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How to Navigate International Trade in a Post-Brexit World

8th June 2022

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Now, for tomorrow



An independent member of
bakertilly
INTERNATIONAL



Agenda

1. Value Added Tax
2. Recent and upcoming customs developments
3. Rules of Origin
4. Processing of goods
5. Plastic Packaging Tax
6. Common issues

Now, for tomorrow



How is your business coping with trading post Brexit?

The heralded Free Trade Agreement and new dawn for UK businesses has proved to pose many challenges

Some businesses are coping well and with simple supply chains and the right Customs representation this is achievable.

Many businesses are experiencing great challenges and problems.

Getting goods into the EU or UK– goods stopped at the port due to paperwork or wrong Customs representation.

EU or UK import VAT being charged due to VAT registration rules with little hope of recovery.

VAT registration requirements in the EU or UK

Other commercial issues relating to contractual obligations, labelling, health certificates, CE Marks and EU regulatory requirements



Value Added Tax





EU VAT key items

- UK business has business customers in the UK and the EU
- Goods are shipped from China to UK
- Goods are customs cleared into the UK
- Once the goods are sold to EU customers, the goods are shipped from the UK to the EU
- The incoterm DDP is agreed with all customers
- What are the issues and what could be a solution?



Northern Ireland

Great Britain to Northern Ireland - Declarations

- New process for traders, electronic import declaration requirements, and safety and security information.
- Trader Support Service (TSS) will undertake digital processes on behalf of traders – complete declarations on your behalf – but significant amount of work required to provide the info.
- GB Businesses need an XI EORI number to trade with NI
- GB Businesses can get an XI VAT number to trade direct EU to Northern Ireland and vice-versa.



Key VAT issues and questions for manufacturers

– Trading in the EU



- Should my business be registered for VAT in the EU
- Do I need to set up an overseas company to trade or be VAT registered in the EU
- Can I use my UK EORI number to import goods into the EU
- Can I still use intra-EU VAT rules if I buy and sell in the EU
- I have incurred VAT in the EU how do I claim this back - can I use the old system via the .gov portal?
- What is OSS and IOSS
- I have a UK/Ireland market. Can I sell goods direct from Germany to Northern and Southern Ireland
- Can I still use triangulation to simplify VAT accounting in the EU?



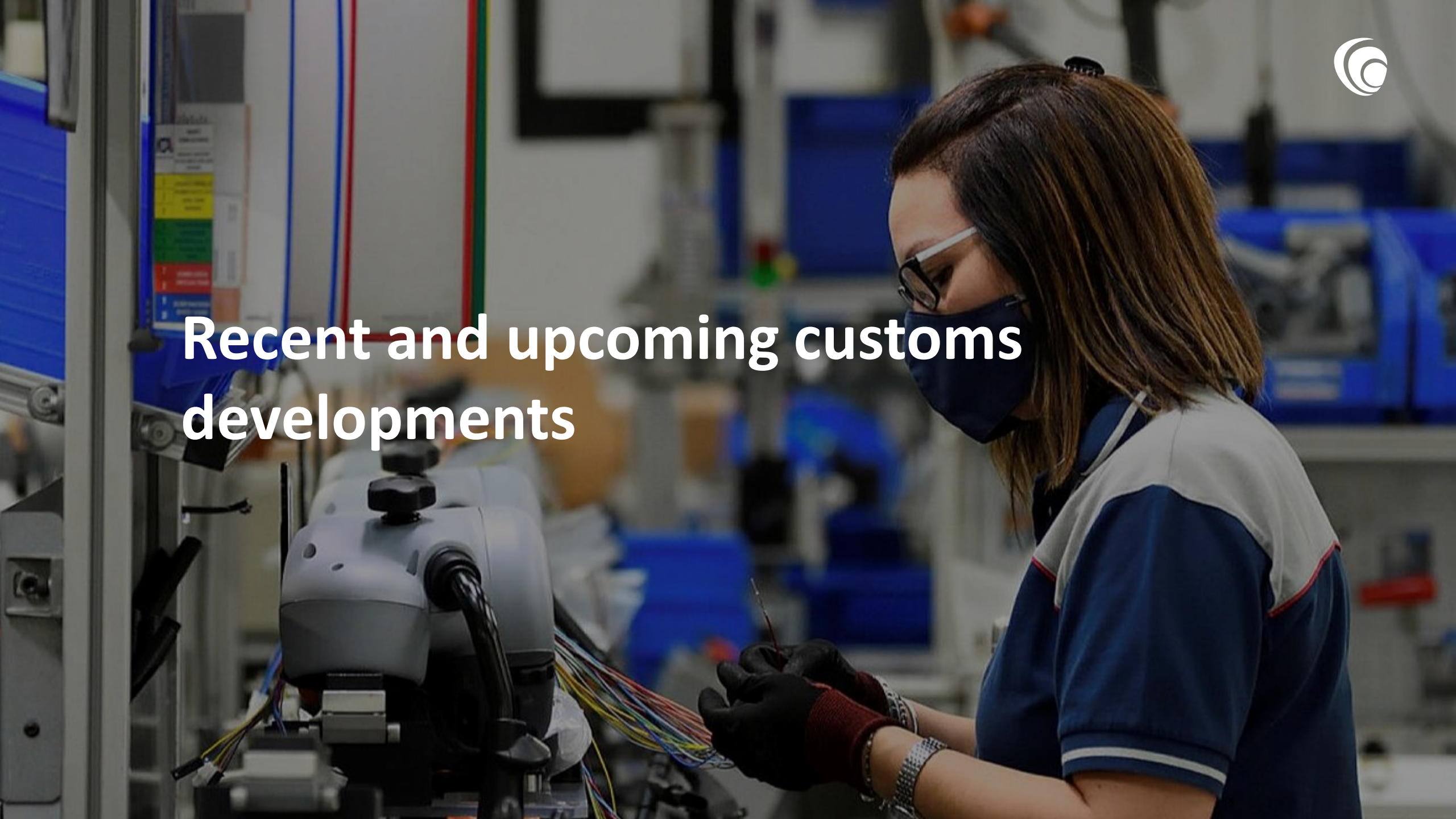
Key VAT issues and questions for manufacturers – importing from the EU into the UK



- What is Postponed VAT accounting – do I need to apply to use it.
- How easy is it to use?
- Can I still import using my deferment account and claim VAT back using a C79 certificate.
- If I lease a machine from the EU can I import in my name? What risks do I have?
- I have claimed back EU VAT on my VAT return – is this correct.
- Do I need a Northern Ireland VAT number?
- Do I charge VAT on my sales in Northern Ireland?
- I am registered for VAT in the EU - do i need a separate accounting system?
- Do I pay UK VAT on goods i buy from my EU supplier?



Recent and upcoming customs developments





Goods Vehicle Management System (GVMS)



Used for NI & Transit imports since 1st January 2021.

From 1st January 2022, now used in certain UK Ports for EU imports (Exc RoI). The affected ports can be found here:

<https://www.gov.uk/guidance/list-of-ports-using-the-goods-vehicle-movement-service>.

Hauliers or businesses who move their own goods must register for GVMS if using a GVMS-linked Port.

If an attempt to move goods into the UK is made without the correct GVMS submission the goods will not be allowed onto the Ferry or Shuttle.



Planned route Brevik to Inverness

Vehicle registration number AB69 DEF

What happens next

The driver needs to present this goods movement reference at the port.

[Print this page](#)

You should check the status of your goods movement reference on the dashboard. You will be able to see any errors or inspection requests there.



Section 232 Tariffs on Steel and Aluminum

- Tariffs introduced by the USA on 1st June 2018 for imports of certain steel and aluminum goods, known as Section 232 tariffs, will be removed as of 1st June 2022
- The UK/US agreement means that tariff-rate quotas will now be applied, allowing up to 500,000 tons of UK steel and 12.3 thousand tons of UK aluminum to enter the U.S. duty-free each year. These amounts may be adjusted annually.
- Any imports in excess of these amounts will be subject to the existing tariffs, which are 25 percent and 10 percent, respectively.
- Currently, there are additional tariffs of up to 25% on certain goods of US origin applied on import into the UK via The Customs (Import Duty Variation) Regulations 2021. The affected commodity codes can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1044219/FINAL_281221_The_Customs_Import_Duty_Variation_Document_28th_Dec.docx



July 2022

Safety & Security declarations on imports from the EU

Requirement for safety and security declarations on EU imports

Requirement for health certification for further SPS imports

Requirement for SPS goods to be presented at a BCP

Prohibitions and restrictions on the import of chilled meats from the EU.





July 2022

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CDS

New customs declaration system implemented in 2022/23.

- Imports - 30 September 2022
- Exports - 31 March 2023
- Declaration Data will be accessible via Government Gateway - Replaces MSS Data.
- Export Declarations will be possible via Government Gateway

6 CDS Import		[1] Declaration [1/1] [1/2] <i>IN</i> <i>4</i> <i>MRN:21GB D</i> <i>4</i> <i>2</i> <i>R7</i>	
[1] Forms [1/4] <i>1</i> <i>2</i> [5] Items [1/5] <i>1</i> [6] Total packages [6/10] <i>96</i>		[7] Reference [2/4] <i>BP27235</i>	
[2] Exporter [3/1] <i>No [3/2]</i>		[2] Seller [3/24] <i>No [3/25]</i>	
[8] Importer [3/15] <i>No [3/16] GP</i>		[8] Buyer [3/26] <i>No [3/27]</i>	
[9] Declared [3/17] <i>No [3/18] GP</i>		[14] Representative [3/19] <i>No [3/20] GP</i>	
[15a] Dispatch country [5/14] <i>CN</i>		[17a] Destination country [5/8] <i>GB</i>	
[18] Arrival transport [2/9] <i>TRUCK</i>		[20] Delivery terms [4/1] <i>CIP</i>	
[21] Border transport nationality [2/15] <i>CN</i>		[22] Invoice total [4/10] <i>78250.10 EUR</i>	
[25] Border transport mode [2/4] <i>1</i>		[26] Inland transport mode [2/5] <i>1</i>	
[30] Location of goods [5/23] <i>21MCR</i>		[35] Gross mass [6/5] <i>4692.00</i>	
[40] Summary declaration/Previous documents [2/1] <i>21MCR</i>		[45] Additions and deductions [4/9] <i>2200.60</i>	
[44] Authorisation Holders [3/39] <i>DPO/GP</i>		[44] Additional Fiscal Reference [3/40]	
[44] Additional Supply Chain Actors [3/37]			
[32] Item No [1/6] <i>1</i>			
[31] Packages - number [6/10], kind [6/9] and shipping marks [6/11] <i>96P234GDR</i>		[31] Description of goods [6/8] <i>Chlorides, chloride oxides and chloride hydroxides, bromides and bromide oxides, iodides and iodide oxides</i>	
[33] Commodity [6/14] TARIC code [6/15] <i>28272000</i> <i>02</i> <i>000</i>		[15a] Dispatch country [5/14] <i>CN</i>	
[37] Procedure [1/10] <i>4000</i>		[34b] Pref. origin country [5/16] <i>100</i>	
[40] Summary declaration/Previous documents [2/1] <i>21MCR</i>		[41] Supply Units [6/2] <i>EUR 78250.10</i>	
[44] Documents, certificates and authorisations [2/3] <i>BP27235 EXCLUDED PRODUCT - EXCLUDED PRODUCT</i>		[46] Statistical value [8/6] <i>13583.54</i>	
[44] Additional information [2/2] <i>NIIMP</i>		[44] Nature of trans. [8/5] <i>11</i>	
[47] Calculation of taxes			
Type [4/3]	Tax base [4/4]	Meas. Unit	Tax rate [4/5]
A50	65717.72		4.60
B05	3023.01		20.00
B00	67917.72		20.00
Payable amount [4/6] <i>3023.01</i>		MoP [4/8] <i>EUR</i>	
Deduct (relief) amount <i>0.00</i>		Total tax assessed [4/7] <i>3023.01</i>	

Acceptance date/time	Customs Cleared	Tax Type	Amount
Declaration status	2021-12-06 17:34:00	A50	3023.01
Status date/time		B00	13583.54
		B05	604.60
		Total	17211.15
[44] Office of presentation [5/26]	[44] Supervising office [5/27]	[13N] [2/5]	[BP27235]
[52] Guarantee [5/2]-[8/3]		[46] Deferred payment [2/6]	[9079602]
		[48] Identification of warehouse [2/7]	
		[54] Place and date	
		[6/1] 20007 10 00 10	

Returned Goods Relief

- Goods “exported” to the EU prior to 1st January 2021 must be re-imported back to the UK to be able to claim “Returned Goods Relief”.
- There is an 18 month grace period ending on 30th June 2022, for goods which were transported from the UK to the EU and remained located in the EU at the end of the Transition Period.
- This grace period was aimed at helping businesses and individuals whose goods have been in the EU for over three years to return to UK under RGR rules.
- Goods must be re-imported back into the UK on/before 30th June 2022 using RGR.
- Failure will result in full import duties being liable on the re-import.
- The goods must be imported under Customs Procedure Code 61 23 F01.





Rules of Origin





Origin

- The exporter is responsible for evidencing the origin of goods.
- The evidence required will depend on:
 - a. The type of goods
 - b. Who is exporting the goods





Origin

- From 01/01/22, the exporter must have, where required, Supplier's Declarations.
- For example:
- Manufacture of 100% Cotton Shirt
 - Fabric is manufactured in UK – Supplier's Declaration required to confirm qualifying processes have been completed.
 - Buttons purchased from UK supplier – no SD required as buttons are not considered under the rule of origin.

https://ec.europa.eu/info/strategy/relations-non-eu-countries/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

LONG-TERM SUPPLIER'S DECLARATION

I, the undersigned, the supplier of the products covered by the annexed document, which are regularly supplied to(4), declare that:

1. The following materials which do not originate in [indicate the name of the relevant Party] have been used in [indicate the name of the relevant Party] to produce these products:

Description of the products supplied(1)	Description of non-originating materials used	HS heading of non-originating materials used(2)	Value of non-originating materials used(2)(3)
Total Value			

2. All the other materials used in [indicate the name of the relevant Party] to produce those products originate in a Party [indicate the name of the relevant Party];

This declaration is valid for all subsequent consignments of these products dispatched

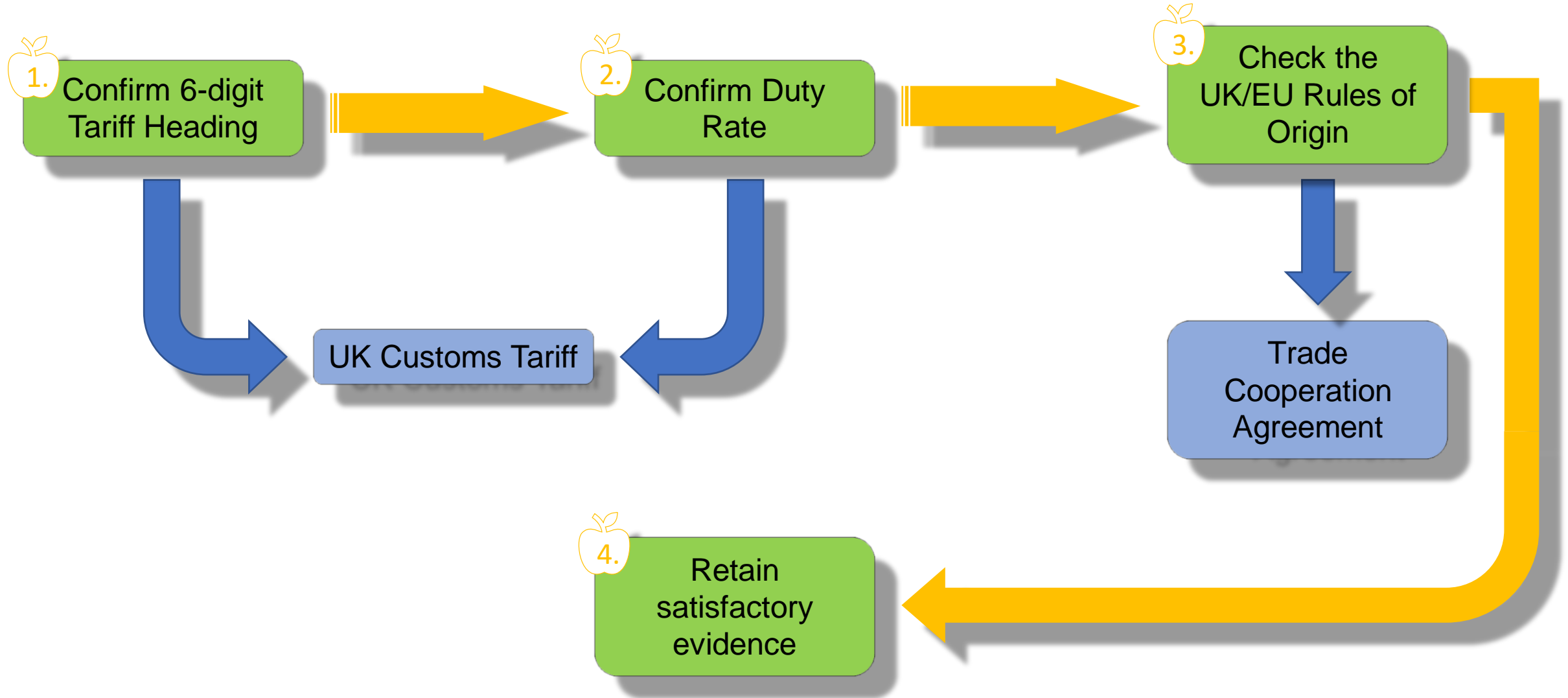
from to
..... (5)

I undertake to inform (4)
immediately if this declaration ceases to be valid.

..... (Place and Date)
.....(Name and position of the undersigned, name and
address of company)
..... (Signature)
(6)



Determining Origin





Cumulation

- Product: Tinned Chopped Tomatoes
- HS Code: 2002.90
- Rule: *production in which all the materials of chapter 7 (edible vegetables and certain roots and tubers) used are wholly obtained*
- **UK producers can, under Cumulation, import EU tomatoes and process them.**
- **UK companies can export UK grown tomatoes to the EU for processing.**



Important Note:

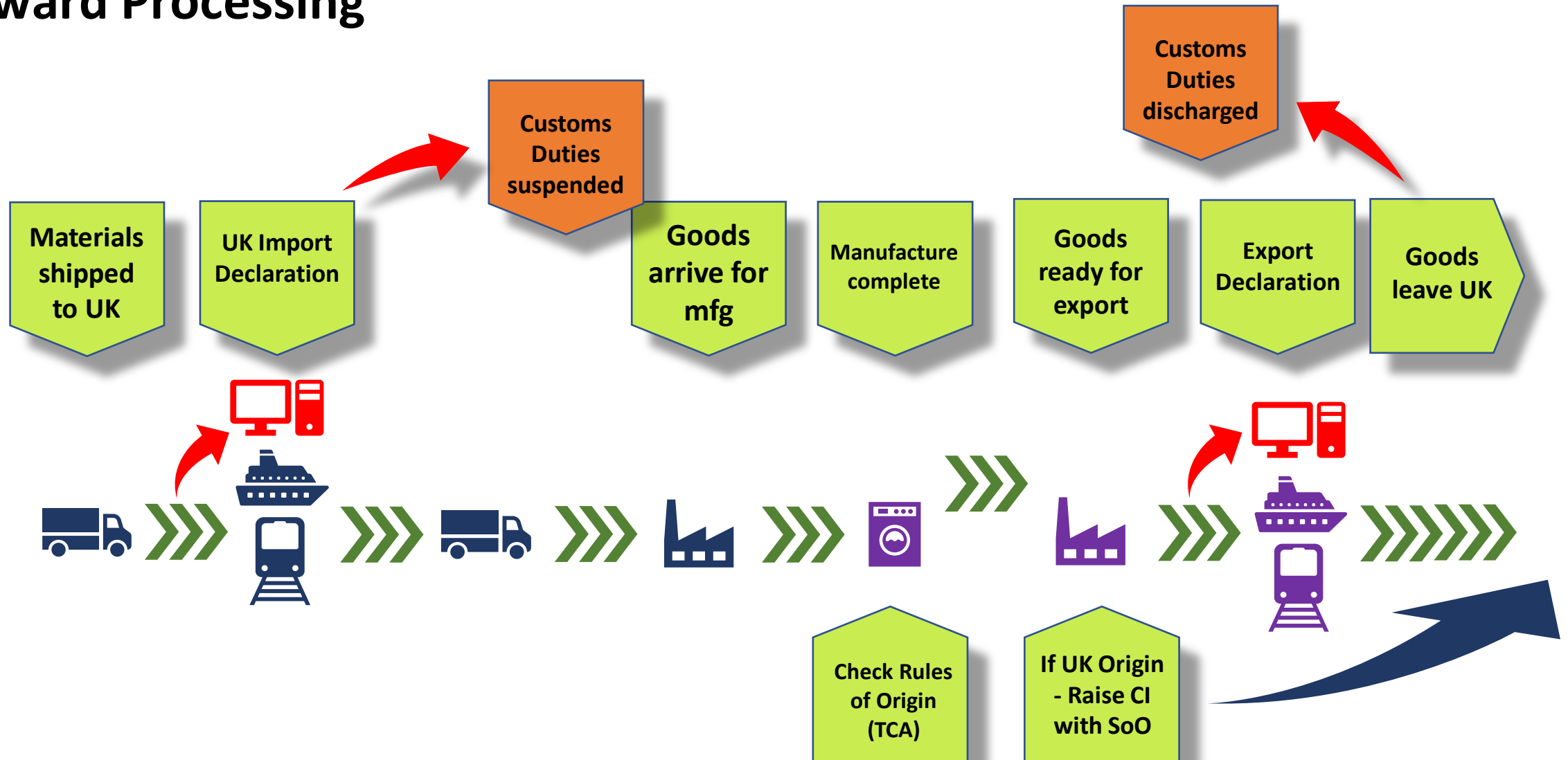
Materials imported from the EU prior to 01/01/2021 cannot be considered as EU Origin under Cumulation.

If UK origin has been assigned using above, then this is incorrect. The origin must be reviewed and, if necessary, the EU customer must be informed so the full rate of customs duty can be applied.

Processing

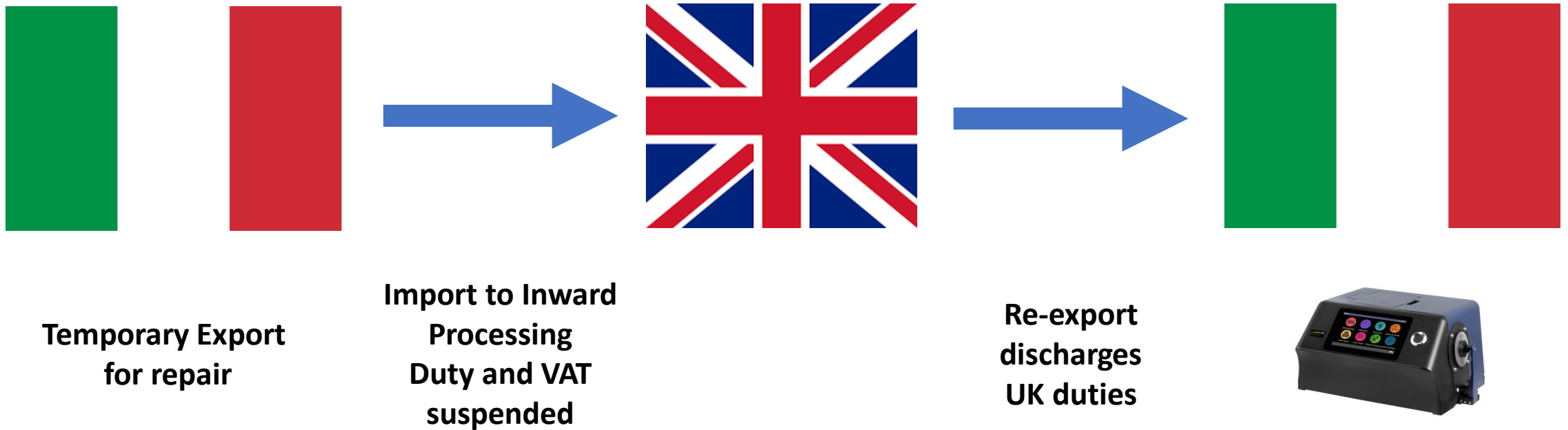


Inward Processing





Repair & Servicing



IMPORT VAT – Only Owner can reclaim



Plastic Packaging Tax



Do you **manufacture** or **import** a plastic packaging component?

Do you complete the **last substantial process** on a packaging component?

If you do any of the above you will need to maintain records and consider whether registration for PPT is required.

From 1 April 2022, Plastic Packaging Tax (PPT) will be introduced in the UK.

Designed to encourage the use of recycled rather than new plastic within plastic packaging.

Applied into law under:

- Part 2 of the Finance Act 2021
- The Plastic Packaging Tax (General) Regulations 2022
- Plastic Packaging Tax (Descriptions of Products) Regulations 2021





PPT will be calculated at **£200 per metric tonne**.

A liability for PPT arises when a chargeable plastic packaging component is:

- a) produced in the United Kingdom by a person acting in the course of a business, or
 - b) imported into the United Kingdom on behalf of such a person.
- For Point A, the tax becomes liable once the component has undergone its **last substantial modification**. The tax point is the point of production not the point of sale.

PPT will apply to finished plastic packaging manufactured in, or imported into, the UK where the plastic used in its manufacture is less than 30% recycled.

What is finished plastic packaging?

A component has undergone its last substantial modification. Where the last substantial modification happens as part of the packing or filling process of the packaging, the component is finished after it has undergone the last substantial modification before that one.

The business that undertakes the last substantial modification before the packing or filling process will be liable for the tax.

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Substantial Modification

A substantial modification is a manufacturing process that changes the packaging components' features. The features are the:

- Shape
- Structure
- Thickness
- Weight





Substantial Modification

Examples include:

Extrusion - Raw material is pressed through a die to form the shape.

Moulding - This is when plastic is moulded into a certain shape.

Layering and laminating - 2 or more layers are bonded together

Forming - A sheet of plastic is shaped into packaging by being heated and shaped.

Printing - Ink is applied to plastic, usually to provide detail about what will be going in the packaging

Not Substantial Modification

Blowing - Blowing or otherwise forming a packaging component from a preform.

Cutting - Cutting the packaging, for example cutting film to size or cutting formed trays out of a larger sheet.

Labelling - Labelling the packaging, for example gluing a label to a tub or heating a shrink film label onto a bottle.

Sealing - Sealing the packaging, for example attaching a film lid onto a tub or attaching 2 sides of a piece of film to close a bag.





Due Dilligence

Must be completed at least annually and records retained to evidence these checks, such as:

<30% Recycled Plastic	>30% Recycled Plastic
<ol style="list-style-type: none">1. Request confirmation of the tax status of plastic packaging components from your UK supplier2. Get signed documents from your UK supplier confirming PPT has been properly accounted for3. Obtain product specifications for the packaging components, including the weight and composition of the products4. Physically check weight of packaging components to your purchase order and any of the product specifications	<ol style="list-style-type: none">1. Check that the price you pay for packaging components reflects the current market value2. Obtain copies of any certifications or audits that have been conducted on your suppliers, or the re-processors of recycled plastic3. Complete physical inspections or audits on your packaging supply chain to prove information given by suppliers or customers4. Check details provided against other sources, such as supplier and customer websites, product specifications, sales and marketing information



Common Issues

An aerial photograph of a port yard filled with numerous shipping containers in various colors like blue, red, and yellow. A yellow forklift is visible in the center, and a red car is parked on the right side. The text is overlaid on the left side of the image.

Common Issues

- Delayed Declarations
 - Goods imported without full declaration.
 - Fast Parcel Operators used this to manage import controls in 2021.
 - Caused issues with Postponed Import VAT
 - Identifiable via C79 or PVA Statement
- Commercial Invoices
 - Missing or unclear information have caused issues
 - Incorrect EORI's being declared
 - Affects reclaim of Import VAT

An aerial photograph of a port area. Numerous colorful shipping containers (red, blue, green, yellow) are stacked in rows. Several trucks are visible, including a white truck at the top left and a yellow truck in the center. A road with a red car is on the right side. The text is overlaid on the left side of the image.

Common Importing Issues

- Use of Dummy EORI GBN1111170000
 - Does not create a C79 or PVA Statement.
 - FPO's do not have to amend the import declaration
 - Reclaim of VAT using the disbursement invoice from the agent
- DDP imports into EU require an EU EORI.
- Issues with importing into certain Member States (e.g. Germany)
- Specific requirements in certain Member States causing delays/rejections on import.
- EORI's for VAT Groups – EORI's are entity specific!



Top Tips

- Review benefits of customs procedures
- Ensure commercial invoices have full information
- Request clearance instructions by Fast Parcel Operators (imports)
- Obtain historic and monthly MSS Data
- Set up regular checks on customs declarations
- Contracts – Ensure consideration of Incoterms and customs risks are reviewed.
- Check UK Customs Tariff to confirm commodity codes.

Importer	EPU	Entry No	Entry Date	Acceptance Date	Clearance Date	Cpc	Cmdtycode	Declarant	Consignor	Disp Ctry	Gds Locn	Declt Ref
123456789000	690	078597C	10/11/2019	08/11/2019	10/11/2019	4000000	90189084 00	751812341004	DAVIDS PLASTICS	US	LHR	3415248056
123456789000	120	060970T	11/11/2019	11/11/2019	11/11/2019	6123F01	90219090 00	644722633000	TECHWISE ENDOVASCULAR	CN	LHR	GI2144891911242
123456789000	120	061187E	11/11/2019	11/11/2019	11/11/2019	6123F01	90219090 00	902179148000	TECHWISE ENDOVASCULAR	CN	LHR	GI2144891911243
123456789000	760	149324M	12/11/2019	09/11/2019	12/11/2019	4000000	39269097 90	222421710003	SOUTHERN MEDICAL (NH) INC	US	EMA	6592X5PG8LG
123456789000	760	160882G	12/11/2019	12/11/2019	13/11/2019	4000000	90189084 00	271251133000	APOLLO INDUSTRIES	US	LSA	AWB 117613896698
123456789000	670	705389C	13/11/2019	13/11/2019	14/11/2019	4000000	30069200 00	751812341004	FLEX MEDICAL	US	EMA	8332696142
123456789000	670	705406L	13/11/2019	13/11/2019	14/11/2019	4000006		751812341004	FLEX MEDICAL	US	EMA	8332684264
123456789000	760	222160L	14/11/2019	13/11/2019	14/11/2019	4000000	90189084 00	271251133000	MEDICAL MONROE	US	LSA	AWB 776949543690
123456789000	760	222767D	14/11/2019	13/11/2019	14/11/2019	4000000	90189084 00	271251133000	MEDICAL MONROE	US	LSA	AWB 776950094121
123456789000	690	127690E	15/11/2019	15/11/2019	15/11/2019	4000000	90181990 00	751812341004	DAVIDS PLASTICS	US	LHR	5753026005
123456789000	690	136174E	16/11/2019	15/11/2019	16/11/2019	4000000	90189084 00	751812341004	DAVIDS PLASTICS	US	LHR	6616104740
123456789000	670	279313C	22/11/2019	22/11/2019	22/11/2019	4000004	54076150 00	354715057003	SHANGHAI INT L TRANSPORT CO	CN	LSA	AWB 208250248
123456789000	760	411054N	25/11/2019	25/11/2019	26/11/2019	4000000	90219090 00	271251133000	SHANGHAI ENDOVASCULAR	CN	LSA	AWB 777030260195
123456789000	760	440645P	26/11/2019	26/11/2019	27/11/2019	4000000	90189084 00	271251133000	CATHETER DESIGN INC	US	LSA	AWB 777078895054
123456789000	690	235785F	27/11/2019	27/11/2019	27/11/2019	4000006		751812341004	TAYLOR-SENTRY INC	US	LHR	6623710936

Any questions?

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Now, for tomorrow



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