

Together with Passion



Rhenus Logistics Ireland

BREXIT TRADE PREPARATION BASICS

Introduction

From January 2021, approximately 23% of Ireland's trade imports and 11% of exports will move outside the EU free trade zone. It is widely believed that a mutually beneficial trade solution will, in time, be agreed.

If the UK leaves the EU without an agreement in place, all trade between Ireland and the UK will require full customs clearance and tariffs would be imposed on Irish exports to the UK and imports from the UK into Ireland.

Even with a free trade agreement customs clearance requirements in some form will be a feature of the new trading arrangement with the UK and tariffs may still apply to certain classes of goods.

If importing/exporting from/to the UK we recommend you review our simple check list to prepare for any new trading environment between the two countries.

Now is the time to work through some simple checks in preparation for January 2021.



Brexit Checklist

1. What can you do now
 - a) EORI
 - b) Value of Goods
 - c) Origin of Goods
 - d) Customs Representation
2. Incoterms 2020[®]
3. Description and Classification of Goods
4. Valuation of Goods
5. Commercial Invoices / Licenses / Certificates
6. Customs Clearance Requirements
7. Opening a Deferment Account
8. Operational Check List

1. What Can You Do Now

1 a) Register for an EORI

An EORI Number is required when trading between the EU and UK. If you have not previously traded outside the EU, you should apply for an Economic Operator Registration and Identification number. This enables customs to process declarations and clearances for exports and imports between the UK and EU in a no-deal Brexit.

1 b) Determine the Value of Goods

This is required for declarations. The value of goods is necessary for trade statistics and calculation of VAT/Duty. There are 6 methods of valuation which should be consecutively applied, beginning with method 1, until the correct valuation is reached.

1. What Can You Do Now

1 c) **Determine the Origins of the Goods**

Origin is a principal driver when consideration is given to application of duties on goods between countries or economic blocs. It may become a factor post-Brexit, if not for your own business but for that of your EU customers

1 d) **Ensure you have Direct/Indirect Representation**

To ensure customs clearance is completed as quickly and efficiently as possible we recommend appointing a customs broker if not in place already.

Have your customs broker review your business model for applicable customs management solutions e.g. duty suspension or simplified procedures.

You can empower your Logistics provider to act on your behalf either as a direct or indirect representative by completing the appropriate empowerment document.

If your customer has appointed their own customs broker, their details and their office of destination should be provided at time of booking.

2. Incoterms

In the case of a no-deal the relevancy of Incoterms will increase substantially. We therefore advise customers to understand what terms they have with suppliers and customers and to familiarise themselves with the underlying regulations and their implications. Incoterms are available at www.rhenus.com/en/ie/about-us/general-information.

UK Imports: Under EXW terms the buyer is responsible for the UK export clearance. Please check the UK supplier is able to take care of the export declaration. If the UK supplier is unable or refuses EXW Terms we suggest changing the Terms to FCA or similar.

As an Exporter you can expect a similar request from your customer regarding exports Customs formalities and possible change of Incoterms.

INCOTERMS® QUICK REFERENCE CHART

Services	RULES FOR ANY MODE OR MODES OF TRANSPORT							RULES FOR SEA AND INLAND WATERWAY TRANSPORT			
	EXW	FCA	CPT	CIP	DAP	DPU	DDP	FAS	FOB	CFR	CIF
	Ex works*	Free Carrier*	Carriage Paid to*	Carriage & Insurance Paid to*	Delivered at Place*	Delivered at Place Unloaded*	Delivered Duty Paid*	Free Alongside Ship*	Free on Board*	Cost & Freight*	Cost Insurance and Freight*
	WHO PAYS WHAT							WHO PAYS WHAT			
Export Packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Clearance (License, EEI / AES)	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Freight Forwarder Documentation Fees	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller	Seller
Inland Freight to Main Carrier	Buyer	1	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Seller	Seller
Loading on Carriage	Buyer	1	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Seller	Seller
Freight Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller	Seller
Insurance	2	2	2	Seller	2	2	2	2	2	2	Seller
Unload Main Carrier Charges	Buyer	Buyer	3	3	Seller	Seller	Seller	Buyer	Buyer	3	3
Destination Terminal Charges	Buyer	Buyer	3	3	Seller	Seller	Seller	Buyer	Buyer	3	3
Customs Broker Clearance Fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Buyer	Buyer
Import Duty, Customs Fees, Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Buyer	Buyer
Delivery to Buyer Destination	Buyer	Buyer	4	4	4	4	4	Buyer	Buyer	Buyer	Buyer
Unloading	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	5	Buyer	Buyer	Buyer	Buyer

3. Description and Classification of Goods

Description of Goods

The overall goal for all parties involved is a smooth shipping process. The key to this is the provision of clear and accurate information on each shipping document. This also refers to reporting the full details of your individual shipment items.

For instance, instead of just stating 'household goods' put 'plates, dishes and tableware'. Please refrain from using generic or company product codes to describe the goods. If the package contains branded items include the brand name as well as the model number.

Classification of Goods

Classification is not just used to determine the customs duty rate for a specific subheading, it is also used to determine non-tariff measures such as import/export licences, quotas or trade quality compliances.

In order to declare your goods correctly know your....

Customs Commodity Code (Tariff Heading)

The commodity codes classify goods based on their component parts and manufacturing process and are unique to each product. They are used to classify your goods in customs declarations.

The complexity of the commodity code increases with the number of processes a product goes through.

4. Valuation of Goods

Gross Weight & Net Weight:

It is important that both Gross and Net weights are included as these will be required as part of the customs declaration. If your consignment contains multiple tariff headings the Gross and Net weight of each individual heading should be provided.

Commercial Value of Goods:

This is the value of your goods as sold to your customer and should not include any discounts or pre-payments. You may also require the freight costs or export insurance (this is often included in the final selling price or listed separately) depending on the terms of sale. If your consignment contains multiple tariff headings the value of each individual heading should be provided

6. Customs Clearance Requirements

Businesses may need special licenses or follow specific rules to export restricted goods or to sell certain services abroad.

Additionally, we highly recommend you understand how to complete a commercial invoice and the required associated paperwork for all your goods.

7. Opening a Deferment Account

3rd country imports to the United Kingdom and Ireland are subject to VAT and, depending on the product, customs duties. These duties must be paid in full to the customs authorities at the time of import. Having a deferment account for your business can help with cash flow and ensures your shipments are cleared quickly.

8. Operational Check List

Review your end to end supply chain process to ensure you have no operational gaps that will impact your business. For example:

1. What operational check points are applicable to your business
2. For the selected check points decide on “wants” and “needs” in terms of investment and priority
3. Map the operational process for your inbound-outbound traffic lanes, then cross check them against your needs
4. Understand how your inbound-outbound traffic lanes are moved e.g. Full Load or Groupage and via what ports or airports
5. Ensure you have the right Master Data on hand to understand the impact of the final agreement
6. Make sure your operational process can deliver on your needs
7. Make sure your customers understand the possible cost impacts of a final agreement
8. For larger importers and exporters consider the benefits of AEO status
9. If possible, consider removing supply chain risks with various UK by-pass programmes goes through



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