

Brexit guide for Global-e retail partners



Changes, implications and best practices

February 2020

Table of Content

- The Trade and Cooperation Agreement
- Brexit implications on cross-border ecommerce trading
- Global-e best practices to maintain conversion and sales

The Trade and Cooperation Agreement



Brexit Recap

On 31st December 2020 the UK left the EU's single market and customs union with a Trade and Cooperation Agreement

	What has changed?	What this means?
VAT	VAT now needs to be paid at the point of import. The rate and de minimis threshold varies per country.	All these fees are due at the point of import and would be charged upon delivery to the customer by the carrier. This changes the shopping experience for European shoppers who are not accustomed to paying additional fees upon delivery when buying from a UK merchant.
Duties	Duties apply on orders above the €150 de-minimis threshold on products with a country of origin outside the UK.	
Customs clearance	All products have to go through customs checks at the point of import.	

Global-e allows you to integrate all costs within product prices and works with carriers who are able to deliver items as **DDP**, leaving the shopping experience unchanged to ensure a seamless experience for your EU customers.

Brexit implications on cross-border ecommerce trading



EU VAT Rules which replace the Distance Selling Regime

- Shipments between the UK and the EU now require customs declarations
- VAT applies for any order above the specified threshold for each EU country (€22 in most countries)
- VAT rates in the EU range from between 17% to 27%
- VAT paid at the point of import where customs is cleared

As Global-e is the exporter on record you are **not** required to have a VAT registration number for each EU country

Duties and Country of Origin (COO)

- Any order above €150 is subject to duties, unless the country of origin of the goods is the UK where a zero tariff will apply
- The rate of duties is calculated according to the type of goods and their and HS codes
- Country of origin (COO) information is included in the commercial invoice so that no duties will be added on exempt items
- Shipments into the EU of UK COO products are still subject to VAT, CCF and Brexit fees

Country of origin information for each SKU should be provided to us by you, so we can apply the information to each invoice to ensure tariffs are applied correctly.



Please note: If you do not update us otherwise, we will assume and apply COO outside of the UK.

Shipping Post Brexit

- All shipments now need to go through customs clearance
- Not all shippers support **DDP** into EU
- Due to customs and excise checks, delays of at least one day apply to shipping into the EU
- Postal services are not able to support DDP therefore we do not recommend using them

Post-Brexit Global-e is working with DHL for express shipping and with DPD and Landmark for tracked standard shipping

All these carriers support prepayment of tax and duties for shipments into the EU (DDP)

All postal services were switched to tracked standard to support DDP

Customs Clearance and Brexit Fees

- Customs Clearance Fees apply to all orders regardless of whether duties are payable
- All Express shipments and Standard shipments are subject to Brexit fees

Global-e has been working with carriers to reduce fees as much as possible:

DHL shipments are subject to total a fee of £8.50 and standard deliveries are subject to a fee of £2.50

Returning Goods to the UK

- Goods returned to the UK by customers in the EU could be subject to import duties and VAT however:

Global-e's Returned Goods Relief allows us to bring items back to the UK without the need to pay import duties and VAT on the returned items.

- Currently there is no way to reclaim **EU** taxes and duties on returned items

Shipments to Northern Ireland

- Orders sent to Northern Ireland are sent as DDU and do not incur duties or CCF
- Orders with a postal code starting with “BT” will be marked as Northern Ireland orders

Global-e best practices to maintain conversion and sales





Providing EU shoppers with a guaranteed landed cost of their purchase to maintain seamless experience and customer satisfaction

Including Tax (VAT), Duties and Fees as part of the product price (Hidden Forced DDP)

- Global-e has calculated for each retail partner the right price addition for sales into the EU to include carrier fees, VAT and applicable duties according to vertical and HS codes
- The pricing increase was applied by adding a coefficient to your pre-Brexit prices



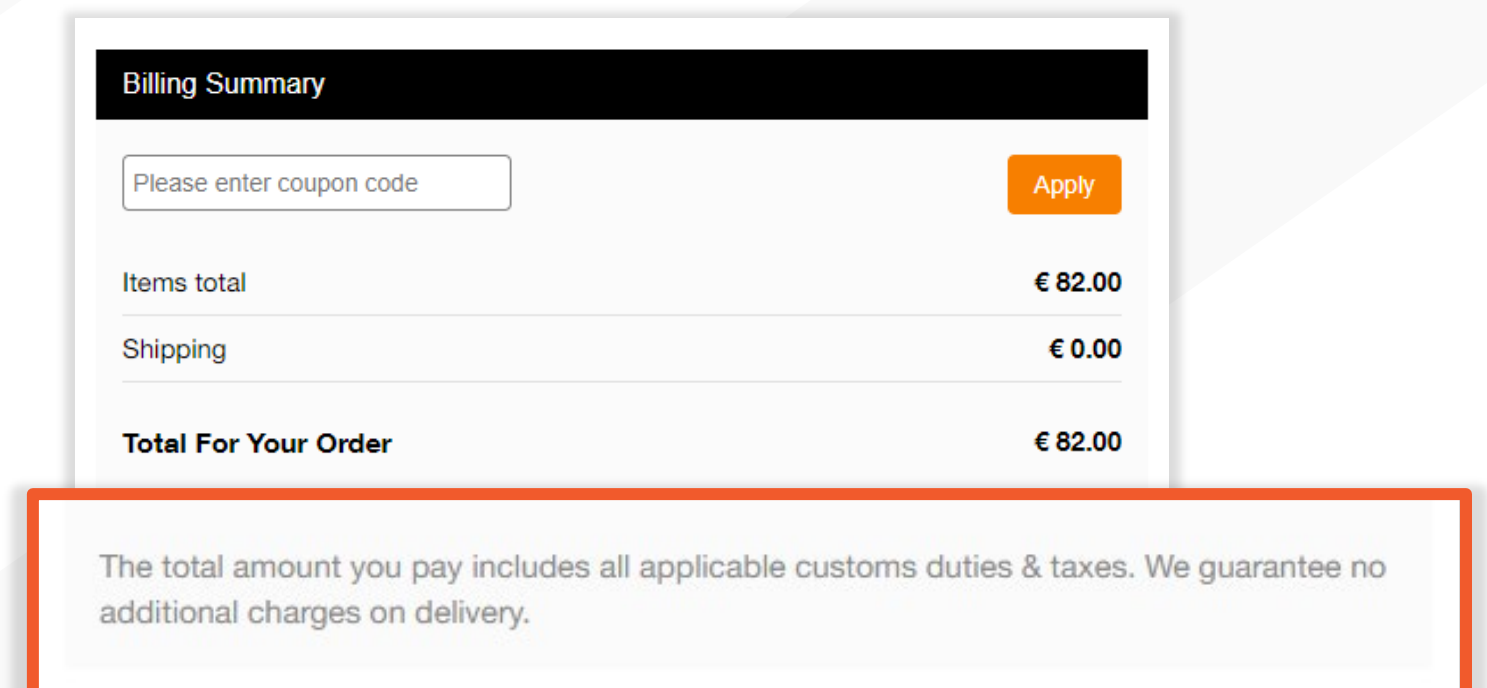
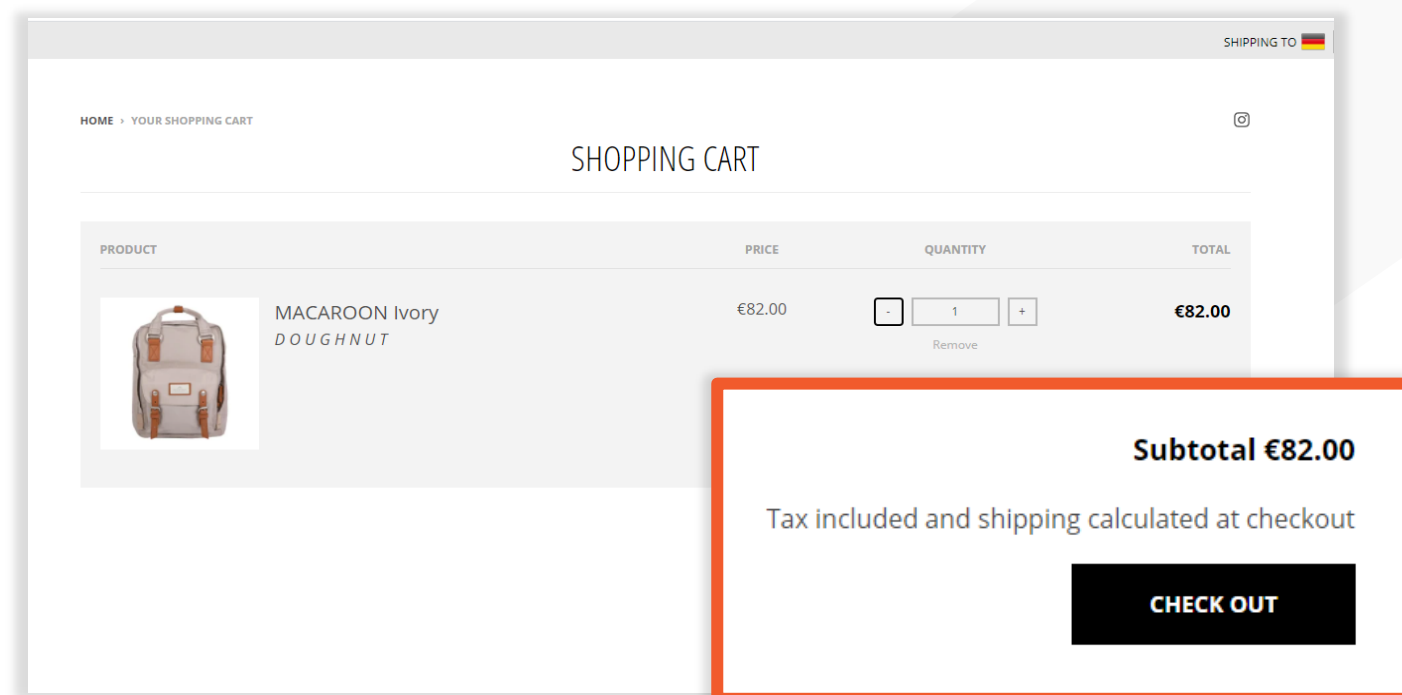
Q: Can I change the pricing into the EU in case I want to reduce pricing and bear some of the new tax, duties and fees or want to increase pricing?

A: Yes, of course. You can adjust pricing by changing the marketing proposition using the Configuration tab.



Inform EU customers of fully landed costs and extended delivery times

- Global-e has updated the messaging for EU shoppers purchasing from UK merchants throughout the browsing journey to inform them that no tax and duties will be added to their purchase at checkout or upon delivery.
- Shipping times are longer due to customs clearance, Global-e checkout information has been updated to communicate this with shoppers.



Thank You



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