

# 2021 – POST TRANSITION PERIOD TRADING

17<sup>th</sup> December 2020

# ABOUT THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE

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<https://www.export.org.uk/>

**Supporting the interests of everyone involved in international trade since 1935**

Established in 1935, the Institute of Export & International Trade is the professional membership body representing and supporting the interests of everyone involved in importing, exporting and international trade.

Offering a unique range of individual and business membership benefits and a world renowned suite of qualifications and training, the Institute is the leading authority in best practice and competence for businesses trading globally.

***Have you accessed the HMRC Grant Scheme***

***<https://www.export.org.uk/page/CustomsGrants>***

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# Tariffs

# Tariffs on Imports into the EU

<p>If there is no EU:UK Free Trade deal the UK reverts to trading with the EU on WTO terms</p>	<p>Consequently, tariffs may apply to goods imported into the European Union.</p>	<p>These would be the same tariffs that the EU apply to tariffs from all WTO members (where there is no trade deal)</p> <p>This scenario has been referred to as an Australia type arrangement. There being no trade deal between the EU and Australia</p>	<p>The EU applies a Common External Tariff for imported goods where there is no trade deal</p>
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## SUMMARY OF CHANGES – BY CATEGORY

Overall Change in UK Import Tariff -in comparison with the EU Common External Tariff -overall 11,828 tariff lines	
Tariff Implications	Percentage of Tariff Applicable
No change to Current Tariff	33.5% (no change to 33.5% of current products)
Liberalised – tariff has been reduced to zero	16.8%
Simplified – tariff band has been rounded down or “banded”. For some complex tariffs, the tariff is now expressed as a single percentage	40.2%
Currency conversion – now expressed in £, previously expressed in €	9.4%
Reduced	0.1%

Tariffs removed on nearly 2,000 goods; lowering cost of imports for producers and consumers; includes key components for production to reduce input costs.

Tariffs also removed to support UK green industries and to help UK meet Net Zero emission obligations; includes zero tariffs on turbine parts, waste containers and trees.

Low tariffs below 2.5% removed (known as “nuisance tariffs”), reducing administrative burden on UK businesses

# IDENTIFYING THE TARIFF APPLICABLE TO YOUR PRODUCT (BASED ON THE COMMODITY CODE)

<https://www.check-future-uk-trade-tariffs.service.gov.uk/tariff?q=&n=25&p=1>

## Search for your goods

You can search using:

- A commodity code
- The product description
- A combination of these

This tool illustrates the UKGT's applied rates only. It does not cover other import duties or measures, including anti-dumping, countervailing or safeguards duties, or any other form of restrictions on imports.



Show  commodities

If you need help finding your commodity code you can use the [trade tariff tool](#).

Commodity	Description	Common External Tariff	UK Global Tariff	Change
0101 21 00	Pure-bred breeding horses	0.0%	0.0%	No change

**Tariff codes are now available at 10 digit level**  
**Codes will initially stay the same in 2021 however may be subject to change during the course of the year**



# The Trade and Customs Journey



# CUSTOMS DECLARATIONS

From January 2021 goods moving between GB and EU will move between different customs territories and will require customs declarations, comprising:

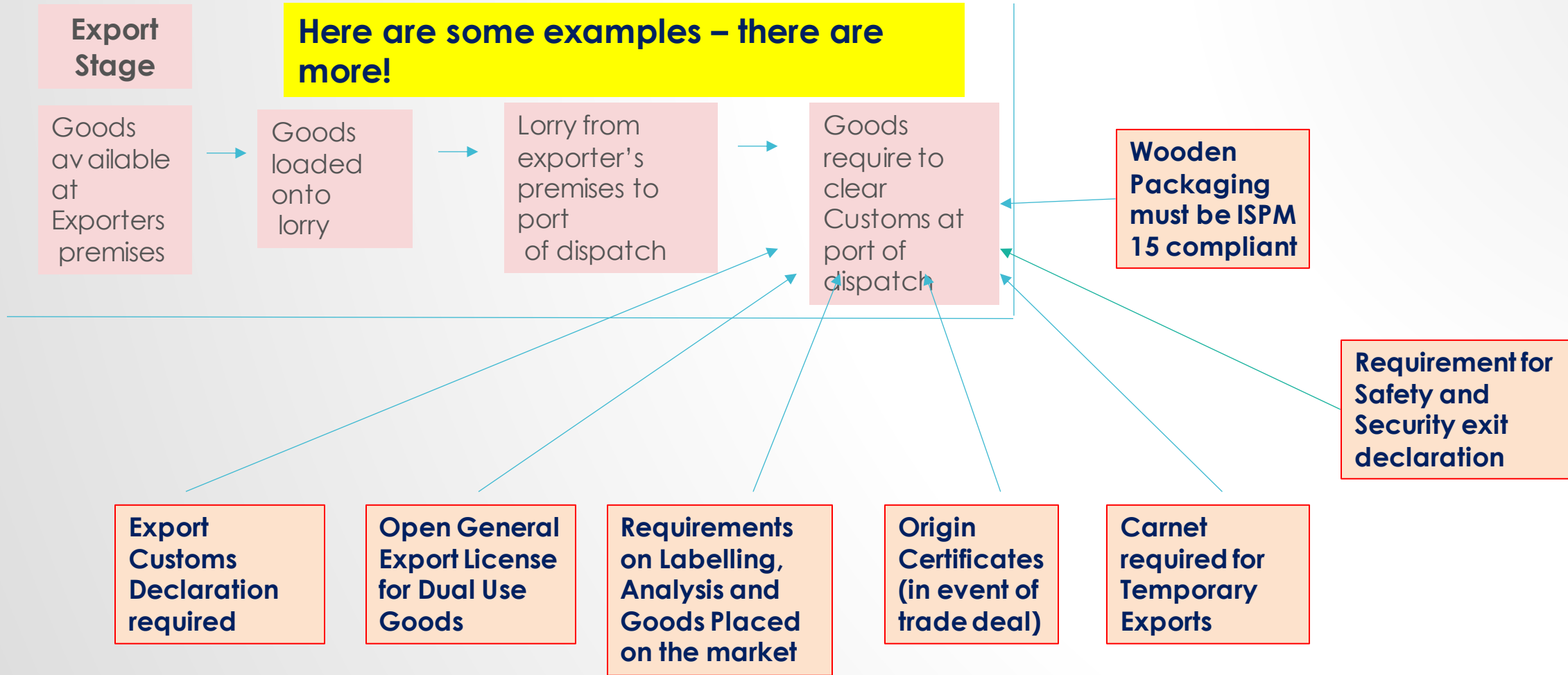
- An outbound (export) customs declaration for goods leaving GB
- An inbound (import) customs declaration for goods entering the EU)

**Irrespective of who makes the customs declaration, liability for the declaration, and all the parts of the declaration lays with the trader (the importer or exporter)**

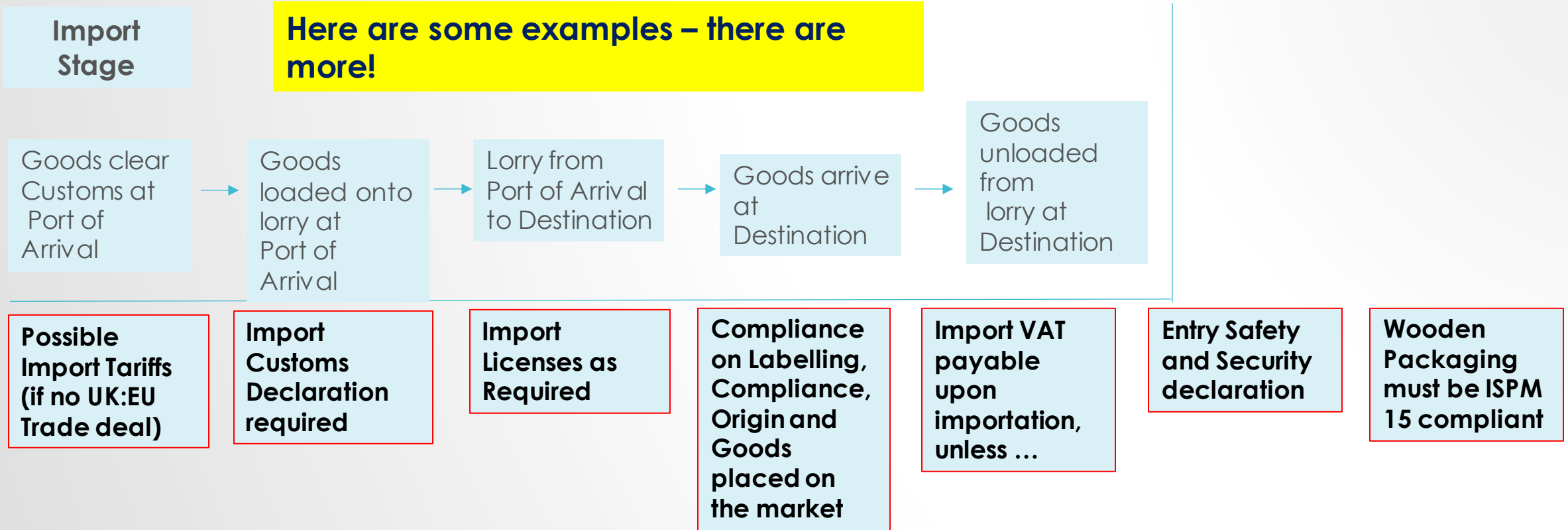
**Incoterms determine who – the importer or the exporter - is responsible for the declaration**

There is also the requirement for Safety and Security declarations – *more about this later*

# Exports to EU –what is different from January 2021




# Imports into EU –what is different from January 2021

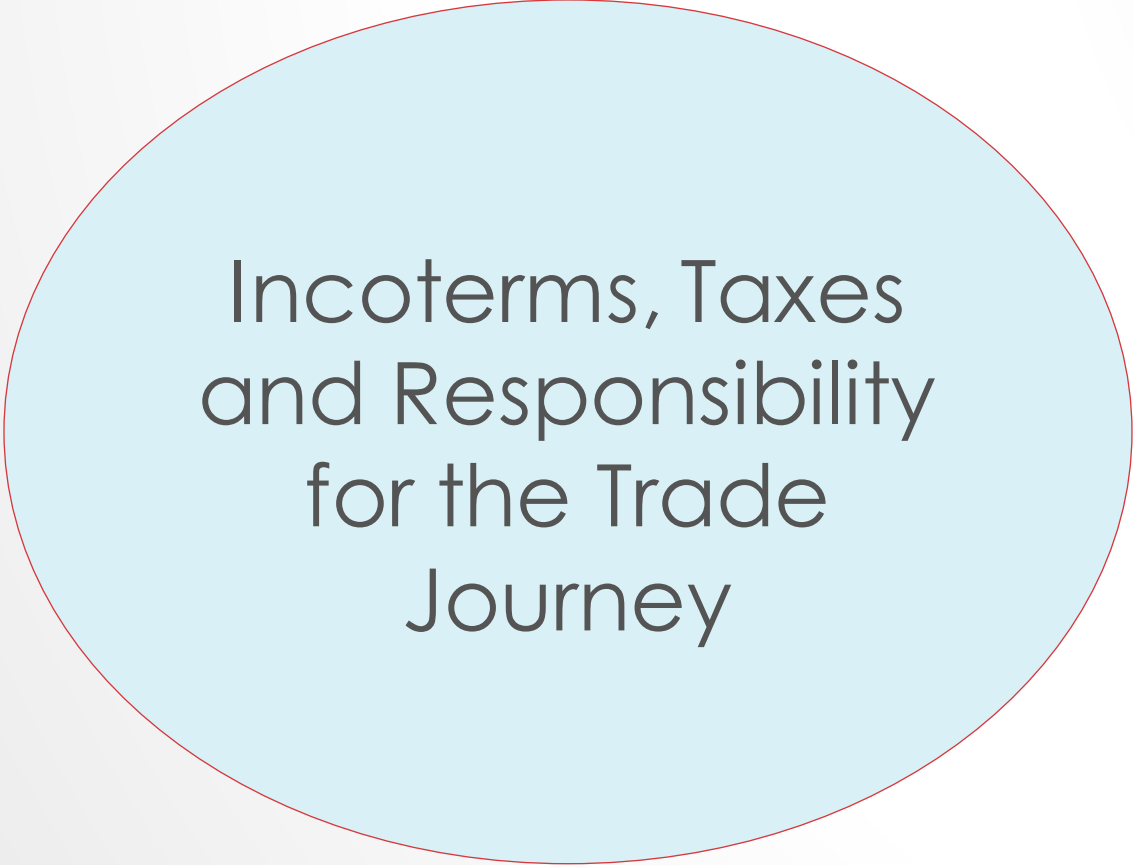


# UK Border Operating Model

## -Three stage import control procedures from 1 January 2021

<b>Stage One from 1<sup>st</sup> January</b>	<ul style="list-style-type: none"><li>• Declarations on Standard Goods can be deferred for up to six months from date of import</li><li>• Main benefit of this may be to defer payment if import duty is payable</li><li>• Achieved by a process called EIDR (Entry into Declarants Records)</li><li>• Controlled goods (excise, military) will require full declarations</li><li>• Imports of live animals and high risk plants require full certification and pre-notification, with inspection of point of destination</li></ul>		
<b>Stage Two from 1<sup>st</sup> April</b>	<ul style="list-style-type: none"><li>• Products of Animal Origin require full certification and pre-notification</li><li>• Inspection for products of animal origin at point of destination</li></ul>		
<b>Stage Three from 1<sup>st</sup> July</b>	Full import controls (see below)		
<ul style="list-style-type: none"><li>• Full customs declarations will be required for all goods</li></ul>	<ul style="list-style-type: none"><li>• Relevant tariffs must be paid</li></ul>	<ul style="list-style-type: none"><li>• Full Safety and Security declarations will be required</li></ul>	
<ul style="list-style-type: none"><li>• SPS products will have an increase in physical checks and samples taken</li></ul>	<ul style="list-style-type: none"><li>• Checks for animals, plants and their products will now take place at GB Border Control Posts and not at destination</li></ul>	<ul style="list-style-type: none"><li>• If the deferral process is used businesses – or their agent - must be approved for CFSP (Customs Freight Simplified Procedures) to make the full customs declaration</li></ul>	





# Incoterms, Taxes and Responsibility for the Trade Journey

# OVERVIEW OF INCOTERMS 2020

	Explanation	Incoterms 2020	Freight	Mode
<b>EXW</b>	Ex Works	Named place of delivery	Freight collect	Any
<b>FCA</b>	Free Carrier	Named place of delivery	Freight collect	Any
<b>FAS</b>	Free Alongside Ship	Named port of shipment	Freight collect	Sea & Inland Waterway
<b>FOB</b>	Free on Board	Named port of shipment	Freight collect	Sea & Inland Waterway
<b>CFR</b>	Cost & Freight	Named port of destination	Freight prepaid	Sea & Inland Waterway
<b>CIF</b>	Cost, Insurance & Freight	Named port of destination	Freight prepaid	Sea & Inland Waterway
<b>CPT</b>	Carriage paid to	Named place of destination	Freight prepaid	Any
<b>CIP</b>	Carriage & Insurance paid to	Named place of destination	Freight prepaid	Any
<b>DAP</b>	Delivered at place	Named place of destination	Freight prepaid	Any
<b>DPU</b>	Delivered at place unloaded	Named place of destination	Freight prepaid	Any
<b>DDP</b>	Delivered duty paid	Named place of destination	Freight prepaid	Any

## Freight Collect



Company that receives goods will pay the cost of transporting the goods at the time they are received

## Freight Prepaid

Seller/shipper pays all the shipping costs until the cargo arrives at the buyer's store.

# INCOTERMS DETERMINE RESPONSIBILITIES FOR GB EXPORTER AND EU IMPORTER

The following are examples of Incoterms regularly used for GB to EU Trade. There are however other viable Incoterms

EXW (EX Works) <i>Maximum responsibility for EU buyer</i>		FCA (Free Carrier) <i>GB exporter is responsible for loading of goods and is the declarant of record in GB</i>
DDP (Delivered Duty Paid) <i>Maximum responsibility for GB exporter with EU EORI and EU VAT number*. GB exporter is responsible for any import duties and import VAT</i>		DAP (Delivered at Place) <i>European buyer is responsible as the declarant of record in the EU</i>

Exporters must maintain full Proof of Export files with C88 (Single Administrative Document), Transport Document and full trail of Commercial Documents

**\*An EU VAT number is required if there is any unpaid / deferred VAT. In some instances the EU authorities may want the VAT paid on importation**

# VAT IMPLICATIONS

The general principle is that from 1<sup>st</sup> January 2021 VAT becomes payable on imported goods, at the time of import

## IMPORTS INTO THE UK

In the UK Postponed VAT Accounting will be available

-as a result of this UK VAT registered businesses can account for VAT on their VAT return

-this also applies for imported goods from the Rest of the World

-you do not need to be authorised to use Postponed VAT Accounting

## IMPORTS INTO THE EU

UK exports will zero rate their exports for VAT, but must maintain proof of export

Import VAT will be payable on importation unless deferment of VAT can be arranged (usually supported by a bank guarantee)

Discussion is required with your European customers

If selling on DDP terms the UK exporter is responsible for import VAT and must consider their liability (some EU countries require a fiscal representative)



# VAT on Exports to the EU

VAT is payable upon importation to the EU, unless:

- 1) The EU member state applies Postponed VAT Accounting (although application may be required), *see table below*
- 2) A VAT deferment account is established, in some countries this requires fiscal representation, *see next slide*
- 3) A freight forwarder or customs agent agrees to pay the import VAT (and/or import duty) on their deferment account

Dutch postponed accounting system for import-VAT	VAT registrations and simplifications in Belgium	France – Relaxes Postponed Import VAT	Czech Republic – Postponed Accounting via the VAT Return
<a href="https://www.hlb.global/dutch-vat-preparations-in-case-of-a-hard-brexif">https://www.hlb.global/dutch-vat-preparations-in-case-of-a-hard-brexif</a>	<a href="https://marosavat.com/manual/vat/belgium/registrations-simplifications/">https://marosavat.com/manual/vat/belgium/registrations-simplifications/</a>	<a href="https://www.douane.gouv.fr/fiche/postponed-accounting-import-vat">https://www.douane.gouv.fr/fiche/postponed-accounting-import-vat</a>	<a href="https://www.evaf.cz/import-vat">https://www.evaf.cz/import-vat</a>



# Customs Declarations

# Responsibility for customs declaration and paperwork

**Responsibility depends on the Incoterms (International Commercial Terms) agreed.  
The trader however is ultimately liable.**

Selecting correct Commodity Code and correct Customs Procedures Code	Declaring correct valuation of goods, and correct consignee	Declarant of Record	VAT Implications	Maintaining Proof of Export / Import	Licenses	Requirement for separate Safety and Security declarations (by haulier?)
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# Could Customs Special Procedures Be a Solution

<b>Customs Warehousing</b>	Goods not in free circulation can be stored without payment of customs duty, and where appropriate excise duty or import VAT, in a customs warehouse.
<b>Inward Processing</b>	Payment of customs duties and import VAT is suspended on imported goods whilst processing is taking place.
<b>Outward Processing</b>	Allows for temporary export of goods for processing or repair, and to re-import the processed products whilst retaining domestic status or with partial relief from import duties
<b>Temporary Admission</b>	Businesses authorised to import goods with total or partial relief from customs duties because of the specific use to which the goods will be put
<b>Authorised Use</b>	Reduced or zero rates of Customs duty on certain imported goods, provided they are put to a prescribed end use

**Use of Customs Special Procedures usually requires financial guarantees in the EU**

- Financial guarantees are only required in the UK for high risk traders, from January 2021



Northern Ireland

# GREAT BRITAIN TO NORTHERN IRELAND TRADE

## GB: NI Trade will have additional requirements

<b>Customs Declarations</b>	Customs declarations will be required for goods entering NI from GB Customs declaration for NI to GB only in limited circumstances
<b>Safety and Security Declarations</b>	Safety and Security declarations will be required on goods exiting the UK, <u>and</u> goods entering NI
<b>'At Risk' Goods</b>	Goods at risk of moving from NI to Republic of Ireland may be subject to tariffs (if tariffs apply) -a rebate system is likely to apply for 'At Risk' goods which remain in Northern Ireland (subject to evidence being provided) -goods going into a manufacturing process may be deemed to be 'At Risk' <b>A Trusted Trader Scheme has been introduced – further information to follow</b>
<b>Inspection (SPS) Checks</b>	SPS checks will be required on some goods entering NI from GB

# TRADER SUPPORT SERVICE

<https://www.tradersupportservice.co.uk/tss>

## Trader Support Service

The Trader Support Service will support companies with the changes to Northern Ireland trade which take effect on 1 January 2021.

The free-to-use service will provide guidance and training, a digital service to support declarations, and support from customs experts.

**If you register before the 14<sup>th</sup> December you will be automatically allocated with an XI EURO**

Companies in the Energy sector must register as Simplified Declarations for GB to NI trade may not apply, making their goods movements more complex

## Register Now – Make sure you are ready

New rules will come into force from 1 January 2021. Take action now to ensure you and your company are ready.

### User and Company Registration

Use this form if your company is yet to be registered with the service. Thousands of companies have already registered.

[Register yourself and your company as a trader](#)

### User Registration

Use this form if your company has already registered with the service and you know your company's registration code.

[Register as a trader](#)

### Trader Education

Make sure you are prepared for the changes ahead by taking some online courses or reading through content provided by the Northern Ireland Customs & Trade Academy.

[Access the Northern Ireland Customs & Trade Academy](#)

### Trader Enquiry

If you have an enquiry about the Trader Support Service and what support is available for you before January 2021, or would like some assistance with registration, you can open a case with us.

[Submit an enquiry](#)



# Further Considerations



# TRADING IN THE EU

## -CE MARKING AFTER THE END OF THE TRANSITION PERIOD

### Action for UK Businesses

Before transition period ends, manufacturers must transfer the conformity (CE) registration from their UK notified body to a recognised notified body in one of the 27 EU member states.

- A British CE mark may no longer be brought onto the EU market.
- Under the withdrawal agreement the UK must ensure all information held by UK notified bodies about specific CE certificates is transferred to a notified body in an EU27 country before the end of transition period. The manufacturer is responsible for submitting such a transfer request in good time.

**EU and UK companies (importers / distributors) will also have to conform to separate UK Certification in order to place goods in the UK market**

**CE Marking can continue to be in the UK until September 2020**

# REACH: Principles post Brexit

Applicable for substances that are manufactured or imported in quantities of **1 tonne** or more per year per registrant

REACH PRINCIPLES POST BREXIT	
Companies supplying and purchasing substances, mixtures or articles to and from the EU/EEA and the UK, will need to ensure that; <ul style="list-style-type: none"><li>substances, or substances within a mixture/article, are registered with both agencies Europe (ECHA European Chemicals Agency) and the UK (HSE Health and Safety Executive)</li></ul>	Principle of 'Only Representative' remains <b>For trade in the EU/EEA 'Only representatives' have to be:</b> <ul style="list-style-type: none"><li>A legal entity established physically in the EEA</li><li>Equipped with sufficient knowledge in the practical handling of the substances and information related to them</li><li>Appointed by a mutual agreement with a manufacturer, formulator or article producer, established outside the EEA</li><li>Responsible for complying with the legal requirements for importers under REACH</li></ul>
UK and the EU regulatory agencies would operate independently from each other.	Principle of 'No data, no market' remains

## Companies must determine 'their role' in REACH and contact HSE, and register. Actions required by category:

UK based REACH registrant	Basic information required within 120 days of the UK leaving the EU
UK based downstream user or a distributor of an EU REACH registered chemical	Some information within 180 days
Existing UK based importer or distributor of substances sourced from outside the EU/EEA	Specific impacts in terms of continuing to do business in the EU/EEA
UK based REACH authorisation holders	Technical information 60 days post Brexit
UK downstream users of a REACH authorisation held by an EU/EEA-based company	Confirmation to the HSE within 60 days post Brexit
Exempt for the purposes of product and process orientated research and development (PPORD)	Current exemptions will be 'grandfathered' to UK legislation – notify HSE

# Origin of Goods – Sales to the European Union

- After Brexit, UK materials and processing will not count as originating for European Union Free Trade Agreements.
  - This could affect your sales into the EU if your customer onward sells under trade agreements to other markets around the world.

This also applies to EU Origin in UK sales

# UK Trade (and Trade) Continuity Agreements Signed

<https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>

**Trade agreements that have been signed:** Agreements with the following countries and trading blocs are expected to take effect when existing EU trade agreements no longer apply to the UK, from 1 January 2021.

**In addition a UK: Japan Trade deal has been signed**

## Country or bloc

[Andean countries \(2\)](#)

[Canada](#)

[CARIFORUM trade bloc](#)

[Central America](#)

[Chile](#)

[Côte d'Ivoire](#)

[Eastern and Southern Africa \(ESA\) trade bloc](#)

[Egypt](#)

[Faroe Islands](#)

[Georgia](#)

[Iceland and Norway](#)

[Israel](#)

[Jordan](#)

[Kenya \(3\)](#)

[Kosovo](#)

[Lebanon](#)

[Liechtenstein](#)

[Mexico](#)

[Morocco](#)

[North Macedonia](#)

[Pacific states](#)

[Palestinian Authority](#)

[Singapore](#)

[South Korea](#)

[Southern Africa Customs Union and Mozambique \(SACUM\) trade bloc](#)

[Switzerland](#)

[Tunisia](#)

[Ukraine](#)

# UK Trade (and Trade) Continuity Agreements In Discussion

<https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>

## Trade agreements still in discussion

The following agreements are still under discussion with countries where there are existing EU trade agreements in place.

If an agreement is not reached by 31 December 2020, trade with other WTO members will take place on [WTO terms](#).

**Businesses must consider the impacts of trade agreements with third countries, current and future  
-for example trade discussions with United States, Australia and New Zealand**

Country or bloc		Status of discussions
Albania		Engagement ongoing
Algeria (1)	Engagement ongoing, agreement will not be in place for 1 January 2021. Trade expected to take place under WTO terms (Generalised Scheme of Preferences for imports).	
Bosnia and Herzegovina (1)	Engagement ongoing, agreement will not be in place for 1 January 2021. Trade expected to take place under WTO terms.	
Cameroon		Engagement ongoing
Ghana		Engagement ongoing
Moldova		Engagement ongoing
Montenegro	Engagement ongoing, agreement will not be in place for 1 January 2021. Trade expected to take place under WTO terms.	
Serbia (1)	Engagement ongoing, agreement will not be in place for 1 January 2021. Trade expected to take place under WTO terms.	
Turkey		Engagement ongoing

# Data Protection and GDPR post transition period

**Businesses must review their data flows to/from the European Union from January 2021**

GDPR	General Data Protection Regulation
EEA (European Economic Area)	EU countries plus Iceland, Liechtenstein and Norway

From January 2021 EU GDPR will no longer be law in the UK	Unless an EU:UK data adequacy agreement is reached, businesses may need to review their procedures and introduce additional safeguards	The transfer of personal data from the EEA to the UK will only be allowed if 'appropriate safeguards' are in place	Safeguards include Standard Contractual Clauses (SCCs). SCCs must be inserted into contracts (whether controller to controller or controller to processor) before the end of the transition period; wording must follow as approved by the European Commission.
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***'controller'** means the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data.*

***'processor'** means a natural or legal person, public authority, agency or other body which processes personal data on behalf of the controller.*

# Adequacy Agreement

**The emphasis is on the EU and UK signing an adequacy agreement before the end of the transition period**

- **Data adequacy is a status granted by the European Commission to countries outside the European Economic Area who provide a level of personal data protection comparable to that provided in European law.**

Example scenarios that could have an impact where personal data is held

- Holding personal customer data
- Employee data
- Personal data on business customers (e.g. booking a hotel for a business client)

# What Businesses Must Do

All businesses should read:

<https://ico.org.uk/for-organisations/data-protection-at-the-end-of-the-transition-period/>

The guidance states that

“If you are a UK business or organisation that receives personal data from contacts in the EEA, you need to take extra steps to ensure that the data can continue to flow at the end of the transition period”.

Furthermore

[https://www.gov.uk/guidance/regulating-medical-](https://www.gov.uk/guidance/regulating-medical-devices-from-1-january-2021)

[devices-from-1-january-2021](https://www.gov.uk/guidance/regulating-medical-devices-from-1-january-2021)

“For most businesses and organisations, SCCs (Standard Contractual Clauses) are the best way to keep data flowing to the UK. [Use our SCC Interactive Guidance tool to help you.](#)

Make sure you review your privacy information and documentation to identify any minor changes that need to be made at the end of the transition period.”

**Binding Corporate Rules may be applicable for businesses in a group company structure**



# Actions

- Communicate
- Customers
- Suppliers
- Stakeholders (forwarders / intermediaries)
- Determine nature of products and required certifications
- Prepare to make customs declarations
- Consider wider issues, GDPR / EU Nationals / Trade Marks
- Create a daily plan