



PREPARING YOUR BUSINESS FOR BREXIT

On Friday 31st of January at 2300hrs Irish time, the United Kingdom left the European Union.

What does this mean?

As of the 1st of February 2020, the UK will formally left the EU. In the short term, nothing will change during the 11 month transition phase:

- Until 1st January 2021, EU and UK companies will continue to trade as if the UK was still a member of the EU.
- There will be no Sanitary/Phytosanitary check between the EU and the UK.
- EU & UK citizens respectively will still be able to travel freely between both jurisdictions.
- The UK will still implement EU legislation.

This transition phase will end on **January 1st, 2021**. From that point on, the UK will no longer apply the rules of the European Union, the Single Market or the Customs Union.

In practice, for Irish traders, unless a free trade deal is agreed between the UK and the EU in 2020, tariffs will most likely be applied to exports to the UK and will definitely be applied to imports from the UK. Either way Customs Declarations will be required for Imports and Exports.

What can I do?

BDO strongly advise traders to prioritise Brexit preparations now to get tariff mitigation procedures in place and to avoid the panic that will inevitably accompany the 31st of December 2020.

BDO advises that companies trading with partners in the UK take the following steps:

Step 1

Ensure you have a **Customs Registration Number – EORI**

If you intend to act as an importer from/exporter to the UK and the EU, you cannot do so unless you are registered with Customs. Similarly you will be required to have a UK Customs registration to export from/import to the UK. If your suppliers are delivering to you DDP make sure they have an EORI number.

Step 2

How do you intend to pay customs duties on arrival?

Establish whether you need to obtain a **Deferred Payment Account** and, if so, put in place a guarantee provision with your bank to cover the duties that are going to be suspended.

A *Deferred Payment Authorisation* will allow you to import goods into Ireland from the UK and defer the payment of *Customs Duties* and *Import VAT* to the month following import. If you export to the UK you should also now request a *Deferred Payment Authorisation* from HMRC.

Step 3

Ensure your **tariff classifications** are 100% correct and, from this, confirm the duty rates that may be payable.

This will also be essential in order to determine the origin rule applicable to your product under a Free Trade Agreement

Step 4

How are you lodging declarations with Revenue and HMRC ? Do you need in-house training and software?

*Will you outsource this to a clearance agent to lodge **Customs Declarations** on your behalf.*

A clearance agent will act on your behalf to enter your *Import and Export Documents* into the Customs System (*AEP, Ireland and CHIEF, UK*) however the capacity on the market is limited.

Step 5

Talk to your suppliers and customers to confirm who is acting as **Importer and/or Exporter of Record** for your purchases and sale

They are responsible for the payment of the *Import Duties* along with customs compliance.

Step 6

If you trade in **Agricultural goods**, and particularly if those goods are of animal origin, then additional **Vetinary checks and certs** will be required along with **additional time frames** for notifying Customs of imports. Ensure you are registered with DAFM and comply with new UK import requirements.

Step 7

Review your **VAT position in Ireland and the UK**. As a VAT registered entity you can avail of simplifications with regard to accounting for VAT on import. This will **significantly benefit cash flow**.

Step 8

Seek advice if you **import from or export to Northern Ireland** as special rules will apply.

Step 9

It will be necessary to understand the principles of **how to apply rules of origin** to your goods so you can benefit from any Free Trade Agreement that may be agreed.

Step 10

Avail of **Grants and Training**.

ONCE THESE STEPS ARE IN PLACE WE RECOMMEND:**PUTTING TOGETHER A CUSTOMS PROCEDURE GOING FORWARD**

As you may now be importing/exporting for the first time it is essential to draft a Customs Procedure to ensure the correct processes are put in place for Importing and Exporting your goods.

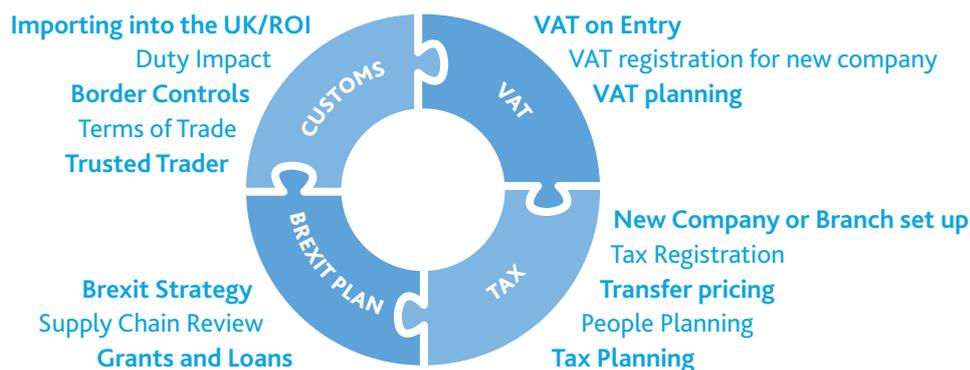
REVIEWING THE AUTHORISED ECONOMIC OPERATOR STATUS

After completing steps 1–9 you can look to apply for the Authorised Economic Operator (Trusted Trader Customs Authorisation).

This is a complicated process and requires a considerable number of procedures to be in place from both a Customs, IT, Accounting, Logistics and Supply Chain Security perspective.

The average time frame to securing AEO status is 4–6 months in Ireland and 9–12 months in the UK.

In summary we strongly recommend that businesses prepare a plan to include:

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BDO are currently running in-house training so that businesses can familiarise themselves with the basics of Customs and what you need to do to be ready.

For more information contact the BDO Customs and International Trade Team, brexit@bdo.ie.

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