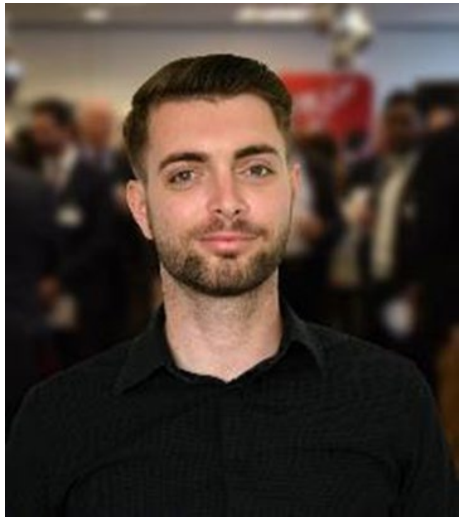
THAMES VALLEY CHAMBER OF COMMERCE GROUP

STREAM

Todays Webinar

Exporting to the EU in 2026: VAT Changes & Regime 42

Your host for today



Malin Geanovu

Business Development Manager – International Trade

Exporting into the EU in 2026

Alessio Lencioni
VATIT Stream UK

5 February 2026

Contents

Introduction to VAT and Why It Matters

- Understanding VAT is critical when **trading internationally**
- VAT obligation, **goods vs sales**
- Getting VAT right enables **faster customs clearance, smoother EU expansion,** and more **cash-flow**

What Is Foreign Import VAT?

Like in the UK, Import Value Added Tax (VAT) is a tax charged on the importation of **goods** and **services**.

- Charged on **sales** to customers
- Paid on **imports** at customs
- Ultimately **borne** by the **end consumer**
- Businesses **act as VAT collectors** on behalf of tax authorities

- When **goods cross borders**, VAT **rules change** significantly.

Why VAT Became More Complex After Brexit

Since Brexit, the UK has been treated as a non-EU country.
This means:

- Goods entering the EU are now imports, **not intra-EU movements**
- **Import VAT is charged** at the EU border
- **Customs declarations** are mandatory
- **VAT responsibility** must be clearly defined
- VAT is **no longer automatic** or “invisible” when selling to EU customers.

When Does EU VAT Apply to UK Businesses?

EU VAT is incurred when:

- Goods are **imported** into the EU
- Goods are **stored** in the EU
- Goods or services are **sold** to EU customers
- You act as **Importer of Record** (IOR)
- You sell on a **Delivered Duty Paid** (DDP) basis

- Even without a physical EU presence, **VAT obligations** can still arise.

Import VAT Explained

When goods enter the EU

- Import VAT is charged at the **local EU VAT rate** (e.g. 19%, 20%, 21%)
- Usually **payable** at the point of **customs clearance** (dependant on incoterm - DDP, DAP)
- Can create significant **cash-flow impact**

- Without planning, VAT becomes a **cost**, not a recoverable tax.

Who Is Responsible for VAT?

VAT responsibility depends on:

- Incoterms (DAP vs DDP vs DDU)
- Importer of Record (IOR)
- Local VAT registrations
- Customs regime used

Common Mistake:

“The courier will handle the VAT”

Couriers clear goods, **they do not take VAT liability.**

VAT Optimisation

There are compliant ways to manage EU VAT efficiently:

- VAT deferment mechanisms
- Correct customs regimes
- Proper importer structures
- Centralised VAT reporting
- Technology-driven visibility

- The key is **planning before** the shipment moves.

Nova Strength Ltd

€100,000

Commercial Goods (standard VAT rate)

21% VAT

CoreForm Health Club

No VAT Planning (Common Mistake)

Customs Treatment:

- Goods imported into the Netherlands
- Import VAT payable at clearance

VAT Impact:

- Import VAT due: €100,000 × 21% = €21,000
- VAT must be paid upfront before release

Business Consequences:

- €21,000 tied up in cash
- Clearance delays if VAT not paid immediately
- VAT reclaim can take months
- Increased landed cost and admin burden

VAT becomes a **cash-flow cost**, not a pass-through tax.

Nova Strength Ltd ↗

€100,000

Commercial Goods (standard VAT rate)

21% VAT

↘ CoreForm Health Club

Structured VAT Approach (Optimised & Compliant)

Customs Treatment:

- Correct importer structure in place
- Use of Dutch VAT deferment mechanism (e.g. Article 23)

VAT Impact:

- Import VAT not paid at the border
- VAT declared and reclaimed on the same VAT return
- Net VAT payable at import: €0

Business Benefits:

- No upfront VAT payment
- Faster customs clearance
- Improved cash flow
- Fully compliant with Dutch tax authorities
- Predictable landed costs

VAT is accounted for, not funded.

Common VAT Mistakes UK Businesses Make

- Assuming VAT only applies to sales
- Not understanding importer responsibility
- Shipping DDP without VAT registrations
- Paying VAT upfront unnecessarily
- Poor data capture for VAT filings
- Relying on couriers for compliance

All of these
are avoidable
with the right setup.

VAT handling for B2B and B2C sales

	B2B	B2C
Who is the Buyer?	VAT-registered business with a valid EU VAT number	Private individual (not VAT registered)
Who pays the Sales VAT	Reverse charge usually applies (0% invoice if valid VAT number verified)	VAT must be charged at destination country rate
Who accounts for VAT?	Buyer accounts via reverse charge in their VAT return	Seller must collect and remit VAT
Use of One-Stop-Shop	Not applicable	Yes – allows reporting EU sales in one quarterly return
Customs clearance structure	Often DAP or DDP with VAT-registered importer	Often DDP or IOSS to avoid consumer being charged on delivery
Compliance complexity	Lower if buyer is VAT registered and structured correctly	Higher due to multi-country VAT rates and reporting obligations

VAT handling for B2B and B2C sales

Summary

B2B

VAT neutral when structured correctly
Reverse charge + import VAT deferral = **no real cash flow impact**

B2C

VAT cost and compliance driver
Seller must charge destination VAT and manage reporting **(OSS or local regs)**

Key EU VAT Changes for 2026

Removal of Regime 42

What is Regime 42?

Regime 42 allowed businesses to defer import VAT by using a partner's global VAT number. Foreign business benefited from deferring Import VAT without a VAT number.

How it worked

UK Exporter

Goods **prepared** and **ready for export** under **DDP**

French Border

Goods **enter Europe**
Carrier **presents details** to French Customs
Documentation and importer identity **checked**.

French Customs

Value and HS Codes **validated**
EU EORI must be present.
Broker's **Global VAT Number** is placed on the CI with **the UK Exporters' EU EORI**

French Tax Office

The Customs Broker responsible for **submitting proof** of the **Intra-EU transfer** of goods to the **French Tax Office.**

Key issues with Regime 42

No True VAT Link

The **importer never had a VAT number** that could be used for the import process.

The **Broker** used their own **global VAT number** to defer the VAT.

No direct link between the **importer** and the **VAT declared**.

The disconnect made it **impossible to track discrepancies.**

Unrecoverable VAT

If there was a **VAT discrepancy**, the Importer could **never recover any Import VAT paid**.

Audit Exposure

Because a global VAT number was used, the importer was **fully dependent on third parties** to **correctly handle filings** and accounting,

However, the importer still **carried all the liability** for any misdeclarations or errors.

They **were completely exposed** to audit penalties if the filings were incorrect.

Why VAT Visibility Is Essential

Businesses need:

- Clear view of where VAT is incurred
- Accurate VAT data per shipment
- Consistent documentation
- Audit-ready reporting

Technology plays a critical role in:

- Tracking VAT exposure
- Supporting filings
- Reducing risk

Key Takeaways

There are compliant ways to manage EU VAT efficiently:

- VAT is **unavoidable** when **selling** goods into the **EU**
- Post-**Brexit** VAT rules are more **complex**
- Import VAT can seriously **impact cash flow**
- **Responsibility** depends on **structure**, not couriers
- With the right approach, VAT can be **managed**, **deferred**, and **recovered**

- Understanding VAT is the first step towards **faster EU deliveries**, **lower landed costs**, and **fully compliant international trade**.

STREAM

Thank You!

FedEx

Certified Global Partner

DHL

Certified Global Partner

Alessio Lencioni

Business Unit Head: Supply Chain, Product and Strategy

alessiol@vatitstream.com

+44 20 7076 7496

Exporting to the EU in 2026: VAT Changes & Regime 42

THAMES VALLEY CHAMBER OF COMMERCE GROUP

STREAM

Thank you!

THAMES VALLEY
CHAMBER OF
COMMERCE
GROUP

THAMES VALLEY
CHAMBER OF
COMMERCE
GROUP

www.thamesvalleychamber.co.uk

trade@tvchamber.co.uk

THAMES VALLEY CHAMBER OF COMMERCE GROUP

STREAM

Todays Webinar

Exporting to the EU in 2026: VAT Changes & Regime 42