

UK issues new guidance on Brexit and UK imports

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On 8 October 2020, the United Kingdom (UK) Government released a comprehensive update on its Border Operating Model that will be effective from 1 January 2021. This was supplemented in the same week by additional guidance on specific types of goods movements, in particular products subject to excise duty.

All businesses moving goods between the European Union (EU) and Great Britain (GB) (and also from the EU to Northern Ireland (NI) via GB) from 1 January 2021 will need to review the relevant sections of the Border Operating Model guidance to understand the impact to their flows and Brexit preparations.

Background

On 31 December 2020, the UK will leave the EU's Single Market and Customs Union, marking the end of the transition period. The UK will begin a new economic relationship with the EU - either with a trade deal (Free Trade Agreement or FTA) or by reverting to World Trade Organization terms.

Leaving the EU's Single Market and Customs Union will result in a number of changes regardless of whether a deal is agreed that businesses will need to navigate. The Border Operating Model sets out the new changes and obligations that businesses must comply with in order to move goods across UK borders (either importing or exporting).

There are some simplifications to “normal” import and export procedures such as postponed import value added tax (VAT) accounting and the removal of the requirement for a Customs Comprehensive Guarantee (CCG). This means easier access to Customs special procedures such as Inward Processing Relief (used for processing/manufacturing goods in the UK) and Customs Warehousing (used for longer term storage of goods or for call off/consignment stock). This presents opportunities for businesses wishing to operate in the UK, to utilize VAT and Duty simplifications, before moving goods onward to the EU.

Border Operating Model Guidance

On 13 July 2020, the UK Government released the [UK Border Operating Model](#), detailing how the UK will manage customs and border control obligations where security is concerned, as well as the fiscal obligations for movement of goods, following its departure from the EU. In short, the Border Operating Model covers:

- ▶ The staged approach to importing into the UK (three stages of 1 January, 1 April and 1 July 2020)
- ▶ Controlled goods and how they will be managed during the staged approach
- ▶ Some details for special procedures, duty deferment, Authorized Economic Operators (AEO) and postponed import VAT accounting

On 8 October 2020, the Government released a more comprehensive update to this initial publication which now provides further details on the practical steps to be taken. The key new additions and changes include:

- ▶ Details on the UK Government systems and how they interface for declaration purposes
- ▶ Details of the new physical infrastructure that will need to be in place to support various processes and procedures such as; transit offices, obligations under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and traffic management. Details of some of the inland locations to be used are included
- ▶ Further details are introduced alongside various publications released with regard to agri-food and environmental policy areas (see “other notable publications” section below)
- ▶ Further detail on delayed customs declarations and the requirements of Entry in Declarants Records (EIDR)
- ▶ Explanation of the approach to liabilities for intermediaries and information on acting in a direct capacity for traders (see “other notable publications” section below)

- ▶ Clarity on guarantees and Duty Deferment Account requirements
- ▶ Further information on “groupage” loads and the requirements for declarations per consignment
- ▶ Further information on postponed import VAT accounting and when it should be applied
- ▶ Explanation on moving goods using the Common Transit Convention (Transit) and using the new Goods Vehicle Movement Service
- ▶ Information on customs procedures and relief schemes, in particular returned/rejected goods (see “other notable publications” section covering some of the specific subject areas)
- ▶ Variety of useful process maps covering the various types of movements and systems requirements
- ▶ A number of new annexes including passengers’ policies, requirements for aviation, rail and energy sectors
- ▶ Updated annexes for EU import requirements

The document is a live document and will be updated on an ongoing basis. In addition, there will be further policy and regulatory updates published to compliment the Border Operating Model.

Other notable publications

In addition to the Border Operating Model, there have been some additional publications which support practical management of UK imports and exports. These provide details on:

[Importing excise goods into the UK](#) - This is a new publication detailing:

- ▶ Becoming or appointing a registered consignor
- ▶ Using the Excise Movement and Control System (EMCS) on arrival into the UK
- ▶ Cutover conditions and information

[Exporting excise products to the EU](#) - This is a new publication detailing:

- ▶ Using UK EMCS to move goods to the border for export
- ▶ Submitting customs export declaration (no longer accessing EU EMCS)
- ▶ Removal of authorizations (such as authorized consignee)
- ▶ Cutover conditions and information

[Rejected imports](#) - This is a new publication providing links on:

- ▶ How to manage returns to the UK (from the EU) for the following products:
 - Animal and animal products
 - Plants and controlled goods (including fertilizers and ozone depleting substances)
 - Equines
 - Aquatics
 - Endangered animals

[UK Transition: the customs \(transitional arrangements\) \(EU Exit\) regulations](#) - This publication provides confirmation of the regulation changes for simplified declarations into the UK:

- ▶ Allowing businesses to use deferred declarations without a guarantee or duty deferment in place at the time of import
- ▶ Confirming that on import, a broker will be able to act on behalf of a company in a "direct" representative capacity to make Customs Freight Simplified Procedures (CFSP) declarations

- ▶ A Statutory Instrument will be released alongside further information on types of traders that will be excluded from simplified procedures

Next steps

Taxpayers should consider the following priority actions needed for business continuity from day one:

- ▶ Mapping out supply chains and identifying customs touch points and actions needed to prepare for 1 January 2021 - the priority task to identify possible actions
- ▶ Reviewing the process for making customs declarations (including compliance/accuracy of data elements needed for declarations)
- ▶ Setting up required registrations, duty deferment accounts and Economic Operator Registration and Identification (EORI) numbers
- ▶ Interacting with suppliers to help prepare the supply chain for these changes

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