### Importing post EU transition Practical guidance for importers

















#### **Agenda**



- Now and beyond 31<sup>st</sup> December 2020
- Brexit and its impact
- Government preparation and clarity
- Considerations and practical steps
- How to prepare
- Sources of information and support













### Now and beyond 31<sup>st</sup> December 2020



#### **EU** membership



- Four pillars of freedom
- Global power and influence
- Human Rights protections
- Standards
- Workers' Rights
- Foreign Direct Investment
- Funding
- Consumer protections
- Environmental protections
- National Security















#### **Current position**



#### Withdrawal Agreement ratified 23<sup>rd</sup> Jan 2020 and gained EU consent on 29<sup>th</sup> Jan 2020

- □ UK officially left the European Union
- EU law continues to apply
- ☐ UK and EU content continues to count toward the rules of origin requirements in EU trade agreements
- ☐ UK maintains "de facto" membership of the Single Market & Customs Union
- ☐ Transition Period in place until 31st December 2020
- ☐ UK remains bound by obligations stemming from all EU international agreements
- ☐ UK is no longer represented in EU institutions, agencies and bodies
- ☐ Common External Tariff continues to apply
- Customs Declarations are not required
- EU Free Trade Agreements continue to apply, until advised otherwise
- ☐ Union Customs Code and relevant laws continue to be applied as before
- Export Control Law continues to apply
- □ Sanctions, Embargoes, Restricted Party Screening continue to apply

#### Transition period expires on 31<sup>st</sup> Dec 2020 without a Trade deal being agreed

- ☐ UK becomes a 3rd country in the eyes of the EU
- □ Rules for third countries apply
- ☐ Access to Single Market & Customs Union is withdrawn
- ☐ UK Customs Union replaces EU Customs Union
- ☐ Use of Free Trade Agreements is withdrawn
- ☐ MFN tariffs apply to EU imports (alongside ROW imports)
- ☐ Customs Controls are implemented for EU trade
- □ Customs declarations become mandatory for trade with the EU
- □ EU law ceases to apply
- ☐ UK legal framework does not currently include all provisions
- ☐ Significant impact as all rules collapse overnight







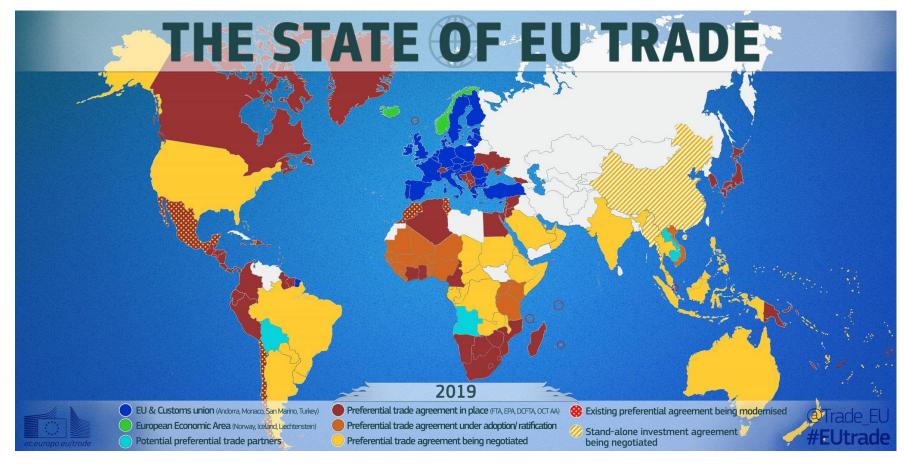






#### **EU trading landscape**

















#### **UK trading landscape 1st January 2021**



Signed	In discussion	Mutual Recognition Agreements (MRA)	Priorities
Andean countries Canada (in principle) CARIFORUM trade bloc Central America Chile Cote d'Ivoire Eastern and Southern Africa (ESA) trade bloc Faroe Islands Georgia Israel Japan Jordan Kenya (in principle) Kosovo Lebanon Liechtenstein Morocco Pacific states Palestinian Authority South Korea Southern Africa Customs Union and Mozambique (SACUM) trade bloc Switzerland Tunisia Ukraine	Albania (Western Balkans) Algeria Bosnia and Herzegovina (Western Balkans) Cameroon (Central Africa) Mexico Moldova Montenegro (Western Balkans) North Macedonia (Western Balkans) Serbia (Western Balkans) Singapore Turkey Vietnam	Australia New Zealand United States	European Union (EU) United States Australia New Zealand Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Current UK trade agreements: <a href="https://www.gov.uk/government/collections/the-uks-trade-agreements">https://www.gov.uk/government/collections/the-uks-trade-agreements</a>













#### **Brexit and its impact**



Extra formalities and considerations relating to UK-EU trade:

- Documentation requirements
- Border controls and checks
- Import duty and VAT
- Licensing controls
- Regulation and certification
- Potential Customs delays
- Cashflow
- Exchange rate fluctuation
- Commercial contract changes















# Government developments and clarity



#### **Clarity – Border Operating Model**





**Principle**: "In light of COVID, a phased approach to the implementation of full border controls on imports coming into GB from the EU"

#### In practice:

- □ Phased approach for imports (1<sup>st</sup> January, April, July 2021)
- Export requirements effective from 1<sup>st</sup> January 2021
- Customs declarations (Imports and exports)
- Customs duties (Imports)
- VAT (Imports)
- Safety and Security Declarations (Imports and Exports)
- Goods with additional requirements
- Does not cover flow of NI-GB goods see https://www.gov.uk/government/publications/ moving-goods-under-the-northern-irelandprotocol













#### **Clarity – Northern Ireland Protocol**





Principle: "UK must function as a single customs territory.

Northern Ireland must have unfettered access to GB territory"

#### In practice:

- Customs declarations
- ☐ Entry summaries
- Tariffs
- Customs checks
- □ Regulatory checks
- Additional approvals
- VAT and excise
- ☐ Sign up to Trader Support Service <a href="https://www.tradersupportservic">https://www.tradersupportservic</a> e.co.uk/tss







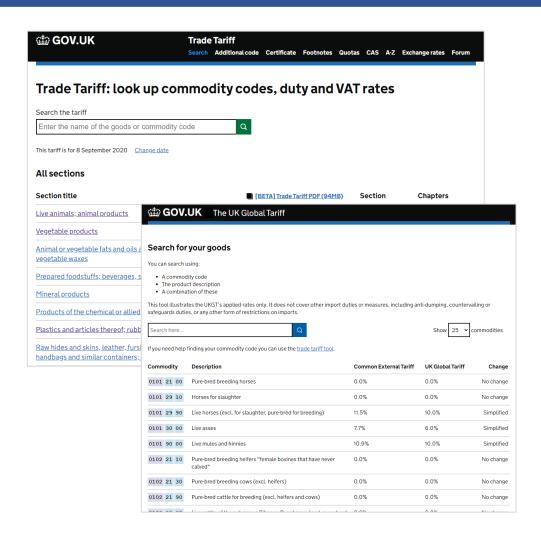






#### **Clarity - New UK Global Tariff**





#### In practice:

- Replaces the EU Common External Tariff
- Exceptions:
  - Goods are from a developing country that pays less or no duty because it is part of the Generalised Scheme of Preferences (GSP)
  - Goods are from a country that has a trade agreement with the UK
  - Goods have a relief or tariff suspension that is operated by the UK
- ☐ Still need to refer to UK Trade

  Tariff volumes (product classification, and any conditions until 31st Dec 2020)













# Considerations and practical steps



#### **Considerations for UK importers**



### Additional clarification and areas of focus for UK importers:

- EORI numbers
- Commodity codes and BTIs
- Import Preference
- Import entries and documentation
- Customs special procedures
- Customs Procedure Codes
- Valuation on imports
- Import duty and VAT payment
- Regulatory compliance
- Intrastat
- Commercial contracts
- Incoterms
- Authorised Economic Operator (AEO)















#### **EORI** numbers













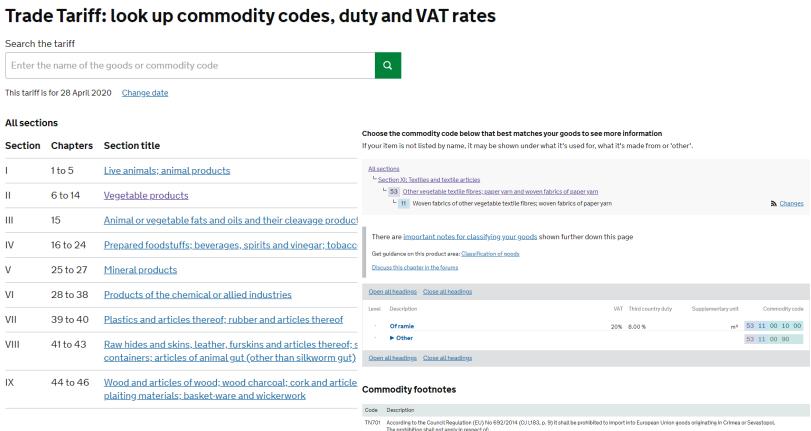




#### **Commodity codes**



















#### **Binding Tariff Information (BTI)**



	English EN	Search
curopean Commission > Taxat	tion and Customs Union > Business > Calculation of customs duties > What is the Common Customs	Tariff? >
axation and Customs U	nion	
Home Business Citizen	s Customs Taxation Online services About	
Apply for a BTI	decision  Before applying	
Before applying Steps to follow	Before applying, you are free to contact the customs in your country to ask for general information or advice on the applicable legislation, including classification of goods. Such information will not be binding on the customs.	
Related links	You can only get binding information in the form of a BTI decision.	
	Steps to follow	
	<ol> <li>Read the General information on applications for BTI (***).</li> <li>Connect to the electronic Trader Portal</li> <li>Fill in a BTI application form (***) and send it to the customs authorities in the EU country:         <ol> <li>where you are legally established or</li> <li>where you intend to import/export your goods</li> </ol> </li> </ol>	
	A BTI decision can only be used for goods for which customs formalities are completed after the start date of validity of the decision.	

- Legally binding
- Valid for 3 years
- Option to extend

Apply for a BTI: https://ec.europa.eu/taxation\_customs/business/calculation-customs-duties/what-is-common-customs-tariff/binding-tariff-information-bti\_en













#### **Import Preference - GSP**



Designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 4,800 products from 129 designated beneficiary countries and territories



Standard GSP	GSP+	Everything But Arms (EBA)		
Congo Cook Islands India Indonesia Kenya Micronesia Nauru Nigeria Niue Samoa Syria Tajikistan Tonga Uzbekistan Vietnam	Armenia Bolivia Cape Verde Kyrgyzstan Mongolia Pakistan Philippines Sri Lanka	Afghanistan Angola Bangladesh Benin Bhutan Burkina Faso Burundi Cambodia Central African Rep. Chad Comoros Congo (DRC) Djibouti Equatorial Guinea Eritrea Ethiopia Gambia Guinea-Bissau Haiti Kiribati Lao (PDR) Lesotho Liberia Madagascar	Malawi Mali Mauritania Mozambique Myanmar Nepal Niger Rwanda Sao Tome & Principe Senegal Sierra Leone Solomon Islands Somalia South Sudan Tanzania Timor-Leste Togo Tuvalu Uganda Vanuatu Yemen Zambia	







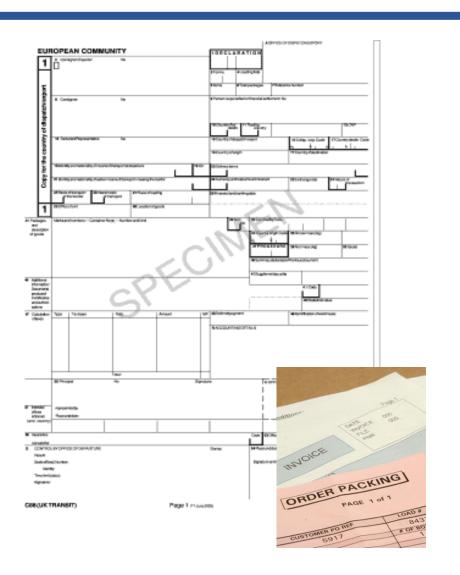






#### Import entry and documentation







Commercial invoice



Packing list



Certificate of origin / origin declaration



Preference certificate / preference declaration



Bill of lading / AWB / CMR



Other certificates e.g. phytosanitary, conformance, etc.



License for controlled goods



Insurance (if the supplier is arranging this)







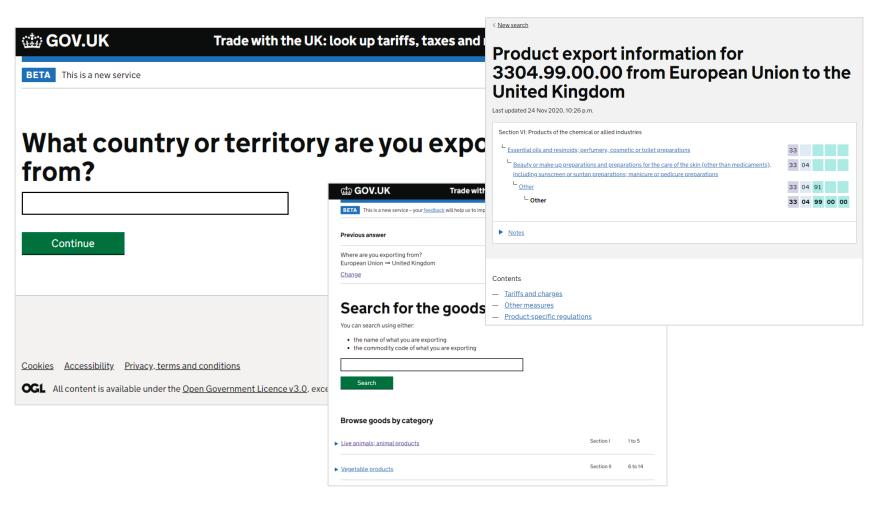






#### Trade with the UK tool





Trade with the UK: https://www.get-rules-tariffs-trade-with-uk.service.gov.uk/choose-country/













#### **Customs special procedures**





Apply for special procedures: <a href="https://www.gov.uk/government/publications/import-and-export-simplified-procedures-application-ce48">https://www.gov.uk/government/publications/import-and-export-simplified-procedures-application-ce48</a>







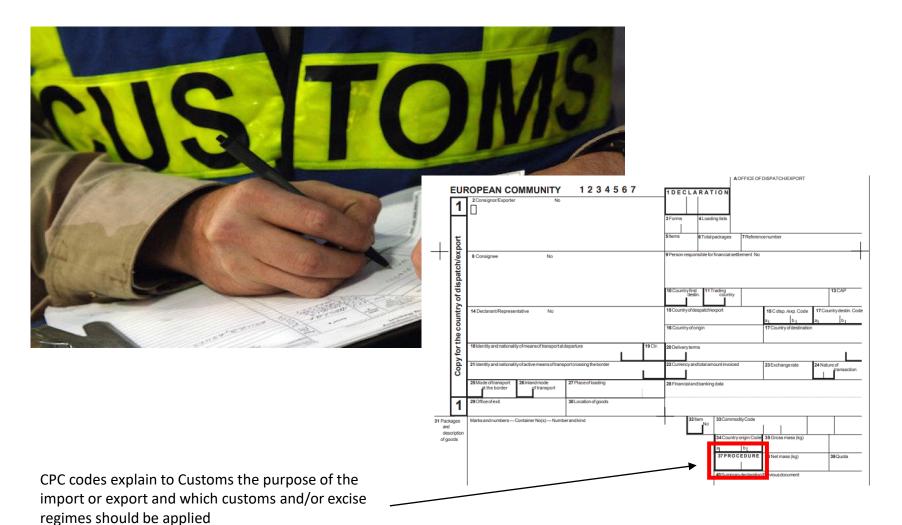






#### **Customs Procedure Codes (CPC)**

















#### **Valuation**



Value Build-up Sheet	A. Office of destination
HIM Customs and Excise For use with the Single Administrative Document	
1.Value Build-up Data	
61. Airport of loading 62.Air transport costs	
63. Currency 63.AWB/freight charges	
64*. Freight apportionment indicator 65a.Discount currency/amount	
65b. Discount % (percent) 66.Insurance currency/amount	
67. Other Charges/Deductions	
68. VAT value adjustment	
"When box 64 is completed, the gross mass in Box 35 for each Item and total gross mass in Box 44(item 1 only)a	re also required to be completed on the SAD
2. Manual Calculations	
For official use	















#### Valuation (basic example)



Invoice price (Value of goods)	£10,000
Add £500 insurance Add £1,500 freight  Customs value (Cost Insurance Freight value)	+£500 +£1500 <b>£12,000</b>
Customs Duty Rate @ 2% of CIF Value (12,000 x 2.0%)	£240
VAT value (Customs value + Duty)	£12240
VAT @ 20%	£2448
Actual price to get the goods to the UK	£14,688

Almost 50% higher than the price of goods (if VAT is not recoverable)













#### **Import Duty and VAT**

















#### **Payment of duties**



#### **Methods of payment:**

- □ Immediate payment (cash / equivalent)
- □ Immediate payment (FAS account)
- □ Deferred payment
- □ Postponed VAT accounting (VAT only)
- **Security** (by cash deposit, FAS account, deferment account, guarantee, bond)















#### **Regulatory compliance**





#### Middle ground

How much market
access does the UK want
to secure and what
regulatory obligations
will it be required to
comply with in return for
this?



Transfer of competences to EU institutions, centralisation, legislative harmonisation, and regulatory convergence. Enforcement of EU regulatory standards achieved through national authorities and courts, together with interpretative support from the CJEU.

UK Parliament regains legislative sovereignty from EU institutions and freedom to determine its own regulatory standards, including whether to remain aligned with or diverge from EU laws.

Regulatory impact examples: Chemicals sector (REACH); CE mark and health, GDPR

Thompson Reuters legislation tracker: <a href="https://uk.practicallaw.thomsonreuters.com/2-631-7191?transitionType=Default&contextData=(sc.Default)&firstPage=true">https://uk.practicallaw.thomsonreuters.com/2-631-7191?transitionType=Default&contextData=(sc.Default)&firstPage=true</a>













#### **Intrastat**



⊕ 🔁 🔳 Choose						
Purchasing document			to			4
Purchasing organization	6190		to			4
Company code	6190					100000
Plants			to			\$
BITOLOTAT CARACIL						
INTRASTAT - General Reporting Month	7	Reporting Y	anr.	2011		
Country of Dec.	DE	Declaration	100	EUR		
			Series .			
Issue / Update					-	
Log Type	D 🕝	Layout				
Deletion Type						
Addnl Details						
INTRASTAT Exchange Rate Type						
✓ Issue Warnings Incompl.						
Issue Addni Info Incompi.						
Selection by Document Date						
Exchange Rate Date W/O Invoice						
Exch. Rte Dte Inv. in Prev Mo.						
Exchange Rate from Invoice						
Exchange Rate from invoice						

### Intrastat arrangements from 31<sup>st</sup> December 2020

- □ Importing into GB from EU: UK Intrastat required until the end of 2021
- Exporting from GB to EU: No Intrastat required from 31<sup>st</sup> December 2020
- □ Exporting from GB to NI: No Intrastat required













#### **Commercial contracts**











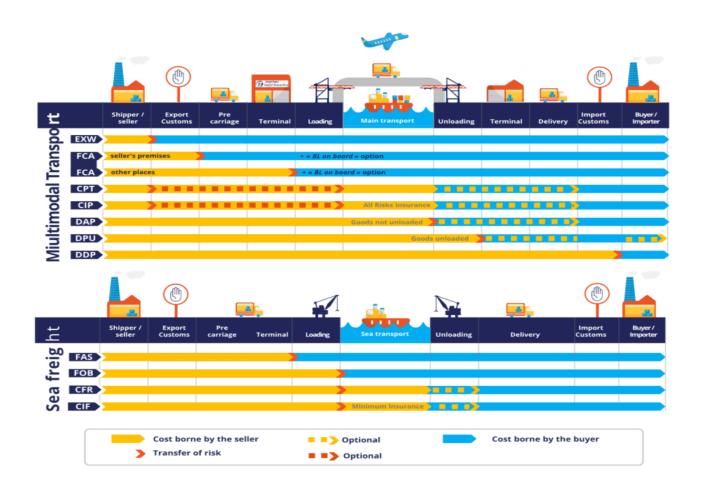






#### **Incoterms 2020**

















#### **Authorised Economic Operator (AEO)**



Internationally recognised accreditation that indicates a company's role in the supply chain is secure and reliable, and that any Customs controls and procedures are efficient and compliant



#### **BENEFITS:**

- Simplified Customs declarations and EIDR (Entry in Declarant's Records)
- □ Transit simplifications
- Priority treatment of consignments if selected for control
- ☐ The option of a centralised clearance self-assessment
- Easier admittance to special procedures such as CFSP, temporary storage and Customs warehousing
- □ Duty deferment guarantee reduction and SIVA
- ☐ Guarantee reductions or waivers
- □ Removal of previous sales provisions relating to valuations













### How to prepare



#### **Action Plan (next 60 days)**



ACTION	COMPLETED
Check / Obtain EORI numbers	
Check commodity codes	
Source a customs intermediary	
Look at simplified procedures and your eligibility	
Understand your duty and import VAT liability	
Prepare to pay / account for VAT on imported goods	
Consider / Apply for a Duty Deferment Account	
Understand border requirements for products (documentation, licensing, certification)	
Obtain latest on regulation impacting your sector / products	
Review commercial contracts	
Consider currency and exchange risk	
Prepare for customs delays (flow of goods, stock buffer, etc.)	
Understand legal obligations and book training	
Look at HMRC's Customs Intermediary grant scheme	













# Sources of information and support



#### Sources of information



- Apply for EORI number <a href="https://www.gov.uk/eori">https://www.gov.uk/eori</a>
- New Border Operating Model https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment
   data/file/908534/Border Operating Model.pdf
- Simplified procedures for import and export https://www.gov.uk/government/publications/import-and-export-simplified-procedures application-ce48
- □ Training and qualifications <a href="http://www.export.org.uk/default.asp">http://www.export.org.uk/default.asp</a>?
- Customs Intermediary Grant Scheme <a href="https://www.customsintermediarygrant.co.uk/">https://www.customsintermediarygrant.co.uk/</a>
- □ Freight forwarders <a href="https://www.bifa.org/members">https://www.bifa.org/members</a>
- Classifying goods UK Trade Tariff / EU Common External Tariff https://www.gov.uk/guidance/classification-of-goods
- Subscribe to updates on commodity codes by emailing tariff.management@hmrc.gsi.gov.uk
- Consult HMRC if in doubt over commodity code by emailing the Tariff Classification Service (classification.enquiries@hmrc.gov.uk) for non-legally binding advice on classifying goods
- Importing under preference <a href="https://www.gov.uk/guidance/importing-and-exporting-using-international-trade-preferences">https://www.gov.uk/guidance/importing-and-exporting-using-international-trade-preferences</a>
- □ Valuation methods and guidance <a href="https://www.gov.uk/government/publications/notice-252-valuation-of-imported-goods-for-customs-purposes-vat-and-trade-statistics">https://www.gov.uk/government/publications/notice-252-valuation-of-imported-goods-for-customs-purposes-vat-and-trade-statistics</a>













#### **Sources of information**



- Customs Special Procedures <a href="https://www.gov.uk/government/publications/notice-3001-special-procedures-for-the-union-customs-code">https://www.gov.uk/government/publications/notice-3001-special-procedures-for-the-union-customs-code</a>
- Duties and rates applicable to UK goods in export markets <a href="https://www.check-duties-customs-exporting-goods.service.gov.uk/selectdest">https://www.check-duties-customs-exporting-goods.service.gov.uk/selectdest</a> and <a href="https://madb.europa.eu/madb/euTariffs.htm">https://madb.europa.eu/madb/euTariffs.htm</a> (view as a third country i.e. China)
- □ WTO Rules of Origin <a href="https://www.wto.org/english/tratop">https://www.wto.org/english/tratop</a> e/roi e/roi info e.htm
- Export control organisation <a href="https://www.gov.uk/guidance/beginners-guide-to-export-controls">https://www.gov.uk/guidance/beginners-guide-to-export-controls</a>
- OGEL and Goods Checker Tools https://www.ecochecker.trade.gov.uk/spirefox5live/fox/spire/OGEL GOODS CHECKER LAN DING PAGE/new
- Regulation Trade associations <a href="http://www.taforum.org/Members">http://www.taforum.org/Members</a>
- CE and UKCA mark <a href="https://www.bsigroup.com/en-IL/Our-services/Product-certification/ukca-mark/">https://www.bsigroup.com/en-IL/Our-services/Product-certification/ukca-mark/</a>
- Protecting intellectual property <a href="https://www.gov.uk/intellectual-property-an-overview">https://www.gov.uk/intellectual-property-an-overview</a>
- UK overseas intellectual property attaché network <a href="https://www.gov.uk/government/news/uk-overseas-intellectual-property-attache-network">https://www.gov.uk/government/news/uk-overseas-intellectual-property-attache-network</a>
- □ Incoterms <a href="https://iccwbo.org/">https://iccwbo.org/</a>













#### Sources of information



- Information Commissioner Office (ICO) <a href="https://ico.org.uk/for-organisations/data-protection-at-the-end-of-the-transition-period/">https://ico.org.uk/for-organisations/data-protection-at-the-end-of-the-transition-period/</a>
- Local Growth Hubs
  - SEMLEP Growth Hub https://www.semlepgrowthhub.com/
  - OxLEP Growth Hub https://www.oxlepbusiness.co.uk/
  - New Anglia Growth Hub <a href="https://www.newangliagrowthhub.co.uk/">https://www.newangliagrowthhub.co.uk/</a>
  - Buckinghamshire First <a href="https://bbf.uk.com/">https://bbf.uk.com/</a>
  - Cambridge & Peterborough <a href="https://cambridgeshirepeterborough-ca.gov.uk/">https://cambridgeshirepeterborough-ca.gov.uk/</a>
- □ The Export Department <a href="https://www.exportdept.co.uk">https://www.exportdept.co.uk</a>
- BEIS 'Check, Change, Go' webinars
   <a href="https://www.workcast.com/ControlUsher.aspx?cpak=2905552366482043&pak=2807339524">https://www.workcast.com/ControlUsher.aspx?cpak=2905552366482043&pak=2807339524</a>
   439725&referrer=BIRD
  - Department for International Trade <a href="https://www.gov.uk/government/organisations/department-for-international-trade">https://www.gov.uk/government/organisations/department-for-international-trade</a>
- □ Local Chambers of Commerce <a href="https://www.britishchambers.org.uk/page/join-a-chamber">https://www.britishchambers.org.uk/page/join-a-chamber</a>
- Export market information <a href="https://opentoexport.com/">https://opentoexport.com/</a>
- □ Training Institute of Export https://www.export.org.uk











# Thank you for your time!

#### **Contacts:**

Name: Andrea Collins

Company: The Export Department

Tel. +44 (0) 7500 831800

Email: acollins@exportdept.co.uk

Twitter: @TheExportDept
LinkedIn: in/andreacollins

