

## **Sunbury Warehousing & Logistics Ltd- Brexit 2021**

The purpose of this document is to assess the likely changes once the transition period ends and give a brief overview of some options available, subject to a Trade Deal being agreed between the UK and the EU.

### **The Current situation**

This is well known to us as we enjoy the ability to distribute orders throughout the EU without the need for Customs clearance as long as the goods are in free circulation. Many clients have taken full advantage of our former position within the EU and since the transition period.

This is further cemented by the UK being a “cheap” origin point for trucking to the EU as there are far more empty trailers looking for loads leaving the UK, than there are loads to fill every truck.

Customers do not need to be EORI registered to Trade with the EU at present

English is the dominant business language throughout Europe and the UK should always take full advantage of this, whether inside or outside the EU

### **Likely scenarios after the Transition period ends**

There WILL be Customs controls to varying degrees depending on the terms of Trade Deal. Since Brexit took place and the transition period started, and we understand that many of our clients have been looking at the following scenarios:

- UK Importers look for another EU destination to consign their goods to replicate what is currently enjoyed in the UK. The speed at which this happens will depend on the terms of Brexit.
- UK Importers and Exporters have looked at setting up their own subsidiary companies within an EU Country
- A lot of the goods sold to the EU by UK companies and in turn imported from the EU started life outside the EU and were shipped to a Central European distribution hub.
- With the UK no longer a part of the EU, will it become more economical to have the goods shipped from the Origin country direct to the UK as opposed to first going to an EU hub, being cleared, processed and then shipped to the UK to be cleared/processed again?
- Assuming there will be Customs Clearance, deal or no deal, then Importers and Exporters who currently deal with imports from or exports to will be familiar with the processes and apart from having to deal with increased levels of “non-EU” shipments
- UK and EU Customs authorities will look to prioritise AEO regulated agents in their dealings
- Feedback from Clients so far who are concerned about Brexit has been very positive and our preparations, AEO status and being the kind of company that works to GDP are good plus points for SWL.

### Working with SWL post-transition

We have made arrangements with partners in various EU countries to process imports direct from other countries as opposed to transiting the UK. As a result, some or all of the following may be available, depending on EU country involved and the Client's own business structure:

- Forwarding services, Import, Export and Overland
- Customs Clearance services for companies with an EU-registered business
- Overseas Clearances for your EU clients
- Warehousing and distribution
- Fiscal Representation (only if you have an EU-registered business)

### Your dealings with EU-based suppliers and customers

#### Imports from EU - suppliers

Depending on the "status" or "origin" of your goods, there will be certain changes imposed or that you can elect to make.

- If the goods you purchased were made in an EU country, the change you will notice is that Customs Clearance will be required. Depending on the tariff classification, Duty may be applicable at the "3<sup>rd</sup> country" (from a non-EU origin point) rate for your commodity – **action**. Ensure you have details of your products tariff classification and potential Duty rates
- VAT will become payable at time of import (either via a deferment account or by direct payment to HMRC) as opposed to being accounted for via Intrastat at the end of each month -action. **action** We suggest you apply for a deferment account if you don't have one, extend the value covered (if you do have one already) to cover the EU imports or agree terms with your forwarder to make use of their deferment account with HMRC.
- If the goods you purchase from an EU company were actually manufactured in another country and shipped there for European Distribution purposes, would it make more sense in future to ship directly to the UK from the country of manufacture? – **action** You would need to discuss this directly with your vendors/suppliers as commercial considerations will likely apply Just as much any Customs controls.

## Exports to EU – Customers

If you export to the EU, basically what applies to UK importers will apply to EU importers i.e. your clients

- If your goods were made in the UK (or enough finishing processes were carried out in the UK to make them UK origin), then you will need to arrange Export Customs Clearance and your client in the EU will have to arrange their own import Customs clearance and pay Duty at the applicable rate for your product
- As with imports, VAT will become payable at time of import into the EU country your client is based in. NOTE: VAT is not fully harmonised in the EU, so rates of VAT and exact procedures vary from country to country
- Want to offer a door to door service to your clients? Please contact us and we will be pleased to discuss the best options available depending on your clients' needs and countries of destination.
- If you currently import goods from a country outside the EU and distribute from UK, you may want to consider alternative supply routes, such as:
  - a) shipping direct to an EU Hub of your choosing, maybe setting up your own subsidiary company to act as an importer into the EU
  - b) If volumes justify, shipping direct from the country of origin direct to your client. You can still be the “shipper” and SWL can help control paperwork for you
  - c) If the product(s) you export are Duty-free in the EU, you may wish to consider maintaining the current routing and bearing the extra documentation charges that will become payable for UK export and EU-country import clearance.

We will be pleased to discuss more detailed and tailored solutions according to your needs.

Useful links below

Importers <https://www.gov.uk/prepare-to-import-to-great-britain-from-january-2021>

Exporters <https://www.gov.uk/prepare-to-export-from-great-britain-from-january-2021>

Sunbury on Thames

16<sup>th</sup> November 2021