

Jellyworks Ltd – Supplementary Written evidence - FUU0025

Below is an update on our Export business with the EU since the 1st January, and our first submission to the House of Lords Sub Committee report dated 21.01.21.

- To date, (March 2nd) We have not landed one order in an EU country.
- In January we lost an estimated €36k (Revenue)
- In February we lost €24k

For 8 weeks we have worked continually to navigate the rules of the TCA.

- The team have spent several hours per day, for 8 weeks, evaluating options in regards the TCA, ranging from opening a business in the Nederland's to claiming back VAT through intermediaries. We recently employed the services of VAT Global, to reclaim VAT on our behalf.

VAT Global EU Fees are:

- £1500 Registration (One off)
- An un-yet disclosed sum for VAT registration in Poland.
- £321.50 per month, annual retainer £3858, for managing Vat services.
- A 15% charge (of the total VAT outlay) to claim back VAT in France, Spain, Italy
- The sum of these figures we estimate as £13,25k per year, (£14,750 year one)

Problems with the EU VAT reclaim scheme.

- The VAT outlay is onerous for us. Some orders require a VAT outlay of £1500, per order, this is challenging as we are a small company.
- VAT reciprocity with some states has not been confirmed. There is no guarantee VAT paid will be returned to us. This could cause extinction problems if we don't get refunded.
- There's a 3 month period for the VAT refund, putting significant strain on cashflow.
- The list of documents needed to try and claim back VAT is enormous, these documents are required per order sent, there are 7-8 documents required. This puts far more work on staff.
- We are still awaiting a VAT number for Germany. It yesterday appeared we need apply for one with Czech and Poland in addition.

cont...

The TCA has destroyed our export business within the EU - to date. We are trying to navigate the restrictions of the TCA as above, but commercial success in the EU is no longer guaranteed given the high barriers to trade, higher costs and increased RSP's we'll pass to customers.