

Trading with the EU if there's no Brexit deal

What does it cover?

- The immediate procedural changes applying to businesses trading with the EU such as:
 - customs (import/export) declarations for goods entering and leaving the UK
 - Safety and security declarations for carriers, and
 - procedures for movements of excise goods

What will happen?

- The free circulation of goods between the UK and EU will cease
- New customs procedures (noted above) will apply:
- Businesses may need to renegotiate commercial terms to reflect any changes in customs and excise procedures, and any new tariffs that may apply to UK-EU trade.
- The UK has applied to re-join to the Common Transit Convention (CTC) after Brexit:
 - The CTC facilitates cross border movements of goods by enabling any charges due on those goods to be paid only in their country of destination¹.

What will businesses have to do?

- Businesses will have to consider how a 'no deal' scenario could affect them, and are advised to take steps to mitigate against such a risk, however unlikely.

When importing a business will need to:

- register for an UK Economic Operator Registration and Identification (EORI) number²
- ensure contracts and International Terms and Conditions of Service (INCOTERMS) reflect that they are now an importer
- consider how to submit import declarations: whether to pay a customs broker, freight forwarder or logistics provider do it themselves (in which case they will need to acquire the appropriate software and secure the necessary authorisations from HMRC).
- decide the correct classification and value of goods for a customs declaration
- make sure their carrier has submitted a timely Entry Summary Declaration
- submit an import declaration to HMRC (via broker or themselves)
- pay Value Added Tax (VAT) and import duties including excise duty on excise goods

¹ The negotiations on the UK's membership of the CTC are ongoing.

² Further information on this will be available later in the year.

unless the goods are entered into duty suspension³ ; import VAT may also be due.

- Businesses may also need to apply for an import licence

When exporting a business will need to:

- register for an **UK EORI** number¹
- ensure contracts and International Terms and Conditions of Service (INCOTERMS) reflect they are now an exporter
- submit an export declaration to HMRC themselves or through a customs broker, freight forwarder, or logistics provider
 - The export declaration may need to be lodged in advance so that permission to export is granted before the goods leave the UK (the export declaration also counts as an Exit Summary Declaration)
- apply for an export licence
- When exporting duty suspended excise goods to the EU, a business will need to continue to use EMCS² to record the duty suspended movement from a UK warehouse or premises to the port of export.

Safety and Security Declarations have to be made:

- Safety and security declarations have to be made for carriers (for example hauliers, and train, vessel or aircraft operators) moving goods between the UK and the EU as either:
 - **Exit Summary Declaration (EXS):**
 - EXS needs to be submitted to the customs authority of the country from which the consignment is being exported; for consignments exported from the UK the EXS generally forms part of the Export Declaration (a customs **declaration**).
 - **Entry Summary Declaration (ENS):**
 - ENS needs to be submitted to the customs authority of the country that the consignment is entering.

Mitigation options that businesses may consider:

- Businesses can consider whether it's beneficial for them to use customs procedures that delay or relieve the payment of customs duty for goods they import into the EU until goods are ready to be released into free circulation.
- For excise duty purposes, goods are not regarded as imported if they are immediately placed under one of the following customs procedures:
 - **customs warehousing:** allows businesses to store goods with duty or import VAT payments suspended. Once goods leave the warehouse, duty must be paid unless the business is re-exporting, or moving goods to another customs procedure. The warehouse must be authorised by HMRC
 - **inward processing:** allows businesses to import goods from non-EU countries for work or modification in the EU. Once this has been completed, any customs duty and VAT due must be paid, unless goods are re-exported or moved to another customs procedure, or released to free circulation
 - **temporary admission:** allows business to temporarily import and or/export goods such as samples, professional equipment or items for auction, exhibition or

³ A customs or excise warehouse – a financial security will be required to cover the duty liability of the goods whilst they are being moved to the warehouse. Once excise goods leave a customs suspensive arrangement, they may be immediately entered into an excise duty suspension regime. A business will need to declare the goods on EMCS for onward movement via a Registered Consignor.

demonstration into the UK or EU. As long as the goods are not modified or altered while they are within the EU, the business will not have to pay duty or import VAT

- **authorised use:** this allows a reduced or zero rate of customs duty on some goods when used for specific purposes and within a set time period.

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