

# BREXIT AND NETSUITE INTERNATIONAL TAX REPORTS BUNDLE

## WHAT ARE YOU REQUIRED TO DO?

How to configure your NetSuite account to meet the new legislative changes.

# BREXIT

## NetSuite International Tax Reports Bundle

With changes to the UK's VAT rules coming into effect on the January 31 as a result of UK's Withdrawal from the European Union ("Brexit"), you may need to make some changes to the settings in your NetSuite account to ensure that transactions you are recording are compliant with the new rules and requirements regarding VAT.

Some of these changes will be applied automatically by an update to the International Tax Reporting bundle, but others will require a change in your settings and/or data. The purpose of this document is to give examples of some of the most common changes that NetSuite customers should consider.

Note that some changes are specific to certain circumstances; for example, if a business makes the supply of goods between Britain and Northern Ireland, there may be changes in NetSuite settings needed in order for the business to be in compliance with the new rules. You should read the all information we have provided, and consider which changes will apply to your business, taking professional advice if necessary. Note that not all changes will apply to all businesses and the list of changes here is not intended to be comprehensive..

### What are the changes that Brexit will bring about?

The changes below are based on current negotiation and might be changed in future.



UK leaves the EU and will be treated for VAT purposes as third country for EU members countries.



Northern Ireland protocol considers NI within the EU, therefore transactions between NI and EU countries will be conducted under the EU VAT regime.



Purchase/ Sales transactions between UK and EU are considered as Import/Export



Purchase/ Sales transactions between NI and EU are considered as EU transitions (Reverse Charge/ EC sales)



Purchase/ Sales transactions between UK and NI are considered as domestic transactions, therefore VAT is standard.

### NetSuite International Tax Reports bundle update:

- The tax lookup was updated automatically and was released effectively on Jan 1<sup>st</sup> 2021.
- Tax lookup is looking on the subsidiary's entity (customer/vendor) state on each transaction and based on that defaults the correct VAT code on the transaction.
- NetSuite validates the post code based on the states.

# 1. Verify VAT details for each subsidiary

Make sure your subsidiary's VAT registration number has the appropriate country prefix.

You must also ensure each appropriate subsidiary record has a valid UK County in the State/Province field:

**UK Subsidiary:** Prefix of VAT Registration Number starts with **GB**

**Subsidiary**

[Edit](#) [Back](#) | **Actions** ▾

SUBSIDIARY IS INACTIVE

**NAME**  
UK Subsid

SUBSIDIARY OF  
Parent Company

ALWAYS DISPLAY SUBSIDIARY NAME

SUBSIDIARY LOGO (FORMS)

SUBSIDIARY LOGO (PAGES)

WEB SITE

DOCUMENT NUMBER PREFIX

**STATE/PROVINCE**  
Norfolk

**COUNTRY**  
United Kingdom

LEGAL NAME  
HRM Singular Tree

RETURN EMAIL ADDRESS

FAX

ELIMINATION

LANGUAGE  
English (International)

CURRENCY  
British pound

EDITION  
UK

**VAT REGISTRATION NO.**  
GB943 181809

INTERNAL ID  
4

**NI Subsidiary:** Prefix of VAT Registration Number starts with **XI**

**Subsidiary**

[Edit](#) [Back](#) | **Actions** ▾

SUBSIDIARY IS INACTIVE

**NAME**  
NI Subsidiary

SUBSIDIARY OF  
Parent Company

ALWAYS DISPLAY SUBSIDIARY NAME

SUBSIDIARY LOGO (FORMS)

SUBSIDIARY LOGO (PAGES)

WEB SITE

DOCUMENT NUMBER PREFIX

**STATE/PROVINCE**  
County Armagh

**COUNTRY**  
United Kingdom

LEGAL NAME

RETURN EMAIL ADDRESS

FAX

ELIMINATION

LANGUAGE  
English (U.S.)

CURRENCY  
British pound

EDITION  
UK

**VAT REGISTRATION NO.**  
XI123456789

INTERNAL ID  
10

## 2. Verify/complete Nexus details

For each Nexus, verify Import and Export VAT Codes in Set Up Taxes:

Setup > Accounting > Set Up Taxes

Singapore **United Kingdom** United States

DEFAULT TAX CODE \*  
UNDEF-GB

TAX CODE FOR EXPORTS  
O-GB

TAX CODE FOR IMPORTS: SERVICE ITEMS

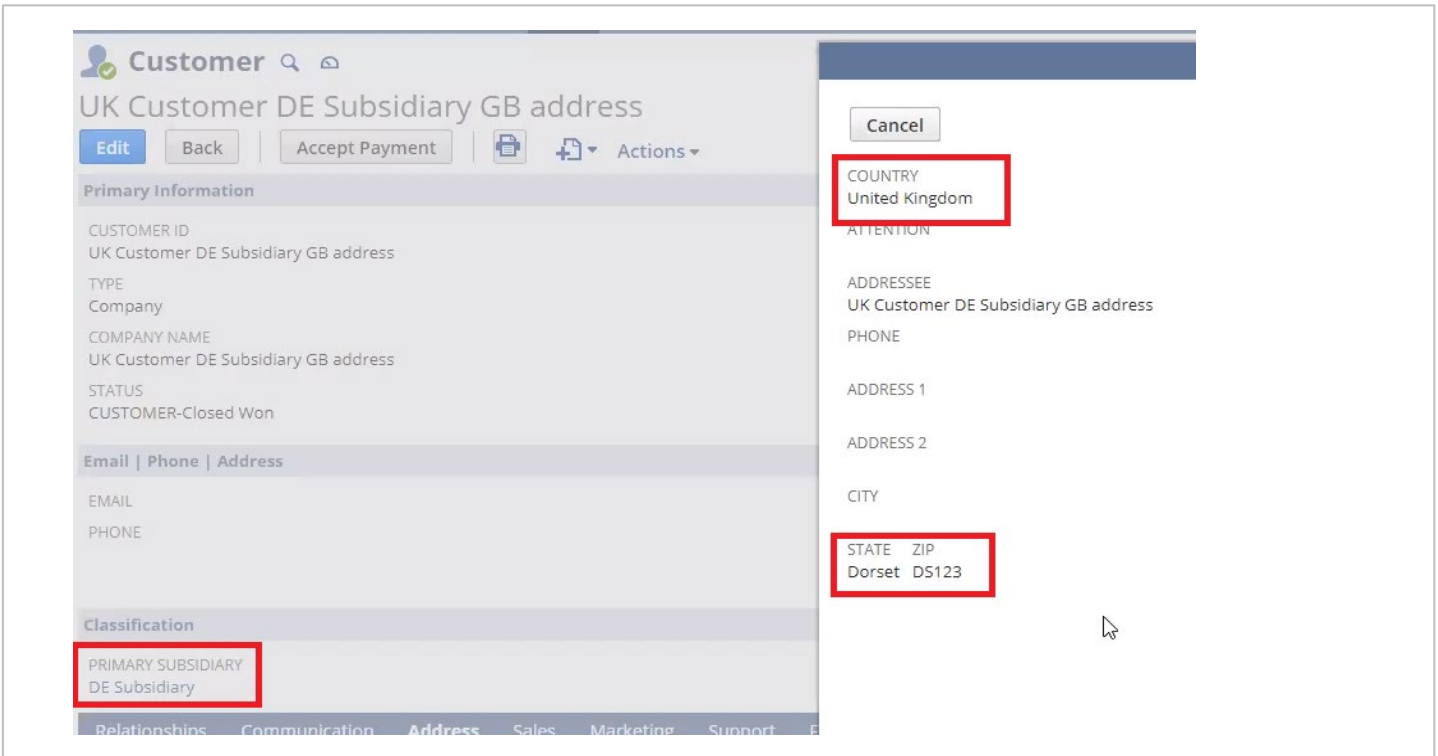
TAX CODE FOR IMPORTS: NON-SERVICE ITEMS  
I-GB

### 3. Verify entity address details

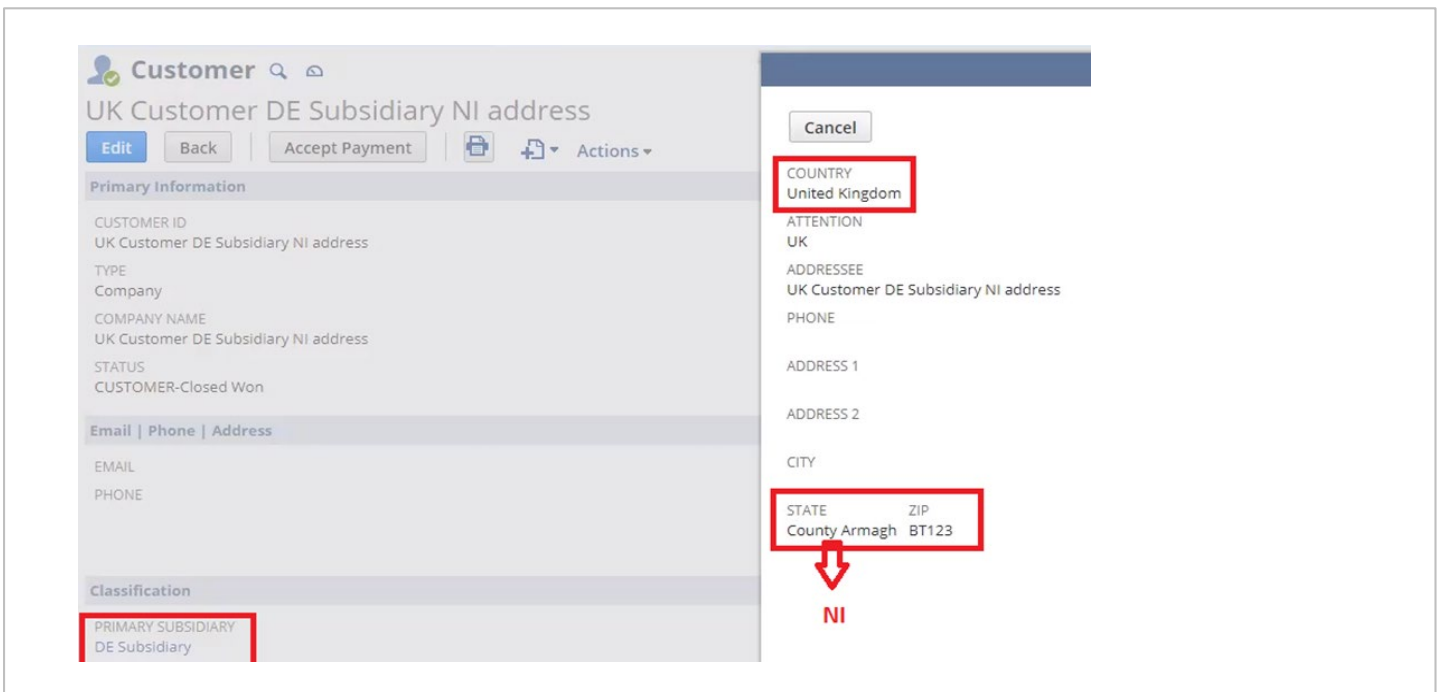
NetSuite defaults VAT codes during transactions based on the Ship-To address on customers, and address fields on Vendors.

You must therefore verify customers have appropriate State and Post Code details in Ship-To addresses, and vendor have appropriate State and Post Codes in their addresses (customer Ship-to shown)

**Example 1: Customer of German’s subsidiary with GB address:**



**Example 2: Customer of German’s subsidiary with GB address but County in NI:**



## 4. Use cases - Sales

### 1. Sale from UK to EU: sale to German customer from a GB subsidiary

Customer ship to address is Germany

The screenshot shows the NetSuite interface for a sales order. The 'Classification' section has 'SUBSIDIARY' set to 'UK Subsid'. The 'Items' section shows a table with one item: 'Inv Item A' with a quantity of 1. The 'TAX CODE' is 'VAT:O-GB' and the 'TAX RATE' is '0.0%'. The 'DEPARTMENT' is empty. The 'DISCOUNT ITEM' and 'RATE' fields are empty. The 'COUPON CODE' and 'PROMOTION' fields are empty. The 'Calculate' button is visible.

ITEM *	QUANTITY	DESCRIPTION	PRICE LEVEL	UNIT PRICE	AMOUNT	LICENSE CODE	TAX CODE *	TAX RATE	GR
Inv Item A	1		Base Price				VAT:O-GB	0.0%	

- Transaction is now considered as export, NetSuite defaults VAT code O-GB 0%

### 2. Sale from EU to UK: sale to UK customer from a German (DE) subsidiary

Customer ship to address is UK:

The screenshot shows the NetSuite interface for a sales order. The 'Classification' section has 'SUBSIDIARY' set to 'DE Subsidiary'. The 'Items' section shows a table with one item: 'Inv Item A' with a quantity of 1. The 'TAX CODE' is 'VAT\_DE:O-DE' and the 'TAX RATE' is '0.0%'. The 'DEPARTMENT' is empty. The 'DISCOUNT ITEM' and 'RATE' fields are empty. The 'COUPON CODE' and 'PROMOTION' fields are empty. The 'Calculate' button is visible.

ITEM *	QUANTITY	DESCRIPTION	PRICE LEVEL	UNIT PRICE	AMOUNT	LICENSE CODE	TAX CODE *	TAX RATE	GR
Inv Item A	1		Base Price				VAT_DE:O-DE	0.0%	

- Transaction is now considered as export, NetSuite details VAT code O-DE 0%

## 4. Use cases - Sales (continued)

### 3. Sale from NI to EU: sale to German customer from a Northern Ireland subsidiary

**Classification**

SUBSIDIARY: NI Subsidiary

CLASS: [Dropdown]

DEPARTMENT: [Dropdown]

**Items** Shipping Billing Accounting Relationships Sales Team Communication

DISCOUNT ITEM: [Dropdown]

RATE: [Text Field]

COUPON CODE: [Text Field]

PROMOTION: [Dropdown] Calculate

**Items 0.00** Billable Items 0.00 Billable Expenses 0.00 Billable Time 0.00

Add Multiple Upsell Items Clear All Lines

ITEM *	QUANTITY	DESCRIPTION	PRICE LEVEL	UNIT PRICE	AMOUNT	LICENSE CODE	TAX CODE *	TAX RATE
Inv Item A	1		Base Price				VAT:EG-GB	0.0%

- Transaction is considered within EU; NetSuite defaults EG-GB 0%

### 4. Sale from EU to NI: sales to UK customer with a Northern Ireland Ship-to address from a German Subsidiary

**Classification**

SUBSIDIARY: DE Subsidiary

CLASS: [Dropdown]

DEPARTMENT: [Dropdown]

**Items** Shipping Billing Accounting Relationships Sales Team Communication

DISCOUNT ITEM: [Dropdown]

RATE: [Text Field]

COUPON CODE: [Text Field]

PROMOTION: [Dropdown] Calculate

**Items 0.00** Billable Items 0.00 Billable Expenses 0.00 Billable Time 0.00

Add Multiple Upsell Items Clear All Lines

ITEM *	QUANTITY	DESCRIPTION	PRICE LEVEL	UNIT PRICE	AMOUNT	LICENSE CODE	TAX CODE *	TAX RATE
Inv Item A	1		Base Price				VAT_DE:ES-DE	0.0%

- Transaction is considered within EU; NetSuite defaults ES-DE 0%

## 4. Use cases - Sales (continued)

### 5. Domestic UK Sale: sale to a Northern Ireland customer from a UK subsidiary

The screenshot displays the NetSuite interface for creating a sales transaction. The 'Classification' section shows 'SUBSIDIARY' set to 'UK Subsid'. Below this, there are fields for 'DEPARTMENT', 'DISCOUNT ITEM', 'RATE', 'COUPON CODE', and 'PROMOTION'. A 'Calculate' button is visible next to the 'PROMOTION' dropdown. The 'Items' section shows a table with one item: 'Invnt Item A' with a quantity of 1. The 'PRICE LEVEL' is 'Base Price'. The 'TAX CODE' is 'VAT:SR-GB' and the 'TAX RATE' is '20.0%'. A red box highlights the 'SUBSIDIARY' field, and another red box highlights the 'TAX CODE' and 'TAX RATE' columns in the item table.

ITEM *	QUANTITY	DESCRIPTION	PRICE LEVEL	UNIT PRICE	AMOUNT	LICENSE CODE	TAX CODE *	TAX RATE	GRC
Invnt Item A	1		Base Price				VAT:SR-GB	20.0%	

- Transaction is considered domestic; NetSuite defaults VAT code SR-GB 20%



## 5. Use cases - Purchases

### 1. NI purchase from the EU: purchase from a German vendor by the Northern Ireland subsidiary

Classification

SUBSIDIARY \*  
NI Subsidiary

Expenses and Items Billing Relationships Communication

Expenses 0.00 Items 0.00

Add Multiple Clear All Lines

ITEM *	VENDOR NAME	QUANTITY	DESCRIPTION	RATE	TAX CODE *	AMOUNT	TAX RATE
Invnt.f		1		2.552844	VAT:EG-GB	2.55	0.0%

- Transaction is considered within the EU; NetSuite defaults VAT code EG-GB 0%

### 2. UK purchase from the EU: purchase from a German vendor by the UK subsidiary

Classification

SUBSIDIARY \*  
UK Subsid

Expenses and Items Billing Relationships Communication

Expenses 0.00 Items 0.00

Add Multiple Clear All Lines

ITEM *	VENDOR NAME	QUANTITY	DESCRIPTION	RATE	TAX CODE *	AMOUNT	TAX RATE	GROSS A
Invnt.f		1		2.552844	VAT:I-GB	2.55	0.0%	

- Transaction is considered as Import; NetSuite defaults VAT code I-GB 0%

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We hope you find this document useful, but please note that the guidance is intended to be illustrative. Regulation is constantly changing and the steps that you will need to take will depend on your circumstances.

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