



## Regulatory Update

# Managing Imports and Exports After Brexit

Provided by Dixons Commercial Insurance Brokers

### Quick Facts

- Moving forward in 2021, UK traders must now adjust to new rules and regulations in a post-Brexit world.
- Many changes began as soon as the transition period expired, while others will go into effect 1st July.

Although the UK technically left the EU in early 2020, many regulations and policies have continued to apply to employers and organisations that conduct business with partners and clients overseas. But, in 2021, there will be an abundance of changes that organisations must be prepared to make in order to be in compliance with new rules and regulations.

The UK and EU reached a deal on 24th December that will help keep trade and transit flowing smoothly, but there are still many adjustments that those involved in both imports and exports must be aware of in order to avoid having their operations disrupted.

### The New Deal

It is important for organisations to understand the new deal between the EU and UK.

One key element of the new agreement is that, in most situations, there will be no tariffs on goods traded between parties. The deal represents the first pact between the EU and another country that is free of tariffs and quotas. It is worth noting that, if countries within the EU have their own separate trade

deals with the UK, tariffs may still be applicable.

Despite the new deal, traders moving goods both in and out of the UK will be required to submit customs declarations. While the UK has granted a six-month grace period before these requirements come into effect, the EU has implemented them immediately. Simplified requirements and an expedited process may be available for those who gain 'trusted trader' status through the EU's Authorised Economic Operator programme.

Goods being traded between the EU and UK will be required to meet both EU Single Market and UK requirements, regulations, certifications and laws. It is worth noting that, while the UK sought to gain the ability to approve goods on behalf of the EU, that privilege was not granted in the new agreement.

### Import Preparations

When it comes to bringing goods into the UK from the EU, organisations must familiarise themselves with the Stage 1 Core Model. This model outlines all processes that shipments must adhere to starting in January.

Post-Brexit, all traders now must adhere to the following requirements in order to import goods:

- A UK [Economic Operator Registration and Identification \(EORI\) number](#)
- The appropriate [commodity code](#) pertaining to the goods being imported in order to make a customs declaration and calculate duties on an import
- The customs value of goods, which is also needed to make a customs declaration and calculate duties

### Import Customs Declarations

In 2021, traders are required to submit full customs declarations when transporting controlled goods. This process will ensure that any specific licensing requirements are fulfilled. Click [here](#) for a full list of imports from the EU into the UK that are classified as controlled goods.

From January until July, traders will be able to submit customs declarations on imports by using either of the following methods:

- Submit a completed customs declaration at the point of entry to the UK using existing processes.
- Use delayed declarations by retaining records of imported goods but delaying declaring them to Her Majesty's Revenue and Customs (HMRC) for up to six months.

### Delayed Declarations

Delayed declarations are intended to provide traders and intermediaries with options. This is achieved by allowing them to record imports in their own files at the time the goods arrive in the UK, while also giving them the additional flexibility to submit their declaration to HMRC at any time within six months. Delayed declarations are a key component of the government's goal to simplify the import process for most goods during the first half of 2021.



When utilising delayed declarations, organisations must be sure that both their own records and the declaration to HMRC include:

- The customs procedure code
- A declaration unique consignment reference that is able to be identified within the trader's records
- The purchase number (and the sales invoice number if available)
- The date and time that the import was entered into the trader's record
- Any temporary admission, warehousing or temporary storage stock account references
- The warehouse approval number
- A written description of the import for identification purposes
- The customs value
- The quantity of goods, such as the number of packages, items or overall mass
- Details of licensing numbers and requirements
- Details of any relevant supporting documents, such as serial numbers

In the event that a trader is using an intermediary, records must also include information regarding who the intermediary is representing. Products that are being transported through areas that lack established customs control systems must also include their EORI number.

Utilising the normal delayed declaration process for imports is not a possibility in situations such as:

- If the goods are controlled goods
- If the goods do not have union status or were not in free circulation in the EU before arriving in the UK

- If the goods will not be released to free circulation in the UK

Traders with records of poor compliance will be identified by HMRC and will not be allowed to delay declarations. These organisations will receive written instructions from HMRC explaining that they are required to make full declarations at the time the import arrives. Examples of situations that may classify an organisation as having recently been in poor compliance include:

- Recent non-compliance pertaining to tax and customs requirements
- Deliberate or repeated offences
- Employment of individuals who have a record of serious or repeated non-compliance, even if the offences were committed while employed with a different organisation

A delayed declaration requires completion of a supplementary declaration. In order to achieve this, a trader or their representative must be authorised for the simplified customs declaration process and possess a duty deferment account. Non-UK traders are required to work with a UK agent with the aforementioned credentials. Both parties should note that, although previous regulations required intermediaries and traders to share liability for paying customs duties and VAT, the new rules will allow intermediaries to avoid sharing that responsibility.

The government expects that the most beneficial way to meet these requirements will be for traders to have their own duty deferment accounts while being able to access and utilise the simplified customs declaration authorisation through an intermediary.

Traders importing goods should also understand that the [UK Global Tariff](#) has been implemented starting in January. Any tariff payments must be made when a

delayed declaration is submitted. The amount owed will be based on the commodity code provided on the customs declaration.

### **Border Checks**

Border checks will continue in order to identify terrorist or criminal activity. In locations with established customs control systems, traders importing controlled goods will have three hours to submit their declaration after the arrival of the shipment. If this time period expires, the shipment will be put into storage for up to 90 days.

Meanwhile, in locations that lack established customs control systems, traders importing controlled goods are now required to declare them before the goods even leave the EU. After the shipment arrives, traders must inform HMRC that it has entered the UK by the end of the next working day.

### **Groupage Loads**

Groupage refers to situations in which a group of shipments are mixed together in one vehicle, or when multiple product lines are combined into one shipment.

When it comes to a groupage load, all individual shipments are still required to meet any relevant requirements that would have applied had the goods been shipped on their own. Additionally, shipments within a groupage load may be subject to further requirements.

These groupage load guidelines are generally applicable to goods being both imported and exported.

### **VAT Import Implications**

Value-added tax (VAT) for imports may be calculated through multiple processes depending on a number of factors.

When not utilising delayed declaration, VAT-registered traders importing non-controlled goods must account for the import VAT on



their VAT return by using postponed VAT accounting. Registered traders not using delayed declarations may also choose to use postponed VAT accounting for both controlled and non-controlled goods, but are not required to.

Non-VAT organisations can report and pay VAT through the same processes available to them and may use duty deferment to delay their payment of import VAT until a future date.

If a VAT-registered trader chooses to utilise delayed declarations, they are also required to use postponed VAT accounting. As such, these traders are required to account for VAT on their periodic return, including the date they imported the goods in question. As part of this process, traders must estimate the import VAT due based on their own records of imported goods. This estimate must be adjusted to the exact amount upon eventual submission of the delayed declaration.

For non-VAT traders, delayed declarations now means following the same process as they do for customs duties. Organisations should pay any import VAT due on their duty deferment account.

The value of imports may also have VAT-related implications for UK traders. Import VAT is no longer due at the border for consignments with a total value of £135 or less. Low value consignment relief has been withdrawn. VAT is now calculated as if the goods were manufactured in the UK, and accounted on a VAT return to HMRC.

Businesses selling products to be imported to the UK that do not exceed £135 are now required to charge and collect VAT at the time of sale. Furthermore, these businesses are also required to register for VAT in the UK. If transactions are taking place online, the online marketplace facilitating the sales is responsible for registering for UK VAT.

### **Transit Requirements**

The [Common Transit Convention \(CTC\)](#) establishes the guidelines by which organisations are now able to transport goods into UK customs territory.

While safety and security requirements remain applicable, entry summary declarations for shipments from the EU will not be required until 1st July 2021. One change that has begun in January is that combined transit and safety and security declarations will no longer be able to meet safety and security requirements. As such, traders using transit must be sure to familiarise themselves with any new requirements that may apply to their specific imports.

A transit accompanying document (TAD) is required for all goods arriving in the UK and must be presented at an office of transit. The government intends to make this process able to be completed digitally, although a paper copy must still physically accompany shipments. Additionally, certain ports may decide to continue to require that a paper copy be presented.

Hauliers must provide transit movement reference numbers for shipments. While the goods are being transported, this party will receive notification of whether they may proceed to their destination or whether the goods must be checked prior to arrival.

While shipments are in transit, organisations are required to secure any import VAT, excise duty and customs duty suspended during the journey. Traders using transit should complete an application for a [Customs Comprehensive Guarantee \(CCG\)](#).

### **Returned or Rejected Goods**

In the event of a trader's goods being returned from a recipient in the EU, the requirements for the goods to re-enter the UK vary depending on these questions:

- Were the goods in free circulation in the UK before being exported?



- Were the goods in free circulation in the EU before being returned?
- Where the goods rejected upon their arrival to the EU?
- Are the goods subject to additional requirements before they can re-enter the UK?

Traders whose goods are returned are allowed to claim returned goods relief if the goods were re-imported within three years. Additionally, VAT relief is also available if it has been paid previously in the UK. Some returned goods may be subject to additional requirements.

### Non-freight Imports

There may be different requirements for goods that are imported either by accompanied luggage or small vehicles. Non-controlled commercial goods with a value of less than £1,500 can be declared [online](#) before arriving or by using a Red Point/Channel at the point of import. Controlled goods or those exceeding a value of £1,500 require a [full online customs declaration](#) prior to arrival.

Large amounts of cash are also subject to new requirements in January. People carrying more than £10,000, including couriers on behalf of businesses, are required to declare the cash.

Customs declaration requirements for post and parcels between the UK and EU will now follow the same rules that were already in place for goods travelling between the UK and the rest of the world. Postal consignments of non-controlled goods now use CN22/CN23 customs forms, while all other postal movements require an electronic customs declaration submitted to HMRC.

### Export Preparations

In addition to there being many new regulations and requirements for importing goods into the UK, the ending of the Brexit transition period has also introduced many changes for exporting goods.

When assessing and amending their previous export processes, traders must ensure that they have:

- A UK EORI number
- Access to the safety and security (S&S) system in order to submit exit summary declarations
- Access to Customs Handling of Import and Export Freight (CHIEF) and a CHIEF badge in order to submit export customs declarations
- Understanding of how to use [this new government tool](#) to check duties and customs procedures for exports
- A submitted application for an EU EORI number

### Export Customs Declarations

In the wake of the Brexit transition period, UK-based businesses that are exporting goods are required to complete a [UK customs export declaration](#).

Although it is most common for export declarations to be submitted by an intermediary, it is also possible for traders to handle the submission themselves by utilising the National Export System (NES) or commercial software. Regardless of whether or not an intermediary is used, the party submitting the declaration will be held responsible for any inaccuracies. Goods being exported from the UK to the EU also now require an EU import customs declaration.

Completion of these declarations require the following information:

- A UK EORI number



- The [commodity code](#) of the goods
- The value of the goods as evaluated according to the World Trade Organization
- Access to HMRC systems, which can be achieved either through an intermediary or by the trader themselves
- Access to CHIEF (if applicable)
- Master reference number from the export declaration
- S&S declaration

Organisations managing exports can also make use of [this trade tariff tool](#) in order to know whether a licence is required to move the goods.

### Transporting Exports

In addition to the rules surrounding the arrival of exports, the manner in which they should be transported has also changed in 2021. The government is currently working on a system that will allow certain types of shipments—such as class 1 or perishable goods—to be prioritised or delayed if necessary.

When working with exports, traders are responsible for educating themselves on the transit rules and customs processes for the territory or country that their goods will be entering. Organisations should also note that goods that did not originate in the UK—and are merely being transported through it—will not have a UK export declaration.

The transit of exports requires both an export declaration and a transit declaration. These must be submitted before the shipment can begin to be transported. A transit declaration requires:

- Details of the planned journey
- Guarantee reference number or details of the guarantee waiver
- Local reference number

A transit declaration may also require:

To maximise efficiency in starting transit movements, traders should consider becoming a registered authorised consignor. This status allows movement of goods to begin at an organisation’s own approved premises. As an alternative method, traders’ goods can be taken to a government office of departure before shipping begins. Click [here](#) for more information on how to register premises and start transit movements from that location.

Hauliers transporting exports are now required to carry evidence that a proper declaration has been made. If it is determined that a physical check of a consignment is required, either the haulier or the declarant will be advised to meet at a specified location. Furthermore, starting in July, all goods that are checked at an inland location must also be presented to customs for any additional checks upon arrival at the frontier.

The UK having become a member of the CTC will help to expedite some customs processes. These benefits mean that traders will not be required to have certain steps done at the border. As such, customs declarations and payment of import duties can be made at a shipment’s final destination instead. All goods still need to satisfy S&S requirements.

### S&S Declarations

Moving forward, the UK’s approach towards S&S processes will be in line with the World Customs Organisation’s (WCO) SAFE framework. The focus of these policies is to facilitate legitimate trade while also protecting a territory—in this case the UK—from potential threats, such as terrorism or the trade of illicit goods.



Carriers are legally required to provide UK customs authorities with pre-arrival or pre-departure information. Required S&S information can be provided through a combined fiscal and S&S export declaration. Traders should be aware that, if an export declaration is not submitted prior to departure, a standalone exit summary declaration may become necessary.

Pre-departure declarations require the following information:

- Consignor
- Consignee
- Description of goods
- Routing (country by country)
- Location of goods
- Customs office of departure

The government has the right to check shipments before departure for prohibited or restricted items. S&S information must be submitted a specific number of hours in advance of their planned departure from a UK port. The required advanced notice will vary based on certain factors, such as the method of travel or the distance of the journey.

#### **Non-freight Exports**

Traders transporting non-controlled exports valued at £1,500 or less, either in accompanied luggage or a small vehicle, can [declare](#) them online. A declaration by conduct can also be performed, but traders will not receive written record of the export. Not having this record may result in issues if attempting to return goods to the UK. Exports with a value greater than £1,500 must make a [full declaration](#).

Customs requirements related to post and parcels travelling between the UK and non-EU countries have expanded to also apply to such the UK and the EU.

Individuals leaving the UK with more than £10,000 in cash are required to declare this, as well as couriers who are travelling for business reasons. Declaration can be made by phone, online or using a paper BOR9100 form submitted to Border Force officials.

#### **Ensuring Export Compliance**

In a post-transition UK, exports—and those transporting them—are now required to adhere to any and all EU import regulations. As such, drivers and carriers moving goods into the EU must be prepared with evidence that their cargo meets EU import requirements.

Although it is usually the responsibility of an organisation to provide this evidence to the driver or carrier, the employee still must be able to present it upon request. If unable to produce the proper documentation, drivers and their goods may be stopped, fined or sent back to the UK. In addition, if operators of heavy goods vehicles (HGVs) transporting exports do not have these materials, it may result in severe delays for others.

Necessary documentation that may be requested includes customs and transit declarations and commodity-specific approvals, such as:

- Export health certificates
- Phytosanitary certificates
- Catch certificates
- Documentation for certain restricted goods, such as Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) goods

The UK has been working on the development of a [web service](#) that will assist drivers in knowing whether their HGVs are properly documented. Additionally, there are proposed revisions to the Operation Brock traffic management plans and existing underpinning statutory instruments. As such, traders must make sure that they remain



apprised of any further potential changes that may affect their operations.

### **In Conclusion**

The end of the Brexit transition has loomed with potential challenges for years. As evidenced by multiple components of new regulations being phased in or lasting only the first half of 2021, it is clear that the government understands that the adjustments will take time. That being said, all organisations affected by the changing import and export rules should still prioritise understanding the new processes and requirements as quickly and thoroughly as possible.

For more information, contact us today.

