Sale or Return

Goods sent on sale or return from the UK to another European Union (EU) Member State (MS) are declared as a dispatch* showing the value as the cost of the goods.

Two common questions are:

1. If the goods are eventually sold for a higher or lower price, do I have to send in an amending Supplementary Declaration (SD)?
2. If the goods are returned, do I have to show them as an arrival?

In 1. above the answer comes from the VAT system in that:

a) The supply of goods on sale or return are deemed to be a supply of goods (transfer of own goods) in the country from which the goods are sent and an acquisition in the EU country to which the goods are transferred by the trader sending them. The trader sending the goods must therefore register for VAT in the destination country, or appoint a tax representative (subject to the rules on tax representatives in the destination country) and account for acquisition tax in that country.

b) The goods should be declared in box 8 of the VAT return and on an EC sales list.

c) If the goods are then sold, the sale (at whatever price) is a domestic supply within the destination country and does not affect the cost price declared on the SD or in box 8.

In 2. above the returned goods are:

a) Declared on an arrivals SD.

b) Declared in box 9 of the VAT return and acquisition tax accounted for.

Requirements for goods arriving in the UK on sale or return from another EU MS
Goods arriving in the UK on sale or return require the sender to register for VAT in the UK or to appoint a tax representative. On arrival the goods must be:

a) Declared in box 9 of the VAT return.

b) Declared on the arrivals SD*.

**Goods returned to another EU MS in a sale or return transaction**

When goods are returned from the UK to another EU MS in a sale or return transaction they must be:

a) Declared in box 8 of the VAT return.

b) Reported on an EC Sales list.

c) Declared on a dispatch SD*.

*Assuming the company has exceeded the assimilation threshold for that trade flow.

If you have any questions about this Information Sheet, please email them to uktradeinfo@hmrc.gsi.gov.uk and quote 'Information Sheet, Sale or Return' in the subject box.

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