



## BREXIT – International Trade Preparation Checklist

This document should provide value for FIA members in navigating the uncertainty that Brexit will bring.

“The UK left the EU on January 31<sup>st</sup> 2020 and is now in a Transition period until December 31<sup>st</sup> 2020. During the Transition period there will be little or no change to current trading arrangements with the EU i.e. the UK remains part of the customs union and goods will move freely to and from the EU with zero tariffs.

However, from January 1<sup>st</sup> 2021 trading arrangements with the EU are likely to be very different. All goods moving between the UK and the EU will have to be declared through a formal customs process at the borders, therefore additional procedures and documentation will be required to enable goods to move smoothly. For companies with little or no experience of trading outside the EU (and therefore being unfamiliar with customs procedures and documentation), this could potentially cause problems, delays and additional costs, unless thorough planning and preparation is undertaken.”

The following checklist includes a series of questions that every member should ask themselves, based on a “worst case” scenario. Each member needs to be able to answer each question to ensure they are properly prepared for trade with the EU from January 1<sup>st</sup> 2021 onwards;

### ***General***

- Have we clearly assigned BREXIT planning responsibility internally?
- Do we regularly review BREXIT planning status at senior management level?
- Have we reviewed our customer and supplier base to assess BREXIT impact?
- Do we regularly communicate with EU customers and suppliers regarding BREXIT status?
- How much (by volume and value) do we export to the EU?
- How much (by volume and value) do we import from the EU?
- How resilient is our supply chain to potential border delays?
- Do any of our contracts include penalties for late delivery?
- Have we considered applying for AEO (Authorised Economic Operator) status?



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## ***Exporter Specific***

### **EORI (Economic Operator Registration & Identification) Number**

- Do we have an EORI number?
- If not, how do we apply for an EORI number?
- Do our EU based customers (Importers) or our subsidiaries (if applicable) have EU EORI numbers?

### **Tariff Codes**

- Have we identified the correct customs tariff code(s) for our goods?
- Have we informed our EU customers of the tariff code(s)?
- Have we assessed the impact of MFN (Most Favoured Nation) duty rate on the product selling price?

### **Customs Export Declarations (EDs)**

- How are EDs prepared and submitted?
- What are our (Exporter's) responsibilities?
- Who will submit EDs?
- What information is required for EDs (e. g. Customs Procedure Code (CPC))?
- How do we value goods for customs purposes?
- Should we use the Common Transit Convention (CTC)?

### **Export Documentation**

- What export documentation will be required to export to the EU?
- How do we prepare commercial invoices and what information must be included?
- What are the rules of non-preferential origin?
- What are the rules of preferential origin?
- How do we prepare Certificates of Origin (non-preferential origin)?
- How do we prepare Movement Certificates and declarations (preferential origin)?
- Can/should we provide Supplier Declarations if requested by our customers (preferential origin)?
- What documentation is required for temporary exports e. g to exhibitions?

### **Export Licences**

- Are our goods controlled under UK Export Control regulations?
- Do our goods now require an export licence for export to the EU?
- What export licences are available?
- How do we obtain the necessary export licence?

### **INCOTERMS (Delivery or Trade Terms)**



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- Have we incorporated Incoterms in our sales contracts?
- Are we sufficiently familiar with Incoterms 2020 and changes from the previous 2010 version?
- Who is responsible for arranging and paying freight?
- Who is responsible for arranging and paying transit insurance?
- Who is responsible for arranging customs clearance of the goods?
- Who is responsible for paying customs duty and taxes?
- Have we considered an alternative to DDP (Delivered Duty Paid) shipments to the EU post January 1<sup>st</sup> 2021, to avoid implications in reclaiming VAT?

### **Product Specific Requirements**

- Do we need any licences or permits apart from export licences mentioned above?
- Do we need to provide any other certificates (e.g. conformity certificates)?
- Do we need to apply any specific product marking or labelling?

### **VAT**

- What is the correct VAT treatment for EU exports?
- What documentation do we need in order to apply the correct VAT treatment?

## ***Importer Specific***

### **EORI Number**

- Do we have an EORI number?
- If not, how do we apply for an EORI number?

### **Customs Import Declarations (IDs)**

- How are IDs prepared and submitted?
- What are our (Importer's) responsibilities?
- Who will submit IDs?
- What information is required for IDs?
- How do we value goods for customs purposes?
- Should we use the Common Transit Convention (CTC)?

### **Simplified Procedures**

- Are we aware of the various duty relief schemes that are available and how they work?
- Do we need to obtain authorisation to use any duty relief schemes?



#### **Tariff Codes**

- Have we identified the correct customs tariff code(s) for our goods?
- Have we checked with our EU suppliers to confirm the correct tariff code(s)?

#### **Import Licences**

- Do any of our imported goods require a licence or permit?
- How do we obtain the necessary import licence?

#### **INCOTERMS (Delivery or Trade Terms)**

- Have we incorporated Incoterms in our purchase contracts?
- Are we sufficiently familiar with Incoterms 2020 and changes from the previous 2010 version?
- Who is responsible for arranging and paying freight?
- Who is responsible for arranging and paying transit insurance?
- Who is responsible for arranging customs clearance of the goods?
- Who is responsible for paying customs duty and taxes?

#### **Import Customs Duty**

- Have we assessed the impact of MFN (Most Favoured Nation) duty on the product cost?

#### **VAT**

- How do we deal with VAT charged on imports?
- What documentation do we need in order to apply the correct VAT treatment?

#### **Duty Deferment Account**

- Do we have a duty deferment account?
- How do we apply for a duty deferment account?



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As previously said, this checklist is intended to highlight the key aspects of EU trade that will change from January 1<sup>st</sup> 2021, to help UK members plan accordingly. Some aspects depend on the outcome of the trade negotiations so we will not know the final details until the negotiations are concluded. The Government has said that there will be no extension to the transition period so there is a chance of a “no deal” scenario on January 1<sup>st</sup> 2021. That is why this checklist covers the “no deal” scenario.

There will undoubtedly be changes and many updates throughout the Transition period as the negotiations progress with the EU on the new trade deal, so we strongly recommend members keep up to date. You can register for e-mail updates directly from GOV.UK [here](#). If you are looking for fire specific Brexit updates sign up to the FIA’s newsletters [here](#).

We would like to thank Access to Export for their support in providing this informative document. They have been helping companies to export and import for more than 20 years. During this time, they have developed extensive and in-depth knowledge and experience, which means they could provide help and support to guide you through the Transition period and beyond. They will also be publishing relevant updates via their web site and social media but if you would like to receive these directly contact them directly through clicking on the logo below.

