



Strong & Herd
Import and Export Services

Welcome to the OneCall Briefing on EU Exit Readiness

Session: 4pm Wednesday 23rd September 2020

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Trade Impact on EU Exit 1.01.2021



EXPORT

GB-NI

FTAs

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HMRC Information – EU Exit

UK Northern Ireland Update Issued 8 September 2020

[NI Update](#)

HMRC JCCC Postponed VAT Accounting Recap Issued 7 September 2020

[PVA recap for JCCC Transition Group 07-09-20_](#)

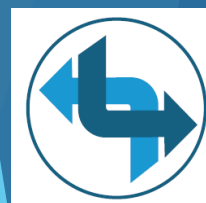
Technical Note Issued 5 September 2020 relating to Postponed VAT Accounting Issued
5 September 2020

[200825 PVA Technical note V1.0](#)

CLECAT Newsletter Issued 4 September 2020

European Association for Forwarding, Transport, Logistics and Customs Services

[CLECAT September 2020](#)



What is the Customs Grant Scheme?

HMRC has made record funding of £50 million available to enhance its Customs Grant Scheme. From 29 July 2020, organisations can apply for funding to reimburse a number of costs associated with increasing their capacity and enhancing their ability to complete customs declarations, ahead of the new rules from January 2021.

Eligible organisations can apply for funding for recruitment, employee training and IT, in preparation for additional customs declarations.

Eligible organisations include traders and customs intermediaries (such as customs brokers, fast parcel operators and freight forwarders) who make or intend to make customs declarations for their own goods or on behalf of others. Organisations which recruit, train and place apprentices into customs intermediaries or other organisations which undertake customs declarations activity are also eligible to apply.

All eligible organisations which are currently and have been based in, or with a branch in, the UK for at least a year can apply for all elements of the grant.



Export licences



We have a SIEL licence to ship to our customer in France. The process is at the moment and because these are controlled goods we get a permission to ship from HMRC prior to shipping the goods.

As we are leaving the EU, is it just the process that will be changing or would I have to apply for a new EUU and licence? Assuming the process will change to the same one we use on non-EU shipments?

Also, we have military product that we ship to some EU countries under a UK OGEL. When we leave the EU will this OGEL details have to be in box 44 like all other non-EU shipments?

Duty Deferment & Guarantee



- ▶ We have heard there are some changes due on Duty Deferments? Do you know more?
- ▶ Some information provided at JCCC on Monday (21-09-2020) we are awaiting full details
- ▶ Guarantee requirements for DDA - HMRC introducing 2 new applications for guarantee waivers authorisations.
 - ▶ 1) Customs Duty/Import VAT and Excise up to a threshold amount of £10k.per month. Providing the company is solvent and no history of non-compliance. Will be communicated in the latest BOM.
 - ▶ 2) Businesses wanting to apply above the £10k threshold - providing they meet the criteria above and have sufficient financial resources to pay the amount they want to defer. There will be no upper threshold.
- ▶ No guarantee required if you use PVA
- 1st January companies operating Temp Storage would no need a CCG unless HMRC had concerns about a companies solvency/compliance but this would be to mitigate risk not disallow the application.
- ▶ For most existing special procedures and TS – they could request cancellation if their current guarantees from 1st January.

Representation on CFSP

- ▶ We are a freight company and want to offer the CFSP simplification process to our clients from 1-1-2021 by we're concerned that we will be liable as indirect representatives.
- ▶ Some information provided at JCCC on Monday (21-09-2020) we are awaiting full details
- Representation - changes for intermediaries using their simplified procedures for importers. They will not be liable for the customs debt as representative will change from indirect to direct. The reason to change the liability is to encourage intermediaries to use their CFSP to make the declarations.
- There is a new CFSP application form for new intermediaries and existing intermediaries to also benefit for being Direct Reps.
- HMRC are currently working on guidance to publish.
- But ... to act in a Direct capacity the importer will have to have its own Duty Deferment account.



Representation on CFSP



▶ We are a manufacturer based in the UK. We import a lot of components from the EU, many of which (but not all) will be liable for import tariffs. We subsequently manufacturer systems which are re-exported out to EU. In this broad scenario would we be able to claim any duty relief to offset a double duty hit?

- ▶ Yes, Inward Processing could be used. Post EU Exit deliveries of goods into the EU from the UK will be an export, so you could bring the components into IP (from EU27 and non-EU countries), suspend both duty and VAT and manufacture a new item. On correct export of the finished product both your duty and VAT liability will go away. Import customs duty would then have to be paid into the EU - the amount, of course, dependent on the commodity code.
- ▶ A couple of things to note
 1. 1. You will need to be IP approved and this can take 60-90 days though HMRC are working on speeding up the authorisation process
 2. 2. If you decide to import to IP from EU suppliers you would not be able to take advantage of the 6 months' simplified release of goods at ro-ro ports but would have to complete a full customs entry
 3. 3. At export you must ensure a full export entry is completing quoting the correct Customs Procedure Code
 4. 4. You will have to submit quarterly report - called Bills of Discharge - to UK HMRC
 5. 5. Using IP may mean you cannot take advantage of a free trade agreement with the EU - normally EU FTAs says you can either use IP in the supply chain or manufacture sufficiently and use the FTA. WE do not know what will happen here so this is just a cautionary note.

UK-EU FTA



In the event of a deal which includes 0% duty on our products going into the EU will there be an easy way that we (UK company) can continue as it does now? Moving goods into Europe without the need for setting up a permanent establishment in each of the EU countries?

We are expecting the answer to be no but is it feasible this could change as part of a Brexit deal?

EU Labelling



We are a manufacturer of DIY products in the UK. These are not CE marked and do not fall under any specific legislation. We supply a DIY retailer in the UK with our branded products. The retailer has stores in the EU and sells our branded products in their UK stores and EU stores.

From our UK warehouse we only supply to the retailer's UK distribution centres, not to the EU companies. The retailer does this. The retailer has some guidelines on changes to primary product packaging (i.e. the packaging the product is in when purchased by the consumer) as a result of the EU exit.

They require us to have the name and address of our UK company and an EU manufacturer/authorized representative/importer on the primary product packaging. Is it correct that we have to state an EU manufacturer/authorized representative/importer on the products since we are not involved in the export out of the UK or import into the EU?

Returnable Packaging



- ▶ We have received two queries on a similar theme from members and wondered if you might be able to assist? They relate to the export of packaging to the EU that will return back to the UK empty after being cleaned. How would they be able to do this at the end of the transition period.
- ▶ UK is going to introduce special easements for re-usable packaging which will cover this situation. It involves making a “by-conduct” declaration and the exporter/importer must follow the exact procedures.
- ▶ A “by-conduct” declaration is (if you like) an assumed declaration. In other words, there is no requirement for an electronic customs declaration.
- ▶ So, whether exports or imports, a customs declaration is made for the goods in the normal way, and a “by-conduct” declaration is made for the packaging.
- ▶ <https://www.legislation.gov.uk/uksi/2018/1248/made?view=plain>

PVA at import



- ▶ Can you please clarify that the VAT Suspension is for imports from all 3rd Countries not just the EU?
- ▶ Just a technical point it is not VAT suspension, it is VAT postponed accounting (PVA) and yes it can apply to any import both from EU and non-EU countries from 1st January 2021.
- ▶ It isn't mandatory though so an importer can still decide to pay VAT on arrival against a deferment account. If they decide to use PVA they will not get a C79 VAT Certificate and will have to register via the Government Gateway onto CDS to receive a will generate an online Monthly Postponed Import VAT Statement (MPIVS) that will be the evidence required to account for and recover the import VAT as input tax on their next VAT return.
- ▶ Further details on how to register haven't been issued yet.

Import into the EU



▶ I have heard lots of different conflicting answers about paying duty, VAT and completed customs clearance at Calais and if any EU established firm can do this, so goods can then freely circulate. We'd like our Dutch established entity to clear goods into France and then us deliver them to whichever country the final customer was located in. Some freight providers have said that goods must be cleared in the country of the EU entity in question (for example we could only clear goods in the Netherlands).

- ▶ This is where what is ok legally under EU customs law comes against what works in practice and some divergence in national law (VAT). So legally, any company with an EU EORI (not a GB one from next year of course) can make an import declaration.
- ▶ If a company is not physically set up as a business in the EU then they can set up a fiscal representative to act as an importer of record on their behalf. Your scenario is possible. Your Dutch entity can make import declarations on goods arriving in France – the issue is VAT, which is national.
- ▶ So they can get a French VAT number and pay French VAT on arrival but then you have to consider the Dutch VAT implications of sales of goods when Dutch VAT hasn't been paid. Or on arrival in France they arrange for the import to be entered as an Onward Supply – not sure if you know Customs Procedure Code (CPC) but your freight providers should and CPCs for Onward Supply into the EU start 42. The Dutch VAT number could be entered on the import entry and they would account for it on their VAT returns. Unfortunately not all Member States will permit this to happen – I know Germany VAT law states they would need a German VAT number to import into Germany though the Dutch EORI could be used. It is obviously easier for logistic companies to clear goods at the country of arrival – but that might mean using NCTS so increasing admin, and the vehicle would then have to be sealed until it arrived at the Dutch company, not very practical if the forward has lots of deliveries to make. (NB to export out of the EU you must have a physical presence in a member state of the EU as well as a EU EORI.)

Northern Ireland



NI will be in UK customs territory but with EU customs rules. So:

- ▶ Goods going from GB to NI won't require export declaration or Intrastat
- ▶ Goods coming into NI from GB will require import declaration
- ▶ Goods coming into GB from NI will not require import declaration (will they require Intrastat and if so which country are they coming in from as our SAP system will say GB).
- ▶ NI to ROI is intra EU.
- ▶ EU to NI is intra EU.



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Any Questions?

Thank you for listening and taking part in this session today

Email us your questions or scenarios and join us on another Onecall Briefing

 onecall@strongandherd.co.uk

 [@trainingshllp](https://twitter.com/trainingshllp)

 www.strongandherd.co.uk

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