



*cutting through complexity*

# Gatew@y to the EU

**KPMG IN THE ISLE OF MAN**

**TAX**



# **27 countries, each with their own customs and tax authorities, speaking 23 official languages.**

## **The Opportunity**

The EU offers a potentially highly lucrative marketplace for non-EU companies to sell their products, particularly over the internet. EU online sales grew by a staggering 20% to £153 billion in 2010, representing 5.5% of overall European retail trade, and this figure is only likely to increase.

## **The Challenge**

Unfortunately, the EU is also an extremely complex marketplace. It is currently comprised of 27 countries, each with their own customs and tax authorities, speaking 23 official languages. Without an EU footprint or the right expertise, it can be almost impossible to navigate successfully, incurring significant costs and delays. Increasing regulatory scrutiny and working in different time zones can also create barriers to entry.

## **The Solution**

Our Gatew@y to the EU provides your company with a tax-neutral EU footprint from which to manage the entry of your goods into the EU. This method of structuring and suite of supporting services offer a comprehensive solution for supplying both EU businesses and individual consumers.

# The Isle of Man has a AAA S&P rating, is well regulated and is politically stable.

## A Complex Marketplace

Currently, importers must declare and pay import VAT and duty in the member state where their goods enter the EU. If a business is importing goods through several member states it is likely to be required to register for VAT or appoint an agent in each one.

To avoid the complexities of administering multiple points of entry into the EU, a new supplier to the EU market will often bring all goods in bulk through one country, allowing them to then be freely transported between member states. Unfortunately, such an EU footprint can be an extremely costly endeavour, usually exacerbated by significant tax burdens.

## A Unique Jurisdiction

The Isle of Man offers an alternative. It is in a unique position, being part of the EU for VAT and duty purposes via its long standing agreement with the UK, but is still autonomous in setting its own corporate tax regime. Not only does it offer a tax efficient environment, including 0% corporate tax and no tax on capital gains, but it also offers easy access to decision makers within Government and regulatory bodies.

The Island combines these unique features with an outstanding international reputation. It holds a AAA S&P rating, is well regulated and is politically stable, both domestically and in its relations with the UK and EU. As a leading International Financial Centre, its financial and other service industries offer high standards of service and expertise.



## Goods being imported into the UK or Isle of Man can be processed remotely without the goods ever having to physically transit the island.

### An Effective Solution

Our Gatew@y to the EU harnesses the benefits of the Isle of Man in order to offer an effective solution to the problem of complex and costly EU import procedures. We can establish an Isle of Man branch or subsidiary of your company, which can be registered for VAT in the Isle of Man and achieve Customs Freight Simplified Procedure (CFSP) status.

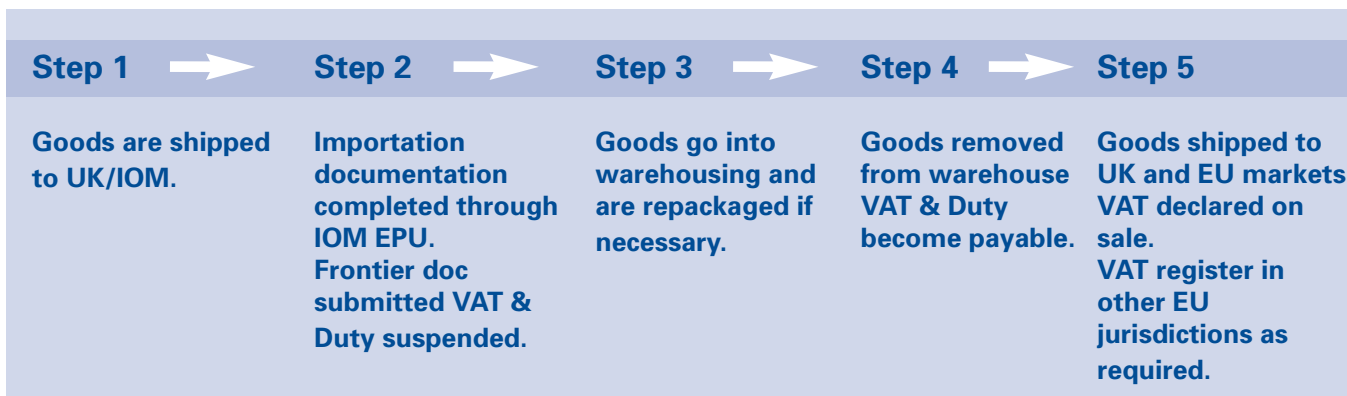
With this structure in place, any goods being imported into the UK or Isle of Man can be processed

remotely through the Isle of Man's Entry Processing Unit (EPU) without the goods ever having to physically transit the Island. Once the goods have been officially imported they can then be repackaged or re-consigned as necessary and sent to the UK market or any other EU country, with the CFSP status ensuring speed and ease of transit.

Any import VAT due at the time the goods enter the UK can be recovered under the Isle of Man VAT registration, thus providing a VAT neutral position. This new branch or subsidiary will also be

extremely tax efficient due to the Isle of Man's favourable taxation regime. Furthermore, it can be managed on an outsourced basis by KPMG and other trusted local providers, removing staffing and other traditional establishment costs. Finally, it provides peace of mind, as you can be sure everything is being handled by EU compliance experts.

The result is a route to the EU marketplace, which is both highly compliant and cost effective.



# As and when your company expands into different EU jurisdictions, all of your VAT compliance needs can be met under one roof.

## World Class Support, Local Expertise

As a leading global company, KPMG is equipped to deal with the compliance requirements of a global trade organisation. Plus, with a large office in the Isle of Man we can also bring significant local expertise to bear on advising how to establish and support your offshore structure.

We can assist with advice on the appropriate structure, VAT

registration, CFSP accreditation and ensuring your on-going VAT compliance. We can also assist with forming relationships with warehousing, import agents and website providers to assist with getting your goods to market.

Furthermore, KPMG's centralised Indirect Tax Centre (ITCC) provides a pool of professionals that have the language and technical skills to register and maintain VAT registrations in any EU jurisdiction. As and when your company

expands into different EU jurisdictions, all of your VAT compliance needs can be met under one roof. Should you have any issues in other EU jurisdictions KPMG have a network of advisors ready to assist you.

To discuss your requirements with one of our experts or request a formal proposal, call one of our experienced team or your local KPMG representative.







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