

# Brexit: EU Imports & Exports in 2021

Course book



...market leaders for business training

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## Course book

This document contains the text of the PowerPoint displays that are used during the presentation of the course

### **Brexit: EU Imports & Exports in 2021**

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## **Session 1: Introduction to EU imports and exports**

### **The new border with the EU in 2021**

- Trade of goods with EU is now similar to treatment with the rest of the world (ROW)
  - EU sales are exports
  - EU acquisitions are imports
- **Exports** - full border controls immediately for goods moving from GB to EU from 1 January 2021
- **Imports** - full border controls on goods moving from EU to GB initially implemented in **3 stages** in January, April and July 2021 – now extended to **2022**
- Separate rules for goods moving from GB to Northern Ireland

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### **Moving goods between GB and the EU in 2021**

- Core processes will apply to all goods movements...
  - Customs declarations
  - Customs duties
  - VAT
  - Safety & Security (S&S) declarations
- There are additional processes that only affect certain goods...
  - Special certification
  - Specific entry locations
  - Additional border checks
- Further requirements apply to controlled and prohibited goods



## EU-UK Free Trade Agreement (TCA) – goods and customs provisions

The key provisions affecting trade in goods and customs...

- Tariff and quota free trade of all goods between UK and EU subject to them meeting relevant rules of origin (see later)
- Separate regimes for sanitary and phytosanitary standards
- Mutual recognition of Trusted Trader Schemes (UK Authorised Operator status recognised)
- Bespoke provisions in respect of RORO movements of goods
- Increased customs cooperation between UK and EU counterparts
- A protocol on VAT cooperation and recovery of unpaid taxes

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### Key planning points...

- Review existing contract terms
  - Incoterms are important to establish responsibility for customs procedures
- Review existing trade agreements to determine what contracts are affected by the changes
- Obtain or check EORI numbers
- Review rules of origin of goods
- Review/check existing authorisations and relationships with intermediaries
- Consider internal resources and any training needs and grants

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## Will you use customs intermediaries?

- Peace of mind in knowing an expert is handling the process
- Single point of contact – not dealing with individual agencies
- Saves time and resources
- Reduces delays and overpayments
- But remember...
  - Important to understand the key elements of the process
  - You need to assist your agent and know what you should be checking
  - You are ultimately responsible

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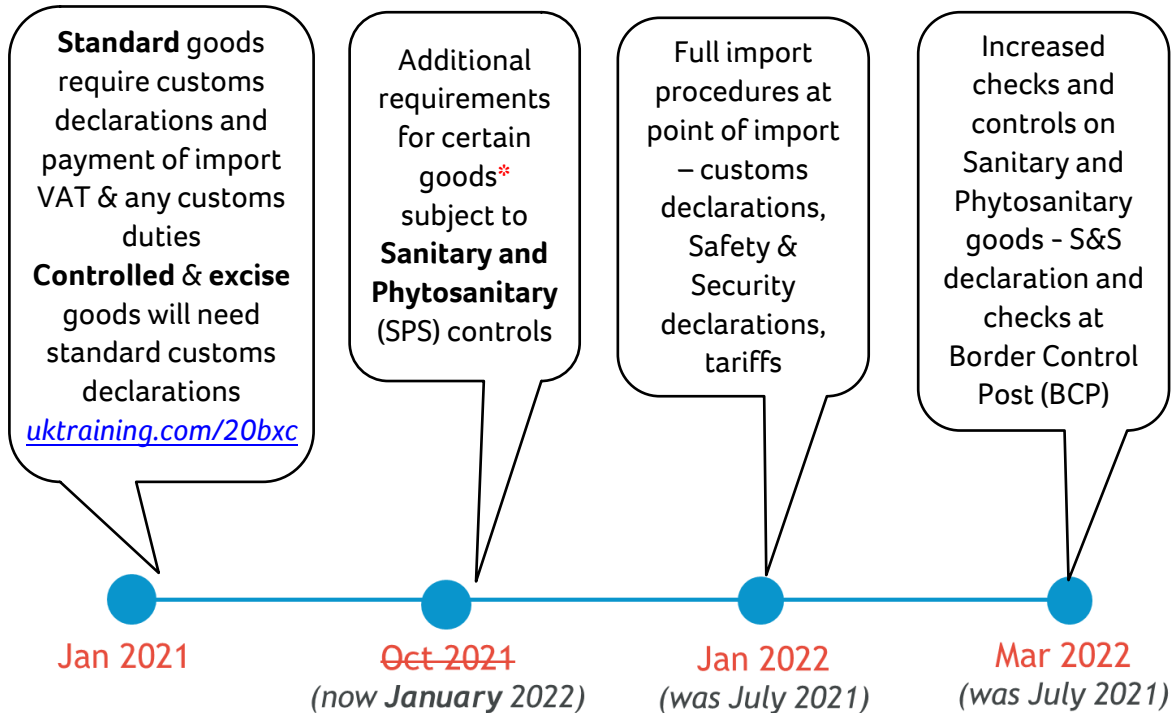
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## Session 2: Importing goods from the EU – customs procedures

### Imports – implementation timetable



**\*Examples:**

- Animal products (POAO)
- High-risk food
- Fish products
- Plant products

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### Preparing to import - steps to take

- **Which new guidance applies?**
- Obtain or check your GB EORI number
- Determine who will make customs declarations
- Determine the commodity code and value of goods
- Check if any duty is payable
- Check if licences are needed
- Check labelling, marking and marketing rules
- Make a customs declaration
- Check the rate of VAT

Different rules apply to Northern Ireland and goods sent by post

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## EORI number

- You need a GB EORI number to move goods between the UK, EU and non-EU countries -
  - Prefixed with 'GB'
- You may already have one if you have previously traded with the EU
- You don't usually need one if you only provide services or move goods between NI and Ireland
- You may also need EORI numbers in NI (XI prefix) or EU countries
- There is a separate EORI team to assist - [www.uktraining.com/20bwq](http://www.uktraining.com/20bwq)

Application for an Economic Operator Registration and Identification (EORI) number - Imports form

\*Indicates required information

Before completing this form please confirm the following conditions apply to your application:

- you aren't VAT Registered in the UK
- you're receiving goods into the EU from a country outside the EU
- the goods you're receiving are part of a commercial sale or for a commercial/promotional activity as part of your business

I agree that my application meets this criteria\*

If you don't meet the criteria above please refer to the Economic Operator Registration and Identification scheme webpage on GOV.UK. To view the guidance go to the GOV.UK homepage and enter 'Economic Operator Registration and Identification scheme' or 'EORI' in the search facility.

Please note: For additional help you can click on the help icons (?) that appear next to various field labels below.

Section 1 - Details of who requires an EORI number

Please complete this section with the name and address details of the business you require an EORI number to be issued to.

Business name:\*

Trading name:

Address line 1:\*\*

Address line 2:

Postcode (if abroad you may need):

EORI application:  
[www.uktraining.com/20bwm](http://www.uktraining.com/20bwm)

## Preparing to import - steps to take

- Which new guidance applies?
- Obtain or check your GB EORI number
- **Determine who will make customs declarations**
- Determine the commodity code and value of goods
- Check if any duty is payable
- Check if licences are needed
- Check labelling, marking and marketing rules
- Make a customs declaration
- Check the rate of VAT

Decide if you will do this yourself or use an intermediary



## Preparing to import - steps to take

- Which new guidance applies?
- Obtain or check your GB EORI number
- Determine who will make customs declarations
- **Determine the commodity code and value of goods**
- Check if any duty is payable
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- Check the rate of VAT

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## How to determine the commodity code

- You need to include the commodity code on the customs declaration
- Commodity codes determine the rate of duty and whether there is a need for an import licence
- Commodity codes can be found in the UK Trade Tariff tool - [www.gov.uk/trade-tariff](http://www.gov.uk/trade-tariff)
  - You will need detail of the type of product, material used to make it or production method
- Informal non binding advice on codes can be obtained using HMRCs Tariff Classification service
- Formal legally binding advice can be obtained as an Advanced Tariff ruling

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## Working out the value of goods

- You will need the valuation for your import declaration
- This will help determine any duty and VAT you need to pay
- There are 6 ways to work out value
  - Typical valuation for goods will be “transaction value” which is price evidenced by suppliers invoice and supplementary cost
    - E.g. delivery, commissions, royalties, licence fees, containers and packaging etc
- Valuation for VAT will include any customs duties

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## Preparing to import - steps to take

- Which new guidance applies?
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- Determine the commodity code and value of goods
- **Check if any duty is payable**
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- Make a customs declaration
- Check the rate of VAT

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## Are duties due on your goods – does the EU-UK trade agreement apply?

- If UK EU trade complies with the rules of origin under the TCA, most goods will have no customs duties/tariffs
- Must be able to prove your goods largely originate in the EU for imports (UK for exports) - manufacturing or processing in third country must be strictly limited
- Claim for zero tariffs is made on the customs declaration
- Retrospective claims can be made for up to three years after import
- Low value goods are exempt from the origin requirements...
  - For exports goods under €500
  - For imports goods under £1,000 regardless of whether for commercial purposes

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## What does originating mean?

- Two ways a product can be considered as originating in UK/EU
  - **Wholly obtained:** goods exclusively obtained or produced in one country - no third country involvement
  - **Substantially transformed:** Goods undergo a fundamental change in the country claiming origin – changing value and commodity code
- If goods do not originate in EU or UK or you cannot provide sufficient proof – tariffs will apply based on UK Global Tariff - [www.gov.uk/trade-tariff](http://www.gov.uk/trade-tariff)

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## Checking UK tariffs

The relevant tariff will be calculated using the commodity code on the customs declaration - [www.trade-tariff.service.gov.uk/sections](http://www.trade-tariff.service.gov.uk/sections)

**GOV.UK** The UK Global Tariff

### Trade Tariff: look up commodity codes, duty and VAT rates

Switch to [Northern Ireland \(EU\) Tariff](#).

Search the tariff

This tariff is for 7 January 2021 [Change date](#)

**Choose the commodity code below that best matches your goods to see more information**

If you need help finding your commodity code you can use the [trade tariff tool](#).

[Open all headings](#) [Close all headings](#)

Level	Description	VAT	Third country duty	Supplementary unit	Commodity code
-	▼ Nuts, groundnuts and other seeds, whether or not mixed together				
-	▼ Groundnuts			20 08 11	
-	▼ Peanut butter	0% or 20%	12.00 %	20 08 11 10 00	

Overview **Import** [Export](#)

#### Import

The commodity code for importing is **2008111000**.

Goods are subject to **Value added tax (0.00 %)** or **Value added tax (20.00 %)**. [Please see related guidance as to when zero VAT applies](#).

Importing from outside the UK is subject to a third country duty of **12.00 %** unless subject to other measures.

Import measures and restrictions for specific countries can be found under the [import](#) tab.

#### Export

The commodity code for exporting and intrastat reporting is **20081110**.

Export measures and restrictions for specific countries can be found under the [export](#) tab.

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## What proof is required?

- Proof of origin must be made on customs declarations and must correctly classify goods with commodity codes
- Importer must hold proof of origin which can be either...
  - **Statement of origin** – provided by exporter verifying where they originated. For goods less than €6K - above this there are more formal requirements
  - **Importer's knowledge** – based on importers own knowledge and supported by documentation from exporter or producer
- Statement on origin is specific text that must be provided on the commercial invoice or any other commercial document
- Records of proof must be retained for at least 4 years

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## Duty Deferment Account (DDA)

- Useful for regular importers – delays payment of import duties and import VAT and allows quicker release of goods
- Single monthly payment through direct debit
- You will need to provide financial guarantees from your bank or insurance provider
- To set up a DDA you should apply for a Deferment Account Number (DAN) for use on import declarations
- You can authorise an agent to use your DAN using form C1207N

*DDA required for traders that choose to make deferred declarations*

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## Preparing to import - steps to take

- Which new guidance applies?
- Obtain or check your GB EORI number
- Determine who will make customs declarations
- Determine the commodity code and value of goods
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- **Check if licences are needed**
- Check labelling, marking and marketing rules
- Make a customs declaration
- Check the rate of VAT

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## Licences and certificates

- Only applies to certain goods e.g.
  - Animals, plants and agricultural products
  - Sanitary and Phytosanitary products
  - Wood and wood products
  - Medicines, tissues and cells for human application
  - Chemicals and waste
  - Guns and other weapons
- Might also need to pay an inspection fee on certain products

[www.uktraining.com/20bwj](http://www.uktraining.com/20bwj)

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## Preparing to import - steps to take

- Which new guidance applies?
- Obtain or check your GB EORI number
- Determine who will make customs declarations
- Determine the commodity code and value of goods
- Check if any duty is payable
- Check if licences are needed
- **Check labelling, marking and marketing rules**
- Make a customs declaration
- Check the rate of VAT

- Check labelling and marketing standards for food, plant seeds and manufactured goods  
[www.uktraining.com/20bwk](http://www.uktraining.com/20bwk)
- Check rules for alcohol, tobacco and certain oils  
[www.uktraining.com/20bwl](http://www.uktraining.com/20bwl)

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## Labelling, marking and marketing rules

- New rules apply to manufactured goods placed on GB market after 1 January 2021
- UK Conformity Assessed (UKCA) is a new product marking covering most goods previously requiring CE marking
- CE marked goods that meet EU requirements, where they match UK requirements, can continue to be placed on GB market until 1 January 2022
- Requirements depend on the type of goods
- Different guidance applies to goods placed on the EU and Northern Ireland markets

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## Preparing to import - steps to take

- Which new guidance applies?
- Obtain or check your GB EORI number
- Determine who will make customs declarations
- Determine the commodity code and value of goods
- Check if any duty is payable
- Check if licences are needed
- Check labelling, marking and marketing rules
- **Make a customs declaration**
- Check the rate of VAT

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## Customs declarations for imports

- The main options are...
  - **Standard import procedures** - full customs declaration
  - **Deferred declarations**
    - Available for standard goods until 1 January 2022 (previously July 2021)
  - **Simplified declarations**
    - For some controlled goods to reduce processing requirements
  - **Transit** arrangements
    - Moving goods through multiple territories
- Most declarations are submitted electronically via **CHIEF**

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## Audit trail and customs documentation

To comply with customs procedures you must have a clear audit trail and appropriate customs documentation including...

- Commercial invoice
- Customs declarations
- Orders
- Consignment documents
- Packing lists
- Origin documents
- Entry Summary declaration
- Licenses

## Standard import procedures

### Import declarations and the SAD C88

- The Single Administrative Document (SAD) or **C88** is used to lodge customs entries
  - Normally submitted in electronic form but can be completed in hard copy
- Most imports are eligible for Customs Freight Simplified Procedures (CFSP)
  - Entry in the Declarant's records (EIDR)
  - Simplified Declaration Procedure (SDP)
- Must be authorised for CFSP - use form C&E 48

Full size example – see [appendix 3](#)

Trader Input Plain Paper C88 (6) 1 INC KFU 290 BNO [REDACTED] DGE 26/11/2018

2  
TAL BUILDING 3RD FLOOR 3 I  
BOWDOVE 5 1 6 401 7 CT800764  
00 BK 15a MY 18  
6 21 CHA COH ZHENG HE MY  
22 USD 53169.80  
25 26 3  
14 (2) 30 800

31 PANTS CTR-FC104569839, PMG-401aCT Address 32 01 33  
34a 35 36  
37 6612071 38 2218.580 39  
40 F 703 AP12075179749  
41 42 53169.80 43  
45 0  
46

44 DUCH-80M [REDACTED] CT800764, HOCR=0CY10VX100100, W886-[REDACTED]

47A B C D E 48 49  
Box B  
Total Duty: 0.00  
Total Vat: 0.00  
Total Other: 0.00

Entry input by: [REDACTED]  
Telephone: [REDACTED]

54 Place and date  
HEATHROW 26/11/2018  
Signature and name of  
declarant/representative  
[REDACTED] ASN Sequoia

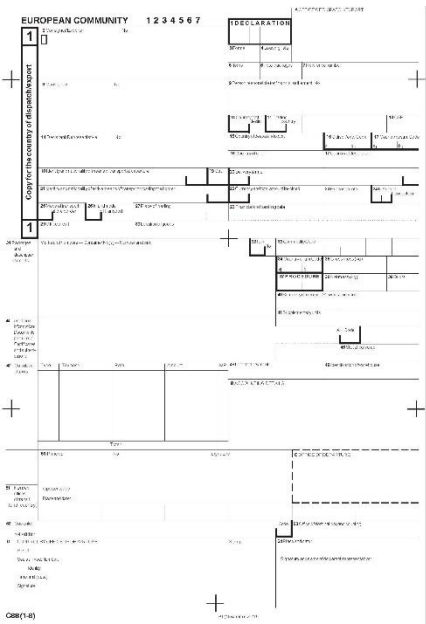
C88 (6)  
Generated by ASN Sequoia

Electronic copy of C88



### Details included on a full import declaration

- Key details...
  - Customs Procedure Code
  - Commodity Code
  - Declaration unique consignment reference
  - EORI
  - Country of origin
- Also required...
  - Currencies & valuation method
  - Declaration Unique Consignment Ref
  - Departure point and destination
  - Consignee and consignor
  - Type, amount and packaging of goods
  - Transport method
  - Certificates and licenses



Full size example – see [appendix 3](#)

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## Import declarations

- Importer must always insist on a copy of import declaration
- On receipt importer **must** check
  - Entry has correct importer EORI number
  - Customs Procedure Code (CPC)
  - Country of Despatch
  - Origin of the Goods
  - Appropriate 10 digit import commodity code
  - Correct values
  - Amount of Import Duty
  - Amount of Import VAT
  - Has preference been applied if applicable

## Customs entry E2 acceptance

- When customs entry has been accepted by HMRC, you or your agent will receive an E2 form
- It shows...
  - The 'route' allocated
  - The value for duty calculation
  - The duty and VAT due

Full size form – see [appendix 4](#)

The image shows a screenshot of an 'IMPORT ENTRY ACCEPTANCE ADVICE' form. Key sections include:

- ENTRY ACCEPTANCE DETAILS:** Entry accepted on 26/11/2018 at 09:09, Declarant ID [redacted], Submitting TURN [redacted], Office 030.
- CONSIGNMENT DETAILS:** Decl'n UCR [redacted], Consignee [redacted], Location GB800, Inventory system CWS1, Total Packages 401.
- ENTRY VALUE DETAILS:** Invoice total 41176.59 USD, Amount from Currency at Exchange Rate 1.2912.
- ENTRY REVENUE TOTALS:** Total deferred revenue 0.00, Total immediate revenue 0.00, Total revenue payable 0.00.
- ITEM DETAILS:** Item 1 with Item Price 53169.80, Customs Value 0.00, VAT value 0.00, Licence value 41176.59, and Cost value 0.00.



## ***Deferred declarations***

### **Deferred declarations – January 2021 to January 2022**

- Deferred declarations can be used for standard goods and delay making a full customs declaration and paying customs duties for up to 6 months
- You need to...
  - Record the goods in your own records - [www.uktraining.com/20bww](http://www.uktraining.com/20bww)
    - Do not need advanced authorisation
  - Account for VAT on your VAT return if VAT registered
  - Make a supplementary declaration within 6 months - [www.uktraining.com/20bwx](http://www.uktraining.com/20bwx)
  - Ensure you have a Duty Deferment Account (DDA)
- You do not need to make an Entry Summary Declaration (S&S declaration for imports)

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### **What details need to be entered in your records?**

- |   |   |
|---|---|
| • Commodity code - <a href="http://www.uktraining.com/20bxf">www.uktraining.com/20bxf</a>         | • Written description of the goods                  |
| • Customs procedure code - <a href="http://www.uktraining.com/20bxg">www.uktraining.com/20bxg</a> | • Customs value                                     |
| • Declaration unique consignment reference  | • Quantity e.g. number of packages                  |
| • Purchase and sales invoice  | • Details of licensing requirements and numbers     |
| • Date and time of entry - for VAT  | • Supporting documents                              |
| • Any Free Zone, temporary admissions warehousing or storage account references                   | • Details of person representing if an intermediary |

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## Preparing to import - steps to take

- Which new guidance applies?
- Obtain or check your GB EORI number
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- Check if any duty is payable
- Check if licences are needed
- Check labelling, marking and marketing rules
- Make a customs declaration
- **Check the rate of VAT**

- Standard rate
- Reduced rate
- Zero rate

[www.uktraining.com/20bwo](http://www.uktraining.com/20bwo)

*More on VAT later...*

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### **Session 3: Exporting goods to the EU – customs procedures**

#### **Exporting goods to the EU in 2021**

- All goods leaving the UK become exports and you will need to make customs declarations
- Normal procedure is to submit full export declaration
  - Details goods in shipment
- If authorised you can use simplified procedures
- If not making full export declaration, you must submit S&S declaration - Exit Summary declaration (EXS)
  - Useful for perishable goods
- Additional requirements for specific exports

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#### **Exporting goods – the core model**

- Export preparations
- UK Customs Declarations and UK S&S declarations
- EU Tariffs and Rules of Origin
- UK Safety and Security Declarations (S&S)
- EU S&S and Customs requirements

- GB EORI Number
- Customs intermediary with access to S&S GB System and CHIEF
- Check new rules for your types of goods
- Help - a new tool is available to check duties and procedures  
[www.uktraining.com/20bx](http://www.uktraining.com/20bx)
- Consider applying for EU EORI number

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## Exporting goods – the core model

- Core model processes
  - Export preparations
  - **UK Customs Declarations and UK S&S declarations**
  - EU Tariffs and Rules of Origin
  - UK Safety and Security Declarations (S&S)
  - EU S&S and Customs requirements

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## UK customs declarations - exports

- Most exporters use an intermediary to make declarations
  - Declarant still responsible for accuracy of information
- C88 submitted via the National Export System (NES) or commercial software to submit C88
- UK Safety and Security (S&S) requirements apply to **all exports**
- For most exports an export declaration containing S&S data will be sufficient
- Standalone Exit Summary declaration (EXS) may be needed where customs declaration is not submitted pre-departure

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## UK S&S data required...

- S&S data required includes...
  - Consignor and consigned
  - Description of goods
  - Routing (country by country)
  - Location of goods and customs office of departure
- It can be amended after initial submission if certain information changes
- Important that declaration is submitted with the most accurate information available at the time

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## When is the S&S information required?

Timing of the information is dependent on the method of transport

<b>Air</b>	<b>30 minutes</b> before departure from an airport
<b>Eurotunnel</b>	<b>1 hour</b> before departure
<b>Short sea journeys</b>	<b>2 hours</b> before leaving the port
<b>Rail</b>	<b>2 hours</b> before the goods leave territory
<b>Containerised cargo</b>	<b>24 hours</b> before the goods are loaded

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## Are simplifications available?

- Simplified Declaration procedures are available
  - Simplified customs declaration or
  - Entry in own records
- Authorisation is required
- Enables faster clearance of goods
- Declare goods using pre-shipment advice (PSA)
- Full Supplementary Declaration submitted within 4 weeks

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## Groupage – a practical consideration...

- Groupage...
  - Mixed load of consignments of different exporters goods in one vehicle, *or*
  - Multiple product lines in one single consignment
- Intermediary must ensure each individual consignment needs to meet all customs requirements of the New Border Operating Model
- If there are issues with any element of the groupage load, there could be delays or compliance action
- The same applies for importers

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## Exporting goods – the core model

- Core model processes
    - Export preparations
    - UK Customs Declarations and UK S&S declarations
    - **EU Tariffs and Rules of Origin**
    - EU S&S and Customs requirements
- 
- 
- 

## EU tariffs and rules of origin

- For EU importer to benefit from preferential/zero tariffs - you will be required to prove your exported goods originated in UK
    - Include Statement of Origin on commercial invoice
  - Ensure you keep necessary evidence
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- 
- 
- 
- 
- 

## Exporting goods – the core model

- Core model processes
    - Export preparations
    - UK Customs Declarations and UK S&S declarations
    - EU Tariffs and Rules of Origin
    - **EU S&S and Customs requirements**
- 
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## When do you require EU S&S certificates?

- Certificates or licences are needed for certain goods
  - Food and feed, live animals, endangered species, drugs and chemicals
- You will need to apply for certificates in advance and time limits may differ between EU member states
  - Check Commission guidance
- EU authorities require pre-notification of arrival of some goods
- Some goods may be subject to additional checks
  - E.g. High risk foods not of animal origin

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## **Session 4: Importing goods from the EU – VAT treatment**

### **Import VAT**

- Import VAT is charged by HMRC at the point of entry
- It is charged at 20% or at the domestic rate appropriate to the goods
  - VAT rates applicable to specific goods can be found in the UK Global Tariff
- Import VAT is calculated on the value of the goods including customs duty and incidental costs
- Payment of import VAT can be delayed – there are two options...
  - Duty Deferment Account – duty and VAT payable by 15<sup>th</sup> of following month
  - Postponed VAT Accounting - NEW

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### **Deferral of import VAT – Duty Deferment Account (DDA)**

- A Duty Deferment Account can be used to delay payment of **duties and VAT** when importing goods
- Guarantee given to cover duty and import VAT
- Duty and VAT payable by 15<sup>th</sup> of the following month
- Evidence is required e.g. form C79, C88 importers copy, commercial invoice

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## Deferral of import VAT – Postponed VAT Accounting (PVA)

- Payment of import VAT can also be delayed using **postponed VAT accounting (PVA)**
- Import VAT is accounted for on the VAT return
- Applies to goods imported from anywhere in the world – not just EU
- VAT is declared as an output and input on the same VAT return
  - Avoids the need to pay and reclaim VAT
  - Normal rules for VAT recovery apply

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## When can you use postponed VAT accounting?

- You do not need to be authorised or apply to use postponed VAT accounting (PVA)
- Goods imported must be for your use
- To show you are using PVA, on your customs declaration...
  - You must include your GB EORI number in Box 8
  - Method of payment code G in box 47e of the SAD
- No C79 VAT certificate will be issued, instead the customs declaration will generate an online Monthly Postponed Import VAT Statement (MPIVS) that will act as evidence

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## How does postponed VAT accounting work?

- Customer in the UK buys goods from a supplier in the EU
- Calculate VAT on the invoiced amount
- Include VAT of £200 in box 1 and 4 of the VAT return
- Also include supply in box 7

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## **Session 5: Exporting goods to the EU – VAT treatment**

### **Exports to the EU from 1 January 2021 – what is the VAT treatment?**

- From January 2021 sales to EU countries become exports – direct or indirect
- UK VAT registered businesses zero rate these supplies subject to the following...
  - The goods leave the UK within three months of the time of supply
  - Evidence of export is retained
- The time of supply for exports is the earlier of...
  - Goods sent or collected
  - Full payment is received
- Import VAT and duty will be due when goods arrive in the EU

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### **What is the difference between direct and indirect exports?**

- Direct exports...
  - The complete export is under the control of the supplier or agent acting on the supplier's behalf
- Indirect exports...
  - The overseas customer or agent collects or arranges for the collection of the goods from the supplier and then takes them outside the UK
  - Greater level of evidence required
- Unlike direct exports, indirect exports cannot be zero-rated if the customer has a business establishment in the UK
  - Principal place of business e.g. head office

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## Types of evidence...

Official evidence	Commercial evidence	Supplementary evidence
Produced by customs systems... <ul style="list-style-type: none"> <li>GDM (Goods Departed Message) generated by NES</li> <li>C88</li> </ul>	Describes the physical movement... <ul style="list-style-type: none"> <li>Sea/air waybills</li> <li>International consignment notes</li> <li>Bills of lading</li> <li>Certificates of shipment with full details of consignment and how it left UK</li> </ul>	<ul style="list-style-type: none"> <li>Customer's order</li> <li>Sales contract</li> <li>Inter-company correspondence</li> <li>Copy of export sales invoice</li> <li>Advice note</li> <li>Consignment note</li> <li>Packing list</li> <li>Insurance and freight charges documentation</li> <li>Evidence of payment or evidence of the receipt of the goods abroad</li> </ul>

## How have B2C sales to the EU changed?

- Distance selling thresholds and rules no longer available to UK businesses (only apply to EU members)
- Since 1 January 2021 sales from the UK to consumers in the EU are zero-rated for UK VAT as exports
  - The customer will be liable to import VAT and customs duties (possibly at the border) – likely to cause problems for customer
- GB businesses now have access to the Import One Stop Shop (IOSS) since **1 July 2021**
  - Part of the EU VAT e-commerce package replacing distance selling for EU member states
  - An extension of the MOSS scheme



## What is the Import One Stop Shop (IOSS)?

- IOSS introduced to facilitate and simplify distance sales of goods to EU consumers with value less than €150
  - Simplifies process for the buyer – VAT charged at point of sale by the supplier
  - Goods must be dispatched from outside the EU
  - Requires UK business to register in a member state
    - Each member state has an online IOSS portal
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## How the IOSS works...

- UK supplier charges and collects VAT at point of sale
    - Must charge the VAT rate applicable in the customer's country
  - No import VAT or customs duty payable by customer
  - Supplier will label goods showing IOSS ID number
    - Includes less detailed customs declaration
  - IOSS ID verified in country of destination – goods can then continue to customer
  - Supplier declares VAT on IOSS return and pays to appropriate member state via their IOSS portal
    - All IOSS supplies to EU countries on one return
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## **Session 6: Other considerations**

### **Can you delay or reduce payment of duties and VAT?**

- Customs Procedure Codes (CPCs) can be used to show a special procedure being used
- Special procedures enable goods to be imported without payment of full import duty and VAT immediately
- Goods can be stored, temporarily used, processed or repaired
- Special procedures include...
  - Inward Processing Relief IPC
  - Outward Processing Relief OPR
  - Customs Warehousing CW
  - Temporary admission TA
  - Returned Goods Relief - RGR

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### **VAT administrative forms in 2021...**

- EC Sales lists
  - The EC Sales list will **not** be required for sales of goods from GB to the EU from 1 January 2021
- Intrastat
  - Dispatches not required for exports from GB to EU in 2021
  - Arrivals will be required for imports to GB from the EU for 2021 (threshold £1.5m)
  - Will be required for Northern Ireland dispatches and arrivals for minimum of 4 years

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## The Northern Ireland Protocol

- Part of the Withdrawal Agreement
- Sets out provisions on customs, trade and other areas
- Not a permanent solution – consent vote every 4 years
- Designed to provide a solution to avoiding a hard border between Northern Ireland and Ireland
- Ensures unfettered access for NI businesses to GB
- UK Government to establish Trader Support Service (TSS)
  - Guides traders through GB to NI import processes, digital import and safety and security declarations

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## Northern Ireland Protocol - Overview

-  Goods from NI to EU (including Ireland) – unaffected
-  Goods from NI to GB – unaffected
-  Goods from GB to NI – digital declaration required
-  Trade in goods with ROW – NI benefits from UK FTAs



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### Action points

- Check or obtain your GB EORI number
- Will you use a customs intermediary or make your own declarations?
- Will you defer declarations for imports? (Until Jan 2022)
- Consider duty deferment options
- Check rules of origin of goods
- Understand VAT requirements and obligations
- Check Tariffs - determine what duties apply
- Do any special customs procedures or authorisations apply?
- Check additional certification or licences
- Comply with regulations for food, labelling etc
- Ensure drivers have correct International Driving Permits
- Ensure importer/exporter has all information required

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## **Appendix 1: Links to key documents**

<b>Document</b>	<b>Quick links</b>
The Border with the EU - Importing and exporting goods	<a href="http://www.uktraining.com/20bwa">www.uktraining.com/20bwa</a>
How to import goods from the EU into GB from January 2021	<a href="http://www.uktraining.com/20bwb">www.uktraining.com/20bwb</a>
How to export goods from the GB into EU from January 2021	<a href="http://www.uktraining.com/20bwc">www.uktraining.com/20bwc</a>
Moving goods under the NI Protocol	<a href="http://www.uktraining.com/20bwd">www.uktraining.com/20bwd</a>
VAT Notice 702 Imports	<a href="http://www.uktraining.com/20bwe">www.uktraining.com/20bwe</a>
UK Tariffs from 1 January 2021	<a href="http://www.uktraining.com/20bwf">www.uktraining.com/20bwf</a>
VAT Notice 703 Exports	<a href="http://www.uktraining.com/20bwg">www.uktraining.com/20bwg</a>
VAT Notice 714 Place of supply of services	<a href="http://www.uktraining.com/20bwh">www.uktraining.com/20bwh</a>



## Appendix 2: Glossary

<b>Authorised Consignor / Consignee</b>	“Authorised consignor/consignee status enables a trader to start/end movement of goods under transit at their own premises. To apply for authorised consignor status requires a customs comprehensive guarantee. To apply for authorised consignee status requires an approved temporary storage facility.”
<b>Authorised Economic Operator (AEO)</b>	AEO status is an internationally recognised quality mark that provides quicker access to some simplified customs procedures and, in some cases, the right to fast-track shipments through some customs and safety and security procedures.
<b>Carrier</b>	A carrier is considered in this document to be an individual or commercial company that is legally authorised to transport cargo from one place to another. This includes the movement of goods by different modes of transport (land, rail, water or air).
<b>CDS</b>	The Customs Declaration Service (CDS) HMRC’s new declaration platform.
<b>CHIEF</b>	The Customs Handling of Import and Export Freight (CHIEF) system processes declarations.
<b>Commodity Code</b>	Commodity codes classify goods for import and export. Knowing the correct commodity code for goods is required for filling in declarations and other paperwork. The Trade Tariff Tool can be used to find commodity codes.
<b>Common Transit Convention (CTC)</b>	The CTC is used for moving goods between the EU member states, the EFTA countries (Iceland, Norway, Liechtenstein and Switzerland) as well as Turkey, Macedonia and Serbia. The UK is set to remain in the Common Transit Convention (CTC) after Brexit, ensuring simplified cross-border trade for UK businesses exporting their goods.
<b>Community System Providers (CSPs)</b>	Community Systems Providers (CSPs) are commercial entities that directly interface with HMRC frontier systems including Customs Handling Import & Export Freight (CHIEF).
<b>Core Export Process</b>	The core export process refers to the minimum requirements for moving all goods from the UK into the EU from July 2021 onwards, assuming an Australia style future relationship.
<b>Core Import Process</b>	The core import process refers to the minimum requirements for moving all goods into the UK from the EU from July 2021 onwards, assuming an Australia style future relationship.





<b>Customs Comprehensive Guarantee (CCG)</b>	A Customs Comprehensive Guarantee is a type of guarantee that can be used to cover multiple customs debts arising from one or more customs procedures. In order to use a CCG, a business needs to be authorised by HMRC and provide a guarantee, generally in the form of an undertaking from an approved financial institution.
<b>Customs intermediary</b>	Most traders hire a person or business to deal with customs on their behalf. Options for intermediaries include: freight forwarders, customs agents, brokers or fast parcel operators.
<b>Declarant</b>	The declarant is the person with responsibility for the import. They must ensure the goods are legitimate, correctly valued and declared.
<b>Duty deferment</b>	Duty deferment allows the payment of charges due to be deferred. This includes for import VAT, customs duties, excise duties and some other charges.
<b>EORI number</b>	An Economic Operators Registration and Identification number is required for all businesses moving goods into or out of the UK.
<b>Exporter</b>	The exporter is the business responsible for exporting goods from the UK.
<b>Haulier</b>	A haulier is considered in this document to be a person or company employed in the transport of goods or materials by road.
<b>Importer</b>	The importer is the business responsible for importing goods into the UK.
<b>Incoterms</b>	International Commercial Terms, published by the International Chamber of Commerce, are used to define the legal responsibilities on the buyer and seller in international transactions.
<b>Postponed VAT accounting</b>	Businesses registered for VAT in the UK are able to account for import VAT on their VAT Return. This means accounting for import VAT on the VAT Return instead of paying when the goods arrive at the UK border.
<b>Pre-lodgement model</b>	An alternative for ports that may not have the space and infrastructure to operate temporary storage. Border locations receiving goods that are moving into the UK from the EU will be able to choose to use a pre-lodgement model, where goods arriving will be required to have submitted a customs declaration in advance of boarding on the EU side. HMRC are developing a new IT platform to support the pre-lodgement model. However, its use will not be mandatory and the choice between using a Temporary Storage and a pre-lodgement model will be a commercial decision for operators.



<b>Safety &amp; Security (S&amp;S) Declarations</b>	Also known as an Entry Summary Declaration when importing into the UK and an Exit Summary Declaration when exporting to the EU, S&S declarations provide advanced data on consignments to customs authorities for risk analysis.
<b>Temporary Storage</b>	Temporary storage is when goods imported from outside the UK are temporarily stored under customs control before they are placed under a special procedure, released to free circulation or exported outside the UK.
<b>Trade Tariff Tool</b>	The Trade Tariff Tool can be used to look up commodity codes, duty and VAT rates.



**Appendix 3: C88**

EUROPEAN COMMUNITY					1 2 3 4 5 6 7		A OFFICE OF DISPATCH/EXPORT	
Copy for the country of dispatch/export	1	2 Consignor/Exporter No			1 DECLARATION			
					3 Forms	4 Loading lists		
					5 Items	6 Total packages	7 Reference number	
		8 Consignee No			9 Person responsible for financial settlement No			
					10 Country first destin.	11 Trading country	13 CAP	
		14 Declarant/Representative No			15 Country of dispatch/export		15 C disp. /exp. Code	17 Country destin. Code
							a <sub>1</sub>	b <sub>1</sub>
					16 Country of origin		17 Country of destination	
		18 Identity and nationality of means of transport at departure			19 Ctr.	20 Delivery terms		
		21 Identity and nationality of active means of transport crossing the border			22 Currency and total amount invoiced		23 Exchange rate	24 Nature of transaction
	25 Mode of transport at the border	26 Inland mode of transport	27 Place of loading		28 Financial and banking data			
	29 Office of exit		30 Location of goods					
Copy for the country of destination	31 Packages and description of goods			32 Item No		33 Commodity Code		
						34 Country origin Code	35 Gross mass (kg)	
						a <sub>1</sub>	b <sub>1</sub>	
						37 PROCEDURE		39 Quota
				40 Summary declaration/Previous document				
Additional information/ Documents produced/ Certificates and authorisations						41 Supplementary units		
						A.I. Code		
					46 Statistical value			
Calculation of taxes	47				48 Deferred payment		49 Identification of warehouse	
	Type	Tax base	Rate	Amount	MP			
				Total:				
50 Principal No			Signature:		C OFFICE OF DEPARTURE			
Intended offices of transit (and country)	represented by							
	Place and date:							
52 Guarantee not valid for					Code		53 Office of destination (and country)	
D CONTROL BY OFFICE OF DEPARTURE			Stamp:		54 Place and date:			
Result:					Signature and name of declarant/representative:			
Seals affixed: Number:								
Identity:								
Time limit (date):								
Signature:								

C88(1-8)

PT (November 2019)



**C88 Plain Paper**

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Trader Input Plain Paper C88(6)          1 IMC.   EPU 290  ENO ██████████  DOE 26/11/2018
2                                          3 I
TAL                                       5 1      6 401      7 CTS00764
TAL BUILDING 3RD FLOOR.
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8 ██████████ ██████████                21 CMA CGM ZHENG HE           MY
██████████                               22 USD 53169.80
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██████████

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31 PANTS CTR=FCIU4569839, PKG=401xCT Address 32 01 33
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                                       40 2 705  APLU075179749
                                       41      42 53169.80      43
                                       45 0
                                       46

44 DUCR=8GB ██████████-CTS00764, MOCR=SCT12GYX100100, WRSE=██████████

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                                         Total Vat: 0.00
                                         Total Other: 0.00

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Entry input by: ██████████
Telephone: ██████████

54 Place and date
HEATHROW 26/11/2018

Signature and name of
declarant/Representative
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ASM Sequoia

C88 (6)
Generated by ASM Sequoia
    
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**Appendix 4: E2 Acceptance**

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GBP                                                                 GBP
CHIEF          IMPORT ENTRY ACCEPTANCE ADVICE                    at 09:09
DTI-E2                                     on 26/11/2018
Entry: 290-██████████11/2018 SFD version 01                    for CNSXE
Route 6 at 290 status 00                                     page 1
-----
ENTRY ACCEPTANCE DETAILS

Entry accepted      26/11/2018 at 09:08                    Office 290
Declarant Id       GE ██████████                               Submitting TURN ██████████
Declarant reference CTS00764

CONSIGNMENT DETAILS

Decln UCR          ██████████64                               part
Consignee         GE ██████████
Master UCR         SCT12GYX100100                               Inventory system CNS1
Location          GB900                               Total Packages 401

ENTRY VALUE DETAILS

Invoice total      Amount from Currency at Exchange Rate
                  41178.59          USD          1.2912

ENTRY REVENUE TOTALS

Tax Type  Total Amount MOP   Tax Type  Total Amount MOP

Total deferred revenue 0.00
Total immediate revenue 0.00
Total revenue payable  0.00

ITEM DETAILS

Item 1
Item Price          53169.80          VAT value          0.00
Customs value       0.00          Licence value      41178.59
Stat value          0.00

GBP                                                                 GBP
END OF REPORT IMPORT ENTRY ACCEPTANCE ADVICE
    
```

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