

Bord Bia
Preparing for Brexit on October 31st

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BREXIT TIME LINE

- Flextension to 31st October 2019
- As at 1st November trading with GB = Trading with any non-EU Country
- What does that involve?
- How should companies prepare?
  - Short to Medium Term
  - Medium – Long Term

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Recap
Trading in the Single Market and CU



- Common External Tariff
- Once goods are customs cleared then they can move freely throughout the EU
- Assumption of Free Circulation status
- As one Territory the EU Negotiates global trade agreements on behalf of all member states

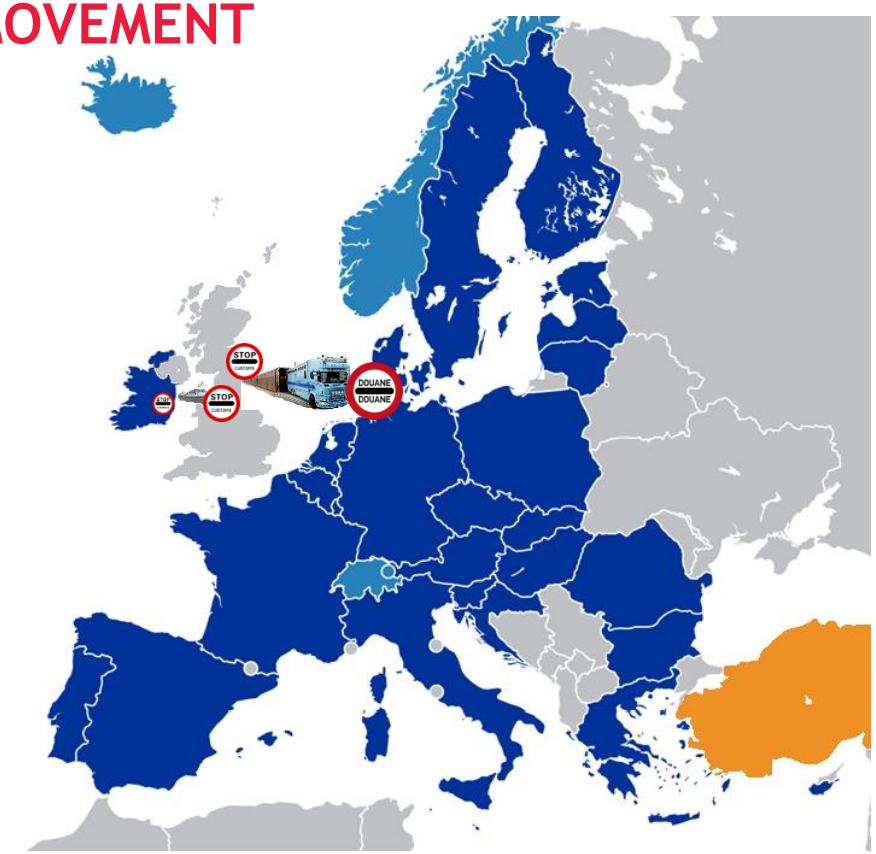
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GOODS MOVEMENT-THE CUSTOMS UNION



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FUTURE GOODS MOVEMENT



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Co-Ordinating a Brexit Readiness Programme Medium Term

Supply Chain Review	Duty Costs	Compliance Costs	Assess risk of Border Delays	Assess non Trade Barriers	Plan
• Map purchases and sales from, to and through the UK • Review Contracts	• Identify tariff costs • To UK • To EU	• Assess additional compliance costs and capability for lodging declarations	• JIT Model • Perish-ables • Hauliers	• Import Licenses • Export Licenses • Agri Food • Pharma • REACH • CE Marking • Etc.	• Training • AEO • Simplific ations • Authoris ations

Preparing for Brexit Now
Top 6 Current Customs Issues



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Top 6 Customs Issues



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Import Duty Costs

ROI/EU

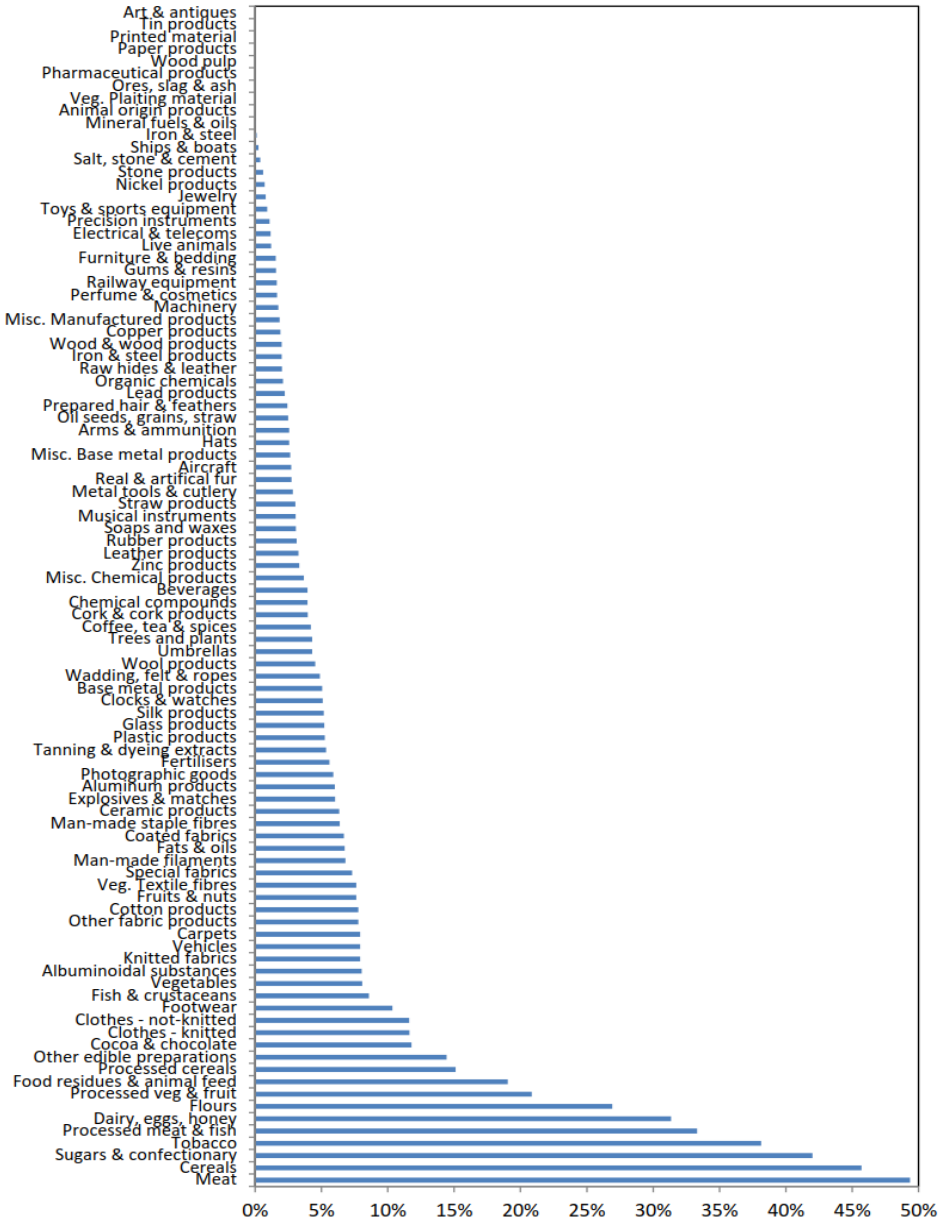
- Customs Duties
  - Ind Goods – up to 14%
  - Agri Goods – up to 50%
- Excise Duties
- Import VAT (subject to temporary derogations for VAT registered traders)
- Other

UK

- Customs Duties – 13% of products
  - Beef, Dairy, Lamb, Pork, Poultry
- Excise
- Import VAT(subject to temporary derogations for VAT registered traders)
- Other?

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Figure 3: WTO Implied Tariffs on UK to EU Exports by Product



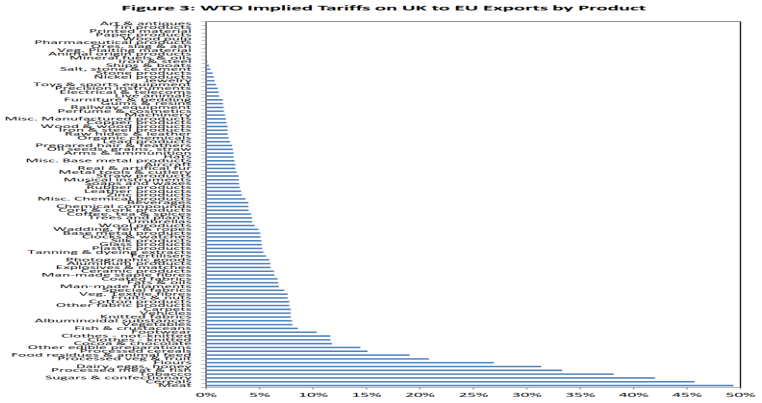
Working Paper No. 550

November 2016

The Product and Sector Level Impact of a Hard Brexit across the EU

*Martina Lawless[a,b] and Edgar L. W. Morgenroth[*a,b]*

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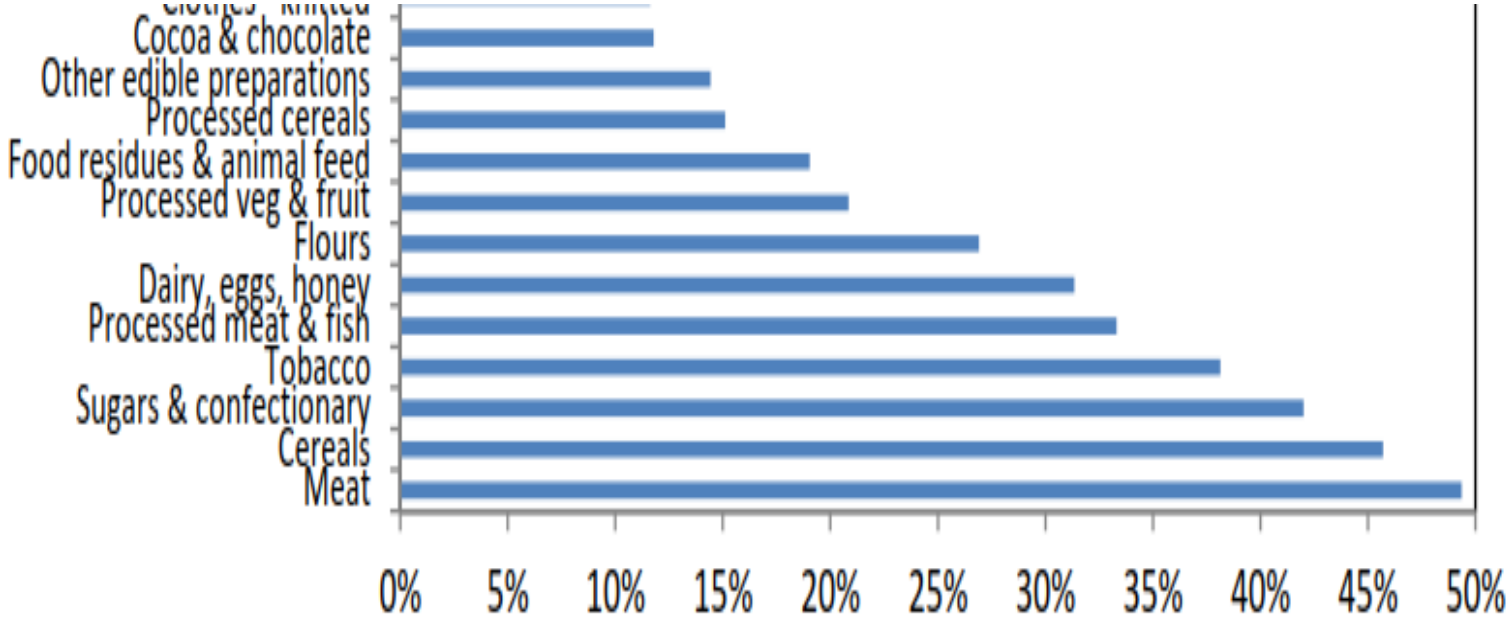


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Table 1. EU agricultural tariffs (in ad valorem equivalents), 2013

Commodity group	Number of lines	Simple average (%)	Tariff range (%)	Share duty-lines (%)
Animals and products thereof	351	20.4	0-192.1	15.1
Dairy products	152	31.7	1.5 - 164.8	0.0
Fruit, vegetables, plants	501	13.3	0-197	11.6
Coffee, tea, cocoa and preparations	47	11.6	0 - 18.7	14.9
Cereals and preparations	230	18.1	0 - 94	5.2
Oilseeds, fats, oils and products	174	7.5	0 - 154.1	35.6
Sugars and confectionary	44	25.4	0 - 135.3	0.0
Beverages, spirits, tobacco	303	14.2	0 - 196.3	18.2
Cotton	6	0.0	0.0	100.0
Other agricultural products n.e.s	259	5.6	0 - 83.5	50.6
Total agricultural products	2067	14.8	0-197	18.6

Source: WTO EU Trade Policy Review, 2013, Table 3.3

Alan Matthew TEP Working Paper 2015 – Trinity Economics

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Preparation Steps

- Confirm Tariff Classifications
- Assess Duty Rates
  - to EU
  - to UK
- Assess Meursing additions to EU
- Determine availability of Tariff Quotas
- Obtain BTIs as necessary

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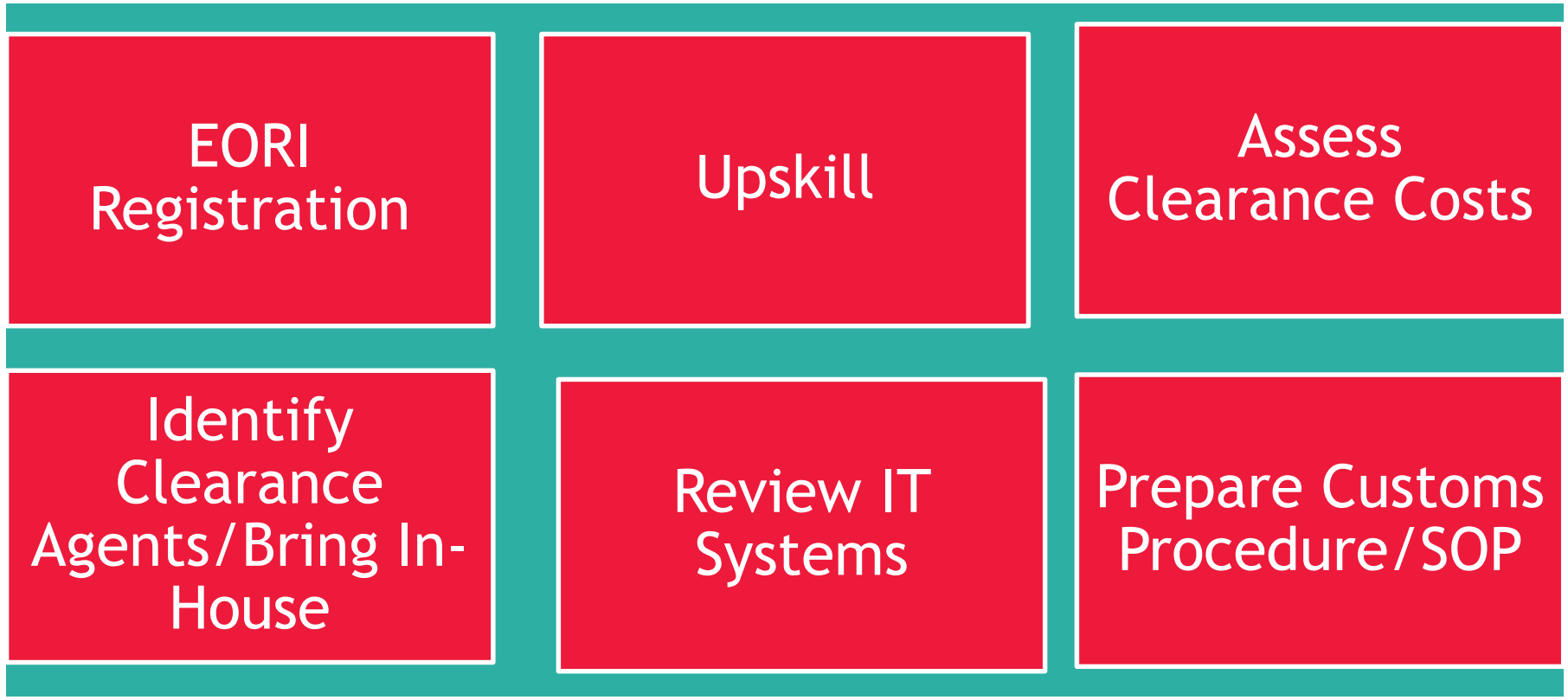
Top 6 Customs Issues

Customs Compliance

Customs Clearance

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Customs Compliance & Customs Clearance



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Top 6 Customs Issues

Cash Flow

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Cash Flow & Deferral of Import Duties

Deferred Payment Account

- Application to Revenue/HMRC
- Requires Comprehensive Guarantee

Import VAT

- VAT Registration

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Contracts

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Who is paying for what?



- **EXW – Ex works**
- FCA – Free Carrier
- FOB – Free on board
- FAS – Free alongside ship
- CPT – Carriage paid to
- **CIF – cost, insurance and freight**
- CIP – Carriage and insurance
- CFR – carriage and freight
- DAP – delivered at place
- DAT – delivered at terminal
- **DDP – delivered duty paid**

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HMRC

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IMPORTING INTO THE UK
Transitional Simplified procedures (TSP)

Allow you to defer:

- giving a full declaration
- paying any duty

How?

- Lodge the information in your accounts
- Follow up with a return to Customs

Ultimately will require a Deferred Payment Account

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IMPORTING INTO THE UK
Who can register

To register to use transitional simplified procedures you must:

- have an EORI number
- be established in the UK
- be importing goods from the EU into the UK - including goods travelling via the EU from the rest of the world providing they have cleared EU customs formalities

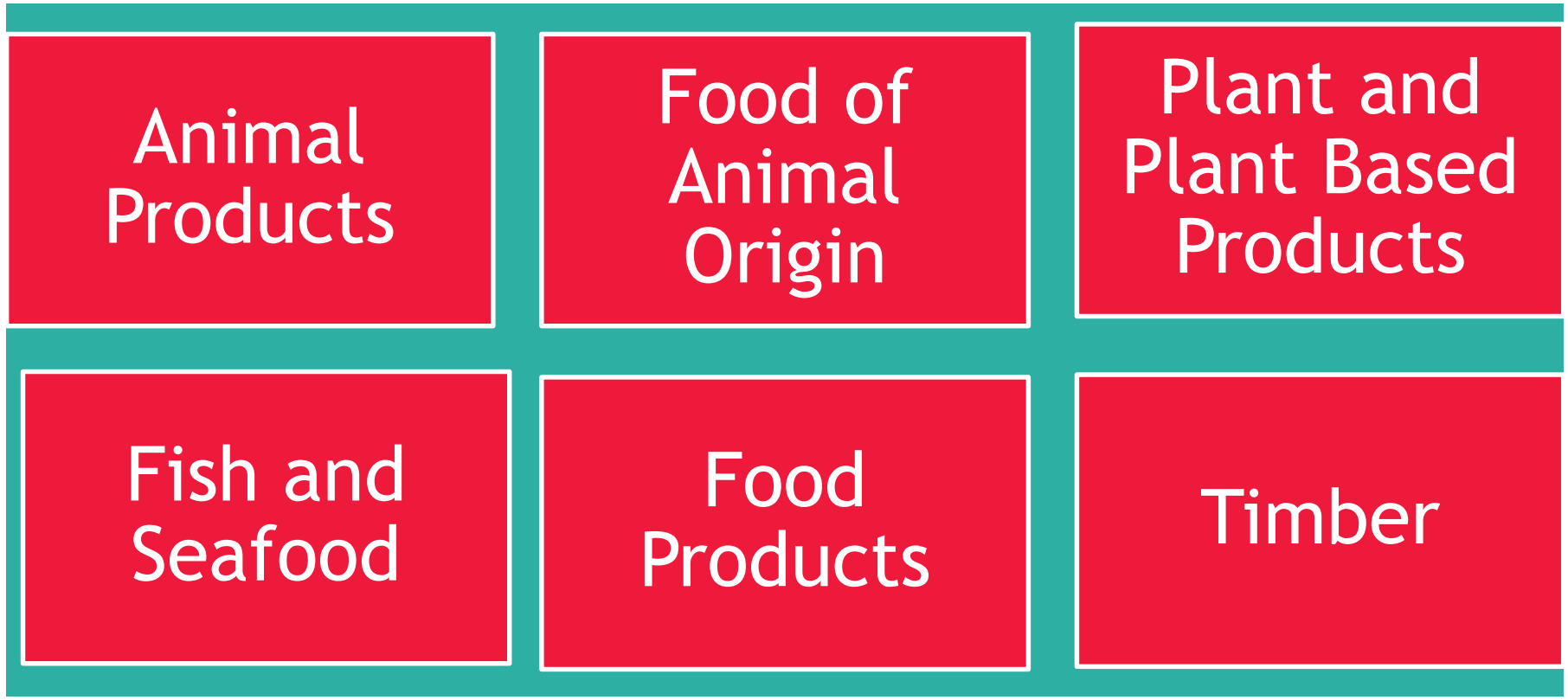
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Top 6 Customs Issues

SPS Checks

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SPS Checks



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PREPARING YOUR BUSINESS FOR BREXIT

As agreed at the EU Council Meeting the UK departure from the EU has now been extended to 31st October, with a review scheduled in June.

While this has allowed Businesses avoid a cliff edge scenario on 12th April, it will not be long before October 31st presents the same challenges. Now that there is a little more time to prepare we are urging companies to use that time wisely, to quote Donald Tusk.

We recommend adapting the following action plan at a minimum:

Along with our step-by-step guide outlined below, we are advising businesses to:

- **Use the next few months wisely**
- **Apply in time for Customs Authorisations.**
- **Do not leave planning and preparation to the last minute**

Step 1

Ensure you have a Customs Registration Number – EORI

If you intend to act as an importer from/exporter to the UK and the EU, you cannot do so unless you are registered with Customs. Similarly you will be required to have a UK Customs registration to export from/import to the UK.

Step 2

Establish whether you need to obtain a Deferred Payment Account and, if so, put in place a guarantee provision with your bank to cover the duties that are going to be suspended.

A *Deferred Payment Authorisation* will allow you to import goods into Ireland from the UK and defer the payment of *Customs Duties* and *Import VAT* to the month following import.

If you export to the UK you should also now request a *Deferred Payment Authorisation* from HMRC.

Step 3

Ensure your tariff classifications are 100% correct and, from this, confirm the duty rates that may be payable.

Step 4

Ensure you have a clearance agent to lodge Customs Declarations on your behalf.

A clearance agent will act on your behalf to enter your *Import and Export Documents* into the *Customs System* (AEP, *Ireland* and CHIEF, *UK*).

Alternatively review the option of bringing this in house.

Step 5

Talk to your suppliers and customers to confirm who is acting as Importer and/or Exporter of Record for your purchases and sale

They are responsible for the payment of the *Import Duties* along with customs compliance.

Step 6 **If you trade in Agricultural goods, and particularly if those goods are of animal origin, then additional *Vetinary checks and certs* will be required along with *additional time frames* for notifying Customs of imports. Ensure you are registered with DAFM and comply with new UK import requirements**

Step 7 Review your **VAT position in Ireland and the UK**. As a VAT registered entity you can avail of simplifications with regard to accounting for VAT on import. This will significantly benefit cash flow.

Step 8 Seek advice if you **import from or export to Northern Ireland** as special rules will apply.
Check if you qualify for UK Simplified Import procedures

ONCE THESE STEPS ARE IN PLACE WE RECOMMEND:

PUTTING TOGETHER A CUSTOMS PROCEDURE GOING FORWARD

As you may now be importing/exporting for the first time it is essential to draft a Customs Procedure to ensure the correct processes are put in place for Importing and Exporting your goods.

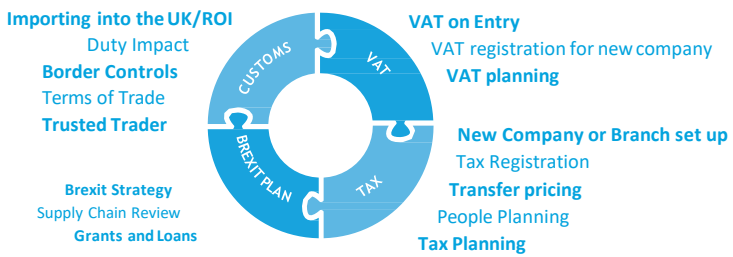
REVIEWING THE AUTHORISED ECONOMIC OPERATOR STATUS

After completing steps 1–8 you can look to apply for the Authorised Economic Operator (Trusted Trader Customs Authorisation).

This is a complicated process and requires a considerable number of procedures to be in place from both a Customs, IT, Accounting, Logistics and Supply Chain Security perspective.

The average time frame to securing AEO status is 4-6 months in Ireland and 9-12 months in the UK.

In summary we strongly recommend that businesses prepare a plan to include:



BDO are currently running in-house training so that businesses can familiarise themselves with the basics of Customs and what you need to do to be ready.

For more information contact the **BDO Customs and International Trade Team, brexit@bdo.ie.**

FOR FURTHER INFORMATION PLEASE CONTACT:



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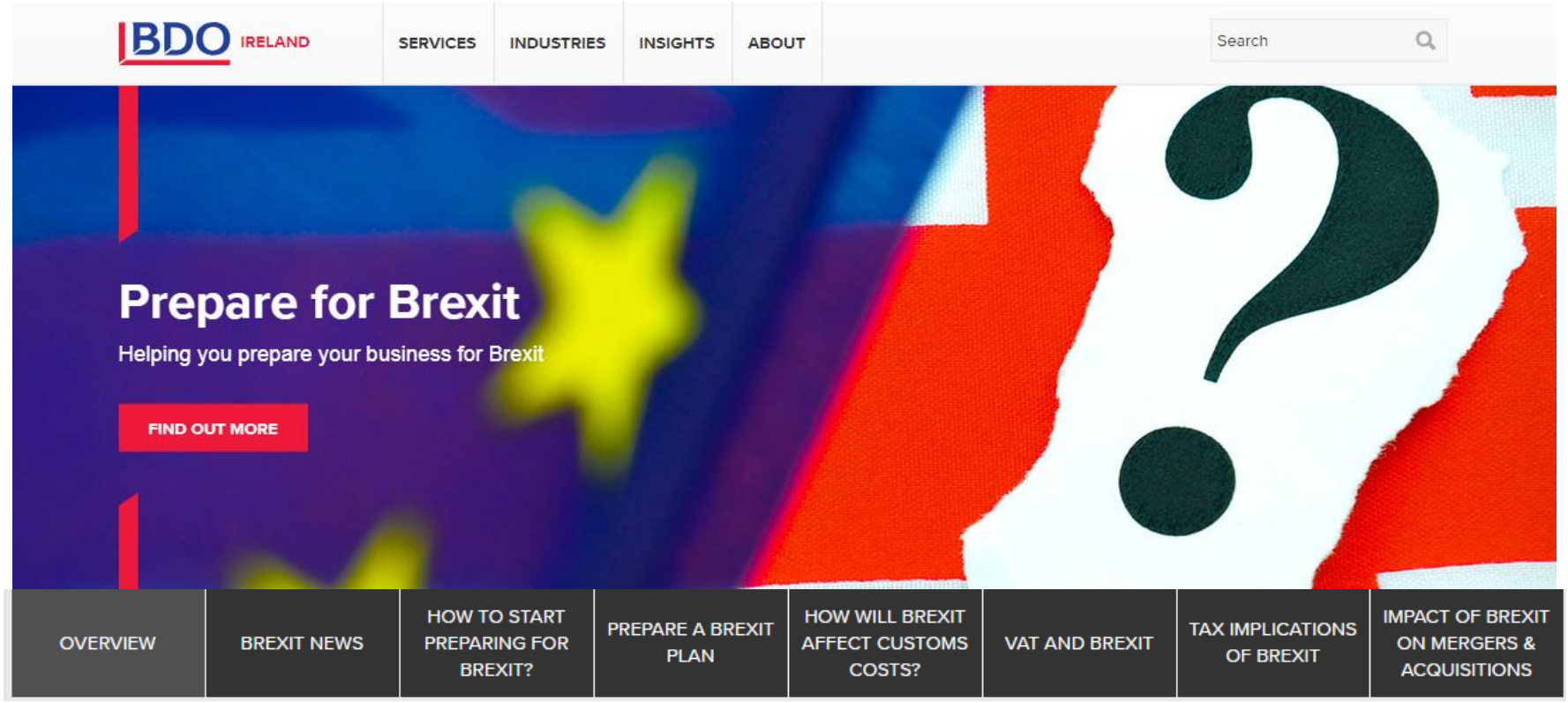
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Brexit resources



http://www.bdo.ie/en-gb/industries/bdo-brexit-taskforce

Contact Details



Carol is a Partner at BDO Customs and International Trade Services. Carol has more than 25 years' experience in Customs and International trade.

Carol is currently heavily involved in advising clients on the impact of Brexit and is working with a number of high profile companies in this regard.
She has been requested to present to the Oireachtas Finance Committee on the impact of Brexit for traders in Ireland and also presents on behalf of Chambers Ireland and InterTrade Ireland. She is part of a number of working groups including that of the British Irish Chambers of Commerce and the Revenue Commissioners. She contributes to various media (print and radio) with regard to the Customs issues which may arise post Brexit.

Carol has significant expertise in customs, excise, export controls, anti-dumping, audits and investigations. She also has significant experience working with clients in the aviation and aircraft leasing, food and drink, pharmaceutical companies, consumer electronics and software sectors along with general manufacturing.

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