

# BREXIT:

A guide to new procedures from 1<sup>st</sup> January 2021





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## Overview

From 1<sup>st</sup> January 2021, the UK will officially no longer be part of the European Union. As a result, any goods transiting between the UK and EU member states will require customs declarations to be completed for them.

Up to this point, any company that has only traded with other members of the EU is unlikely to be familiar with customs clearances and the procedures surrounding them.

For companies that have traded with the wider global market, they are likely to be aware of the requirements for customs clearance. The procedures for customs clearances on goods arriving from the EU in 2021 will largely be the same as those currently arranged outside of the union, with some slight differences.

Regardless of the circumstance, NNR Global Logistics are able to offer full customs brokerage and logistics support from 1<sup>st</sup> January 2021 on all movements of goods between UK and EU.

This guide will help to answer any questions you may have regarding the movement of goods under the new procedures, as well as provide some clarity as to how these measures will be applied.

## Customs Clearance - The Basics

From 1<sup>st</sup> January 2021, all movements of goods between the UK and EU will require customs declarations to be completed. If you have not traded outside of the EU previously then customs declarations may be new to you. If so, below is a checklist of the basics that you should consider in advance of shipping:

- A nominated customs broker to complete the declaration on your behalf.
- Be registered for VAT in the UK and apply for a GB EORI number.
- Have an understanding of applicable tariffs and commodity codes and the relevant duty rates.
- Apply for a duty deferment account, or make an agreement with your customs broker to use theirs.
- Have a clear understanding of your Incoterms and your applicable responsibilities.
- Ensure commercial documentation is raised timely for each movement, including a commercial invoice and packing list.
- Consider the additional cost implications of customs clearances and import duties and taxes.

## Different Declaration Types

Once you have the basics in place, then between yourselves and your nominated customs broker you will need to decide on the best way for your goods to be customs cleared. For movements from EU to the UK there will be three main ways this can be completed:

1. Full pre-entered declarations at both export and import borders.
2. Transit under T1 – Customs controlled movements across the border, with customs clearance taking place at an inland customs clearance point or 'ETSF'.
3. Customs Freight Simplified Procedures (CFSP)

You will need to take care in choosing the right method of customs procedure to ensure it fits well into your business model. Next, we'll walk you through each option in more detail:

## Different Declaration Types

### Option 1 – Full pre-entered declarations

Largely the same as any customs clearance is handled for products arriving from outside of the EU now, full customs declarations can be arranged. To avoid any delays, these declarations will need to be made in advance of arrival at the Border Inspection Post (BIP).

In order for these to be completed, you will be required to provide your customs broker with full clearance instructions and documentation, to include:

- UK VAT and EORI number.
- Deferment account number (if you have one).
- Commodity description and tariff codes for all items.
- Applicable Customs Procedure Code (CPC).
- Copies of all import documentation – Commercial Invoice, Packing List, Preference Certificates, etc.

Any payment of import Duty and/or VAT will need to be accounted for immediately on arrival. Once customs cleared through this method and any applicable Duty and/or VAT has been paid, goods are then in free-circulation and can then be distributed as required.

## Different Declaration Types

### Option 2 – Transit under T1

Goods can also transit across the border via transit documents (T1). When goods are travelling under T1 status, this is considered a customs-controlled movement. Therefore, provided there are no controlled goods contained within the shipment, the shipment will not be held at the import 'BIP' awaiting clearance.

The process of transiting goods via T1 requires that the loading and unloading facilities be registered to be able to raise and discharge the transit document. The movement is controlled as below:

- Loading facility raise the T1 document.
- Goods are loaded onto the truck for transit.
- On arrival at the BIP in both export and import countries, the T1 document is produced by the driver to ensure clear passage.
- Goods must then be destined for a registered warehouse or 'ETSF' that is then able to discharge the T1.
- Full customs clearance must then take place in the registered warehouse or 'ETSF' and any import Duty and/or VAT paid (full details must be provided as outlined in Option 1)
- Goods can then move freely.

This method allows for uncontrolled goods to move swiftly across 'BIP's and for customs clearance to be controlled from a registered warehouse/ETSF. Please be aware, imports using transit documents will come with some additional charges.

## Different Declaration Types (cont)

### Option 3 – Customs Freight Simplified Procedures (CFSP)

CFSP clearances allow for an initial simplified declaration to be made to customs. This must be completed prior to arrival at the import BIP and will ensure goods are not held and can move easily across UK borders. A final supplementary declaration must then be made after arrival, at which point any applicable import Duty and/or VAT will need to be paid.

Any clearances using this method require that your nominated customs broker be registered and approved for CFSP by HMRC. The customs broker can then manage both the simplified and later supplementary declarations for you.

Supplementary declarations must be submitted to customs by the 4<sup>th</sup> working day of the month after the goods were imported. To enable the supplementary declaration to be completed, you will need to provide your customs broker with all of the details outlined in Option 1.

Imports using CFSP require excellent record keeping to ensure supplementary declarations are submitted prior to the deadline. Failure to do so can result in penalties from HMRC.

As your broker will be jointly and severally liable in this case as an 'Indirect Representative' they would most likely insist on being involved in the supplementary declaration.

If you would like more information on representation, [CLICK HERE](#)

[https://www.bifa.org/media/4205647/102828\\_gpg\\_hmrc\\_v2.pdf](https://www.bifa.org/media/4205647/102828_gpg_hmrc_v2.pdf)



## UK Borders “Relaxed” period

To allow time for UK companies to adapt to the new changes in regulation, there is going to be a period of “relaxed” UK border procedures between 1<sup>st</sup> January and 30<sup>th</sup> June 2021. This is part of the governments phased approach to customs requirements.

This period of “relaxed” procedures only applies to imports of general ‘uncontrolled’ goods. Any controlled goods (certain foodstuffs, tobacco, etc.) that may require additional checks or licenses must be declared at the time of arrival and goods presented to Customs for inspection if required.

Whilst all goods that arrive into the UK from the EU from 1<sup>st</sup> January 2021 **will** require a customs clearance, this will not initially be required at the time of arrival for uncontrolled goods. During this period, importers can choose to arrange an Entry In Declarant’s Records (EIDR), which involves keeping records of all shipment details at the time of import. This removes the requirement for a formal declaration initially and allows the goods to be imported with no customs delay. A Supplementary Declaration is required before the deadline on 30<sup>th</sup> June 2021, completed by a registered customs broker. This will initially allow for the majority of EU imports to arrive much as they do now and will minimize port congestion while UK companies get used to the new requirements. It will be the importer’s responsibility to maintain records of their imports and ensure that all customs entries are completed prior to the deadline.

The government has offered this 6-month period of “relaxed” procedures; however, it is recommended that you maintain prompt customs clearances to avoid any issues at a later date that could result from a large back-log of entries to be completed.

## Postponed VAT Accounting (PVA)

From 1<sup>st</sup> January 2021, if your business is registered for VAT in the UK, you'll be able to account for import VAT on your VAT Return for goods imported from anywhere in the world.

This means you'll declare and recover import VAT on the same VAT Return, rather than having to pay it and recover it later.

You do not need to be authorised to account for import VAT on your VAT Return and can start doing so from 1<sup>st</sup> January 2021.

You can retrospectively account for import VAT if:

- the goods you import are for use in your business.
- you include your EORI number on your customs declaration.
- you include your VAT registration number on your customs declaration, where needed.

If you would like more information on PVA, [CLICK HERE](#)

[www.gov.uk/guidance/check-when-you-can-account-for-import-vat-on-your-vat-return?dm\\_i=F8C.70WMD.3ECUNX.SBVLP.1](https://www.gov.uk/guidance/check-when-you-can-account-for-import-vat-on-your-vat-return?dm_i=F8C.70WMD.3ECUNX.SBVLP.1)

## Northern Ireland and the Irish Border

To ensure that goods are not freely moved into the EU across the Irish border, from 1<sup>st</sup> January 2021, as far as customs procedures are concerned, both Northern Ireland and Republic of Ireland are to be treated as “the Island of Ireland”.

As such, any goods moving from the UK to Northern Ireland will require a customs declaration.

Any goods that can be proved are remaining in Northern Ireland and not moving across the border into Republic of Ireland, can be imported into Northern Ireland duty free. The means by which this “proof” needs to be provided is still not clear at this time.

In addition to a customs declaration, any vehicles moving to Northern Ireland will require a safety and security declaration via the Goods Vehicle Movement Service (GVMS). A separate declaration is required for each shipment contained within the vehicle, so in the case of groupage trucking, multiple security declarations will be required.

## Confusion Surrounding the Irish Border

Issues surrounding the movement of goods from the UK to Ireland are still being widely discussed between UK and EU governments, so there is a chance that the details we currently have will change over the coming weeks or months. This confusion means that exact details as to how the required customs entries are to be completed, or the safety and security declarations to be raised, are still unknown.

The system platforms to be used for raising the required documentation for movements to Northern Ireland will be different to those currently used across the freight industry, so how these are rolled-out by the government over the coming months will largely dictate the success or failure of the policy and process.

In a recent BIFA survey, 86% of freight forwarders declared that they would like to receive more information from the government regarding import/export procedures involved in the “Northern Ireland protocol”. When asked about safety and security declarations, 82% declared that they would require more information on this subject also.

The lack of information on this subject is felt throughout the industry and a lot more details will be required from the government before “Go Live” on 1<sup>st</sup> January 2021.



## Trader Support Service (TSS)

In the government's attempt to make the transition smoother, they have introduced the Trader Support Service (TSS). The TSS is designed to "support businesses with the changes to Northern Ireland trade" and "will provide guidance and training, a digital service to support declarations, and support from customs experts". The TSS started at the end of September 2020 and businesses can now register for this service.

The effectiveness of this system and the method by which it provides the services promised remains to be seen. All services that can be accessed through the TSS will be able to be processed on your behalf by your customs broker by 1<sup>st</sup> January 2021. Therefore, for many this will have little or no appeal as you can trust your current customs broker to complete these tasks for you, without the concern as to how the TSS will assist your business.

## How can we help YOU?

Now whilst the issues surrounding Brexit, and the policy changes to go with it can seem confusing, it is not all doom and gloom; NNR Global Logistics are doing everything possible to keep our customers informed of what will change for their businesses to help avoid any impact on 1<sup>st</sup> January 2021. We are in constant contact with numerous industry experts and service providers, to ensure we have the most up-to-date information on all Brexit matters, enabling us to support a smooth transition for your business.

There is likely to be a lot more information released by the government in the near future and NNR will remain at the forefront of this to ensure this information can be consolidated and streamlined for relevance to your business requirements.

If you have any specific questions relating to Brexit and how it may affect your business, please reach out to us and we will provide assistance in how to prepare and what exactly you will need to do.

**Remember, we are all in this together!**

## Contact Us

If you need help, please use the below support contacts below:

UK Import enquiries: [imports@nnruk.com](mailto:imports@nnruk.com)

UK Export enquiries: [exports@nnruk.com](mailto:exports@nnruk.com)

UK Commercial Support: [cst@nnruk.com](mailto:cst@nnruk.com)

Webform: [www.nnrglobal.com/contact-us](http://www.nnrglobal.com/contact-us)