

Transition Period Summary

Below is a summary of some of the issues that SME companies should be aware of and working on to make sure they are as prepared as possible for the end of the Transition Period. Further topics will be covered soon, so please check back on our [website for more](#).

1. Import VAT.

It is worth considering the impact of import VAT on your business. The big change here is that the government are introducing Postponed VAT Accounting. As the gov.uk website says “Accounting for import VAT on your VAT return means you’ll declare and recover import VAT on the same VAT Return, rather than having to pay it upfront and recover it later.” It also means you will not need to use a deferment account for your import VAT. You will still however need to use a deferment account for the payment of duty and for Customs Freight Simplified Procedures (CFSP).

[This is the link to the Gov website on PVA](#)

2. Customs –

Most companies will appoint either a Customs Broker or a Freight Forwarder to do their customs entries for them. These intermediaries will normally act as a direct representative. This means your business will be wholly responsible for the accuracy of the declarations submitted. You will also be liable for any resulting customs debt, fines or penalties levied by HMRC.

It is really important to give clear instructions to your broker or freight agent. Set up a system to perform regular checks on key information you’re providing to customs intermediaries. Consider implementing a documented process to ensure that any errors are corrected on a timely basis.

Exporter of record in UK

From January 1st 2021 an export declaration will be mandatory when goods leave the UK destined for EU27 countries (just as with other export destinations now).

- Please note that even if you use a Customs Broker or your freight forwarder to do the export declaration for you it is still you who is responsible for the entry and its accuracy.
- Goods leaving the UK must be submitted using an EORI number starting with GB – The EORI number you should have by now!
- Goods leaving the EU must be submitted using an EORI number starting with an EU27 country code – Does your supplier have their EORI number?

- Work closely with your freight forwarder or customs broker because following your export entry, a P2P (permission to progress) message must be received from CHIEF before the truck will be allowed to enter the port.

Your European customer as an importer of record.

From Jan. 1 an import declaration will be required when goods enter an EU27 country from the UK. Unless you are selling on DDP Incoterms it is your customer who will be responsible for this.

- The consignee/importer of record is responsible for the accuracy of the declaration and any resulting customs debt or liability incurred because of inaccuracies. However as they will be relying on you for the information you need to be confident of the information you are providing to avoid any difficulties later.
- Check that your customer who will be acting as the Importer of Record (Consignee) has their EU EORI number. This will start with the country code like DE, NL, FR etc.
 - Importing Side Note - When you import from the EU, you will be the Importer of Record (Consignee) and will need to use your UK EORI number starting with GB

A few tasks to consider around compliance:

Consider how robust your Standard Operating Procedure is for exporting and importing – does it need updating?

Review your Classification of goods and how these are selected.

Implement a system of sample import and export checks for accuracy and have a mechanism to correct valuation declared if need be.

Understand what proof of export for consignments you need for Tax purposes.

3. **IncoTerms®**

These define the risks, costs and responsibilities for a physical movement of goods and are internationally recognised.

They will become very relevant for all your consignments going into and coming out of the EU. It is important that both you and your overseas counterparts fully understand these and are using them correctly.

Review all your Ts &Cs, your distributor agreements, your agreements with suppliers to check for reference to these terms and ensure they are still valid and relevant.

If you would like further support on your use of Incoterms® please contact [Jim Fanshawe here](#) for more

4. **Know your import tariffs**

Check the UK Global Tariff (UKGT) which will come into effect on the 1st January. It will be applicable for worldwide imports into the UK and will apply to all imported goods unless the imported goods:

- are part of the Generalised Scheme of Preferences
- are from a country that has a trade agreement with the UK
- have a relief or tariff suspension that's operated by the UK

Some duty rates have changed such as simplifications, eg from 4.7% to 4%, or to considerably reduce the rate, or in some cases to reduce the rate to 0%

Access the tariff here - [Review UK trade tariffs](#)

And know the import duties the EU buyers of your products could face in a no-deal scenario.

[Visit the EC's Access to Markets Portal here](#)