

BREXIT – CHALLENGES FOR IMPORTERS FROM THE EU



Whichever side of the Brexit debate you favour, on one matter we can probably agree, that we are unlikely to make the journey without encountering a few potholes along the way.

This fact sheet should provide you with basic, easy to read information on the changes you will need to accommodate when you import goods from the EU after 29 March 2019.

The comments are based on a no-deal, worst case scenario. In our opinion, it's always best to be prepared.

If the withdrawal agreement is ratified by all parties there will be a hiatus for a period, and during this time the free movement of goods will continue. Then the hard work starts on agreeing our future relationship...

VAT CHANGES

Based on a no-deal outcome, they are:

- Businesses importing goods from the EU after 29 March 2019, will be charged import VAT by HMRC.
- Postponement accounting for this import VAT will be introduced such that any import VAT is paid as part of the appropriate VAT return rather than when the goods are imported.
- Goods entering the UK by parcel post after Brexit will trigger a UK VAT charge on entry unless the supply is zero rated in the sender's tax jurisdiction.
- EU exporters to the UK will be able to register with HMRC and pay any VAT charge direct to HMRC. This will only apply to parcels with a value not exceeding £135.

- VAT on goods imported with a value in excess of £135 will be collected direct from the UK importer.
- Import VAT will be payable on vehicles you bring into the UK after Brexit subject to available reliefs.

OTHER CONSIDERATIONS FOR IMPORTERS FROM THE EU

As the free movement of goods would stop after 29 March 2019, imports from the EU will need to be on the same basis as present pre-29 March 2019 imports from the rest of the world.

Before importing from the EU, businesses will need to:

- Register for a UK Economic Operator (EORI) number.

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- Change contracts and terms and conditions of service to comply with International Terms and Conditions of Service (INCOTERMS).
- Incorporate changes required by the need to submit import declarations. This can be done inhouse or by engaging a customs broker. Either option will involve additional costs.
- Decide on classification and value of goods for the customs declaration.

When importing goods, firms will need to:

- Have a valid EORI number,
- Make sure that your carrier has submitted an Entry Summary Declaration.
- Submit an import declaration.
- Businesses may also need to apply for an import license.
- Pay any customs duty and import VAT required by the HMRC.

Businesses can also consider delaying the impact of import VAT and customs duties by the use of:

- Customs warehousing,
- Inward processing of goods,
- Temporary admission, and
- Authorised use.

Buyers will need to pay any duties and VAT when goods are released into general circulation.

AUTHORISED ECONOMIC OPERATOR (AEO) STATUS

Importers of goods from the EU should also investigate the benefits of applying for AEO status.

AEO status will smooth the clearance and progress of consignments through customs checks. Whatever the outcome of present and future negotiations, this would be a worthwhile add-on to your strategies to minimise disruption to your trading activities.

OUR CONCLUSION

When we leave the EU there are obviously a number of changes that importers will need to consider if they continue to buy goods from EU suppliers after 29 March 2019.

We recommend that affected businesses complete an in-depth impact assessment so that even if the details of our exit are changed, importers are familiar with the issues that need to be dealt with and can act accordingly.

If required, we can assist. Please call for more information.

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