

UK Border Operating Model Session

11th November 2020

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Agenda

- 1. Points summary for Brexit**
- 2. New border operating model:**
 - a) October 2020 Highlights
 - b) Key issues
 - c) New rules for non-standard flows
 - d) Impact on flows after Brexit
- 3. New border operation detailed flows**
- 4. Other things to consider**
- 5. Appendix**

Points summary for Brexit

Topics to address for your business:

- New UK tariff
- UK/EU & FTA flows
- Samples procedures and trade shows
- Contracts terms – Incoterms, Payment terms and Ownership
- Consider potential additional costs for:
 - Duty
 - VAT
 - Customs Clearance
 - Tariff and Non Tariff Barriers
 - Loss of Preference on FTA
 - Labelling and Packaging changes
- Payment Acquirers
- Treasury arrangements
- IT Requirements e.g. changes to the point of sale system
- Documentation export ready
- Impact on people movements
- VAT Free Shopping changes

Considerations for your business:

- Should I change my flows? (road vs air)
- Should I adjust the supply chain (vendor choices, manufacturing sites, etc)?
- What can I renegotiate? e.g. Contracts under DDP
- Will I need legal entities in EU &/OR vat ?
- Do I have valid EORI numbers in EU/UK?
- Will the use of customs simplifications help mitigate issues in the short term e.g. 6 month clearance deferral
- Can my broker cope with my increase in volume?
- Do I have all the required authorisations in place?
- Can I still give preference?
- Do I need to relabel my goods?
- Is my forwarder/carrier ready?
- Should I consider communications across the organisation?
- What is your impact on CITES / non-CITES products?
- If you're currently a registered Intrastat business, or in the coming year you exceed the Intrastat exemption threshold (£1,500,000 for European imports and/or £250,000 for European exports), you must submit Intrastat declarations in 2021 for the following movement of goods:
 - imported into Great Britain from Europe
 - imported into Northern Ireland from Europe
 - exported from Northern Ireland to Europe
- Proposed VAT Free Shopping changes and impact on handling exports from physical locations

New border operating model: October 2020 Highlights

Recommendations for each industry to review specific chapters of BOM for details

Stage 1

January – March

Customs declarations: Traders importing Standard Goods can either submit a standard customs declaration or use "deferred declarations". *Ability to use Brokers CFSP Authorisation or apply for your own – to defer making a full entry*

Safety & Security ("S&S") Declarations at borders: not required stage 1

Intrastat: VAT-registered businesses currently required to submit monthly Intrastat arrivals declarations must continue to do so till end of year

Goods Vehicle Movement Service: GVMS is a new IT-system that supports "pre-lodgement" of declarations ahead of goods arriving at the border. Initially it will be introduced only for transit movements and not all Ports are ready or using it

Additional requirements -Required DAY 1 for CITES products including NON CITES Specific species - From 1 January 2021, checks of CITES permits will be required at the border to import CITES-listed specimens of endangered animal or plant species , only allowed at specific ports.

Common Transit Convention "CTC" – For goods from EU into UK via road freight a T1 Transit document will be required. Brokers can raise a T1 per vendor to ensure flows, in case of specific holds by Customs so that shipments wont be left behind and allow the rest to go through.

Wood packaging material (WPM), including pallets and crates, must meet the ISPM15 international standards for treatment and compliant marking. The WPM holding a consignment may be subject to inspections upon entry to GB to verify compliance with the ISPM15 requirements

Stage 2

April - June

Considerations related mainly to other industries

Stage 3

July - onwards

Customs declarations: Full entries will be required, end of differed period.

NEW Safety & Security (S&S) Declarations: Carriers will be required to provide entry summary declaration prior to goods departures.

Exporting Goods:

- Customs declaration at an EU office of export must be submitted prior to departure;
- An Export Accompanying Document (EAD), a Transit Accompanying Document (TAD)/Movement Reference Number (MRN) or a Combined Transit (Security) Accompanying Document (TSAD)/MRN must go with goods;
- Paper copy wet Ink permits for CITES goods must also travel;
- Pre-lodge declarations for NON-CITES Annex C&D species.

Packaging Sourcing considerations

- Wood Packaging Material: Wood packaging material (WPM), including pallets and crates, must meet the ISPM15 international standards for treatment and compliant marking. The WPM holding a consignment will be subject to inspections upon entry to GB to verify compliance with the ISPM15 requirements

New border operating model: Issues

Flagging issues that will have the greatest impact on operations and people. Duty free allowances changes.

Operations/Transport

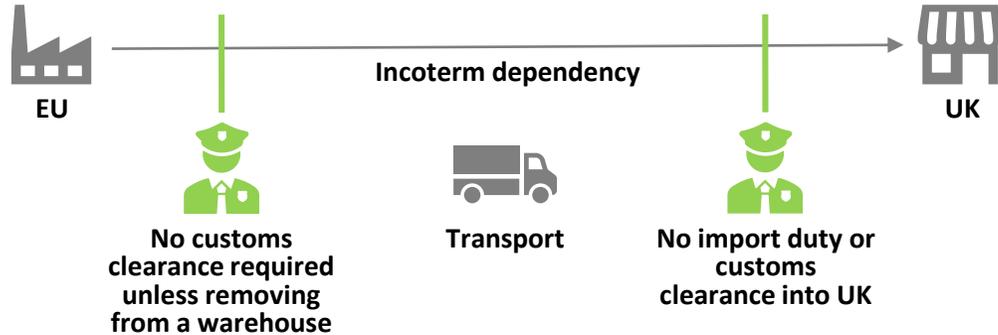
- **Kent access permit** - Requiring all outbound HGV drivers who are taking goods from GB to the EU using the Short Straits route to use the web service to get a Kent Access Permit (KAP) to access key roads in Kent (such as the M20). On the spot fines £300.
- **GVMS** system not fully ready – only ready for Transit not other entry types.
- **Ports** haven't decided whether to use GVMS or Other procedures. Each one will need to be reviewed independently.
- **Multiple systems** - Flows in an out now have to be declared in multiple systems, up to 6 for road freight, Skipping out even one step will result on goods being stuck
- **Port complexities** Each European port uses a different system and process to lodge movements. Check directly with forwarders for guidance.
- **Time critical declarations by Carriers for trucks** Some systems are very time sensitive GVMS and Calais equivalent have 90 minute windows before re application is required.
- **Valid paperwork hardcopies** All Drivers need to ensure they have valid paperwork or they will be turned away along with their trucks.
- **Bank Guarantees** Ensure your carrier has sufficient bank guarantees to cover the full amount of duty suspended in their vehicles in transit.
- **Inland Border sites** to get clearance away from Dover/Eurotunnel. Work with your broker to have a designated point.

People

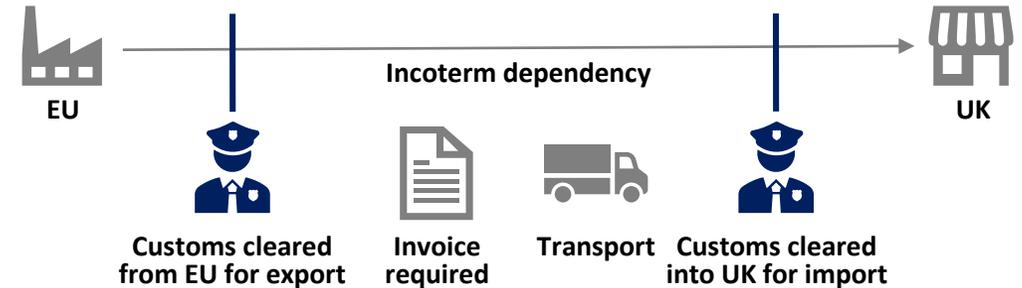
- **Passenger Processes Crossing** the border For those taking short trips to the UK, including for tourism, short-term business visits or short-term studies, it is the UK's intention that EU, EEA and Swiss citizens will not be required to obtain a visa. They will need to seek entry on arrival at the border and meet the requirements of the relevant immigration rules.
- From 1 January 2021, free movement will end, and the **UK's new Points-Based System** will be introduced. EU, EEA and Swiss citizens, except for Irish nationals, in line with other third country nationals will require a visa to work, study or join family in the UK and will also pay the Immigration Health Surcharge.
- As part of this phased programme to 2025, the Government will introduce an **Electronic Travel Authorisation** scheme as part of plans to ensure that all those coming to the UK have permission to do so in advance of travel.

Impact on flows after Brexit

Pre Brexit



Post Brexit



Examples

- 1 Merchandise in Baggage**

New total for goods under £1500 online declaration or oral declaration red channel (not available at all ports).
For goods over £1500 a standard electronic full declaration is required before arrival (a broker to be involved).
Import permits covered by CITES still require additional permits.

- 2 Postal consignments (Royal Mail)**

New forms apply (CN22 – up to £270 value and CN23 – up to £900 value).
All consignment above £ 900 a standard electronic customs declaration will need to be submitted to HMRC.
Items of correspondence (letters, postcards, and braille letters) can be imported through a declaration by conduct.
International couriers need a Commercial Invoice.

- 3 ATA Carnets (international convention covering 70 countries)**

Applies to EU/UK movements when temporarily moving non-perishable goods without the payment of customs charges, however a financial security is often required to cover duties.
The holder must ensure that it is manually presented to customs for endorsement each time the goods enter/leave a customs territory. The permit can be valid for up to one year from the date of issue. Examples of types of goods to be moved under a Carnet:

 - Samples to show at trade fairs or sales meetings
 - Publicity materials
 - Recorded film and audio
 - Equipment needed for work like laptops, cameras or sound equipment

New border operating model: Duty Free

Inbound Allowances

From 1 January 2021, all individuals travelling into GB will be subject to personal allowances for goods, whether these were purchased tax and duty paid or tax and duty free. See the table below for details of these allowances.

Alcohol	Tobacco	Any other goods
42 litres of beer	200 cigarettes OR	£390 or £270 if travelling by private plane or boat
	100 cigarillos OR	
18 litres of still wine	50 cigars OR	
	250g tobacco OR	
4 litres of spirits OR 9 litres of sparkling wine, fortified wine or any alcoholic beverage less than 22% ABV	200 sticks of tobacco for heating	
	Or any combination of the above	

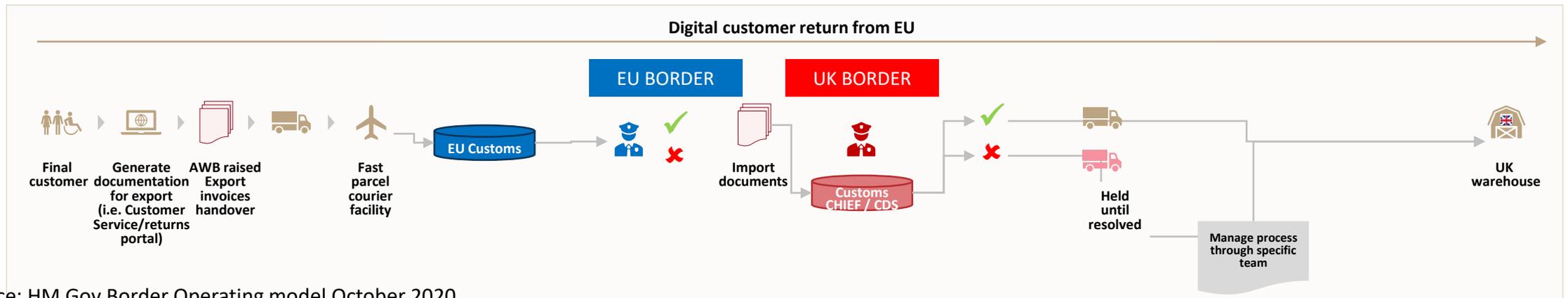
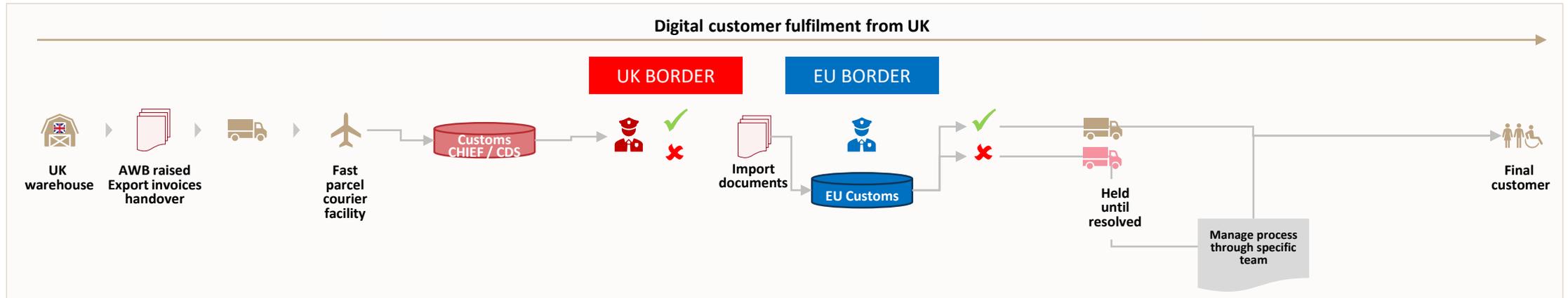
- **N.B. no fragrance restriction.**

- Declaring goods to customs If passengers exceed these allowances, they will need to make a declaration and pay tax and duties on the full amount of goods in the category or categories exceeded. Passengers will be able to use an online declaration service from 72 hours in advance of arrival in GB. The new online service will enable passengers to check if they need to pay tax and duties on goods they are bringing into GB, declare the goods if necessary, and pay any tax and duties due. The online service will be made available at: www.gov.uk/duty-free-goods

New border operation (1/3)

Fast parcel courier service

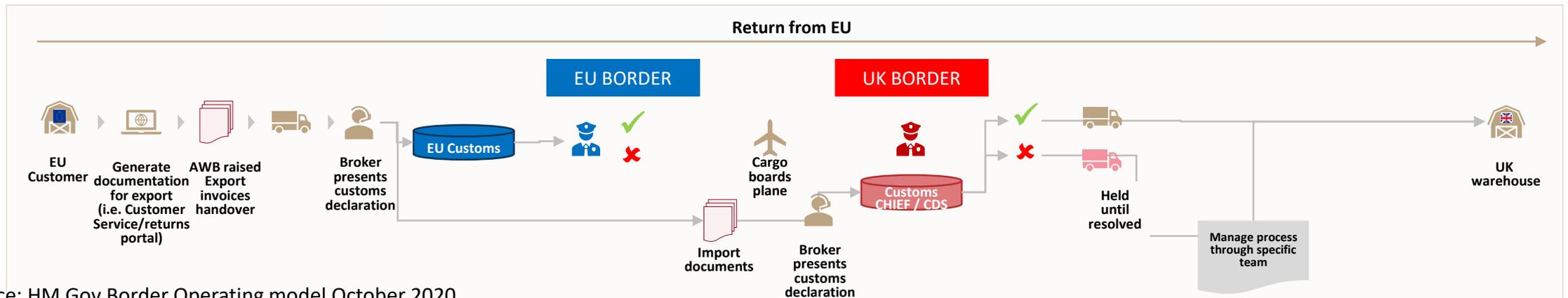
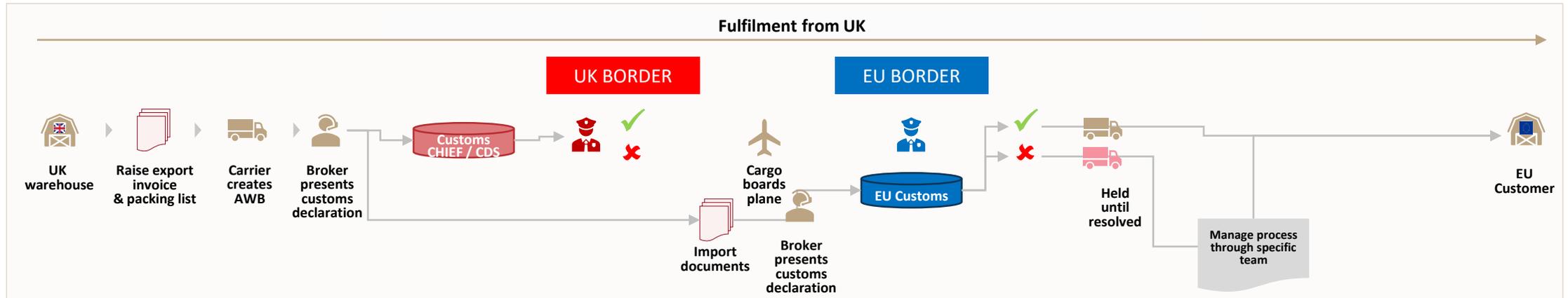
1. Who are the importer/exporters of record in each flow?
2. Do you have the right EORI numbers?
3. What INCOTERMS are you operating under?
4. Who will pay the import duty?
5. Do you have the correct legal entity in place?



New border operation (2/3)

Airfreight

1. Who are the importer/exporters of record in each flow?
2. Do you have the right EORI numbers?
3. What INCOTERMS are you operating under?
4. Who will pay the import duty?
5. Do you have the correct legal entity in place?

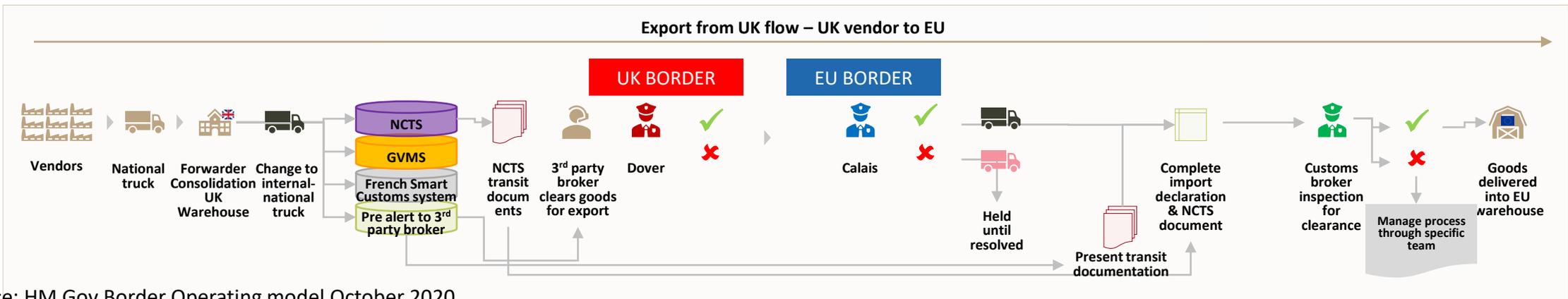
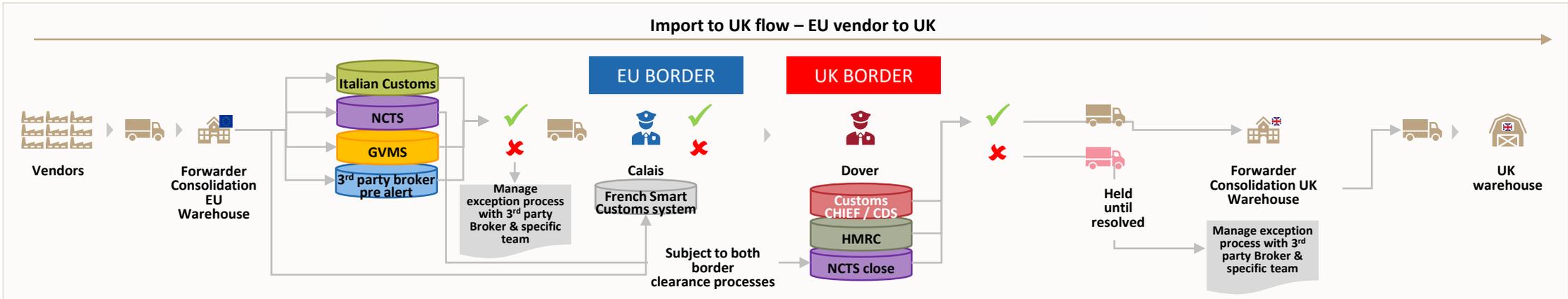


New border operation (3/3)

Transport via Dover or Eurotunnel

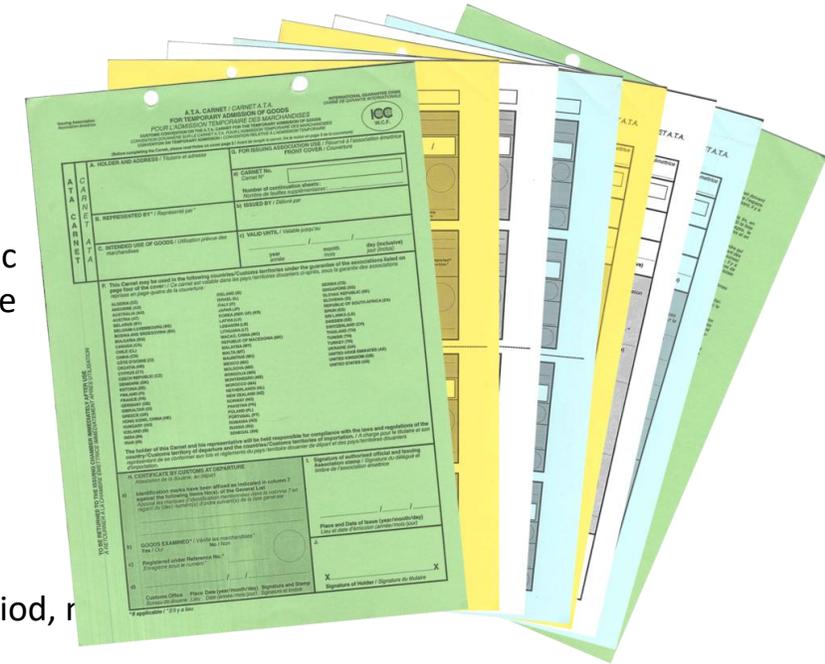
1. Who are the importer/exporters of record in each flow?
2. Do you have the right EORI numbers?
3. What INCOTERMS are you operating under?
4. Who will pay the import duty?
5. Do you have the correct legal entity in place?
6. Who will raise a T1 transit document on your behalf (e.g. your forwarder)?

7. Is your forwarder also your clearance agent?



APPENDIX

ATA Carnets (1/2)



What is it?

ATA Carnet is an international Customs document used for temporary export and import of specific goods, suspending TAX and DUTY payments to countries which are part of the ATA Carnet system. The list of permitted goods varies on the country*. In general the goods are:

- commercial samples;
- goods for presentation or use at trade fairs, shows, exhibitions or similar events;
- professional equipment.

All Items listed on ATA Carnet must be re-exported back in its original state and within its validity period, re-processing, repairs or modification is allowed.

One Carnet can be used for a trip covering multiple countries and numerous exits and re-entries in the country of its origin.

No additional items can be added to the Carnet after it has been issued.

Replacement ATA Carnet can be obtained, following the application process.

Validity of ATA Carnet is 12 month with some exceptions. If the time limit is exceeded, Duty, Tax and / or Penalty charges may apply.

Original Carnet must be returned to London Chamber of Commerce intact, at the latest on its expiry date for compliance checks.

ATA Carnets (2/2)

What do I need?

- Product information (material number, description, weight)
- Commercial Value
- Intended use description
- Itinerary (the number of visits to and transits through each country)
- Details of the person(s) traveling with the goods (if applicable)
- Financial security via Banker's draft; cash or Bank Guarantee – (amount equal to the highest rate of duty and taxes applicable to the goods in any country of destination + 10% for possible penalties).**

**Example: - 12 month ATA Carnet for Clothing of value £5000 for China import = £9300 guarantee amount required.*

Lead time and costs

24hr service- £211.20

Express 2hr service - £422.40

How do I apply?

- Where: London Chamber of Commerce and Industry (LCCI)
- Apply online by login via londonchamber.co.uk/ecarnet
- Once issued, arrange collection from LCCI issuing office

EC/CPD/CHINA - TAIWAN CARNET:

- Order blank forms via ecarnet@londonchamber.co.uk
- Complete the EC/CPD/CHINA excel template form
- E-mail the template to ecarnet@londonchamber.co.uk for approval
- Once approved, print the information onto Carnet forms, sign
- Post / deliver to LCCI for signature
- Arrange collection from LCCI issuing office

If an agent is used to handle the Carnet through customs on a companies behalf, a Letter of Authority to be provided and application completed with the following statement, “Any Authorised Person” (Box B).