Sage Intacct

Brexit Overview

On 1 January 2021, the United Kingdom (UK) will leave the European Union (EU).

As part of this transition, Great Britain (England, Scotland, and Wales) will leave the EU VAT regime. Northern Ireland will remain in the EU VAT regime for sales and purchase transactions to and from all EU countries. This is also referred to as the Northern Ireland Protocol.

When the UK leaves the EU VAT regime, the UK will be treated like a third country and will need to treat EU member states as third countries. UK businesses that purchase and sell goods from and to the EU need to treat these goods as third country imports and exports, with the goods now having to go through customs.

To help minimize the impact of this change in the UK, the UK government has introduced several measures. One of the new key measures is *Postponed VAT Accounting*. Postponed VAT Accounting (PVA) allows the importer to defer physically paying the import VAT at customs and instead accounts for the VAT on its subsequent VAT return. The outcome is the same, but the importer avoids having to physically pay the import VAT upfront.

Trade for goods impact

- Great Britain (England, Scotland, and Wales) will treat all EU sales and purchases as Rest of World (ROW) imports and exports.

- To avoid a physical border between Northern Ireland (NI) and the Republic of Ireland, businesses in NI will continue to trade in goods with the EU as they did before Brexit.

- All sales and purchases of goods and services between Great Britain and NI will continue to be domestic transactions.

- All EU countries, including the Republic of Ireland, will treat all sales and purchases from Great Britain as imports and exports.

- In most cases, business in both the UK and the Republic of Ireland will import goods using postponed VAT accounting. However, in some cases, non-postponed VAT accounting might be used instead.

Trade for services impact

- There isn't a major Brexit impact for the supply of services between the UK and the EU.
- The supply of services in the international arena have global rules that are not affected by Brexit.

Brexit Readiness – Sage Intacct

Sage Intacct is providing an update to the United Kingdom - VAT tax solution to support Brexit.

The updated tax setup package seamlessly transitions Sage Intacct companies to Brexit and postponed VAT accounting on day one. There are no requirements to change item tax groups and customer or supplier contact tax groups.

The updated tax package fully supports postponed VAT accounting (PVA), non-postponed VAT accounting, and the Northern Ireland Protocol. Companies can update their Sage Intacct tax configuration to take advantage of the additional enhancements in the tax setup to meet any needs they have under Brexit.

To avoid any possible penalties, after the tax setup update is available, companies should plan to install the update before December 31, 2020. The update supports both pre- and post-Brexit transactions to provide seamless transaction support.
The tax setup update will be available in the product soon, so look out for notifications.

To update your Sage Intacct company UK tax setup

1. Go to Taxes > Setup.
2. Click Tax solutions.
3. Click Edit beside United Kingdom – VAT.
4. In the Tax setup updates section, select Install updates
5. Click Save.

Review the Sage Intacct Help for more details on Brexit support and tax setup.

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