

PREPARING YOUR BUSINESS FOR BREXIT

The UK left the EU on 01 February 2020. They are currently in a Transition Phase, due to end on 31 December of this year. As a result there have been no changes for Imports and Exports, however, this will all change on 01 January 2021.

TRANSITION

- Until 01 January 2021, EU and UK companies will continue to trade as if the UK was still a member of the EU.
- There will be no Sanitary/Phytosanitary checks between the EU and the UK.
- EU & UK citizens will still be able to travel freely between both jurisdictions respectively.
- The UK will still implement EU legislation.

This transition phase will end on 01 January 2021. From that point on, the UK will no longer apply the rules of the European Union, the Single Market or the Customs Union.

In practice, for Irish traders, unless a free trade deal is agreed between the UK and the EU in 2020, tariffs will be applied to exports to the UK and imports from the UK. In addition, customs declarations will be required for imports and exports.

What can I do?

BDO strongly advises traders to prioritise Brexit preparations now to get tariff mitigation procedures in place and to avoid the panic that will inevitably accompany the 31st of December 2020.

We recommend following the action list below:

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. If your suppliers are delivering to you DDP make sure they have an EORI number.

Step 2

How do you intend to pay customs duties on arrival?

Establish whether you need to obtain a Deferred Payment Account and, if so, put in place a guarantee 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.
This will also be essential in order to determine the origin rule applicable to your product in the event of a Free Trade Agreement

Step 4

How are you lodging declarations with Revenue aand HMRC? Do you need in-house training and software?

Will you outsource this to 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)* however the capacity on the market is limited.

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 *Import VAT* and for customs compliance.

Step 6 **If you trade in Agricultural goods and Plant based products then additional Veterinary checks and certs will be required along with additional time frames for notifying customs authorities 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 or from Northern Ireland** as special rules willapply.

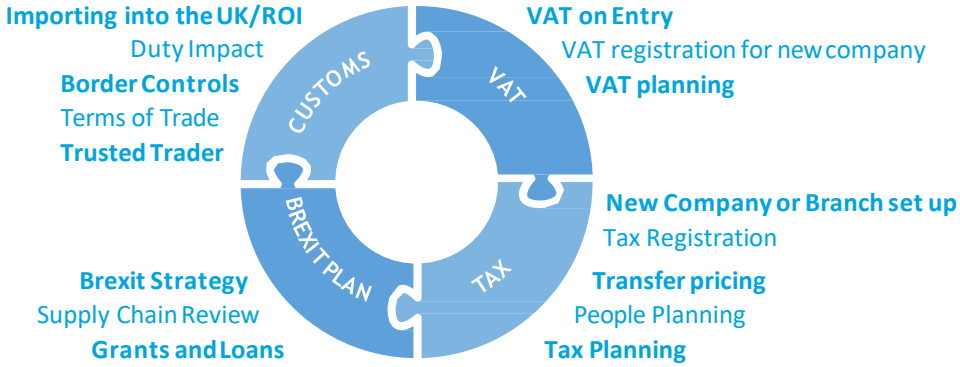
Step 9 Look to obtain Authorised Economic Operator status (AEO/Trusted Trader)

Step 10 Avail of **Grants and Training.**

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 yourgoods.



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BDO are currently running Brexit Update Webinars 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.

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