

BREXIT – Customer Guidance

UK IMPORT PROCESS FROM EU (UK Importers)

The UK has officially left the European Union, so what happens next when trading with the EU?

Nothing will change during the transition period we are currently in, which ends on 31st December 2020. Free movement of goods, trade rules, VAT and excise matters remain as they are now until the end of this year. A trade-deal, however, will not negate or remove the need for customs entries.

From 1st January 2021, cargoes travelling to/from UK and EU will be subject to customs entries. We recommend you use this time wisely and, if not already, start familiarising yourselves with Customs processes. The below outlines the basics for exporting to Europe:

1. Economic Operator Registration and Identification number (EORI)

To continue trading with an EU business who purchase goods from the UK, ensure you have a UK EORI number. If VAT registered, you may have already been assigned an EORI. Before making an application, you can check here:

https://ec.europa.eu/taxation_customs/dds2/eos/eori_validation.jsp?Lang=en

If you are not already registered, you can apply here: <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(s) is also registered for an EORI number with their local Authority. Without it, they will be unable to export the shipment.

2. The UK Customs Tariff & Commodity Codes

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

This will ensure the correct Duties and Taxes are levied against you (the importer) when goods custom clear into the UK. The information is also for UK HMRC import statistical purposes and will help avoid any future duty adjustments against your business by HMRC, for declaring incorrect commodity codes.

3. Customs Procedure Codes (CPC)

If you are importing goods from the EU to UK, on the basis you are purchasing the goods for use in the UK, then Simarco will apply the applicable home use CPC code. If, for example, you are importing goods for repair and/or exhibition and goods are returning to EU origin (in an unchanged condition), then please notify us prior to import so that we can apply the correct CPC code. This is to identify the Customs and/or excise regimes which goods are being entered into and removed from (where this applies) and avoid unnecessary Duty/taxes being levied against you. Some customs regimes require HMRC authorisation & approval.

4. Import Licence(s)

Although many products imported into the UK do not require import licences, you may need a licence or to follow special rules on restricted goods. If your products fall into this category, ensure you notify your supplier(s), as it is likely they will need to provide an export licence from origin in order to ship the goods. More information on import licences can be found here:

<https://www.gov.uk/starting-to-import/import-licences-and-certificates>

5. Wood Packaging Material

If goods are packed in wooden packaging, there is a potential requirement for ISPM15 regulations to be applied. Further information on this point can be found here:

<https://www.gov.uk/guidance/importing-and-exporting-plants-and-plant-products-from-1-january-2021#movement-of-wood-packaging-material>

6. 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 notifying Simarco directly, who informs their EU partner to contact the EU supplier.

7. Exporters Commercial Invoice

For Simarco to coordinate and comply with Customs regulations at origin, through to destination, the EU supplier must provide our EU Partner with fully populated Commercial Invoice(s) with the goods. Without these documents the goods will not transit from origin. We recommend that all paperwork is completed and ready at least 1 day before the goods are collected.

The EU supplier's Commercial Invoice will need to include:

- a) Full name, address and contact details of the seller, consignee and buyer (if different to consignee)
- b) Include, both buyer and seller EORI numbers
- c) Commercial Invoice number, date of issue and signature (if possible)
- d) Invoice number and date of issue and Purchase Order or Sales Contract
- e) Price, method of payment, Currency and any discounts or additional charges
 - a. Note: Freight and Insurance should technically be shown separately
- f) Quantity and net weight of goods
 - a. Supplementary units for example: Sqm of fabric or No. of litres (if applicable)
- g) Tariff Codes (also known as HS Codes) and a clear description of the products (in English)
- h) Incoterms, taken from the current 2020 Rules, including delivery and payment
- i) Country of origin of the goods
- j) Actual value of the goods

When your suppliers are listing the different commodity types on their Commercial Invoice, please encourage them to consolidate the data by Country of origin, then commodity, detailing product quantities, net weight and value separately under each commodity code.

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

Example Export Commercial Invoice can be found on our Brexit Page.

8. Export Packing List

In some cases, the export commercial invoice may already contain packing list information and therefore packing lists may not be needed for Customs clearance. However, if packaging details and how to identify them are not mentioned on your suppliers commercial invoice, please ensure a packing list is made available. Typically, a packing list contains:

- a) Full name, address and contact details of the seller, consignee and buyer (if different to consignee)
- b) Number and type of packages

- c) The dimensions of each piece (in cms)
- d) The net weight and the gross weight for each piece (in kgs)
- e) Quantities of products within each package
- f) Marks and Numbers
- g) A reference number to signify the commercial sale with correlates with other shipping documentation. For example: a sales and/or purchase order number.

Example Packing List can be found on our Brexit page.

9. Shipment Dispatch from Origin

When export orders are ready for dispatch, one day prior to the physical collection of goods, our EU partner must obtain the exporter/supplier Commercial Invoice containing all relevant information required to complete their export customs declaration. Only on receipt of this information will our EU partner organise the physical collection and create the export customs documentation so that goods can move from the EU origin to UK destination.

10. Prior to Cargo Arrival in the UK

Simarco will require from you:

- a. EU supplier export commercial invoice and packing list
- b. Your EORI number
- c. Your VAT number
- d. Your Duty Deferment account number (if you have a deferment account)
- e. An authorisation on company letterheaded to Simarco, so that we can use your duty deferment account (if you have one) to customs clear goods on your behalf
 - i. if you do not have a Duty deferment account, Simarco can use their own deferment account and your VAT number to customs clear your goods

On receipt of the above information Simarco will prepare the import customs clearance documentation prior to goods arrival in the UK.

11. 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 (ETSF) for clearance and/or customs clear the goods at the first UK border crossing point (Port of entry).

12. Nominating a Customs Broker for Customs Clearance (Direct Representation)

Prior to taking delivery of your shipment from the EU, goods must first be customs cleared into free circulation within the UK. To be able to complete the import customs declaration on behalf of the importer, Simarco will require written confirmation from the importer, or their agent acting on their behalf.

You must sign and return a '**Authority for a Customs Clearance Agent to act as a Direct Representative**' document, which can be found on our Brexit page.

By completing and returning this signed document to Simarco (eucustoms@simarco.com) enables us to customs clear shipments into the UK on your behalf, using your import VAT and deferment (if applicable) numbers.

13. Import VAT & Duty Calculation

Example of VAT & Duty calculations for EXW shipments:

- a. Value of goods = £10,000
- b. Simarco Freight Costs to Client = £1,000

- c. 3rd-party provided or Suppliers own Insurance = '%' calculation against the goods-value + freight-cost (a. + b.)
- d. Simarco Origin and Destination transport charges to Client £400

Duty applicable on:

- a. Value of goods = £10,000
- b. Duty @ 10%* = Total customs value £11,000 x 10% = **£1,100 Duty charge**

VAT applicable on:

- a. Value of goods = £10,000
- b. Freight Charge = £1000
- c. Insurance cost = '%' calculation on a. + b.
- d. Origin and Destination transport charges £400
- e. Duty Charge £1,100
- f. VAT @ 20% = £12,500 x 20% = **£2,500 VAT charge**

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 deferment account for *VAT & duty payments on your behalf, immediate payment will be required and then goods will be released/delivered.

14. Import Duty Rates

Each commodity code will have a different rate of duty applied. UK import duty rates can be found here: <https://www.gov.uk/trade-tariff>

15. 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. If the importer has a UK Deferment Account (known as a DAN), the import VAT will be seen and accounted for/recorded through their DAN (or SIMARCO's – if the importer instructs us).

***VAT** - Note that from 1st January 2021, HMRC will 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 UK border. This will apply to both imports from the EU and non-EU countries and therefore no C79 would be issued in these circumstances.