



Atlantic
Food
Export
Project



INSTITUTE
OF EXPORT
& INTERNATIONAL TRADE

TRADING IN 2021 BEVERAGES– POST TRANSITION PERIOD

22nd September 2020

ABOUT THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE

Membership	Training	Qualifications	Access to Grant Schemes	Apprentice-ships	Post Transition Planning
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<https://www.export.org.uk/>

Supporting the interests of everyone involved in international trade since 1935

Established in 1935, the Institute of Export & International Trade is the professional membership body representing and supporting the interests of everyone involved in importing, exporting and international trade.

Offering a unique range of individual and business membership benefits and a world renowned suite of qualifications and training, the Institute is the leading authority in best practice and competence for businesses trading globally.

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Tariffs

Tariffs on Imports and Exports into and from the UK

<p>If there is no EU:UK Free Trade deal agreed the UK reverts to trading on WTO terms, what is referred to as 'Most Favoured Nation' (MFN) terms.</p>	<p>Tariffs may apply to goods imported from, and exported to the European Union.</p> <p>EU tariffs are based on the Common External tariff</p>	<p>Under MFN terms these would be the same tariffs that the UK would apply to tariffs from all WTO members (outside of a trade deal)</p>	<p>The UK Government has announced a new UK Global Import Tariff to apply from the 1st January 2021</p>
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Example Tariffs That Will Apply

Commodity Code	Goods Description	UK Global Import Tariff
2204292210	Wines produced in Bordeaux, in containers holding > 10 l and of an actual alcoholic strength of <= 15% vol, with PDO (other than sparkling wine and semi-sparkling wine) - Of an actual alcoholic strength by volume not exceeding 13 % vol	8.20 GBP / hl
2204292690	Of an actual alcoholic strength by volume exceeding 13 % vol but not exceeding 15 % vol	10.00 GBP / hl
2204299090	Wines produced in EU, in containers holding > 10 l and of an actual alcoholic strength of > 15% vol, with PDO or PGI (other than Madeira, Sherry, Samos, Muscat de Lemnos and Setubal muscatel) - Of an actual alcoholic strength by volume exceeding 18 % vol but not exceeding 22 % vol	17.00 GBP / hl
2222060031	Cider and perry, sparkling	16.00 GBP/hl

FOR FURTHER EXAMPLES I SUGGEST SHARING MY SCREEN

22041011	Champagne, with PDO	32.00 EUR / hl	26.00 GBP/hl
22041013	Cava, with PDO	32.00 EUR / hl	26.00 GBP/hl
22041015	Prosecco, with PDO	32.00 EUR / hl	26.00 GBP/hl
22041091	Asti spumante, with PDO	32.00 EUR / hl	26.00 GBP/hl
22041093	Sparkling wine of fresh grapes with a prote	32.00 EUR / hl	26.00 GBP/hl
22041094	Sparkling wine of fresh grapes with a prote	32.00 EUR / hl	26.00 GBP/hl
22041096	Varietal sparkling wines of fresh grapes wit	32.00 EUR / hl	26.00 GBP/hl
22041098	Sparkling wine of fresh grapes (excl. varieta	32.00 EUR / hl	26.00 GBP/hl
22042106	Wine of fresh grapes, incl. fortified wines, i	32.00 EUR / hl	26.00 GBP/hl
22042107	Wine of fresh grapes, incl. fortified wines, i	32.00 EUR / hl	26.00 GBP/hl
22042108	Wine of fresh grapes, incl. fortified wines, i	32.00 EUR / hl	26.00 GBP/hl
22042109	Other wine of fresh grapes, incl. fortified w	32.00 EUR / hl	26.00 GBP/hl

DON'T CONFUSE EXCISE DUTY WITH CUSTOMS DUTY!



If you are trading in Excise Goods ensure your company clearly differentiates between Customs Duty and Excise Taxes.



Excise Duty is chargeable in addition to any Customs Duty which may be due

UK Excise Duty Link

<https://www.gov.uk/government/publications/uk-trade-tariff-excise-duties-reliefs-drawbacks-and-allowances/uk-trade-tariff-excise-duties-reliefs-drawbacks-and-allowances>

Overview of Procedures for Excise Goods Imported Into UK From January 2021

Importers wishing to import to excise duty suspension will also need to be approved as a Registered Consignor (or seek the services of one)

An excise movement guarantee must be in place (if required) for duty suspended imports to cover the movement from the port to the warehouse.

To defer payment of excise duty due on import, traders or their representatives will need to apply for a Deferment Account.

HMRC in UK are introducing new rules allowing most businesses to use duty deferment without needing to obtain a Bank Guarantee.

This will not apply to businesses that have a history of non-compliance or are insolvent.

Domestic duty suspended movements will also be declared on the EMCS system.

Excise duty on parcels containing excise goods will be collected by the parcel operator from the recipient in the UK (along with any VAT and customs duty).

This is in line with current RoW excise parcel process.

EXCISE MOVEMENT CONTROL SYSTEM

The Excise Movement Control System (EMCS) will no longer be used to control suspended movements between the EU and the UK.

However, EMCS would continue to be used to control the movement of duty suspended excise goods within the UK, including movements to and from UK ports, airports and the Channel tunnel.

This will mean that immediately on Importation to the UK, will have to place those goods into UK excise duty suspension, otherwise duty will become payable





The Trade and Customs Journey

CUSTOMS DECLARATIONS

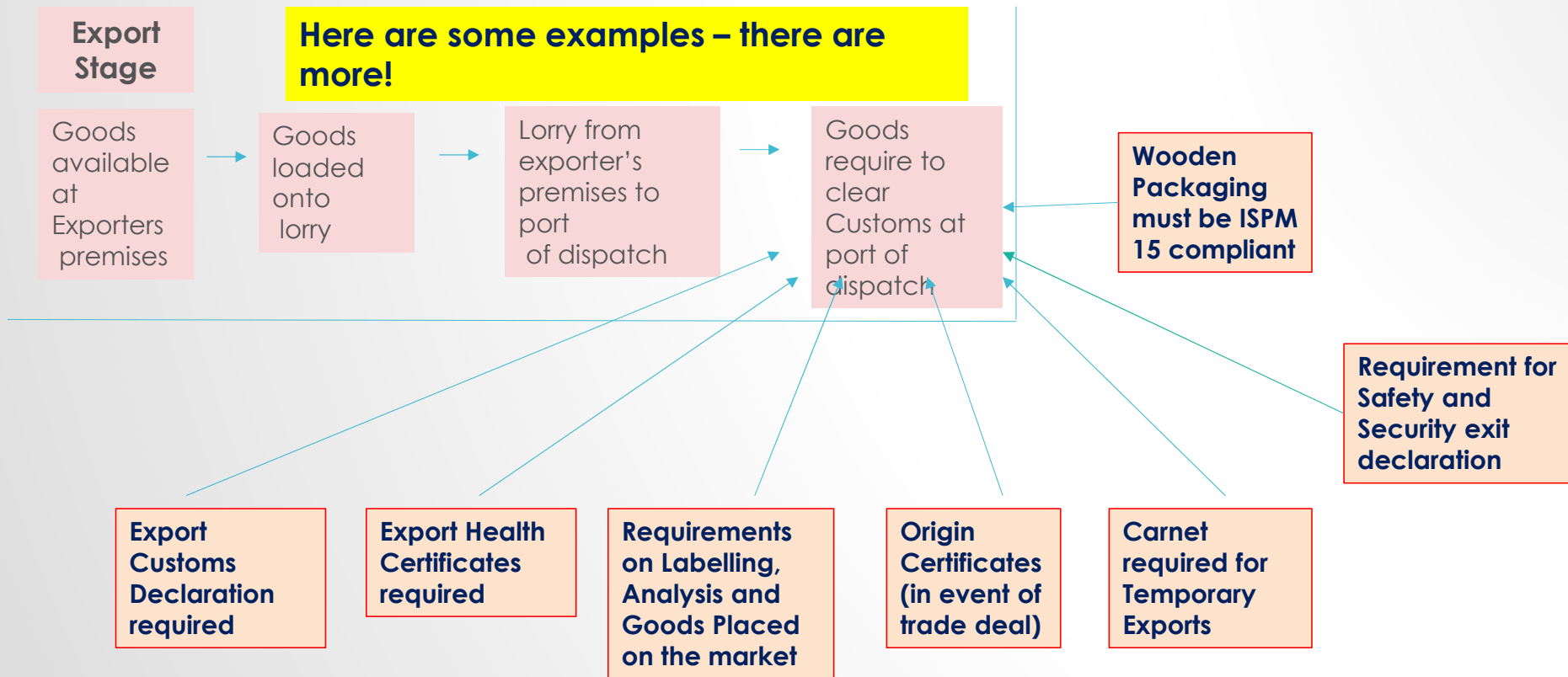
From January 2021 goods moving between the UK and EU will move between different customs territories and will require customs declarations, comprising:

- An outbound (export) customs declaration for goods leaving one customs territory (leaving the EU)
- An inbound (import) customs declaration for goods entering the other customs territory (entering the UK)

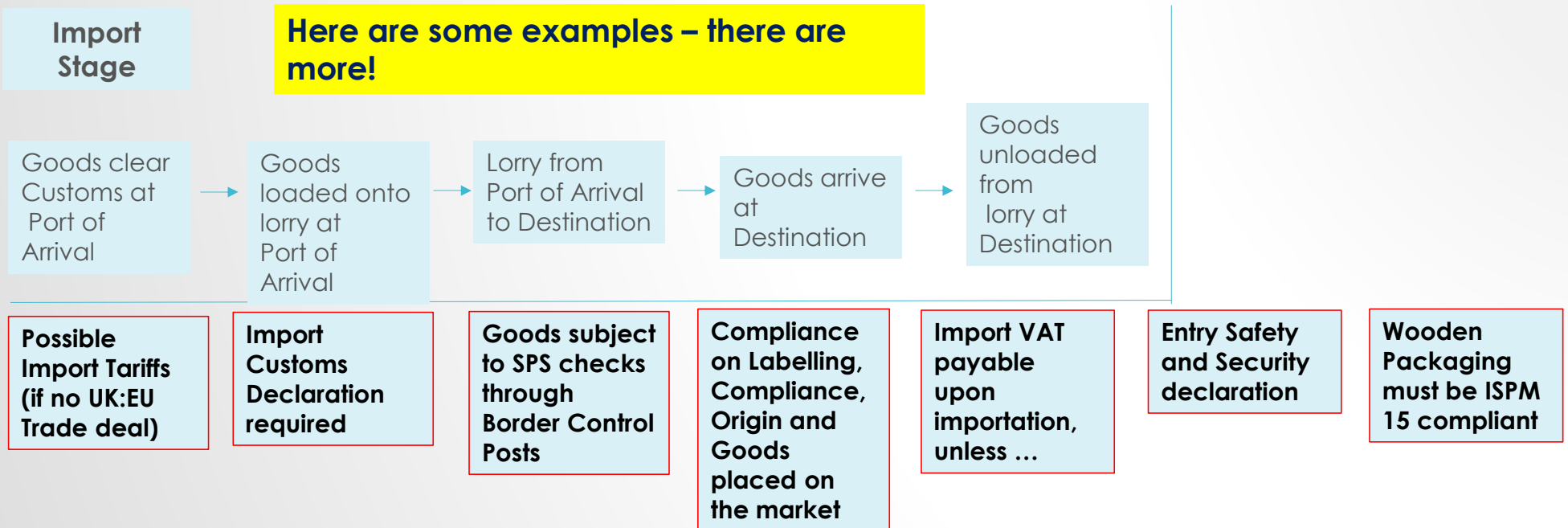
Irrespective of who makes the customs declaration, liability for the declaration, and all the parts of the declaration lays with the trader (the importer or exporter)

Incoterms determine who – the importer or the exporter - is responsible for the declaration

Exports from EU to GB –what is different from January 2021




Imports into GB from the EU –what is different from January 2021



UK Border Operating Model

-Three stage import control procedures from 1 January 2021

Stage One from 1st January	<ul style="list-style-type: none">• Declarations on Standard Goods can be deferred for up to six months from date of import• Main benefit of this may be to defer payment if import duty is payable• Achieved by a process called EIDR (Entry into Declarants Records)• Controlled goods (excise, military) will require full declarations• Imports of live animals and high risk plants require full certification and pre-notification, with inspection of point of destination		
Stage Two from 1st April	<ul style="list-style-type: none">• Products of Animal Origin require full certification and pre-notification• Inspection for products of animal origin at point of destination		
Stage Three from 1st July	Full import controls (see below)		
<ul style="list-style-type: none">• Full customs declarations will be required for all goods	<ul style="list-style-type: none">• Relevant tariffs must be paid	<ul style="list-style-type: none">• Full Safety and Security declarations will be required	
<ul style="list-style-type: none">• SPS products will have an increase in physical checks and samples taken	<ul style="list-style-type: none">• Checks for animals, plants and their products will now take place at GB Border Control Posts and not at destination	<ul style="list-style-type: none">• If the deferral process is used businesses – or their agent - must be approved for CFSP (Customs Freight Simplified Procedures) to make the full customs declaration	

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BOTTLED WATER

- Imports of bottled water will not be subject to additional border processes from January 2021.
- However, a variety of documentary and/or physical checks may occur throughout the import process, including after the goods have been released from the border.
- Checks may include taking a sample of the goods being imported and may be undertaken after the goods have been released from the border; this may include taking a sample of the goods being imported.
- At the point of sale, natural mineral waters (NMWs) will need to carry an extra non-tariff barrier (NTB) – e.g. the recognition in line GB legislation – which will be checked by enforcement authorities to ensure the NMWs is allowed to be marketed in GB.

UK: Ireland

Holyhead:
Dublin

Spain and
Portugal:
Northern
Ireland

Channel
Tunnel

Dover :
Calais



Turkey



Incoterms and Responsibility for the Trade Journey

Incoterms

Who is responsible (the exporter or the buyer) for the different parts of the trade journey	Who is responsible for the different costs in the trade journey	Who is responsible for Customs declarations
Who pays any import tariff	Who is responsible for the different trade and transport documentation	Where risk resides / transfers in the trade journey (risk in terms of damage/theft/hazard to the goods)
Where control resides / transfers in the trade journey (who has 'control' over the goods the exporter or the buyer)	Who is responsible for loading and unloading	Sometimes who is responsible for cargo insurance (and sometimes the minimum level of insurance required)

OVERVIEW OF INCOTERMS 2020

	Explanation	Incoterms 2020	Freight	Mode
EXW	Ex Works	Named place of delivery	Freight collect	Any
FCA	Free Carrier	Named place of delivery	Freight collect	Any
FAS	Free Alongside Ship	Named port of shipment	Freight collect	Sea & Inland Waterway
FOB	Free on Board	Named port of shipment	Freight collect	Sea & Inland Waterway
CFR	Cost & Freight	Named port of destination	Freight prepaid	Sea & Inland Waterway
CIF	Cost, Insurance & Freight	Named port of destination	Freight prepaid	Sea & Inland Waterway
CPT	Carriage paid to	Named place of destination	Freight prepaid	Any
CIP	Carriage & Insurance paid to	Named place of destination	Freight prepaid	Any
DAP	Delivered at place	Named place of destination	Freight prepaid	Any
DPU	Delivered at place unloaded	Named place of destination	Freight prepaid	Any
DDP	Delivered duty paid	Named place of destination	Freight prepaid	Any

Freight Collect



Company that receives goods will pay the cost of transporting the goods at the time they are received

Freight Prepaid

Seller/shipper pays all the shipping costs until the cargo arrives at the buyer's store.

INCOTERMS DETERMINE RESPONSIBILITIES FOR GB EXPORTER AND EU IMPORTER

The following are examples of Incoterms regularly used for GB to EU Trade. There are however other viable Incoterms

EXW (EX Works) <i>Maximum responsibility for GB buyer</i>		FCA (Free Carrier) <i>EU exporter is responsible for loading of goods and is the declarant of record in the EU</i>
DDP (Delivered Duty Paid) <i>Maximum responsibility for EU exporter with UK EORI and UK VAT number*</i>		DAP (Delivered at Place) <i>UK buyer is responsible as the declarant of record in the EU and responsible for any import duties and import VAT</i>

Exporters must maintain full Proof of Export files with C88 (Single Administrative Document), Transport Document and full trail of Commercial Documents

***In some sectors the exporter may feel they have to take responsibility if selling to a small retailer TO DISCUSS**



Customs Declarations

Responsibility for customs declaration and paperwork

**Responsibility depends on the Incoterms (International Commercial Terms) agreed.
The trader however is ultimately liable.**

There are 11 sets of Incoterms determining responsibilities for transportation, customs declaration, paperwork, licenses and in some cases insurance of goods in transit.

- **ExWorks** places the onus on the overseas buyer
 - they are responsible for both Customs declarations and the Customs paperwork (declarant of record)
- **DDP (Delivered Duty Paid)** places the onus on the UK exporter
 - with responsibility for both Customs declarations, paperwork, and any import tariffs (declarant of record)

Selecting
correct
Commodity
Code and
correct
Customs
Procedures
Code

Declaring
correct
valuation of
goods, and
correct
consignee

Declarant of
Record

VAT
Implications

Maintaining
Proof of
Export /
Import

Licenses

Requirement
for separate
Safety and
Security
declarations
(by haulier?)

COMMERCIAL INVOICE

Why is this document so important?

It is the one document that everyone uses to glean information from

It is required by:

- Freight Forwarders / Agent / or Trader to complete the entry into Customs

- A Commercial Invoice must include:

- Incoterms

Commodity Code

Gross/Net Weight

*IT IS AN ESSENTIAL DOCUMENT REQUIRED FOR CUSTOMS
DECLARATIONS*

AND

REQUIRED FOR PROOF OF EXPORT

Could Customs Special Procedures Be a Solution

VITAL IN THE
CONTEXT OF EXCISE

Customs Warehousing

Goods not in free circulation can be stored without payment of customs duty, and where appropriate **excise duty or import VAT**, in a customs warehouse.

Inward Processing

Payment of customs duties and import VAT is suspended on imported goods whilst processing is taking place.

Outward Processing

Allows for temporary export of goods for processing or repair, and to re-import the processed products whilst retaining domestic status or with partial relief from import duties

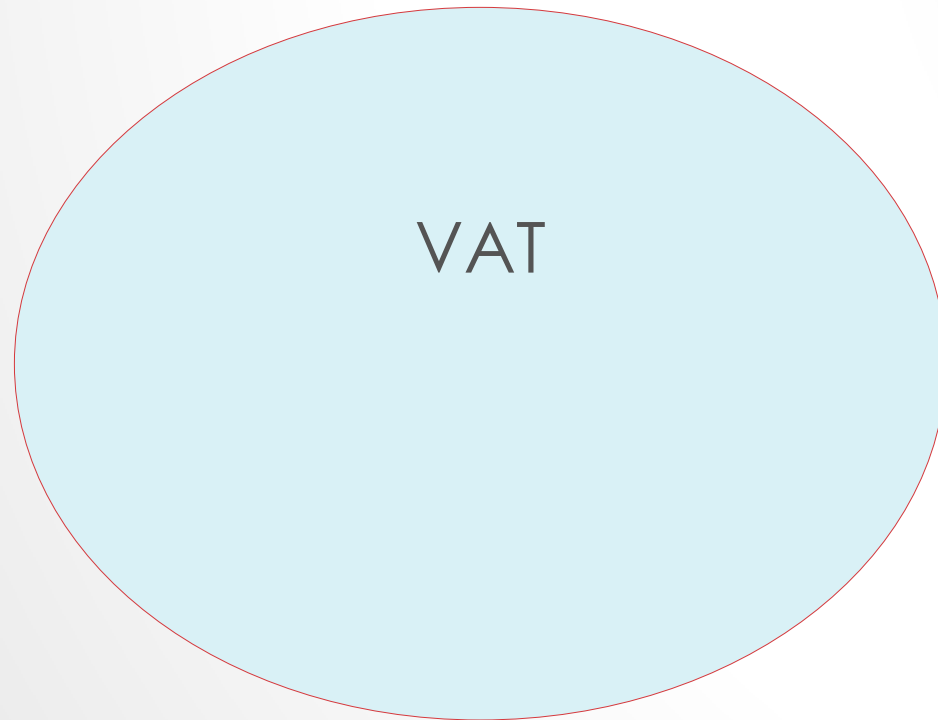
Temporary Admission

Businesses authorised to import goods with total or partial relief from customs duties because of the specific use to which the goods will be put

Authorised Use

Reduced or zero rates of Customs duty on certain imported goods, provided they are put to a prescribed end use

Use of Customs Special Procedures usually requires financial guarantees



VAT

INSIDE THE EU

A Reverse Charge VAT Mechanism applies for businesses trading in the European Union	Introduced by EU to simplify accounting for VAT within the Single Market	Responsibility for the VAT and it's reporting falls on the BUYER not the seller (however the buyer can reclaim VAT back in the same way as they do for domestic VAT).
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Post Transition period these procedures will cease

An EU exporter will have to apply the same VAT zero-rating processes as they do for the Rest of the World
-whereby exports are zero rated for VAT (subject to proof of export)

A UK importer of record will be able to use Postponed VAT Accounting from 1st January 2021
-Note, if selling on DDP terms then the EU exporter will require a UK EORI number and UK VAT number



Northern Ireland

GREAT BRITAIN TO NORTHERN IRELAND TRADE

GB: NI Trade will have additional requirements

Customs Declarations	Customs declarations will be required for goods entering NI (as these goods are entering the customs territory of the European Union) The scope of declaration requirements is to be fully determined
Safety and Security Declarations	Safety and Security declarations will be required on goods exiting the UK, <u>and</u> goods entering NI
'At Risk' Goods	Goods at risk of moving from NI to Republic of Ireland may be subject to tariffs (if tariffs apply) -a rebate system is likely to apply for 'At Risk' goods which remain in Northern Ireland (subject to evidence being provided) -goods going into a manufacturing process may be deemed to be 'At Risk'
Inspection (SPS) Checks	SPS checks will be required on some goods entering NI from GB -e.g. products of animal origin

Trade from Northern Ireland to the Republic of Ireland and Rest of the European Union will be the same as it is today, no tariffs and no customs declarations



Further Considerations

Pallet Availability



Pallets Requirement	Pallets Issue	Shortage of Pallets
<p>ISPM15: UN standard introduced to stop spread of bark beetles & other pests.</p> <p>EU require that wood packaging material may only be imported into the EU from 'third countries' if they meet the following:</p> <ol style="list-style-type: none"> 1.Heat treatment achieving temperature of 56°C, for a minimum duration of 30 continuous minutes 2.Wood exceeding certain dimensions, material must be heated to achieve a minimum temperature of 60 °C for one continuous minute with entire coverage of the wood. 3.Fumigated with methyl bromide and sulfuryl fluoride. <p>All timber packaging must be treated at source (export).</p>	<p>Rules do <u>not</u> apply for trade between EU member states.</p> <p>Wooden pallets primarily used for small imported and exported goods. It is estimated that 3m+ pallets move between UK and EU every month</p> <p>-around 1/3 wooden pallets would 'fall foul' of new checks likely to be imposed on British goods sold into EU.</p> <ul style="list-style-type: none"> ➤ Price hikes or shortages could arise as companies seek to buy the right packaging ➤ Trucks carrying food, drink and other products in unsuitable packaging could be turned away on arrival in EU <p>The same issue could arise for EU goods entering the UK, however UK may be flexible to avoid supply chain disruption</p>	<p>Shortage of 'right sort of pallets' which would require to be used for exports to the UK from January 2021</p> <p><i>Note: Rules do not apply to wood that is 6mm thick or less; wood packaging material that is made entirely from processed wood produced using glue, heat and pressure e.g. plywood and veneer</i></p>

Action: The exporter must ensure that either - they, the packing provider or freight forwarder - ensures that pallets are ISPM 15 compliant

Further Considerations

No, Brexit also impacts trade in services

A sample of the issues is provided below (some of these also further impact businesses trading in goods)

GDPR -use of Standard Contractual Clauses -Will there be Adequacy / Mutual Recognition?	Intellectual Property Protection -new UK Trade Mark	Consider BTI (Binding Tariff Information) and BOI (Binding Origin Information)	Business Travel -definition of 'short stay' without Visa -driving in the EU -
VAT on Trade in Services -place of supply rule	UK Nationals living and working in the EU	Access to European markets to sell services; to be negotiated in a trade agreement (fallback position WTO General Agreement on Trade in Services)	Product Conformity – CA Marking will apply in the UK

Legal Terms and Conditions are important for all businesses
 -governing law
 -arbitration / dispute resolution

ATA Carnets (Temporary Exports)

Carnets facilitate temporary export to the UK and re-importation into the EU

Carnet system applicable to 78 countries	By presenting an ATA Carnet document to foreign customs, goods travel duty free and import tax free into a carnet country for up to one year.
ATA Carnets are obtained from an accredited Chamber of Commerce -there is a cost and application process required	From January 2021 EU businesses will require to provide Carnets (which is not required today) <i>-although official confirmation is awaited in this respect</i>

Communicate with Customers, Suppliers and Stakeholders

Identify Trade tariffs that may apply – for trade with the European Union and trade with Third Countries, <http://tariffdata.wto.org/ReportersAndProducts.aspx>

Discuss changes to VAT arrangements (import VAT payable upon importation)

Agree your Incoterms – International Commercial Terms

-be clear on who is responsible for Customs declarations, trade document and tariffs that apply

Ensure your goods are insured during the trade journey

Communicate with UK customers and suppliers; they may also be impacted in terms of challenges and opportunities

Ensure you are all compliant with EU and UK regulations

For some businesses you will need to note the impact of the abolition of Low Value Consignment Relief threshold £15 –Import VAT will be payable

Stakeholders include Freight Forwarders and Banks

AVOID MISUNDERSTANDINGS

In Summary, what should Businesses do?

Plan and Prepare for the Future

- Acquire as much knowledge as possible in order to determine the Brexit impacts
- Create an action plan
- Communicate with Customers, Suppliers and Stakeholders



**Atlantic
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Sevilla



Cefnogir gan
Lywodraeth Cymru
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