

10 Brexit Questions

you need to know the answer to

With Brexit looming, we're all trying to prepare for a smooth transition. I've compiled a set of questions that are important to know the answers to.

1

Will the transition period be extended?

As the deadline for requesting an extension was officially 30th June, the UK have now formally confirmed to the EU that they will NOT be requesting an extension and will not agree to one should the EU request one.

31st December is therefore set in stone. If any part of your Brexit prep relied on some form of extension, you need to re-visit it immediately.

2

If we get a Free Trade Agreement (FTA) with the EU by 31st December, will customs declarations still be required in January 2021?

When the transition period ends on 31st December 2020, regardless of whether an FTA has been struck, customs declarations will be required on GB exports to the EU.

They will also be required on imports from the EU, see point 3. An FTA may see the scrapping of all tariffs but customs procedures will still be necessary to control the movement of European imports and exports.

3

Is TSP (Transitional Simplified Procedure) still valid?

The short answer is no. TSP was a short-term Day 1 No Deal easement relating to UK imports from the EU.

HMRC have now announced a new phased approach. From 1st January standard UK imports will have access to an interim facilitation by entering an entry into their own records followed by a supplementary declaration to HMRC within 6 months. To all intents and purposes this will look like TSP. Certain goods are excluded and will require frontier declarations: excise goods for example. We understand that this facilitation will be available to all without the need to apply for it.

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What is GVMS?

HMRC plans to introduce a new IT platform called the Goods Vehicle Movement Service (GVMS) to manage the flow of vehicles at the border for both imports and exports.

Customs declaration information along with the vehicle details should be submitted in advance to allow the movement of goods through the UK Ports.

Your carriers will be required to file the relevant information in GVMS electronically prior to arrival at the port thus allowing efficient and compliant vehicles/traders to progress through the Port. This is a new requirement and without providing the information to GVMS goods will not be allowed to proceed. The full operational details of GVMS have not yet been published.

5

Is my duty deferment approval number still valid?

If you applied for a duty Deferment Approval Number (DAN) and the number begins with a 6, this is no longer valid.

Many companies applied for a DAN in 2019 and were issued with a no deal EU exit DAN number. You have a few options open to you if you want to defer duty.

- Apply for a duty deferment account which requires a bank guarantee.
- Use the deferment account of your preferred carrier and pay their fee.

6

Will duty on all UK imports be zeroed from January 2021?

In June HMRC released the UK Global Tariff. 2000 duty lines have been removed and many have been reduced or simplified. The UK Global Tariff will be applied to all imports from 1st January 2021 however some duty rates benefit from preferential (reduced) rates subject to the UK signing Free Trade Agreements for example with the EU. In the absence of a trade deal, the UK, according to WTO rules, must apply the UK Global Tariff.

Here is a link to check what duty will apply from January 2021: <https://www.gov.uk/check-tariffs-1-january-2021>

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Is it OK to still use ex-works (EXW) and delivered duty paid (DDP) for my EU shipments next year?

We strongly advise our customers to understand and review Incoterms as soon as possible. We would encourage our customers who are using DDP and EXW to understand fully the requirement associated with these terms because they may have unexpected implications when it comes to Customs representation.

For DDP we urge you to consider:

- Is DDP the most suitable Incoterm? Consider DAP
- How you will complete the destination country import entry?
- If you need VAT registration in the destination Country?
- Will a Fiscal Representative be required in the destination Country?
- Impact of EU destination country duties/taxes

For EXW consider:

- Is EXW the most suitable Incoterm? Consider FCA
- Understand who is responsible for the UK Export declaration

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Will movements from GB to Northern Ireland require an import entry in NI?

Yes, they will and they may be dutiable. HMRC cannot introduce unilateral easements in NI as, although NI remains in the UK Customs territory, it is working to the EU Customs code.

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Where can I get help if I do not know what my commodity codes are?

Firstly try : <https://www.gov.uk/check-tariffs-1-january-2021>

There is some specialist guidance for some sectors e.g. vehicles, pharmaceuticals, computers

<https://www.gov.uk/guidance/finding-commodity-codes-for-imports-or-exports#hard-to-classify-goods>

In addition, Tariff Classification service can be used for non-legally binding advice on classifying your goods.

Email: classification.enquiries@hmrc.gov.uk

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Can I complete UK customs entries myself?

Yes. There are grants available for software, training, recruitment and up to £13,000 of the salary for a new employee involved in Customs procedures.

If, for example, you are handling 40 European shipments a month it will probably cost you £20,000 a year alone for a broker to make these export and import declarations for you.

Find out more here. <https://www.customsintermediarygrant.co.uk/>

Find out more?

Contact Espace on **01543 418700** or email sales@espaceglobalfreight.com

