

UK - EU Border Control

Question & Answer

August 2020

samsKIP

> Dear Valued Client,

Please see below Q&A update relating to the UK's exit from the European Union. We aim to show the current status and main areas for your attention and action to ensure as smooth a transition as possible as the UK's exit from the EU relating to trading of goods is finalized from 1.1.2021. We will send further communications in the coming weeks to explain what Samskip can do for you and how you can help us.

The UK's Future Border with the European Union *what will happen next?*

The UK Government has published its vision for the future of the UK border from 1st January 2021. This is the Border Operating Model (BOM) regarding GB & EU trade. Trade between Northern Ireland and the EU will be addressed separately by the UK Government and Samskip will keep you informed of information we receive.

This document introduces and focuses mostly on the changes announced by the UK government. The EU intends to treat trade with the UK in the same way as with other Rest of World (RoW) trading relationships, although the final shape of the trading relationship will be subject to any trade deal that is done before the end of the transition period.



BORDER OPERATING MODEL

Will there be Customs and other checks at the border from 1st January 2021?

Yes: For UK Imports

When the current transition period ends on 31.12.2020 the UK Government will bring in phased import controls on goods moving from the EU to GB in a manner similar to the UK's current treatment of RoW goods.

Yes: For exports from UK

It is expected that the EU will implement full import controls on goods moving from GB to the EU after 31.12.2020

What is the base for UK dealings with EU from Jan 2021?

(The UK Government calls this The Core Model)

There will be significant changes to the process for moving goods between GB and the EU. All businesses that move goods across the GB-EU border will need to take account of these and adapt accordingly. Actions needed to prepare are introduced below. The principles of the 'Core Model' will apply to all goods movements between the UK and the EU, regardless of the mode of transport of the movement (container, trailer, ferry, rail, air). These are:

Customs declarations

Importers and exporters (in many cases your partners) will have to complete UK and EU import and export customs declarations.

Customs Duties

Customs Duties will be payable on many goods being traded between the EU-UK-EU. In the UK the goods affected by this change can be seen in the new UK Global Tariff.

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

Import VAT

UK Import VAT will be payable on imports of goods from the EU in the same way as it would be for RoW imports

Safety & Security Declarations

In order to maintain safety and security standards, HM Government will collect more information on goods moving into the UK market. As a short sea Shipping Line Samskip will make the declarations for cargo shipped on our vessels. We will, however, need the required information from our clients. There is some discussion yet to be had on the level of detail required and Samskip will keep our customers informed.

More information for importing goods into the UK will be published by UK Government in due course and Samskip will share relevant information with you that we receive.

For EU import and Export from the EU, our terminals in Rotterdam and Amsterdam are participating in a chain-wide solution for the customs obligations of the shortsea and ferry sector in the Dutch ports, following UK's exit.

 <https://www.getreadyforbrexit.eu/en/>

This website contains all information, including links to the Dutch Customs and the Dutch Food and Consumer Safety Authority, to prepare for UK's exit. We will send further communications in the coming weeks to explain what Samskip can do for you in the communication with this Portbase platform and how you can help us.

What other checks might apply to my goods?

Some goods at import will be subject to excise payments, licenses or pre-notifications depending on the products. Information on goods requiring licences is included in the Controlled cargo list in annex C of the BOM. If your products look like they fall under these additional controls, Samskip recommends that you take steps to clarify.

 https://www.gov.uk/guidance/list-of-goods-imported-into-great-britain-from-the-eu-that-are-controlled?utm_source=1401f1eb-5c68-4c82-9a53-ab56678662f8&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Sanitary and Phyto Sanitary goods (SPS) will be subject to checks at the border and elsewhere and require Health Certificates. These include goods such as some plants, vegetables and animal products, which will also require pre-notification by the UK Importer before arrival in the UK. This is done using the Import of products, animals, food and feed system (IPAFFS).

 <https://www.gov.uk/guidance/import-of-products-animals-food-and-feed-system>

Wooden Packaging Material (WPM). Once the transition period ends packaging used in trade in both directions will have to comply with ISPM15 standards to eliminate pests, in the same way as RoW trade today. There may be checks at the border. Samskip recommends our customers and their trader partners review their current solutions and make any changes in supplier or operations by the end of 2020.

 <https://www.gov.uk/guidance/import-or-export-wood-packaging-material>

The Transition Period

when will this apply to me?

The UK Government has announced a phased approach for imports to the UK.

In the UK all imported goods will be subject to some reporting and the duties and taxes will be payable. However, clearances, SPS checks and payment of duties and taxes on arrival, will not apply to all goods from Jan 2021. These controls will be deferred. Samskip recommends our customers and their trading partners engage with UK government agencies.

Transition Timings (as at July 2020)

From 1st, January 2021

UK Full Border Checks and Customs for Controlled Goods (including Excise Goods) will apply. UK Controlled Goods are listed in Annex C of the BOM. For all other, non-controlled, goods UK traders will need to make an entry into their systems to record the import and make a subsequent customs declaration up to 6 months later. Every consignment from EU to UK will require export documentation to be completed.

Health Certificates and UK Pre-notification by the import trader on High Risk Sanitary and Phytosanitary goods (SPS) will also apply. These are for principally higher risk Plants and Animal products. These might include Fish, Live animals, Germinating plants.

All UK exports will require UK Export documentation and EU import declarations along with any commodity specific requirements, such as Health Certificates, needed by the EU. It is expected full Border checks will be implemented on all goods from 1.1.2021 at all Ports of entry to the EU.

From 1st, April 2021

Additionally UK Pre-notification and health certificates on remaining Sanitary and Phytosanitary goods (SPS) will also apply.

From 1st, July 2021

Additionally the UK will require for all goods to be declared for customs on arrival and other border controls. SPS goods will also be subject to physical checks at the border control posts (BCPs).

Preparing for the Future

what action should I take?

The UK approach means that Customs and border checks are coming. As such, there is already considerable clarity on what our customers and their trading partners need to do to prepare. UK Government is not seeking anything in negotiations with the EU that will change the need to act on any of the following requirements.

1) Get a customs intermediary

Customs declarations are complicated. The majority of businesses that currently trade outside the EU use an intermediary, such as a customs agent, to help them meet requirements. Traders will need to ensure customs formalities on export and import are completed. Intermediaries can help find the information needed to complete formalities and submit the required declarations, for example customs information to HMRC systems. This simplifies the declaration processes for traders.

 <https://www.gov.uk/guidance/appoint-someone-to-deal-with-customs-on-your-behalf>

If Import traders decide not to use an intermediary, they will need to make declarations themselves. To do this they would need access to HMRC systems and purchase software.

Further information on how Samskip can assist you regarding Customs Clearances will follow.

2) Apply for a duty deferment account

Importers in the UK and in the EU will need to ensure that any customs duties payable on their goods are paid. Traders who import goods into UK regularly, may benefit from having a duty deferment account. This enables customs charges including customs duty, excise duty, and import VAT to be paid once a month through Direct Debit instead of being paid on individual consignments.

To set up a duty deferment account, traders, or their representatives, apply for a deferment account number (DAN). New rules are being introduced which will allow most traders to use duty deferment without a Customs Comprehensive Guarantee.

 <https://www.gov.uk/guidance/setting-up-an-account-to-defer-duty-payments-when-you-import-goods>

3) Prepare to pay UK Import VAT

UK VAT registered traders

Will be able to account for import VAT on their VAT return by using Postponed VAT Accounting (PVA) from 1st Jan 2021, but this is not mandatory.

Non-VAT registered traders (and any VAT registered traders not using PVA)
will need to pay VAT at the border along with any duty payments.

Comply with the Core model *what supporting actions should I take?*

The UK Government draws your attention to the following important steps. If you are not clear on any of these items, Samskip recommends that you take advice from suitably qualified customs brokers or HMRC.

- 1) Check if you and your trading partners have an EORI Number – and if not apply for one.
Most UK traders are already registered.
 <https://www.gov.uk/eori>
- 2) Where supply chains mean that parts of a good are produced in different countries, UK traders can apply to HMRC for an advance ruling on the origin of goods.
 <https://www.gov.uk/guidance/rules-of-origin>
- 3) Get used to using the trade tariff tool and identifying the relevant commodity code.
Assistance is also available from UK HMRC.
 <https://www.gov.uk/guidance/ask-hmrc-for-advice-on-classifying-your-goods>
- 4) The Customs value of goods is calculated using rules set by the World Trade Organisation (WTO) and is linked to trading agreements.
 <https://www.gov.uk/guidance/how-to-value-your-imports-for-customs-duty-and-trade-statistics>
- 5) Businesses exporting goods into the UK should ensure they are familiar with using the 'Trade with the UK' tool which provides detailed and up to date information on tariffs, taxes and rules.
 <https://www.gov.uk/get-rules-tariffs-trade-with-uk>
 <https://www.gov.uk/prepare-to-import-to-great-britain-from-january-2021>

- 6) Excise traders wishing to use excise duty suspension must also apply as a registered consignor or seek the services of someone who is already approved and use EMCS systems as required

What are my options for overall Customs Processes

Goods can be exported from the EU or UK where the export document is closed on departure of the ship. This releases the exporter from liabilities for VAT and Duty. On arrival at the Import Border a customs declaration is made (subject to transition). This is similar to RoW Cargo. This model lends itself well to the LOLO and temporary storage model.

Alternatively, Exporters can use a Transit model to move some of the Customs activity away from the border. However, this requires guarantees to be in place for the duty and taxes under the responsibility of the consignor & for original paperwork to travel with the goods. Traders thinking of using transit should make sure they are very clear on their additional responsibilities and liabilities in using Transit.

Pre-Lodgement and Temporary Storage Models for UK Imports *what it means for you*

Samskip will operate on a Temporary Storage Model with our UK Port suppliers. That means that Import Entries can be made on arrival of the goods. This follows the tried and tested processes for Rest of World container trade.

Export documentation needs to be completed, and the export customs references updated in Samskip's Portal before arrival of the container at the terminal.

Some locations in the RORO sector do not have space to store the units while customs formalities are executed. If they choose for the pre-lodgement model they will require export and import clearances, and any other transit / pre notification references to be pre-lodged and updated in a new, and as yet unreleased, UK Government System (GVMS) and the GVMS reference supplied to shipping provider before the cargo will be allowed onto the export terminal.

What about the contractual terms with my trading partners?

Individual commercial contracts and arrangements may alter the legal responsibilities and requirements. Your current trading terms may no longer be suitable and in many cases, we find that Traders operating within EU today are not familiar with the terms they trade under and how that may change.

Contractual obligations for international commercial transactions are outlined in the Incoterms rules, which are administered by the International Chamber of Commerce. These are an important consideration for traders when moving goods internationally, especially where duty payments are involved.

Samskip recommends that customers and their trading partners take a good look at these Incoterms and take the time to agree their future trading relationship.

Who are the key players in the border activities in the future?

The Exporter and Importer of the goods are the key players – the Traders. Therefore you, as our customer, should consider who needs to be involved in preparation for trading in 2021 and then for providing or receiving information at the relevant stage of transporting your cargo.

Samskip recommends that our customers actively engage with the Traders and other parts of the supply chains to discuss how they will meet their responsibilities in the future to ensure smooth completion of all the new import and export requirements.

Making Complex Changes A Little Clearer *A summary*

We hope you find the information helpful in your preparations. The key points to ensure the smoothest transition as possible are:

- To engage with your partners and key players;
- Be clear what the goods are that you are trading in;
- Ensure your trading contracts are clear and fit for purpose;
- Engage a customs intermediary for your responsibilities;
- Ensure your partners do the same for their responsibilities and implement a compliant packaging regime.

Please keep Samskip informed of your decisions so that we can play our part in achieving smooth trading under the new rules.

If you have any further questions, please talk to your account manager.

Samskip also can assist with EU Exit issues at [!\[\]\(3cb60d42b10e53f9522bb0b392c1c4cd_img.jpg\) brexit@samskip.com](mailto:brexit@samskip.com)

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