

Brexit

Small goods shipments to Great Britain

Great Britain officially leaves the European Union as of 1 January 2021. The following describes the effects of this change on Swiss retail and how you can continue to send small goods consignments to Great Britain without any issues in future.

As a result of Brexit, Great Britain leaves the European Union as of 1 January 2021. The UK government is simultaneously lifting the VAT exemption limit for consignments being sent from Switzerland to Great Britain. This means the Low Value Consignment Relief regulation (LVCR for short) no longer applies and consignments containing goods worth up to 15 pounds sterling (GBP) will no longer be exempt from VAT.

Impact on consignments containing goods worth up to GBP 135

Each goods shipment to the United Kingdom (UK) is subject to VAT as of 1 January 2021. For consignments with an intrinsic value of up to GBP 135 (excluding transport costs, VAT, customs duties, insurance, etc.), it is not the recipient but the sender, i.e. the online shop or the sales platform, who will now be responsible for paying the VAT. In order to meet this country-specific requirement, the seller or sales platform must register in the UK. Small goods consignments containing goods worth up to GBP 135 can no longer be sent as DAP (delivered at place) or DDU (delivered duty unpaid) to the UK. **Exception:** consignments containing gifts sent from and to private customers are only subject to VAT from a goods value of GBP 39.

When consignments within the stated value threshold arrive in the UK, Border Force (customs) checks whether the sender is registered. If this is not the case, HMRC (Her Majesty's Revenue and Customs) or Border Force will now contact the sender instead of the recipient to perform customs clearance. This leads to delivery delays and costs in the event of returns. The value threshold of GBP 135 is based on the fact that no customs duties are incurred up to this value of goods (customs



exemption limit). The DDP shipping solution can no longer be used for higher-value consignments.

Impact on consignments containing goods worth over GBP 135

Additional customs duties are incurred from a goods value of GBP 135 and above (exception: preferential goods). These cannot be sent to the UK using the DDP shipping solution. In such an event, the VAT, any applicable customs duties and a customs clearance fee of GBP 8 (in the letter channel) are charged by HMRC to the recipient (DAP/DDU). Asendia Switzerland does not currently offer a DDP (delivered duty paid) customs clearance solution for consignments containing goods worth over GBP 135 in the letter channel and thus recommends use of the [Swiss Post GLS](#) or [URGENT Business](#) customs clearance solution.

Preconditions for the country-specific shipping solution to Great Britain

In order to continue sending small goods consignments containing goods worth up to GBP 135 to the UK and thus use the DDP shipping solution, some requirements must be met. In order to clear consignments through customs, the Swiss sender must be registered for tax purposes in the UK. The first step to take is to apply for a [tax number](#). This usually takes four to six weeks based on experience. The Swiss retailer must also possess a new UK EORI number in addition to a tax number. If a Swiss sender already has an EORI number not preceded by the designation GB, they must apply for a [new EORI number](#) preceded by the abbreviation "GB". It normally takes one week to create a GB EORI number and is free of charge. Once a sender is registered in the UK, they are required to pay sales tax to HMRC based on a monthly or quarterly sales tax declaration while also charging UK sales tax of 20% (or the reduced tax of 5%) in the online shop.

All-inclusive package for registration

If a sender does not want to register in the UK themselves, Asendia Switzerland offers a care-free-package. This involves collaboration with a tax advisor in the UK to create a tax number and UK EORI for a fee. Responsibility for completing the monthly or quarterly VAT return can also be transferred to the tax advisor for a fee. Contact your sales person for further information.

Preparation and labelling of consignments

The consignment and content information must be registered electronically for each small goods consignment regardless of the value of the goods (new provision of the Universal Postal Union as of 1 January 2020: [Electronic Advance Data](#)). This also applies to all types of press products in the UK as of 1 January 2021.

Existing DDP customs clearance customers can continue to process their UK consignments via [Webshop Connector International \(WSC\)](#) or the [Webservice](#) as usual. A new shipping label including customs declaration CN 22 (harmonized label) will now be generated instead of the customary shipping label and all required data will be transmitted to Royal Mail automatically. The Swiss sender does not need to transfer the UK EORI number and tax number into the EAD data and does not have to physically note them on the consignment. Customs detects whether the sender is registered based on the EAD data that is transmitted (exact sender information that needs to

match the registration information) and processes the consignments accordingly. The sender's UK tax number must be visible on the sales invoice.

Impact on the existing DDP customs clearance solution in the EU

The DDP customs clearance solution in the EU can no longer be used for consignments to the UK as of 1 January 2021. For customers with goods worth under GBP 135, Asendia Switzerland recommends using the DDP shipping solution to the UK. The existing DDP service for the UK was cancelled at the end of 2020 and new shipping prices to the UK are offered. Small goods consignments to the UK can be processed using the DDP shipping solution in the WSC/Webservice as before.

Important: small goods consignments weighing up to 2 kg can be processed using the DDP shipping solution. Consignments weighing over 2 kg cannot be processed in the WSC/Webservice at present.

Changes to mailing formalities for DDP customs clearance customers

If consignments to the UK are entered in the WSC/Webservice, a separate dispatch list will now also be generated as of 1 January 2021 upon completion of the posting list. The posting list of the DDP EU consignments must be provided in the outer box/letter crate as usual.

As of 1 January 2021, UK consignments will no longer be consolidated with the other DDP EU consignments in the outer box/letter crate/RX for sending to our customs clearance partner or to the Value Added Service Center in Rümlang. The UK consignment must be mailed individually (without outer box / letter crate) and separate from the DDP EU consignment and handed over to the existing Swiss Post collection or sent to the usual Swiss Post drop off points along with the associated dispatch list.

Returns solution

A pre-paid returns solution (Bulky IBRS) can still be used for UK consignments. The prices and returns label must be verified individually. The returns solution is currently applicable for consignments weighing up to 2 kg. For further information on the solution and prices, please contact your sales person.

Special case: business-to-business (B2B) consignments

The country-specific shipping solution to the UK can also be used for B2B consignments to business customers – provided that the intrinsic goods value is lower than GBP 135 and the business customer goods recipient provides the VAT number to the sender. In this event, no UK sales tax needs to be charged and responsibility for invoicing the sales tax is transferred to the recipient (reverse charge procedure).

Summary

	Goods value of up to GBP 135	Goods value > GBP 135
B2C	<p>CH sender registers in the UK for tax purposes and applies for a UK EORI number</p> <ul style="list-style-type: none"> – CH sender pays the UK VAT – Customs-free importation* – No customs clearance fees 	<p>Recipient has responsibility for DAP customs clearance (no change)</p> <p>Recipient pays the VAT, customs duties and customs clearance fees (GBP 8)</p>
B2B	<p>Recipient has responsibility for DAP customs clearance (no change)</p> <p>Optional: the CH sender registers in the UK for tax purposes and applies for a UK EORI number</p> <ul style="list-style-type: none"> – Customs-free importation* – No customs clearance fees <p>Note on commercial invoice: "reverse charge ..."</p>	<p>Recipient has responsibility for DAP customs clearance (no change)</p> <p>Recipient pays the VAT, customs duties and customs clearance fees (GBP 8)</p>
C2C	<p>Tax and customs-free importation up to GBP 39</p> <ul style="list-style-type: none"> – > GBP 39: DAP customs clearance to recipient – Up to GBP: 135 customs-free importation* and no customs clearance fees 	<p>DAP customs clearance to recipient (no change)</p> <p>Recipient pays the VAT, customs duties and customs clearance fees (GBP 8)</p>

* Excluding goods subject to excise duty (including alcohol)

Contact and advice

If you have any questions or require further clarification, please contact your customer advisor.

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