



# RHA Brexit Borders Q&A

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# Brexit Borders

## Q&A

### What's this all about?

**The Government has now published details of how cross-border trade with Europe will work next year, after the end of the Brexit transition period. There is a lot for any firm that deals with import/export will need to do to understand the system and take the necessary steps to ensure goods flow freely with Europe. This will happen whether the UK strikes a trade deal with the EU or not.**

It is essential that you, if you are an RHA member who does import/export work, understand what needs to be done as there is less than 6 months to prepare. Some are actions for traders and others for hauliers/logistics. We will use the words Haulier and Trader throughout this document to demonstrate where responsibility lies for action. There are gaps in the Government document which we are told will change, so this is a document that will be updated and amended as we go along.

### As a haulier I am hearing lots about new IT systems with initials – tell me more?

Yes, there's the Good Vehicle Movement System or GMVS and the Goods Movement Reference (GMR) --- and an app which will be used by lorry drivers called SmartFreight – all are programmes that are being introduced but are still in the development and testing phase by Government. I am a haulier only – how worried should I be?

Hauliers, unless they have established themselves as an intermediary, are not

responsible for preparing customs declarations for their customers, the trader. They will rely on the trader to provide them with the correct evidence/documentation for the loads they are carrying. But they need to understand what is required.

### Supposing I am a trader – what do I have to do?

- From January 2021 – in order to fulfill the import process – traders will need to have:
- A Economic Operator Registration and Identification, an EORI number, before moving their goods. Further information, including a link to apply for an EORI number, is available [here](#). Hauliers will need an EORI number as part of their requirements in the process.
- They'll also need to have the commodity Code of their goods – which will be needed to make a customs declaration and of course to calculate duties on an import.
- They'll need to know the customs value of their goods – the rules for which are based on the WTO valuation agreement.
- And they will also need to have considered whether they are able to, and would benefit from, using any of the available simplifications or facilitations, including deferring customs declarations for standard goods.
- Consider Commercial Arrangements - Individual commercial contracts and arrangements for payment of eg transport/duty costs are outlined in the Incoterms rules, [available here](#)
- are administered by the International Chamber of Commerce.

These are an important consideration points for traders when moving goods internationally.

### **I have heard there are 3 stages from January next year – what's that about?**

From 1<sup>st</sup> January everything going in or out of the country will require some form of customs declaration. How this is handled depends on the direction travelled and what the goods are!

In the first phase, from January 2021, traders importing standard goods will need to prepare for basic customs requirements. Full Customs Declarations will be needed for controlled and excise goods such as alcohol and tobacco products. But people importing standard

- **In the second phase, from April 2021**, we'll require all products of animal origin, regulated plants and plant products to have pre-notification and the relevant health documentation. Any physical checks will continue to be conducted at the point of destination.
- **And in the third and final phase, from July 2021**, traders moving all goods will have to make full customs declarations at the point of importation and of course pay relevant tariffs. Checks for animals, plants and their products will take place at Border Control Posts in Great Britain.

### **Do I need a customs agent?**

Customs declarations are complicated. The majority of businesses that currently trade

### **I'm worried about my drivers – and having the right license or permit for them?**

Hauliers need to ensure their drivers have the correct documentation for example an

goods will have up to six months to complete their customs declaration and to pay tariffs, but if deferring will have to keep sufficient records of the imported goods. Export declarations and UK exit Safety and Security (ENS) declarations will be required for ALL goods.

Traders moving goods using the Common Transit Convention will need to follow all of the transit procedures – these will not be introduced in states

Checks at 'point of destination or approved premises' will take place, but in the early days the use of Border Control Post (BCP) will not be required.

The goods vehicle movement service (GVMS) will be introduced from January only for transit movements.

outside the EU use an intermediary, such as customs agents, Fast Parcel Operators (FPOs), Freight Forwarders (FFs) or brokers, to help them meet requirements.

Intermediaries can help traders find the information needed to complete formalities and submit the required declarations. This simplifies the declaration processes for traders. Further information can be found [here](#). The UK Government has announced a grant scheme to [support intermediaries](#) and those businesses who want to make declarations themselves.

If business decide not to use an intermediary, they will need to make declarations themselves. To do this they will need to get access to HMRC systems and to purchase software.

international driving permit (IDP) or an additional license may be required to drive in some countries. There's not very clear information beyond this at the moment but the Government is promising to update on GOV.UK as requirements are clarified.

The European Health Insurance Card (EHIC) is likely to become redundant for UK nationals, therefore private health insurance should be seriously considered.

### **What is a Duty Deferment Account and do I need one?**

Traders who import goods regularly may benefit from having a duty deferment account (DDA). This enables customs charges including customs duty, excise duty, and import VAT to be paid once a month through Direct Debit instead of being paid on individual consignments. VAT registered traders can instead account for import VAT on their VAT return using postponed VAT accounting, as detailed below.

To set up a DDA, traders, or their representatives, apply for a deferment account number (DAN) and will need to be authorised by HMRC. New rules are being introduced which will allow most traders to use duty deferment without a Customs Comprehensive Guarantee (CCG).

### **What about VAT?**

VAT registered traders will be able to account for import VAT on their VAT return by using postponed VAT accounting from 1 January 2021. Unless they are eligible to defer their supplementary declarations, they will not be compelled to use postponed VAT accounting.

Non-VAT registered traders (and any VAT registered traders not using postponed VAT accounting) will need to report and pay import VAT through the customs processes. Within this context, VAT payments can be deferred using a DDA as outlined above. VAT on imports of goods in consignments not exceeding £135 in value will be treated differently to those goods in consignments exceeding £135.

### **What else do I need as a trader to think about as far as customs & excise is concerned?**

- Find the right commodity code for your goods.
- Businesses importing goods into GB should ensure they are familiar with using the 'Trade with the UK' tool which provides detailed information on tariffs, taxes and rules. The tariffs shown are those currently being applied until 1 January 2021. Use the UK Global Tariff tool to check the tariffs that will apply to goods imported from 1 January 2021.
- Exporters of goods from GB should ensure they are familiar with using the 'Check How to Export Goods' tool which provides detailed information on duties and customs procedures for over 160 countries.
- Traders should engage with supply chains to discuss how to work together going forward and the information required by different entities to complete customs procedures.
- Excise traders wishing to use excise duty suspension must also apply as a registered consignor or seek the services of someone who is already approved.
- Only registered consignors are permitted to move excise goods in excise duty suspension and use the Excise Movement and Control System (EMCS) at import.
- Businesses exporting excise goods must also use the EMCS. Excise duty liability will be discharged when confirmation is received that the goods have exited GB (this is via the customs export declaration).

# 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. <a href="#">To apply for authorised consignor status</a> requires a customs comprehensive guarantee. To apply for authorised consignee status requires an approved temporary storage facility.
<b>Authorised Economic Operator</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).

## **CDS**

The Customs Declaration Service (CDS) HMRC's new declaration platform. The Customs Handling of Import and Export Freight (CHIEF) system processes declarations.

## **Commodity Code**

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 Tarrif Tool](#) can be used to find commodity codes.

## **Common Transit Convention (CTC)**

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.

## **Community System Providers (CSPs)**

Community Systems Providers (CSPs) are commercial entities that directly interface with HMRC frontier systems including Customs Handling Import & Export Freight (CHIEF). A list of commercial contacts for CSPs can be found [here](#).

## **Core Export Process**

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.

## **Core Import Process**

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## **Customs Comprehensive Guarantee (CCG)**

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. More information can be found [here](#).

## Customs intermediary

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. More information can be found [here](#) and a list of customs agents can be found [here](#).

## Declarant

The declarant is the person with responsibility for the import. They must ensure the goods are legitimate, correctly valued and declared upon import.

## Duty deferment

Duty deferment allows the payment of charges due to be deferred. This includes for import VAT, customs duties, excise duties and some other charges. More information is available [here](#).

## EORI number

An Economic Operators Registration and Identification number is into or out of the UK. Further information, including a link to apply for an EORI number is available [here](#). Required for all businesses moving goods

## Exporter Haulier Importer

The exporter is the business responsible for exporting goods from the UK. The importer is the business responsible for importing goods into the UK.

## Trade Tariff Tool

The [Trade Tarrif Tool](#) can be used to look up commodity codes, duty and VAT rates.

<b>INCO terms</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 UK.