

---

Part of  
**Export goods from the UK: step by step**  
(/export-goods)

---

## Guidance

# VAT on goods exported from the UK (VAT Notice 703)

How and when you can apply zero-rated VAT to exported goods.

---

From: **HM Revenue & Customs (/government/organisations/hm-revenue-customs)**

Published 24 March 2014

Last updated 31 October 2023 —

## Contents

- 1. Overview
- 2. The basics
- 3. Conditions and time limits for zero rating
- 4. Conditions for zero rating in specific circumstances
- 5. Customs declarations using the National Export System (NES) and the New Computerised Transit System (NCTS)
- 6. Proof of export
- 7. Proof of export for zero rating in specific circumstances
- 8. Relief for marine fuel (ESC 9.2)
- 9. Exports by retailers
- 10. Stores for use in ships or aircraft leaving the UK
- 11. Records and accounting for VAT
- 12. Forms

- 13. Trade Association contact details
- Your rights and obligations
- Help us improve this notice
- Putting things right
- How we use your information

This notice applies to supplies made on or after 1 January 2021 from:

- Great Britain (England, Scotland and Wales) exported out of the UK
- Northern Ireland exported out of the UK to non-EU destinations

Countries that are part of the UK for VAT purposes are explained in paragraph 2.7.

Find out about [VAT on movements of goods between Northern Ireland and the EU](https://www.gov.uk/guidance/vat-on-movements-of-goods-between-northern-ireland-and-the-eu) (<https://www.gov.uk/guidance/vat-on-movements-of-goods-between-northern-ireland-and-the-eu>).

## 1. Overview

### 1.1 Information in this notice

This notice explains the conditions for zero rating VAT on an export of goods, that is, when the goods leave the UK. It also provides guidance on what you should do when you export goods in specific circumstances.

For information about services performed on goods for export [read place of supply of services \(VAT Notice 741A\)](https://www.gov.uk/guidance/vat-place-of-supply-of-services-notice-741a) (<https://www.gov.uk/guidance/vat-place-of-supply-of-services-notice-741a>).

### 1.2 Who should read this notice

You should read this notice if you're:

- a VAT-registered person and you intend to export goods
- involved in the exportation of goods as a customs clearing agent, freight forwarder, haulier, warehousekeeper, shipping company or airline

### 1.3 The UK law relating to exports

The principal UK VAT law relating to the zero rating of exports of goods for VAT purposes can be found in:

- section 30(6) of the VAT Act 1994 for direct exports and ‘stores’
- section 30(7) of the VAT Act 1994 for exceptions to ‘stores’
- section 30(8) of the VAT Act 1994 and Regulations 129 and 133B of the VAT Regulations (Statutory Instrument 1995/2518) for indirect exports
- section 30(10) of the VAT Act 1994 for circumstances where the conditions for zero rating are not met

Extra Statutory Concession (section 8 of this notice) exists to allow relief from taxation in specific circumstances.

## **1.4 Legal status of this notice**

Under the UK VAT law, HMRC may specify conditions to prevent evasion, avoidance or abuse. This notice lays down the conditions, which must be met in full, for exported goods to be zero-rated. Plain English has been used wherever possible but as these conditions have legal status, some legal wording has been necessary.

Some or all of paragraphs 1.5, 3.3, 3.5, 3.6, 4.11, 4.13, 6.5, 6.10, 10.4 and 10.7 have force of law.

## **1.5 Scope of this notice**

This paragraph has force of law.

This notice does not apply to exports covered by:

- freight containers (Notice 703/1)
- sailaway boats (Notice 703/2)
- personal exports of vehicles (Notice 707)
- Retail Export Scheme (Notice 704) (Northern Ireland only)

Except to the extent stated in those notices.

# **2. The basics**

## **2.1 Zero rating on exports**

VAT is a tax levied on goods and services consumed in the UK. When goods are exported they are 'consumed' outside the UK and to impose VAT on such goods would be contrary to the purpose of the tax. Therefore, the supply of exported goods is zero-rated provided the conditions in this notice are met.

A zero-rated VAT supply is one which is subject to VAT but where the VAT is at 0%.

## 2.2 Place of supply

Goods are normally treated as being supplied where they are located at the time of supply and not where the supplier is located.

Goods located:

- outside the UK are not exports and the supply is outside the scope of UK VAT
- in Northern Ireland that are sent to an EU destination should follow the rules for [VAT on movements of goods between Northern Ireland and the EU \(https://www.gov.uk/guidance/vat-on-movements-of-goods-between-northern-ireland-and-the-eu\)](https://www.gov.uk/guidance/vat-on-movements-of-goods-between-northern-ireland-and-the-eu)
- in Great Britain that are sent to an EU destination should follow the export rules in this notice

## 2.3 The 'exporter' for VAT zero rating purposes

The exporter is the person who, for VAT purposes either:

- supplies or owns goods and exports or arranges for them to be exported to a destination outside the UK or EU (read section 2.8 Direct exports)
- supplies goods to an overseas person, who arranges for the goods to be exported to a destination outside the UK or EU (read section 2.9 Indirect exports)

Special rules exist if an export is preceded by multiple transactions (read paragraph 4.1).

## 2.4 Overseas person

Your customer is an 'overseas person' if they are:

- a person not resident in the UK
- a business that has no business establishment in the UK from which taxable supplies are made

- an overseas authority

## 2.5 Appointing someone to handle your export transactions

You can appoint a freight forwarder, shipping company, airline or other person to handle export transactions and produce the necessary customs export declarations on your behalf. At all times the responsibility to make sure the rules set out in this notice are followed lies with you, even if you employ an agent.

For information on customs procedures [read check if you need to declare goods you bring into or take out of the UK \(https://www.gov.uk/check-customs-declaration\)](https://www.gov.uk/check-customs-declaration).

## 2.6 Agent obligations

The freight forwarder, shipping company, airline or other person appointed by you, the exporter, or your overseas person should:

- take reasonable steps to make sure that the goods are as described by the exporter
- make sure that the necessary pre- or post-shipment customs formalities are completed
- make sure that the goods are exported within the time limits specified by the exporter
- keep records of each export transaction
- obtain or provide valid evidence of export (read sections 6 and 7) and send it to the exporter once the goods have been exported

## 2.7 Countries that are part of the UK for VAT purposes

The UK is made up of England, Scotland, Wales, Northern Ireland and the waters within 12 nautical miles of their coastlines. Great Britain is made up of England, Scotland and Wales.

Although the Isle of Man has its own VAT authority, for VAT purposes, references to Great Britain include the Isle of Man, and goods sent to the Isle of Man from Great Britain are treated as domestic supplies for VAT purposes.

Different rules apply for supplies from Northern Ireland to Great Britain and the Isle of Man.

The Channel Islands are not part of the UK for fiscal (VAT) purposes. Supplies of goods sent to the Channel Islands are regarded as exports for VAT purposes and may be zero-rated if the conditions set out in paragraph 3.3 or 3.4 are met.

For information about evidence of export of goods to the Channel Islands, read paragraph 7.13.

## **2.8 Direct exports**

For VAT purposes, a direct export occurs when you, the supplier:

- send goods to a destination outside the UK
- are responsible either for arranging the transport yourself or appointing a freight agent.

The goods may be exported by any of the following means:

- in your baggage (read paragraph 7.3 and 7.4)
- in your own transport
- by rail, post or courier service
- by a shipping line, airline or freight forwarder employed by you and not by your customer

## **2.9 Indirect exports**

An indirect export take place when the following occurs:

- an overseas person or their agent collects goods from the supplier in the UK
- the overseas person or their agent takes these goods outside of the UK

This applies to goods that are collected ex-works or where an overseas person arranges for their collection. Overseas person is defined in paragraph 2.4.

Indirect exports of personal goods in accompanied baggage do not qualify for zero rating. Personal goods means goods that are not intended for business use by an individual.

If your business customer is not established in the UK, the supply is eligible for zero rating as an indirect export even if that customer is VAT registered in the UK.

## **2.10 If you supply goods to an overseas person who is also established in the UK**

Where goods are supplied to a customer established in the UK your supply cannot be zero-rated, but subsequent removal by the customer may be treated as the export of own goods — read paragraph 2.13.

## **2.11 The time of supply of exported goods**

The time of supply determines when a supply of goods or services is treated as taking place. This is called the tax point. In most cases the time of supply will be the earlier of either the date you:

- send the goods to your customer or your customer takes them away
- receive full payment for the goods

For further information on tax points see [Notice 700, section 14](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>).

For the treatment of deposits and progress payments, read paragraph 11.5.

## **2.12 Exports where there is no taxable supply**

You need not account for VAT if you:

- supply and export goods which you are to install outside the UK for your customer (the supply takes place in the country where the goods are installed)
- export goods temporarily for exhibition or processing
- export goods on sale or return, where the goods remain your property until they are sold

However, you must still hold valid proof of export (read sections 6 and 7) to demonstrate to us how you disposed of the goods. You must also make an import declaration for any goods returned to the UK.

## **2.13 Transfer your business' own goods**

This is for movements of stock or assets between branches where there is no connected supply.

When transferring goods from your UK business to your branch outside the UK you need proof of export as evidence that you have transferred your goods.

A transfer of goods from your UK business to a branch outside the UK is not a supply, but you must make an import declaration for any goods returned to the UK and retain the details. You can deduct any related input tax subject to the normal rules but do not include the value of any transferred goods as an output in box 6 of your VAT Return.

## **2.14 Goods accidentally lost, destroyed or stolen before export**

You must account for VAT on goods destined for export which have been accidentally lost, destroyed or stolen in the UK as follows:

- before you supplied them — no VAT is due
- you supplied them for direct export — no VAT is due provided that evidence of loss, destruction or theft is held, for example an insurance claim or a police investigation
- you supplied them for indirect export — VAT is due at the appropriate rate if the goods have been delivered to or collected by the overseas person, or their agent, in the UK

## **3. Conditions and time limits for zero rating**

### **3.1 Conditions you need to meet**

You must meet certain conditions before you can zero rate supplies of goods for export.

You must obtain and keep evidence to prove entitlement to zero rating. Evidence can be official or commercial. It must be supported by supplementary evidence.

Conditions also set time limits in which:

- the goods must be physically exported from the UK
- you must obtain evidence of export to support zero rating

Only exports that comply with these conditions are eligible for zero rating.

### **3.2 The purpose of the conditions**

The conditions set out in regulations and this notice are necessary to make sure only genuine exports are zero-rated whilst keeping VAT export procedures as simple as possible.



### 3.3 Conditions for zero rating direct exports

This paragraph has force of law.

A supply of goods sent to a destination outside the UK is liable to the zero rate as a direct export where:

- the goods are exported from the UK within the specified time limits (read paragraph 3.5)
- you get and hold official or commercial evidence of export as appropriate (read paragraph 6.2 and 6.3) within the specified time limits
- you keep supplementary evidence of the export transaction (read paragraph 6.4)

### 3.4 Conditions for zero rating indirect exports

You must not zero rate an indirect export where the goods are either supplied to a:

- visitor for their personal (non-commercial) use
- private individual who is resident in the UK
- customer that has a place of business in the UK from which taxable supplies are made
- UK customer — delivered to them or collected by them at a UK address

If your export transactions do not fit specifically into any of these categories or those listed in sections 3 and 4 [contact VAT: general enquiries](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries) (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries>) for advice prior to export, obtaining a written decision, if necessary.

A supply of goods to an overseas customer (read paragraph 2.4) sent to a destination outside the UK is liable to the zero rate as an indirect export where the overseas customer:

- exports the goods from the UK within the specified time limits (read paragraph 3.5)
- obtains and gives you valid official or commercial evidence of export as appropriate (read paragraph 6.2 and 6.3) within the specified time limits

You must:

- keep supplementary evidence of export transactions (read paragraph 6.4)
- comply with the law and the conditions of this notice

The goods must not be used between the time of leaving your premises and export, except where specifically authorised elsewhere in this notice or any other VAT notice.

### 3.5 Time limits for exporting the goods and obtaining evidence

You must export the goods and get valid evidence of export within the time limits shown in the table. In all cases the time limits are triggered by the time of supply.

If you have not exported the goods within the time limits, or do not hold the necessary evidence to show that the goods have been physically exported, you must not zero rate the supply and must account for VAT at the appropriate UK rate (read paragraphs 11.2 and 11.3).

The following table has force of law.

Type of export	Time limit for exporting goods	Time limit for obtaining evidence
Direct (under the control of the supplier) and indirect (ex-works) exports (read paragraphs 3.3 and 3.4)	3 months	3 months
Supplies of goods involved in groupage or consolidation prior to export (read paragraph 7.5)	3 months	3 months
Exports through auctioneers (read paragraph 7.10)	3 months	3 months
Goods delivered to the Foreign, Commonwealth and development Office (FCDO) and FCDO Services (FCDOS) for export through diplomatic channels (read paragraph 7.12)	3 months	3 months
Goods ordered by a responsible person of an installation situated outside UK territorial waters (read paragraph 4.8)	3 months	3 months
Goods ordered by the Ministry of Defence and other Government Departments provided they are directly exported (read paragraphs 4.10 and 4.12)	3 months	3 months

Type of export	Time limit for exporting goods	Time limit for obtaining evidence
Goods to be delivered to overseas authorities provided they are ordered through their embassies, High Commissions or UK purchasing agents (read paragraph 4.13)	3 months	3 months
Supplies of goods involved in processing or incorporation prior to export (read paragraph 3.6)	6 months	6 months
Thoroughbred racehorses (subject to conditions to be found in <a href="#">administrative agreements with trade bodies (VAT Notice 700/57)</a> ). This notice also sets the conditions for extending the time limits to 12 months	6 months	6 months

### 3.6 Conditions for zero rating goods for export after processing or incorporation

Your records must be able to show that the goods you supplied have been processed or incorporated into the goods exported.

Where such supplies are made, an extension to the normal time limits for exporting the goods and getting satisfactory evidence of export is allowed — read paragraph 3.5.

However, you should establish the full facts behind the particular supply in question before assuming that zero rating is appropriate. If you intend to make such a supply and are unsure as to whether it may be zero-rated, you should [contact VAT: general enquiries](#) (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries>).

The rest of this paragraph has force of law.

When you make a supply of goods to an overseas person for export, but deliver them to a third person in the UK who is also making a taxable supply of goods or services to that overseas person, you can zero rate the supply provided:

- the goods are only being delivered and not supplied to the third person in the UK
- no use is made of the goods other than for processing or incorporation into other goods for export
- the goods are exported from the UK and you get evidence of export within the specified time limits

and your records show the:

- name and address of the overseas person
- invoice number and date
- description, quantity and value of the goods
- name and address of the third person in the UK to whom the goods were delivered
- date by which the goods must be exported and proof of export obtained
- date of actual exportation

### **3.7 If you cannot meet all the conditions**

If you do not meet all the conditions the supply cannot be zero-rated as an export and you must account for VAT at the appropriate UK rate.

It is therefore essential that you establish at the time of sale what type of export documentation will be sent to you to support the zero rating of your supply.

## **4. Conditions for zero rating in specific circumstances**

### **4.1 Multiple transactions leading to a single movement of goods**

Where a single movement of goods is supported by 2 or more underlying transactions only the final transaction may be zero-rated.

This might happen where more than 2 businesses are involved. For example, (and bearing in mind the place of supply of the goods (paragraph 2.2)) in the following scenario 3 companies are involved in a chain of transactions:

- company A (based outside the UK) orders goods from company B (UK based)
- company B purchases the goods from company C (also UK based) but does not take delivery of the goods

- company C, at the request of company B, sends the goods direct to company A

In this scenario there are 2 separate transactions which should be treated as follows:

- supply of goods from company C to company B is a supply in the UK and must be invoiced at the appropriate rate of UK VAT
- supply of goods from company B to company A is zero-rated as an export subject to the relevant conditions being met
- there may also be a supply of services by C to B of arranging the export of the goods

## 4.2 Exports by members of a VAT group

VAT grouping is a facilitation measure that allows 2 or more eligible persons to be treated as a single taxable person for VAT purposes. A VAT group is treated in the same way as a single company registered for VAT on its own. The registration is made in the name of the representative member, who is responsible for completing and rendering the single VAT Return on behalf of the group.

For more information on VAT groups refer to [group and divisional registration \(VAT Notice 700/2\) \(https://www.gov.uk/guidance/group-and-divisional-registration-vat-notice-700/2\)](https://www.gov.uk/guidance/group-and-divisional-registration-vat-notice-700/2).

Where an exporter is part of a VAT group registration, purchases between VAT group members are not normally chargeable with VAT. Once an export supply is made to an entity outside of the VAT group the normal rules for the zero rating of export apply.

## 4.3 Exports from UK free zones

Free zones have no special status for VAT export purposes. You may zero rate supplies of goods from a free zone for export, provided the conditions explained in this notice are met. Supplies made to customers based within a UK free zone should be treated as normal domestic supplies.

## 4.4 Exports of containers

Supplies of new or second-hand freight containers for export are treated as supplies of goods and can be zero-rated provided that the conditions for export are met. The containers may be used to carry other goods for export during the export movement. The definition of the term 'container' and the conditions to be met before you can zero rate the supply of a container may

be found in [freight containers for export \(VAT Notice 703/1\)](https://www.gov.uk/guidance/vat-on-freight-containers-for-export-from-the-uk-notice-7031) (<https://www.gov.uk/guidance/vat-on-freight-containers-for-export-from-the-uk-notice-7031>).

## 4.5 Exports of computer software

Exports of standard ('normalised') computer software packages are regarded as supplies of goods, which may be zero-rated on export, subject to the conditions in this notice.

The following supplies are generally regarded as supplies of services and are therefore outside the scope of this notice:

- specific items of software tailored to the individual requirements of a company
- software transmitted by phone or other data network

You can find more information in [place of supply of services \(VAT Notice 741A\)](https://www.gov.uk/guidance/vat-place-of-supply-of-services-notice-741a) (<https://www.gov.uk/guidance/vat-place-of-supply-of-services-notice-741a>).

## 4.6 Exports of hydrocarbon oils

Hydrocarbon oils are subject to UK excise duty and are normally held in warehouses approved by HMRC until the time of delivery. Sales within these warehouses prior to delivery are disregarded for VAT purposes. Warehousing is covered in Notice 702/10. For evidence of export (read paragraph 7.11).

## 4.7 Exports to oil rigs and other continental shelf installations

This paragraph applies to the export of goods to structures such as oil rigs, drilling units, accommodation platforms and similar oil or gas exploration or exploitation structures outside UK territorial waters. It also applies to mobile floating structures such as drill ships, tankers, jack-up rigs, semi-submersible rigs and floating production storage and offloading vessels which are often stationed at fixed locations.

UK territorial waters consists of the waters within 12 nautical miles of the coastlines of England, Scotland, Wales and Northern Ireland.

### **(a) Goods supplied and exported by you to an installation not owned by you**

You can zero rate the supply as a direct export provided that the goods are exported, and you obtain valid proof of export within 3 months of the time of supply.

**(b) Goods sent by you to an installation owned by you**

There is no supply as this is a transfer of your own goods (read paragraph 2.12 and 2.13). However, you must still hold valid proof of export to demonstrate how you disposed of the goods.

**(c) Goods sent to replenish your own stocks on an installation not owned by you**

The supply position is the same as at (b).

**4.8 Goods supplied for sale on installations which are situated outside UK territorial waters**

Supplies made on installations, for example to employees, workers on the installations will have a place of supply outside the UK and no UK VAT is chargeable.

**4.9 Goods supplied on board ships, aircraft and trains**

Supplies made to passengers on international journeys can be treated as outside the scope of VAT. An international journey:

- begins when the ship casts-off, the plane takes-off or the train leaves the last station at which domestic passengers can normally get off
- ends when the ship docks, plane lands or train arrives at the first station at which domestic passengers can normally get on

**4.10 Supplies to the Ministry of Defence overseas military establishments**

The Ministry of Defence is registered for VAT in the UK and all supplies to them, or to any military establishment in the UK on their behalf, should include VAT at the appropriate rate.

Direct exports to military and similar establishments outside the UK may be zero-rated provided you comply with the conditions set out in this notice. Read paragraphs 4.11 and 10.7 for more information.

**4.11 Supplies to Regimental shops**

Special conditions exist to allow the zero rating of supplies of goods where the Regiment (or equivalent military unit) is about to be posted to a location outside the UK.

The President of the Regimental Institute (PRI) will keep a full record of such transactions for reference purposes for a period of not less than 6

years.

The rest of this paragraph has force of law.

You can zero rate the supply of goods (except new and second-hand motor vehicles) to Regimental shops provided:

- each written order received from the President of the Regimental Institute (PRI) states that the Regiment is about to take up an overseas posting and that the goods ordered will be exported
- the goods are delivered to the PRI ready packed for shipment no more than 48 hours before the Regiment is due to depart for the overseas posting
- the goods are exported
- you keep a certificate of receipt signed by the PRI which clearly identifies the goods, gives full shipment details and states the date on which they were exported

#### **4.12 Supplies to government departments other than the Foreign Commonwealth and Development Office and FCDOS**

You can zero rate the supply of goods to government departments only if you arrange for their direct export to a destination outside the UK and comply with the conditions set out in this notice. For supplies to the Foreign Commonwealth and Development Office and FCDOS, read paragraph 7.12.

You must not zero rate goods for export delivered to government departments in the UK even if the goods are ordered for, or by, overseas establishments.

#### **4.13 Supplies to overseas authorities**

If you do not meet all of the following conditions the supply cannot be zero-rated as an export and you must account for VAT on the supply at the appropriate UK rate.

The rest of this paragraph has force of law.

You may zero rate supplies of goods to overseas authorities which are ordered through their embassies, High Commissions or purchasing agents in the UK, provided:

- you keep a separate record of each transaction (see section 11), including evidence that the supply has been made to an overseas authority, for example the order for the goods, sales invoice made out to



the overseas authority, evidence of payment from the overseas authority and so on

- the goods are exported and proof of export obtained within 3 months, as detailed on the form in section 12
- the goods are not used between the time of leaving your premises and export, either for their normal purpose or for display, exhibition or copying

#### **4.14 Arrangements for diplomatic missions, consulates, international organisations and NATO visiting forces**

Exports of goods to these organisations should follow the normal rules of export for VAT purposes.

#### **4.15 Export of motor vehicles**

You can zero rate the supply of any motor vehicle, new or second-hand:

- as a direct export under the conditions specified in paragraph 3.3, provided that the vehicle is not used or delivered in the UK before it is exported
- as an indirect export under the conditions specified in paragraph 3.4 provided that the vehicle is not subsequently used except for the trip to the place of departure from the UK
- if the vehicle is sold to a private individual under the terms of the personal export scheme — read the [Personal Export Scheme \(VAT Notice 707\)](https://www.gov.uk/guidance/personal-export-scheme-notice-707) (<https://www.gov.uk/guidance/personal-export-scheme-notice-707>)

You cannot zero rate the export of a motor vehicle which has been sold under the second-hand margin scheme.

#### **4.16 Tools used in the UK to manufacture goods for export**

The conditions for zero rating supplies of jigs, patterns, templates, dyes, moulds, punches and similar tools used in the UK to manufacture goods for export are explained in [zero rate tools that manufacture goods for export \(Notice 701/22\)](https://www.gov.uk/guidance/zero-rate-tools-that-manufacture-goods-for-export-notice-70122) (<https://www.gov.uk/guidance/zero-rate-tools-that-manufacture-goods-for-export-notice-70122>).

### **5. Customs declarations using the National Export System (NES) and the New Computerised Transit System (NCTS)**

## 5.1 What the National Export System is

The National Export System (NES) is a system used by freight agents and exporters, to declare export entries electronically. If you export goods, you should refer to the procedures and customs requirements described in detail in [UK Trade Tariff: volume 3 for CHIEF](https://www.gov.uk/government/collections/uk-trade-tariff-volume-3-for-chief) (<https://www.gov.uk/government/collections/uk-trade-tariff-volume-3-for-chief>).

## 5.2 How the National Export System works

The National Export System (NES) operates through a computer system known as 'Customs Handling of Import Export Freight' or CHIEF. Further information can be found in the [National Export System guidance](https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures) (<https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures>).

## 5.3 New Computerised Transit System

New Computerised Transit System (NCTS) is a system based upon electronic declaration and processing, designed to provide better management and control of goods under the Common Transit procedures.

## 5.4 How the New Computerised Transit System works

For information on how the NCTS works, you should refer to [use the New Computerised Transit System](https://www.gov.uk/guidance/using-the-new-computerised-transit-system-to-move-goods-across-the-eu-and-efta-countries) (<https://www.gov.uk/guidance/using-the-new-computerised-transit-system-to-move-goods-across-the-eu-and-efta-countries>).

## 5.5 Additional documents are required before export of restricted goods

The export of certain goods is prohibited or restricted. Where the export is one of restricted goods you will need to obtain a licence in addition to the official and commercial transport documentary evidence.

Further advice on restricted goods may be obtained from the following websites:

- [Export Control Joint Unit](https://www.gov.uk/government/organisations/export-control-organisation) (<https://www.gov.uk/government/organisations/export-control-organisation>)
- [Animal and Plant Health Agency \(APHA\)](https://www.gov.uk/government/organisations/animal-and-plant-health-agency/about/access-and-opening#a-z-of-services) (<https://www.gov.uk/government/organisations/animal-and-plant-health-agency/about/access-and-opening#a-z-of-services>)

- [Department for Digital, Culture, Media and Sport](https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport)  
(<https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport>)

## 6. Proof of export

### 6.1 What this section covers

This section explains the evidence that is required for a supply of exported goods to be zero-rated for VAT.

For VAT zero rating purposes you must produce official evidence as described in paragraph 6.2 or commercial evidence as described in paragraph 6.3. Both generally have equal weight but, if the commercial evidence is found to be lacking sufficient detail, you will be expected to provide official evidence. You must also provide supplementary evidence to show that a transaction has taken place, and that the transaction relates to the goods physically exported.

If the evidence of export provided is found to be unsatisfactory, VAT zero rating will not be allowed and the supplier of the goods will be liable to account for the VAT due (read paragraph 11.2).

### 6.2 Official evidence

Official evidence is the cleared export entry declared to the appropriate HMRC system. Typically, this can be a goods departure message or full entry print out. For more information read [UK Trade Tariff: exports](https://www.gov.uk/government/publications/uk-trade-tariff-exports)  
(<https://www.gov.uk/government/publications/uk-trade-tariff-exports>).

### 6.3 Commercial transport evidence

This describes the physical movement of the goods, for example:

- authenticated sea waybills
- authenticated air waybills
- PIM/PIEX International Consignment Notes
- master air waybills or bills of lading
- certificates of shipment containing the full details of the consignment and how it left the UK or EU
- International Consignment Note/Lettre de Voiture International (CMR) fully completed by the consignor, the haulier and the receiving consignee,

or Freight Transport Association own account transport documents fully completed and signed by the receiving customer

This list is not exhaustive.

More details on the purpose of these documents can be found in [check if you need to declare goods you bring into or take out of the UK](https://www.gov.uk/check-customs-declaration) (<https://www.gov.uk/check-customs-declaration>).

## 6.4 What supplementary evidence is available

You are likely to hold, within your accounting system some or all of the following:

- customer's order
- sales contract
- inter-company correspondence
- copy of export sales invoice
- advice note
- consignment note
- packing list
- insurance and freight charges documentation
- evidence of payment or evidence of the receipt of the goods abroad

You must hold sufficient evidence to prove that a transaction has taken place, though it will probably not be necessary for you to hold all of the items listed.

## 6.5 What must be shown on export evidence

An accurate description of the exported goods and quantities are required, for example '2000 mobile phones (Make ABC and Model Number XYZ2000), value £50,000'.

If the evidence is found to be unsatisfactory you as the supplier will become liable for the VAT due.

If you've described goods inaccurately on an export declaration you may be liable for a [customs penalty](https://www.gov.uk/guidance/civil-penalties-for-contraventions-of-customs-law-customs-notice-301) (<https://www.gov.uk/guidance/civil-penalties-for-contraventions-of-customs-law-customs-notice-301>).

The rest of this paragraph has force of law.

The evidence you obtain as proof of export, whether official or commercial, or supporting must clearly identify:

- the supplier
- the consignor (where different from the supplier)
- the customer
- an accurate and full description of the goods including quantities
- an accurate and consistent value of the goods
- the export destination, and
- the mode of transport and route of the export movement

Vague descriptions of goods, quantities or values are not acceptable. An accurate value must be shown and not excluded or replaced by a lower or higher amount.

## **6.6 Evidence you'll need for an indirect export**

Typically this occurs when goods are supplied ex-works. If your overseas customer arranges for the goods to be collected from your premises and exported to a place outside the UK, it can be difficult for you, as the supplier, to obtain adequate proof of export as the carrier is contracted to your overseas customer. For this type of transaction, the standard of evidence required to substantiate VAT zero rating is high.

Before zero rating the supply and releasing the goods to your customer, you should confirm what evidence of export is to be provided.

You, the supplier, will become liable for payment of the VAT if the evidence of export:

- does not show that the goods have been exported from Great Britain out of the UK, or from Northern Ireland out of the UK to non-EU destinations, within the appropriate time limits
- is found, upon examination, to be unsatisfactory

For these reasons you should consider whether to:

- include the requirement for the buyer to provide export evidence as part of the sales contract between you and your customer
- secure against the possibility that your buyer will fail to provide the proper export evidence by, for example, taking a deposit from your customer equal to the amount of VAT you will be liable to pay if the evidence is not sent to you

The deposit can be refunded when you obtain evidence that proves the goods were exported.

Evidence must show the goods you supplied have left the UK. Copies of transport documents alone will not be sufficient. Information held must identify the date and route of the movement and the mode of transport involved. It should include the following:

- a written order from your customer which shows their name and address, and the address where the goods are to be delivered
- copy sales invoice showing the invoice number, customer's name and a description of the goods
- delivery address for the goods
- date of departure of goods from your premises and from the UK
- name and address of the haulier collecting the goods, registration number of the vehicle collecting the goods and the name and signature of the driver
- where the goods are to be taken out of the UK by an alternative haulier or vehicle, the name and address of that haulier, the registration number of the vehicle and a signature for the goods
- route, for example, Channel Tunnel, port of exit
- copy of travel tickets
- name of ferry or shipping company and date of sailing or airway number and airport

The information held should also include (if applicable):

- the trailer number
- full container number
- the name and address for consolidation, groupage or processing

At the time when the goods leave the UK the information could be obtained from either:

- your customer
- the haulier
- the freight forwarder
- the documents listed in paragraph 6.4

For commercial goods that your customer intends to export in their baggage or their private motor vehicle, read paragraph 7.3.

## 6.7 How long to keep export documentation

To substantiate zero rating a transaction you must make sure that the proof of export is:

- kept for 6 years
- made readily available to any visiting VAT officer to substantiate the zero rating of your exports

## 6.8 If you do not have the correct export evidence

If you do not hold the correct export evidence, within the appropriate time limits, then the goods supplied become subject to VAT at the appropriate UK rate. For details of procedures to follow in these circumstances, read paragraph 11.2.

## 6.9 Zero rating if you're an overseas customer arranging your own export

Once you have collected the goods or arranged for the goods to be taken to the port or airport, for export, you should provide the supplier of the goods with all of the documentary evidence you hold to prove that the goods have been physically exported. You should make sure that the supplier is in possession of this evidence to allow them to meet the time limits for export.

## 6.10 Photocopies and lost or mislaid export evidence

If you have lost or mislaid the official or commercial evidence of export supplied by the ship owner or carrier, duplicate evidence of export may be obtained.

The rest of this paragraph has force of law.

The replacement or photocopy evidence of export must be clearly marked 'Duplicate evidence of export' and be authenticated and dated by an official of the issuing company.

## 7. Proof of export for zero rating in specific circumstances

This section covers the specific evidence of export that you must obtain according to the method of export used. In all cases the official or commercial transport evidence you obtain must be supported by the

supplementary information set out in paragraph 6.4 to show that the transaction has taken place.

## 7.1 Air and sea freight

If you're using commercial transport documents as proof of export for goods exported outside the UK or EU by:

- air — you must get and keep an authenticated master or house air waybill endorsed with the flight prefix and number, and the date and place of departure
- sea — you must keep one of the copies of the bill of lading or sea waybill along with a note of the export entry number or, where a shipping company does not issue these, a certificate of shipment (certifying actual shipment) along with a note of the export entry number, given by a responsible official of that company

## 7.2 Road freight

The international consignment note provides evidence of the identity of the contracting parties when goods are transferred by road. It is in 3 parts and is completed and signed by the sender of the goods, the carrier and the person receiving the goods. Where the overseas customer arranges for the goods to be collected ex-works the international consignment note alone is not conclusive evidence that the goods in question have left the UK. If the international consignment note is used as part of the evidence, it is important that the information is complete and all the details legible.

## 7.3 Merchandise in baggage

Commercial goods intended for business or trade use exported in accompanied baggage or a small motor vehicle are known as merchandise in baggage. A full customs declaration may be required. Full details of the merchandise in baggage procedures are in guidance on [taking commercial goods out of Great Britain in your baggage \(https://www.gov.uk/guidance/taking-commercial-goods-out-of-great-britain-in-your-baggage\)](https://www.gov.uk/guidance/taking-commercial-goods-out-of-great-britain-in-your-baggage).

'Commercial goods' means goods which are exported for a business purpose by a business customer and not goods intended for the personal use of the customer.

To support your claim for the VAT zero rating of your goods, you need official evidence that the goods have left the UK. This is achieved by getting and keeping customs endorsement of the copy 3 of the C88/ESS or equivalent export declaration at the last port before you leave the UK. The



certified copy 3 of the Single Administrative Document (SAD) (form C88) is your evidence of export.

Given this will need to be presented to a Border Force officer, merchandise in baggage movements of these types of goods can only take place at a port where a red channel exists.

If a traveller wishes to depart from a roll on roll off (RoRo) listed port then the traveller needs to follow the wider [RoRo export process](https://www.gov.uk/guidance/moving-goods-to-and-from-the-eu-through-roll-on-roll-off-locations-including-eurotunnel#exporting) (<https://www.gov.uk/guidance/moving-goods-to-and-from-the-eu-through-roll-on-roll-off-locations-including-eurotunnel#exporting>).

At all other [ports and all airports where red channels or red phone points exist](https://www.gov.uk/guidance/list-of-uk-airports-and-seaports-with-red-channels-or-red-point-phones) (<https://www.gov.uk/guidance/list-of-uk-airports-and-seaports-with-red-channels-or-red-point-phones>) the traveller should:

- arrive well before your scheduled departure time (we suggest a minimum of 2 hours)
- present the goods to the export (Border Force) officer at the airport, port or railway station of departure together with the completed customs export declaration
- present copy 2 and copy 3 (marked 'for VAT purposes only') of the SAD, with the goods, to the Border Force officer for the reverse of copy 3 to be certified that the goods have been exported

Full details of the merchandise in baggage procedures are given in [taking commercial goods out of Great Britain in your baggage](https://www.gov.uk/guidance/taking-commercial-goods-out-of-great-britain-in-your-baggage) (<https://www.gov.uk/guidance/taking-commercial-goods-out-of-great-britain-in-your-baggage>).

## 7.4 Direct exports of personal goods in accompanied baggage

As a seller exporting personal goods, you must follow the procedure described in 7.3. Personal goods are defined in paragraph 2.9. In addition, you must also get evidence to prove a direct export is taking place.

Your courier must provide evidence to Border Force officers that they are employed or contracted by you to make a direct export of these goods. Border Force officers will not accept generic letters of engagement because those will not demonstrate that the courier is engaged to undertake the direct export of those specific goods.

Couriers employed by you must provide Border Force officers with:

- valid proof of employment such as a payslip or staff pass
- a document from you with exact details of their journey and all goods in the direct export

Independent couriers contracted by you must present proof that they are engaged by you to directly export the specific goods to a specific destination, a detailed invoice from your courier to you being the most obvious example.

## **7.5 Groupage or consolidation transactions**

If you use a freight forwarder, consignments (often coming from several consignors) may be aggregated into one load, known as groupage or consolidation cargo. The freight forwarder must keep copies of the original bill of lading, sea waybill or air waybill, and all consignments in the load must be shown on the container or vehicle manifest. You will be issued with a certificate of shipment by the freight forwarder, often supported by an authenticated photocopy of the original bill of lading, a sea waybill or a house air waybill. Where such consignments are being exported, the forwarder is usually shown as the consignor in the shipping documents.

### **(a) Certificates of shipment**

Certificates of shipment are usually produced by packers and consolidators involved in road, rail and sea groupage consignments when they themselves receive only a single authenticated transport document from the carrier. The certificate of shipment is an important document, which should be sent to you as soon as the goods have been exported from the UK.

The certificate of shipment must be an original and authenticated by an official of the issuing company unless it is computer produced, on a once-only basis, as a by-product of the issuing company's accounting system.

A properly completed certificate of shipment will help you to meet the evidential requirements described in paragraph 6.1.

### **(b) What information must be shown**

Although the certificate of shipment can be in any format, it must be an original and will usually contain the following information:

- the name and address of the issuing company
- a unique reference number or issuer's file reference
- the name of the exporter (and VAT number, if known)
- the place, port, airport or rail terminal of loading
- the place, port or airport of shipment, or channel tunnel for rail
- the name of the export vessel or the aircraft, flight prefix and number, or train details
- the date of departure
- the customer's name

- the destination of the goods
- a full description of the goods exported (including quantity, weight and value)
- the number of packages
- the exporter's invoice number and date if known
- the bill of lading or air waybill number (if applicable)
- the identifying number of the vehicle, container or railway wagon

## 7.6 Postal exports

Goods exported by post may be zero-rated if they are direct exports and you hold the necessary evidence of posting to an address outside the UK.

### **(a) Evidence of posting for letter post or airmail (packages up to 2kg)**

A fully completed certificate of posting form, presented with the goods for export, and stamped by the Post Office will be your evidence of export.

Acceptable forms are:

- [form C&E132 \(https://www.gov.uk/government/publications/import-and-export-certificate-of-posting-of-goods-ce132\)](https://www.gov.uk/government/publications/import-and-export-certificate-of-posting-of-goods-ce132) for single or multiple packages taken to the Post Office
- form P326 available from the Post Office and used for single packages taken to the Post Office

Also acceptable is a Certificate of Posting for International Mail, or a Royal Mail Collection Manifest, available from a Royal Mail sales advisor, for use by customers using their Business Collections Service, where the Royal Mail collection driver signs the certificate.

Find [more information on Royal Mail international services \(https://www.royalmail.com/business/international/services\)](https://www.royalmail.com/business/international/services) website.

### **(b) Evidence of posting for parcels**

Parcelforce Worldwide operates a range of international parcel services. If you use any of these services for a destination outside the UK, you will use a bar-coded service label and customs declaration. The customs declaration may either be a paper 'despatch pack', or an online version. The information required for both formats is the same. Whichever version you use, you should be aware of the following points:

- a fully completed customs declaration is required for every parcel (even if you are sending a multiple item consignment) as every parcel may be inspected by customs on an individual basis
- a full and clear description of all the items within the parcel is required including quantity, weight, and value of the goods

- if you've described goods inaccurately on an export declaration, you may be liable for a [customs penalty \(https://www.gov.uk/guidance/civil-penalties-for-contraventions-of-customs-law-customs-notice-301\)](https://www.gov.uk/guidance/civil-penalties-for-contraventions-of-customs-law-customs-notice-301)
- if you arrange for the parcel to be collected from your premises, the collection driver will provide a despatch pack for you to complete (if you have not already completed the declaration) and will then sign the receipt copy — if you have completed and printed your declaration online, the collection driver will sign your online receipt or manifest
- if the parcel is taken to a Post Office the completed receipt copy from the despatch pack will be handed back to you, together with a printed proof of shipment from the Post Office Smartpost system — this will show the overseas delivery address, date of despatch and unique consignment number (which will match the unique consignment number on your despatch pack customer receipt) — you should keep both the proof of shipment and the customer receipt

In addition to the individual parcel declarations, account customers of Parcelforce Worldwide who export on a regular basis also have 2 additional potential sources of information listing multiple export parcels:

- worldwide despatch manager (WDM) — online users can print a manifest, which lists all despatched parcels
- statement of account

All of the individual parcel declarations, plus either the manifest or the statement of account listing each export will provide proof of export for VAT purposes.

You can find more information on the [Parcelforce Worldwide International Services website \(https://www.parcelforce.com/sending-parcel/international-parcel-delivery\)](https://www.parcelforce.com/sending-parcel/international-parcel-delivery).

## 7.7 Exports by courier and fast parcel services

Courier and fast parcel operators specialise in the shipment of small consignments to overseas destinations within guaranteed times.

### **(a) Operators who do not issue separate certificates of shipment**

Most courier and fast parcel operators do not issue separate certificates of shipment.

The invoice for moving small consignments for export, which routinely bears details of the unique air waybill numbers for each shipment, represents normal commercial evidence of export. In addition, many express companies are able to offer a track and trace service through their websites where the movement of consignments can be traced through to the final

destination. This information can be printed and can also be used to confirm that the goods have left the UK.

If you choose to use an untracked service, it can be difficult to get enough evidence that specific goods have been exported. If you use an untracked service, you'll need to keep information for each individual consignment (read paragraphs 6.4 and 6.5).

Where you do not have detailed information from your courier or fast parcel operator for the movement of a specific consignment, you must keep additional evidence that shows a correlation between:

- the total number of consignments sent to a specific destination
- customer orders to the same destination

### **(b) Operators who use the system based upon a Despatch Pack**

A few companies still use a documentary system based upon a Despatch Pack containing accounting data, a customs export declaration and receipt copies of a house airway bill or consignment note. These packs are issued to customers to complete for each export shipment.

Goods being exported must be fully and clearly described with the value shown on the export declaration. A Despatch Pack must be completed for each overseas address and consignee. The driver collecting the parcels will endorse the receipt copy and return it to the consignor. This, plus the statement of account issued by the express operator, listing each export shipment, will provide commercial proof of export.

### **(c) Use of more than one courier or fast parcel company**

Due to the complexities of the movement of consignments within the courier or fast parcel environment, there is often more than one company involved in the handling and ultimate export of the goods. You as the UK supplier may not be certain as to which courier or fast parcel company has made the export declaration to customs. Consequently, it may be difficult to get official proof of export, leaving you to rely on the commercial evidence of export.

If the operator makes a bulk declaration when exporting the goods, it may not be possible to print a travelling copy 3 for the individual consignments of the SAD referred to in paragraph 7.3.

In these circumstances, you must use commercial evidence of export, typically fully completed transport documents.

But, where you, as the supplier, are certain that the export declaration has been made by a specific courier or fast parcel company you may rely on either official and, or commercial evidence as detailed in paragraphs 6.2 and 6.3.

### **(d) Overseas customer arranging the export by courier**

If your overseas customer arranges for the goods to be exported by courier, you should find out what proof of export they will be providing to allow you to zero rate the supply. More information on what you should do is in paragraph 6.6.

## 7.8 Exports by rail

Rail contractors offer services by rail for parcels and full loads.

### (a) Parcels

If you intend to export parcels by rail, you should establish what evidence of export will be provided to you by the rail contractor. This will normally be a consignment note such as a 5-part PIM/PIEX — International Consignment Note, copy 4 is the exporter's copy and receipt for the goods.

These receipted forms plus the railway statement of account listing each export provide your evidence of export for VAT purposes.

### (b) Bulk cargo services

Rail contractors offer services for the movement of full loads in wagons, containers and swap bodies. Containers and swap bodies are handled by intermediaries who use their own consignment documentation. Full loads in wagons use the 5-part 'Convention International des Marchandises par Chemin de Fer' (CIM) consignment note. This contains the 'Uniform Rules concerning the contract for International Carriage of goods by rail'.

In all cases, the exporter's copy of the consignment note endorsed with a railway stamp is your evidence of export.

## 7.9 Exports through packers

For goods exported under groupage arrangements, you must get a certificate of shipment (read paragraph 7.4) signed by the packer showing a full description of the goods packed for export — including quantity, weight, value, destination, and so on.

For single consignments you must obtain commercial evidence of shipment by road, rail, sea or air and a certificate of posting or equivalent evidence of export when exported by other means.

## 7.10 Exports through auctioneers

Auctioneers act in a number of ways. It is important that you check with the auctioneer before you sell your goods whether they are acting in their own name. You can find further information on the role of auctioneers in [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>) and

[using the auctioneers' VAT margin scheme \(https://www.gov.uk/guidance/using-the-auctioneers-vat-margin-scheme\)](https://www.gov.uk/guidance/using-the-auctioneers-vat-margin-scheme).

### **(a) Auctioneer acting in your name**

You may zero rate your supply provided that you get a certificate of export from the auctioneer, in the form set out in paragraph 12.2 or paragraph 12.3 within 3 months of the date of the auction, if you sell goods through an auctioneer who:

- is not acting in their own name
- exports the goods

The auctioneer must hold valid evidence of export for the goods.

### **(b) Auctioneer acting in their own name**

If you sell goods through an auctioneer who is acting in their own name, the goods are treated as being supplied to the auctioneer and must not be zero-rated by you as an export. The auctioneer will be able to zero rate the onward supply in the normal way.

## **7.11 Exports from customs, excise or fiscal warehouses**

A warehousekeeper who holds valid commercial transport evidence that the goods delivered from the warehouse have been exported must provide the registered owner of the goods with a signed and dated document certifying export. It must include the following information:

- name and address of the warehousekeeper
- order number, invoice number and date of transaction
- name and address of the owner of the goods
- details of the stock exported (description, quantity, value, and so on)
- name of the export vessel, aircraft flight prefix and number or train details
- port, airport or rail terminal of loading
- date of sailing or departure
- destination of the goods
- bill of lading or air waybill number (where appropriate)
- identifying number of the container or railway wagon (if used)
- signature of the warehousekeeper and date

## **7.12 Supplies delivered to the Foreign, Commonwealth and Development Office (FCDO) and FCDO Services (FCDOS)**



You can zero rate the supply of goods ordered by British Embassies, British High Commissions and British diplomats abroad that are delivered to the FCDO or FCDOS (formerly the FCO, FCOS and Department for International Development) for export through diplomatic channels within 3 months of the time of supply. You as the supplier must keep a separate record of each transaction.

To evidence that the supply was made to an overseas person, you must be able to identify the destination of the goods. You should therefore keep documents which contain this information, for example the order. You must also get evidence of delivery to the FCDO or FCDOS office in the UK within 3 months of the time of the supply of goods. This could be in the form of:

- proof of receipt of the goods at the FCDO or FCDOS office in the UK from an external organisation such as the Royal Mail or other parcel service
- a certificate of receipt from the FCDO or FCDOS office in the UK if you deliver or arrange to deliver the goods yourself, for example a stamped or endorsed consignment note — the certificate may be on a copy of the sales invoice or on an itemised list, which you must keep to support your claim to zero rating

You must not zero rate the supply of any other goods ordered by and delivered to the FCDO or FCDOS for stock or general distribution.

### 7.13 Exports to the Channel Islands

Excise goods or goods subject to customs controls (for example restricted goods) being exported to the Channel Islands will always require a SAD (form C88) declaration. This may be made using the NES.

In the case of goods not subject to customs or excise controls one of the following declaration procedures may be used:

- a bulk NES declaration by the shipping line supported by individual Consignment Note and Customs Declarations (CNCD)
- individual NES declarations by exporters

More details may be found in [check if you need to declare goods you bring into or take out of the UK \(https://www.gov.uk/check-customs-declaration\)](https://www.gov.uk/check-customs-declaration).

At south coast ferry ports, a combined CNCD with a supporting itemised schedule of goods exported may be used in place of the SAD and sea waybill for manifested freight.

A CNCD may be on an approved standard commercial document or a partly completed SAD.



Evidence of export for goods sent to the Channel Islands is made up of the following (as appropriate):

- official proof of export produced by NES — (see section 5)
- goods shipped by air — an authenticated master air waybill or house air waybill (read paragraph 7.1)
- goods carried as merchandise in baggage — a customs certified copy 3 of the SAD (form C88) (read paragraph 7.3)
- goods shipped through a freight forwarder — a certificate of shipment issued by the freight forwarder (read paragraph 7.4) or an authenticated copy of the CNCD
- goods shipped through a fast parcel or courier service — evidence as per paragraph 7.7
- goods shipped directly by the south coast ferry companies — an authenticated copy of the CNCD as previously described

#### **7.14 Exports through the Ministry of Defence to British Forces Post Office (BFPO) addresses**

Supplies through the BFPO service to British forces personnel based outside the VAT territory of the UK are eligible for zero rating provided that the supplier makes a customs declaration and holds:

- a written order from the member of the forces confirming that they are based outside the UK
- sufficient information confirming that the BFPO number is outside the VAT territory of the UK (the [list of numbers is available at the British Forces Post Office \(https://www.gov.uk/government/publications/british-forces-post-office-locations\)](https://www.gov.uk/government/publications/british-forces-post-office-locations))
- evidence of delivery to the BFPO depot in the UK

Supplies to service personnel based outside the UK may also be eligible for zero rating under the normal export rules.

## **8. Relief for marine fuel (ESC 9.2)**

Extra Statutory Concession (ESC) 9.2 allows vessels engaged on commercial voyages within UK territorial waters (or within the limits of a port) to receive certain types of marine fuel VAT free.

Further details may be found in [Notice 48: Extra-Statutory Concessions \(https://www.gov.uk/government/publications/vat-notice-48-extra-statutory-](https://www.gov.uk/government/publications/vat-notice-48-extra-statutory-)

[concessions](#)).

You can zero rate such supplies as ships' stores providing all the following applies:

- you obtain, from the person to whom the marine fuel is to be supplied, a written declaration that the goods are for use as stores on a commercial voyage
- you obtain written confirmation from the master, owner or duly authorised agent of the vessel declaring that the fuel is solely for use on a named ship
- the fuel is sent direct to the ship or addressed and delivered to the master of a named vessel care of the shipping line or agent
- you hold a receipt confirming delivery of the fuel on board the ship, signed by the master or other responsible officer

The concession described extends only to those supplies of fuel, which were zero-rated prior to 1 July 1990. It does not apply to diesel taxed at the full rate of duty, for example white Ultra Low Sulphur Diesel (ULSD), or to petrol or lubricating oils.

## 9. Exports by retailers

### 9.1 Export schemes for retailers

There are a number of exports schemes for retailers selling goods for export by private individuals in person.

#### **(a) Retail Export Scheme — Northern Ireland only**

The Retail Export Scheme allows participating retailers in Northern Ireland to refund VAT on goods purchased by entitled customers who personally remove the goods in their luggage to a destination outside of the UK. You should refer to the conditions laid down in [Retail Export Scheme \(VAT Notice 704\)](https://www.gov.uk/guidance/vat-retail-export-scheme-notice-704) (<https://www.gov.uk/guidance/vat-retail-export-scheme-notice-704>).

#### **(b) Personal Export Scheme for vehicles**

You can zero rate the supply of a new or second-hand motor vehicle for export by your customer in certain circumstances. You should refer to the conditions in [Personal Export Scheme \(VAT Notice 707\)](https://www.gov.uk/guidance/personal-export-scheme-notice-707) (<https://www.gov.uk/guidance/personal-export-scheme-notice-707>).

#### **(c) Sailaway Boat Scheme**

The Sailaway Boat Scheme allows boats exported to final destinations outside the UK to be zero-rated for VAT purposes. You should refer to the conditions laid down in [Sailaway boats supplied for export outside the UK](#)

[\(VAT Notice 703/2\) \(https://www.gov.uk/guidance/sailaway-boats-supplied-for-export-outside-the-eu-notice-7032\).](https://www.gov.uk/guidance/sailaway-boats-supplied-for-export-outside-the-eu-notice-7032)

## 9.2 Retail exports shipped as freight or household effects

### (a) Direct exports

If you, as retailer, arrange for goods to be exported you may zero rate the supply provided all the conditions in paragraph 3.3 are met.

### (b) Indirect exports

Personal goods cannot be exported as indirect exports. If your overseas customer arranges for the export of commercial goods you may zero rate the supply provided all the conditions in paragraph 3.4 are met.

## 10. Stores for use in ships or aircraft leaving the UK

### 10.1 Definition of ‘stores’

Stores are goods for use in a ship or aircraft and include:

- fuel
- goods for running repairs or maintenance, for example lubricants, spare and replacement parts
- goods for general use or consumption of passengers or crew on board
- goods for sale on board

### 10.2 Supplies that can be zero-rated

You can zero rate supplies of ‘stores’ for the fuelling and provisioning of vessels and aircraft providing:

- they are for use on a voyage or flight with a non-private purpose and with an eventual destination outside the UK (read section 8)
- the delivery conditions in paragraph 10.3 are met
- the conditions outlined in paragraph 10.4 are met

### 10.3 Delivery to shipping companies or airlines

When you receive an order for goods to be shipped as stores you must make sure that you receive clear instructions on how to deal with the supply. Subject to the conditions in paragraph 10.4 if the stores are delivered:

- direct to foreign-going craft you can zero rate such supplies
- to your customer's premises (for example, fuel to a shore-side storage tank) and they certify that the goods will only be used on foreign-going craft you can zero rate the supply

#### **10.4 Conditions for zero rating supplies of ship and aircraft stores**

Unless all these conditions are met there is no eligibility for zero rating, and you must account for VAT at the appropriate UK rate.

The rest of this paragraph has force of law:

- where there is a supply chain only the final supply to the exporter can be zero-rated
- the person to whom the goods are supplied is the end user for example master of the vessel
- the goods must leave the UK within 3 months of supply
- the person to whom the goods are to be supplied declares in writing that the goods are for use as stores on a voyage or flight which is to be made for a non-private purpose
- you obtain and hold a written order or confirmation given by the master, commander, owner or duly authorised agent of the ship or aircraft. This must include a declaration that the goods are solely for use as stores on a named ship or aircraft that is entitled to receive duty-free stores for the voyage in question, which is to an eventual destination outside the UK. Aircraft making through international flights are eligible to receive VAT-free stores even if the aircraft makes one or more stops in the UK in the course of such a flight
- you send the goods:
  - direct to the ship or aircraft
  - through freight forwarders for consolidation and delivery direct to the ship or aircraft
  - addressed and delivered to the master of a named vessel care of the shipping line or agent
- you obtain and hold a receipt confirming delivery of the goods on board the ship or aircraft, signed by the master, commander or other responsible officer of the ship or aircraft. You can accept such a receipt signed by a responsible official of the airline concerned. However, airlines using this facility must obtain prior written agreement from HMRC. They must confirm that the signatory is in a position to provide the receipt based on personal knowledge of flight details and that the airline will maintain documentation enabling HMRC staff to verify entitlement to relief

- you have a certificate of export as described in paragraph 7.12 where your supplies are made direct from a warehouse not operated or owned by you to an eligible vessel or aircraft. The advice note issued by the warehousekeeper normally serves this purpose

## 10.5 Supplies for sale in ships' shops, ships' slop chests and onboard aircraft

The arrangements in paragraphs 10.2, 10.3 and 10.4 apply to goods supplied for sale in ships' shops, ships' slop chests and onboard aircraft, even though there may be no taxable supply at the time of shipment (for example transfer of own goods, supply on sale or return terms). Where goods have been shipped on a foreign-going ship or aircraft, any later sale of the goods will be a supply outside the UK (read paragraph 4.9) and there will be no further VAT liability unless they are re-landed in the UK (read paragraph 10.6).

VAT is chargeable on goods sold on board a vessel on a coastwise journey or aircraft on an internal flight.

## 10.6 Re-landed stores

Where stores are supplied and subsequently re-landed in the UK, these are treated as imports and you should follow the procedures on [claiming relief on re-imported exported goods \(https://www.gov.uk/guidance/vat-imports-acquisitions-and-purchases-from-abroad#claiming-relief-on-re-imported-exported-goods\)](https://www.gov.uk/guidance/vat-imports-acquisitions-and-purchases-from-abroad#claiming-relief-on-re-imported-exported-goods).

## 10.7 Supplies of mess and canteen stores for HM Ships

### (a) Conditions for zero rating

The next 3 paragraphs have force of law.

You can zero rate supplies of goods for use as mess and canteen stores on HM Ships which are about to leave for a foreign port or a voyage outside UK territorial waters of more than fifteen days' duration. The goods must be ordered for the general use on board by members of the ship's company. The Commanding Officer must certify each order:

'HMS.....is deploying from the United Kingdom for service abroad on.....(date) calling at a foreign port or on a voyage outside territorial waters of more than fifteen days' duration and these stores are for use by members of the crew during the deployment'.

You must deliver the goods direct to the ship for loading on board, obtain a receipt for them on board and keep it to support your claim for zero rating.

### **(b) Sale or return**

If you supply duty-free goods on sale or return to messes in HM Ships you cannot zero rate them for VAT purposes when they are sent out to the ship, as there is no taxable supply at that time. The taxable supply occurs only when the goods are adopted, that is when the customer pays for the goods or otherwise indicates his wish to keep them, or at the end of 12 months or any shorter period you have agreed for the goods to be bought or returned (read [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>)).

You are responsible for making sure that the messes inform you promptly of when the adoption of the goods took place. If adoption occurs when the vessel is in UK territorial waters the supply is taxable, if outside there is no supply for VAT purposes. Commanders of HM Ships will provide suppliers with this information.

### **(c) Sales of goods in canteens and shops**

Where there is no supply at the time of delivery on board, VAT is chargeable at the appropriate rate on sales of goods in canteens and shops on board HM Ships in UK ports or on coastwise voyages. If the ship is outside UK territorial waters any sale of goods is outside the scope of VAT and is taxable only if the goods are re-landed in the UK. [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>) explains how to deal with this in your records and accounts.

## **11. Records and accounting for VAT**

### **11.1 Records you need to keep**

For details of the records and accounts you should keep see the [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>). In addition you should retain evidence of export as described in sections 6 and 7.

It is important that you follow the accounting instructions explained in this section if you do not hold the evidence of export by the due date.

If you do not follow these rules, you will be liable for VAT due on the supplies and may incur default interest and financial penalties as a result.

### **11.2 Adjust your accounts if you do not receive evidence of export or if goods are not exported**

If you make an export you can zero rate the supply in your records when the goods are supplied to your customer. You must account for VAT accordingly if the supply would normally be standard-rated in the UK and you do not:

- obtain and hold the required evidence of export
- make sure the goods have been exported within the relevant time limit for the supply

You must amend your VAT records and account for VAT on the taxable proportion of the invoiced amount or consideration you have received. For a VAT rate of 20% the VAT element would be calculated at one-sixth.

When you amend your VAT records, you must make an entry equal to the tax on the supplies concerned on the 'VAT payable' side of your VAT account. You must include this amount in box 1 of your VAT Return for the period in which the relevant time limit expires.

### **11.3 If goods are exported or evidence of export is obtained after accounting for VAT**

If the goods are either subsequently exported or you later obtain evidence of export you can then zero rate the supply and adjust your VAT account for the period in which you obtained the evidence. This is provided that the goods have not been used in the UK prior to export (unless specifically authorised by HMRC) and in the case of an indirect export, the goods have been supplied to an overseas person (as defined in paragraph 2.4).

### **11.4 Account for exported goods that are subsequently returned damaged**

Where export goods damaged after shipment are re-landed in the UK they must be declared to HMRC. If you or a member of a salvage association subsequently sell the goods, the seller must account for VAT, at the appropriate UK rate, on the sale price.

### **11.5 Account for VAT on deposits and progress payments**

Deposits and progress payments are part payments towards the total cost of a supply received in advance of its completion and have the same VAT liability as the final supply. If the final supply is to be zero-rated as an export, these payments may also be zero-rated.

However, if the goods are not eventually exported or you fail to obtain valid evidence of export you must account for VAT on the total value of the supply, including any deposit, progress or stage payments, on your next VAT Return.

## 12. Forms

### 12.1 Example of a certificate of shipment for Embassies, High Commissions or purchasing agents in the UK

#### Certificate of shipment

	Date of issue:
	Reference:
Supplier	
VAT number	
Supplier's invoice number and date	
Port of loading	
Port of shipment	
Flight/sailing	
Destination	
AWB No	
HAWB No	
Bill of lading No	
Sea waybill No	
Number of packages	

Description of export goods	Quantity	Weight	Value

(Authorised Signatory)



## 12.2 Example of a certificate of export for goods sold at auction and exported direct by the auctioneer as air or sea freight

I,

.....  
 (full name of signatory) certify that the article(s) detailed below and sold as  
 Lot No(s).....at auction by me on  
 .....(date of sale)  
 has/have\* been exported on the undermentioned vessel/aircraft\*:

Description of article(s)	LOT no	Value £'s

Name of export vessel, or aircraft flight prefix and number

Port or airport of loading.....

Date of sailing or departure.....

Destination.....

Bill of lading or air waybill number (where appropriate).....

Identifying number of container or railway wagon (if used).....

.....(Signature of auctioneer)

Date.....

\*Delete as necessary

## 12.3 Certificate of export for goods sold at auction and exported direct by the auctioneer by parcel post or courier service

I,

.....  
 (full name of signatory) certify that the article(s) detailed below and sold as  
 Lot No(s).....at auction by me on  
 .....(date of sale)  
 has/have\* been exported by post/courier service\*:

**Description of article(s)   LOT no   Value £'s**

---



---



---



---



---



---

Place of posting.....

Method of posting (parcel/letter/other).....

Date of posting.....

Destination.....

Certificate(s) of posting numbers held by  
 me.....

.....(Signature of  
 auctioneer)

Date.....

\*Delete as necessary

### 13. Trade Association contact details

You can get further guidance about the commercial aspects of specific exports from freight forwarders, shipping companies or airlines at the appropriate ports or airports. The following Trade Associations websites may also provide advice:

- [Automated Customs and International Trade Association](https://www.acita.org/)  
 (https://www.acita.org/)

- [Association of International Courier and Express Services \(https://aices.org/\)](https://aices.org/)
- [British Exporters Association \(http://www.bexa.co.uk/\)](http://www.bexa.co.uk/)
- [British International Freight Association \(https://www.bifa.org/home\)](https://www.bifa.org/home)
- [Customs Practitioners Group \(https://thecpg.org/\)](https://thecpg.org/)
- [LogisticsUK \(https://logistics.org.uk/\)](https://logistics.org.uk/)
- [The Institute of Export and International Trade \(https://www.export.org.uk/\)](https://www.export.org.uk/)
- [British Standards Institution \(https://www.bsigroup.com/en-GB/\)](https://www.bsigroup.com/en-GB/)
- [United Kingdom Oil Industry Taxation Committee \(http://www.ukoitc.org/\)](http://www.ukoitc.org/)

## Your rights and obligations

Read the [HMRC Charter \(https://www.gov.uk/government/publications/hmrc-charter\)](https://www.gov.uk/government/publications/hmrc-charter) to find out what you can expect from HMRC and what we expect from you.

## Help us improve this notice

If you have any feedback about this notice, email: [customerexperience.indirecttaxes@hmrc.gov.uk](mailto:customerexperience.indirecttaxes@hmrc.gov.uk).

You'll need to include the full title of this notice. Do not include any personal or financial information like your VAT number.

If you need general help with this notice or have another question you should contact the [VAT helpline \(https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries\)](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries) or make a [VAT enquiry \(https://www.tax.service.gov.uk/shortforms/form/VATGenEnq?dept-name=&sub-dept-name=&location=47\)](https://www.tax.service.gov.uk/shortforms/form/VATGenEnq?dept-name=&sub-dept-name=&location=47) online.

## Putting things right

If you're unhappy with HMRC's service, contact the person or office you've been dealing with and they'll try to put things right.

If you're still unhappy, find out [how to complain to HMRC \(https://www.gov.uk/complain-about-hmrc\)](https://www.gov.uk/complain-about-hmrc).

## How we use your information

Find out [how HMRC uses the information](#)

(<https://www.gov.uk/government/organisations/hm-revenue-customs/about/personal-information-charter>) we hold about you.

---

Published 24 March 2014

Last updated 31 October 2023 [+ show all updates](#)



**OG**

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated



© Crown copyright