

UK Tax Authority announces transitional simplified procedures in event of a No Deal Brexit

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Executive summary

On 4 February 2019, HM Revenue & Customs (HMRC) announced [transitional simplified procedures](#) (TSPs) to make it easier for goods to be imported from the European Union (EU) if the United Kingdom (UK) leaves without a Brexit deal on 29 March 2019. The TSPs are limited to roll on roll off (Ro-Ro) transit port locations only (see HMRC's full list [here](#)), and exclude imports from Ireland to Northern Ireland with specific information on Irish movements still to come.

Detailed discussion

How will TSP work?

In brief, the TSPs allow a registered importer to file a simplified frontier declaration (with reduced datasets) to clear goods from the EU arriving in the UK at a Ro-Ro location, and defer payment of Customs Duties (where applicable). They also require the importer to make a supplementary declaration, with full import details, by the end of the fourth working day of the following month. This is very similar to Customs Freight Simplified Procedures (CFSP). However, it is limited to "home use" (i.e., duty paid) imports only, and the procedure differs slightly for controlled goods such as excise goods/licensable goods. A key difference to a CFSP frontier declaration is that commodity codes and customs values are required with a TSP simplified declaration.

How long will TSP be used for?

This is a short-term facilitation based on the assumption of a hard Brexit only (i.e., the UK leaving the EU with no deal on 29 March), and will initially run for three-six months at which point HMRC will decide if it will cancel the arrangement or carry on for another interim period. If the arrangement is cancelled, HMRC has indicated there will be a 12-month notice period to anyone registered for and using the scheme.

TSP registration criteria

- ▶ Be established in the UK
- ▶ Have an Economic Operator Registration and Identification (EORI) number
- ▶ Be importing goods from the EU into the UK - including goods travelling via the EU from the rest of the world providing they have cleared EU customs formalities

Registrations opened on 7 February through an HMRC [online portal](#). The registration process looks relatively simple.

Other requirements

TSPs have been introduced at short notice and are intended to be a short-term solution; there remain a number of outstanding issues and our global trade team will be clarifying these with HMRC. These include:

- ▶ How any financial guarantee for deferred duty will work in practice
- ▶ What software is required to submit the declaration (presumably through the Customs Declaration Service (CDS), and how in practice the simplified frontier declaration and the more complex "supplementary declaration" will be completed and submitted

- ▶ How the simplified frontier declaration will be linked to the Entry Summary Declaration (ENS) which needs to be filed by the carrier/vessel operator

Implications

The TSP is a positive development but the No Deal Brexit timing represents a challenge, both for HMRC to roll-out the system and processes and for importers to mirror that work. Unless there is wide-spread adoption of TSPs in the limited time available, it is difficult to envisage that it will materially impact border delays. Also, it only deals with one cause of border delay risks. Nevertheless, for those businesses using RoRo lanes and that do not operate or have access to CFSP, there seems little downside risk to registering as it does not commit the importer to the use of TSPs.

As it stands, businesses should continue to work with their forwarding agents to effect frontier clearance at transit ports in the case of a No Deal Brexit. Key aspects that may change this point of view would be the simplicity and roll-out timing of the TSP process.

For those businesses sensitive to border delay, they should consider more sustainable long-term options for speedier frontier clearance such as CFSP or for their forwarders/carriers to utilize the Common Transit Convention by bringing border clearances to approved "inland" locations (temporary storage facilities).

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Indirect Tax

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EYG no. 000325-19Gbl

1508-1600216 NY
ED None

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