

AICES Guidance: Brexit - End of Transition Readiness

Introduction

From 1st January 2021, post-Brexit transition will end and trade with the European Union will become more complex. There are some decisions that have been dependent on the final negotiations between the UK government and the EU which will make implementation in these final weeks extremely challenging. At this stage, we can be sure that there will be customs controls for movements between the EU and GB and vice versa even if a trade deal is agreed at the last minute but we still have no clarity on Northern Ireland.

[The Border Operating Model](#) issued and maintained by HMG Border Protocol Delivery Group is an excellent reference document. It also contains links to more comprehensive guidance notes on many topics. There is a 'phasing in period' on the UK side but ultimately exports to and imports from the EU member states will be subject to the same controls and processes as any other location outside of the UK.

Impact on AICES Members

AICES Members should ensure that they are fully aware of the forthcoming changes and how they will affect their businesses and those of their customers.

● Exports to EU

Customs Clearance

The normal Rest of World (RoW) export process will be adopted for movements from the UK to the EU (including the Safety and Security Declaration normally covered by an export declaration). Customs documentation, primarily invoices, will be required from the shipper to enable export customs entries to be created. For goods moving via non inventory linked ports eg. RO-RO and Channel Tunnel, changes as of 1 January 2021 mean that export entries must be submitted as "arrived" prior to the goods moving to the Exit Port.

The first point of entry into the EU will require a Safety and Security Entry Summary (S&S ENS) declaration where the goods will either:

- Remain under the Common Transit Convention (CTC) regime and travel on to the destination as a transit movement
- a transit movement may be created for onward travel or
- an import entry will be required.

Haulage

For exports traveling by truck, the haulier (or agent) will need to meet the requirements of the Goods Vehicle Movement System (after 1 July 2021) which is a system that cross references the truck contents (by export entry), CTC transit reference when used, and the truck registration number.

From 1 January 2021 for movements through Kent to the Channel Ports for vehicles over 7.5 tonnes the haulier will also have to complete, online, the Export readiness check in the "Check an HGV is border ready" system (Smart Freight) to obtain a Kent Access Permit. This is a mandatory requirement for Kent but is not mandatory in other areas. The check is designed to ensure that all documentation has been completed along with any commodity specific controls, and that arrangements are in place to move the vehicle once it has arrived in Europe, thereby avoiding congestion. The "Check an HGV is border ready" requirement is intended as a temporary measure to minimise the potential traffic disruption caused by congestion at the Channel ports and the Eurotunnel terminal.

Air freight

For movements by air the process will be the same as for all RoW air freight exports.

● **Imports from the EU**

Safety and Security

It is the responsibility of the haulier (or agent) to ensure that an ENS safety and security declaration is presented (NB there is a waiver until 1st July) in advance of loading (see BOM transit mode Annex for precise timings).

Port process.

The port process will differ depending on whether their operating model is based on the traditional temporary storage model, in which case the process is already defined as any current import, or if the new pre-lodgment model is adopted (the likely RoRo solution for Eurotunnel and Dover etc.) or both if there is a 'mixed' model in place. The pre-lodgment model relies on the import entry being presented in advance so that the contents of any truck can be released whilst en route across the English Channel. Thereby avoiding delay and congestion at the port of arrival (see page 106 of the BOM).

A vehicle may also be covered by a Common Transit Convention (CTC) transit movement in which case the movement may be allowed to travel straight through to destination.

Air freight

For movements by air the control process will be the same as for all RoW air freight imports.

Customs Clearance

The customs clearance process (See section 3 page 102 of the BOM) will be the same as the current import process as used for the RoW. However there will be special dispensation for the first 6 months that allow for some flexibility in the timing of the initial presentation and supplementary declaration for EU originating consignments. This allows importers (or their intermediary) to make a record in their own commercial records at the point of entry of goods into GB, and then follow this with a supplementary declaration which must be submitted to HMRC within six months of the point of import. (See page 32 of the BOM).

It is now easier for Agents/intermediaries to act in a direct representation capacity reducing their potential liability. They may use either their own or the importers duty deferment account. If the importer does not meet all of the criteria they may still be represented by the agent/intermediary in an indirect capacity. (See BOM page 34). Also be aware of the benefits of Postponed VAT Accounting for importers (Page 36 of BOM).

For airfreight movements the process will be the same as for any import by air including the advance Safety and Security declaration (S&S GB). Bearing in mind that "Air Trucks" replacing a flight with a truck movement will now be subject to the normal CTC transit movement process.

● **Low Value Imports**

Consignments up to the value of £135 will be covered by the new low value scheme for overseas goods sold to GB consumers and businesses where with limited exceptions (eg controlled goods and C2C) there is no import VAT owing and instead supply VAT has to be paid. The overseas seller or Online Market Place (OMP) will need to account for supply VAT on B2C sales by registering for UK VAT and paying the VAT due. For B2B sales the seller will not need to charge and account for VAT if the customer gives them their VAT registration number, and they confirm they will use the VAT reverse charge mechanism. (See page 37 of BOM)

Online marketplace guidance: <https://www.gov.uk/guidance/vat-and-overseas-goods-sold-to-customers-in-great-britain-using-online-marketplaces-from-1-january-2021>

Direct seller guidance: <https://www.gov.uk/guidance/vat-and-overseas-goods-sold-directly-to-customers-in-great-britain-from-1-january-2021>

From 1st January 2021 a new arrangement for the bulk entry of Low Value import consignments from anywhere (EU and RoW) is available. The use of this process Bulk Import Reduced Data Set (BIRDS) is dependent on prior HMRC authorisation. (See also page 45 of BOM and AICES Guidance to follow).

For more information please see:

<https://www.gov.uk/guidance/apply-to-import-multiple-low-value-parcels-on-one-declaration-from-1-january-2021>

You can find the bulk import reduced data set here:

<https://www.gov.uk/government/publications/draft-notice-to-be-made-under-the-customs-bulk-customs-declaration-and-miscellaneous-amendments-eu-exit-regulations-2020/bulk-import-reduced-data-set-annex-c>

● Northern Ireland

There are currently many uncertainties and unknowns about the requirements for NI (particularly the complexities of transshipment and multi modal transport routings via GB) under the Northern Ireland Protocol, which are dependent on the ongoing EU negotiations. NI is part of the UK but will be obliged to comply with much of the EU customs legislation. Traders including agents acting on their behalf in NI will, therefore need NI VAT and EORI numbers prefixed with the XI country code.

Transfers from GB to NI

There is no requirement for an export declaration to be submitted for movements from GB into NI as things stand, however, ultimately it will be necessary to treat most traffic going into NI as an import into NI under EU UCC rules including a Safety and Security Entry Summary (ICS) and full customs entry or super reduced data set on CDS. There is likely to be an interim solution or contingency measures. The Government has established a 'Trader Support Service - a free service operated by a business consortium on behalf of HMG – to assist Northern Ireland businesses to enter customs import declarations on CDS and to help prepare more generally for the changes.

Transfers from NI to GB

At this stage most goods that are in free circulation in NI qualify for unfettered access to the rest of the UK. This is likely to change with time to ensure that goods are not routed from RoI via NI to the rest of the UK simply to avoid import formalities and taxes. A limited number of commodities that have special controls will also require customs entries (CITES etc.). There are also specific arrangements for goods moving NI to GB via the RoI.

NI to EU transfers

By virtue of the special provisions applied by the Protocol to avoid a physical border on the island of Ireland, there will be no substantive change for the movement of goods covered by the Protocol between Northern Ireland and the EU member States, specifically including the Republic of Ireland.

Impact on Customers of AICES Members

● UK Importers

UK based businesses must be aware that consignments originating in the EU will become customs controlled in the same manner as those consigned from other countries in the rest of the world. There will be customs controls on all goods arriving from all countries outside of the UK. Duties will be payable as defined in the

customs tariff and VAT will be payable. UK businesses buying from outside of the UK should therefore, as a minimum, ensure that they are ready for the changes:

- Be prepared for customs controls that could possibly disrupt supply chains
- Have a UK EORI number (beginning GB) used to identify the organisation for customs purposes. (In Northern Ireland importers will need a NI VAT number and EORI prefixed with the XI country code).
- Be prepared to pay duties and possibly apply for a duty deferment account if becoming a regular importer of dutiable goods.
- Be aware of the benefits of Postponed VAT Accounting (PVA) which allows VAT to be accounted for in the VAT return rather than making payment at the time of importation. (Page 36 of BOM)
- Check the rules for importing their type of goods (import licences, certificates etc.)
- Authorise an agent or agents (intermediaries) to act on their behalf to handle customs clearance requirements.

As a concession, for the first 6 months following the end of the EU transition i.e. from 1st January 2021 to 1st July importers of EU goods may be make delayed declarations (this is a rolling 6 month concession). This allows importers (or their intermediary) to make a record in their own commercial records at the point of entry of goods into GB, and then follow this with a supplementary declaration which must be submitted to HMRC within six months of the point of import. (See full details on page 32 of the BOM).

● UK Exporters

Companies selling outside of the UK will in all cases become exporters. This means that UK exporters will have to comply with all export regulations and controls including the provision of an export customs entry (normally delegated to an intermediary). For this companies will need to have an EORI (identification number beginning GB). UK exporters have to provide paperwork (or an electronic version of the paperwork) including:

- Invoices
- Possibly product certification depending on the goods and the destination

Companies will also have to comply with export licensing requirements and any other restrictions related to prohibitions and denied parties etc.

● Overseas Suppliers

Overseas suppliers which will include all suppliers in the EU will have to comply with their local export regulations and controls including the provision of an export customs entry (normally delegated to an intermediary). They will have to provide paperwork (or an electronic version of the paperwork) including:

- Invoices
- Possibly product certification depending on the goods

Suppliers shipping consignments valued at less than £135 will have to comply with the new rules governing low values consignments. This means that for businesses selling to UK consumers they will have to register for UK VAT, and then charge VAT on their invoice. If they are selling to a UK business they will have to include the UK business VAT number on their invoice and confirm that they will be using the reverse charge mechanism- then they do not then need to charge UK VAT.

● Overseas Customers

All shipments to customers outside the UK will be treated as UK exports (except NI to EU) and will require import processing at destination.