

OPERATING WITHOUT BORDERS: BOOSTING TRADE HOME AND ABROAD



**CUSTOMS
CONTROLS**

Understanding and complying with the new Customs controls

Changes introduced Jan 1st 2022

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Section 1: Overview of Customs control changes taking effect from January 1st 2022

Some of the temporary Customs and VAT easements introduced on 1 January 2021 for goods moving between Great Britain and the European Union have ceased with effect from 1 January 2022.

Make UK is here to help members adapt to these changes and has been working with companies to help them get ready.

Customs arrangements around Special and Simplified Procedures remain in place and are being increasingly taken up by businesses to mitigate customs duties and taxes, or to help smooth the movement of goods across borders. HMRC will continue its compliance and audit programme on all importers and exporters to ensure that companies are complying with Customs regulations. It is important that your business is meeting its obligations to avoid any unnecessary fines or other penalties.

Section 2: The changes which came into force.

2.1 Temporary arrangements for goods movements from Ireland

The UK Government announced that current customs arrangements for goods moving from the Republic of Ireland and Northern Ireland to Great Britain that came into effect on 1 January 2021 will be extended for the duration of discussions between the UK and EU on the future operation of the Northern Ireland Protocol.

This means that the full customs controls which were introduced as planned on 1 January 2022 for goods moving between the EU and Great Britain are temporarily exempted for goods movements from the island of Ireland.

2.2 Customs declarations

For importing non-controlled goods to GB from the island of Ireland, there are no changes to the arrangements introduced on 1 January 2021 and you can continue to delay making customs declarations for up to 175 days, if you make an entry in declarants imports at the time of import.

If your goods are entering Great Britain from other EU countries, you will no longer be able to delay making import customs declarations under the Staged Customs Controls rules that have applied during 2021. Most businesses will have to make declarations and pay relevant tariffs at the point of import.

You should consider how you are going to submit your customs declarations and pay any duties that are due. You can appoint an intermediary, such as a customs agent, to deal with your declarations on your behalf or you can submit them yourself.

You must use the correct country code for the country of origin and the country of dispatch when you complete your customs declaration. For EU countries, the individual country code of the relevant member state should be used, the EU country code must not be used.

2.3 Border controls (except for goods arrival from Ireland)

Ports and other border locations will be required to control goods moving between GB and the EU. This means that unless your goods have a valid declaration and have received customs clearance, they will not be able to be released into circulation, and in most cases will not be able to leave the port.

From 1 January 2022, goods arriving in GB may be directed to an Inland Border Facility for documentary or physical checks if these checks cannot be done on immediate arrival at the border.

Also, you must also submit an “arrived” export declaration if your goods are moving through one of the border locations that use the arrived exports process.

If you do not follow the correct process from 1 January 2022, the new systems will not permit your goods to leave GB or EU (or country of export) and they will be turned away as they will not hold an export clearance.

If you use a service such as a courier or freight forwarder to move your goods, you need to check their terms and conditions about who will make the declarations, and what other information they need from you to do this.

It's important that those involved in transporting your goods are ready and understand how to operate from January 2022.

2.4 Rules of Origin

Under the UK-EU Trade and Cooperation Agreement (TCA), goods that are imported or exported may benefit from a reduced rate of Customs Duty (tariff preference).

Rules of Origin determine where goods come from or ‘originate’, where they have been produced or manufactured not where they have been shipped or warehoused from. For this purpose, the ‘origin’ is the ‘economic nationality’ of goods. The tariff classification, value and origin of goods are determining factors based on which the appropriate customs tariff level is applied.

Preferential rules of origin determine whether goods qualify as originating from certain countries, for which preferential tariffs and other arrangements will apply. Under the TCA, where all the requirements are met, goods with preferential origin are eligible to be imported with lower duty rates or at a zero rate, depending on the preferential tariff treatment stated in the agreement.

UK and EU importers can claim tariff preference if they have one of the following proofs of origin:

- a statement on origin – this must be made out by the exporter to confirm that the product originates in the UK or the EU;
- the importer's knowledge – this option allows the importer to claim tariff preference based on their own knowledge of where the goods they're importing originate from.

If you export goods to the EU and you provide the EU importer with a statement of origin, you may also need to have a supplier declaration in place. These are needed to confirm the origin of the goods you're exporting when the manufacturer alone is not enough to meet the product specific rules of origin.

From 1 January 2021, GB firms have been allowed to export goods to the EU and apply for tariff preferences, without the necessary supplier declarations. Declarations could be obtained after export, allowing more time for GB exporters to source the necessary supplier confirmations.

From 1 January 2022, this administrative easement has ended. All goods for EU export must be accompanied with the required supplier declarations (where required) at the time of export.

In addition, if you cannot provide a supplier declaration to confirm the UK origin of goods you exported to the EU between 1 January and 31 December 2021, you must let your customer know.

If you're subject to a request for verification by EU customs authorities and you can't provide this supporting evidence, your EU customer will be liable to pay the full (non-preferential) rate of Customs Duty and UK customs (HMRC) may also charge you a penalty.

Even if goods you import from the EU are eligible for tariff preference, normal VAT rules will still apply.

2.5 Postponed VAT Accounting

If you're a VAT-registered importer, you can continue to use Postponed VAT Accounting (PVA) on all customs declarations that require you to account for import VAT, including supplementary declarations, except when HMRC has told you otherwise. PVA has already provided significant cash flow benefits for thousands of our members, and we expect that most businesses will choose to use it.

2.6 Commodity Codes

Commodity codes are used worldwide to classify goods that are imported and exported. They are standardised up to 6-digits and reviewed by the World Customs Organisation every 5 years. Following the end of the latest review, the UK codes changed on 1 January 2022. <https://www.gov.uk/trade-tariff>

2.7 Further changes from 1 July 2022

Further changes will be introduced from July 2022, which we'll let you know more about nearer the time.

The changes affecting safety and security declaration and checks will include:

- new requirements for Export Health Certificates

- requirements for Phytosanitary Certificates
- physical checks on sanitary and phytosanitary goods at Border Control Posts

Section 3: Further support

For more support and compliance with all Customs controls and compliance advice and assistance, our team can support you with telephone, online and Face-to-Face consultancy tailored specifically to your trading activities covering;

- Customs Special Procedures
- Customs Simplified Procedures
- Rules of Origin for imports and exports
- Classifying your goods (finding the correct Commodity Codes)
- Making sure you are valuing your imports and exports correctly
- Customs compliance in preparation for HMRC audit

Contact Brexit@makeuk.org

Call us on 0808 168 5874