



# SOUTHAMPTON FREIGHT SERVICES LTD

LOCAL KNOWLEDGE • GLOBAL SCALE



## Brexit Update

In the Event of a 'No Deal' Brexit  
What You Need to Know

October 2020

A map of Europe is shown with several yellow letter tiles placed on it to spell out the word 'BREXIT'. The tiles are arranged in a slightly curved line across the top of the map, starting from the British Isles and moving eastwards. The letters are B, R, E, X, I, T. The map shows various countries and bodies of water, including the Mediterranean Sea (Mar Tirreno) and the North Sea (Mar del Norte).

**Once the transition period ends on 1<sup>st</sup> January 2021, if the UK and EU do not agree a future arrangement, we have compiled a list of actions and information to assist importers and exporters**

# Overview



- The current trading relationship with the EU requires no customs formalities at the border between EU countries.
- In the event that the UK leaves the EU without a deal, businesses importing and exporting goods with the EU will have to comply with new rules, resembling our current trading relationship with non EU countries
- We are committed to helping you through this process to ensure you are fully compliant and can continue to trade in the event of a no deal EU exit
- Our teams are fully trained in the completion of customs documentation and we have ensured adequate capacity to support our clients in the event of a no deal departure from the EU



# Exports – in the event of a no deal

- To export to the EU you will need to be EORI registered, which you can do free [here](#) via our website which provides links to the [.Gov website](#) and a direct link to the [EORI application form](#)
- You must produce an invoice for shipping which must include;
  - **Shipper/consignee** **Number of packages**
  - **Value of Goods/Currency** [Commodity code](#)
  - **Country of origin** [Delivery terms - incoterms](#)
  - **Net/gross weight** **Packaging type (i.e. carton/pallet)**
  - **EORI Number**



# Exports – in the event of a no deal

- If you have not already done so, we suggest you engage with your regular clients in the EU, to prepare them for the potential changes.
- Southampton Freight Services will prepare your export declarations (C88) to ensure you remain compliant and continue to trade fluently
- Our teams are always available to offer guidance and advice to you



# What's Changing? No deal scenario - Imports

- **Rest of World rules will apply to imports of excise goods from the EU**
- **What this means**
- UK businesses will need to make an **import declaration** and:
  - account for the excise duty at the border; or
  - enter to the goods to the excise warehousing regime via EMCS (Excise Movement Control System)
- UK businesses can use Customs procedures for EU goods, e.g. Customs Warehousing, Transit etc. This will increase the volumes of goods at risk under customs control
- Businesses can continue to use EMCS to move goods in duty suspense in the UK from the port to a registered warehouse
- The Registered Excise Dealers and Shippers system (REDs) will be obsolete and shut down

## **Did you know?**

SFS have a bonded warehouse where we can import your products, held under customs control, until such time you require customs clearance and release (subject to certain restrictions).

# Imports – in the event of a no deal

- Importing from within the EU will require a full customs declaration when the shipment arrives into the UK, which we can undertake for you

- You will require a commercial invoice from your supplier in Europe, detailing the following information;

**Shipper/consignee**

**Value of Goods/Currency**

**Country of origin**

**Net/gross weight**

**EORI Number**

**Number of packages**

**Commodity code**

**Delivery terms - incoterms**

**Packaging type (i.e. carton/pallet)**

- Identify 'reason for importation' (for example to remain in the UK, for temporary import and re-export or returning British goods).



# Imports – in the event of a no deal

- After completion of the customs declaration it is likely that there will be duty and VAT to be paid (see page 9 relating to VAT)
- Duty will need to be paid on the value of the good imported, at the time of customs clearance and prior to release by HMRC, which can be paid by the following methods;
  - SFS deferment account\*\*
  - Your own duty deferment account (you can apply [here](#) with HMRC\*)
  - FAS (payment directly to HMRC)
- \* Requires double indemnity bond guarantee with your bank
- \*\*Subject to a small percentage fee on total amount. Payment required by return





# VAT Update

Changes to the current VAT system –  
details on following pages

# VAT Overview

- If the UK leaves the EU without a deal, the government's aim will be to keep VAT processes as close as possible to now
- However, there will be some changes that will affect businesses
- HMRC have taken steps to mitigate the impact of changes where they can
- HMRC want to help businesses understand what they need to do, and help them to do it, so they can continue trading smoothly

# Imports - VAT Update

## What's changing?

❖ In a no deal scenario, postponed accounting will be introduced for imports from the EU and Rest of World

- Business will not need to register to use postponed accounting. They will simply make the appropriate entry and provide their VAT registration number on their customs declaration
- An online monthly statement will show the VAT that's been postponed. This will provide the evidence to declare/ recover import VAT on your VAT return
- Postponed accounting won't be available for postal goods of £135 or less
- Postponed accounting won't be available for non-VAT registered businesses

# VAT Update

## What's changing?

❖ **For parcels sent by overseas businesses, Low Value Consignment Relief will be abolished, and an online service will collect VAT from businesses for parcels up to £135**

- HMRC are working with stakeholders to help businesses be compliant and parcel operators adjust to the new processes
- HMRC have updated the EU Exit Partnership Pack with more guidance on the service and rules around VAT
- The parcels service will be available soon for businesses to register online

# Key Actions for Businesses

Businesses who only trade with the EU need to act now to ensure that they are prepared in the event of a No Deal EU exit



Apply for an **EORI** number



Confirm you can complete each **data field** in the Declaration



Agree responsibilities with your **customs agent and logistics provider** for each part of the process and update your contracts to reflect this



Identify **software** for submitting documents, if you do not use a customs agent



# Final note

## Why Southampton Freight Services Ltd?

- Who?** We remain a fully independent, family owned freight forwarder, trading since 1998
- How?** Our investment in IT systems and software ensure we operate the highest level of software and hardware, with direct connectivity to HMRC
- Experience?** Our teams have a total of more than 300 years of customs and forwarding knowledge and a vast array of day to day experience in customs declarations, both import and export. All operations staff are trained and experienced in the completion of customs declarations
- Customs Services?** Aside from our detailed experience creating customs declarations for standard movements, we operate at our Southampton HQ a full Air & Ocean ETSF (bond) and a goods in transit bond, allowing us to move goods across the world under full customs control, including cross European movements under customs control, utilising our goods in transit bond guarantee
- Discuss ...** You can contact our teams via this [email](#) link, or via our main telephone 02380 860999



# Links to supporting guidance on GOV.UK

A number of short guides have already been published on GOV.UK providing information on preparations traders should make in the event of a no deal exit from the EU, links to these pages are provided below:

- Get a UK EORI number to trade within the EU [www.gov.uk/hmrc/get-eori](http://www.gov.uk/hmrc/get-eori)
- Moving goods to and from the EU through roll on roll off locations [www.gov.uk/hmrc/eu-roll-on-roll-off](http://www.gov.uk/hmrc/eu-roll-on-roll-off)
- Exporting and importing goods if the UK leaves the EU with no deal [www.gov.uk/hmrc/eu-exports-imports](http://www.gov.uk/hmrc/eu-exports-imports)
- Declaring your goods at customs if the UK leaves the EU with no deal [www.gov.uk/hmrc/declare-goods](http://www.gov.uk/hmrc/declare-goods)
- List of Roll on Roll off locations [www.gov.uk/guidance/list-of-roll-on-roll-off-ports](http://www.gov.uk/guidance/list-of-roll-on-roll-off-ports)
- Customs Freight Simplified Procedures: traders - software providers [www.gov.uk/government/publications/chief-customs-freight-simplified-procedures-cfsp-contact-list/customs-freight-simplified-procedures-traders-software-providers](http://www.gov.uk/government/publications/chief-customs-freight-simplified-procedures-cfsp-contact-list/customs-freight-simplified-procedures-traders-software-providers)
- Letters on 'no deal' Brexit advice for businesses only trading with the EU [www.gov.uk/government/publications/no-deal-brexit-advice-for-businesses-only-trading-with-the-eu](http://www.gov.uk/government/publications/no-deal-brexit-advice-for-businesses-only-trading-with-the-eu)
- The Border Operating Model <https://www.gov.uk/government/publications/the-border-operating-model>
- Import Control System <https://www.gov.uk/guidance/import-control-system>
- Guidance on simplified declarations for imports (updated July 2020) <https://www.gov.uk/guidance/using-simplified-declarations-for-imports>



# References / Other Important Links

- Some information within this document was compiled using the HMRC EU Exit Business Readiness document and a letter sent by HMRC in February 2019 entitled;

Leaving the EU: actions for your business to take now to be ready for no deal

- Further information can be found on the following slide, via GOV.UK, notably the [Transition](#) page and there are separate links to specific notes on;

- [Importing from the EU](#)
- [Exporting to the EU](#)
- [How to prepare if the UK leaves the EU with no deal](#)