



United Kingdom

This guide is for e-commerce companies that sell online via web stores or at marketplaces.

VAT Standard rate

The standard VAT rate in the United Kingdom in 2023 is 20%.

VAT Reduced rate

5%

Some goods and services, for example, children's car seats, mobility aids for the elderly and smoking cessation products – nicotine patches and gum.

0%

Equipment for disabled people;
Sanitary protection products;
Low vision aids.

See the summary of the [EU VAT rates](#).

Thresholds

As the UK left the EU distant sales threshold no longer applies to distant sales to the UK. The exemption is sales between Northern Ireland and the EU. The distant sales threshold is £70,000 for goods sold from The EU to Northern Ireland customers.

As the UK left the EU distant sales threshold no longer applies to distant sales to the UK. The exemption that exists for goods between Northern Ireland and the EU doesn't include sales of services. That means that for non-UK businesses VAT registration obligation starts from the first B2C sale.

For UK-based businesses, there is a local sales threshold of £85,000. That threshold is only applicable to UK-established businesses selling to UK customers.

Deductible VAT

If goods or services were used to make taxable supplies in the UK, VAT in input invoices might be credited. For example:

VAT paid at custom clearance with your EORI number;
VAT paid to the UK suppliers;

You may be able to reclaim VAT paid on goods or services bought before you registered for VAT if the purchases were made within certain time limits.

Registration procedure

To register, you need to create a personal account on the website of the tax department and send an online application. Usually, the application is considered within 30 days. After that, Tax Team may send you an additional request for documents or information.

VAT payment date

The deadline for VAT payment coincides with the deadline for submitting the VAT declaration.

Filing VAT returns

You must submit your return online to HMRC unless:

- Your business is subject to an insolvency procedure – if you have a Company Voluntary Arrangement or an Individual Voluntary Arrangement you can submit your return online if you want to;
- You object to using computers on religious grounds;
- You can not because of your age, a disability or because of where you live, for example, you do not have internet access.

The Lovat platform supports digital submission.

You usually submit a VAT Return to HMRC every 3 months. This period of time is known as your accounting period. Check your VAT Return and payment deadlines in your VAT online account.

It is necessary to submit declarations no later than 7 days in the second month following the reporting period.

Penalties

HMRC can charge you a penalty of up to:

- 100% of any tax under-stated or over-claimed if you send a return that contains a careless or deliberate inaccuracy;
- 30% of an assessment if HMRC sends you one that's too low and you do not tell them it's wrong within 30 days;

£400 if you submit a paper VAT return unless HMRC has told you you're exempt from submitting your return using your VAT online account or Making Tax Digital compatible software.



www.vatcompliance.co