



## EORI holder newsletter



### How can I keep myself up to date with HMRC publications?

You can sign up to receive notifications of any announcements on the GOV.UK website.

([www.gov.uk/government/organisations/hm-revenue-customs](http://www.gov.uk/government/organisations/hm-revenue-customs))

To receive regular updates listing announcements you just need to click on the 'Announcement' link on the top right hand side of the HMRC homepage, and choose from either email or RSS feed.

Some examples of this would be the recent changes to anti-dumping duty measures, updates made to public notices and announcements about tackling tax evasion.

### How do I make sure I am getting it right?

For any customs declaration that you make, on your own behalf, or as an agent acting on behalf of an importer, you must familiarise yourself with the relevant rules. These rules are explained on GOV.UK ([www.gov.uk/guidance/importing-goods-from-outside-the-eu](http://www.gov.uk/guidance/importing-goods-from-outside-the-eu)). You must also ensure you can demonstrate that you have taken all appropriate steps to confirm the accuracy of the declarations you are making. In particular where any form of relief (from VAT and /or customs duty) is being claimed you must ensure the relevant conditions are met.

### What are the consequences of getting it wrong

Depending on your status (importer, customs agent or freight forwarder) different actions will be taken. Actions we have taken recently include:

- 12 VAT de-registrations
- Goods detained
- Additional duty and import VAT demands made for misdescribed goods – in one case in excess of £7 million
- Denied Onward Supply Relief (OSR) for failing to meet the conditions
- Issued a civil penalty of 100 per cent of the customs duty already owed

### What are the most common errors and how to avoid making them?

#### **Failure to obtain original documents.**

For HMRC to carry out their controls effectively they will frequently ask for documentation and information to support a customs entry. Customs may exercise controls both at pre-clearance and after the goods have been released. Failure to supply the information may for example, lead to delays in customs clearance, confiscation of the goods and incurrance of additional liabilities, etc. Here is some useful guidance on archiving your trade documents at [www.gov.uk/guidance/archiving-your-trade-documents](http://www.gov.uk/guidance/archiving-your-trade-documents). In some cases original documents are mandatory (such as preference certificates and certificates of undertakings). It is essential that you have these available to avoid incurring a penalty.

#### **Misclassification**

Using the wrong tariff code and/or misdeclaration of origin can lead to an incorrect liability for duty and VAT being applied. You must use the UK Trade Tariff to find the right commodity code for your goods. This is available online on GOV.UK ([www.gov.uk/trade-tariff](http://www.gov.uk/trade-tariff)). Detailed guidance to help you classify your goods is also available on GOV.UK ([www.gov.uk/guidance/classification-of-goods](http://www.gov.uk/guidance/classification-of-goods)). We also publish tariff notices containing information about how to correctly classify certain types of goods for import purposes ([www.gov.uk/government/collections/tariff-notices](http://www.gov.uk/government/collections/tariff-notices)).

#### **Valuation**

When you import goods from outside of the European Union (EU), you must declare the correct

value. The duties and taxes due are calculated on that information. Detailed guidance on how to value your imports for customs duty and other charges is available on GOV.UK ([www.gov.uk/guidance/how-to-value-your-imports-for-customs-duty-and-trade-statistics](https://www.gov.uk/guidance/how-to-value-your-imports-for-customs-duty-and-trade-statistics)). There are six methods you can use to calculate your import valuations. Method one is the first method you must try. It applies to over 90 per cent of imports and is known as the 'transaction value'. This is based on how much is actually paid or payable for the goods, with various adjustments made as necessary.

#### Inclusions

For example, if they're not already included in the seller's price, you must add the costs of:

- delivery to the EU border
- most commissions (except buying commission)
- royalties and licence fees paid by you on the imported goods as a condition of sale
- containers and packing
- any proceeds of resale the seller will receive
- goods and services you provide to the seller for free or at a reduced cost.

#### Exclusions

Some examples of items that can be left out of the customs value if certain conditions are met include:

- delivery costs within the EU
- EU duties or taxes and taxes paid in the country of origin or export
- quantity and trade discounts and those relating to cash and early settlement, that are valid at the time the goods are valued
- dividend payments to the seller
- marketing activities related to the imports
- export quota and licence costs
- post-importation work, for example construction or assembly.

For full details see GOV.UK

(<https://www.gov.uk/guidance/how-to-value-your-imports-for-customs-duty-and-trade-statistics>)

Failure to declare the correct value of the goods you have imported may lead to VAT and duty demands to recover any tax due and further action being taken by HMRC.

#### **Claiming Onward Supply Relief (OSR)**

Onward Supply Relief (OSR) is a customs procedure that allows you to claim relief from paying import VAT on goods you bring into the UK from outside the EU that you intend to supply to

customers in another EU member state (country of destination).

Under this procedure you declare the goods for free circulation in the UK paying only the customs duties that may be due, the import VAT is accounted for by the person to whom you are supplying the goods in the country of destination.

To be able to use this procedure both the UK importer and the customer to whom the goods are being supplied **must be** taxable persons (for example being registered for VAT in their respective countries). The goods must be despatched to another EU country **within one month** of the date you imported them, that is the date when the goods entered free circulation. The goods must be the same goods (not processed in anyway) and must be imported to **fulfil an existing order** from a taxable person in the country of destination.

By making an OSR customs declaration you are confirming that you:

- meet the conditions for OSR;
- will produce on request any commercial documents to demonstrate the onward supply to the taxable person in another member state specified in box 44 of the declaration above; and,
- will pay on demand any import charges due if the conditions for OSR are not met.

#### **Losing the right to recover VAT**

You should be aware that the European Court of Justice has confirmed that VAT input tax recovery should be denied where transactions are connected with the fraudulent evasion of VAT and the person claiming input tax either knew or should have known of that fact. This principle, known as the **Kittel principle**, has been clarified and endorsed by the Court of Appeal in the UK. This may affect whether any claim for repayment of import VAT will be repaid if it is established that you knew or should have known that you were participating in a supply chain connected with the fraudulent evasion of VAT.

#### **Further information**

If you need further information please visit GOV.UK

([www.gov.uk/government/organisations/hm-revenue-customs/contact/customs-excise-and-vat-fraud-reporting](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/customs-excise-and-vat-fraud-reporting)) or you can speak to the VAT, Excise and Customs Helpline on Telephone: 0300 200 3700.