

## **BREXIT – Full Customs Control Scenario UK IMPORT FROM EU (Importers)**

Looking ahead at 31<sup>st</sup> October 2019 and in preparation for a potential no-deal Brexit, the below steps should enable importers to understand the import process and possible requirements when importing goods from the EU to UK. In order to avoid shipping delays in the event of a no-deal scenario, we would advise importers to take the necessary measures as outlined throughout this document.

### **1. Economic Operator Registration and Identification number (EORI)**

In order to continue trading with an EU business from who you purchase goods, ensure you register for a UK EORI number, if not already.

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

This usually takes 3-4 working days for HMRC to confirm the application and provide your EORI number by email.

In addition, please ensure your EU supplier is also registered for an EORI number with their local Authorities, if they do not already have one. Without it, they will be unable to export the shipment.

### **2. Customs Commodity Codes**

Establish what your commodity codes are for the goods you export by using this online classification link <https://www.gov.uk/trade-tariff>

This will ensure the correct Duties and Taxes are levied against you when goods custom clear into the UK and will help avoid any future Duty revenue adjustments by HMRC for use of incorrect commodity codes.

### **3. Booking with Simarco**

The booking will be made by either the EU supplier contacting the relevant Simarco EU partner (routing order from importer), or the UK importer notify Simarco directly, who informs their EU partner to contact the EU supplier.

### **4. Exporters Commercial Invoice**

In order for Simarco to coordinate and comply with Customs procedures at origin through to destination, the EU supplier must provide the goods commercial invoice(s) to our EU Partner, without them the goods will not transit from origin. We recommend that paperwork is completed and ready the day before goods collection.

The EU supplier's export invoice will need to include:

- a) Full name, address and contact details of the seller and buyer
- b) Include both your own and consignee EORI numbers
- c) Number and date of issue of the commercial invoice
- d) Number and date of issue of the proforma invoice, purchase order or sales contract
- e) Price, method of payment, currency and any discounts or additional charges
  - a. note freight and/or insurance should technically be shown separately
- f) Quantity, gross and net weight of goods

- a. Supplementary units for example, Sqm of fabric or No. of litres (if applicable)
- g) Number, weight and type of packages
- h) Harmonised system (HS) tariff code and a plain English description of the products
- i) Incoterms including delivery and payment
- j) Country of origin of the goods
- k) Actual value of the goods

When your suppliers are listing the different commodity types on their export invoice, please encourage them to consolidate the product quantities, gross & net weight and value separately under each commodity code. For example:

49019000	5 Cartons	120 kilos (Gross)	110 kilos (Net)	£500.00
75014000	8 Cartons	200 kilos (Gross)	190 kilos (Net)	£800.00

This will help simplify the export documentation process and reduce the risk of manual errors when transferring mandatory information to the export Customs entry, as well as paying incorrect Duty at the time of import clearance.

#### 5. Cargo Loading at Origin

If export paperwork is prepared and accurate, our EU Partner will physically collect and load the cargo for trailer transport, raising the necessary Customs export document so that goods can transit under Customs control from origin to destination.

#### 6. Prior to Cargo Arrival in the UK

Unless you have registered and now approved for \*Transitional Simplified Procedures (TSP), before trailer arrival to the UK, Simarco will require from you:

- a. EU supplier commercial invoice, which will either be received from you or via our EU Partner.
- b. Your EORI number
- c. Your VAT number
- d. Your UK importer Duty Deferment\* account number (if you have a deferment account)
- e. A company letterheaded letter authorising Simarco to use your Duty Deferment account (if you have a deferment account) and/or customs clear goods on your behalf
  - \*if you do not have a Duty deferment account, Simarco will use their own Deferment account and your VAT number to Customs clear your goods

Simarco will then prepare the import customs clearance documentation prior to goods arrival in the UK.

\*If you have registered and are approved for TSP, then we will require the EU supplier invoice before month end in the month of import and agreed in place to handle the Supplementary Declarations on your behalf.

If not registered for TSP, you can find further information on our Brexit page.

**7. Cargo Arrival in the UK**

Upon goods arrival to the UK, Simarco will either transit the goods under customs control to an inland customs warehouse for clearance and/or customs clear the goods at the first UK border crossing point (Port of entry). At the time of customs clearance, the UK VAT and Duty rates applicable for the goods will be calculated and notified to you.

**8. VAT & Duty**

Example of VAT & Duty calculations for EXW shipments:

Value of goods £10,000

Simarco Freight Costs to Client £1,000

Simarco Origin and Destination transport charges to Client £400

Duty applicable on

Value of goods: £10,000

Freight Charges: £1000

Duty @ 10%\* = Total customs value £11,000 x 10% = **£1,100 Duty charge**

VAT applicable on

Value of goods £10,000

Freight Charge £1000

Origin and Destination transport charges £400

Duty Charge £1,100

VAT @ 20% = £12,500 x 20% = **£2,500 VAT charge**

\*Note that duty rates will depend on Customs Commodity Code.

Once goods are Customs cleared, the goods are then in UK free circulation.

If you have your own duty deferment account, VAT and duty charges will be assigned to that account directly.

If Simarco are using their own account for \*VAT & duty payments on your behalf, immediate payment will be required and then goods will be released/delivered.

**9. Proof of VAT Payment**

After the VAT is paid by a UK VAT registered company, a HMRC form C79 will be issued and sent to the UK importer address. UK importer will use this as evidence that VAT was paid and include this in their quarterly VAT return.

\*VAT

Note UK government announced in November 2018 that in the event of a No Deal, they would introduce postponed accounting for import VAT on goods brought into the UK. This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT on or soon after the time that, the goods arrive at the border. This will apply to both imports from the EU and non-EU countries.

Simarco will automatically apply Postponed VAT Accounting procedures, unless otherwise informed, when Authorised to complete import declarations on behalf of importers.

### **Summary on immediate steps for Importers to prepare for No-Deal**

- **UK Importer**
  - Ensure you have an EORI number
  - Classify your goods
  - Ensure your supplier's commercial invoice contains the information, as listed above
  - Send the Supplier invoice to Simarco at the time of planned trailer departure
  - Nominate Simarco as your Customs broker to handle import customs formalities on your behalf
  - Further explore TSP benefits and refer to our TSP Publication
    - And/or provide us with you TSP approval number
  
- **EU Exporter**
  - Ensure they have an EORI number
  - Ensure EU export commercial invoice is presented to Simarco and/or our EU partner/representative in EU prior to goods collection to avoid shipping delays