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BREXIT EXPORT GUIDE



Report prepared by :	Robert Hardy
Email :	robert.hardy@oakland-international.com
Telephone :	07487 256 543
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INTRODUCTION

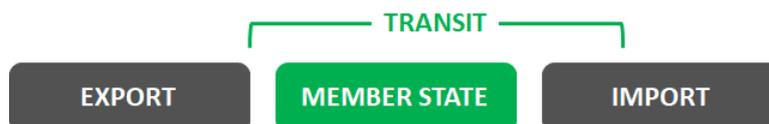
This guide is intended for both UK and Irish exports and where differences exist you will see that we give IRL and UK information individually.

The processes contained herein are EU standard (with some UK variations). They can equally be applied to exports from Spain to the UK. The only difference is likely to be the national export control system process (but it will not vary much from the Irish one).

One should note the export process and the need for it. Goods traded to/from the UK today are done so on a reverse charge VAT basis with larger traders also submitting INTRASTAT monthly returns containing additional and supplementary statistical data. Not so after Brexit. INTRASTAT will no longer exist and VAT will be handled completely differently. Exports will be zero rated for VAT and imports will be positive rated.

The export process is a key factor in controlling the zero rated export. You will be invoicing export sales with zero VAT and you will need to prove that the goods have actually been exported, hence the need (in part at least) for the export process detailed in this guide.

There are (potentially) three processes involved : export, transit and import. Transit is normally only required when multiple VAT frontiers are involved or the import clearance station is inland.



This guide is intended to assist you in preparing for Brexit. We are of course available should you require assistance or guidance. See the [HELP & SUPPORT](#) section at the end of this guide.

We hope you will find this guide useful and informative.



Why are Customs interested in your Exports?

For a number of reasons including:

- enforcing export restrictions and prohibitions
- ensuring that export licence requirements are met
- ensuring that EU/UK regulations for export relief schemes are correctly applied
- preventing the diversion of duty-free or VAT zero-rated goods to the home market
- ensuring that requirements for safety and security purposes have been adhered to
- collecting export statistics

How do you make an export declaration?

You must lodge your customs declaration electronically, using AEP for Ireland or NES for UK, both of which are explained later in this guide. The customs declaration gives all the information needed about what the goods are and what is happening to the shipment.

Completing an Export Declaration

Details that should be submitted include:

<ul style="list-style-type: none"> • Consignor / consignee • EORI numbers of both • the origin of goods • the country of destination 	<ul style="list-style-type: none"> • commodity codes • the customs procedure codes • value of the goods • packages and weight
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Do ALL involved need to have an EORI number?

Absolutely 100% yes. Obtaining an EORI number is quick, easy and FREE. Make sure you have one and that your customer (the eventual importer) does also. Your transport provider will also require an EORI for the Safety & Security declaration, explained later. To get an EORI, click appropriate link:

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What is a Commodity Code?

The commodity code used for exports is an eight-digit number. You may already be familiar with commodity codes if you are currently submitting INTRASTAT declarations, if not you will need to consult the Customs tariff:

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What if you have trouble classifying your goods?

If you are unable to classify your goods for customs purposes or have queries regarding the classification of your goods, you can contact Customs to seek their opinion (not legally binding):

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Or you can apply for a BTI (Binding Tariff Information) which is a tariff classification decision that is legally binding. Click appropriate link for more detail:

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What are the benefits of BTI ?

- Legal certainty regarding tariff classification (and duty rates)
- The rules of classification are applied uniformly throughout the EU/UK

A BTI may be invalidated due to a change in legislation. Customs will advise you if any classification changes occur that affect your BTI.

We can handle BTI applications for you. See the section entitled [HELP & SUPPORT](#)

What is a Customs Procedure Code?

The customs procedure code describes the procedure or the economic regime under which the goods are to be exported. It is required on all export declarations. A list of procedure codes for exports can be found here:

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Usually goods are exported as a result of a straightforward sale to a 'foreign' customer, in which case the export CPC would be 10 00 001. However, there can be a number of other reasons why goods are exported including:



- goods going out on long-term loan or hire, to be returned eventually
- goods being temporarily exported for repair
- goods being re-exported after processing

Goods that are exported temporarily may be eligible for relief from duty when they are re-imported. You must, however, inform Customs of this at the time of exporting the goods. You can do this by using the appropriate customs procedure code. You cannot apply for this retrospectively.

It is important to use the correct customs procedure code when you declare your goods for permanent export. If you are VAT registered your customs declaration with the correct procedure code forms part of your evidence to support zero rating of the transaction.

How do you calculate the value for export?

The method used is FOB (free on board), as per internationally recognised INCOTERMS. FOB is established by calculating the sale price of the goods, adjusted as follows:

The following should be **included**:

- export charges, if any, payable by the exporter arising from the export of the goods
- costs up to the point of delivery of the goods to the export border (Dublin or Dover for example)
 - packing costs
 - inland freight charges
 - dock dues
 - loading and handling charges
 - customs clearance charges
 - all other costs profits and expenses, including insurance and commission.

The following should NOT be included:

- Freight charges, transport insurance charges and so on, payable to transport the goods beyond the port or place of export
- Any foreign Customs Duty payable on the goods after they are exported
- Any cash discounts and trade discounts granted to the purchaser abroad should also be deducted.



Lodging an Export Declaration

An export declaration must be lodged in advance of an export movement. The exact time of pre-lodgement depends on the nature of the cargo and how the export is being affected.

Containerised maritime cargo	At least 24 hours before commencement of loading in the port from where the goods will leave
Short Sea Shipping Movements with a duration of less than 24 hours	At least 2 hours before the goods will leave. Eurotunnel will be 1 hour before goods will leave.
Road and inland waterways	At least 2 hours before the goods will leave the customs office of exit.

What happens after your declaration has been accepted?

When your customs declaration has been accepted by the AEP/NES system you will be notified of the Customs routing for your goods. There are three different routings and the characteristics of each are as follows:

- **Green Routing (UK route 6)** – indicates that your goods have been cleared on the basis of the export declaration received. Good to proceed.
- **Orange Routing (UK route 1)** – indicates that your goods have been selected for a documentary check and you must furnish Customs with all relevant documents, before your goods can be cleared.
- **Red Routing (UK route 2)** – indicates that your goods have been selected for a documentary check and a physical examination. Customs will check to ensure that the goods declared on the export declaration correspond to the actual goods. In most cases this means that the goods have to be taken to a DEP (Designated Export Place), such as the port of export. Bear in mind that this may delay the export vehicle and also remember that Customs might refuse the export having seen the goods or paperwork.

How do you make an export declaration?

All customs declarations for export must be lodged electronically. An exporter who wishes to make an export declaration must first register with their export system : AEP in Ireland or NES In UK.

IRELAND (AEP)

Trader must be approved for DTI (Direct Trader Input). DTI users communicate with the AEP System via the ROS online service and require a digital certificate to do so. Further information and how to register is here : [CLICK HERE](#)

Detailed AEP user guide (once you are registered) is here : [CLICK HERE](#)



UNITED KINGDOM (NES)

NES (National Export System) is a computer-based system which allows export declarations to be made electronically. Use of NES is mandatory for UK exporters, who must be authorised to use it.

NES is connected to CHIEF (Customs Handling of Import Export Freight). Submitting export data to CHIEF can either be done using specialist software or via CHIEF live. For the latter you must apply for web access using this link : [CLICK HERE](#)

You will need a Government Gateway login (this is easy to obtain) if you want to submit export declarations using the web based service.

What is Export Control System (ECS)?

ECS is an IT system that has been introduced for the control of exports. By submitting an export declaration you will automatically generate an ECS declaration at the same time.

ECS creates an MRN (Master Reference Number) in numeric and barcode format. You can then print the Export Accompanying Document (EAD) and give it to the driver so it can accompany the goods. In many cases the MRN is sufficient (without a printed document) but we would recommend using EAD printed documents also, at least in the early stages of Brexit.

Technically an EAD is only required for an indirect export (where the Member State of exit from the Customs territory is different from the Member State of export). However, it is widely thought that EAD's will be used as a control mechanism post Brexit, initially at least.

Master Reference Number (MRN)

The MRN is a unique number that is automatically allocated. It contains 18 digits and is composed of the following elements:

Content	Field type	Examples
Year	Numeric 2	19
Export Country	Alphabetic 2	IE (or GB)
Unique identifier for the export	Alphanumeric 13	9876AB8890123
Check digit	Alphanumeric 1	5

What happens at the port?

When your goods arrive at a port they must be electronically 'arrived', by the submission of an electronic 'arrival message', normally by the terminal operator. This signifies to Customs that the goods are available for examination, should they so wish. Significant potential for delay here.



When Customs are satisfied that all is in order a P2P (permission to proceed) is electronically issued. This electronic message gives confirmation that the export of your goods has legal authority and discharges your liability in respect of the zero rating for VAT. It is not yet clear how this process will be streamlined for Brexit but it is expected that the ships manifest will be used as the final control to prevent goods diverting back inland even with a stamped EAD (particularly where the export station is not within the port confines).

Transit documents

The United Kingdom has joined the CTC (Common Transit Convention) meaning that transit documents can now be consigned to or from the UK. For trade between UK and Ireland this is unlikely to be necessary as it only involves a single frontier and as such no 'transit' is actually taking place. Not so easy for exports from UK to mainland Europe. For example, goods shipping from Dover to Calais but destined for Germany would require a transit document to pass through Calais and continue on to Germany.

Essentially the purpose of a transit document is to guarantee the movement of goods from A (export) to B (import) and should the goods not arrive or be declared at B, then A will become liable for the duty and VAT payable (at B). This requires a significant transit guarantee and it is hoped that this will be relaxed in some way post Brexit.

Transit documents are created on a system known as NCTS (New Computerised Transit System).

What is NCTS and do I need it?

As mentioned in this guide, a transit is normally only required when uncleared goods from one territory cross through another territory en-route to their final destination. Some examples:-

UK to IRL (or IRL to UK)	No transit (unless clearing inland (unlikely))
IRL to FR	Transit (to allow goods to pass through UK)
UK to FR	No transit if clearing in Calais but needs transit if clearing inland
UK to DE	Transit, so goods can pass through FR/BE/NL for example
DE to UK	No transit unless clearing inland
FR to UK	No transit unless clearing inland
FR to IRL	Transit (unless goods are shipping directly to IRL and not passing through UK)
IRL to IT	Potentially two transits! One to allow the goods to pass through UK and another to allow the goods to pass through Switzerland (should that be the routing)

The examples above assume that the goods are in FREE CIRCULATION in the country of despatch. To explain this further : Goods from Spain to UK will NOT require a transit document (unless clearing inland in UK) as the only transit is EU goods moving through EU territories. Not so if the goods being



shipped from Spain came from USA and have not been cleared in the EU. In this case the goods are non-EU transiting the EU and will require a transit document.

Because NCTS involves a bond guaranteeing that the goods will reach their intended destination it is a process normally undertaken by the freight forwarder, as they are in direct control of the movement of the goods. With an export declaration (EAD) the exporter can register and complete this online using web services. Whilst this is also possible with NCTS it absolutely requires the presence of a transit bond and very few exporters will have this.

How do I access NCTS and what do I need?

The NCTS system is fully online. You need to register to gain access and would do this through ROS for Ireland or Government Gateway for UK. Once you've registered and enrolled, you'll be sent a PIN to activate your account. Specialist software is available if you would prefer not to submit transactions on NCTS web directly.

The enrolment process will require you to include details of the transit guarantee you will use to secure the transit movement (the bond). It follows that you MUST have a guarantee to proceed. To apply for a guarantee click appropriate link:

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This is not inexpensive. We took a simple example of £50,000 export value. This would require a transit guarantee of circa £15,000. However, this would only cover one load. Your cumulative liability needs to be considered. By this we mean the value of the goods in transit at any one time. Consider that transit may take two days and you send 10 trailers a day. This would require a bank guarantee of circa £300K. Also consider that your liability is for any NCTS movement that has started but not yet finished. A slow process in the country of destination may impact your open liability and could prevent your next NCTS transaction from being authenticated (until such time there is sufficient guarantee availability to cover it). It is not unusual to have a dedicated member of staff chasing open NCTS transactions!

It is possible to reduce the bank guarantee required, most notably by having AEO (Authorised Economic Operator) status. This is covered further in this guide.

Is NCTS paperless?

No, not really. Although NCTS is designed to be paperless your consignments must still travel with a TAD (Transit Accompanying Document) for presentation at the office of departure and the office of destination. The TAD includes your consignment's Movement Reference Number - printed in numeric form and as a barcode. You must be able to print barcodes to the ISO code 128 standard, rather than EAN 128.



The TAD can be printed out at the Customs office of departure. TADs are authenticated by the system and do not need to be stamped by Customs. This can be dangerous as a TAD that has NOT been presented at the office of departure looks exactly the same as one that has (the authentication is electronic). It might not be obvious until the driver arrives at the office of destination only to find that the NCTS is not live.

When the goods arrive at the destination country, it's important that the TAD is presented to Customs at the office of destination, so they can update NCTS that the goods have arrived.

There is significant potential for delay here as Customs are involved at departure and destination. This can be avoided if the exporter is an Authorised consignor and the importer is an Authorised consignee.

How do I become an Authorised consignor/consignee?

Authorised consignors are approved to:

- declare goods to NCTS without presenting them at the office of departure
- remove goods under customs control directly from their authorised location - this could be the authorised consignor's own premises or an approved customs facility such as:
 - a warehouse
 - a Designated Export Place
 - Temporary storage facility (ETSF)
- have automatic 'timed-out' release of goods, once NCTS is submitted, if it is not stopped then it is auto authenticated.

Authorised consignees are approved to:

- receive the goods direct to their own premises without the need to present the goods and TAD to Customs at the office of destination
- send their arrival notification message to the relevant Customs office electronically
- receive automatic 'timed-out' permission to unload the goods, if the goods are not subject to further controls or inspections by the office of destination.

Being an Authorised consignor or consignee is normally dependent on other Customs approvals, such as bonded warehousing. This may be relaxed due to Brexit but has not been so far.

It is worth asking if your customer is an authorised consignee as this may speed-up the arrival process in the country of import.

To apply for Authorised Consignor or Consignee status, click appropriate link:

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What is an Authorised Economic Operator (AEO)?

AEO status is a certified standard authorisation issued by Customs. It certifies that a business has met certain standards in relation to:

- safety and security
- systems to manage commercial records
- compliance with Customs rules
- financial solvency
- practical standards of competence or professional qualifications



Who can apply for AEO status?

Application for AEO status is open to all economic operators established within the Customs territory. Article 5 (5) of the Union Customs Code defines an economic operator as a "person who in the course of his business, is involved in activities covered by Customs legislation".

AEO status is open to all links in the global supply chain that is manufacturers, exporters, freight forwarders, warehouse-keepers, clearance agents, carriers and importers.

What are the benefits of AEO status?

There are a number of benefits of AEO, the most notable are:-

• <i>Faster transit at the border</i>	• <i>Fewer physical Customs examinations</i>
• <i>Preferential treatment by Customs</i>	• <i>Easier access to Customs simplifications</i>
• <i>70% reduction in bonds and guarantees (including transit guarantee)</i>	

There are two types of AEO certification:-

AEOC : Customs Simplifications

AEOC is issued to any business that fulfils the specified criteria in the areas of:

- customs compliance
- record-keeping standards
- financial solvency

If you hold AEOC status it will speed up the process of authorisation if you apply for Customs simplifications.



AEOS : Security and Safety

AEOS is issued to any business that fulfils all of the above criteria and also maintains appropriate security and safety standards. You'll benefit from:

- a lower risk score used to determine the frequency of Customs checks
- consignments may be fast-tracked through Customs control
- reduced requirements for the mandatory pre-arrival/pre-departure Entry Summary Declarations (ENS) or Exit Summary Declarations (EXS) which carriers must make
- potential for future reciprocal arrangements and mutual recognition with countries outside the European Community, for example, USA or trading partners that adopt the WCO Safe framework

A Combined Customs Simplifications/Security and Safety AEO certificate (sometimes referred to as AEOF) is available to any business which meets all the relevant criteria for both types of certificate and which wants to receive the benefits of both types of AEO.

Is data flow important to keep freight moving?

Probably the most important element in post Brexit trade. Even in the most basic cross border movement four things need to happen:-

- Export declaration
- Exit summary declaration (EXS)
- Entry summary declaration (ENS)
- Import declaration

It is likely that one or all of these formalities will be completed by a 3rd party agent acting on behalf of either the exporter, the carrier, the importer or all three. Data flow is therefore essential and can be broken down as follows:-

HEADER INFORMATION (PRE RECORDED)	TRANSACTIONAL INFORMATION
<ul style="list-style-type: none"> • Consignee name and address • Consignee EORI number • List of regular consignors & EORI's • Incoterms per consignor • FOB additions/deductions • List of product codes with, for each:- <ul style="list-style-type: none"> ▪ Tariff number ▪ Country of origin 	<ul style="list-style-type: none"> • Trailer number • Intended export route (eg Dover/Calais) • Type of export (standard, returned etc) • Consignor • Confirm incoterms for this consignment • Export invoice currency • List of product codes with, for each:- <ul style="list-style-type: none"> ▪ Packages (no. and type) ▪ Weight (gross and net) ▪ Value



Having initiated an export there must be a corresponding import. The next vital step in the process is the ENS (entry summary) declaration that needs to be made to alert the border that is going to be crossed (this might not be the final destination). The information above is sufficient to create the ENS but you must consider that, unlike the EXS (exit summary), it is NOT an automated process and needs to be manually completed prior to the border crossing. Failure to complete this step may delay the vehicle on arrival (even if an import entry is pre-lodged).

The border that requires the ENS declaration may be different to the final destination. For example, an export from UK to DE routed through Calais will require an EXS at Dover and an ENS at Calais (even though final import clearance may be in Germany).

The responsibility for these documents and processes will depend on the incoterms involved but it is still worth being aware of the process, even if you are not paying for it!

Are there others things I need to consider?

Customs processes can be as complex or simple as you want them to be. Whilst we have covered the basics so far there are other aspects that you need to consider and plan for:-

Food labelling

According to **EU DIRECTIVE 2000/13/EC** the name and [local] address of the manufacturer, seller or distributor **MUST** appear on food labelling. Post Brexit this means an address in EU for UK export food and similarly a UK address for EU import food. We have legal entities in UK and EU and can provide local contact information for food labelling post Brexit. Similarly we have contract packing facilities in Redditch, Corby and Dublin and can apply replacement labels should you require.

Made in Britain!

Unfortunately this might not be anything to shout about in a post Brexit environment, as British goods are likely to be tariffed at full rate of duty, at least in the absence of a free trade agreement with the EU. The origin of the goods is therefore vitally important. Normally one would argue that the goods are British in order to qualify for preferential rates in the destination country. Ironically, with Brexit, it may suit to prove the goods are NOT British.

Deciding the origin of a product is complex but as a rule of thumb consider that 60% of the value decides its origin. Take for example a pizza made with various ingredients from EU sources but finished (and added to) in the UK may qualify as EU origin. There is no hard and fast rule and it may be worth obtaining a BOI (Binding Origin Information) ruling to avoid doubt, complication or retrospective duty demands. To obtain a BOI click appropriate link:



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We have a wealth of experience in this field and are certified by WCO (World Customs Organisation) in respect of rules of origin.



What is Outward Processing Relief (OPR)?

Outward processing is a customs procedure which allows goods to be temporarily exported in order to undergo processing operations or repair. You can claim full or partial relief from import charges when these goods are re-imported. Outward processing may be particularly useful when considering the integrated EU/UK/EU supply chains that exist today. Outward processing may be useful in moving goods across borders without duty becoming payable.

Export licencing

What is an export licence?

An export licence is a document issued by the relevant government department authorising the export of restricted goods. An export licence may be needed for any goods and can range from live animals and animal products to endangered species and cultural goods. The export of ozone depleting substances, dual-use goods, arms and ammunition and other military goods are also controlled.

How do you know if you need a licence?

Check the Customs tariff to see if a licence is required. The following licences are those commonly required for exports:

- military equipment, firearms, ammunition, explosives and related goods
- dual-use goods (a wide range of civil goods that can have a military application)
- goods that may be for use in connection with chemical, biological or nuclear weapons
- goods being exported to countries that have UN, EU or OSCE sanctions against them



HELP & SUPPORT

Oakland Invicta has first-hand working knowledge of Customs regulations and how to employ them to maximum effect. The Oakland Invicta team includes certified advisors to HMRC, Institute for Government, InterTradelreland, BordBia and others. The Operations Director of Oakland Invicta, a registered international trade expert with the EU Commission, successfully developed the largest 24hour Customs clearance station in the UK, based at the Port of Dover.



This expertise and experience is available to you and able to quickly decipher the fast-moving Brexit negotiations and nuances. Oakland Invicta take care of the various elements as well as being by your side throughout and beyond the transition from full EU membership to post Brexit trade.

Oakland Invicta fees are shown below:-

A1	AEOC : Customs Simplifications approval	£3,500.00
A2	AEOS : Safety & Security approval	£3,500.00
A3	AEOF : Full approval (both elements)	£6,000.00
A4	BTI : Binding Tariff application (per tariff item)	£50.00
A5	BOI : Binding Origin application (per tariff item)	£100.00
E1	AEP or NES : Set-up of web services	£350.00
A6	Customs Comprehensive Guarantee application	£250.00
E2	NCTS set-up in UK or IRL	£250.00
E3	Authorised Consignee application in UK or IRL	£1500.00
E4	Export Customs training per delegate day (min 4)	£250.00
A7	Consultancy day rate, excluding travel	£600.00

We are known to a number of funding providers and it may be possible to secure up to €5,000 support funding for the services we provide:-

	Up to £2,000 funding available under the start-to-plan scheme : CLICK HERE
	Up to €5,000 funding available under the Be Prepared scheme : CLICK HERE
	Up to £1,050 per employee for training : CLICK HERE



We hope this Brexit Export Guide gives you a better understanding of export procedures and the confidence that you will have an expert guiding hand through the entire process should you so wish.

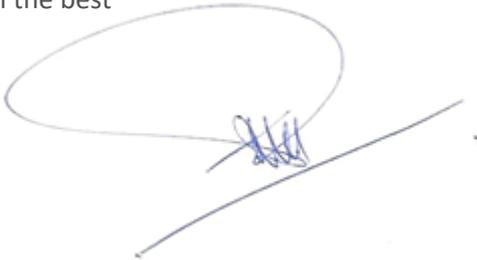
We have also published a Brexit Import Guide and would urge you to consult that document also.

We urge you to visit www.mybrexit.uk/engage to view our latest blogs, which include Brexit updates, policy statements and process flows and we also recommend that you and follow: <https://www.linkedin.com/in/robhardyfr8/> as regular updates are posted on this page.

You might like to know that we do not stop once the approvals and processes are in place, we can handle Customs declarations for you as well as Safety & Security declarations. We have access to all UK port systems and are in the process of establishing the same in Ireland.

We look forward to the prospect of working with you.

All the best



Robert Hardy
Commercial Director