



HM Revenue
& Customs

EU Exit Business Readiness Event

29 January 2019



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Customs Update

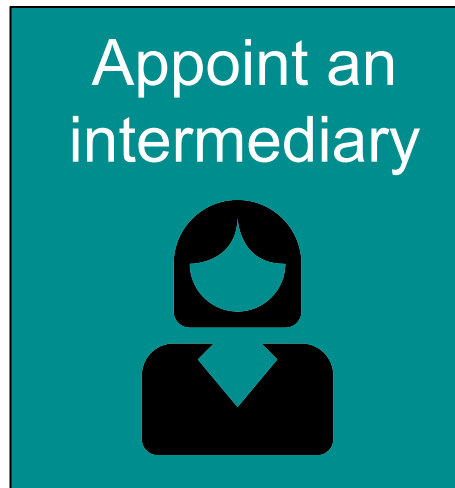
Overview

- Currently, businesses can move goods freely between the UK and the EU
- In the event that the UK leaves the EU without a deal, businesses importing and exporting goods with the EU will have to comply with new rules
- HMRC is committed to helping businesses understand these changes and the actions they need to take to ensure that they remain compliant and can continue trading in the event of a no deal EU exit



Customs Declarations

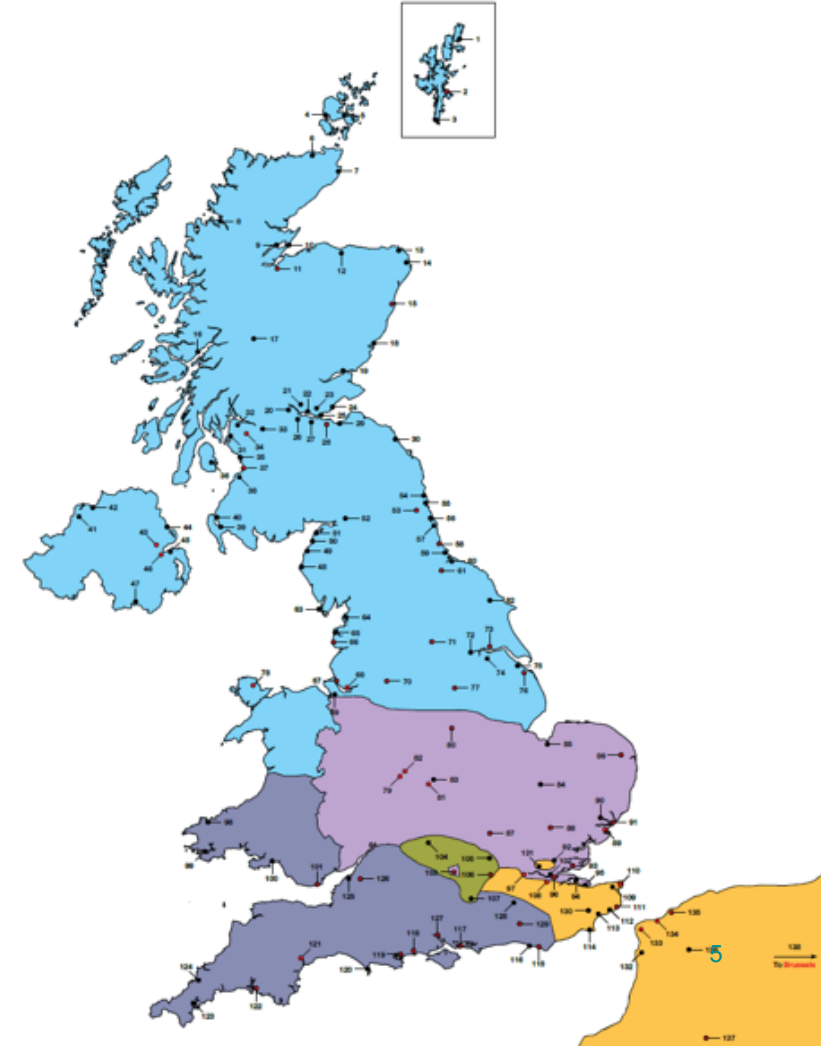
- Customs declarations will be needed on UK-EU trade in a no deal scenario
- Businesses will need to decide how they want to manage the declarations process:



- HMRC is working to ensure that as many businesses as possible have the capability to make customs declarations on day 1

Roll-On/Roll-Off Ports

- Implications for all ~135 UK ports and airports
- Many airports and deep sea ports already handle ROW goods- customs systems and infrastructure
- Biggest impacts for **RoRo ports**, especially
- Short Straits and key East coast routes – volumes, frequency, flexibility
 - Just-in-time and just-in-sequence supply chains integrated between EU and UK
- Critical for trade, business continuity, local and national economies, continuity of critical goods such as food and medicines



RoRo Model – key principles

Day 1

- Declarations should be lodged electronically in advance, including any safety and security declarations; and
- Routine fiscal and other controls and checks undertaken away from the flow of traffic

Longer-term

- Longer term, UK government is working on automated solutions, use of technology for smarter borders and sharing more data



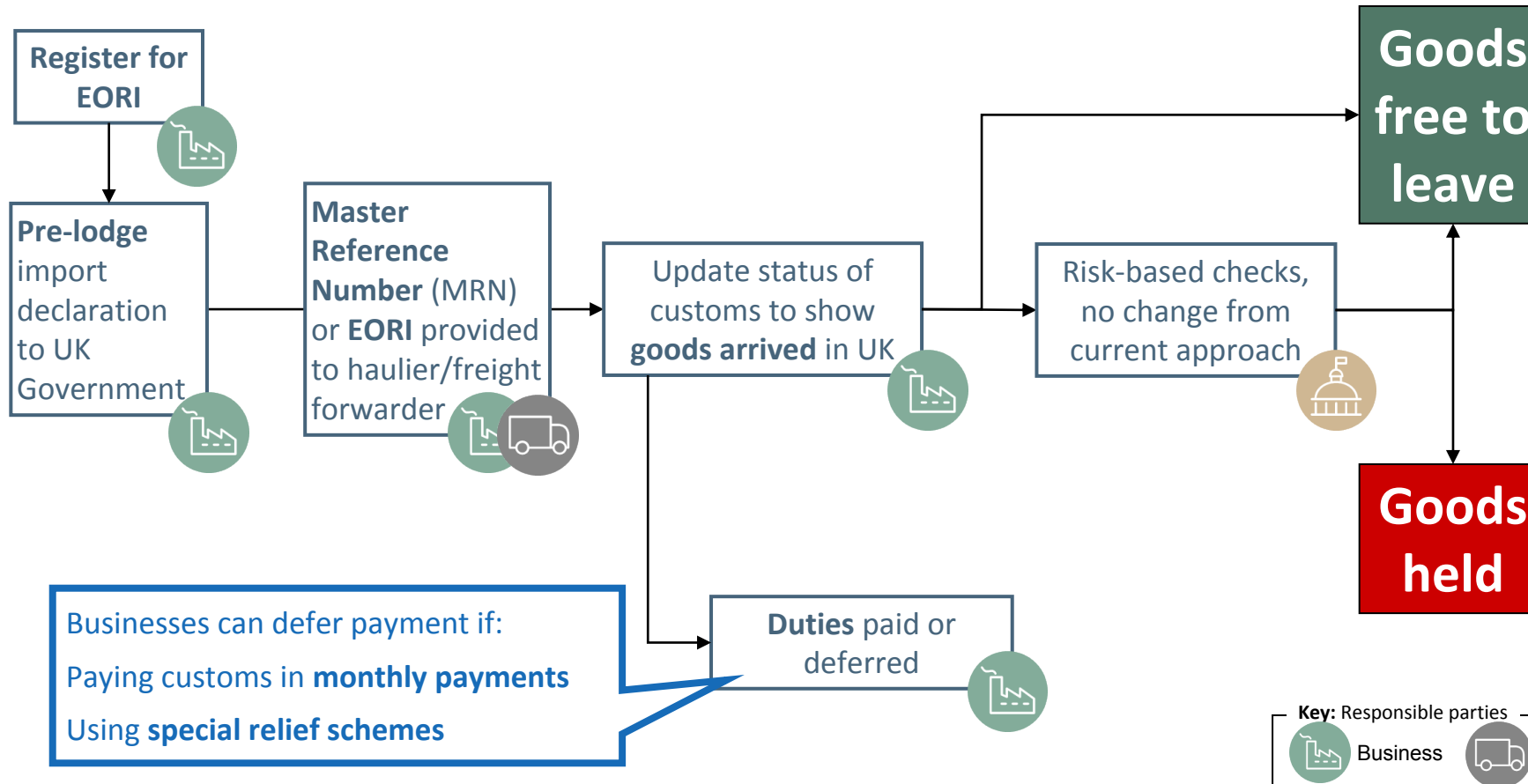
Importing goods through RoRo borders on 'Day 1'

CUSTOMS

Pre-border

En route

At UK border



Exporting goods through RoRo borders on 'Day 1'

CUSTOMS AND SAFETY/SECURITY

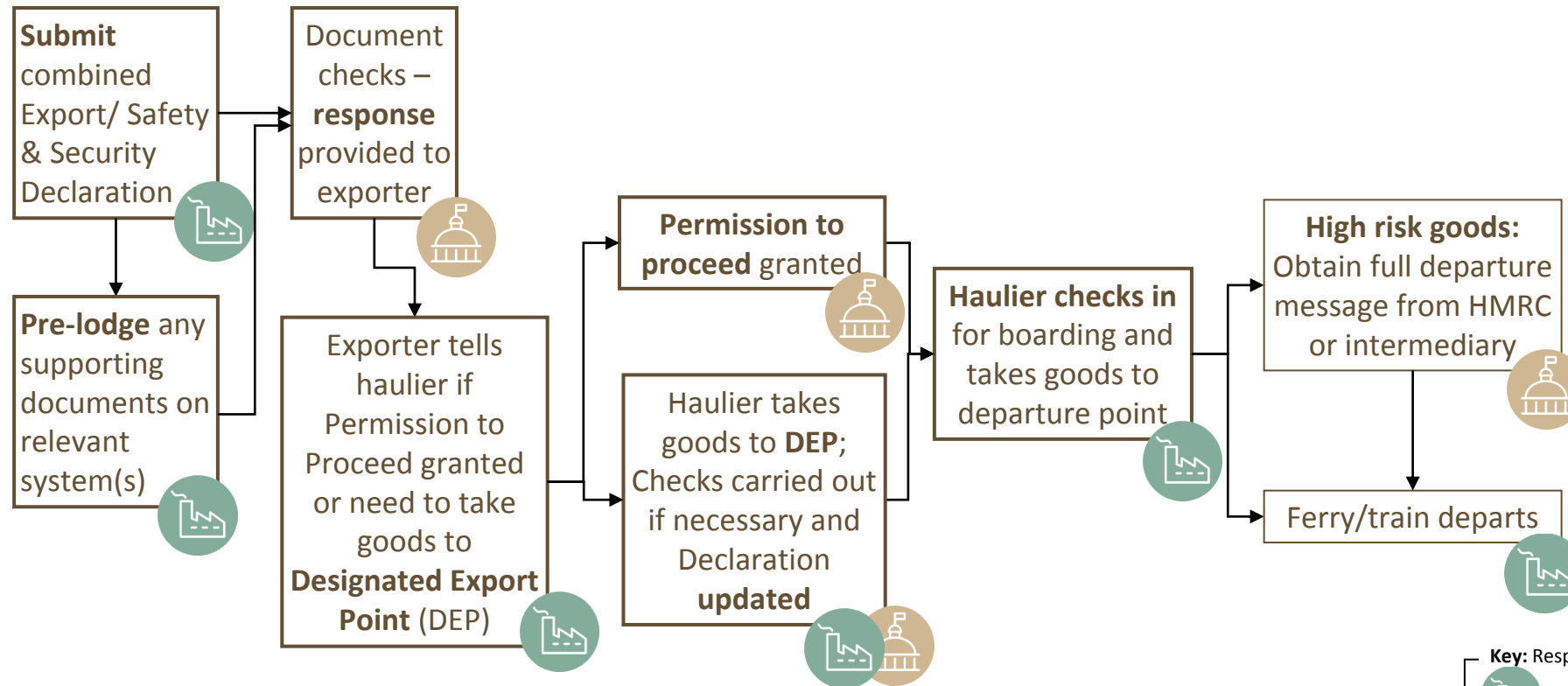
EXPORTS

Pre-departure

Authorised
premise/DEP

At UK border

Post border



Transit and the Common Transit Convention (CTC)

- CTC facilitates the movement of goods across borders of member countries by only requiring customs declarations and payment of duties when goods arrive at their final destination
- The UK is a member of the CTC now, and will continue to be a member once we have left the EU
- The requirements for traders will be similar to now, with the additional requirement of scanning a Transit Accompanying Document at the point of entry into the UK (or into the EU when exporting)
- Businesses who currently or may wish to use the transit regime may want to consider:
 - registering to use NCTS, which is the system used for moving goods under transit
 - registering as an Authorised Consignor/Consignee to allow them to start and end transit movements from their own premises
 - expanding existing or adding new Authorised Consignor/Consignee facilities

Key Actions for Businesses

Businesses who only trade with the EU need to act now to ensure that they are prepared in the event of a No Deal EU exit



Apply for an **EORI number**



Confirm you can complete each **data field** in the Declaration



Agree responsibilities with your **customs agent and logistics provider** for each part of the process and update your contracts to reflect this



Identify **software** for submitting documents, if you do not use a customs agent



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VAT Update

Overview

- If the UK leaves the EU without a deal, the government's aim will be to keep VAT processes as close as possible to now
- However, there will be some changes that will affect businesses
- We have taken steps to mitigate the impact of changes where we can
- We want to help businesses understand what they need to do, and help them to do it, so they can continue trading smoothly



What's changing?

✓ In a no deal scenario, postponed accounting will be introduced for imports from the EU and Rest of World

- Business will not need to register to use postponed accounting. They will simply make the appropriate entry and provide their VAT registration number on their customs declaration
- An online monthly statement will show the VAT that's been postponed. This will provide the evidence to declare/ recover import VAT on your VAT return
- Postponed accounting won't be available for postal goods of £135 or less
- Postponed accounting won't be available for non-VAT registered businesses

What's changing?

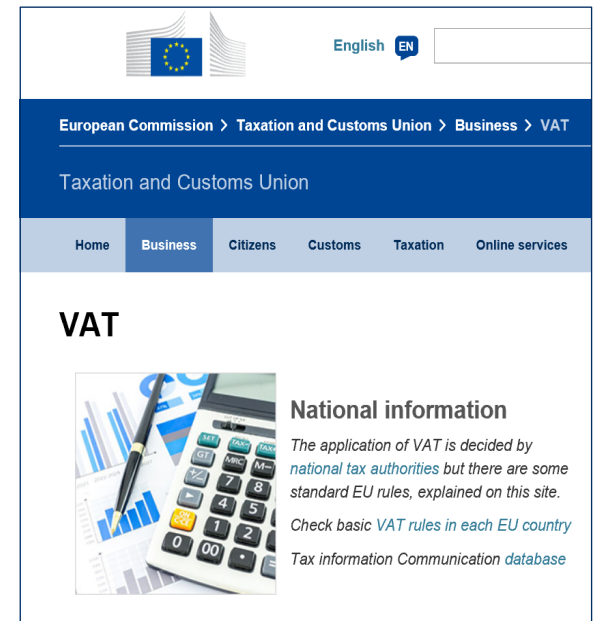
v For parcels sent by overseas businesses, Low Value Consignment Relief will be abolished, and an online service will collect VAT from businesses for parcels up to £135

- We are working with stakeholders to help businesses be compliant and parcel operators adjust to the new processes
- We've updated the EU Exit Partnership Pack with more guidance on the service and rules around VAT
- The parcels service will be available soon for businesses to register online

What's changing?

▼ We expect EU member states will apply Rest of World rules to the UK for exports and other EU VAT processes

- For exports, businesses no longer need to complete EC sales lists, but will need to review the rules in individual member states that apply for import VAT
- The UK would stop having access to certain EU VAT IT systems – but a new UK VAT registration number checker will be available
- For tour operators that use the EU 'TOMS' scheme, our aim is to keep rules as close as possible to now



The screenshot shows the European Commission website interface. At the top, there is the European Union flag and a language selector set to 'English EN'. Below this is a breadcrumb trail: 'European Commission > Taxation and Customs Union > Business > VAT'. The main navigation bar includes 'Home', 'Business', 'Citizens', 'Customs', 'Taxation', and 'Online services'. The 'Business' tab is selected. The main content area is titled 'VAT' and features a sub-section 'National information'. This section includes an image of a calculator and a pen on a document. The text states: 'The application of VAT is decided by national tax authorities but there are some standard EU rules, explained on this site. Check basic VAT rules in each EU country. Tax information Communication database'.

We are starting to lay secondary legislation as part of preparations for no deal

Statutory Instrument	Date Laid
The Value Added Tax (Disclosure of Information Relating to VAT Registration) (EU Exit) Regulations 2018	27 November 2018
The Value Added Tax (Postal Packets and Amendment) (EU Exit) Regulations 2018	18 December 2018
The VAT (Finance) (EU Exit) Order 2019	17 January 2019
The Value Added Tax (Tour Operators) (Amendment) (EU-Exit) Regulations 2019	22 January 2019
The Value Added Tax (Miscellaneous Amendments and Revocations) (EU Exit) Regulations 2019	22 January 2019
The Value Added Tax (Accounting Procedures for Import VAT for VAT Registered Persons and Amendment) (EU Exit) Regulations 2019	22 January 2019
Taxation (Cross-border Trade) Act 2018 (Value Added Tax Transitional Provisions) (EU Exit) Regulations 2019	Made 24 January 2019
Value Added Tax and Excise Personal Reliefs (Special Visitors and Goods Permanently Imported) (Amendment) (EU Exit) Regulations 2019	24 January 2019



For action

- If you currently use Mini One Stop Shop or the EU VAT refund system please prepare your businesses by reading the guidance on IT systems on GOV.UK (coming soon)
- Familiarise yourselves with the statutory instruments which you can read on GOV.UK or Legislation.gov.uk
- If you want to understand how postponed accounting will operate please keep abreast of additions to the guidance on GOV.UK



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Excise Update

Background

- Currently, businesses can transport excise goods (except some oils), across borders within the EU and in the UK in duty suspense
- Businesses don't need to pay excise duty until goods are released for sale in the home market at their final destination
- Duty suspended movements are tracked using the pan-EU Excise Movement and Control System (EMCS)
- Duty paid movements are controlled by manual documentation (Simplified Accompanying Administrative Document – SAAD)
- Businesses can reclaim excise duty on goods not consumed in the UK (Excise Drawback system)

What's changing – no deal scenario - imports

Rest of World rules will apply to imports of excise goods from the EU

What this means

UK businesses will need to make an **import declaration** and:

- account for the excise duty at the border; or
- enter to the goods to the excise warehousing regime via EMCS (Excise Movement Control System)
- UK businesses can use Customs procedures for EU goods, e.g. Customs Warehousing, Transit etc. This will increase the volumes of goods at risk under customs control
- Businesses can continue to use EMCS to move goods in duty suspense in the UK from the port to a registered warehouse
- The Registered Excise Dealers and Shippers system (REDs) will be obsolete and shut down

What's changing - no deal scenario - exports

Rest of World rules will apply to exports of excise goods to the EU

What this means

- Businesses will need to make an **export declaration** at the point of exit from the UK
- Businesses can continue to use EMCS to move goods under duty suspension in the UK from a registered warehouse to the port/airport of departure
- EMCS will be restricted to movements within the UK
- Businesses will be able to claim **Excise Duty Drawback** on goods not consumed in UK (will include exports to the EU)
- Businesses will need to make an import declaration on entry of the goods into the EU

What's changing - no deal scenario – excise systems

- Changes to EMCS
 - Switch off EMCS messaging to EU
 - Restrict movements to EU
- Impact on excise customers who don't currently import or export to Rest of World
 - Businesses will need an EORI number
 - Importers will need access to a Registered Consignor



What's changing - no deal scenario - legislation

- 3 Excise Statutory Instruments laid on 15 January
 - The Excise Goods (Holding, Movement and Duty Point) (Amendment) (EU Exit) Regulations 2019
 - The Excise Duties (Miscellaneous Amendments) (EU Exit) Regulations 2019
 - The Excise Duties (Miscellaneous Amendments) (EU Exit) (No 2) Regulations: 2019
- Further excise secondary legislation planned for March



Guidance and support

- Existing EU Exit guidance
 - Customs and Excise Technical Notice (issued August 2019)
 - EMCS Software specification (issued September 2019)
- Changes to excise forms (February/March)
- Guidance
 - Changes to excise public notices
 - GOV.UK content
- Engagement with excise businesses
 - Day one readiness
 - Separation Issues
 - Secondary legislation
 - Long term policy opportunities

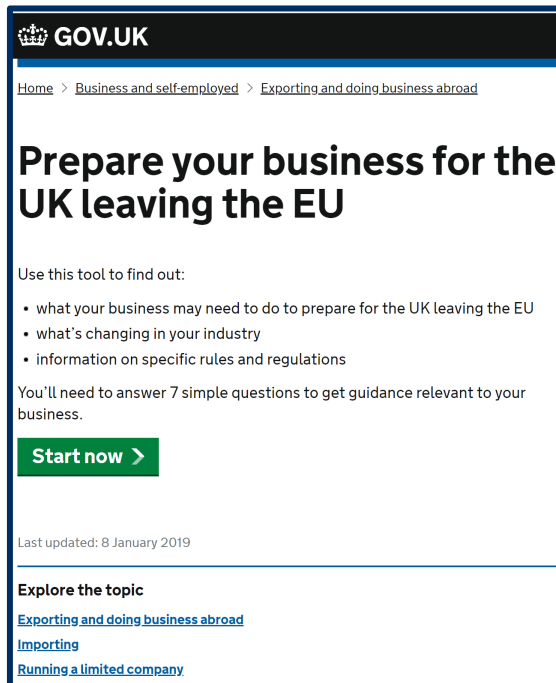
For action

- Businesses and software developers need to make the necessary changes to excise IT systems – EMCS
- Businesses need to get access to a Registered Consignor if they need one to enter goods onto EMCS
- Businesses need to complete day one customs arrangements – obtain EORI number for customs declarations from HMRC, get access to an agent
- Businesses need to familiarise themselves with the changes to excise processes – legislation, public notices, guidance and forms



More 'no deal' guidance is coming soon

- The full range of information on customs, VAT and excise after EU Exit, and more technical guidance for stakeholders, will be on GOV.UK and other comms channels.



The screenshot shows a GOV.UK page with the following content:

- Header: **GOV.UK**
- Breadcrumbs: [Home](#) > [Business and self-employed](#) > [Exporting and doing business abroad](#)
- Section Title: **Prepare your business for the UK leaving the EU**
- Text: Use this tool to find out:
- List:
 - what your business may need to do to prepare for the UK leaving the EU
 - what's changing in your industry
 - information on specific rules and regulations
- Text: You'll need to answer 7 simple questions to get guidance relevant to your business.
- Button: **Start now >**
- Text: Last updated: 8 January 2019
- Section: **Explore the topic**
- Links:
 - [Exporting and doing business abroad](#)
 - [Importing](#)
 - [Running a limited company](#)



The graphic features the HM Government logo and the text: **Partnership pack: preparing for changes at the UK border after a 'no deal' EU Exit**. Below the text is a stylized illustration of multiple overlapping arrows in various colors (blue, green, yellow, red, purple) pointing to the right, symbolizing forward movement and preparation.



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