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Read out from Michael Gove [announcement on Friday 12th June](https://www.gov.uk/government/news/government-accelerates-border-planning-for-the-end-of-the-transition-period) on full border controls from 1/1/21

**Headlines**

* Introduction of full border controls for EU imports from 1/1/21
* Delay of Duty and Vat payments for imports for up to 6 months
* Safety & Security on imports will be waived for first 6 months
* Full customs controls from 1/7/21
* Exception is for controlled goods that will have full controls from 1/1/21
* Build new Govt infrastructure at ports and inland
* New arrangements only apply to imports from the EU

**What does this mean for traders?**

The current arrangements relating to goods being imported from or exported to the rest of the world (ROW) will apply as they do today, with a few exceptions. For goods being exported to the EU after 31/12/20, a full export declaration will need to be made just as they are now for goods being exported to the ROW. The most significant change in today’s announcement relates to the imposition of full controls on goods being imported from the EU after 31/12/20. That means that unlike today, when we continue to be part of the customs union, goods arriving from the EU will need to be declared at import and duty and VAT dues on the goods will need to be accounted for and paid.

From 1/1/21, traders will either

1. Make a full customs declaration for all of imports regardless of country of export, paying any duty due. Postponed VAT Accounting (PVA) will be available for VTA registered companies from 1/1/21, so any VAT will become due for payment on the next VAT return. Or;
2. Make a full customs declaration for all of imports from the ROW, and then separately maintain a record of all imports from the EU for a period of up to 6 months, after which they can declare the imports to HMRC in a summary import declaration and pay any duty and VAT due at that time.

Traders that opt to use the up to 6-month grace period are likely to be asked to record information such as:

* The unique reference number for the consignment
* a description of the goods and the [commodity code](https://www.gov.uk/trade-tariff)
* the quantity imported
* purchase and (if available) sales invoice numbers
* the [customs value](https://www.gov.uk/guidance/how-to-value-your-imports-for-customs-duty-and-trade-statistics)
* delivery details
* supplier emails
* serial numbers of any certificates or licenses
* records with the date and approximate time the goods arrived in the UK

Traders will need this information when they submit a supplementary declaration and after the goods enter the UK. This option will only apply to standard goods. We expect that traders will need to be VAT registered to access this payment delay or have a deferment account in place, more detail is needed.

For Controlled and excise goods there will be no access to the 6-month delay in making VAT and duty payments for goods entering the UK from the EU. Sums will become due as they are now and payable directly or through a deferment account and payable on the 15th of the month following customs clearance.

Summary declarations will be based on a company’s audit-able records and can be made on a monthly basis, or within 6 months after the new controls are in place.

There are some changes to the requirements for Animal & Plant Health certificates, a new system will be introduced to replace the EU passport system, controls are likely to be as rigorous as they are now, with a number of additional measures on plant health not currently included in EU controls.

After the 6-month grace period ends, full customs declarations will need to be made for all imports from the EU imports from 1st July 2021, as they are now for ROW. A summary of the options are below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Import | | Export | |
|  | EU | ROW | EU | ROW |
| Until 31/12/20 | No Customs Declaration – Customs Union rules apply | Full Customs Declaration and supporting certificates | No Customs Declaration – Customs Union rules apply | Full Customs Declaration and supporting certificates |
| From  1/1/21 | Full Customs Declaration or delay for up to 6 months | Full Customs Declaration and supporting certificates | Full Customs Declaration and supporting certificates | Full Customs Declaration and supporting certificates |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| From  1/1/21 | Postponed VAT Accounting | | Keep records of imports and make a summary declaration in July ’20? | |
|  | EU | ROW | EU | ROW |
| Import | YES | YES | YES | NO |

**Grant Funding**

Traders will also be able to access the [new £50m grant funding](https://www.gov.uk/government/news/new-measures-to-support-customs-intermediaries?utm_source=5ca3bfd2-e833-4e86-8350-831e46b630e9&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate) from July. The fund will be available for employment and training of new staff and for IT upgrades to handle customs declarations. A procurement process is underway to appoint a grant administrator, PWC currently operate the legacy scheme.

**What does this mean for ChamberCustoms?**

* The requirement for additional declarations remains, between 150,000 and 250,000 traders only trade with the EU and will need help in accounting for imports between January and June 2020 and in making summary declarations. Whilst the volume of additional declarations that need to be made is unclear, without this change its estimated that there would have been another 100m submitted between January and June. The estimated 200m increase will still apply after June 2021.
* This change is likely to reduce the impact of full controls on EU imports for some traders. It will ease some traders into new processes.
* However, traders may will want to avoid the double process of recording EU import data and also making a summary declaration later. The introduction of PVA means that traders who opt to make a full declaration right away will get time to pay any VAT due in their next VAT return. For some, making declarations on imports when goods are ready for customs clearance will be more attractive than adding processes and audit. This will especially apply to those that already trade outside of the EU and don’t want to operate dual accounting systems.
* The new [£50m grant scheme](https://www.gov.uk/government/news/new-measures-to-support-customs-intermediaries?utm_source=5ca3bfd2-e833-4e86-8350-831e46b630e9&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate) criteria are yet to be published in full. This fund may provide the incentive for Chambers to recruit and train more staff or to continue the training of those who have started their learning journey but are not yet active in processing declarations. We will create training opportunities, so that we can ensure our network is ready to respond to your member needs.
* There will be a change in representation rules – this removes a barrier for customs brokers like ChamberCustoms by removing some liability that currently exists when offering indirect representation.  Full details will be announced later.

ChamberCustoms already has the capability for summary declarations built into our system which is ready to handle large volumes of declarations.

We need you to acquire new customers, steadily increase volume and make sure we are ready for the big demand uplift when it comes.

Liam Smyth

15th June 2020