



# ONE WORLD

Your package is our pride

One World Express Inc. Limited.

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## BREXIT – No Deal Considerations and Processes

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## Workforce

### Query

### Response

What Percentage of the OWE Workforce are EU Nationals and how will this affect daily operations?	Once World's currently employs around 50% of its workforce from EU countries, loss of these staff will affect daily operations should they be asked to leave the UK or do not wish to stay in the UK – Consultations with staff have confirmed that no staff intend to leave post Brexit no matter the decision.
What is the deadline for any registrations?	The deadline for applications is 31 <sup>st</sup> December 2020 without a deal and 30 <sup>th</sup> June 2021 if a deal is reached, however registrations can commence by 30 <sup>th</sup> March 2019
Will our workforce require Visa's to Work?	This will be a Settlement visa status
Will our workforce be required to apply for a Skills visa and if so what is the deadline?	Currently not for those already settled, however after 2021 this will change
Will there be any other Immigration changes?	After 2021 there will be a Skills based VISA requirement
Other	The rules may change or be delayed depending on the exit date or from the 30 <sup>th</sup> of March 2019 However One World HR will need to ensure that all personnel who are required to register have done so.

## Cross Border Trade

Will our customers be required to make additional export or import entries for goods destined to EU countries?	Export licences
Will there be additional checks for goods arriving from the EU?	Yes, in the event of a No-Deal Brexit all import guidelines will change, the removal of the de minimus for goods below £15.00 will be implemented and there will be significant delays or impacts to customers as new checks which were previously not present on EU origin goods will be in place – HMRC have allocated additional resources to prevent delays however with the potential for goods coming in from twenty six countries which were never checked prior will place significant pressure on border services to ensure correct processes are adhered to.
Will duty and VAT be payable for goods arriving from EU countries?	Yes, in the event of a No-Deal Brexit all import guidelines will change effective 11:00pm on the 29 <sup>th</sup> of March 2019, the removal of the de minimus for goods below £15.00 and the VAT relief removal will be implemented and

	<p>there will be significant delays or impacts to customers for clearance charges and entry requirements. According to HMRC, in such an event the customs system CHIEF will not be in a position to handle the number of entries required for EU Imports and non-EU imports adding up to 72 hours to process import entries.</p>
<p>Will there be higher tariff imposed on EU goods arriving in the UK after 29 March 2019?</p>	<p>Yes, the changes to the tariff will include higher tariffs on EU goods which will promote imports from non-EU countries. The exact details have yet to be outlined by HMRC, however indications are that EU tariffs may be between 5-10% higher or be standardised tariffs applied for all imports from countries without a trade agreement.</p>
<p>Will exporters from UK be required to have export certificates or entries to ship goods to EU Countries?</p>	<p>Exports to the EU will be the same as goods going to any other country in the world. The changes in the event of a no deal Brexit will be in effect from the 29<sup>th</sup> March 2019 11:00. It is also anticipated that there could be a further delay of up to 72 hours for EU Exports which previously did not require an export entry or MRN to the EU.</p>
<p>How will transfer goods be handled to EU Countries?</p>	<p>Transfer to the EU will be handled in much the same way as we handle to any non-EU country currently, no delays in this process are anticipated.</p>
<p>Will suppliers to One World Express be in a position to handle EU Transfers in the event of a no deal scenario?</p>	<p>Many companies will have no issues with an EU transfer as they are fully compliant with current Non-EU transfer requirements, however where companies who have specialised in EU only transfers to date we have engaged with them to update their processes and if necessary guide them correctly on processes.</p>
<p>How Will the changes in import VAT regulation affect One World and its customers?</p>	<p>There will be a direct causal effect on Cash flow for One World Express which will require the commercial and finance teams to discuss various holding deposits with customers for the payment of the additional 20% VAT on import.</p> <p>There will also be a significant impact on the cost of the entries with either an entry charge or a line by line entry charge to customers. While this may appear to be a deterrent, the same applies in Europe today with no ill effect to shippers – the advantage however the UK gained in this area will now be lost.</p> <p>There will however be a direct issue relating to SLA's, Entries may take up to 24 hours longer</p>

	<p>which will then result in delays at airline handling sheds which will incur storage. Commercial discussions will need to be made with shippers.</p>
<p>Will there be delays at the Border for Imports?</p>	<p>Potentially yes, the current import system CHIEF is unable to cope with the level of line by line entries that will be required and has never had to deal with EU imports and export requirements, however we anticipate the roll out of the new Customs Declaration System (CDS) as a direct result sooner than scheduled.</p>
<p>Will there be delays for Goods going to the EU by Air or Road from the UK and how will this affect One World Express and its customers?</p>	<p>Yes, the UK border force and EU officials are warning that significant delays will occur in the unlikely event of a no deal Brexit. Border force are advising that delays of up to 24 hours by air services and up to 72 hours for road based services could be in effect at ferry or rail (Channel Tunnel) border points in UK and on the European mainland for departing and arriving vehicles.</p>
<p>Will there be duty and Taxes on Goods entering the EU from UK (Used to be EU Free circulation goods)?</p>	<p>Yes, there will be a requirement for all exports to have the HS codes listed on manifests and invoices and customers will need to know the EU MFN (Most Favoured Nation) tariff to be aware of the potential duty and VAT by country of entry if there is country which does not have a special agreement with the EU.</p>
<p>What about proof of origin if the UK has a pre-defined agreement for 0% rating of goods to a specific EU country?</p>	<p>Shippers will need to provide proof of origin, One World Express cannot be responsible for such proof.</p>
<p>How will existing trade agreements currently in effect be affected by a No-Deal Brexit?</p>	<p>Unfortunately a no deal Brexit would negate any prior agreement with an EU country on the date of exit – Shippers are warned to check before export of their goods.</p>
<p>Will there be any duty relief for items to or from the EU and how will this affect One World Express's customers?</p>	<p>There will be duty relief on all imported goods up to £135.00 as is in effect today, however VAT will be payable on all goods no matter their value.</p>
<p>Will One World Express Staff require update Training?</p>	<p>Yes, if the customs system changes with a no deal Brexit, all Operations and Customer Service staff will receive updated training to deal with the basics. Much of these changes are listed in this document which will also be shared with all senior and relevant staff.</p> <p>HMRC have also advised that they will operate seminars and training days for intermediaries later in the year after the regulations have been finalised, however this will more than likely be for brokers and direct relation agents.</p>

## Taxation

Will there be any implications on VAT for goods imported from EU Countries?	Yes, in the event of a No-Deal Brexit all import guidelines will change, the removal of the de minimus for goods below £15.00 will be implemented and there will be significant delays or impacts to customers and VAT will be payable on all goods from any country unless a post Brexit trade deal is negotiated.
Will exporters need to register for VAT in EU countries they are exporting to?	Yes unless they want One World Express as their agent/broker to pay the VAT and duty on their behalf. A commercial discussion must take place and it's recommended to ensure that pre-agreed amounts of duty and VAT funds be held in an escrow account for the shippers for all DDP shipments under £135.00 in value to cover Daily VAT payments.
Will there be any effect on any of our authorisations such as LVBI or MoU?	Yes, The LVBI will fall away and there will no longer be any VAT relief for any goods no matter the value, however duty suspension will remain in place for goods under £135.00. This may mean that manifesting would be changed from the three formats we currently have in place to two or one single manifest (LV – with Duty suspension) and High Value with no relief.  The MoU remains in place for transfer of goods within 48 hours of arrival in the UK.
Will One World Express need to register for VAT in the EU?	As a registered EU entity One World Express is already registered for VAT in Germany, this is sufficient to allow One World to hold stock, make sales etc. from within the EU.
Will One World Charge VAT on EU Exports?	In the event of a no deal Brexit no VAT will be charged to EU countries as this will be classed as an international export from the UK

## Currency Changes and Intellectual property – Including Trademarks

Currency Risk – How will changes in the value of GBP affect One World Express and its ability to operate after 29 March 2019?	As there has been significant currency volatility due to the political indecision it would be prudent to believe that the pound sterling could take significant losses to the Euro, it is therefore prudent for all EU services to be billed in Euro to ensure no losses are taken during this period of uncertainty.
Is the intellectual property and the trademarks registered in the UK and EU safe?	Although Trademarks and IP are secure under international convention, there is no way of knowing if the EU would distance itself from

	this, therefore until otherwise notified all trademarks held by One World are secure.
Are any contracts which One World Express has in place with companies based in the EU still valid after 29 March 2019?	Yes – where contracts state that the UK is a member of the EU or in relation to UK/EU regulations such as Data protection and other related matters, all contracts must be updated after 29 <sup>th</sup> March 2019

### Regulation Changes – GDPR and regulatory compliance

Will there be any EU Regulation and Data Compliance changes after 29 March 2019 and how will these affect One World Express in respect to SMARTTRACK and other data holding policies?	While the UK government has vowed to stay true to all current EU regulations and Personal data compliance rules there is a possibility that these may change, however no indication of a change is evident in the case of a no deal Brexit and all GDPR regulations remain the same with the removal of reference to the EU.
Will there be any additional competition laws or changes to fair trade laws in the UK after the EU Exit and if so who will govern this and how will it affect One World Express and its customers?	The CMA, the governing body will repeal all EU law (EU Community Act 1972) effective 29 March 2019 and bring about new UK Anti-competition laws which will in effect be domestic law from that date. The Withdrawal will not compromise any UK company, however changes at this time to the legislation is yet to be confirmed 100%.
Ecommerce – As a main source of revenue to One World Express, what would the implications of a Hard border change be?	As the holder of Dot EU registered websites, One World Express would be governed under EU regulation for those registrations.  Should One World Express sell goods or services from this site it would no longer benefit from the country of origin directive and be subject to all distance selling regulations of the EU depending on where the registration is held and the residence location of the owner of the registered domain?
Cross border traffic accounts for a significant amount of One World Express's income, how would changes to the UKBF regulation affect One World Express after 29 March 2019?	As One World Express is already a cross border logistics provider as well as a platform provider fully registered under UK Border force for an EORI then this would not significantly impact on trade, however cost increases may affect import volume for EU trade.
Customs and Excise	Please see below HMRC Announcement 14 February 2019 for a detailed update and Q&A
How will One World Express deal with Non-EU transfers?	One World Express is fully MoU transfer approved for 48 hour non-EU soon to be Non-UK transfers. All material for an EU country will be treated as a non-UK transfer and processed under our MoU transfer facility.



## HM Revenue & Customs

# EU exit (no deal): Changes to the rules for reporting and paying import VAT that will impact sellers outside the UK

This communication sets out changes to the import Value Added Tax (VAT) rules that will affect sellers outside the United Kingdom (UK), if the UK leaves the European Union (EU) without a deal on the 29 March 2019.

From this date, sellers outside the UK (including sellers within the EU) must pay the import VAT for any parcels sent to UK buyers after 11pm GMT, even if the goods were sold before the 30 October 2019.

This will apply to goods worth £135 or less that are sold to UK buyers (including businesses and individuals), including goods worth £15 or less as they will no longer attract the existing tax relief (Low Value Consignment Relief, LVCR). This tax relief will not be introduced for sellers within the EU. It will also be removed for sellers outside the EU. The UK government has taken this decision to protect UK retailers from being undercut by VAT free goods entering the market. This also follows the global approach that is being taken with regards to LVCR.

Sellers can pay import VAT on parcels in one of two ways:

- Register for the UK HM Revenue and Customs (HMRC) new online service to report and pay the import VAT due, or
- Pay a parcel operator that offers a service to pay import VAT to HMRC on the sellers' behalf

The [online service](#) is now available for sellers outside the UK to register so they are ready to use it if the changes are introduced on 29 March 2019. You can also find more information about the guidance available to sellers on the different import VAT rates that may apply, as well as any exceptions.

If sellers do not follow the new rules for import VAT, parcels or consignments could be delayed or stopped from entering the UK. The UK buyer may have additional tax and fees to pay and the seller may have to pay a penalty of £1,000.

If sellers send goods to the UK to be stored before they are sold to UK buyers, they will still need to comply with existing customs controls and VAT rules. These obligations are detailed in [Notice 700/1](#).

## How you can help

HMRC needs to tell sellers outside the UK about the changes and we would like your support. Please send the attached communication to your customers.

We will send you more information and products soon. These can be used to continue to raise awareness.

For more information about these changes go to [GOV.UK](https://www.gov.uk). You will also be able to find more information about potential changes in the event of the UK leaving the EU without a deal.

## **Customer Q&A - How will this impact you as a *One World Express UK* Customer?**

There will be two main ways this impacts you if;

1. You ship commercial channel
2. You Ship via Freight to Post channel

### **For the options above;**

1. Commercial Channel
  - a. DDP – Additional VAT at the rate of 20% payable to HMRC through One World Express on all goods no matter the value from £1.00 upwards, Currently No VAT payable up to £15.00 (Deminimus Value)
  - b. DDU – Not applicable at this time unless for B2B channel – Impact to buyer – additional 20% VAT payable on all goods between £1.00 and £15.00
2. Freight to Post Channel
  - a. No Change to Seller, Buyer will pay 20% VAT on all imports

### **Will you need to change anything regards paperwork for pre-alerts?**

The simple answer is Yes. We do not believe any major changes to the paperwork would be necessary, however the Low Value goods would be treated in the same manner commercially as the Mid Value goods therefore negating the need to provide a Low value and a Mid Value manifest, only one manifest for goods up to a value of £135.00 would be required. This would mean that CSV files would be necessary for all goods up to the value of £135.00 with 99 line items per CSV file with your pre-alerts.

Example – 3000 consignments valued below £135.00 would need 31 CSV files listing all the consignments (Tracking and commodity numbers)

### **How will this affect my commercial clearance for goods valued under £15.00 where I used to only pay for one Low Value entry?**

The effect will be that instead of being able to clear all low value goods on one single entry as we do now we would need to create multiple entries each with a maximum of 99 line items or commodities per entry. This would therefore mean that instead of one single entry charge you would receive multiple entry charges for the number of entries or lines required for each import.

For B2B where customers are importing in bulk to the UK and then selling – No changes to process, only VAT is applicable to all imports and on sale this can be reclaimed in certain instances (Please discuss with your tax consultant)

Note that Duty relief remains the same up to £135.00 for now, however this may change in the future, what we can emphasise is that HMRC have been discussing the removal of the deminimus for some time and they have been heading down the low value bulking removal since 2014 when they

introduced the line by line requirement for Mid value goods, there intention was and is to ensure we move towards a more transparent and detailed entry process and a No Deal Brexit will speed this up.

Should you as a shipper to the UK register for VAT and EORI?

In a simple answer, Yes. There are benefits to the registration and details of this can be found on the

**Where can I find the registration link?**

Please find the details below;

<https://www.gov.uk/government/collections/import-vat-on-parcels>

**How can I find further information on my e-commerce sector and who does it affect?**

Please find the relevant information below from the UK Government;

Affects:

- Online Retailers
- Video Sharing Sites
- Search tools
- Social Media platforms
- Internet Service Providers

Full details below;

<https://www.gov.uk/government/publications/ecommerce-eu-exit-guidance>

*Special Note: Please remember this is only in the case of a No Deal Brexit, should the government succeed in gaining a favourable deal the UK will transition out of the EU within a two year period making these changes gradual but inevitable in our opinion.*

**Business Continuity – How will One World Express continue in the event of a no deal scenario?**

Scenario	Considerations	Solution
LVBI Removed completely	<p>Check with HMRC for alternate clearance methods, get policy decisions and utilise alternate CPC.</p> <p>Utilise the new HMRC CDS system allowing for up to 999 lines per entry instead of the current CHIEF system which allows for only 99 lines per entry</p>	<p>Several options are available, however the most likely solution would be to use non-LVBI line by line entry requirements. One World Has these solutions in place and despite the time concern, clearances will continue as Normal with potential delays and costs to customers</p>
UK becomes an isolated country out of the Euro Zone therefore making all transfers	<p>New regulations come into play regards the movement of</p>	<p>Options to transfer goods through the MoU transfer process are in place as we</p>

<p>the same as any other international transfer</p>	<p>goods which are not yet defined.</p> <p>UK no longer becomes attractive as a transit point.</p> <p>Logistics companies who specialise in UK to Europe mainland or vice versa movements would close down or relocate out of the UK due to business changes that affect them directly making their business model non-viable.</p> <p>Customs clearance of Goods destined to the EU in the UK would no longer be possible</p>	<p>have been doing for all international consignments – this will add pressure to the team however not to the level that cannot be handled. Discussions are well on way to support those UK companies who do not handle International shipments and we are confident that the processes set out will be adopted and will prevent any major delays.</p> <p>Transfer of material via the One World MoU Transfer process or a T1 Option would be available through partners such as ITC or Europa. There would be a significant cost increase which needs to be shared with customers by the commercial team.</p> <p>Direct access to Europe is also in place via our Germany facility and also through necessary agents in Liege, Brussels and Amsterdam with pricing with the commercial team.</p>
<p>UK deliveries</p>	<p>New Import regulations</p>	<p>Solutions and import processes are in place to handle the added import entry processes and customers have been advised of the updates, potential delays and costs involved.</p>
<p>UK Exports</p>	<p>Export processes from the UK will change as EEC regulations will no longer be in effect.</p> <p>Licences and concessions to the EU may be required for exports, the shippers of their goods will need to be in a position to provide these exports</p>	<p>There will be almost zero impact to One World in this area, international customs export entries are done daily. However we do understand that export licences may be required and all export teams will be trained to handle the necessary changes.</p>

	Delays to exports may be commonplace until we know facts about any changes.	
What else will be affected and will the UK leave the EU with a deal or No-Deal	This paper was designed with one intention – a No Deal Brexit - With the current political indecision no one knows for certain which direction the UK will take on the 30 <sup>th</sup> of March 2019	One World has at its disposal options for both imports, exports and transfer of material as listed above. In the event of a hard border being put into effect at 11:00 29 <sup>th</sup> March 2019 we will fall back on the various options laid out in this document or on options not yet considered at the time of writing this. New Brexit date announced for 31 <sup>st</sup> October 2019.

## Customs Clearance Process – No-Deal Brexit

### What will happen in the event of a NO-DEAL-BREXIT and how will goods be cleared?

HMRC has confirmed as per the topic “Cross border trade” in this document that should the UK leave the EU without a deal the VAT relief currently enjoyed on goods imported from a third country will be removed and all goods irrespective of value will have VAT applied. Duty will still be suspended on goods from a third country up to a value of £135.00, thereafter duty will be charged. It is important to note that Excise Duty (ED) and Vehicle Excise Duty (VED) is applicable on any value and there is no relief or suspension.

All goods will be required to have VAT paid, there are two options here; the first is for the seller to allow the importer/broker to handle the import clearance and pay the VAT and any duty on their behalf. The second is for the Seller to register for VAT and EORI and pay the VAT (and Duty\*) via an online electronic mechanism which the shipper must register for.

### What is a Third Country?

Any country outside of the United Kingdom - UK and currently any country outside of the EU – European Union, after Brexit this will be the former rather than the latter.

### What will be required if the shipper wants to register for VAT?

First and foremost the shipper should check the link below to confirm if they need to register for VAT, please click on the link below and continue to read the information on who should register for VAT:

## Ref: Customs and Excise Guidance (edited)– Gov.uk: Who should register?

You can register to pay import VAT if you:

- are based outside the UK - this includes the EU, outside of the EU and the Channel Islands
- intend to sell goods worth £135 or less (not including shipping, insurance and incidental costs) to UK buyers after Brexit
- choose to pay the import VAT yourself and not to a parcel operator

You can register with HMRC before you need to start paying import VAT on parcels.

HMRC may refuse to register you if we have evidence that you have not met registration rules.

If you do not register with HMRC or pay import VAT to a parcel operator, you may find:

- your parcels are delayed or stopped from entering the UK
- the UK buyer may have to pay additional tax and fees
- you have to pay a penalty of £1,000

You must still register if you sell zero-rated goods. [Zero-rated goods](#) are still VAT-taxable but the rate of VAT charged is 0%.

You can [check online](#) to see if you will need to register with HMRC to pay import VAT on the goods you sell.

### Who should not register

Do not register if any of the following apply:

- all goods you sell to UK buyers are worth more than £135 (not including shipping, insurance and incidental costs)
- if you have to pay Excise Duty on all the goods you sell (for example, alcohol and tobacco)
- your business is based in the UK or is considered to have a 'UK footprint' - for example, if you employ or sub-contract people in the UK to sell all your goods worth £135 or less to UK buyers
- you are sending a [gift](#) – This Process MUST have 100% proof
- you pay a parcel operator that offers a service to pay import VAT to HMRC on your behalf (One World Express)
- the goods are sent to the UK under customs special procedures (for example, temporary admission and transit procedures)

You must keep records as evidence of any agreement you have with a parcel operator to pay import VAT on your behalf for 6 years from the date the parcels are posted.

If you are based in the Channel Islands and choose to pay import VAT to your parcel operator, you can either:

- pay the import VAT to your national parcel operator - Jersey Post and Guernsey Post have agreements with HMRC to pay the import VAT on your behalf

- pay the import VAT to a parcel operator with an agreement in place that their carrier will pay HMRC

### **What you need to know if you choose to register**

If you choose to use the import VAT on parcels service you will need to:

- [register](#) for the service online
- choose an [accounting period](#) from those available
- [submit import VAT reports](#) for parcels
- [pay HMRC the import VAT](#) for the accounting period
- [keep records](#) of the number of parcels worth £135 or less you sell to the UK for each accounting period

### **How to submit import VAT reports for parcels**

You must submit a report for the parcels you send to UK buyers using the online service for each accounting period. This will normally be every 3 months. You can choose when to report and pay import VAT when you register with HMRC, but once chosen you cannot change this date.

You must submit your report to HMRC within one month and one day of the end of the accounting period. For example, if the end date of your accounting period is 31 January 2020, you must submit your report to HMRC by 1 March 2020.

### **How to pay HMRC**

You must sign in to the online service to pay the import VAT due in pounds and pence by any of the following:

- corporate credit card
- debit card
- bank transfer

You must pay the import VAT using the online service, and HMRC must receive the funds by the due date.

### **How to amend an import VAT report**

If you make an error in an import VAT report, you must correct it in the next accounting period report.

You must:

- keep details about the inaccuracy - for example the date it was discovered, how it happened, the amount of import VAT involved
- include the value of the inaccuracy in your import VAT account

If the parcels you send to the UK are returned to you and you have paid import VAT to HMRC, you can adjust your next report to reduce the amount of import VAT payable.

If you pay import VAT to the parcel operator and the parcels are returned to you, the parcel operator is responsible for providing a refund to you.

### **How to claim a refund**

If you will not be sending another report and need to claim a refund, contact HMRC using form [C&E1179](#).

You must claim a refund within 4 years from the end of the accounting period in which the error was made.

### **Record keeping**

You (the registered person or business) must keep records for 6 years from the date the parcels were posted.

You must also be able to send the records by email if we ask to see them. You must do this within 30 days of the request.

For each accounting period, records must include the:

- number of parcels worth £135 or less you sold
- total value of all the parcels worth £135 or less you sell to the UK, including shipping and insurance costs in pounds and pence, for each accounting period
- rate and amount of import VAT for all parcels sent to UK buyers
- UK buyer's name, address and email address

### **How to register**

You must [register online](#) if you choose to report and pay import VAT on parcels yourself.

To register you will need:

- your business's contact details - this includes your trading name (if different to your company name), a contact name, address, telephone number and email for your business
- the details of your business accounting periods
- You must register for a Government gateway ID:  
<https://www.access.service.gov.uk/login/signin/creds>

### **What happens after you register**

You will be given an import VAT on parcels reference.

The parcels reference is a combination of letters and numbers. It must be included in any documentation such as a customs declaration form (CN23) or airway bill that accompanies any parcels

you send to UK buyers after Brexit. This is so parcel operators can identify that you have registered and can deliver your parcels without any delays.

HMRC will receive data about parcels that are entering the UK. Parcels without the correct parcels reference may be delayed.

If you change any of your registered details, you must tell HMRC using the online service within 30 days.

Your registration can be cancelled by HMRC if we have evidence that you:

- no longer intend to sell parcels worth £135 or less to UK buyers
- are not complying with the import VAT rules

### **How to work out import VAT due**

Work out the value of the goods in pounds and pence by using the foreign currency exchange rate that applies at the time of the sale. HMRC publishes [exchange rates on a monthly basis](#).

#### **1. Work out the value of each item in your parcel**

The total value of a parcel is the total price paid by the customer for the goods.

The total value does not include any duty you pay for the goods in your own country.

#### **2. Find the right rate of import VAT to use**

The rate of import VAT charged depends on what the item is.

You have to pay a standard rate of import VAT on most items. This is currently 20% of its value.

Some goods are charged at a reduced rate. These include items such as children's car seats. The reduced rate is currently 5% of the value of your goods.

There are also goods that are still VAT-taxable but the rate of import VAT is 0%. This is known as zero-rate. You must still submit a report even if no import VAT is due.

Examples of this include most food and children's clothes.

Get a [full list of reduced or zero-rated goods](#).

#### **3. Calculate the import VAT you will need to pay**

Import VAT is charged as a percentage of each item in your parcel. It is calculated on the cost of the goods plus shipping, insurance and incidental costs.

1. Add the amounts calculated for your items together.
2. Use the import VAT rate that applies to each of the goods in your parcel.
3. Multiply the value of your item by the correct import VAT percentage rate.

If a parcel contains goods with multiple import VAT rates, HMRC would expect a fair and reasonable payment for each of the shipping, insurance and incidental costs to the appropriate import VAT rates.

### **If you sell on an online marketplace**

If you do not pay the import VAT due and you sell on an online marketplace, HMRC can hold you and the online marketplace jointly and severally liable for the import VAT you owe, after sending you a notice of non-compliance.

Online marketplaces may also be asked by HMRC to provide information to help with our compliance checks.

### **If you sell to a UK VAT-registered business**

You may need to provide VAT-registered UK buyers with an invoice showing the import VAT amount. This is so they have the information they need to reclaim the import VAT they have been charged.

### **If you send goods to the UK for onward sale**

If you send goods to the UK to be stored before they are sold to UK buyers, you will still need to comply with existing customs controls and VAT rules. This includes paying any Import Duty and compliance with UK domestic VAT obligations. These are detailed in [VAT Notice 700/1: who should register for VAT](#).

**VAT registration:** <https://www.tax.service.gov.uk/shortforms/form/EORIVAT>

**Registration for Imports:** <https://online.hmrc.gov.uk/shortforms/form/EORINonVATImport?dept-name=&sub-dept-name=&location=43&origin=http://www.hmrc.gov.uk>

### **What data will be required for the import entry – Commercial Import?**

Core data for importation of goods into the UK either with or without a deal after Brexit will not alter much. The change will be whether the importer agent will pay duty and VAT on the shipper's behalf or the seller pays the duty and VAT themselves.

The data required will be in the case of a No-Deal scenario as both a CSV and Excel file:

(CSV upload file for customs computer upload, Excel for Customs officers – Human readable)

1. Importer/Exporter ID ref number (in the case of a VAT/EORI registered exporter/seller)
  - a. This proves payment of VAT/Duty by the Third party
2. Importer/exporter VAT number (in the case of a VAT/EORI registered exporter/seller)
3. Importer/exporter EORI number (in the case of a VAT/EORI registered exporter/seller)

4. Importer EORI number (Business only)
5. Importer VAT number (Business only)
  - a. How to validate an EORI number:  
[https://ec.europa.eu/taxation\\_customs/dds2/eos/eori\\_validation.jsp?Lang=en](https://ec.europa.eu/taxation_customs/dds2/eos/eori_validation.jsp?Lang=en)
6. Exporter Name and Address
7. Exporter email/contact information
8. Importer Name and Address
9. Importer email/contact number
10. Weight
11. Dimensions
12. Value
13. Currency
14. Clearance type: DDP or DDU
15. Description
16. HS Code (10 Digits)
  - a. Validation of HS Codes can be found here on the trade tariff website:  
<https://www.trade-tariff.service.gov.uk/sections>
17. Seller link/s
18. HAWB number
19. MAWB number
20. Flight number
21. Tracking number if different to HAWB number

An Invoice (Excel or PDF) is required for every commercial import into the UK. The invoice must contain the date, invoice number, shipper details, receiver details, description, value, currency, quantity of goods, EORI and VAT number (if registered), the Unique client number for VAT (if registered), the HS code/s and any other relevant information required

Once the goods arrive, how are they cleared?

Once goods arrive at the frontier (LHR/LGW) the data is submitted to HMRC to CHIEF (current customs clearance system) or CDS (new customs clearance system). Currently allowed are 99 lines per entry with CHIEF which is either 99 HS codes or 99 HAWB's per entry. When CDS is launched this number will be 999 HS codes or HAWB's per entry.

Goods have to be classified for duty purposes, the HS Code must match the description of the item declared. The duty rate is calculated based on the commodity code (HS Code) and this can range from 0% upwards depending on the origin of the goods, the type of goods or what they are made of or what they are used for. Goods are assigned duty rates based on "protectionism" – to explain, this is simply to protect local manufacturers of similar type goods to prevent a foreign supplier gaining an unfair advantage over local suppliers. In the same principle, based on a no Deal Brexit, all goods will have VAT applied at import.

Once the data is submitted to HMRC and entry is generated called an Import Entry Acceptance Advice – Trader Input Plain Paper C88. This entry shows who the declarant of the goods is, what the HS code is, the details of the value declared, currency, quantity, location and most importantly the amount of Duty and VAT payable on the goods.

There are two main types of import clearance, a personal import clearance (B2C) and a commercial business clearance or Home Use clearance (B2B). In the case of paying duty and VAT on behalf of individuals who are not VAT or EORI registered, One World Express can clear and pay all duty and VAT on the importer's behalf on a DDP basis only. In the case of a business clearance the

requirement differs in that bulk clearances are not possible and each HAWB or MAWB as may be the case must be cleared individually (See import guide on how to split B2B consolidations from B2C consolidations per HAWB). The same will be required for VAT/EORI registered exporters, all material MUST be split into their own HAWB consolidations for commercial import clearance. The details of the mode of payment outside of the DAN process has yet to be correctly defined by HMRC, however it is likely at the time of writing this document that all VAT/EORI registered sellers will be required to provide their DAN details along with an online and offline letter of authority to clear on their behalf. All sellers, marketplaces will be required to ensure that the unique TAX/VAT/EORI ID is clearly defined on all documentation such as the shipping label, invoice and this must be reflected in the data sent in the pre-alert files.

The B2C model post Brexit in a no deal scenario will not change the import process, however VAT must be paid on all goods no matter the value, this can only be done on a DDP process where One World Express will pay all the VAT at import and invoice this out to the shipper/agent/customer and collect at an arranged date.

The B2B clearance will follow several routes for clearance:

1. Shipper is VAT and EORI Registered
  - a. Can pay duty and VAT via the HMRC online portal\* or using a deferment account which must be applied from HMRC
  - b. Can allow One World Express to pay duty and VAT and invoice back providing a copy of the C88 Import entry
  - c. The seller must authorise One World Express to clear on their behalf with a written authority letter. The format of this letter must state the full shipper details, address, contact information and must be on a letterhead with a signature and stamp of an authorised person/director.
  - d. Deferment Account (DAN) with Authority to use: Please click on this link:  
[https://public-online.hmrc.gov.uk/lc/content/xfafoms/profiles/forms.html?contentRoot=repository:///Applications/Customs\\_A/1.0/C1207N&template=C1207N.xdp](https://public-online.hmrc.gov.uk/lc/content/xfafoms/profiles/forms.html?contentRoot=repository:///Applications/Customs_A/1.0/C1207N&template=C1207N.xdp)
2. The receiver is VAT and EORI registered
  - a. The Importer must authorise One World Express to clear on their behalf using their VAT and EORI number
  - b. Deferment Account (DAN) with authority to use: Please click on this link:  
[https://public-online.hmrc.gov.uk/lc/content/xfafoms/profiles/forms.html?contentRoot=repository:///Applications/Customs\\_A/1.0/C1207N&template=C1207N.xdp](https://public-online.hmrc.gov.uk/lc/content/xfafoms/profiles/forms.html?contentRoot=repository:///Applications/Customs_A/1.0/C1207N&template=C1207N.xdp)

Before an entry is accepted there are several possibilities, either the goods are held for a random check (Route 2) or held for a full inspection (Route 1) or released for collection (Route 6). Once the entry is accepted at the frontier (Route 6), goods can be collected and processed accordingly.

**Note for Routes 1 and 2 there is a likely chance goods will be held for several days and could be reassessed for duty and VAT payment and at very worst seized or surrendered to the Crown. It is also likely that there will be airline handling and storage charges applied to your account.**

While not yet formalised, HMRC have given the following guidance on VAT payment for registered Persons:

**How to account for import VAT – Reference HMRC Guidance**

If you use software or the CHIEF system to declare your customs duties, you'll need to:

- input your EORI number (which includes your VAT registration number) into either registered consignee (SAD box 44h) or consignee (SAD box 8)
- enter 'G' as the method of payment

If you use the new Customs Declaration Service (CDS) to declare your customs duties you need to enter your VAT registration number at header level in data element 3/40.

VAT will be recorded against your EORI and will be at declaration level only.

You can still account for import VAT on your VAT Return, even if you cannot confirm the customs value of the goods that you import. You should declare the highest value for VAT and reclaim any eligible input tax under the normal rules.

[VAT Notice 252](#) has more information on the customs value of goods.

### How to complete your VAT Return

An online monthly statement will be available to download and keep for your records. It will show the total import VAT postponed for the previous month and when you should include it in your VAT Return.

There will also be changes to the way you complete the boxes on your VAT Return.

Box number	What to include
Box 2	VAT due in this period on imports accounted for through postponed accounting
Box 4	VAT reclaimed in this period on purchases and other inputs (including imports)
Box 8	Total value of all exports of goods, excluding any VAT
Box 9	Total value of all imports of goods, excluding any VAT

If your VAT Return period includes 31 October 2019 you'll need to account for VAT in 2 ways:

1. Use your current process up to 10:59pm UK time on 31 October 2019.
2. Account for import VAT on your VAT Return from 11pm onwards.

CHIEF or CDS will issue the following import VAT statement:

- a C79 import VAT certificate for imports made up to 10.59pm on 31 October 2019
- a monthly import VAT statement for imports made from 11pm on 31 October 2019

### **If you have an agent**

You can authorise your agent to account for import VAT on your VAT Return.

To make customs declarations on your behalf and account for import VAT on your VAT Return your agent should:

- use your VAT registration number or EORI number
- have your agreement to account for import VAT on your VAT Return

Agents must not use their own VAT registration number.

### **Postal imports worth £135 or less**

If you import goods for use in your business and the seller sends them as a postal parcel, you will not be able to account for import VAT on your VAT Return if the goods are worth £135 or less.

You should pay the import VAT up front and the overseas seller of the goods must account for the import VAT. You should use the invoice to reclaim the import VAT on your next VAT Return.

### **If you do not account for import VAT on your VAT Return**

If you choose not to account for import VAT on your VAT Return you would have to pay the import VAT 2 months before you would be able to reclaim it.

You will also have to declare import VAT when the goods arrive in the UK, or enter free circulation, if you use:

- CHIEF to make declarations, you could select to pay or secure the import VAT by declaring the method of payment on the VAT tax line
- CDS to make declarations, you would not enter your VAT registration number at header level in data element 3/40

If you have used One World Express to clear your inbound goods which you are selling to UK buyers and you are either not registered for VAT/EORI or you are and you need proof of how much was paid how will you know? One World Express will provide you with a copy of the C88 import entry with your weekly/monthly billing which you can tie up to your export HAWB/MAWB which is related to the UCR (unique customs reference) on the entry itself.

## Updates and revisions

Revision Date	Revision Date	Revision
1.1	18/02/2019	Customs Announcement FAQ
1.2	19/02/2019	Update - GDPR
1.3	20/02/2019	Update – LVBI and MoU
1.4	22/02/2019	BCP Changes
1.5	24.07.2019	Exit date change
1.6	08/08/2019	<b><i>Customs Clearance Process – No-Deal Brexit</i></b>

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