



# Food & Drink Federation Tax considerations of expanding globally

25<sup>th</sup> October 2024

An independent member firm  
of Moore Global Network Limited  **MOORE**



# Agenda

Going Global – what are the tax considerations?

Introductions

Case study – tax considerations as you expand, from trade show to permanent presence

Summary of key considerations:

- VAT
- Global Mobility
- Corporate tax

# Introductions

# Introductions

Today's hosts – 25<sup>th</sup> October



**Amanda Collinson**

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Amanda is a Tax Director who leads our International Tax team.

She helps companies understand the corporate tax implications of expanding internationally or have establishments in several countries. For example, she can explain double taxation and how the UK's wide treaty network can mitigate this, as well as transfer pricing of intercompany transactions.



**Tom Harrison**

[Tom.harrison@jcca.co.uk](mailto:Tom.harrison@jcca.co.uk)

Tom is a Senior Manager in our Global Mobility team.

Tom works with a variety of different sized companies across many industry sectors, helping them identify and manage their tax exposure that may arise from having an international workforce.



**Glen Small**

[Glen.small@jcca.co.uk](mailto:Glen.small@jcca.co.uk)

Glen is a Tax Director within our VAT & Indirect Tax Team.

Glen has assisted clients to structure and restructure global supply chains to represent the preferred options from a VAT, Sales Tax, and Duty perspective.

Further, Glen has assisted clients to transition operations from pre-Brexit optimisation to post-Brexit.

# Introduction to Johnston Carmichael

Largest accountancy firm in Scotland and **Top 20** UK firm

We have **70** Partners and **950** staff across **12** offices

We audit more **Top 100** privately owned companies in Scotland than any other accountancy firm

Advise **550** food & drink producers across UK

We have international capability as member firm of Moore Global  **MOORE**

Members of the Food & Drink Federation



## Case Study

From a trade show to setting up in a new country

# Tax considerations of international expansion

## Starting at a trade show



- UK business is strong; thoughts of further growth lead to the idea of international expansion (could be your first expansion or perhaps you're exploring a new market)
- You hire a stand at a trade show, e.g. SIAL Paris (held last week) to test the market at a large European food and drink trade fair
- You are looking forward to the business trip and are taking your sales team along. The idea is to show and tell, offering samples and business cards.
- Is there anything to consider from a tax perspective, for example:
  - VAT on any sales at the trade show?
  - Payroll taxes relating to the people who have travelled from the UK to the trade show?
  - Risk of a corporate Permanent Establishment?

# Tax considerations of international expansion

## From SIAL to setting up in Europe

- Trade show goes well
- You have customer orders from customers in France / across Europe. Considerations if purely exporting?
- A large German supermarket would like to place a big order, but they request that you have a dedicated Key Account Manager based in Germany in order to iron out supply chain issues quickly.
- What should you consider from a tax perspective if you are going to have 'boots on the ground' in Germany?
  - Do you need/want a German branch or subsidiary?
  - Global mobility considerations – difference between a secondee from existing sales team or a local hire?
  - Do the considerations change if you anticipate other team members visiting often for meetings etc?



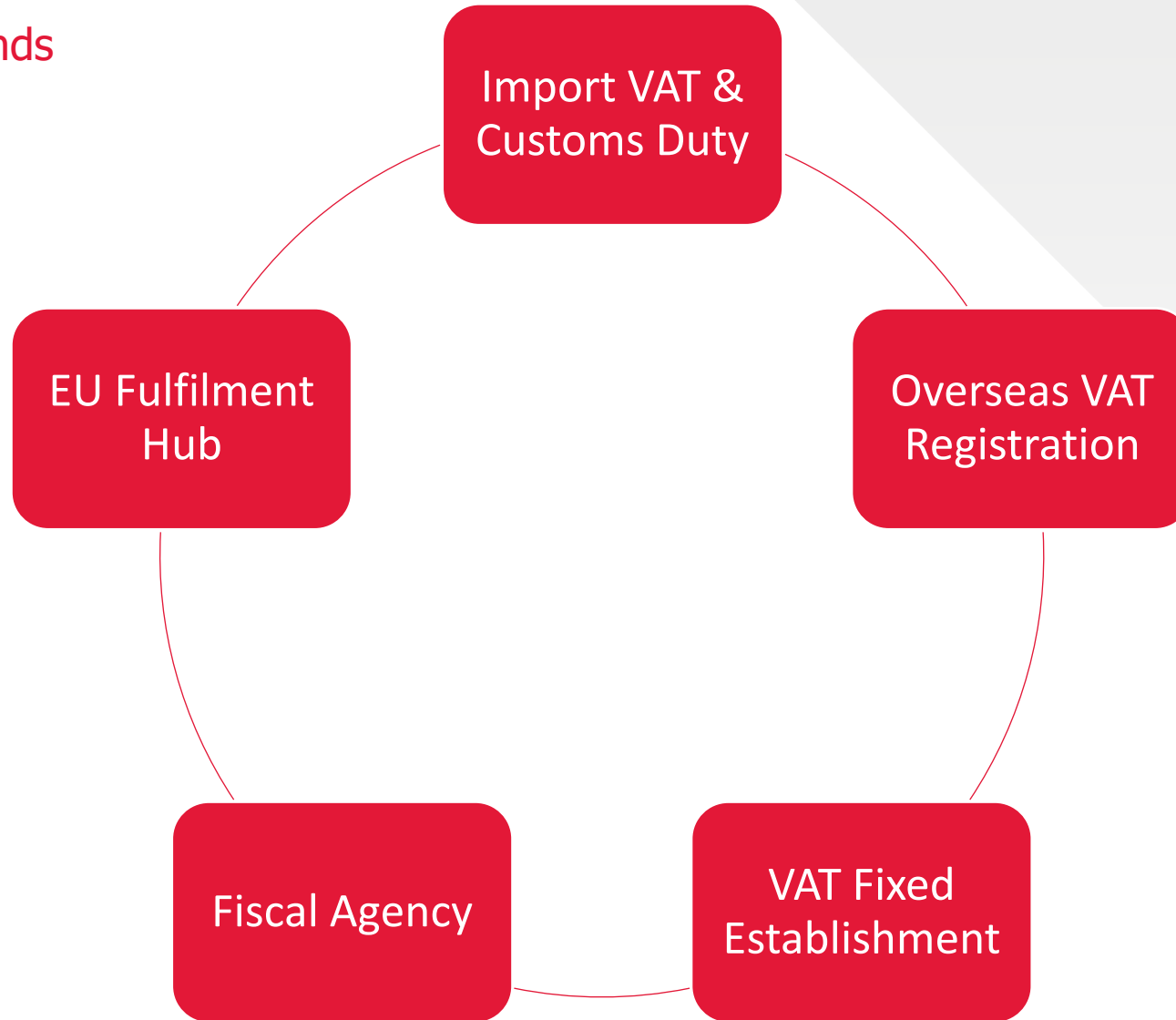




When to talk tax  
How we can help

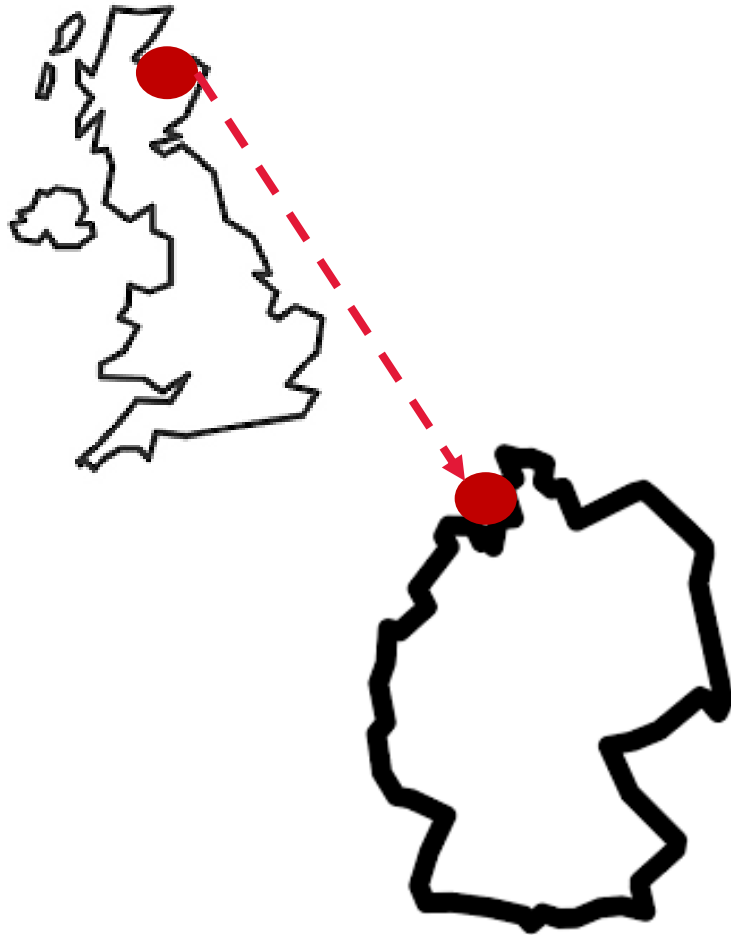
# VAT & Duty

Hot topics and trends



# VAT & Duty

## Import VAT & Customs Duty

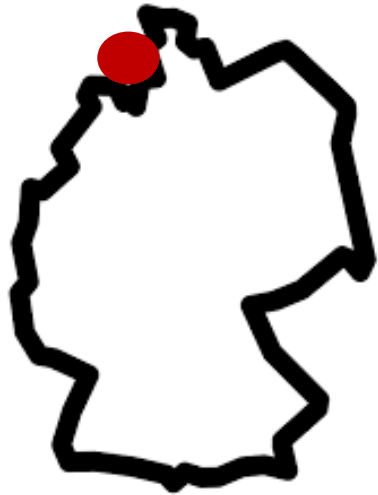


Company moves its goods from UK to Germany or sells on stand at trade show:

- VAT-free UK export of own goods
- Import VAT payable in Germany
- Customs Duty dependant on whether goods are "UK origin"

# VAT & Duty

## Overseas VAT Registration



### Company sells its goods in Germany

No VAT registration threshold as company does not have a 'VAT Establishment'

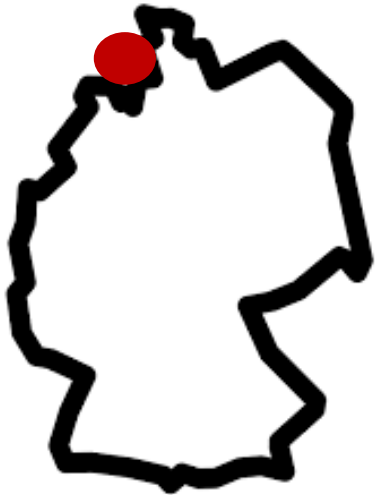
First sale gives rise to mandatory obligation to register and account for DE VAT

EU IOSS (Import One Stop Shop) Scheme for B2C Sales

Simplifications for B2B intra-EU sales

# VAT & Duty

## VAT Fixed Establishment



### Employing sales staff in Germany

#### VAT Fixed Establishment

*"an establishment...from which the activities of the organisation are carried out and which has the **permanent presence of both the human and technical resources necessary for making or receiving the supplies...in question**"*

If sales staff have autonomy to agree contracts for sale in Germany, there is likelihood of DE Establishment.

# VAT & Duty

EU Fulfilment Hub

Import third country goods directly into EU rather than routing through UK

Single EU VAT registration

IOSS for B2C supplies

Despatch, acquisition and triangulation rules for B2B supplies

Germany and Netherlands often preferred options

# Global mobility

## Hot topics and trends

International remote workers

Global business visitors

Brexit immigration changes

Non-resident directors

EU Posted Worker Directive

Tax & Immigration Authorities communicating more

# Taxable presence

## What is a Permanent Establishment?

Not a 'bright line' test, but most countries follow this definition. Two ways to create a Permanent Establishment.

### 1. Fixed Place of Business

- Fixed place, i.e. degree of permanence
- At the disposal of the business
- Working from home is unclear / changing interpretation

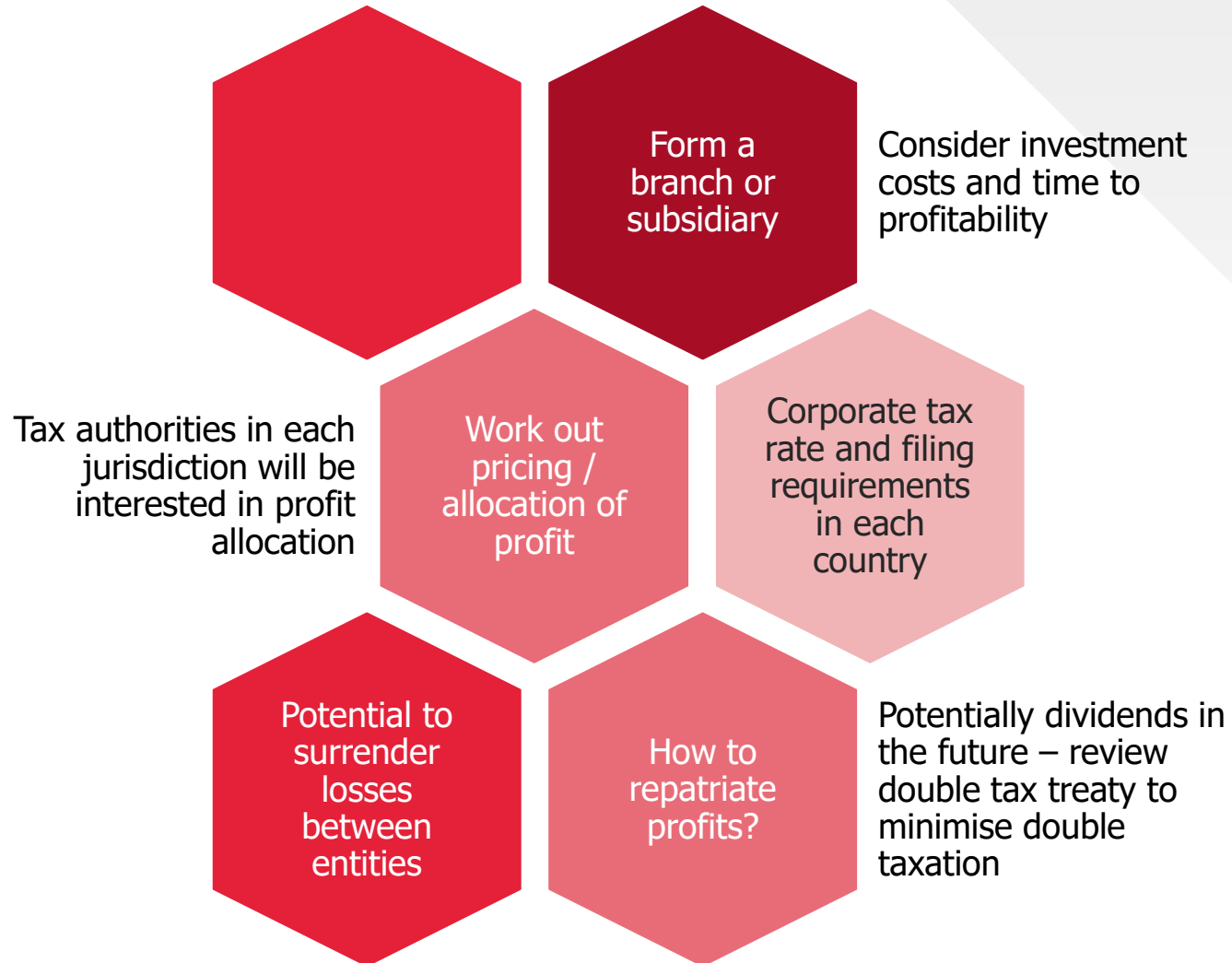
### 2. Dependent Agent

- A person who has the authority to conclude contracts on behalf of the company
- Or, routinely negotiates contracts that are 'rubber stamped' by head office



# International expansion

## Corporate tax considerations



Please keep in touch

[www.jcca.co.uk](http://www.jcca.co.uk)