

Brexit's Impact On VAT Returns: What The Small Business Owner Needs To Know

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London, UK-based accountancy service V.G. Woodhouse & Co. is reaching out to local businesses with the aim of educating them on the commercial impact of Brexit and how they should prepare for the future business environment. In particular, the firm is highlighting how this massive socioeconomic change may change how VAT is implemented following the conclusion of Brexit.

V.G. Woodhouse & Co. provides a comprehensive host of Ealing accountancy services, and their experience in the field allows them to track how minor events lead to major impacts. As many firms of their caliber would point out, however, Brexit is by no means a minor event, and its ripples may extend for generations to come. Therefore, it behooves every business owner, especially the small business owner, to keep a watchful eye on proceedings and consult with experts on a regular basis in order to ensure they are able to respond to the situation as it evolves.

VAT, or Value Added Tax, is a tax placed on consumer expenditure, typically placed on goods and services (including imports and business transactions). When the UK decided to participate in the European Economic Community (EEC) in 1973, the introduction of VAT was a condition of their membership. However, the UK VAT system is governed primarily by rules implemented by European Union (EU) VAT directives. Given that this applies only to EU member states and not necessarily to members of the European Economic Area (EEA), it is presumed that the UK will also be leaving the EU VAT area when it leaves the EU.

As accountants in West London who have been keeping a sharp eye on developments since Brexit was first touted as a possibility, V.G. Woodhouse & Co. states that it is unlikely that the UK would abolish VAT upon leaving the EU. While the government may technically be able to do so if it wishes, VAT raises a great deal of revenue. This incentivises them against taking such an action.

Instead, the largest challenge may be in how VAT is charged for trade with the remaining 27 member states

(though it is impossible to predict just how much change will occur as it will depend on the final negotiated outcome). For now, UK businesses may benefit from the fact that VAT is currently not charged on the supply of goods between businesses from another European country by the supplier. However, once the UK leaves the EU VAT area, any supplies of goods crossing its borders will be reclassified as imports and exports, in turn leading to new import VAT and customs/excise duties.

Should the parties involved fail to come to a satisfactory agreement (a ?no-deal? scenario), the UK government has stated that they will attempt to lighten the monetary impact on businesses by introducing postponed accounting for import VAT ? thereby moving VAT accounting and payment away from the border to the VAT return. Notably, this would apply to imports from the rest of the world as well. Additionally, it is expected that certain businesses (which conduct their trade exclusively between the UK and the EU?s members) will also have to make import-export declarations, which has not been necessary in the past. Businesses that trade with EU and non-EU countries alike will similarly have to begin making declarations for their trade with the EU as well as non-EU countries.

Unless a deferral mechanism is implemented, EU members will likely place a VAT on imports. This means that UK businesses that work with EU partners may need to add VAT representatives to their organisations who will ensure EU VAT compliance on their behalf. Furthermore, V.G. Woodhouse & Co. cautions businesses that they may be subject to longer wait times if they seek to claim a refund on overseas VAT since they will not be able to make use of the EU VAT Refund Portal.

This is only a brief look at the potential implications that Brexit will have on the country?s businesses. In order to help small business owners educate themselves, combat misinformation and ensure the country as a whole is ready for the coming changes, V.G. Woodhouse & Co. encourages all those interested to get in touch if they wish to follow up on any further inquiries or explore the subject in greater detail. As Brexit?s conclusion draws closer, the firm is actively looking to help the business community in any way they can.

The firm invites small business owners and other parties to contact our VAT return expert - Vic Woodhouse of V.G. Woodhouse & Co. for additional information regarding their services. Similarly, more can be found on the firm?s website and social media channels. Learn more here: Accountant In West London For Self Employed.

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V.G. Woodhouse & Co.

Chartered Certified Accountants in Ealing London. Our clients are typically starting new businesses, setting up from abroad, registering new companies or want change accountant. Clients come to us when tax has just got a little too complicated

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