BREXIT CUSTOMER ADVISORY NOTICE

This guide has been produced based on information from HMRC / Border Force websites

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30/10/2020

SEABROOK

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Version Control

Version	Date	Comments
0.01	30th October 2020	First Draft
0.02	7th December 2020	Updated sections.
0.03	15th December 2020	Updated with DLT comments.

Introduction

The Seabrook Group of companies provide a customised solution and deliver high quality warehouses, distribution and logistics services to accommodate the specific needs of each and every customer.

We have served the worldwide Beer, Wine & Spirit Industry for five decades making us one of the market leaders when it comes to the storage, distribution and global logistics of alcoholic beverages in the UK.

We operate two warehouses in the UK; both are authorised to store alcohol based Excise Products in Duty suspended status, in addition our Thurrock warehouse is a BRC A grade accredited facility suitable for the storage of dairy powder & derivatives.

We have outstanding knowledge of HMRC Excise regulations, documentation and procedures required to deliver a smooth transit on imports and exports.

Our expertise understand the uniqueness and complexity of providing end-to-end business solutions to global supply chains involving multinational corporations and international brands, while ensuring our clients receive a friendly, personal service, which is reliable, flexible and proven.

As you will appreciate, negotiations between the UK and EU are still ongoing and changing on a regular basis. If you have any questions on this notice please send email to brexit@seabrooks.uk

Seabrook Readiness

The Seabrook Group have over the last 18 months been looking at the different scenarios to ensure we are as prepared as possible for Brexit. This is to ensure that we are ready to make this transition as seamless as possible for our customers.

We can now advise customers:

- Our Thurrock site is HMRC Customs and Excise approved. This means that we are able to store goods both under Customs and Excise suspension.
- We are approved for HMRC Customs Freight Simplified Procedures (CFSP) which means we are able to account for the Customs Duty at our premises.
- We have obtained approval as an Authorised Consignee meaning we can receive T1 goods under NCTS.
- We have obtained approval as an Authorised Consignor meaning we can dispatch T1 goods under NCTS.
- We have a CCG and Movement guarantee to cover all aspects of transit.

Our Warehouse Management system has been upgraded and is now Brexit ready.

Our Seabrook Global Logistics and Export Services teams will be able to assist with the Import and Export clearance for goods arriving and departing the UK.

We offer the complete Logistics and Warehousing solution for all your needs.

To summarise

- Are we able to receive fully bonded goods (both Customs and Excise) - Yes
- Are we able to receive T1 goods to EU/RoW – Yes
- Are we able to dispatch T1 goods to EU/RoW – Yes
- Are we able to raise Import Entries to EU/RoW – Yes
- Are we able to raise Export entries to EU/RoW - Yes

Brexit Stages

From 1 January 2021, the transition period with the European Union (EU) will end, and the United Kingdom (UK) will operate a full, external border as a sovereign nation. This means that controls will be placed on the movement of goods between Great Britain (GB) and the EU.

The UK Government will implement full border controls on imports coming into GB from the EU. Recognising the impact of coronavirus on businesses' ability to prepare, the UK Government has taken the decision to introduce the new border controls in three stages up until 1 July 2021.

This flexible and pragmatic approach will give industry extra time to make necessary arrangements. The stages are:

From January 2021:

- Traders importing non-controlled goods, covering everything from clothes to electronics, will need to prepare for basic customs requirements, such as keeping sufficient records of imported goods. Traders will also need to consider how they account for and pay VAT on imported goods. Traders will then have up to six months to complete customs declarations. While tariffs will be payable where due on relevant goods, payments can be deferred until the customs declaration has been made. UK Safety and Security declarations will not be required on imports for the first six months.
- Full customs declarations will be needed from this date for controlled goods (including excise goods like alcohol and tobacco products). There will also be physical checks at the point of destination or other approved premises on all high-risk live animals and high-priority plants and plant products, and a requirement to obtain the relevant documentation and pre-notify for certain movements, but they will not be required to enter GB via a point of entry with an appropriate Border Control Post (BCP).

Controlled Goods

- Alcohol (Wine and Made-wine, Beer, Cider and Perry, Spirits), Low alcohol beverages, Denatured alcohol, Imported composite goods containing alcohol (for example, liquor chocolates)
- Tobacco products (for example, Cigarettes, Cigars, Hand-rolling tobacco, Chewing tobacco, Other smoking tobacco, Unmanufactured Tobacco and Tobacco refuse, tobacco for heating), Tobacco product manufacturing machines
- Hydrocarbon oil
- Goods subject to Climate Change Levy
- Biofuels and fuel substitutes
- Road fuel gases

From April 2021:

- All products of animal origin (POAO) – for example meat, honey, milk or egg products – and all regulated plants and plant products will also require pre-notification and the relevant health documentation. Any physical checks will continue to be conducted at the point of destination until July 2021.

From July 2021:

- Traders moving any goods will have to make full customs declarations at the point of importation and pay relevant tariffs, delaying declarations will not be possible. Full S&S declarations will be required, while for commodities subject to sanitary and phytosanitary (SPS) controls, these must arrive at an established point of entry with an appropriate BCP (Border

Control Point) and there will be an increase in physical checks and the taking of samples. SPS checks for animals, plants and their products will take place at GB BCPs.

Customer Requirements

This section outlines the relevant registrations customers should request in order to Import / Export goods to the EU and Rest of World (RoW).

Registrations

It is essential the customers are aware of the registrations required.

UK

- If a customer is importing or exporting to the EU/RoW it is essential that customers apply to HMRC for an EORI number. The link to apply for this is below:

  https://www.gov.uk/eori

EU

- If a customer is exporting to the EU it is essential that customers apply for an EU EORI number even if they use a forwarder or customs agent for import declarations.

Persons not established in the customs territory of the Community should request the assignment of the EORI number to the customs authorities of the EU country responsible for the place where they first lodge a declaration or apply for a decision.

Fiscal Representation

As the UK prepares to leave the EU VAT regime on 31 December 2020, UK and EU ecommerce sellers may have the obligation to appoint VAT Fiscal Representatives for their non-resident VAT returns. What EU countries will require a fiscal representative of a UK business – 19 of the EU27 states have some type of Fiscal Representation.

EU countries are beginning to request UK companies seek fiscal representation, including Netherlands and Belgium. Italy is requiring UK companies to deregister from their existing direct VAT registration and reapply for a new VAT number with fiscal representation.

Role of a Fiscal Representative

A Fiscal Representative is a special type of VAT agent for foreign businesses with a VAT registration in another country. They are responsible for the correct calculation and reporting of VAT of their client, and are the first point of call for the local tax office in the case of questions or audits.

They are usually held jointly and severally liable for any unpaid or undeclared VAT of their non-resident clients. They therefore typically charge higher fees, and often require a bank guarantee or cash deposit to protect them against any client losses.

Movement of goods

It customers are Importing or Exporting goods it is critical that the following information is provided.

Failure to provide this information may impact on the delivery of goods to final destinations.

Imports

For Import clearance we require the following mandatory documents:

- Copy of Sales Invoice
- Packaging List
- Export Entry from EU (EX1)
- Bill of Lading (Ocean Freight) or CMR Road Freight
- Transit Document (Travelling Accompanying Document)

Possible additional supportive documents if required:

- Certificate of Origin
- Certificate of Analysis
- Certificate of Health/Hygiene
- VI1
- Relief documents to avoid import duties

Customs Clearance Status

- T1 – Fully Customs Bonded – No Import Customs Duty, No Excise Duty Applied
- T2 – Customs Duty Paid – No Excise Duty or Import VAT (Excise Duty Suspended).
- T2 – Duty Paid (Customs, Excise duty and VAT paid).

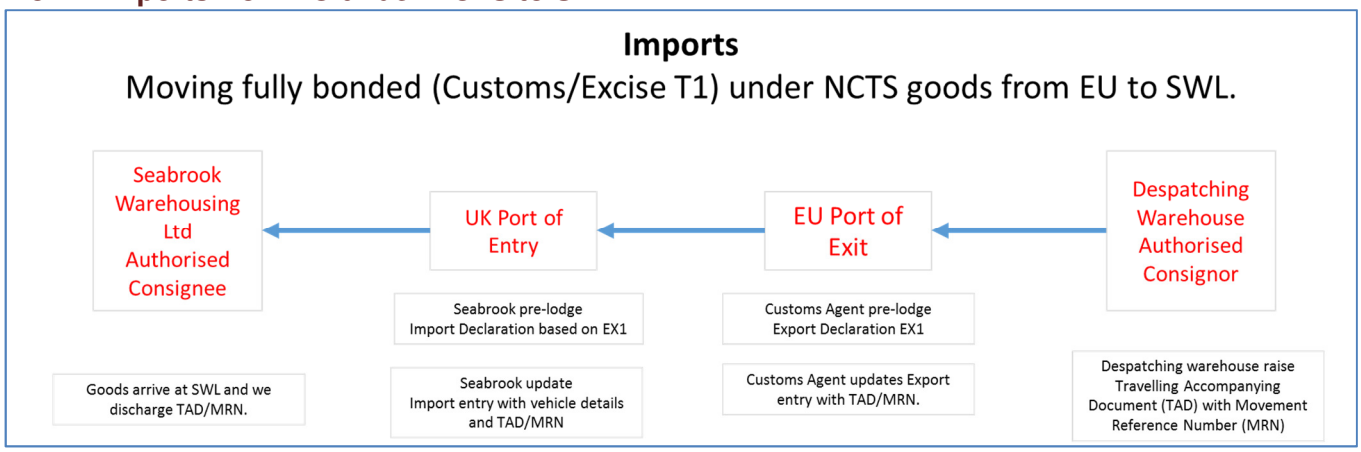
These documents will need to cover

- Port of Entry
- Quantity of Goods (Total Packages)
- Description of Goods
- Commodity Codes/Harmonised Systems for each item
- Weights (Gross and Net)
- Price per item and Currency
- Total Price and Currency
- Freight Cost and Currency
- Insurance Cost and Currency (if applicable)
- VAT Value Adjustment
- Country of Origin
- INCOTERMS (See Incoterms section).
    - The UK Exporter and EU Importer should agree terms and conditions so that the responsibility for tariffs, duties and border formalities is understood by both parties prior to any movement.
- Quotas / Preferences if applicable.
- Documentation Requirements
    - Certificates and licences will be required to import certain goods and types of products into the EU.

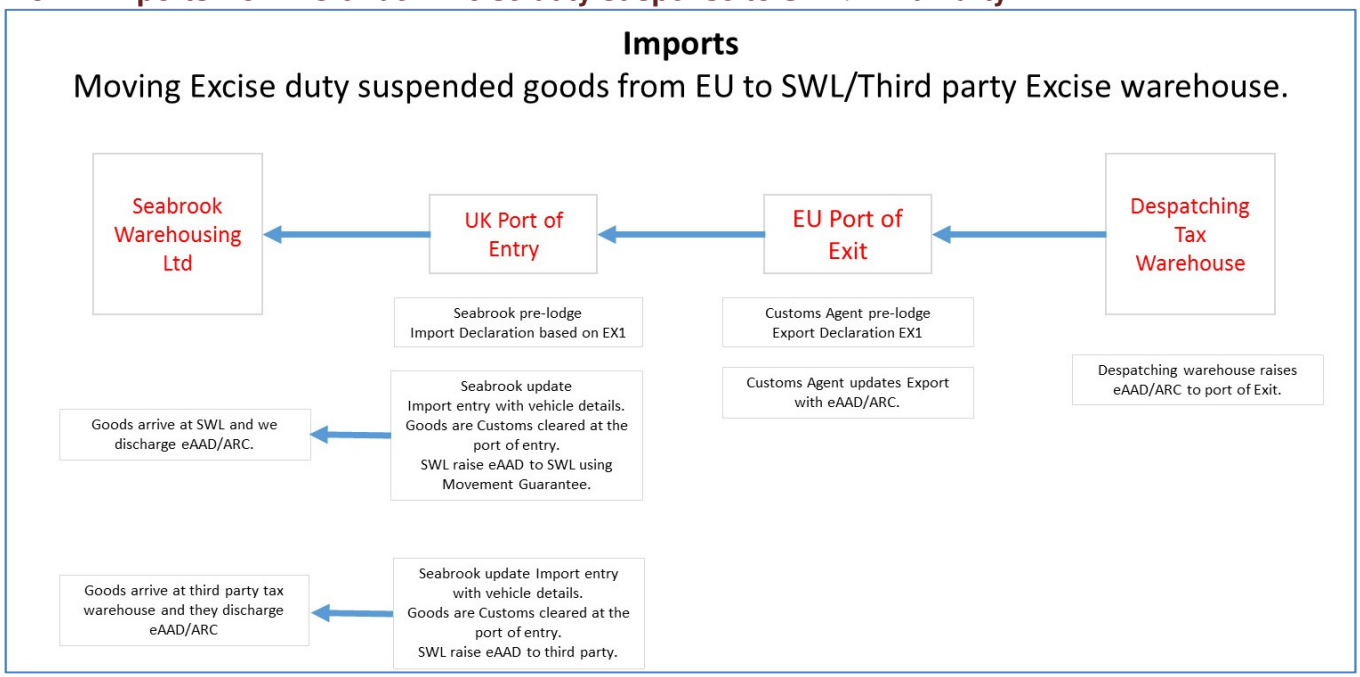
IMPORTANT NOTE – Goods received without all the correct supportive documentation will be frozen in warehouse until receipt of required documents, only then can they be released.

The following images give a high level of the movement of goods from the EU. The process is similar for RoW importations.

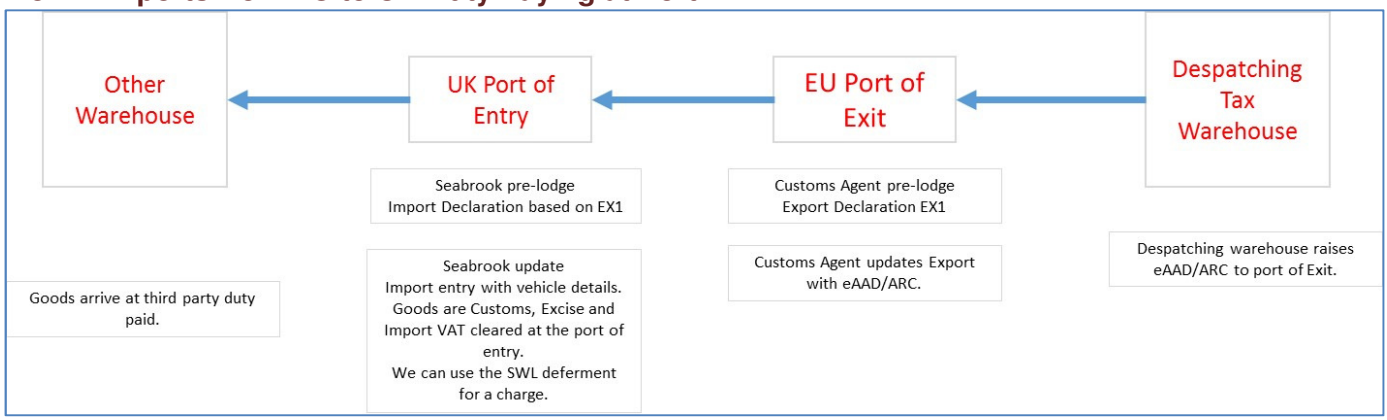
Flow – Imports from EU under NCTS to SWL



Flow – Imports from EU under Excise duty suspense to SWL/Third Party



Flow – Imports from EU to UK Duty Paying at Port



Exports (EU / RoW)

For Export clearance we require the following documents:

- Copy of Sales Invoice
- Packaging List
- Bill of Lading (Ocean Freight) or CMR Road Freight

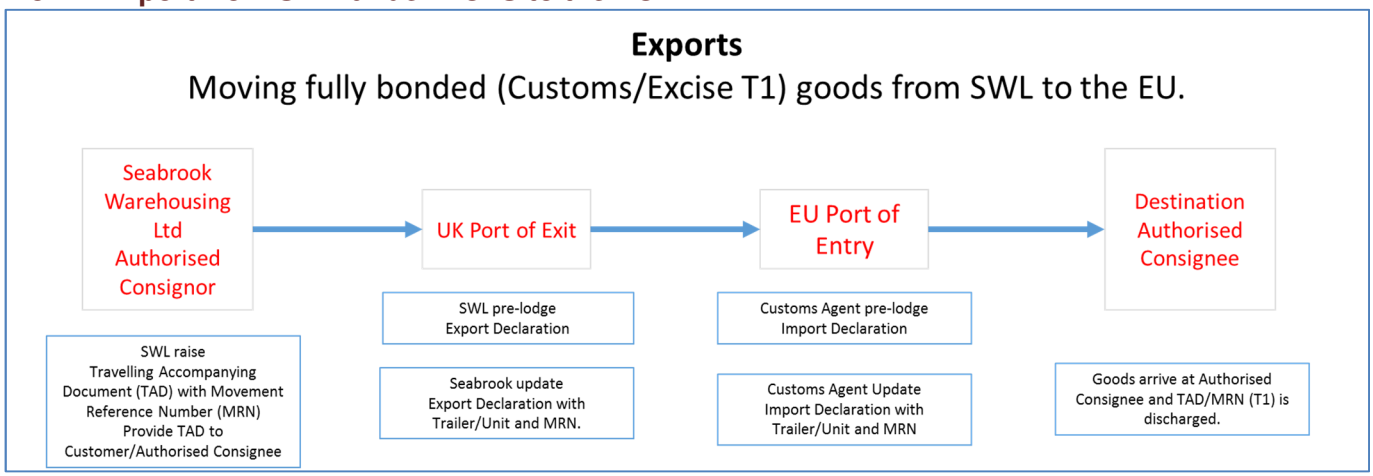
Customs Clearance Status

- T1 – Fully Customs Bonded – No Import Customs Duty, No Excise Duty Applied
- T2 – Customs Duty Paid – No Excise Duty or Import VAT (Excise Duty Suspended).
- T2 – Duty Paid (Customs, Excise duty and VAT paid).

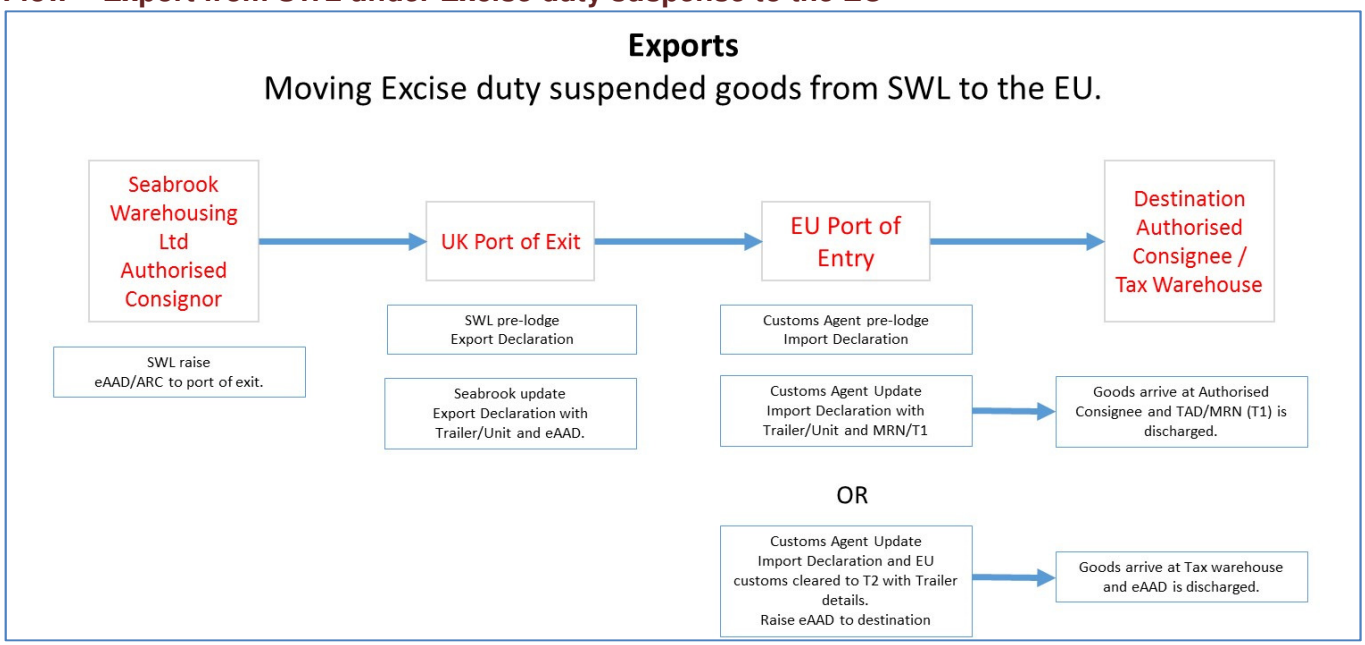
These documents will need to cover

- Port of Entry
- Quantity of Goods (Total Packages)
- Description of Goods
- Commodity Codes/Harmonised Systems for each item
- Weights (Gross and Net)
- Price per item and Currency
- Total Price and Currency
- Freight Cost and Currency
- Insurance Cost and Currency (if applicable)
- VAT Value Adjustment
- Country of Origin
- INCOTERMS (See Incoterms section).
    - The UK Exporter and EU Importer should agree terms and conditions so that the responsibility for tariffs, duties and border formalities is understood by both parties prior to any movement.
- Quotas / Preferences if applicable.
- Documentation Requirements
    - Health Certification Certificates will be required. We work with Veterinary Officers to provide these on loading.

Flow – Export from SWL under NCTS to the EU



Flow – Export from SWL under Excise duty suspense to the EU



Goods In / Importing

From 1 January 2021 traders will be able to move goods into the UK customs territory under the Common Transit Convention (CTC). Details can be found here.

The requirements for moving goods under the CTC are not significantly altered by the staged introduction of import controls.

Wines

There are specific rules/regulations for importing Wines into the UK. These are outlined below>

Importing wine from a non-EU country into the UK

- There will be no change to the requirements for wine imported into the UK from a non-EU country from 1 January 2021 to 1 October 2021.
- A VI-1 will be required for all wine imported into the UK from a non-EU country.
- Important: Failure to provide documents will result in goods being frozen on arrival.

Importing wine from the EU to the UK

- VI-1 certificates will not be required for EU wine imported into Great Britain (England, Scotland and Wales) from 1 January 2021 to 30 June 2021.

Importing wine from the EU into NI

- There will be no change to the marketing standards requirements for importing wine into Northern Ireland (NI) from the EU.

Moving wine from NI to GB

- VI-1 certificates will not be required to move wine to GB from NI.

Labelling wine imported from EU and non-EU countries

- You can continue to use the name and address of an importer, or bottler in the case of bulk wine imports, based in the EU, GB or NI on the label for bottles of wine marketed in GB until 30 September 2022.
- From 1 October 2022, wine marketed in GB must be labelled with the name and address of an importer or bottler located within the UK.

Excise Movement Control System (EMCS) on the 1st of January 2021 will be disconnected from the European System.

Goods Out

UK Duty Paid Removals

This section refers to releasing goods into Home / Domestic use.

Customs Duty

As we are Customs Freight Simplified Procedures (CFSP) approved our bond system integrates with the HMRC CHIEF system. We will be able to account for Customs Duty on our existing duty demands.

Excise Duty

There will be no change to the Excise duty process and customers will receive duty demands as normal.

VAT

Acquisition VAT will become PVA VAT and the restriction of applying this solely to EU countries will be removed allowing PVA VAT to be used for imports from any country.

The 'Date received' selected on pre advices, stored when stock is receipted, will be used to determine if the stock arrived pre / post exit.

Pre exit receipted stock

- Existing acquisition VAT rules will apply, PVA VAT will NOT apply.

Post exit receipted stock

- PVA VAT will apply with the same conditions that acquisition VAT used to apply for, BUT for all countries instead of being restricted to EU countries.
- PVA VAT will always be applied where it can be, Vision will not support an option for customers to willingly pay the VAT. This is in line with how Vision handled acquisition VAT.
- PVA VAT declarations will continue to be submitted to HMRC using the existing "ACQ VAT" marker as per HMRC's request.

Note: These changes were made following HMRC's guidance at the time. It is not clear however if (post EOTP) Acquisition VAT should still apply and we are awaiting feedback from HMRC.

Changes have been made to VEDI's 'Excise & VAT Summary' reports to display the correct VAT.

UK Under-bond Movements

Mainland

- Bond to bond movements within the UK mainland (excluding NI) will function in exactly the same method as they do currently, this does not change.
- The EMCS system will only be used going forwards for GB-GB (including movements to GB ports for onward transport)

NI

- Under the NI Protocol of the UK's withdrawal agreement with the EU, EU tariffs may apply to the movement of goods to NI from GB if goods are deemed to be "at risk" of moving into the EU, or subject to commercial processing in NI.
- If a UK/EU free trade agreement is negotiated the risk of tariff costs should be eliminated, however, import declarations will still be required.

EC Under-Bond Movements

- Under-bond movements to the EC will no longer apply and these become an Export. The 'EC Warehouse Under-bond' will be renamed as 'EC Export'.

- EMCS system will no longer be used for GB-EU movements.

EC Duty Paid Movements

- As we are no longer part of the European Union we will no longer be required to produce Simplified Accompanying Administrative Documents (SAAD)' to accompany the goods.
- The Duty Drawback process for EU movements will be exactly the same as Rest of World movements.

Exporting goods from the UK

- The customs export declaration requirements currently in place for exports of excise goods between the UK and non-EU countries will extend to movements between GB and the EU after the end of the transition period. This means that from January 2021, businesses exporting excise goods from GB to the EU will need to complete a customs export declaration. This can be a full or simplified declaration and will include exports to the EU.
- Businesses will be able to reclaim the UK excise duty paid on exports of excise goods from GB to the EU.
- They will also be able to move excise goods to the place of exportation under duty suspension as they can now. To do so they must move from the exporter's warehouse to the place of export on the Excise Movement and Control System (EMCS). EMCS will continue to operate but solely for internal UK duty suspended movements, including movements from the warehouse to the port. This will require changes to the EMCS system.
- Existing rest of the world rules regarding evidence of export will apply to exports from GB to the EU.
- A comprehensive guide on exporting excise goods can be found on link below.
    - https://www.gov.uk/guidance/exporting-excise-goods-to-the-eu-from-1-january-2021
- The Customs export Declaration will need to be lodged in the HMRC System (CHIEF/ Customs Declaration Service) Excise duty suspended movements will need to be declared on EMCS for the movement from the warehouse to the port. An excise movement guarantee must be in place (if required) for duty suspended exports to cover the movement from the warehouse to the port. The Seabrook group have the relevant approvals in place for this.
- Customers should make use of the new tool 'Check duties and customs procedures for export goods' link below. The service provides tailored information for exporting goods to over 160 markets across the world, including the EU. The tool also provides information regarding paperwork required to move goods over the border, as well as what tariffs and quotas are applicable.
    - https://www.gov.uk/check-duties-customs-exporting

Exporting Wines to EU

- If you exporting wines into the EU with a few exceptions for small or non commercial imports (see Regulation (EC) No: 555/2008, Art 42), most Third Country wines (UK) entering the Community must be accompanied by a VI document until such wine is put into free circulation or re-exported to another Third Country. The detailed rules for the content and use of VI documents are contained in Regulation (EC) No: 555/2008.

Pallets

All customers must be aware of the regulations of pallets being imported into the EU.

All wood packaging material and dunnage from non-EU countries must be:

- Either heat treated or fumigated in line with ISPM15 procedures;
- Officially marked with the ISPM15 stamp consisting of 3 codes (country, producer and measure applied) and the IPPC logo;

If you are supplying European customers you must ensure that suppliers are using ISPM15 pallets.

For more information on this, the EU guidance below.

https://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/wood_packaging_dunnage_en

https://www.bifa.org/news/articles/2020/jul/wooden-pallet-is-brexit-stumbling-block

We will be able to provide the following services:

- Inspect pallets on arrival to ensure appropriate for onward movement.
- Supply ISPM15 pallets and re-stack/shrink wrap to ensure safe for onward movement.

These are additional services and will be charged accordingly.

VAT

The rules in relation to VAT changes for Imports into the UK. This section gives a brief overview of the details.

Imports

VAT (Imports)

- VAT will be levied on imports of goods from the EU, following the same rates and structures as are applied to RoW imports. VAT registered importers will be able to use postponed VAT accounting. They will not be compelled to do so unless they import non controlled goods and either delay their supplementary customs declarations; or use the Simplified Customs Declarations process, and make an Entry in Declarants Records (EIDR). Non-VAT registered importers have the same options available to report and pay import VAT as they do for customs duties. VAT treatment of goods imported in consignments not exceeding £135 in value will be treated differently to those goods in consignments exceeding £135.

Insurance

This section explains Insurance Requirements.

IMPORTANT NOTE - It is always the responsibility of the customer / owner of goods to insure their own goods (including duties and taxes), at all times.

Seabrook do not insure your goods. (Seabrook have insurance policies which covers Seabrook subject to the limit liability under the trading terms & conditions under which Seabrook operate).

Storage – Seabrook trade under the latest version of U.K.W.A. (United Kingdom Warehousing Association) Terms & Conditions. Copy available at www.seabrooks.uk/terms

Transit – Seabrook trade under the latest version of B.I.F.A (British International Freight Association) Terms & Conditions. Copy Available at www.seabrooks.uk/terms

- Customers should have their own policy with blanket cover or may take out specific cover per order.
- Customers may decide for commercial reasons to self-insure.
- Customers may issue written instructions requesting Seabrook to take out 'Goods in Transit' insurance cover which is subject to payment of an insurance policy premium. Non-payment of this premium means the goods are uninsured.
- In the event of any claim, this will be handled subject to which of the above apply, but at all times Seabrook's liability is subject to our terms & conditions application at the point of incident.

For movements into the EU, the guidance we have received is that the EU Member State handling of goods that do not meet the necessary border requirements:

If the necessary formalities are not completed, the goods will not be able to leave the EU Port and one of the following actions will be considered:

- The goods may be put in temporary storage until the requirements are met, there will be a charge for this storage.
- The goods may need to be exported to GB.
- The goods may be destroyed.

Holding areas will be in place around ports but space is limited. If goods are seized claims must be made within one month and in writing.

If Seabrook's have followed customer instructions and an incident occurs, we will not be held liable for any associated costs and these will be passed back to the customer.

During these uncertain times, we would strongly recommend that customers speak with their insurers to protect their assets.

Intrastat

- HMRC will continue to require that all VAT registered businesses currently required to submit monthly intrastat arrivals declarations carry on submitting these from 1 January 2021, to the same timelines as currently required. This includes both businesses delaying their customs declarations and businesses providing customs declarations at the time of import. This is essential to continue our ability to produce
- National Accounts, Balance of Payments and impact government policy development, evaluation and performance monitoring and decision making to help UK businesses and the economy. The single source of intrastat declarations will ensure the timeliness, consistency and quality to trade in goods statistics that is so heavily relied on.

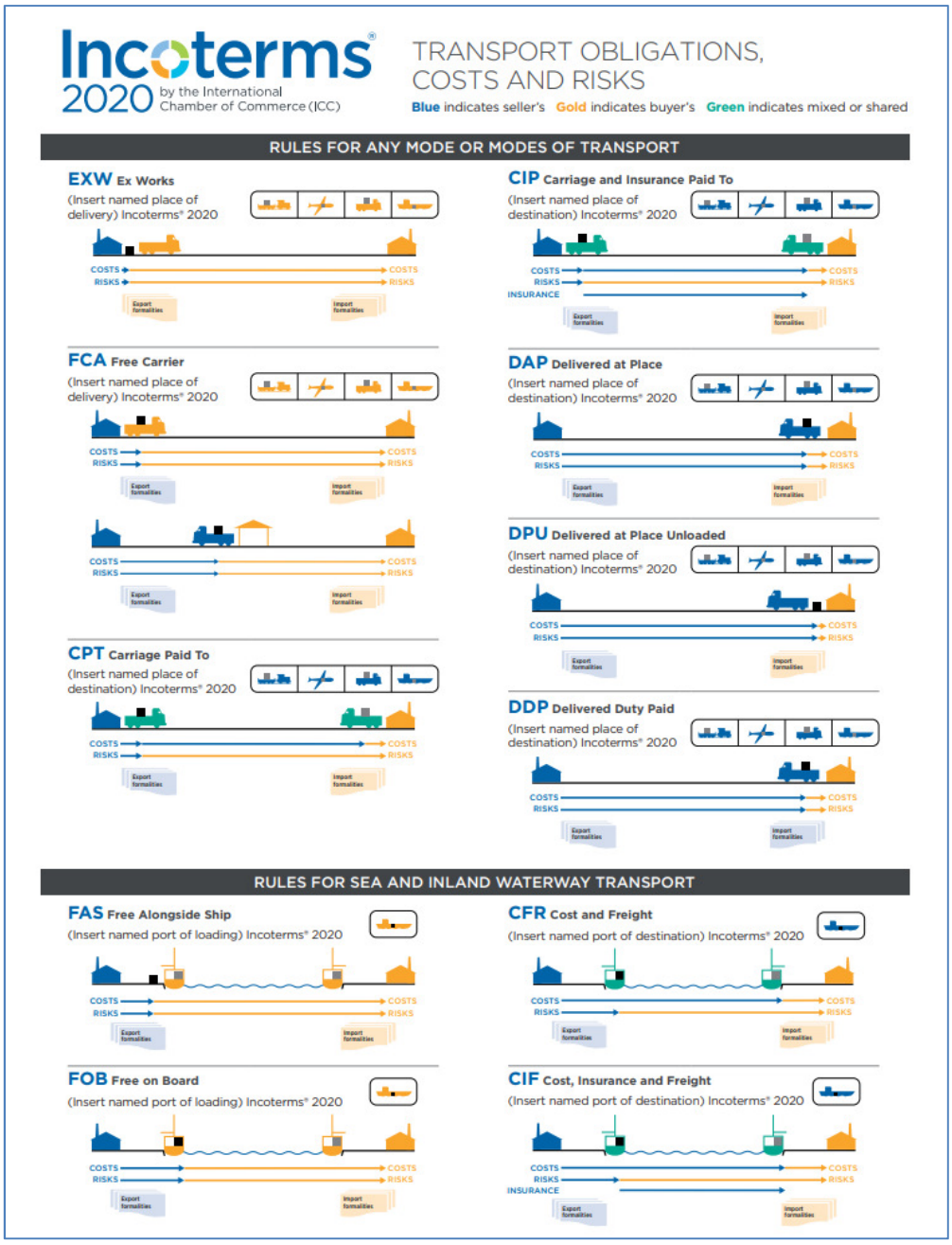
INCOTERMS

"Incoterms®" is an acronym standing for international commercial terms. "Incoterms®" is a trademark of International Chamber of Commerce, registered in several countries.

The International Chambers of Commerce creates and publishes a standard set of trading terms and conditions for traders who are buying, selling, transporting, and clearing goods. It is important to determine which party will be responsible for any consequences of customs checks, and who will be financially responsible in case of any issues.

For more information on Incoterms see link below:

https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-2020/



It is essential that customers Incoterms and these are agreed with suppliers/customers in advance of the transaction.

If you are purchasing from EU suppliers you must fully understand INCOTERMS and implications. For example it may not be practical for companies to purchase Ex works from EU suppliers.

World Trade Organsiation

In the event of a ‘no deal’ scenario we will be looking at operating under WTO tariffs.

For more information on this see the link below.

https://www.wto.org/english/tratop_e/tariffs_e/tariffs_e.htm

You will be able to register on the WTO website to view tariffs for countries around the world.

Seabrook Approvals

The following table provides all warehousing approvals.

Seabrook Warehousing Ltd	
Address	Admiral House, 853 London Road West Thurrock Essex RM20 3LG
Warehouse Keeper ID	GBWK657349794
Warehouse Approval ID	GB00004331810
Excise	Intermediate products Spirituous Beverages Beers Wines Cider and Perry Tobacco Products
Customs Warehouse	R2110296GB
Authorised Consignee Location	Londo RM20 3LG
Authorised Consignee Control Office Name	HMRC UK South Authority NCTS Supervising Office Customs Salford 3 Stanley Street Ralli Quays Salford M60 9HL
Authorised Consignee Control Office Reference	GB000246
VAT	GB657349794
EORI	GB657349794000
TPD Economic Op ID	QCGDLRELhRfjq
TPD Facilities ID	QCGDLRFxrCxhc

Reference Material

The following section gives details to some useful links for customers to view.

HMRC

Border Operating Model - https://www.gov.uk/government/publications/the-border-operating-model

Importing and exporting wine from 1 January 2021

Food Standards Agency
https://www.food.gov.uk/business-guidance/the-uk-transition

Glossary

Acronym	Description
BCP	Border Control Point/Post
CDS	Customs Declaration Service
CFSP	Customs Freight Simplified Procedures
CHIEF	Customs Handling of Import & Export Freight
CPC	Customs Procedures Codes
CT	Community Transit
DUCR	Declaration Unique Consignment Reference (DUCR)
EHC	Export Health Certificate
EMCS	Excise Movement Control System
ENS	Entry Summary Declaration
EXS	Exit Summary declaration
EORI	Economic Operator Registration Identification Number
EUR.1	Movement certificate used to prove the origin of goods
FTA	Free Trade Agreement
GSP	Generalised System of Preferences
GVMS	Goods Vehicle Management System
ICS	Import Control System
INCOTERMS	International Commercial Terms
MUCR	Master Unique Consignment Reference (DUCR)
NCTS	New Computer Transit System
POAO	Products Of Animal Origin
PoUS	Proof of Union Status
PVA	Postponed VAT Accounting
RoW	Rest of World
SAD	Single Administrative Document (form C88)
S&S	Safety & Security
SEED	
T2L	
TRACES	
WTO	World Trade Organisation