Bord Bia's

Brexit Barometer 2018

Bord Bia
Irish Food Board

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Bord Bia
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Planning for Brexit

Customs Implications

Carol Lynch,
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Brexit
Current Position

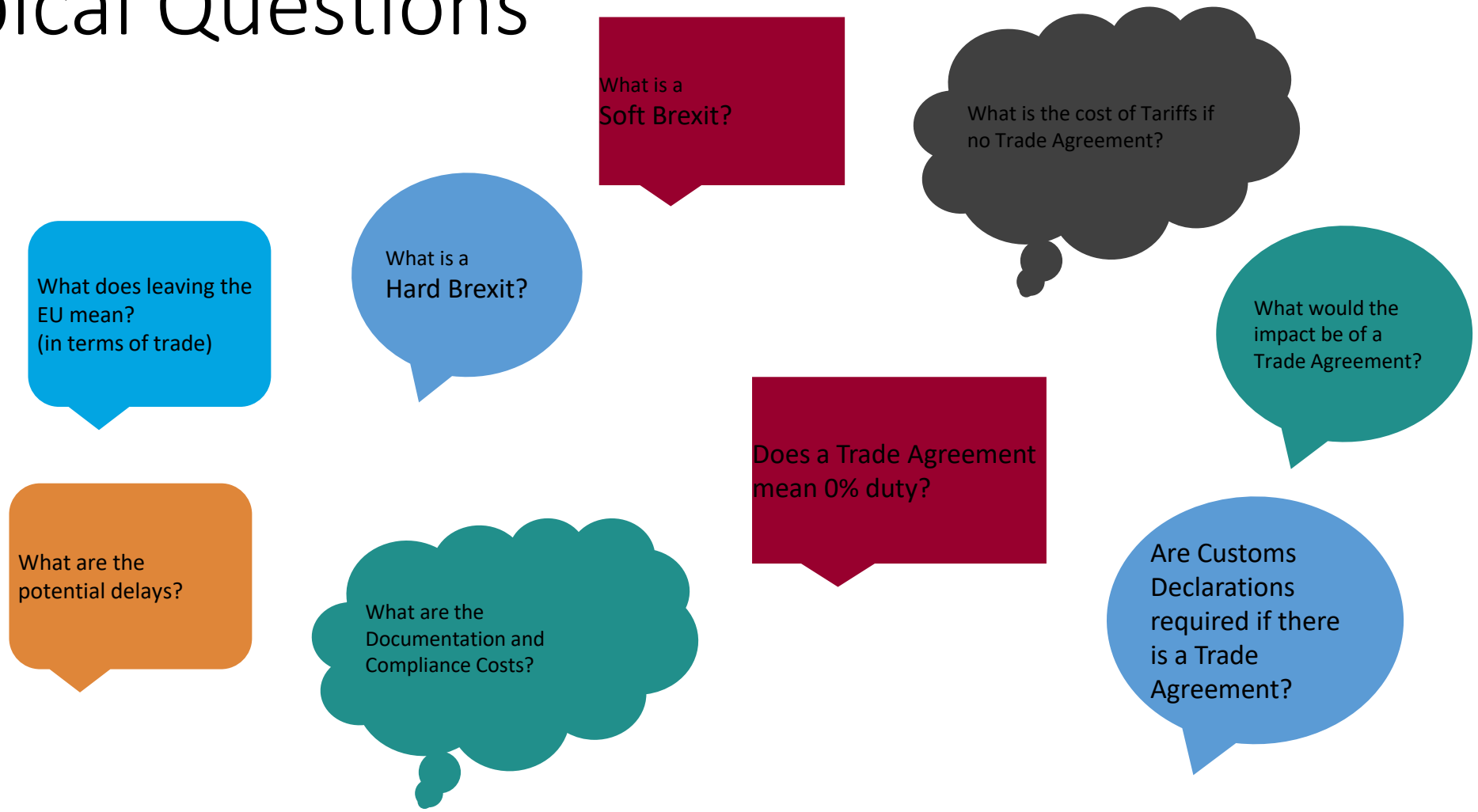
- UK is leaving the EU Customs Union & is leaving the Single Market on 29th March 2019
- Transition Agreement agreed in Principle to 31 December 2020……
- What will a post Brexit Agreement Look Like??
- A Free Trade Agreement as Frictionless and Tariff Free as possible (UK)
- A Customs Partnership?
- WTO?



Issues Facing Business

- Dependency on UK Market
- Uncertainty about Sterling
- Increased Competition internally
- People
- **Strategic Sourcing Issues**
  - Border Delays
  - Cost of Import
- **Customs Capability and Understanding**

Typical Questions



Brexit – Hard v Soft



- Customs Duties on import to EU (and vice versa)
  - CAP Charges?
  - Transit requirements?
- Vat on Import
- Customs Controls on Import/Export
- Import Documents, Export Documents
- Non-tariff barriers
- Regulatory Alignment?
- Transit requirements?

Hard Brexit

Soft Brexit?

What critically do companies need to prepare for?

1. Introduction of Tariffs?
   - Preferential?
   - WTO?

2. Customs Documentation (SAD/C88)

3. Import VAT



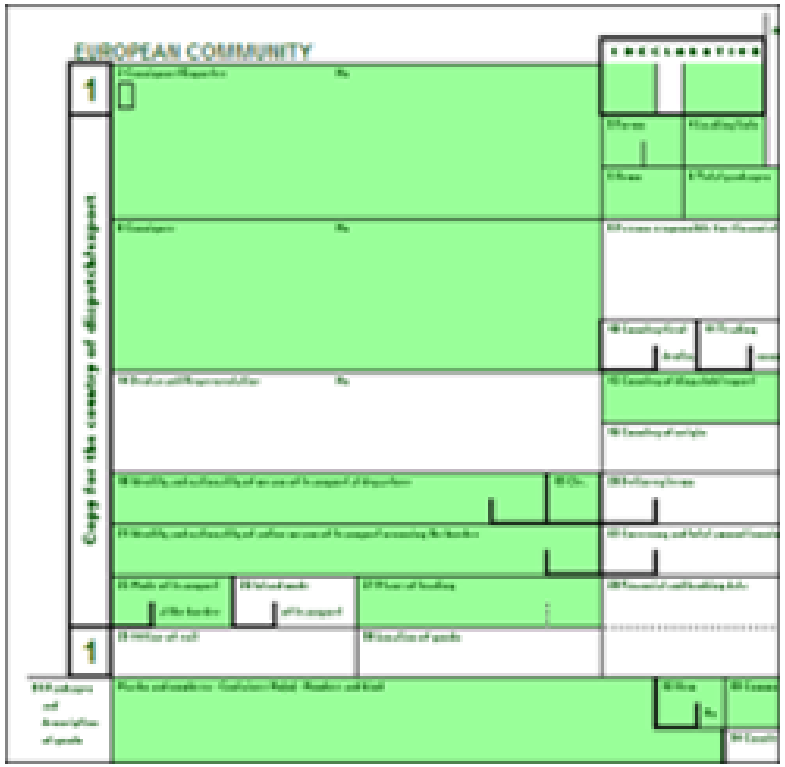
Tariffs

• Milk and cream, not concentrated nor containing added sugar or other sweetening matter	13.80 EUR / 100 kg
• Chocolate and other food preparations containing coco	8.00%
• Meat of bovine animals, fresh or chilled	12.80 % + 176.80 EUR / 100 kg
• Bread, not containing added honey, eggs, cheese or fruit	9.70 % + EA(1)
• Processed food e.g. frozen pizza	12.80%

Customs Documentation

SAD – accompanied by:

1. ***Invoice*** –
2. ***Airway Bill/MAWB***
3. ***Certificate of Origin***
4. ***Preferential Origin Cert***
5. ***Packing List***
6. ***Licenses***



CURRENT VAT RATES IN IRELAND & UK

- EU VAT Rates
- The EU sets the broad VAT rules through European VAT Legislation
- The minimum a standard VAT rate can be is 15%
- Will this change in the UK following Brexit?

Ireland	
Exempt	
Zero	0%
Reduced	5.2%, 9%, 13.5%
Standard	23%

UK	
Exempt	
Zero	0%
Reduced	5%
Standard	20%

Cost Increases

Receiving goods into Ireland from the UK

- **January 10th, 2017** – goods arrive in Ireland

• Cost of Goods	€1,000
• Freight & Ins	€ 100
• **Total**	**€1,100**

Actual Increase in Costs
- Almost 32%

Cash flow increase
- 23%

January 10th 2020 – goods arrive in Ireland

Cost of Goods	€1,000
Freight & Ins	€ 100 ?
Custom Duty 5%	€ 50
Total	€1,150

Import VAT € 264.50 (cash flow)

Clearance Cost	€100
Total	€1,514.50

Planning Ahead

BREXIT - Issues facing Exporters

01

Increased controls on Cross Border Trade

02

Controls on Exports and Imports through Sea and Air Ports

03

Import/Export Declaration requirements

04

Risk of tariffs - dependent on the type of trade agreement (if any) the UK negotiate with the EU

05

Introduction of non-Tariff Barriers

06

Payment of Import VAT (as opposed to intra- EU VAT rules)

07

Deferred Payment Requirements and Comprehensive Guarantees

- All leading to:
  - Cash flow impact
  - Increased costs
  - Delays
  - Difficulties in accessing supplies
-

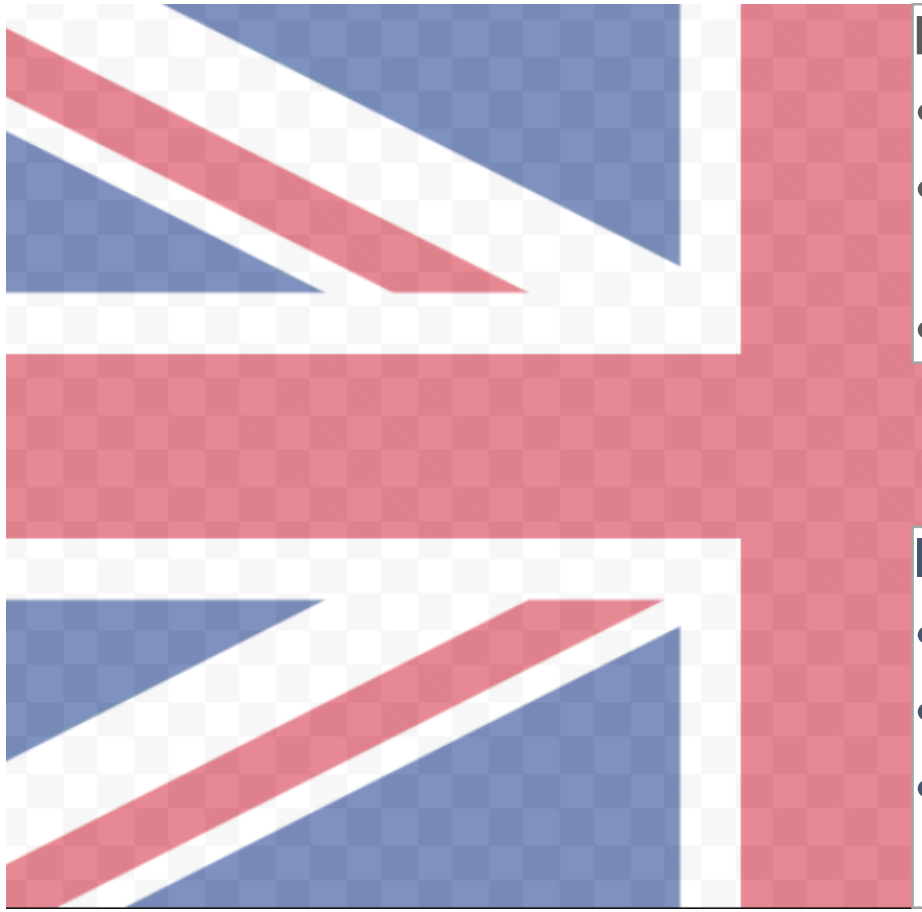
Planning for the “known unknowns”



Review Supply Chain

- **Identify key supplies**
- **Confirm Customer Contracts**
- **Analyse Routes**

Planning for the “known unknowns”



Review Supply Chain

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Identify Risks

- **Tariffs – WTO/FTA**
- **Licensing, CERTs, BIPs**
- **Import VAT**

Planning for the “known unknowns”



Review Supply Chain

- **Identify key supplies**
- **Confirm Customer Contracts**
- **Analyse Routes**

Assess Impact

- **Customs Costs**
- **Border Delays**
- **Origin Costs and Criteria**

Identify Risks

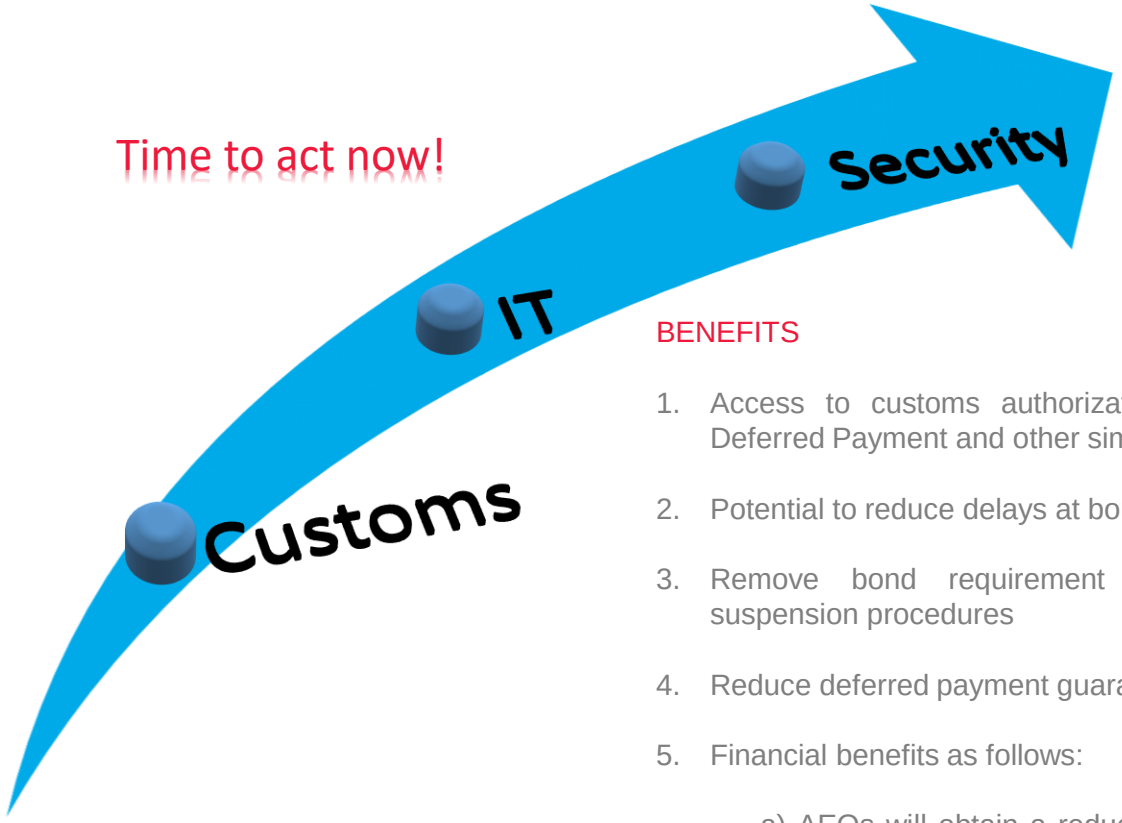
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Planning for the “known unknowns”



TRUSTED TRADER STATUS

Time to act now!



Authorised Economic Operator

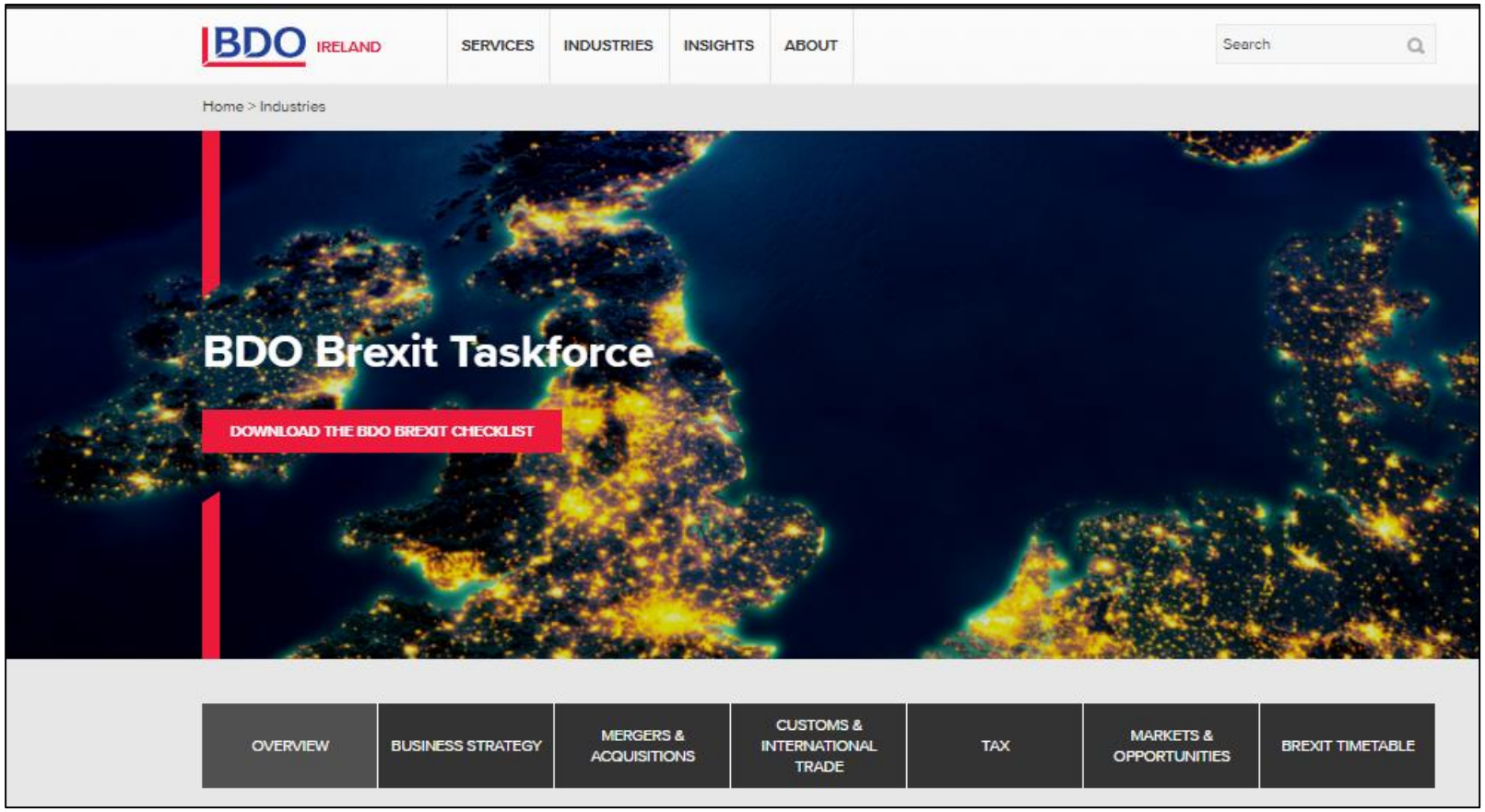
BENEFITS

1. Access to customs authorizations such as Inward Processing, Deferred Payment and other simplifications
2. Potential to reduce delays at border
3. Remove bond requirement for processing and warehouse suspension procedures
4. Reduce deferred payment guarantee requirements
5. Financial benefits as follows:

   a) AEOs will obtain a reduction of 30% on the bond guarantee for obtaining a deferred payment authorization

   b) AEO holders will be entitled to operate customs procedure such a Warehousing and IPR without a bond

Brexit resources



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

BDO IRELAND SERVICES





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