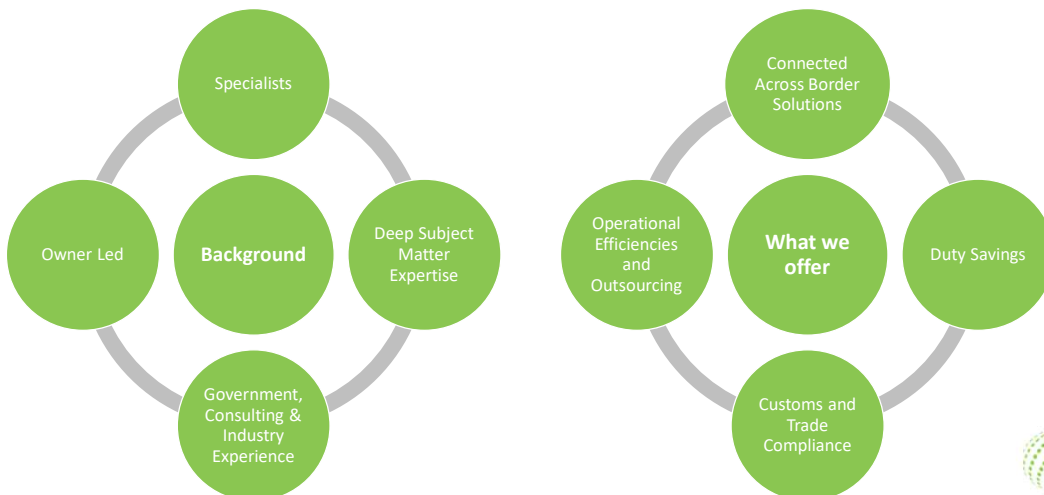


Working Through the Complexities – Navigating Customs



Introduction to Across Borders Consulting



Who is speaking today?



Martin Agnew

Martin has almost 20 years customs experience in the UK, Ireland and internationally. Martin has worked for over 6 years as a UK customs officer and was involved in audits, advice, authorisations and approvals. Martin has also worked globally for EY in over 50 countries supporting multinational clients to start to import/export and manage customs in new/existing markets. Before his current role Martin worked in Ireland as a customs and trade director with PwC supporting Irish business to prepare for Brexit.



Agenda

- Customs basics and managing taxes
- Understanding customs obligations
- Common issues from 2021
- Customs updates
- Advice and next steps



Customs basics and managing taxes



Customs basics and managing taxes

- The UK left the EU as of 01 Feb 2020
- Great Britain left the EU Customs Union and Single Market on 01 January 2021
- Northern Ireland remains part of the EU Single Market for goods (not services)
- The EU and UK agreed a Preferential Trade Agreement on 24 December 2020
- Across border trade protected and enhanced on the Island of Ireland, challenges over GB



Customs basics and managing taxes

- What this means:
 - There are customs controls on the movement of products between GB and EU
 - There are no customs controls on the movement of products between NI and EU*
 - There are a level of customs controls on movements of products between GB and NI*
 - Goods moving over the GB Landbridge from EU to ROI will need to move under Transit
 - The [EU-UK Trade and Cooperation Agreement](#) removes tariffs on qualifying products being moved between the EU and UK, however:
 - Proofs of Origin are required
 - There are rules that must be met to allow the elimination of tariffs on products moving between the EU and UK



Customs basics and managing taxes

- Customs is a tax
- For every import and export, a customs declaration needs to be made and this acts as the importers/exporters tax return
 - To act as an importer/exporter, the company must be registered with an EORI number in the ROI/NI/GB (XI – IE)
- There are different options available for companies in terms of how they undertake customs clearance:
 - Outsource to a third party clearance agent (TSS for NI)
 - Undertake customs clearance in-house
- Once a company has decided how they will have customs declarations submitted, they must determine what taxes will be applicable for the flow of goods and which party is responsible for the payment of these taxes



Customs basics and managing taxes

- In order to determine what customs duties are applicable on imports, the importer must understand:
 - The Tariff Classification of the Products being imported
 - The Tariff Codes for the UK can be found in the [UK Integrated Online Tariff](#) and for the EU can be found in [TARIC](#)
 - Northern Ireland has its own specific tariff called the [Northern Ireland Online Tariff](#)
 - The Customs Value of the Products being imported
 - The rules determining the Customs Value of products in the EU single market are set out in the Union Customs Code, along with the UCC Delegated and Implementing Acts
 - The Origin status of the products being imported and the impact this will have
 - There are two types of Origin – Preferential and Non-Preferential
- In addition to customs duties, other taxes are applicable on imports
 - VAT
 - Excise Duties



Understanding customs obligations

- NI and ROI business sourcing products (importers) from Great Britain or Continent, or shipping products to Great Britain or Continent (exporters), will need to understand:
 - What transport route does the shipment take?
 - Whom is responsible for export clearance?
 - Whom is responsible for import clearance and payment of taxes?
- Once the above is understood, then it is possible to plan how to manage customs clearance and tax payment obligations for an importer/exporter



Understanding customs obligations

- Where a company is the responsible party for import/export clearance, they need to ensure:
 - Are you able to act as importer/exporter for customs and regulatory purposes?
 - Do you have a customs clearance agent engaged to undertake clearance on your behalf?
 - Do you have facilities in place to manage taxes at import?
 - Broker pays with reimbursement
 - Deferment accounts for duties
 - Postponed Import VAT Accounting



Common issues from the first year of post Brexit trade



Common issues in 2021

- During the first year, some of the customs issues brought about by Brexit that have affected effective importing and exporting are:
 - Incomplete Paperwork (TSS backlog of supplementary decs)
 - Increased unanticipated costs (wrong parties, communication)
 - Missing information/data points and confusion:
 - Tariff Classification Codes
 - Country of Origin
 - Lack of understanding of responsibilities at the border (Incoterms)
 - Inability to have taxes paid (Including import VAT)
 - Inability to meet import/export licensing requirements
 - Lack of availability of customs clearance agents willing to act as indirect reps
 - Post clearance audits



Best Practices

- The issues we have identified in the previous section can be managed through, mapping, planning and the development of customs awareness and expertise within a business
- We are over a year into the new trading reality, and any issues that are not proactively dealt with will continue to increase risks and costs unnecessarily for businesses
- Businesses should:
 - Understand what are the additional costs due to customs
 - Ensure compliance obligations are being proactively managed
 - Develop in-house expertise to deal with customs issues



Customs Updates



Customs Updates

- Trader Support Service (TSS) & Supplementary Declarations – TSS will continue to operate in 2022 for movement of goods into Northern Ireland. A number of traders have accumulated a backlog of outstanding supplementary declarations/payments in 2021 or have completed the supplementary declarations incorrectly and these are being sought by TSS/HMRC.
- Implementation of Customs Declaration Service (CDS) – Since 1 November 2021, the required import declarations should be submitted using CDS NI. This has led to changes on deferment facility/guarantee.
- Removal of easements to allow goods from the EU to flow freely into GB during 2021 are ending. From 1 January 2022, GB ports and border locations are required to exercise control over goods arriving from the EU (as they do for Rest of World goods currently) meaning the goods may be subject to documentary and physical checks on arrival. [*temporary easement for island of Ireland remains]
- EU - UK TCA/Preferential Origin – in order to avail of preferential rates of customs duty under the EU - UK TCA, the goods must satisfy the rules of origin set out in the agreement. If the goods satisfy the rules of origin, preference can be claimed if the correct proof of origin is available at the time of import. More check and audits.
- Transits over GB and indirect routings, increased need to ensure customs points are managed
- Harmonised System 2022



Enabling Exports

- Great Britain is a large market for NI/ROI business, ensuring you are in a position to enable exports of products to this market in a cost efficient and effective manner will allow your business to remain competitive in the GB/EU market
- Understanding how to export and provide assistance to your customer base in GB is going to become more important as the new trading reality continues to settle in
- Areas such as origin determination, clear understanding of responsibilities and an efficient route to market will help your business service the GB market
- Trading terms and contractual set up



Advice & next steps



Map your supply chain, enable imports and exports

Review imports and exports in 2021

Consider submission and accuracy of declarations

Measure costs

Future proof with processes and SOP's

Cost savings, UKTS, duty waiver, FTA and customs reliefs

Use postponed Import VAT accounting (PIVA)

Consider resource for customs and training

Insource or outsource

Use supports and seek expert advice!

Advice & next steps

- Customs can be managed by building planning, knowledge and communication within a business
- Any issues that are not proactively dealt with will continue to increase compliance risks and costs unnecessarily for businesses



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