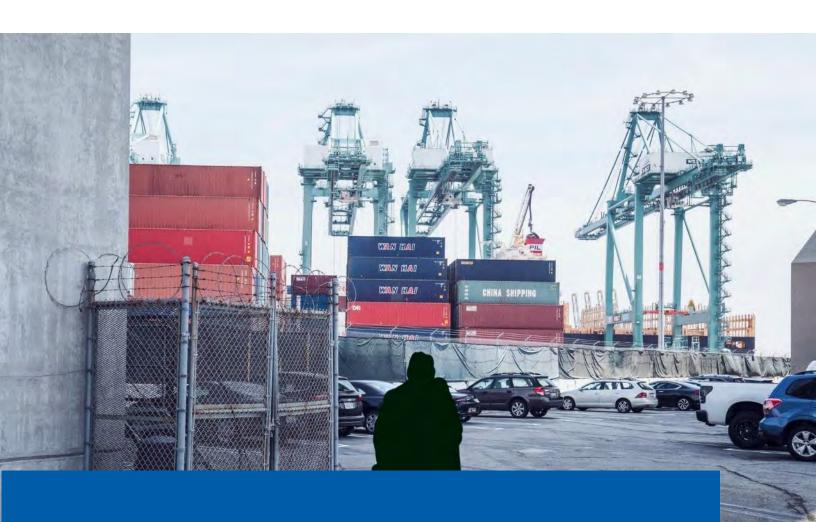
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News Flash

9 December 2020



Hard Brexit from the Czech point of view: VAT and customs duty application from 1 January 2021

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The United Kingdom (UK) left the European Union on 31 January 2020. In accordance with the Withdrawal Agreement, it is now officially a third country. The UK however is currently still operating on the single market and customs union. The transition period will probably last until 31 December 2020. Therefore, it is necessary to prepare for application of different VAT and custom rules regarding the UK.

Brexit will affect your company if:

- it sells goods or supplies services to the UK;
- it buys goods or receives services from the UK;
- it moves goods through the UK.

In practice, there will be changes in the following areas.

GOODS

- The intracommunity delivery of goods to the UK and purchase of goods from the UK will become export and import. In relation, obligation to have an EORI number, valid licenses, permissions etc. will arise.
- The above mentioned will also affect transfer of own goods from/to the UK.
- Distance sales regime, i.e. delivery of goods to a person for whom the transaction does not represent taxable supply (British natural persons), will no longer apply. Such delivery of goods will become export as well.
- It will no longer be possible to use simplification regimes for delivery of goods such as call-off stock or simplified triangulation.

SERVICES

- The rules for applying VAT in the area of certain types of services will also change. In case of providing services to British customers registered for VAT in the Czech Republic, it will be necessary to take into account the rule of actual consumption.
- The one-stop-shop (OOS) regime will also be affected, business providing digital services to non-taxable persons have so far been able to register in the UK.
- Rules for VAT deduction regarding some type of services such as insurance or financial services will
 also be different.

VAT REFUND

 VAT refund application regarding VAT paid in the UK for 2020 needs to be submitted on 31 March 2021 at the latest, earlier than the usual deadline.

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About Accace Czech Republic

Accace Czech Republic was founded in 2007 in Prague, while the branches in Brno and Ostrava followed in 2009 and 2016. Accace ranks among the leading outsourcing and consultancy providers on the Czech market with almost 270 professionals and more than 500 clients. As a part of the Accace Group, we provide a comprehensive range of accounting, payroll, tax, legal and corporate services to over 2,000 customers, from local companies to large multi-country outsourcing projects.

About Accace Circle

Accace operates internationally as Accace Circle, a co-created business community of like-minded BPO providers and advisors who deliver outstanding services with elevated customer experience. Covering almost 40 jurisdictions with over 2,000 professionals, we support more than 10,000 customers, mostly mid-size and international Fortune 500 companies from various sectors, and process at least 170,000 pay slips globally.

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