TRADE AFTER BREXIT

General customer information
Disclaimer

TRADE AFTER BREXIT’ is NOT an assessment of likelihood of different Brexit scenarios or comment about on-going negotiations between the UK & EU. This is a factual information guide to help customers to prepare. It outlines potential requirements, information sources and our service offerings in the respective area.

This document is for informational purposes only and not to provide legal advice. It is recommended that specific legal advice is sought before taking or refraining from taking any action on any of the information given.
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WHAT ABOUT BREXIT?

1. Introduction
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3. First steps

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1 Introduction

Following an in-out **referendum on EU membership** on 23 June 2016, the British government invoked Article 50 of the Treaty on the European Union on 29 March 2017.
In the unlikely event of a no deal Brexit, the UK will become a third country with respect to imports into the EU.

Third countries have no trade agreement with the EU and their merchandise imports into the EU become subject to the tariff schedule that the EU has registered with the World Trade Organization (WTO) – what is generally referred to as WTO tariffs.

Also, the EU VAT scheme is no longer valid for third countries. This means that VAT has to be paid in the UK when exporting from the EU. VAT will be levied together with any customs duties and a customs clearance process will be necessary also if only VAT is due.
Companies exporting from the European Union to UK (and vice versa), will need to have an EORI Number (= Economic Operators´ Registration and Identification number).

**EORI Numbers** can be obtained from the national customs authorities.

Just type in ´EORI´ in the search mask of each customs webpage to find details on how to register locally. There are no costs involved when applying for an EORI Number there.

Here you can find a link to all European national customs websites incl. UK:

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**Deutsche Post DHL Group**
WHAT ABOUT CUSTOMS?

4 Export & Import
5 Customs procedures
6 Customs documents

Please click on chapters
## Export and Import declaration

### Export

When **exporting** to a third country, the merchandise needs to be **declared** to the **customs authority** of the country the goods will leave.

### Import

When **importing** to a third country, the merchandise needs to be **declared** to the **customs authority** of the **receiving country**. Usually the **information** will be **transferred electronically** before the actual import of the merchandise.
Public Postal Operators (PPOs) interact on a global level to exchange mail and parcels. Where no customs unions exist, merchandise needs to be customs cleared.

Private people and companies can send merchandise to third countries (e.g. to UK after a No Deal or hard Brexit) through a postal operator and have the merchandise customs cleared in the destination country.

In this process, the recipient (importer) of the merchandise will pay VAT, customs duties and a handling fee upon delivery.
Each postal item needs to bear a **CN22** or **CN23** customs document depending on the value of the content. An **invoice** (with copies) needs to be added to each item. Sending companies need to enter customs codes on the CN22/ CN23 form to identify the content. For private senders, it is sufficient to exactly describe the item(s) sent.

**Customs Declaration with CN22 and CN23 documents**

- **CN22** needs to be added to postal items containing merchandise.

<table>
<thead>
<tr>
<th><strong>CN22</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Declaration</strong></td>
</tr>
<tr>
<td><strong>Designated operator</strong></td>
</tr>
<tr>
<td><strong>Important declarations on back</strong></td>
</tr>
<tr>
<td><strong>Documents</strong></td>
</tr>
<tr>
<td><strong>Commercial sample</strong></td>
</tr>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td><strong>For one or more boxes</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Quantity and detailed description of contents</strong> (1)</th>
<th><strong>Weight</strong> (in kg)</th>
<th><strong>Value</strong> (2)</th>
</tr>
</thead>
</table>

- **CN23** needs to be added to postal items containing merchandise.

<table>
<thead>
<tr>
<th><strong>CN23</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Declaration</strong></td>
</tr>
<tr>
<td><strong>Name</strong></td>
</tr>
<tr>
<td><strong>Address</strong></td>
</tr>
<tr>
<td><strong>Country of origin of goods</strong></td>
</tr>
<tr>
<td><strong>Packaging type</strong></td>
</tr>
<tr>
<td><strong>Net weight</strong> (in kg)</td>
</tr>
</tbody>
</table>

*1 SDR (2019) = 1.1852 EUR
300 SDR = 355.56 EUR
**5** Customs procedures: b) **Commercial** customs clearance

Where **no customs unions** exist, goods needs to be **customs cleared** when moved to a **third country**.

For shipments with a value exceeding the postal clearance limits the **commercial customs clearance process** is utilized.

**Companies** can send **goods** to third countries (e.g. to UK after a hard Brexit) and have the merchandise **customs cleared by a customs broker**.

Companies that wish to import from the EU (or other third countries) into the UK post-Brexit will require a **UK EORI number**. Similarly companies that wish to import goods into the EU from the UK (or other third countries) will require an **EU EORI number**.

**Customs Broker Services at DPDHL Group.** At DPDHL Group **customs clearance** can be provided as a service by:

- **DHL Express Customs Services**
  For Express shipments

- **DHL Global Forwarding Customs Services**

- **Gerlach Customs Services (Independent Broker)**
  For Road shipments in Europe

[Click on logos to visit sites]
6 Customs documents (relevant documents for export and import declaration*)

**Export Declaration: Documents**

- Invoice + Copy (Trade- or Proforma-)
- Export declaration (if value over 1000,- EUR)
- Transport documentation (Airwaybill (AWB), CMR**, CN22/23)
- Proof of Export (for VAT purposes)

**Import Declaration: Documents**

- Invoice (Trade - or Proforma-)
- Preference (EUR1, Form A, Certificate of origin***)
- Transport documentation (e.g. AWB, CMR, CN22/23)
- Licenses and Approvals (e.g. for pharmaceutical products )

* depending on the customs clearance process and national customs authority, the required customs documents may vary. This chart gives a general overview on documents which may be required.


** Certificate of origin *** is a document widely used in international trade transactions which attests that the product listed therein has met certain criteria to be considered as originating in a particular country. A certificate of origin is generally prepared and completed by the exporter or the manufacturer, and may be subject to official certification by an authorized third party like e.g. a Chamber of commerce. It is often submitted to a customs authority of the importing country to justify the product's eligibility for entry and/or its entitlement to preferential treatment. Source: Wikipedia

** Certificate of origin ***

Deutsche Post DHL Group
WHAT ABOUT YOUR BUSINESS?

7 Customs duties
8 Value Added Tax
9 Customs tariffs

Please click on chapters
How to calculate customs duties

Three factors have to be taken into consideration to calculate the customs duties to be paid when trading goods:

1) The value of the goods

Customs duties and value added tax (VAT) are calculated as a percentage of the goods’ value.

2) The customs tariff to be applied

At present, you may access the TARIC (Integrated Tariff of the European Communities) free of charge on the Internet to research the applicable code number yourself. TARIC-Consultation

3) The origin of the goods

Preferential origin is conferred on goods from particular countries, which have fulfilled certain criteria allowing preferential rates of duty to be claimed. There will be no preferential origin of goods manufactured in the UK* when entering the European Union after a No Deal Brexit.

Source and further information: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties_en
VAT (Export)

The Exporter needs to prove to the local customs authorities that the merchandise item has been exported to a third country, i.e. Export from the UK to a third country or Export from the EU to a third country.

Documents required:

• **Export proof document**

• Customs authorities also may accept **alternative export proof information** like Airwaybills, Track and Trace Information or Invoices. The details depend on the requirements of the national customs authority.

• If the **customs authority has accepted** the export proof document, the **exporter** of the goods can **VAT zero** rate the sale.
VAT (Import)

Either

The Exporter pays VAT together with any customs duties to customs authorities in destination country (usually via a customs broker).

Or

The Importer of the item pays VAT, customs duties, handling fees and in some cases excise duties upon receipt of the merchandise (usually to the postman).

(usual process for merchandise items sent via a public postal operator including customs clearance in the destination country).
The Harmonized Commodity Description and Coding System, also known as the **Harmonized System (HS)** of tariff nomenclature is an internationally standardized system of names and numbers to classify traded products.

**Example using a bound children’s book**

Code number - Formal structure
49 – Chapter - harmonized system
49 01 – Heading - harmonized system

**49 01 99 – Subheading - harmonized system**

49 01 9900 – Subheading - combined nomenclature
49 01 9900 00 – Subheading – TARIC/Community use

**49 01 9900 00 9 – Code number – Electronic customs tariff/national use**

**Source and link to Info on EU customs tariffs and HS Codes:**

[Link to Info on EU customs tariffs and HS Codes]

**Link to Info on UK customs tariffs after a Hard Brexit:**

[Link to Info on UK customs tariffs after a Hard Brexit]

Please note you will need to know the **harmonised system code** of your traded goods to fill in Customs Documents (e.g. CN22/CN23).
WHAT ABOUT DPDHL?

10 Customs information
11 Electronic transfer
12 Brexit Contacts
Postal Customs Clearance
(information in German)
the easiest way to ship low value merchandise to third countries:

Customs Information at Deutsche Post Germany
(postal customs clearance with CN22/CN23)

Commercial Customs Clearance
(information in English)

DHL Express (Full service included – Delivery Duties Paid) for Express shipments

DHL Global Forwarding – providing a full range of customs clearance services in over 100 countries globally.

Independent Customs Broker at DPDHL Group
For road transport in Europe

DHL Freight – customs information

Click on logos to visit divisional customs information sites
11 Electronic transfer of customs data to customs authorities

For customers who use our APIs and Portals:

After Brexit, customs data needs to be transferred electronically to the destination customs authorities before shipment of the merchandise items. The customs data can be transferred via API / Portal or EDI.

- **Postal customs clearance**
  - Export Germany Business Customers
    - Deutsche Post
  - European Business Customers
    - Deutsche Post

- **Customs clearance via DHL Divisions or Gerlach**
  - DHL Portal and APIs
  - Gerlach

- **Self Service**
  - Customers can also self-register at local customs authority in EU
  - and customs authorities in UK

Click on logos to visit sites for electronic data transfer via API / portal / EDI
For Brexit-specific media enquiries, please contact
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