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# Customs Update

HMRC Customs and Border Design  
Stakeholder Engagement

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# Customs Update

HMRC Customs and Border Design  
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# UK border priorities

UK Government objectives and priorities for the border:



Maintaining security



Facilitating the flow of goods and people (including animals, food and plants)



Protection of revenue and compliance with standards

UK will maintain security and prioritise flow, ensuring new controls or processes do not interrupt flow of goods.

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# Overview



## Currently:

businesses can move goods freely between the UK and the EU.



## In the event of a no deal:

business importing and exporting goods within the EU will have to comply with new rules.





# Customs declarations – no deal scenario

Customs declarations required for UK-EU trade.

Businesses to decide how they want to manage the declarations process:



Appoint an intermediary



Use specific software



End-to-end service





# HMRC approach to no deal

## Day one easements

- Transitional Simplified Procedures
- Intermediaries' liability
- Guarantee relaxations
- Entry Summary Declarations for imports

## Day one Ro-Ro locations

- Declarations to be pre-lodged electronically in advance
- Routine fiscal and other controls and checks undertaken away from the flow of traffic

## Long term

UK Government is working on:

- Automated solutions
- Use of technology for smarter borders and sharing more data

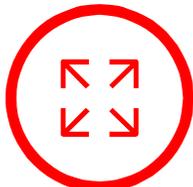




# Economic Operator Registration Identification (EORI)



You'll need an EORI number that starts with GB to move goods in or out of the UK if there's no Brexit deal



If you'll be dealing with EU customs then you'll need an EU EORI number



If you are VAT Registered:

- You will be auto-enrolled for an EORI starting GB
- The EORI will include your VAT registration number





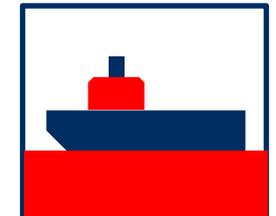
# RoRo Model – key principle

## Day 1

Declarations should be lodged electronically in advance



Routine fiscal and other controls and checks undertaken away from the flow of traffic



## Longer-term

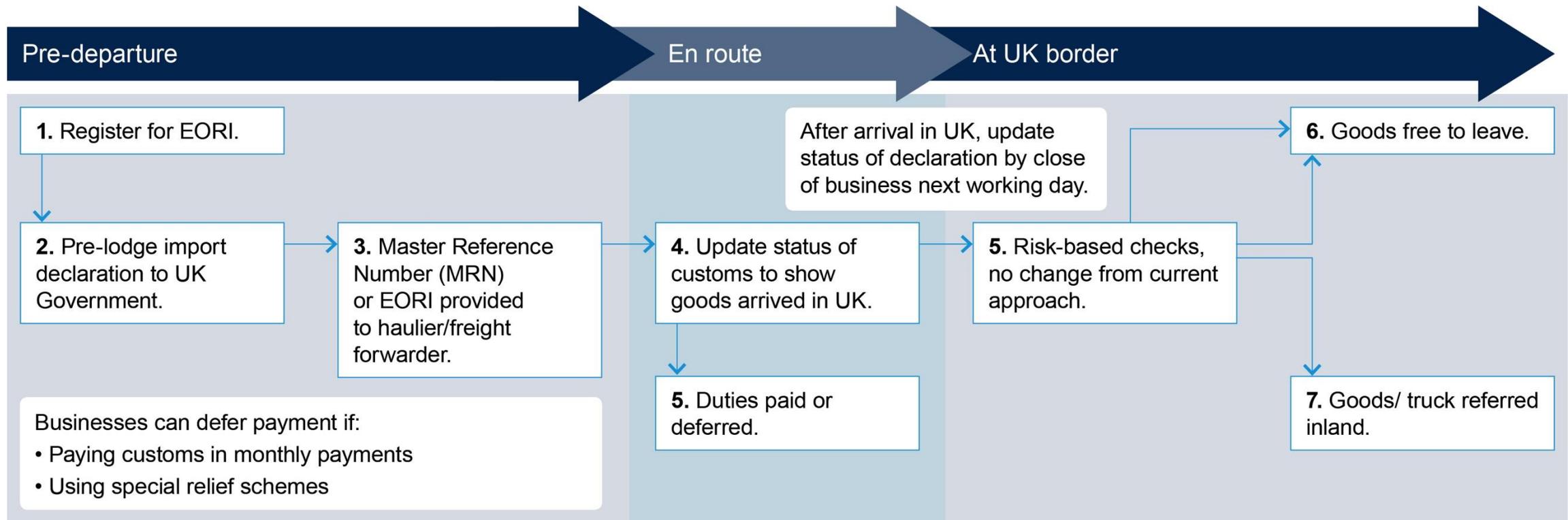
- Longer term, UK government is working on automated solutions, use of technology for smarter borders and sharing more data





# Importing to the UK through RoRo on day one

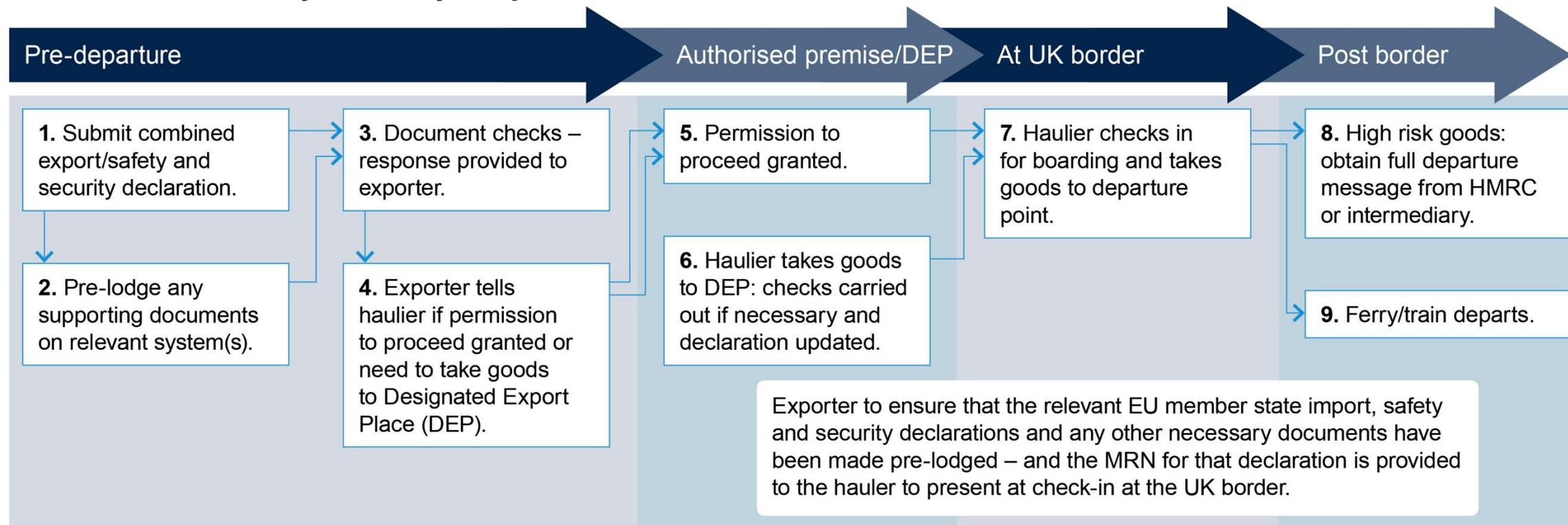
## Customs





# Exporting from the UK through RoRo borders on day one

## Customs and safety/security: exports





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# Transitional Simplified Procedures (TSPs)

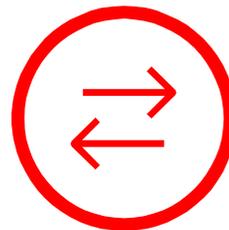
Transitional Simplified Procedures will make importing goods easier for the initial period after the UK leaves the EU

Traders registered for TSP will not need to make full customs declarations at the border and will be able to defer paying their customs duties.

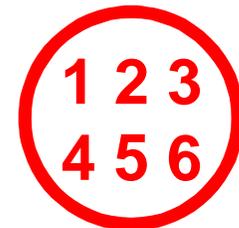
**To be eligible, traders must:**



Be established in the UK



Have the intention to import goods into the UK from the EU



Have an Economic Operator Registration Identification (EORI) number

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# TSP declaration process

## Controlled goods the Trader:

- Submits a simplified frontier declaration
- Ensures all necessary certificates and licences are available.
- Submit a supplementary declaration by the fourth working day of the month



## Standard goods the Trader:

- Makes a declaration directly in their commercial records prior to goods arriving at the UK Border.
- Updates records with date and approx. time goods arrive in UK
- Submits a supplementary declaration by the fourth working day of the following month
- **HMRC will allow up to 6 months before you need to start making supplementary declarations from 1/11/2019**





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# Duty deferment

## Required if you have to Customs or Excise Duty to pay

In practice, this is a direct debit mandate



It allows HMRC to take a monthly payment of duties 15 days after supplementary declaration is made



Guarantees are required in order to defer duty to make monthly payments



### Day 1 easements

Traders will not be required to meet the Customs Comprehensive Guarantee (CCG) criteria when obtaining guarantees.

Traders can still apply for a CCG, as those with Authorised Economic Operator C status can seek a reduction in the level of guarantee





## Entry summary declarations (Safety & Security)



Entry Summary Declarations (ENS) will not be required for the first 12 month period for goods arriving in the UK from the EU and will then be phased in

Gives carriers and hauliers more time to prepare for their obligations

ENS is expected for goods being exported from the UK to the EU (See Europa Website for EU Country details)

S&S information required on export will continue to be provided as part of the export customs declaration





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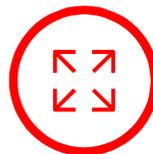
# Special procedures – Day 1

## Day 1 easements

Traders will not be required to meet the CCG criteria nor provide a financial guarantee for:



Inward processing



Outward processing



Temporary admission



Authorised use (end use)



Customs warehousing

**Traders still need to meet criteria for the special procedure**



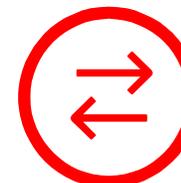
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# Exports - Update

Need to have a valid EORI starting GB



The export declaration also counts as an Exit Summary Declaration



Ensure contracts and International Terms and Conditions of Service ( INCOTERMS ) reflect that you are now an exporter



Consider how you will submit Export Declarations





# How does the Common Transit Convention (CTC) work?



The **CTC** allows movement of goods - under duty suspension



**UK** has been invited to accede to **CTC**



The requirements to use CTC will remain unchanged



**Traders will need to have a Transit Accompanying Document (TAD) scanned** at the point of entry into the UK or other new customs territory





# Transit and the Common Transit Convention (CTC)



1. The transit declaration is completed (including guarantee) using NCTS (the New Customs Transit System)
2. The goods are presented at the Office of Departure (or Authorised Consignor) and the Transit Accompanying Document (TAD) is printed off presented to the haulier and then the goods are released into transit.
3. At every border crossing into a new customs territory, the TAD and goods are presented at the Office of Transit (OoT functions can only be performed by Customs Officials).
4. At the final destination the goods and TAD are presented at the Office of Destination (or Authorised Consignee).
5. The transit movement is closed, the goods must be declared to another customs regime eg free circulation, temporary storage and the guarantee is released.

**The goods are tracked and messages are sent from the various offices using NCTS during the journey.**



# Transit guarantees

To make transit movements a trader needs to provide a guarantee for the customs duties suspended during the movement

To hold a CCG, a business needs to:



Satisfy HMRC's customs/compliance checks



Obtain a guarantee from an approved financial institution

An individual guarantee can include a guarantor undertaking from a bank or financial institution and a cash deposit.

The guarantee requirements are set by the Common Transit Convention.





# Simplified transit procedures

Under the CTC, traders can apply for authorisation to use simplified transit procedures.

The main types of authorisation are:



**Authorised Consignor Status** allows traders to declare goods to transit at their premises rather than an Office of Departure. Traders applying for this need to have a CCG.



**Authorised Consignee Status** allows traders to end transit movements at their premises rather than an Office of Destination. Traders applying for this generally need a temporary storage facility.

**HMRC is working to enable traders to be authorised as quickly as possible**



# ATA Carnets



Are an internationally agreed method of moving certain goods between customs territories temporarily.



Will become an option for moving goods into and out of the EU on a temporary basis (i.e. a time-bound period).



Using an ATA Carnet (or a temporary admission declaration) will become BAU for moving goods temporarily between the UK-EU.



If goods are only going to the EU, once inside the EU then the Carnet will not be required again (it will remain a single customs territory) after it has been stamped out of the UK and into the EU.



If goods are moving to other customs territories they need stamping in and out





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# Empty trucks

## Entering/leaving the UK

For UK customs purposes there will be no requirement to make a customs declaration for empty lorries.

## Packaging

Where an otherwise empty lorry contains some packaging no customs declaration will be required and the lorry will be treated as empty.

This applies to:



Empty containers and pallets



Equipment for controlling the temperature inside the container



Internal partition, shelves and similar for stowing goods





## VAT - Overview

If the UK leaves the EU without a deal, the government's aim will be to keep VAT processes as close as possible to now

However, there will be some changes that will affect businesses

We have taken steps to mitigate the impact of changes where we can

We want to help businesses understand what they need to do, and help them to do it, so they can continue trading smoothly

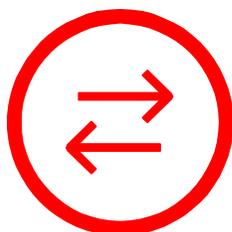




## Import VAT - What's changing?

### **In a No Deal Scenario, postponed VAT accounting will be introduced for imports from the EU and Rest of the World**

- Business will not need to register to use postponed VAT accounting
- Provide VAT registration number on their customs declaration
- Online monthly statement will show the import VAT that's been postponed – this provides the evidence to declare/ recover import VAT on your VAT return
- Postponed accounting won't be available for postal goods of £135 or less
- Postponed accounting won't be available for non-VAT registered businesses





# VAT - What's changing?

- HMRC are working with stakeholders to help businesses be compliant and parcel operators adjust to the new processes
- HMRC updated GOV.UK with more guidance on the service and rules around VAT
- The parcels service is now available for non-UK businesses to register online





## VAT - For action

- If you currently use Mini One Stop Shop or the EU VAT refund system please prepare your businesses by reading the [guidance on IT systems on GOV.UK](#)
- Review VAT rules in member states where you do business. The European Commission has [recently published guidance](#)
- If you have suppliers based overseas who will be sending goods to you, [alert them to the guidance on Low Value goods](#).
- Familiarise yourselves with the statutory instruments which you can read on GOV.UK or [Legislation.gov.uk](#)
- If you want to understand how postponed accounting will operate, please sign up for alerts to guidance updates on GOV.UK



# Duty Free

## In the event the UK leaves without a deal:



As people travel from the UK to rest of the world (non-EU) destinations:

- There would be no change.

As people travel from the UK to EU destinations:

- Duty free shopping will be available.
- VATRES will not be made available to EU citizens.





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# Duty Free

## In the event the UK leaves without a deal:

As people travel to the UK from the rest of the world (non-EU):

- There would be no change.



As people travel to the UK from the EU:

- If you only buy tax and duty-paid goods in a Member State, they can continue to bring in an unlimited amount of goods back to the UK. Mirroring current treatment
- Alternatively, if people take advantage of duty-free shopping as they leave the EU, the current rest of the world limits will apply
- If people take advantage of VATRES as they leave the EU then they will have to pay VAT on all goods as they come back into the UK and current of the world limits will apply

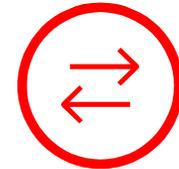


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# Moving goods between Ireland and Northern Ireland

Goods moving between Ireland and Northern Ireland will face different procedures compared to other UK-EU trade



For most movements of goods across the land, air and sea borders between Ireland and Northern Ireland, you will:

- **need** to pay import VAT on goods arriving from Ireland, we will cover this on the next slide
- **not** need to get a customs agent or an EORI number
- **not** need to pay Customs Duty or make customs declarations



The only exceptions will be for goods liable to Excise Duty (alcohol, tobacco and certain oils).





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# VAT on goods you move from Ireland to Northern Ireland in a no-deal Brexit

**Import VAT will be due on goods you move from Ireland to Northern Ireland. This includes goods that:**

- end their journey in Northern Ireland
- move through Northern Ireland on the way to Great Britain



## **If you're registered for VAT**

- You'll need to account for import VAT on goods you move from Ireland to Northern Ireland on your normal VAT return

## **If you're not registered for VAT**

- You'll need to account for import VAT on goods you move from Ireland to Northern Ireland
- HMRC is developing a new online service to make this as simple as possible



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# Key actions for businesses

Businesses who trade with the UK need to act now to ensure that they are prepared in the event of a no deal EU exit.



Make sure you have for an EORI number (UK and EU) and registering for TSP if you are established in the UK.



Confirm you can complete each data field in the declaration.



Agree responsibilities with your customs agent and logistics provider for each part of the process and update your contracts to reflect this.



Identify software for submitting documents, if you do not use a customs agent.



## Your next steps on GOV.UK



Answer seven questions to be directed to relevant content



Choose one of the nine themes you are most interested in



Sign up to email alerts about Brexit on GOV.UK



Download the leaflet on preparing your business for EU exit and the government's every day support for business





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# Any questions?

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