



GERLACH – POST-BREXIT GUIDELINE

You concentrate on your core business –
We take care of your customs matters



Customs. Simply cleared.

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THE EU-UK TRADE AND COOPERATION AGREEMENT

What applies since 1 January 2021?

Customs formalities and controls apply. Export and import declaration is required.

The agreement provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin.

In addition to the possible customs duties, import VAT is due within the context of the import directly.

Depending on the goods, additional bureaucratic requirements/hurdles such as licenses, proofs, certificates may be necessary.



NORTHERN IRELAND

Deliveries to Northern Ireland continue to be treated as **intra-Community** deliveries due to the Ireland/Northern Ireland Protocol.

Since the beginning of the year, Northern Ireland businesses will have a **new VAT identification number, starting with an XI.**

The new VAT identification number is mandatory for a tax-free delivery.



UK GOVERNMENT HAS SET NEW TIMETABLE FOR INTRODUCING BORDER CONTROLS – KEY INFOS (PUBLICATION DATE: 14.9.2021)

Full customs declarations and controls will be introduced on 1 January 2022 as previously announced, although safety and security declarations will now not be required until 1 July 2022.

Under the revised timetable:

- The requirements for pre-notification of Sanitary and Phytosanitary (SPS) goods, which were due to be introduced on 1 October 2021, will now be introduced on 1 January 2022.
- The new requirements for Export Health Certificates, which were due to be introduced on 1 October 2021, will now be introduced on 1 July 2022.
- Phytosanitary Certificates and physical checks on SPS goods at Border Control Posts, due to be introduced on 1 January 2022, will now be introduced on 1 July 2022.
- Safety and Security declarations on imports will be required as of 1 July 2022 as opposed to 1 January 2022. Full customs declarations and controls will be introduced on 1 January 2022 as previously announced.



Source: <https://www.gov.uk/government/news/government-sets-out-pragmatic-new-timetable-for-introducing-border-controls>



Checklist 1:

As a first step, we recommend a strategic reassessment of the UK market:

Business Case UK


- ✓ • Due to the increased complexity for trade with the UK, all market players are confronted with additional costs. What does this mean for you and your company in terms of economic profitability?

Incoterms

- ✓ • Do the Incoterms you agreed with your UK counterparts before the deal still make sense? The right Incoterm can make business much easier.

Business positioning

- ✓ • Does your company meet the necessary requirements for trading with the UK? Is it either “established” or registered for VAT in UK? Check info on [HRMC](#) Website.



Example: Incoterm DDP – challenges and risks

DDP "Delivered/Duty Paid" means:

The seller bears all costs and risks and is responsible for all customs matters for both export in EU countries and import in the UK.

The agreement of the delivery clause DDP is associated with many obstacles (e.g. tax registration and tax declaration) and risks (responsibility for import customs declaration) for the seller. It should therefore be well planned, carefully checked and professionally implemented.

Note: DDP is related to duties and VAT. However sellers sometimes forget that they also have to pay for the taxes. If the parties want to exclude VAT, this should be clearly stated: "Delivered duty paid, VAT unpaid".

We advise businesses to engage in close dialogue with their contractual partners in the UK considering the difficulties and complexities with the DDP clause.



Checklist 2: Preparation of the customs declaration

EXPORTER from EU country



Apply for an EORI number

- An EORI number is an Economic Operator Registration and Identification number. For an export or import from/into EU - when trading with countries outside the EU – you need to have an EU-EORI number. An EORI number is assigned by the member state where your company is established, e.g. in Germany you have a DE-EORI number.



Classification of products with customs tariff numbers

- Products are classified with customs tariff numbers. The number of digits in a tariff classification can vary from country to country.



REX registration

- To benefit from the trade and cooperation agreement and the preferential tariffs, a statement of origin is required. The EU preference statement should be issued on invoice or a commercial document. REX registration may be necessary (if the value of the goods exceeds EUR 6,000). Note: Rules of origin must be met



Select customs service provider/Sign Power of Attorney

- If you don't have a customs team in-house, you can call on the expertise of customs agencies. We – Gerlach Customs – have years of experience in customs matters and are happy to support you. **Contact us!**



Checklist 2: Preparation of the customs declaration IMPORTER in UK



Legal Entity in the UK

- Only the importer of record in the UK can make customs declarations and obtain customs approvals. The importer of record in the UK must be either physically established or registered for VAT in UK (check [HRMC Website](#)).



GB-EORI number

- The consignee/importer must have a GB-EORI number.



GB VAT registration

- The consignee/importer needs a GB VAT registration.
- If you are registered for UK VAT, an UK EORI number should already have been assigned to you by HMRC.
- Also for all UK VAT registered importers, it could be an option to check Postponed VAT ACCOUNTING (PVA). More infos here on this [link](#).



Deferment account

- The consignee/importer can have his own deferment account defer payment of import duties and VAT on goods imported into the UK.



Select customs service provider/Sign Power of Attorney

- The consignee/importer can use a customs service provider in the UK to support on its customs matters. It needs to be taken into account that Powers of attorney need to be signed for this. Our Gerlach UK team is happy to support you. Contact us.

Checklist 3: Preparation of transport documents

The following information should be included on the invoice:

- Name and address of consignor and consignee
- Invoice number
- Description of goods
- Customs tariff numbers for each good
- Value of goods, currency details
- Weight, both gross and net per item (if info not available on packing list)
- Quantities of pieces or number square meters for fabric, number of litres for liquids for example for wine
- Terms of delivery/Incoterms and place of delivery
- Unit price and total price
- Freight and insurance costs
- Invoice must be issued net
- To benefit from the Trade and Cooperation Agreement and preferential tariffs, a declaration of origin is required on the invoice (see next page for details)

Further note (not relevant for the invoice): ISPM 15 Marking of wooden packaging must be taken into account.





Note on the proof of origin



- The proof of origin must be included in the commercial/pro forma invoice.
- UK-EU: The declaration of origin can be issued by the exporter with a GB-EORI number.
- EU-UK: Declaration of origin can be issued by the exporter (for value of shipment up to €6k (or £5.7k) or less. Above this amount, the EU exporter must have a REX number and indicate it on the declaration.
- It is necessary to use the following text for the declaration of origin on the commercial or pro forma invoice:

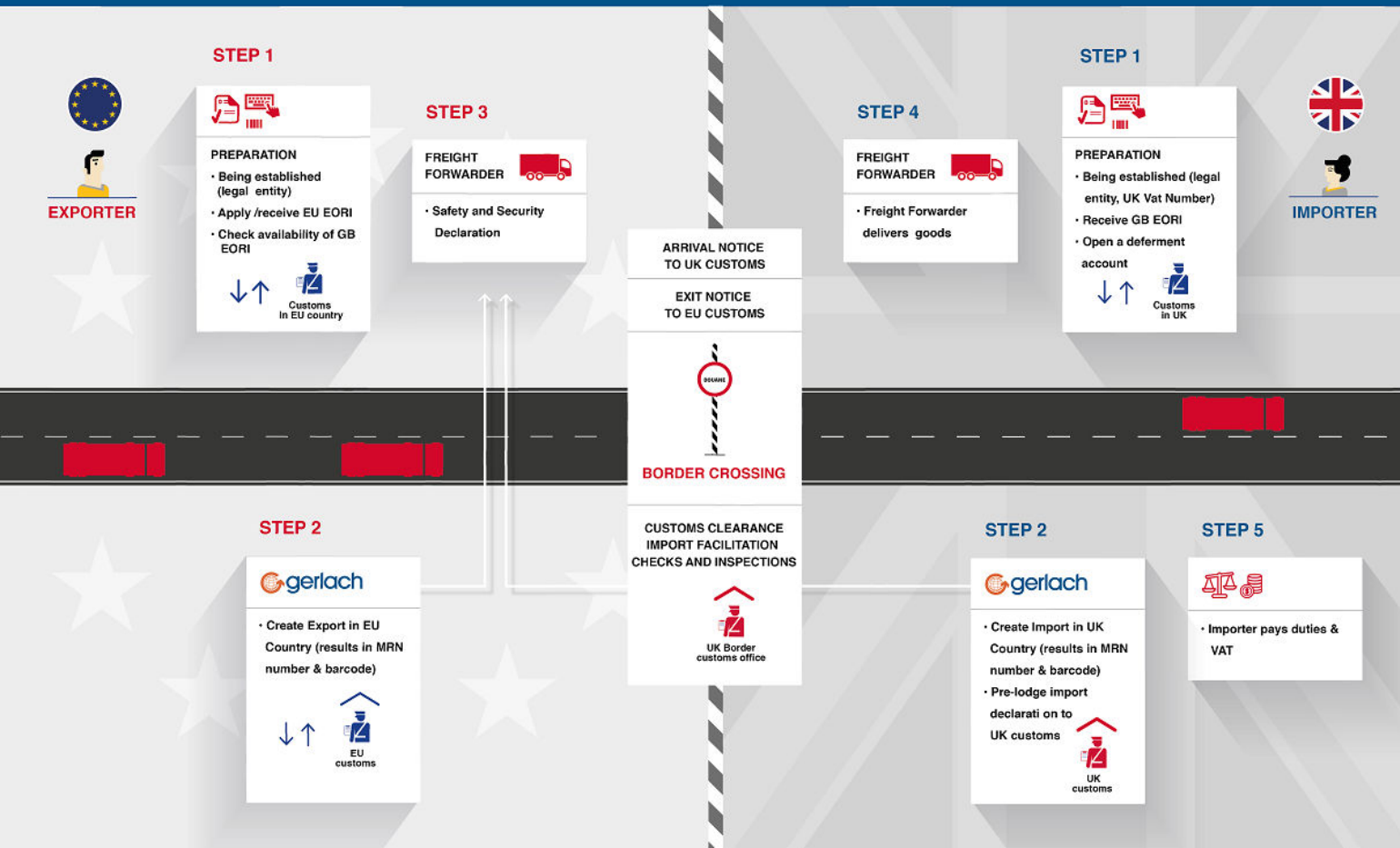
The exporter of the products covered by this document (Exporter Reference No. (REX or GB-EORI number)) declares that, except where otherwise clearly indicated, these products are of preferential origin.

*(Place and date)**

(Name of the exporter)

HIGH LEVEL PROCESS EU-UK POST-BREXIT STANDARD GOODS, PRE-LODGING MODEL, SIMPLIFIED ILLUSTRATION

Rough flow of the transport



Step 1:

- The exporter and the British importer must take important preparatory measures (see checklists on pages 5, 8-10).

Step 2:


- Application for an export accompanying document via the customs authorities. The customs IT system generates an MRN (Movement Reference Number), which must be indicated for the transport.
- In parallel, the customs import declaration (pre-lodge) takes place in the UK. Here, too, the result is a corresponding MRN that is relevant for the transport.

Step 3:

- The transport service provider carries out the entry summary (Safety & Security) declaration in the UK.
- At the border, the driver must show appropriate documents and MRN numbers.

Step 4 and 5:

- Goods are delivered to the consignee. The importer of record in the UK pays any applicable import duties and VAT (in the case of e.g. DAP).



CONTACT US.
WE ARE HAPPY TO HELP
YOU WITH YOUR
CUSTOMS QUESTIONS.

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