

IVAS - IMPORT VAT ACCOUNTING SCHEME - TERMS AND CONDITIONS

1. The general terms and conditions set out in these Scheme Terms and Conditions (the "**Scheme Terms and Conditions**") reflect the arrangements mutually agreed between HM Revenue & Customs ("**UK Customs**"), Jersey Customs & Immigration ("**Jersey Customs**") and Jersey Post Limited ("**Jersey Post**") for the UK Import VAT Accounting Scheme (the "**Scheme**") which consists of arrangements for:

- (a) the accounting of UK Import VAT on commercial consignments (excluding alcohol, tobacco and tobacco products) not exceeding the statistical threshold of £873 in value, that would otherwise be chargeable on the goods on importation into the UK; Please note:

In addition to (a), and at the discretion of Jersey Customs and UK Customs, be used for:

- (b) accounting for UK Import VAT on gifts (excluding alcohol, tobacco and tobacco products) with an intrinsic value exceeding the UK gift limit currently in force. See Link: <https://www.gov.uk/guidance/gift-allowance-and-low-value-consignment-relief-limit-in-2018-cip24>
- (c) the import of gifts (excluding goods liable to excise duty) with an intrinsic value not exceeding the UK gift limit which are not liable to UK import VAT.

Authorised traders will be responsible for monitoring changes in the sterling equivalent of the thresholds mentioned in a, b and c above.

- (d) Using routes other than those through an Office of Exchange.

- (e) Retail Sales

Retail sales to the UK may benefit from the low value consignment relief (LVCR) when the intrinsic value of the goods is less than £15. A trader undertaking **retail sales** is eligible to send goods using the IVAS and must show the value of sales and number of sales made on the monthly IVAS return.

The customs declaration must be clearly annotated "Retail Sale", and the Scheme TSAN should be clearly shown.

NOTE: to benefit from the LVCR a retail sale can only be made with the simultaneous presence of the buyer and seller in Jersey i.e face-to-face, with the goods being forwarded to the UK. An order placed by phone or any other means is not a retail sale and may not benefit from the LVCR.

Evidence of misuse of Retail Sales will result in the immediate removal from the IVAS.

2. DEFINITIONS

"**Business day**" means any day that is not a Saturday, Sunday or bank holiday in Jersey;

"**Deadline date**" means the tenth business day of the month following the month in which the VAT was collected by the Trader from its customers;

"**Gift**" means a consignment sent from one private person outside the UK, to a private person or persons in the UK. There must be no commercial or trade element and the gift must not have been paid for either directly or indirectly by UK recipient. A gift is of an occasional nature only, for example: for a birthday or anniversary;

"**Goods**" means any item that is purchased by a UK consumer;

"**Goods liable to excise duty**" are: alcohol, tobacco and tobacco products;

"**Importer**" means the consignee in the UK who has purchased the goods, or to whom the goods are to be delivered;

"Intrinsic value" means the value of the goods themselves, excluding any postage, packing and insurance costs;

"Jersey Customs Officer" means any officer employed directly by Jersey Customs and excludes any Jersey Post authorised agent acting on behalf of Jersey Customs;

"Jersey Post's Compliance Control Officer" means a person employed by Jersey Post but authorised by Jersey Customs to undertake specific duties as their agent (herein after called "JPCCO");

"Mail consolidator" means the Jersey based company appointed by the Trader to act as its agent to perform any or all of the Scheme Terms and Conditions including, but not limited to, the delivering of the consignments to Jersey Post;

"Office of Exchange" is a UK postal depot where mail originating from outside the EU, including the 'Special Territories', must be presented to UK Customs;

"PPOB" means Principle Place of Business, and refers to the actual location of the office of the business where the accounting and record books are maintained and where the top management meets and decides on the basis of the work;

"Retail Sale" means a transaction made when the buyer and seller are simultaneously present i.e. face to face;

"Scheme Application Form" means the form set out in Schedules 1a and 1b of these Terms and Conditions;

"Scheme Terms and Conditions" means these terms and conditions;

"Trader" means a company, sole trader or partnership, who is authorised under the Scheme, and is the person who holds the contract with the Customer in the UK, and has signed, dated and agreed to be bound by the Scheme Terms and Conditions below;

"Trader's Scheme Authorisation Number" ('TSAN') means the Trader's personal identification number which is allocated by the JPCCO;

"VAT" means UK Value Added Tax; and

"UK Import VAT" means the VAT payable on goods entering the UK from Jersey, Channel Islands.

3. EFFECTIVE DATE

These Scheme Terms and Conditions revoke all previous Scheme Terms and Conditions.

The Trader agrees to be bound by the Scheme Terms and Conditions which shall apply from the date executed by the Trader below and will remain in force until such time as the Trader's Scheme Authorisation Number is withdrawn.

4. AUTHORISATION

- (a) Any trader wishing to be authorised for the Scheme must be registered with the Jersey Financial Services Commission.
- (b) Any trader wishing to be authorised to despatch goods to the UK under the Scheme must complete the Scheme Application Form applicable and sign the Scheme Terms and Conditions.
- (c) To establish the compliance and trading history of a trader whose PPOB is not located in the Channel Islands, the trader must have actively traded for at least six months from the Channel Islands to enable them to submit the necessary accounting / trade records.

- (d) However, to show due diligence and compliance with all the requirements of the Scheme, traders who wish to be authorised to despatch goods under the scheme but have not met the criteria in 4(c) may account for goods if they agree to the following procedure:
- the trader should deliver their consignments to Jersey Post and pay any UK import VAT due;
 - this procedure will only be allowed for a maximum of nine months. After six months the trader may apply to be authorised to use the Scheme. This allows three months for the authorisation to be processed;
 - if, after six months the trader has not applied for authorisation to use the Scheme, all goods will be routed through a UK Office of Exchange in the normal way;
 - Jersey Customs and UK Customs may carry out any checks at any point that they consider appropriate.
- (e) The trader must then submit the Scheme application form with the required corporate due diligence documents specified in the Scheme Application Form to the JPCCO. Each of the documents must be certified as a true copy of the original by the company secretary, or by a qualified and practising lawyer or accountant. It should show the words “Certified as a true copy of the original” and show the signature, name and qualifications of the person certifying it.
- (f) Applications will be checked by the JPCCO for completeness and passed to Jersey Customs and UK Customs (if applicable) for their consideration for approval.
- (g) A trader will be accepted into the Scheme only upon the issuance of a Trader’s Scheme Authorisation Number (TSAN).
- (h) The Trader will (if applicable) inform its Mail Consolidator of its acceptance into the Scheme and advise the Mail Consolidator of its TSAN.
- (i) For the avoidance of doubt, if the Trader is using a Mail Consolidator as its agent to perform any or all of the Scheme Terms and Conditions this does not absolve the Trader of any of its responsibilities under the Scheme.
- (j) Granting an authorisation to use the Scheme does not imply any approval of the practices being operated by a Scheme member or Mail Consolidator and will not prevent UK Customs, Jersey Customs or Jersey authorities, taking such action as they may feel is appropriate in the future without prior notice to scheme members.

5. CONDITIONS

Following the issuance of a TSAN the Trader must comply, and procure the compliance by the Mail Consolidator, with the conditions set out below:

- (a) affix a completed customs declaration form (either a CN22 or CN23 or a pre-printed label containing the same details) to each consignment;
- (b) despatch all consignments via Jersey Post who will arrange for the onward carriage to the UK;
- (c) account for UK Import VAT on commercial consignments (including postage, packing and insurance), at the rate that would be chargeable if the supply had taken place in the UK;
- (d) provide by email to the JPCCO by the deadline date:
 - (i) a monthly sales report detailing all sales by volume for all goods;
 - (ii) declare whether the ‘value of sales before VAT’ on the monthly return has been determined using a VAT inclusive calculation or VAT exclusive calculation;
 - (iii) show separately, details of all adjustments made in respect of credit issued for returned goods; and
 - (iv) if no sales have been made in the month a ‘nil’ report must still be submitted.

- (e) remit to Jersey Post the total amount of UK Import VAT due each calendar month by the deadline date. The remittance is to be via a UK sterling cheque payable to Jersey Post or via bank transfer; and
- (f) notify the JPCCO immediately of any change to any of the details that were provided/declared in the original Scheme Application Form **including** but not limited to: additional business or goods intended to be included in the Scheme, change of trading name, additional or new websites etc.

6. RECORDS, AUDIT AND ASSURANCE

- (a) Notwithstanding any assurance checks Jersey Customs, UK Customs or the JPCCO may wish to undertake, the Trader must retain records for the following:
 - (i) all goods purchased or acquired to fulfil orders;
 - (ii) all sales;
 - (iii) copies of all sale invoices;
 - (iv) UK Import VAT charged, including monthly amounts paid to Jersey Post;
 - (v) copies of credit notes issued for returned goods on which UK import VAT has been paid; and
 - (vi) details of the postage and packing rates used for goods shipped under the Scheme.
- (b) These records must be retained by the Trader for a minimum of three years from the date of the Trader's last monthly return and must be available at all times for inspection, **in Jersey** by the JPCCO, Jersey Customs and UK Customs.
- (c) The Trader shall have in place robust procedures to ensure their compliance with the Scheme. Abuse of the Scheme may result in the removal from the Scheme.
- (d) The Trader shall also allow the JPCCO, Jersey Customs and UK Customs access to its premises to inspect its business operation at anytime.
- (e) The Trader shall also allow Jersey Post and the JPCCO to provide copies of all records and any other information (be they written or otherwise) which each has been given by or on behalf of the Trader under the Scheme Terms and Conditions to UK Customs and Jersey Customs as required. In addition, UK Customs, Jersey Customs, Jersey Post and the JPCCO may also provide information to any States of Jersey or other Jersey or UK authority or regulatory body to such extent as is ordered by the Royal Court or as is necessary to comply with any applicable law.
- (f) By joining the Scheme, the Trader hereby gives its consent:
 - (i) to each of Jersey Post, the JPCCO, UK Customs and Jersey Customs to receive, process and store such personal information as is required in the Scheme Application Form and as part of this section 6 of the Scheme Terms and Conditions "**Data**"; and
 - (ii) to each of Jersey Post, the JPCCO and Jersey Customs to transfer any of the Data out of the jurisdiction of Jersey to UK Customs.

7. RETURNED GOODS

- (a) A Trader may make an adjustment to the total amount of UK Import VAT to be paid in any particular month to take account of goods returned by the importer and upon which UK Import VAT was charged and paid;
- (b) To make an adjustment the Trader must have issued a credit note to the importer, and must be able to show that the importer has been reimbursed in full the cost of the goods including the UK Import VAT amount.
- (c) The address for returned goods **must** be an address in Jersey.

8. CANCELLATION OF AUTHORISATION

- (a) Should a Trader fail to comply with any of the above conditions a written notice of a breach of the Scheme Terms and Conditions will be served on the Trader. The Trader will then have three business days in which to remedy the breach, failing which the Trader's TSAN will be cancelled with immediate effect, and the Trader's consignments being shipped from Jersey to the UK will be via an Office of Exchange.
- (b) If a Trader ceases to trade, or no longer wishes to operate under the Scheme, the JPCCO and the Trader's Mail Consolidator (if applicable) must be notified immediately, and before any further consignments are shipped.
- (c) Should a trader withdraw from the Scheme or have their Scheme authorisation number cancelled, the final IVAS return up to the date of cessation must be submitted with any VAT due within ten days of the cessation date.
- (d) Once cancelled, under no circumstances must the Scheme authorisation number be used.
- (e) If no sales under the Scheme are made for six consecutive months, the Scheme authorisation may be cancelled by the JPCCO.
- (f) If a trader fails to provide by the deadline date a monthly sales report, make the appropriate UK import VAT payment as required in section 5(f), or breaches the provision under section 8(a), three times or more in a twelve month period, they will have their Scheme authorisation cancelled.
- (g) Re-approval to join the Scheme following either voluntary withdrawal by the Trader, or following cancellation by either UK Customs, Jersey Customs or the JPCCO, will not be considered until twelve months has elapsed from the date of the withdrawal notice.

9. PAYMENT ARRANGEMENTS

- (a) Having collected the UK Import VAT paid by the Trader as per sections 5 (f), Jersey Post is responsible for remitting the total UK Import VAT it has collected from the Trader to UK Customs.
- (b) Failure on behalf of the Trader to pay Jersey Post any or all amounts due under the Scheme will not result in a liability on Jersey Post for any or all amounts due to UK Customs and the Trader shall fully indemnify Jersey Post against any and all claims relating to non-payment by the Trader including, without limitation, penalties and interest.

10. The JPCCO will:

- (a) if, by the deadline date, the Trader has failed to meet the obligations required under section 5 (e) and (f), serve a notice, in writing, on the Trader with a copy to the last known address of the Trader's Mail Consolidator (if applicable) informing it that:
 - (i) its TSAN has been cancelled;
 - (ii) it must immediately stop charging UK Import VAT on its sales;
 - (iii) all future consignments will be shipped via an Office of Exchange in the UK; and
 - (iv) **the Trader shall comply immediately with the terms of such notice.**
- (b) JPCCO/Jersey Post shall send a copy of the notice sent to the Trader to Jersey Customs and UK Customs;
- (c) notify Jersey Customs and UK Customs if a Trader wishes to cancel its participation in the Scheme.

11. Jersey Post shall have the right to:

- (a) remit to UK Customs all UK Import VAT collected from Traders under section 5 (f);
- (b) provide to UK Customs and Jersey Customs, copies of all monthly sales reports received by it under section 5 (e) and such other information as UK Customs may require; and
- (c) allow UK Customs and Jersey Customs and the JPCCO access to its premises to examine consignments awaiting despatch.

12. Jersey Customs and UK Customs shall, in addition and without any limitation to their respective legal powers, rights and duties, have the right to:

- (a) refuse to issue a TSAN;
- (b) visit, without notice (unless notice is required by law), the Trader and the Trader's Mail Consolidator (if applicable) and inspect their records as and when they see fit to ensure the Scheme Terms and Conditions are being adhered to;
- (c) carry out anti-smuggling and fiscal checks on goods for export at either the Trader's premises, or those of Jersey Post, and such other checks and examinations as they may see fit; and
- (d) provide the other with such information as it thinks fit.

13. NOTICES

Any notice or communication required to be given or served for the purposes of the Scheme Terms and Conditions except where otherwise provided shall be in writing and shall be deemed to have been duly given and served if sent by post, facsimile, email or delivered by hand. Contact details for notices and communications are at Appendix 1.

These Scheme Terms and Conditions, as modified or supplemented from time to time, revoke all previous arrangements concerning the pre-payment of UK Import VAT on specified postal traffic.

By signing these Terms and Conditions, you are agreeing to abide by, and be compliant with relevant European Union, United Kingdom and Jersey legislation which is currently in force, or may be brought into force whilst trading under your scheme membership. In the event that there is evidence of non-compliance with any part of any relevant legislation, you may be removed from the Scheme.