



I N F O R M A T I O N

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## What do we do after 29<sup>th</sup> March 2019 if there is a no-deal Brexit?

At the time of writing there is still a great deal of uncertainty surrounding the outcome of Brexit negotiations. Will a deal be struck, or won't it? And what will it mean either way?

If a deal of sorts is achieved, whatever it is, there will be a transition period until the end of 2020, during which time, it will be 'business as usual'. So in terms of immediacy, what we do in such cases can wait for another day.

But if there is no deal, and we do leave the EU as currently scheduled, we must consider what is needed in order to continue exporting and importing between the rest of the EU and the UK.

So, on the basis that we do leave without a deal, what can we glean from the various advice and information provided by HMRC, and what abilities does Ital Logistics and its EU partners have in its armoury to minimise any disruption? Big questions, so let us begin...

To start with, the HMRC website has a collective page which provides links to all the relevant guidance that informs all traders what to do in this event. This collection of guides can be found at:

<https://www.gov.uk/government/collections/trading-with-the-eu-if-the-uk-leaves-without-a-deal>

But what you want is for us to cut through this and simplify your reading, after all, that's what we are here for!

### **Firstly, Customs...**

- Export or Import, you will need an EORI number. If you don't already have one, full information on how to apply, and why, can be found on the HMRC website at <https://www.gov.uk/guidance/get-a-uk-eori-number-to-trade-within-the-eu>
- Export or Import, more precise information will need to be provided, just like now for non-EU movements, in order to be able to make accurate customs declarations. The below list is the minimum required, although additional information, such as licences for example, may be required for certain types of goods which may be under more strict control in either the UK or one of the remaining EU countries.

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- Exporter and Importer details
- Description of goods
- Packaging details
- Weights, gross and net
- Sales Value and Currency
- Incoterm
- Country of Origin
- EORI number \*\*
- HS Classification Code (Commodity Code)
- Customs Procedure Code
- You should also provide a Commercial Invoice and a Packing List (which must also travel with the goods)

\*\* If you, our client (principal), is a freight forwarder, then this must be the EORI number of the exporter (if an export) or the importer (if an import) as relevant.

- To find HS Classification Codes, refer to <https://www.trade-tariff.service.gov.uk/trade-tariff/a-z-index/a>
- To determine the Customs Procedure Code, refer to <https://www.gov.uk/government/publications/uk-trade-tariff-customs-procedure-codes/customs-procedure-codes-box-37>
- Declaring your Export or Import to Customs can be complicated, and whilst you can make your own declarations, unless you are fully versed with this, most businesses use the services of a Customs Broker or an agent.
  - Should you use a Customs Broker or an agent, you must provide a formal written authorisation, empowering them to act as a 'direct' or 'indirect' representative. This would also apply if you appointed Ital Logistics to handle your customs declarations. 'Direct' or 'Indirect' is explained [here](#).
  - *Presently, any customs formalities carried out or arranged by Ital Logistics, on instruction by our client, are done so on the strict understanding that the client indemnifies Ital Logistics, and/or its nominated subcontractors, against any charges howsoever imposed by HMRC and/or its agents, in accordance with Article 7 of BIFA 2017 regulations. Article 7 of BIFA 2017 clarifies that in such cases Ital Logistics is deemed to be appointed, and acts as, Direct Representatives only.*

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- For **Imports** (by road), if your goods are arriving through a roll on roll off ('ro-ro') listed location (see [list](#)) you will not be able to complete customs formalities when your goods arrive in the UK. Therefore, any declaration needs to be made before arrival at the ferry port or the Eurotunnel on the EU side.

You (or your Customs Broker/agent) can either make a full declaration before the vehicle arrives at the ro-ro location, or you can register to use the 'Transitional Simplified Procedure' which will not require as much information upfront compared to a full declaration.

Only an importer can register for this service, and the importer would have to provide a financial guarantee to HMRC. Information about this service and how to apply can be found [here](#).

If you decide to register for this interim service, the procedure is as follows:

- If the goods are 'controlled' (i.e. under import license), you must send a simplified frontier declaration before the goods are imported, ensuring that the goods are accompanied by full supporting documentation. On completion of a simplified frontier declaration you will receive a unique 'Master reference Number' (MRN).

When the goods arrive in the UK, you or your Customs Broker must update the declaration by the end of the working day after the goods' arrival in the UK.

It is not clear if your Customs Broker can do the simplified frontier declaration on your behalf, despite it allowing them to update it!

- If the goods are not 'controlled', the initial frontier declaration may be dispensed with at your discretion, although if you do dispense with it, you must make a declaration within your own commercial records containing the following information:
  - Date and time the goods arrived in the UK
  - Description of goods, quantity and Commodity Code
  - Purchase and (if available) Sales invoice numbers
  - Customs value
  - Serial numbers (if appropriate)
  - Delivery details
  - Supplier details

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- A supplementary declaration in either case is then required by the fourth working day following the month of arrival of the goods in the UK. HMRC will debit any duties or taxes applicable by direct debit on the 15<sup>th</sup> day of the month after the goods arrive in the UK.

Whichever of the above you do, you must provide us with either:

- The Master Reference Number (in the case where you have completed a simplified frontier declaration), or
- Your EORI number if the MRN is not required

Sadly, whilst much of this procedure is detailed in [this link](#), where the text becomes grey is in the sub-link under the section 'Haulage companies – imports' to 'Entry Summary Declarations' This sub-link sends you to a page which has not been updated since 2015 and does not seem relevant. So there is still some confusion as to whether or not this sub-link may apply.

However, it has been reported [here](#) that HMRC is to suspend the introduction of the 'Entry Summary Declarations' for six months, allowing it to be phased in should the UK leave the EU without a deal.

- For **Exports** ...well, that's a good question. The short answer on whether T forms are required can't be answered at the moment as nobody knows. It is hoped that some replacement system will be introduced that does not require a guaranteed transit document as it is unlikely that any Transit Guarantee holder would have a Transit Guarantee big enough to cover the anticipated export movements.

Insofar as what information we have to hand concerning HMRC procedures, the above is literally the only information we can provide with any great clarity. The weeks ahead will probably provide further clarification should we leave without a deal. Nevertheless, it is advisable that you do three things now without delay.

1. **Apply** for an EORI number, and advise this to us
2. **Register** for Transitional Simplified Procedure
3. **Prepare** with the list of what you will need to provide us with

As you can see, without any firm decision on our departure from the EU, planning is extremely difficult. We are doing our best to try and anticipate, but being completely honest, it is nigh impossible to be fully prepared. All of our people will be in the office from the 1<sup>st</sup> April; yes, our first working day outside the EU falls on April fool's day! How apt.

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### **What about Ital Logistics and its EU partners?**

We have been in dialogue with all of our EU partners, and as would be expected, they are all more than capable of completing the necessary customs documentation required as they already do this for many other countries. Most of our EU partners are also in Customs Bonded Warehouses or, as a minimum, have third-party bonded facilities at their disposal. As for the team at Ital Logistics, we understand that should we leave without a deal, there will be a lot more administration to undertake. Transporting over 25,000 shipments annually between the UK and the EU, and vice-versa, will undoubtedly increase the burden on our team, as it will our customers and our EU partners.

We, as Ital Logistics, are ready to employ additional personnel to handle what additional work may or may not come our way, but until we know what is to be the eventual outcome of Brexit, we are still very unclear if we will need to or not.

Over the last few years, we have spent a considerable sum of money developing our own freight software system – FREIGHTsoft® - which deals with all aspects of transport from quotation, marketing, planning, document production, accounts, and more. Whilst it has a skeletal framework ready for commencing integration into HMRC, we had hesitated in HMRC integration because of the new CDS system which will eventually replace the current CHIEF/NES.

The next few weeks will be spent honing this software to ensure that the extra information which we will require from our customers will follow through to documentation, ensuring that we are ready in time. And then, when we know the eventual outcome come the end of March, we will initiate any additional work for direct integration to HMRC's new CDS system as necessary.

Ital Logistics presently handles its own export entries via the HMRC customs system NES, although the quantity of export entries which we do is minimal by comparison to what could be the case should we leave the EU without a deal.

For imports, and also for certain other customs procedures such as movement guarantees, we use the specialist services of certain Customs Brokers to process our client's customs requirements on our behalf. After all, we are each specialised in our own fields.

In such an event though, it is clear that there will be administrative costs which will have to be recovered. Any such costs will be discussed once we are clearer on the outcome of the coming weeks.

On a final note, as we are being asked repeatedly, no, Ital Logistics does not hold **AEO status** at present. Whether or not we decide that it will be necessary will depend on what the future holds in terms of 'life after Brexit!'

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### **And then there's currency**

We also shouldn't lose sight of the fact that if we do leave the EU without a deal, it is anticipated in the currency market that the pound will devalue by some 10% or more. Whilst for UK exports this would make UK goods a more attractive purchase, freight (both export and import) and collection/distribution costs in the EU would be more expensive as a result and any rate agreements may need revisiting.

### **Summary**

All of the above should be treated as a guideline, and not to be taken as 'gospel. Whilst we would ideally like to be in a position where we knew exactly what was to be the outcome, and what we should be doing, we are, like every other company, making best efforts to anticipate and react.

Ital Logistics has a great team of individuals, each with different layers of experience and particular knowledge. We are confident that, come what may, we will be well placed to assist all clients through whatever processes are required.

We do not hold back in saying that there will be some disruption at first, as it would be foolish to think otherwise. Transit times are likely to suffer in the immediate short term, but naturally we will do everything within our capabilities to mitigate any disruption.

All we can do is what we always aim to do and continue to provide a quality, reliable and personalised service, with openness, honesty and integrity, and to always perform to the very best of our abilities.

We will continue to update our clients as we acquire further information.

Should you have any questions, please do not hesitate to contact us.

Phil Denton  
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25<sup>th</sup> February 2019

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