



**GET READY  
FOR BREXIT**

# Introduction

It is widely known that Brexit will have a significant impact on logistics in the UK and across Europe. TPN are preparing for Brexit and all eventualities to ensure a smooth transition whether we finally end up with a no-deal Brexit or leave with a deal.

We continue to work on our processes and IT systems so that they are able to support you with any additional data or process requirements that arise after Brexit.

We are still in a period of uncertainty and there are a wide range of outcomes that could eventually be in place, but TPN are helping partners and customers to plan accordingly and will continue to update and support you throughout.

# How will Brexit affect your business?

We are prepared for any potential outcomes, whether that be exiting with an new trade deal or a situation where we revert to WTO trading terms. So what do each of these outcomes really mean for you and your customers?



## **Leaving the EU on 31<sup>st</sup> January 2020**

The UK left the EU with a Transition Agreement in place. This will last until the end of 2020. For UK businesses this means that they will be able to import and export under the existing arrangements, free of tariffs. In other words, this is BUSINESS AS USUAL. During this period a new trade deal will be negotiated to come into effect in 2021. This new trade deal will include new Duties, Customs declarations and documentation.

## **In the event of a no trade deal**

If the UK and the EU cannot agree a Trade deal by the 31<sup>st</sup> December 2020, the UK will leave the Customs Union with the EU and adopt World Trade Organisation rules. For businesses this will mean that their goods will be subject to customs clearance and inspections. Tariffs can be imposed on goods being exported from the UK to the EU countries, and also on goods being sent from the EU to the UK.

# What is likely to change?

Irrespective of the shape of a future deal, the most likely outcome is that there will be customs declarations required for goods to and from the EU, just as there are currently between the UK and the Rest of the World.

This document will help you prepare your customers in readiness for future Customs paperwork.

No one can say for certain what the outcome will be, but the steps on the following slides will make your shippers as ready as possible.

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WHAT IS AT STAKE?

# BREXIT KEY MILESTONES





# What is at stake?



**Payment of  
customs duties**



**Possible  
delays**



**Change  
of VAT rules**

# Your challenges

Managing **regulatory change & complexity**

**400 million**  
customs  
declarations  
for UK–EU trade from  
2021

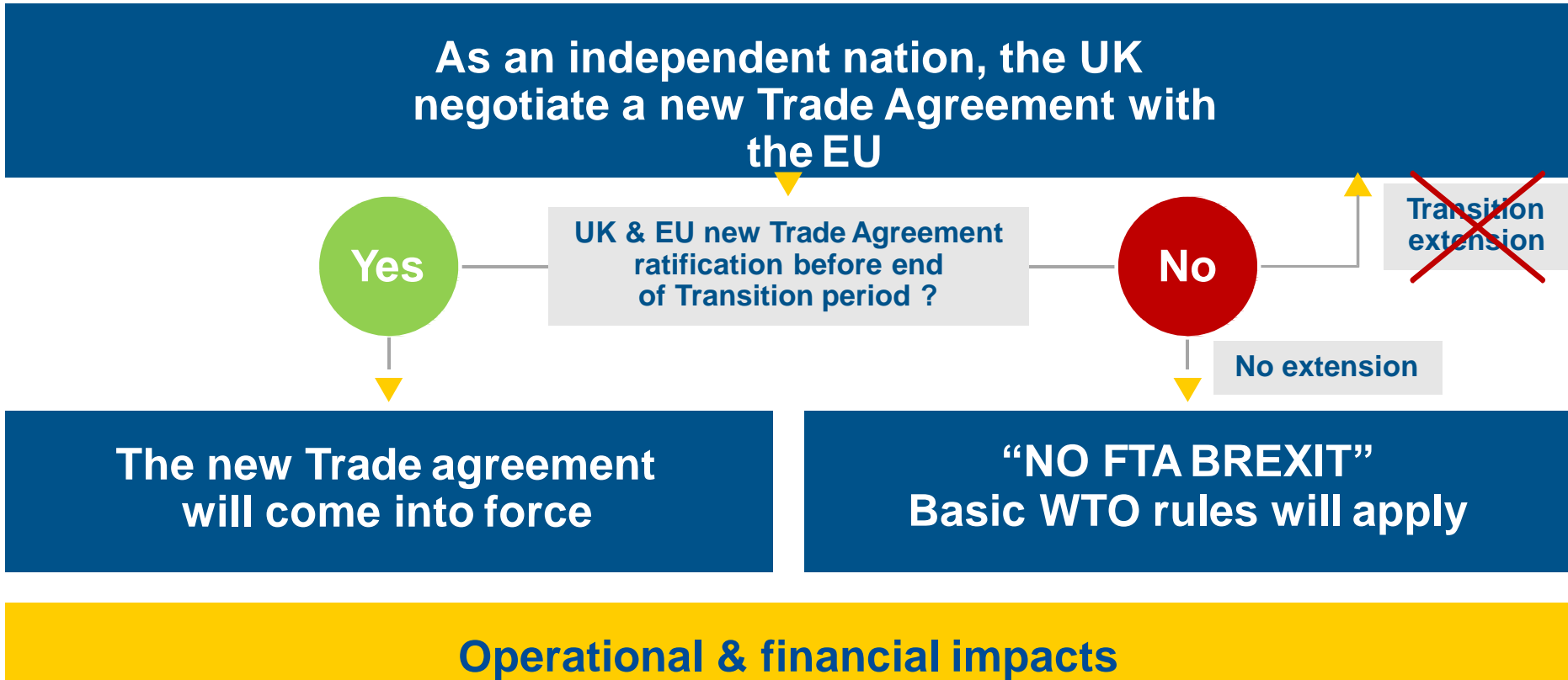
(HRMC - Her Majesty Revenue and  
Customs)

**Regulatory  
compliance &  
complexity**

**Change  
management:**  
people, IT systems and  
processes



# EU-UK TRADE AGREEMENT OPTIONS



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FTAs & TRADE

# UK FREE TRADE AGREEMENTS REPLACING EU TRADE AGREEMENTS

The UK is negotiating

**new FTAs with  
non-EU  
countries**

to replace existing EU trade agreements and set up new ones.

They will take effect when the UK leaves the EU.

**20 new FTAs  
have been  
signed already**

such as Switzerland, Iceland and Norway, South Korea, Israel, Morocco, Tunisia...

September, 11<sup>th</sup>  
the UK has secured

**a new free  
trade  
agreement with  
Japan**

which is the UK's first major trade deal as an independent trading nation.

# CUSTOMS ORIGINS & DUTIES ARE LINKED

## IMPACTS ON UK–EU TRADE: SOME EXAMPLES

Tariff code	Product	Today	UK ► EU <sup>(1)</sup>	EU ► UK <sup>(2)</sup>
			Duties after Jan. 1 <sup>st</sup> if no FTA	
87089599	Air bag	<b>No Duties</b> Customs Union  <b>No VAT paid</b> Intracommunity deliveries	3,5%	2%
84073430	Engine		4,2%	4%
87032110	Motor cars		10%	10%
84501111	Washing machines		3%	2%
			<b>VAT paid or postponed accounting</b>	<b>No VAT paid</b> (postponed accounting)

(1) Common External Tariff  
 (2) New UK Global Tariff (September rates)

**“Customs origin” does not mean provenance**  
 e.g. For goods coming from the EU but with Morocco origin, UK-Morocco FTA will apply

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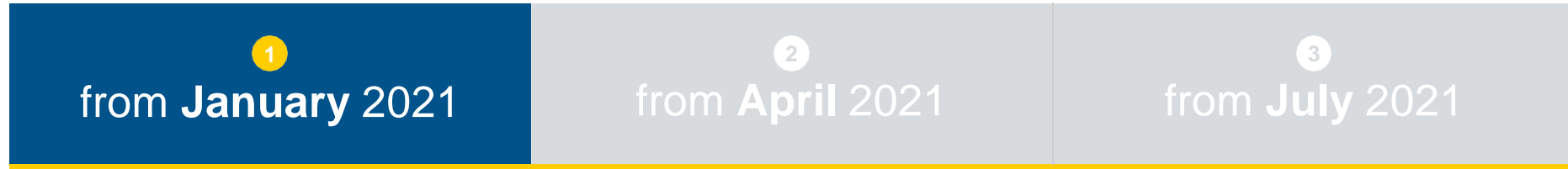
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NEW OPERATIONAL PROCESSES



# UK PROCESSES: NEW BORDER OPERATING MODEL

## NEW BORDER CONTROL IN 3 STAGES UP TO 1<sup>ST</sup> JULY 2021



### STANDARD GOODS

- Basic customs requirements such as records, VAT accounting on imports
- Duties payments can be deferred
- UK Safety and Security declarations not required before July

### CONTROLLED AND EXCISES GOODS

- Standard customs declaration will be needed
- Physical checks at the point of destination
- Requirement to pre-notify for certain movements

**EXPORT DECLARATION AND UK EXIT SAFETY & SECURITY DECLARATIONS will be required for all goods**

**GVMS (GOODS VEHICLE MOVEMENT SERVICE) will be in place for TRANSITS**

# UK PROCESSES: NEW BORDER OPERATING MODEL

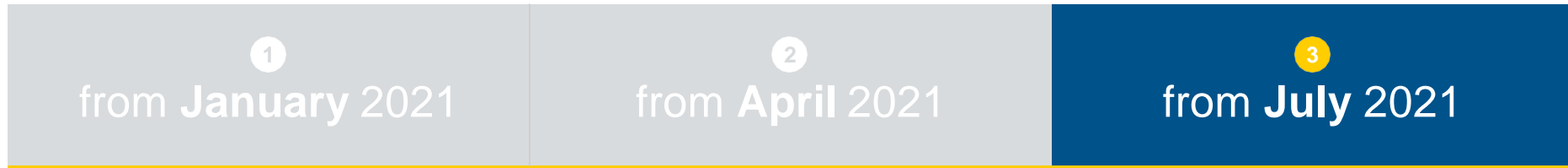
## NEW BORDER CONTROL IN 3 STAGES UP TO 1<sup>ST</sup> JULY 2021



- All products of animal origin, regulated plants and plant products will require pre-notification and the relevant health documentation.
- Physical checks will continue at the point of destination.

# UK PROCESSES: NEW BORDER OPERATING MODEL

## NEW BORDER CONTROL IN 3 STAGES UP TO 1<sup>ST</sup> JULY 2021



- Traders moving any goods will have to make full customs declarations at the point of importation and pay relevant tariffs
- Full Safety & Security declarations will be required
- SPS (Sanitary & Phytosanitary) goods will have to be presented to BCPs (Border Control Post)
- GVMS will be in place for all imports, exports and transit movements

# FROM EU TO UK

## A PRELODGED UK IMPORT DECLARATION IS MANDATORY



3 main types of declarations for imports in the UK:

<p><b>CFSP</b>          Customs Freight Simplified Procedure  <b>with EIDR</b>          Entry In Declarants Record</p>	<p><b>SFD</b>          Simplified Frontier Declarations  <b>for CFSP</b></p>	<p><b>Full Frontier          Declarations          procedure</b></p>
<p><b>Prelodged declaration must be added into GVMS to get a GMR (Goods Movement Record) before crossing</b></p>		<p><b>You can also use ATA &amp; TIR carnet or Transit</b></p>

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UNDERSTANDING TERMS



## Familiarise yourself with Brexit outcomes

You need to know what exactly the Brexit outcomes could mean for your and your customers' business.

There may be a deal with frictionless trade very similar to what we have now.

Or there may be a deal with a simplified form of customs controls.

Or it may be that the UK will leave the EU immediately with no agreement in place that guide the future trading relationship in terms what a trade deal could look like. Imports and Exports will be conducted in line with WTO rules.

To get an idea of what this will mean for you and your customers begin with looking at the rules and regulations that are in place for exports and imports to/from countries outside the EU.

No one can anticipate the specific outcome and it may vary from business sector to business sector. So the best advice is to stay aware of what is being discussed at the UK EU talks and in any event be ready for the implications of a No Deal

## Register for a UK and EU EORI number

### What is an EORI number?

An Economic Operator Registration and Identification number (EORI) is an EU registration and identification number for all businesses who import or export goods to and from the EU.

### Why does it matter?

When the UK leaves the EU, businesses will need a UK EORI number. This will allow them to continue to import or export their goods.

Importantly the shipper and receiver of the goods will both need an EORI. After the transition a UK EORI number will not be recognised in the EU and an EU EORI will not be accepted in the UK.

It is our advice that all customers apply for an EORI as soon as possible.

Applications can be made at [www.gov.uk/eori](http://www.gov.uk/eori)

## Agree Incoterms with your own customers

### What are Incoterms?

International Commercial Terms are a sequence of pre-defined commercial terms that are widely used in international trade transactions. These will define many of the rules and will be an important part of the commercial invoice.

These terms address where the goods will be delivered, who arranges and pays for transport, who is responsible and pays for insurance of the goods, who handles customs procedures.

You can learn more about Incoterms at [www.trade.gov/know-your-incoterms](http://www.trade.gov/know-your-incoterms)

## Learn how to describe and classify your goods

In the event of either a trade or no trade deal, goods traded between the UK and the EU will be subject to the same requirements as third country goods under the World Trade Organisation (WTO) rules.

**Every shipment will need a commercial invoice uploaded into the TPN Connect system with information for customs authorities.**

This helps the authorities assess if the goods can move in or out of a country and what, if any, controls are needed. It also helps the authorities determine Duties and taxes.

**It is vital to supply an invoice with the right information as it reduces the potential for delay.**

## Submit your commercial invoice electronically

Customs delays and paperwork can be reduced by submitting commercial invoices electronically.

When all final positions have been agreed / confirmed, TPN will be updating the consignment entry screens to harvest the necessary data to ensure a smooth import / export process.

This will include the ability to upload the correct commercial invoices and required customs declarations electronically into TPN Connect.

# Learn how to complete invoices, apply for any licences and certificates

## HS / Commodity Codes

This is effectively a list of numbers that is used to classify a product to enable accurate taxes and duties to be applied. A Harmonized System (HS) code is made up of 6 digits. Once classified, it allows customs authorities all over the world to identify contents of your shipment. It is used by over 200 countries and covers 98% of traded goods.

**Important!** If you don't include the HS code on the commercial invoice and other shipping documents, it will most likely delay the shipment and lead to the receiver paying the wrong Duties and VAT.

## Description of goods

There should always be a clear and concise description of the goods being shipped. It should not be generic. So for example instead of describing it as a pallet of wine describe it as red wine including the brand name. You should also include the batch number.

## Origin of goods

You will have to confirm the origin of goods, including all components / ingredients that make up products in your consignment that are being shipped.

Where your products were originally manufactured may be different from the country the shipment is being sent from. You should be aware that some goods may originate from countries subject to special safeguards or anti-dumping Duties.

## Value of goods

The true value of the goods should be stated which consists of the market price of the goods and the currency. Evidence may be asked by Customs if the value declared on your invoice does not seem reasonable.

All goods should have the correct description, value and classification for shipping.

More information on UK classification codes can be found at:

<https://www.gov.uk/trade-tariff>

## Understand customs & clearance requirements

Businesses may also need to apply for an export licence or provide supporting documentation to export specific types of goods from the UK. For more information on requirements for exporting goods into EU countries from a non-EU country visit:

[www.gov.uk/transition](http://www.gov.uk/transition)

We advise all customers to understand how to complete a commercial invoice and the required associated paperwork for all your goods.

## Notify any of your customers about the potential changes

Do your receivers and importers know what the local requirements for imports are in their country?

Are they aware of the potential import VAT & Duty that they may have to pay?

How are you working with your customers to ensure there are no delays at the point of importation?

Do you have all the correct details for the completion of export and import declarations?

It is important to include your correct address, contact details, phone/mobile number and email details, as well as the same information for your receiver.

We advise all partners to speak to their customers so they understand what the potential impact is for them.

## Investigate Deferment Account Arrangements

Deferment accounts allow Duties to be paid efficiently so high value shipments can be cleared quickly and efficiently.

### What is a Deferment Account?

When goods are imported, they may be subject to import sales tax and Customs Duties. These Duties are paid in full to the Customs authorities at the time of import. A Deferment Account is an account authorised by your local Customs office through which your payable Duties can be paid directly to the authorities for a certain accounting period on a predetermined due date.

You can find out how to set up a UK Deferment Account here:

[www.gov.uk/guidance/criteria-for-operating-a-duty-deferment-account-cip18](http://www.gov.uk/guidance/criteria-for-operating-a-duty-deferment-account-cip18)

More information can be found on country Government websites.

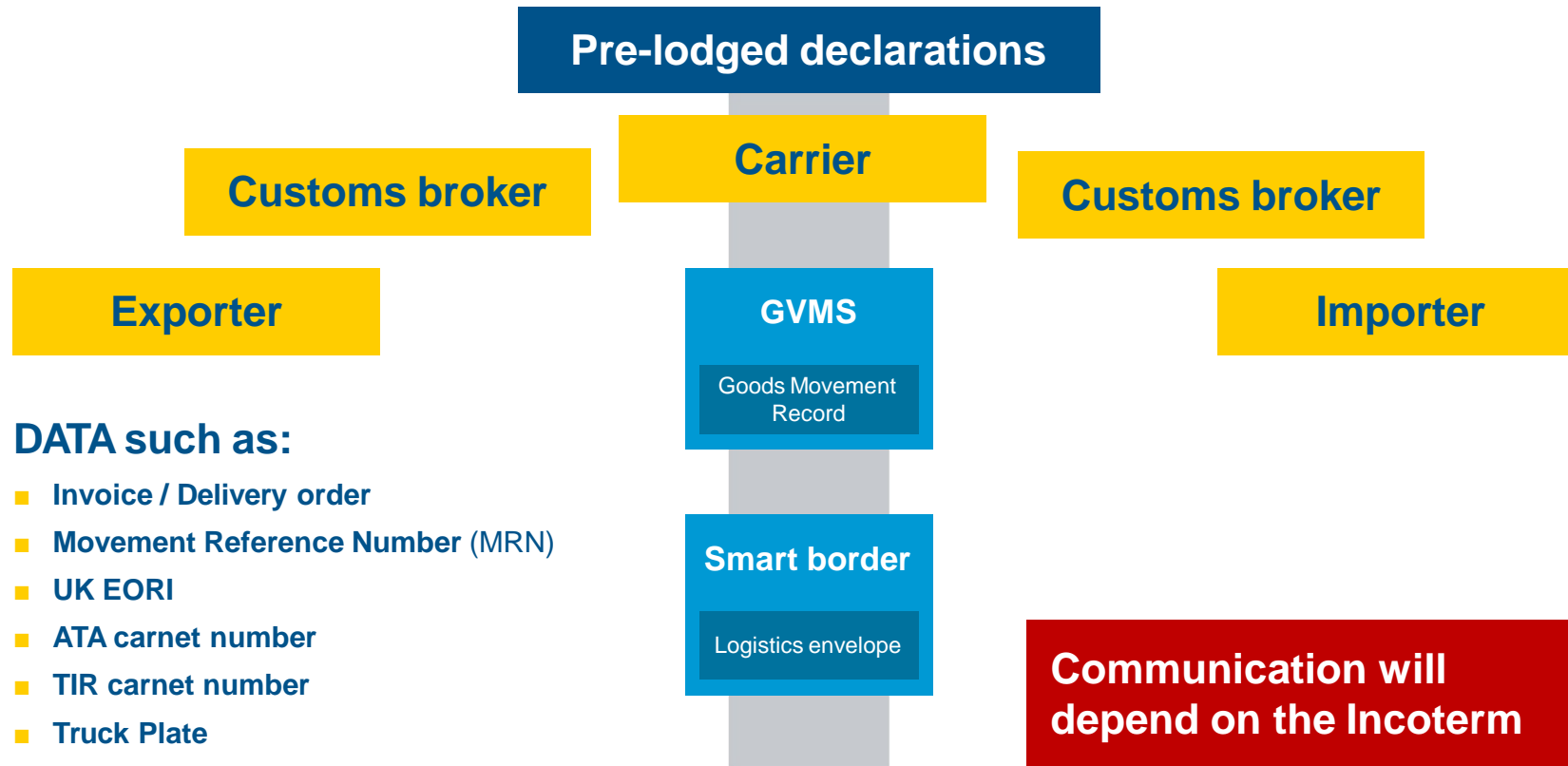
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**5** RECOMMENDATIONS



# BREXIT COMMUNICATION, KEY FOR SUCCESS



# Required Information from January 1<sup>st</sup> 2021

## Commodity Codes:

Commodity codes also known as HS codes represent the product or products that shippers are sending and can be recognised worldwide by all customs systems in countries that are members of the WTO, including the EU. This eliminates language barriers and issues with vague descriptions at customs clearance points. There is no specific code for a pair of branded trainers, but there is a code for footwear with outer soles of rubber or plastics, so customers may end up using the same code for various products of the same type. To ensure your customers can export they need to provide us with the 8-digit format of their commodity code.

## Product Description:

Providing a detailed product description is necessary to ensure shipments clear customs. Descriptions must be specific and accurate. It is key for partners to understand that the correct capture of consignment information, as with domestic pallets, ensures the best opportunity to deliver without delay at the Border.

## EORI Number:

Your customers can register for an EORI number easily by visiting [www.gov.uk/eori](http://www.gov.uk/eori). In the UK, an Economic Operator Registration and Identification (EORI) number is assigned to importers and exporters by HMRC and is used during the customs clearance process for both import and export shipments travelling to or from the EU and countries outside the EU. In a post-Brexit world, it will be a mandatory requirement to have an EORI number to ship into the EU from the UK.

## Country of Origin:

Declaring which country that products were manufactured or produced in is crucial for international trade. It has an impact on duty and tax rates, and security checks if required.

- mandatory in TPN Connect.

## Consignment Value:

A correct declaration of the sale value of goods, supported by the commercial invoice is key to ensure that imported products pay the appropriate level of duty/taxes on arrival. Under-declaration will lead to HMRC penalties on exporters compounded to prosecution. Importers can face similar penalties including seizure of goods.

## Total Weight:

The total weight of your customers' pallets or consignment in KG.

## Package Description:

We need the package description – i.e. a crate will need to be declared as a crate, we cannot describe everything as a “pallet”.

## Reason for Export:

For all consignments, your customers will need to supply a 'Reason for Export or Import'. It is the customer's reason for import or export, expressed as either a seven digit number or a six digit number and one letter. It describes the purpose of shipment which in turn directly determines how the customer's shipment is processed and ultimately if, how, when and from whom duties and taxes are collected.

## Terms of Trade:

International trade terms may change if the UK and the EU agree on a trade deal. Once details of the trade arrangements are known, TPN will advise.

## Contact Information:

We've already encouraged you to get the recipient contact name and phone number for EU shipments, however post-Brexit contact information will become integral to sending pallets to the EU and this requirement will be mandatory in TPN Connect.

# Toolkits & Information



UK and European Papers	<p>The UK Government and the European Commission have both published a series of papers outlining official guidance on how to prepare if the UK leaves with no trade deal.</p> <p>For the EU preparedness notices, see here: <a href="https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en">https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en</a></p>
Supporting Partners and Customers through Brexit	<p>TPN are helping our partners and customers navigate through Brexit. Please direct questions to <a href="mailto:Brexit@tpnmail.co.uk">Brexit@tpnmail.co.uk</a> and we will answer these individually producing information sheets based on the type and frequency of questions.</p>
Completing Commercial Invoices	<p>It is important that the customer understands how to complete a commercial invoice.</p>
Electronic Trade Documents	<p>For a smoother Customs clearance process, you will transmit your Customs documentation electronically to the shippers Portal. This will help you avoid Customs delays, speed up delivery and reduce paperwork.</p>
Confederation of British Industry	<p>Follow the CBI's Brexit page to stay up to date with news about how more than 200,000 UK businesses could be affected by emerging Brexit developments. Find out more here: <a href="https://www.cbi.org.uk/uk-transition-hub/">https://www.cbi.org.uk/uk-transition-hub/</a></p>
Export Growth Brexit Toolkit	<p>Export Growth has developed a tool that produces an indicative calculation of tariffs under WTO rules. Find out more here: <a href="https://www.wto.org/english/tratop_e/tariffs_e/tariff_data_e.htm">https://www.wto.org/english/tratop_e/tariffs_e/tariff_data_e.htm</a></p>



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