



Customs, Excise & International Trade

BREXIT: EXPORTING GOODS FROM THE UK TO THE EU

In the absence of an agreement, the UK will leave the European Union on 31 October 2019 and from that date will be a “third country” for customs purposes. Consequently, goods exported from the UK to the EU will become subject to customs controls and frontier checks.

These include the need to file customs export declarations in the UK and import declarations in the EU, the potential for customs duty and VAT to be paid at import, the requirement to obtain licences for certain prohibited or restricted goods and the risk of supply chain delays due to customs clearance checks. It should be noted that special rules will apply for a temporary period for goods moving between Northern Ireland and Ireland in respect of customs declarations requirements on exports.

There are steps that UK (including Northern Ireland) businesses can take to mitigate the impact of Brexit. These steps can sometimes differ depending on the size of your company and industry. However, there are some key planning steps that are relevant to all traders engaged in trade with the EU.

1. Obtain an EORI number from the HMRC

Having an Economic Operators Registration and Identification (EORI) number is a prerequisite for exporting goods to the EU. Obtaining the number is fast and simple - apply online at www.gov.uk/hmrc/get-eori

HMRC has started to automatically enrol some UK businesses for a UK EORI number, however if you do not receive a UK EORI automatically then you must register for one.

2. Classify your goods for customs purposes

It is important that you classify and assign the correct commodity code to the item being exported to the EU. This will identify what tariff rate will be imposed on imports in the EU country of importation.

In the event that tariffs apply, consider how this will impact on the price you sell to your customers in the EU.

3. Consider how you will file export declarations in the UK

Export declarations will need to be filed in order to send goods from the UK to the EU. Declarations will usually be filed by customs agents/freight suppliers on behalf of traders, but at an additional cost to the business, usually on a per declaration basis. As part of your Brexit impact assessment you should quantify the cost of these additional filings for your business.

Depending on your profile, you may prefer to bring the declaration process “in-house.” This will involve using appropriate software to link into the HMRC customs systems and ensuring staff are suitably experienced and/or trained to file declarations.

4. Information requirements for export declarations

Understand the information requirements and work out where you will get this information from. You should ensure you have the correct commodity code for the item being exported, the correct customs value is identified, the origin of the goods and any licences required to export the goods have been obtained.



5. Export controls

Understand whether any additional export controls will apply to your goods such as licencing requirements, sanitary and Phytosanitary (SPS) controls or registration requirements for goods subject to SPS controls. In particular, additional requirements will apply to movements of agricultural products.

6. Customer Agreements

Assess whether the terms of your customer agreements meet your needs post Brexit. Incoterms can be included in the agreement to define the respective obligations, costs and risks in the delivery of goods from supplier to purchaser.

If your preference is not to be responsible for customs clearance on import of the goods into the EU, is your EU customer prepared to accept that responsibility?

7. Imports into the EU

Import declarations will need to be filed in respect of the entry of the goods into the EU and Duty, VAT and other considerations will arise such as import controls in the EU.

You should determine if you or your customer will have responsibility for customs clearing goods into the EU.

If your customer is responsible for importing the goods into the EU they will be responsible for Customs clearance and dealing with Customs and VAT implications arising on import of goods into the EU and other checks.

If you are importing into the EU then you will need to consider how you will file import declarations in the EU. You will need to obtain a EU EORI number which is separate to your UK EORI and you may need to VAT register in the EU country. Additional complications may arise for non EU established entities seeking to import goods into the EU and appropriate advice should be taken.

8. Reliefs / Simplifications

There are a number of Customs reliefs or simplifications that can mitigate the effect of a hard Brexit. Consider if any of these reliefs may benefit your business. These include:

- **Special Northern Ireland rules** have been announced by the UK Government for a temporary period, whereby a customs declaration will not be required by HMRC for movements of most goods from Northern Ireland to the Republic of Ireland.
- **Inward processing relief** which can mitigate the tariff cost on goods brought into the UK from the EU for processing and sent back to the EU after processing.
- **Outward processing relief** which can mitigate the tariff cost on goods sent to the EU for processing and subsequently brought back into the UK after processing.
- **Customs warehousing** which can defer the VAT and duty arising on goods brought into the UK in particular if the UK is not the final destination for such goods.
- **Returned goods relief** which may allow goods previously exported to the UK from the EU to be re-imported into the UK with no Duty and potentially no VAT.
- **Authorised economic operator** sometimes referred to as trusted trader status can assist in obtaining priority clearance and mitigate the risk of border delays.
- **Transit relief** which can facilitate goods moving through the UK to other EU Member States and vice versa.

9. Moving goods between Ireland and the UK

If you move goods between Ireland and the UK please contact Richard Cowley in our Dublin office for details.

If you have any questions concerning customs and Brexit, please contact one of our customs team members below or your normal indirect tax contact:



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