

# HFS Customs

## Customs Agents & Advisers

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### BREXIT- IMPACT

#### VAT & VRT Changes for the motor industry post 1/1/21

As the Margin scheme for VAT is only applicable to EU purchases this scheme will no longer be applicable to the motor industry. The impact of Brexit on this sector will be significant. In Ireland **90%** of the **second hand** motors are sourced in GB. If we compare the current VAT rules to the VAT rules from 1/1/21 we can illustrate the impact.

	<i>Old Margin Scheme</i>	<i>Post 1/1/21</i>	
<i>Car bought in GB (including transport)</i>	€5,000	€5,000 €500	€1,155 (VAT on cost and duty 10% depending on trade deal)
<i>VRT</i>	€1,000	€1,000	
<i>VAT</i>	€347 (21% margin scheme)	€1,214	€59 (VAT 3 liability)
<i>Selling Price</i>	€8,000	€8,000	
<i>Gross Profit to cover rent, wages, etc.</i>	€1,653	€286	<i>Is the business viable?</i>

The **impact is significant** and **who pays** for this, the end consumer? Or the dealer? The market will decide. This rule will also apply to cars purchased in NI that were not part of stock on 31 Dec 2020. Therefore any car that enters NI post 1/1/21 and is sold onto an Irish customer it will be subject to the new rules.

#### **VRT**

In relation to VRT no car will be registered for **VRT post 1/1/21** unless it was already **in stock** on 31 Dec 2020 or if it entered the state **after this date** the **VIN number** is already registered on an **import declaration**. Your customs agent will retain proof of this.

#### **NON Margin Cars**

The application for refunds from HMRC will no longer be the electronic system it will be paper applications which will take longer and will impact cashflow.

#### **NEW Vehicles Manufactured in the UK**

New vehicles with an **E11 type approval** will **not be accepted** by Revenue for VRT registration after 1/1/21

**HFS - FCCA Chartered Certified Accountants, AITI Chartered Tax Advisers (CTA) & Customs Agents & Advisers.**



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