

VAT Changes on supplies to EU countries from July 1st 2021

Dear Valued Customer,

As you will be aware, major changes to the administration of the EU VAT system come into effect from July 1st. The previous low value VAT exemption on goods imported to the EU will be removed and all goods sold to consumers, irrespective of value, will now be subject to VAT in all EU countries at the rate applicable in that jurisdiction. As the rate of VAT varies by country, and you would need a separate registration in each jurisdiction where a customer is resident, the new rules allow for the establishment of an Import One Stop Shop ("IOSS"). This is an electronic portal which a supplier can use to comply with the new VAT rules under a single registration number. Once registered for IOSS, VAT is then collected by the supplier on sales in the normal way and paid directly at the relevant rate to the proper country's tax authorities.

One requirement of the IOSS scheme, however, is that any supply into the EU under the IOSS must include the information required for customs clearance in the EU, including the IOSS VAT identification number. The person declaring the goods at the border must therefore be supplied with the relevant IOSS.

These rules do not apply directly to us in respect of the supplies we make on your behalf as for VAT purposes we make a supply to you in the UK and you then supply the consumer. However, you will need to comply with the relevant provisions in respect of these supplies. One area of potential difficulty is that at present we arrange the courier on your behalf for any supplies ordered through your site.

While this will continue to raise no issues to any supply in the UK (although this may change in respect of Northern Ireland depending on whether for VAT purposes it is treated as part of the UK or not going forward) you will need to take further steps in respect of supplies to be made to EU residents. **We do not at present have the facility for adding your IOSS number to individual orders and so with effect from immediate effect, we will only accept orders where delivery is to be made to an address in the EU on the basis of the additional terms below.**

Alternatively, if you prefer, you may wish to prevent orders being made from EU jurisdictions which will obviously prevent any such issues arising. We do however expect to be in a position to be able to add your IOSS number to the courier documents as soon as possible and you will then be able to recommence orders from that date once you have informed us of your IOSS number. We will notify you as soon as this facility is available. For the avoidance of doubt the additional terms of business will still apply to supplies after that date.

Please note that where the goods are sent to an address in the EU and no IOSS is provided to the courier there are likely to be considerable delays and additional costs imposed on import into the EU which Signature Gifts will not be liable for.

Please note below our additional terms (which shall apply from 1st July 2021) for accepting orders from any EU jurisdiction (and/or any other jurisdiction for whom the same or similar

VAT provisions apply now or in the future). Any reference to EU below shall include any other such jurisdiction:

- From July 1st where we receive an order from a person resident in the EU through your website we will continue to process the orders in the same way as before and we will be deemed to have fully discharged our responsibilities once the goods are handed to the courier.
- In the event that additional VAT, import or other duties or taxes, or any charges for import administration are levied by the EU or any governmental or other authority these shall not be the liability of Signature Gifts Ltd.
- Furthermore, any refusal by the consumer to pay such amounts which results in an order being cancelled shall NOT be a reason for Signature Gifts to refund an amount to you in respect of the supply deemed to have been made to you.
- Where you accept orders from residents in EU jurisdictions before we have notified you that we have a procedure in place to record your IOSS number on consignments, you do so in full knowledge that we will not include your IOSS number on the consignment and that you shall be responsible for any consequences thereof
- Once we have notified you that we have a facility in place to include your IOSS number, and you have notified us of the relevant number, we will use reasonable efforts to ensure this is supplied to the courier in a form acceptable to the importing authorities but do not accept responsibility for any loss resulting from a failure to do so
- We retain the right to refuse to supply goods to any jurisdiction at our discretion.

You therefore acknowledge and agree that by continuing to take any such orders after July 1st you shall be deemed to constitute acceptance of these terms.