



Brexit Update

In the Event of a 'No Trade Deal' Brexit
What You Need to Know

17th October 2019



If the UK leaves the EU on 31st October without a deal we have compiled a list of actions and information to assist importers and exporters

Overview

- In a no trade-deal Brexit scenario, all goods being imported from, or exported to, the EU will require customs declarations in both the sending country and the receiving country.
- Here are some important actions you should take to prepare – all VAT registered businesses will have received a letter from HMRC about this in December 2018 advising them what steps to take:

- Classify your goods

Businesses will need to inform their customs agents of the tariff classification of their goods, you can find more about this here:

<https://www.gov.uk/government/publications/classifying-your-goods-in-the-uk-trade-tariff-if-theres-no-brexit-deal/classifying-your-goods-in-the-uk-trade-tariff-if-theres-a-no-brexit-deal>

- Register for an EORI

Businesses that currently only trade with the EU should apply for an EORI number, you can find out more about this here:

<https://www.gov.uk/eori>

- Review your trading terms

All businesses should review their contracts and trading terms

(INCOTERMS) to be clear on where the responsibility for payment of customs clearance fees, duties and taxes sits on their consignments to and from the UK.

- Are your goods subject to duty?

Have you checked that the goods you are importing are subject to duty in a no trade-deal Brexit scenario? Find out more here:

<https://www.gov.uk/guidance/check-temporary-rates-of-customs-duty-on-imports-after-eu-exit?step-by-step-nav>

- **Get a deferment account**

If your goods attract customs or excise duty you should apply for a deferment account. It's an HMRC account that allows you to import goods without paying up-front taxes. Taxes are collected from the account on customs clearance entry.

On imports to the UK, HMRC have already confirmed that postponed VAT accounting will be introduced for UK VAT registered businesses, but you still need to consider the payment of customs duties in the UK. You can find out more about this here:

<https://www.gov.uk/government/publications/notice-101-deferring-duty-vat-and-other-charges/notice-101-deferring-duty-vat-and-other-charges>

Exports – in the event of a no trade deal

- To export to the EU you will need to be EORI registered, which you can do free [here](#) via the [.Gov website](#) and a direct link to the [EORI application form](#)
- You must produce an invoice for shipping which must include;

Shipper/consignee	Number of packages
Value of Goods/Currency	Commodity code
Country of origin	Delivery terms - incoterms
Net/gross weight	Packaging type (i.e. carton/pallet)
EORI Number	

- We suggest you engage with your regular clients in the EU, to prepare them for the potential changes.
- WTC Logistics (UK) Ltd will prepare your export declarations (C88) to ensure you remain compliant and continue to trade fluently
- Our teams are available at all times to offer guidance and advice to you

Imports – in the event of a no deal

- Importing from within the EU will require a full customs declaration when the shipment arrives into the UK, which we can undertake for you
- You will require a commercial invoice from your supplier in Europe, detailing the following information;

Shipper/consignee	Number of packages
Value of Goods/Currency	<u>Commodity code</u>
Country of origin	<u>Delivery terms - incoterms</u>
Net/gross weight	Packaging type (i.e. carton/pallet)
EORI Number	
- Identify ‘reason for importation’ (for example to remain in the UK, for temporary import and re-export or returning British goods).

VAT Overview

After completion of the customs declaration it is likely that there will be duty and VAT to be paid

- Duty will need to be paid on the value of the good imported, at the time of customs clearance and prior to release by HMRC, which can be paid by the following methods;
 - Your own duty deferment account (you can apply [here](#) with HMRC*)
 - FAS (payment directly to HMRC)

* Requires double indemnity bond guarantee with your bank

VAT Overview

- If the UK leaves the EU without a trade deal, the government's aim will be to keep VAT processes as close as possible to now
- However, there will be some changes that will affect businesses
- HMRC have taken steps to mitigate the impact of changes where they can
- HMRC want to help businesses understand what they need to do, and help them to do it, so they can continue trading smoothly

What's changing?

- ❖ In a no trade deal scenario, postponed accounting will be introduced for imports from the EU and Rest of World
- Business will not need to register to use postponed accounting. They will simply make the appropriate entry and provide their VAT registration number on their customs declaration
- An online monthly statement will show the VAT that's been postponed. This will provide the evidence to declare/ recover import VAT on your VAT return
- Postponed accounting won't be available for non-VAT registered businesses

Links to supporting guidance on GOV.UK

Commodity Code database – with search function:

<https://www.gov.uk/trade-tariff>

Customs Procedure Codes – CPC:

<https://www.gov.uk/government/publications/uk-trade-tariff-customs-procedure-codes/customs-procedure-codes-box-37>

Classification of goods:

<https://www.gov.uk/government/publications/classifying-your-goods-in-the-uk-trade-tariff-if-theres-no-brexit-deal/classifying-your-goods-in-the-uk-trade-tariff-if-theres-a-no-brexit-deal>

EORI Registration:

<https://www.gov.uk/eori>

Check if your goods are subject to duty:

<https://www.gov.uk/guidance/check-temporary-rates-of-customs-duty-on-imports-after-eu-exit?step-by-step-nav>

Deferment accounts:

<https://www.gov.uk/government/publications/notice-101-deferring-duty-vat-and-other-charges/notice-101-deferring-duty-vat-and-other-charges>