related costs (such as freight and insurance charges) from Member States in the period (excluding VAT). (Figures entered in this box must also be included in the box 7 total.)

For further information about Form VAT 100, see **Notice 700/12 Filling in your VAT Return**.

16.4 I account for VAT using the cash accounting scheme how should I complete box 8 of the VAT Return?

The value you enter in box 8, should be the total of all intra-EC supplies of goods made in that reporting period (excluding VAT) and not the value of payments received in that period. The total value of entries on your ESL should agree with the value entered in box 8 of your VAT Return (see **Notice 731**).

16.5 In which VAT accounting period should I account for VAT on my acquisitions?

You must account for any VAT due on your VAT Return for the period in which the tax becomes due. This is the period when the time of acquisition (tax point) occurs. Paragraph 7.3 provides further information on this. You may also treat this tax as input tax on the same VAT Return, subject to the normal rules for claiming input tax (see paragraph 2.13).

16.6 Do I include the value of intra-EC supplies of services in box 8 of the VAT Return?

No. The value of services supplied or acquired should not be included in boxes 8 or 9 of your VAT Return. These boxes should only be used to record intra-EC supplies/acquisitions of goods and related costs.

16.7 What records do I have to keep in order to account for tax on my acquisitions?

In addition to the normal VAT records you are required to keep, you must, if you are involved in buying goods from VAT registered traders in other Member States, keep all of the following records:

Item	Description
1	VAT invoices issued to you by suppliers in other Member States
2	Documents relating to goods acquired by you from other Member States
3	Copies of your completed EC Sales Lists (your EC Sales List account) (see section 17).
4	Copies of your Intrastat Supplementary Declarations if applicable (see section 18)

16.8 Recording the tax due on acquisitions in your VAT Account

You must calculate the VAT due on the acquisition of goods from other Member States (see section 7) and enter the total on the ‘VAT payable’ side of your VAT account under the heading ‘VAT due on acquisitions’.

You may then deduct the VAT due on these acquisitions as input tax on the ‘VAT deductible’ side of your VAT account, under the heading ‘VAT deductible on acquisitions’, subject to the normal rules for claiming input tax (see paragraph 2.13).

16.9 Records of goods sent to another Member State on a temporary basis

If you are a taxable person and you move goods to, or receive goods from, other Member States on a temporary basis, you must:

Step	Action
1	Keep a register of temporary movements of goods. The register need not be kept in any particular format (see paragraph 16.8) but it must be readily available for all goods temporarily moved to and from the UK.

2	Include in the register all goods moved between the UK and other Member States where they are to be returned within a period of two years after their first removal or receipt. It would also be advisable to include any goods for which you are not sure of the date of return.

16.10 What information should I record in my temporary movement register?

You should record the following:

Item	Information
1	For goods you are sending out of the UK - the date the goods were removed.
2	For goods received from another Member State – the date the goods arrived.
3	The date the goods are returned.
4	A description of the goods.
5	The reason for the movement (for example process work).
6	The consideration for the supply, if applicable.

16.11 What records do I need to keep for removals?

If you remove goods to another EC Member State you must keep the records and detailed accounts described in **Notice 700 The VAT Guide**. Your records must provide a clear link with the evidence required in this notice. It is important that you follow the accounting instructions explained in paragraph 16.10 if the goods are not removed or you do not hold evidence to show removal of the goods within the time limits.

16.12 How do I adjust my accounts if goods are not removed or I do not receive evidence of removal?

Whether you or your VAT registered EC customer arranges for the removal of goods to another EC Member State, you can only zero-rate the supply in your records when the goods are supplied to your customer and you meet the conditions set out in paragraphs 4.3 and 4.4.

If the goods have not been removed or you do not have satisfactory evidence of removal within three months (six months for goods involved in processing or incorporation before removal) and the goods would be subject to VAT in the UK, you must account for VAT. You must amend your VAT records and account for VAT on the invoiced amount or consideration you have received. For a VAT rate of 17.5 per cent the VAT element would be calculated at 7/47 and for the 20 per cent rate (from 4 January 2011) at 1/6.

To amend your VAT records, you must make an entry equal to the tax on the supplies concerned on the **'VAT Payable'** side of your VAT account. Include this amount in box 1 of your VAT Return **for the period in which the time limit expires.** If you do not, you are likely to be assessed for tax due on the supplies and may incur default interest and a financial penalty.

16.13 What do I do if the goods are later removed or I receive evidence of removal after I have accounted for VAT?

If the goods are subsequently removed from the UK and/or you later obtain evidence showing that the goods were removed, you may zero-rate the supply and adjust your VAT account **for the period in which you obtain the evidence.** This is provided that the goods have not been used in the UK before removal, unless specifically authorised.

16.14 When do I have to issue a VAT invoice?

You must normally issue a VAT invoice within 30 days of making the supply of:

- standard-rated goods or services to a registered person in the UK
- goods or services, other than exempt supplies, to a person in another Member State
- goods or services to a non-taxable person in another Member State (such as a public body, a charity or an unregistered business)
- distance sales of goods (for example mail order) to unregistered persons in other Member States)
- new means of transport (motor vehicles, boats or planes) to persons in other Member States.

You should also issue a VAT invoice within 30 days of receiving a payment on account from a customer in another Member State.

If you wish or need to invoice outside this 30 day period you should contact the VAT Helpline explaining the full circumstances. However, permission may be refused.

16.15 Do I always have to issue a full VAT invoice to a VAT-registered customer in another Member State?

A full VAT invoice must always be issued if you wish to zero-rate a supply to a customer registered for VAT in another Member State.

16.16 What information should I show on a VAT invoice?

If you make supplies to a customer in another EC country, the VAT invoice you issue must show the following details in addition to the information normally required on a VAT invoice issued to a UK customer:

Item	Information
1	The letters 'GB' (the 'country identifier' for the UK) as a prefix to your VAT registration number.
2	The VAT registration number, if any, of your customer in the other Member State, including the country identifier as a prefix (see paragraph 16.19).
3	In the case of a new means of transport, a description which identifies it as such.
4	A reference to indicate that the supply is a zero-rated intra-EC supply of goods.

For further information about information normally required to be included on a VAT invoice, see the sections dealing with VAT invoices in **Notice 700 The VAT Guide**.

16.17 Do I always have to invoice in sterling?

You can invoice in any currency when you issue VAT invoices for supplies where the customer in the other Member State is registered for VAT and their registration number is quoted on the invoice.

Where UK VAT is chargeable (for example on distance sales) the sterling equivalent of the amount of VAT, if any, at each rate must always be shown. For further information about this, see the sections dealing with VAT invoices in **Notice 700 The VAT Guide**. See also paragraph 8.5 for information about the exchange rates which may be used.

16.18 Typical VAT invoice for supplies to another Member State

This is an example of a VAT invoice issued for supplies made to a customer in Germany.

Sales Invoice No. 174

Foundation Trading (UK) Ltd, Bowman Street, Chester

VAT Regd No. GB 987 6543 21

To: EIN ANDER
HOCHSTRASSE
BONN

VAT Regd No. DE 99345195 5

Time of supply 15/02/2006

Date of issue 19/02/2006

Sale

Quantity	Description and price	Amount exclusive of VAT	VAT Rate	VAT Net
		£	%	£
6 4 6	RADIOS, SW15 @ £25.20 P/C SM1993 @ £319.20 LAMPS T77 @ £15.55	151.20 1276.80 93.30		
		1521.30	0	0.00
Terms: Cash discount of		1521.30		
5% if paid within 30 days				
		VAT 0.00		
'Zero-rated intra-EC supply' *		**TOTAL 1521.30**		

* This wording is not prescriptive. Similar wording or a reference to the relevant EC or UK law is acceptable.

16.19 Country codes and VAT registration numbers in the other Member States

The following table shows:

- the format of VAT registration numbers in each Member State, and
- the country codes which you should use as a prefix to those VAT registration numbers for your EC customers.

Customer's VAT registration numbers should be verified using the Europa website VIES VAT number validation or by contacting the VAT Helpline on **0845 010 9000.**

In certain countries for example Spain and Italy, businesses are required to register their VAT number for Intra -EC use and if they don't do this, the number will show as invalid on the VIES VAT number validation checker. You may need to contact your customer and advise them to register the number for intra-EC use.

Remember - the country code to use as a prefix to your UK VAT registration number is GB.

Member State	Country Code	Format of VAT number	Number of characters
Austria (1)	AT	U12345678	9
Belgium (2)	BE	0123456789	10
Bulgaria	BG	012345678 or 0123456789	9 or 10
Croatia	HR	12345678901	11
Republic of Cyprus (see paragraph 2.4 for extent of VAT territory) (3)	CY	12345678X	9
Czech Republic (4)	CZ	12345678 or 123456789 or 1234567890	8, 9 or 10
Denmark	DK	12345678	8
Estonia	EE	123456789	9

Finland	FI	12345678	8
France (5)	FR	12345678901 or X1234567890 or 1X123456789 or XX123456789	11
Germany (6)	DE	123456789	9
Greece	EL	012345678	9
Hungary	HU	12345678	8
Ireland (7)	IE	1234567X or 1X23456X or 1234567XX	8 Second character can also be '+' or '*' 9
Italy	IT	12345678901	11
Latvia	LV	12345678901	11
Lithuania	LT	123456789 or 123456789012	9 or 12
Luxembourg	LU	12345678	8
Malta	MT	12345678	8
Netherlands (8)	NL	123456789B01	12
Poland	PL	1234567890	10
Portugal	PT	123456789	9
Romania	RO	01234567890	2 to 10digits
Slovakia	SK	1234567890	10
Slovenia	SI	12345678	8

Spain (9)	ES	X12345678 or 12345678X or X1234567X	9
Sweden	SE	123456789001	12

Notes

1. First character is always U.

2. Nine digits prior to 1 April 2005. Prefix any nine digit numbers with '0'.

3. Last character must be a letter.

4. Where 11, 12 or 13 numbers are quoted – delete the first three as these are a tax code.

5. May include alpha character(s), either first, second or first and second.

All alpha characters except I and O are valid.

Must be the 11 alpha numeric TVA number, not the 14 digit SERIT number.

6. Must be the nine character Umsatzsteuer Identifikationsnummer (ust - Id Nr) **not** the ten character Umsatzsteuer nummer.

7. Includes one or two alpha characters – either last, or second and last.

8. The tenth digit is always B

Three digit suffix will always be in the range B01 to B99

9. Includes one or two alpha characters – first or last, or first and last.

17. EC Sales Lists (ESL)

17.1 Why are ESLs necessary?

All businesses registered for VAT have to submit ESLs for their EC supplies of goods and/or services subject to the reverse charge in their customer's Member State. The information provided on the ESL is used in the UK and by other Member States to make sure that VAT has been correctly accounted for. It is a condition of zero-rating for intra –EC supplies of goods that you have a valid VAT registration number for your EC customer. The following EUROPA website: **VIES VAT number validation** provides an electronic checking facility for all Member States VAT registration numbers (see paragraph 4.9).

17.2 Do other Member States have ESLs?

Yes. But they are called ‘recapitulative statements’ or ‘summary statements’.

17.3 Who must complete an ESL?

You must complete an ESL if you:

- make supplies of goods to a business registered for VAT in another Member State, including transfer of your own goods, (see section 9), or
- are the intermediary in triangular transactions between VAT registered traders in other Member States, (see section 13) or
- make supplies of services subject to the reverse charge in your customer’s Member State.

You do not need to complete an ESL if you:

- are involved in triangulation and the goods are exported to a final customer outside the EU, (See **VAT Notice 703** paragraph 4.1 for more information). The triangulation simplification measures do not apply in these circumstances.

17.4 How do I submit my ESL?

(a) Electronically

You may submit an ESL electronically using:

- an online form
- an upload facility for large data (CSV or XML) files
- UN-EDIFACT (to use this method send an email to **ECU** to register), or
- visit the Electronic Data Capture Services section of the HMRC website for the Trade Specification.

The benefits of submitting data electronically include:

- a user friendly system
- front end validation of data (ie identification of errors on screen)
- a facility to view past Internet submissions
- a secure system using SSL encryption technology, and

- time stamped acknowledgement of data submitted.

The service is free with registration and enrolment via the HMRC website or Government Gateway using PIN and password.

Submitting electronically will help your business by reducing:

- paperwork
- manual entry delays
- manual entries
- time spent on correcting errors
- your administration and thereby your costs.

For further information please visit our website, go to **hmrc.gov.uk**, selecting the EC Sales List option from the Online Services page. For assistance with the online service you should contact Specialist e-Customer Support on **0845 010 8500.**

(b) Paper format

You can also submit your ESLs via the paper form VAT 101.

17.5 How do I obtain a form VAT 101 or VAT101A?

You can obtain a VAT 101 in various ways.

Option	Source
1	You will automatically be sent an ESL (Form VAT 101) if you put an entry in box 8 of your VAT Return. The form will be sent to you separately from your VAT Return and should be returned separately.
2	If you have Internet access you can download copies from our website (see paragraph 17.6).
3	Forms can be obtained from the VAT Helpline, phone **0845 010 9000.**
4	If you have a low level of EC sales you may be eligible to complete a simplified ESL annually (see paragraph 17.7).

If you run out of space ESL Continuation Sheets (VAT 101A) are available from our website go to, **hmrc.gov.uk** or by phoning the VAT Helpline on **0845 010 9000**.

17.6 What is available from our website?

You can complete your ESLs online, download forms and find help on how to complete them on our website, go to **hmrc.gov.uk** as follows:

- EC Sales List (Form VAT 101). (An example, including notes on completion, can be found at paragraph 17.10)
- ESL Continuation Sheet (Form 101A)
- ESL Correction Sheet (Form 101B)
- EC Sales List: How to complete one box-by-box
- Reporting your EU sales using the EC Sales List (ESL)
- other VAT notices referred to in this notice.

17.7 How often must I submit my ESL?

This will depend on whether you supply goods or services and for goods the quarterly value (excluding VAT) of those supplies. However there is no requirement to submit nil ESLs.

If you…	**you will…**
make supplies of services only,	be required to submit an ESL for each calendar quarter ending 31 March, 30 June, 30 September and 31 December but may choose to submit monthly if you prefer (see also paragraph 17.9).
make supplies of goods and the value of those supplies has not exceeded £35,000 (excl. VAT) in the current, or four previous quarters, for the period 1 Jan 2010 until 31 Dec.2011,	be required to submit an ESL for each calendar quarter ending 31 March, 30 June, 30 September, and 31 December but may choose to submit monthly if you prefer (see also paragraph 17.9).
make supplies of goods and the value of those supplies has exceeded £35,000 (excl. VAT) in the current, or four previous quarters, for the period 1 Jan 2010 until 31 Dec.2011,	be required to submit ESLs calendar monthly. (If you submit separate ESLs for branches within your business and the total value of goods supplied from all the branches is more than £35,000, each branch will have to submit a monthly ESL.)

make supplies of goods and services and because the value of the supplies of goods is above the quarterly threshold, you are required to submit monthly ESLs for goods,	have the choice to either: • report both goods and services in each month, (using indicator 3 to identify supplies of services), or • report only goods in months 1 and 2, and in month 3 report goods for the month and services for the whole quarter (using indicator 3 to identify supplies of services).
supply goods or services, make annual VAT Returns and • your total annual taxable turnover does not exceed £145,000, and • the annual value of your supplies to other Member States is not more than £11,000, and • the supplies do not include new means of transport (boats, aircraft and motorised land vehicles – for further information about this, see **Notice 728 New Means of Transport**)	be able to apply to the VAT Helpline for approval to submit your ESL once a year and agree the due date for sending in your annual ESL.
supply goods only (including triangular transactions – see paragraph 13.8), have a low level of EC Sales and • your total taxable turnover does not exceed the VAT registration threshold plus £25,500 • the annual value of your supplies to other Member States is not more than £11,000 • the supplies do not include new means of transport (boats, aircraft and motorized land vehicles - for further information about this see **Notice 728 New Means of Transport**	be able to apply to the VAT Helpline for approval to submit a simplified annual ESL and agree the due date for sending in your annual ESL. If you receive approval you will be allowed to complete a less detailed ESL, showing only the VAT registration numbers of your EC customers. Actual values are not required but you must enter a nominal value of £1 for each entry on the ESL form.

17.8 What is the due date for submitting an ESL?

The deadlines for submitting an ESL to HMRC, for all frequencies of submissions and for goods and services are

- for paper ESLs - within 14 days of the end of the reporting period, and

- for electronic (online) ESLs - within 21 days of the end of the reporting period.

17.9 Changing VAT return periods to coincide with calendar quarterly ESL periods

You can apply to the National Registration Service (NRS) to change your VAT return periods to coincide with your calendar quarterly ESL period. Advice on how to contact the NRS can be obtained from our website go to, **hmrc.gov.uk** or by phoning the VAT Helpline on **0845 010 9000**.

17.10 Copy of the ESL (Form VAT 101)

The following rule has the force of law
The Form VAT 101 is specified in this section of this notice for the purposes of VAT Regulations (SI 1995/2518), Regulation 22A(2)(a).

To download a copy of the form please see the following link **VAT 101** (PDF 18K)

17.11 What information must I provide on my ESL?

You must provide all of the following information:

Information	**Description**
Country code.	The two letter prefix which identifies your customer's country code, as shown in paragraph 16.19.
Customer's VAT registration number	The VAT registration number of your customer in the other Member State. The table in paragraph 16.19 shows the only acceptable format of EC VAT numbers. We recommend that you check your customer's VAT registration numbers regularly using the Europa website (see paragraph 17.1)

Total value of supplies in £'s sterling	The total value for the appropriate period of : • goods and related services which you have supplied to each customer, leaving the indicator column blank (related services are services which form part of the price of the goods such as freight charges and insurance.) • triangular transactions, entered on a separate line for each customer and using code '2' in the indicator column, and • supplies of services subject to the reverse charge in your customer's Member State, entered on a separate line for each customer and using code '3' in the indicator column. If you make a supply of services to a business which is not registered for VAT in their Member State because it is below the registration threshold, but which has provided you with evidence that it is in business (for place of supply purposes), you should not include these supplies on your ESL. If you are completing a simplified annual ESL you must insert £1 in the value column for each entry.

17.12 Will I be penalised if I fail to submit my ESL, send it in late, or make mistakes?

If you fail to submit your ESL by the due date (see paragraph 17. 8) you may be liable to a penalty of £5, £10 or £15 for each day that you are late, subject to a maximum of 100 days. The rate applied will depend on the number of times you have been late. You will remain liable to penalties without notice until 12 months have elapsed without further default

If you submit an ESL that contains a material inaccuracy and you fail to tell us, you may be liable to a penalty of £100. Material inaccuracies fall into three main categories:

- data is missing from the ESL
- there are factually incorrect lines on the ESL, or

- an invalid VAT number is used.

You will not be liable to a penalty if you can satisfy us that you have a reasonable excuse (see paragraph 17.13).

17.13 What is meant by 'reasonable excuse'?

There is no legal definition of reasonable excuse but we will look closely at the circumstances of each case. If you can show that your conduct was that of a conscientious business person who accepted the need to comply with VAT requirements, then there may be a reasonable excuse.

Genuine mistakes, honesty and acting in good faith are not accepted as reasonable excuses for penalty purposes. The law provides specifically that you do not have a reasonable excuse if you relied on some other person to perform any task for you.

In addition, the fact that you have:

- quoted a VAT number for your customer that does not conform to the published format for your customer's EC Member State as shown in paragraph 16.19, or

- used a VAT number which HMRC has informed you is invalid.

will not be accepted as a reasonable excuse for the material inaccuracy. In such cases you may also be liable to account for the VAT on any supplies where you have not met the requirements for zero-rating (see paragraph 4.3).

17.14 What will happen in the event of errors?

If you submit a paper ESL we will notify you of any errors that we identify on a Form VAT 104 (ESL Error Report). The computer-generated form is sent to you with a copy of our 'Helpful Hints' document. The form will show the error lines and the reasons for the errors. Please correct the errors in the spaces provided and return the form within 21 days of receipt to the address shown. Alternatively, you can voluntarily submit a VAT 101B to notify HMRC of any errors made.

If you submit your ESL online using the ECSL service, any errors are highlighted onscreen as you complete the form, allowing you to correct them prior to submission. If you choose to submit the ESL with some errors still remaining, you will be able to correct these errors online, up to 21 days after the date of submission. After that date, the facility will no longer be available and any outstanding errors will be notified to you in writing, as described above.

If you submit by CSV or XML you can still use the online correction service to correct error lines identified at the time of submission. Alternatively, if you decide to submit a new file, you must delete the error lines from your original submission within 21 days, using the 'Correct declaration errors' page on the ECSL Online Service, to avoid receiving correspondence on this subject.

17.15 How can I avoid making errors?

When completing your ESL please make sure that:

- you check the validity of your customer's VAT number (see paragraph 4.9)
- the country code and customer number match the format for the relevant Member State (see paragraph 16.19)
- the value of supplies is in £'s sterling, rounded **down** to the nearest £, starting from the right hand side of the box (the decimal point and pence have already been entered on the form)
- you enter the total value of each type of sale one entry per customer, per period of submission
- if you supplied goods, you enter the value (including related costs such as freight and insurance charges) of all the goods supplied to that customer (deducting credit notes where appropriate) and leave the indicator column blank
- if you were an intermediate supplier in a triangular sale, you enter the total value of the supplies to each customer (deducting credit notes where appropriate) on a separate line from any other supplies made to that customer and enter 2 in the indicator column
- if you supplied services which were subject to the reverse charge in the customer's Member state, you enter the total value of these supplies to each customer, (deducting credit notes where appropriate) on a separate line from any other supplies made to that customer and enter 3 in the indicator column
- you enter your customer's VAT registration number (starting from the left hand side of the box
- you complete the bottom of the ESL form with the number of pages you are submitting ('Number of pages to this list' box) and your declaration including your contact phone number, signature and date
- you retain a copy of the completed ESL for your records, and
- advise us if you will no longer be making any EC supplies by contacting the VAT Helpline.

Please **do not:**

- put the country code in the Customer VAT Registration Number box

- enter dashes, spaces, commas or slashes
- enter details for the Canaries, the Channel Islands, Gibraltar, Norway and Switzerland, or any other countries which are outside the EC (see paragraph 2.4)
- enter EC customer VAT registration numbers that you think may be correct - check them using the Europa website (see paragraph 4.9.)
- alter any of the details on your printed EC Sales VAT 101 form - if any of the details are wrong, or you have a query, please contact the VAT Helpline
- send a ‘nil’ return – ESLs are not required if you have not made any supplies to the, or
- include supplies to UK customers as these are not EC transactions.

17.16 What should I do if I have made errors?

You must tell us about all errors and omissions on your ESL where:

- errors exceed £100
- an incorrect VAT registration number has been quoted, or
- you have used the wrong transaction type indicator when completing the ESL.

You can download a form VAT 101B (ESL Corrections) from the HMRC website to notify of any errors made. For help on the correction of errors please contact the VAT Helpline or email the **ESL Helpdesk**

17.17 Can I submit separate ESLs for different parts of my business?

You can choose to submit separate ESLs on paper or online if you have:

- individual branches of your business
- individual companies within a group VAT registration, or
- self accounting branches within a group VAT registration.

You should contact HMRC to arrange to do this. You will be given a three-digit code for each branch or company in your business. You will need to use this as an identifier when you complete the separate ESLs. If you wish to submit data online for individual Branches you must register each one separately with HMRC's Online Services.

Please note that if the total value of goods supplied from all the branches of your business is more than £70,000 (excluding VAT) in the current or previous four quarters, each branch will have to submit a monthly ESL.

17.18 Can I use an agent to send in my ESL?

You may use an agent to act on your behalf, but remember the legal responsibility for the accurate and timely completion and submission of an ESL remains with you.

Any agent can submit an online EC Sales List on behalf of a client but the agent must be registered for VAT and appointed online by the client to act on their behalf.

The client should enrol online, as an organisation, for the EC Sales service through **hmrc.gov.uk**. An activation pin will be issued (by post) and once the client has activated the service, they should login to **gateway.gov.uk** and select 'Manage services', then 'Appoint agent', They should then enter the agents reference number, in order to link their VAT number to the agents online account.

17.19 Do I need to complete an ESL if my only EC supplies are triangular transactions?

Yes. If your only EC supplies are part of a triangular transaction, you are still required to submit an ESL and this can be submitted online, or by downloading a form from our website go to, **hmrc.gov.uk** or by phoning the VAT Helpline on **0845 010 9000** who will arrange for ESLs to be sent to you automatically.

17.20 Do I need to complete an ESL if my only EC supplies are services?

Yes. If your only EC supplies are services subject to the reverse charge in your customer's Member State, you are still required to submit an ESL (see paragraph 17.21).

17.21 Do I have to include supplies of goods on the ESL that would be zero-rated if supplied within the UK?

Yes, you must complete an ESL if you make supplies of goods to a trader registered for VAT in another Member State, including the transfer of your own goods and goods that would be zero-rated if supplied within the UK.

17.22 Do I include goods supplied free of charge to a customer in another Member State?

You are making a deemed supply of goods and you must include it on your ESL. The value you show is the cost to you of the goods. Samples or gifts may be excluded provided you meet the conditions described in the section dealing with output tax in **Notice 700 The VAT Guide**.

17.23 Distance selling

If you make supplies of goods to customers who are not VAT-registered in other Member States and you are responsible for delivery of the goods (distance selling – see section 6) do not enter these supplies on your ESL.

17.24 Do I include temporary movements of my own goods to another Member State?

Not unless the conditions relating to the transfer change (see section 10).

17.25 How do I account for credit notes?

Deduct the value of the credit note from the value of the supplies made to your customer. If the value of credit notes exceeds the value of supplies show the resulting negative figure using a minus sign.

17.26 How do I determine the liability of a supply of services in my customer's Member State?

The law requires that businesses report supplies of services that are taxable in the customer's Member State (from 1 January 2010) and the onus is on businesses to comply with the law. If reasonable attempts, which may include discussing with the customer, or the customer's tax authority, have failed to ascertain what the VAT treatment is in the other Member State(s), businesses may wish to assume that the UK VAT treatment will apply to those supplies. This is on the basis that it should be consistent with the EC Principal VAT Directive and therefore with the law in other Member States.

If subsequently it becomes clear that a supply categorised and reported as taxable is in fact exempt, or vice versa, the business must submit a VAT 101B ESL Correction sheet. This form can be downloaded from the HMRC website or requested from the VAT Helpline.

Once the business has knowledge that a VAT treatment of a supply in a Member State is different to that in the UK, it should adopt this treatment in their reporting of such supplies to that jurisdiction in the future.

17.27 Should I record supplies to a 'taxable person' in another Member State if they do not have a VAT registration number?

No, you should only record on an ESL supplies to businesses in other Member States that are VAT registered and can provide a valid VAT registration number. If you make a supply to a business which is not registered for VAT in their Member State because it is below the registration threshold, but which has provided you with evidence that it is in business (for place of supply purposes), you should not include these supplies on your ESL. This is because the absence of a VAT registration number would cause it to be rejected. However, in some cases receipt of the supply will result in the business being required to register in their Member State. If this is the case and a VAT registration number is subsequently given to you, an amendment should be made to the ESL using form VAT 101B ESL Correction sheet. This form can be downloaded from our website go to, **hmrc.gov.uk** or by phoning the VAT Helpline on **0845 010 9000**.

17.28 When is an intra-EC supply of services to be included on an ESL?

The date on which a transaction should be included on the ESL is dependent on the time of supply rules in the customer's MS. On the basis that other Member States rules are, like the UK's, consistent with the adopted EC legislation, the time of supply will be either the date of payment or performance (completion), whichever is the earlier. There is no requirement for a business to confirm with the customer that the ESL period and the VAT period on which they declare the transaction as a reverse charge match. For the purposes of completing an ESL, where it is evident that for certain types of supply the date of performance or date of payment is almost the same as 'date of invoice', the 'invoice date' may be used. As a general principle we will accept reliance on an invoice date or any other reasonable methodology provided it does not produce a manifestly inaccurate overall result. Ultimately it is up to individual businesses to identify the most appropriate methodology for their particular circumstances.

17.29 Can I use the quarterly invoice date to complete my ESL for continuous supplies of management services?

Yes

17.30 Is an ESL required if the supply of services is subject to a 'zero rate' in the customer's Member State?

No, ESLs are only required for taxable supplies where the recipient is liable to account for VAT under the reverse charge provisions. For zero rated supplies there is no reverse charge so there is no ESL requirement.

18. Intrastat

18.1 What is Intrastat?

Intrastat is the name given to the system for collecting statistics on the trade in goods between Member States. Intrastat replaced customs declarations as a source of trade statistics within the EC. It exists throughout the EC and requirements are similar in all Member States.

18.2 Are supplies of services included in Intrastat?

Supplies of services are excluded from Intrastat except where they are related charges such as freight and insurance and form part of the contract to supply goods.

18.3 How are the Intra-EC trade statistics collected?

All businesses carrying out trade with other Member States must declare the totals of their sales and acquisitions on their VAT Returns. Those businesses over a legally set threshold are also required to provide more detailed information on Intrastat Supplementary Declarations. Intra-EC trade statistics are compiled from the Supplementary Declarations and estimations made using the information on the VAT Returns. For details of the current Intrastat threshold see **Notice 60 Intrastat General Guide**.

18.4 How are values of EC trade declared on a VAT Return?

All businesses registered for VAT must complete two boxes on their VAT Returns showing the total value of goods supplied to other Member States and the total value of goods acquired from other Member States, see paragraph 16.3. For further information about this, see **Notice 700/12 Filling in your VAT Return**.

18.5 Which larger businesses complete Supplementary Declarations?

Those businesses with a value of trade in goods with other Member States above the Intrastat threshold for either acquisitions or supplies of goods must complete Supplementary Declarations each month. For further information about this, see **Notice 60 Intrastat General Guide**.

18.6 How are goods described for Intrastat purposes?

For Intrastat purposes, goods received into the UK are called arrivals and goods consigned to another Member State from the UK are called dispatches. This is because the Intrastat system developed separately from the VAT system and there are some differences in coverage between the two systems. For further information about this, see **Notice 60 Intrastat General Guide**.

18.7 Where can I obtain further information or help?

For further information about Intrastat requirements, see **Notice 60 Intrastat General Guide**. If you cannot find the answer to your questions there, the VAT Helpline will assist you. You should make it clear that your enquiry concerns Intrastat.

Detailed guidance and updates on Intrastat matters can also be obtained on the Intrastat pages at **uktradeinfo**.

18.8 Can I make Intrastat declarations electronically?

If you are interested in making Intrastat declarations electronically, please contact HM Revenue & Customs, uktradeinfo Customer Services by phone on 01702 367485. Guidance on submitting your forms electronically can also be found on the Intrastat pages of **uktradeinfo**.

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information go to **hmrc.gov.uk/charter**

Do you have any comments or suggestions?

If you have any comments or suggestions to make about this notice, please write to:

HM Revenue & Customs
VAT Supply Team
3C 09, 100 Parliament Street
Westminster
London
SW1A 2BQ

Please note this address is not for general enquiries.

For your general enquiries please phone our Helpline **0845 010 9000.**

Putting things right

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

If you want to know more about making a complaint go to **hmrc.gov.uk** and under quick links, select Complaints and appeals.

How we use your information

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so. For more information go to **hmrc.gov.uk** and look for Data Protection Act within the Search facility.