

# Border Operating Model (BOM) - overview

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# Border Planning

- 12<sup>th</sup> June Chancellor of Duchy of Lancaster (CDL) announced that the UK would neither seek nor accept an extension to the Transition Period which ends on 31<sup>st</sup> December 2020.
- Border controls for EU goods imported into GB to be implemented in three stages:-
  - Not reciprocated by the EU
- New border infrastructure to carry out checks(some inland) –build BCPs etc
- £50million of grants pledge to encourage expansion of customs intermediary sector



# Key points

- Model is not applicable to Northern Ireland
  - Northern Ireland Protocol
  - Province will have its own unique Operating Model
- Negotiations ongoing to secure a FTA with the EU:-
  - BOM is applicable regardless of outcome
  - Re-introduction of customs declarations for EU - UK trade
- Impacts on RoW trade as well:-
  - Hidden Hard Brexit
  - Safety and Security Declarations



# UK importer of standard goods (EU-GB)

- As of 1<sup>st</sup> January 2021 import customs declarations required for goods imported from EU
- Depending on outcome of trade talks import tariffs may be applicable
- Importer of standard goods has two main options:-
  1. Submit a customs declaration – pre lodged prior to movement of goods where no Temporary Storage facility available.
  2. Deferred Declaration which defers payment of duty/VAT for up to 6 months



# Impacts on Ports

- Due to the re-imposition of frontier controls , ports will have to ensure that there are processes in place to control cargo release.
- Ports will have to decide which model to operate:-
  - Pre-lodgement of customs declarations :- or
  - Temporary storage
- Trade will need to know which model is operated in which port.



# Deferred Declarations overview

- Importers of standard goods can “defer” declarations for up to six months from date of importation
- Deferral period applies to goods imported between 1 January to 30<sup>th</sup> June 2021
- If declaration is deferred so is the payment of import duty and VAT
- After 1 July customs declarations will be required



# Deferred Declarations 01/01/21 to 30/06/21

- This new facilitation must not be confused with TSP
  - Stricter control
  - Linked to authorisation
- Traders can seek :-
  - To apply for their own authorisation to operate CFSP and Deferment A/C
  - Use a customs intermediaries CFSP authorisation
    - Ensure act as a Direct Representative to protect themselves
- Basis of the process:-
  - Entry in Declarants Record
  - EORI number of authorisation holder is provided to carrier
  - Supplementary Declaration to be submitted within 6 months



# Guarantees and record keeping

- Only “high risk” traders will need to provide a financial guarantee
- Authorisation for using CFSP include:-
  - Financial Solvency
  - Compliance Check
  - Check trader record keeping
- Records to be kept include:-
  - Trade and transportation documentation
  - Commodity Code and Customs Procedure Codes
  - Unique Consignment Reference
  - Written description of goods





# 1<sup>st</sup> January 2021 import process **Stage 1 All**

- For standard goods where trader is not using the Deferred Declaration option a full customs declaration is required:-
  - Prior to movement taking place
- Where Deferred Declaration is used and no SFD submitted:-
  - Provide EORI number to haulier
- For “Controlled Goods” see Annex C of BOM for more details a full customs declaration is mandatory
- Business will have to consider how to account for VAT
  - Postponed VAT accounting



# 1<sup>st</sup> January 2021 import process -SPS

- For imports of Live animals and High risk plants and plant products:-
  - Importers will need to provide advance notice of consignments arrival into UK
  - Import notification through IPAFFS
  - For these goods a Health Certificate/Phytosanitary Certificate accompanies the consignment
- Documentary checks to be carried out remotely
- Goods do not need to be imported via a BCP
- Physical checks of high risk goods will take place at destination or other authorised premises



# 1<sup>st</sup> April import process **Stage 2 SPS**

- For all products of animal origin (POAO) from EU
  - Meat
  - Pet food
  - Honey
  - Milk or egg products : and
- All regulated plants and plant products will require:-
  - `Pre notification
  - Relevant health documentation
- Greater level of documentary checks will be undertaken



# 1<sup>st</sup> July 2021 import process **Stage 3**

- **ALL**

- Traders moving all goods will have to make frontier customs declaration relevant to goods/regime
- Full Safety and Security declarations for imports required

- **SPS**

- Increase in physical checks and taking samples
- Checks for animals, plants and their products will now take place at GB Border Control Posts



# Special procedures and authorisations

- Traders will be able to use duty deferment without Customs Comprehensive Guarantee (CCG)
  - Except where the trader has a history of:-
    - Customs non-compliance
    - Financial related issues
- BOM refers to simplified IP but clear that if SPs are regularly used an authorisation is required
- Transit- consider its use and the options
- Are other simplifications applicable e.g. CFSP?



# VAT –the impacts

- VAT traders can but do not have to use Postponed VAT accounting from 1<sup>st</sup> January 2021
  - Mandatory for VAT registered traders eligible to use CFSP to defer their supplementary declarations
- Can account for import VAT on their VAT return
- Traders can elect to pay at time of import
- Non VAT registered traders and private individuals will have to pay at import.
- All VAT registered traders currently required to submit Intrastat declarations will have to continue submitting them .`



# Import VAT –goods under £135 value

- If selling goods to non VAT registered business, private individual the overseas trader must charge and collect any VAT due at time of sale- show on their sales invoice
  - Overseas trader should register for UK VAT and account for the VAT due on their VAT return.
- Where goods are sold on online platform the platform will be required to register for VAT and account for it on their VAT return.
- UK registered business importing goods under £135 which have not had VAT charge will pay VAT at time of import and account for VAT on their return
- Low value consignment relief withdrawn and VAT will be charged on the goods as if they were supplied in the UK



# Safety and Security **from July 2021** – Importing into GB

- Goods imported to the GB will need an Entry Summary Declaration submitted via the **S&S GB system** from the 1st of July 2021
- S&S information will need to be provided by the “carrier” which is defined as:
  - For Unaccompanied goods – shipping or Air Freight operator
  - For Accompanied goods this can be done either via:-
    - Haulier
    - Trader Front End, you need a Government Gateway user ID and password, if you do not have a user ID, you can create one. The purchase of relevant software to interact with HMRC system from a Software Developer will be required.
    - Community System Providers (CSPs)





# Safety and Security **from July 2021**

- To submit this information traders will need to register for a GB EORI number for moving goods which can be applied for via <https://www.gov.uk/eori>
- Those who currently implement Anti Smuggling Nets (ASNs) to conduct risking procedures, will not need to submit an Entry Summary Declarations.
- Special permits/licenses are required for restricted and controlled goods. Further information can be found on: <https://www.gov.uk/starting-to-import/import-licences-and-certificates>



# Safety and Security **from July 2021**

- Provision of most up-to-date to and accurate information available at the time
- Data Elements – the same as for ICS
- Amendment will be allowed where required
- If declaration submitted but movement doesn't take place no need to inform that this doesn't happen and will be deleted automatically from the system
- Different declaration process for the transition period – currently any GB destined goods dec into ICS so if submitted before 11 pm on 31/12/2020 but arrival after and amendment needs to be made after 11 pm then a separate declaration will need to be submitted into the new system.



# Safety and Security from July 2021 - Importing

The information must be provided pre-arrival to agreed timeframes depending on the mode of transport

Mode of Transport	Timescales
Maritime Containerised Cargo	at least 24hrs before loading at departure port
Maritime bulk or break bulk	at least 4hrs before arrival in GB
Sea voyages less than 24hrs (Including Roll off and Roll on Ferries)	at least 2hrs before arrival in GB
Short haul flights (less than 4 hours)	time of actual take off
Long haul flights	at least 4hrs before arrival in GB
Rail	at least 2hrs before arrival at first GB Office of Entry
Inland water ways	at least 2hrs before arrival in GB
Road Traffic	at least 1hrs before arrival at the EU Eurotunnel terminal

- After the declaration information is entered into S&S GB, a movement Reference number is generated. The "carrier" will manually input the MRN into the Goods Vehicle Movement Service (GVMS).
- This will enable your declaration reference to be linked together so that the person moving the goods (e.g. a driver) only has to present on single reference (Goods Movement Reference or GMR) at the frontier to prove that their goods have a pre-logged declaration.



# EMCS - Export

- Businesses exporting excise goods must also use the EMCS
- The Excise Movement and Control System (EMCS) will continue to operate but solely for internal UK duty suspended movements, including movements from the exporter's warehouse to the port
- Excise duty liability will be discharged when confirmation is received that the goods have exited GB (this is via the customs export declaration)



# EMCS - Import

- The Excise Movement and Control System (EMCS) will continue to operate but solely for internal UK duty suspended movements, including movements from the port to the importer's warehouse
- In order to move goods in excise suspension traders will need to appoint a registered consignor to move the goods, or become a registered consignor
- An excise movement guarantee must be in place (if required) for duty suspended imports to cover the movement from the port to the warehouse



# Safety and Security – Northern Ireland

- An ENS submitted into ICS required for imports into NI
- No EXS/ENS for NI to GB traffic – exception for controlled goods
- S&S declaration submitted into **ICS NI Service**



# Export Procedures from 1<sup>st</sup> January 2021

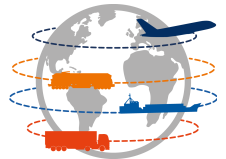
- No staged approach – full customs controls apply immediately
- Customs declaration required:-
  - Export declaration from GB
  - Import declaration into EU
- Safety and Security declaration required:-
  - Exit declaration from GB (combined with export Customs declaration entry and entry summary declaration via ICS to import into EU)
- Export licences:-
  - Export licences required for dual-use goods
  - Other goods e.g. antiques/works of art that have previously not needed one



# Export Procedures from 1<sup>st</sup> January 2021

continued

- Import into EU:-
  - Import duties may be chargeable
  - Excise may have to be paid
  - VAT (unless deferred may) may have to be paid
  - Frontier checks imposed especially at BCP
- Documentation:-
  - Full sets of invoices/packing lists etc will be required
  - Export Health Certificates and Phytosanitary Certificates required





# Wood packaging material

- Wood packaging material (WPM) must meet ISPM15:-
  - Pallets
  - Crates
  - Spreaders and dunnage
- Inspections may be carried out in EU and GB to ensure compliance with ISPM 15



# Beware the DDP trap

- Anecdotal evidence that traders are seeking to minimise their risks and liabilities
  - Have heard that buyers are insisting on the use of DDP
- Maximum responsibility on the seller:-
  - Clearance agent may have to act as “Indirect Representative” making them jointly and severally liable for the debt
- Be very careful to clarify responsibilities for:-
  - Storage charges/ costs stemming from delays
  - VAT payments at destination
- More appropriate terms may be DAP or DPU.



# International Road Haulage.

- Check EU requirements by:-
  - Member State
  - Country
- Obtain ECMT permits as applicable
- Consider varying CMR convention regarding liability for delays
  - Advise customer that it may not be possible to adhere to scheduled/normal time frames.



# Other points to consider re EU trade

- BOM touches on other regimes:-
  - Excise
  - Fish trade
  - Equines
  - Water
  - Controlled drugs
  - ATA Carnets
- New/Unfamiliar systems:-
  - S&S declarations – all modes
  - Smartfreight – road
  - GVMS – road



# Start planning and acting now

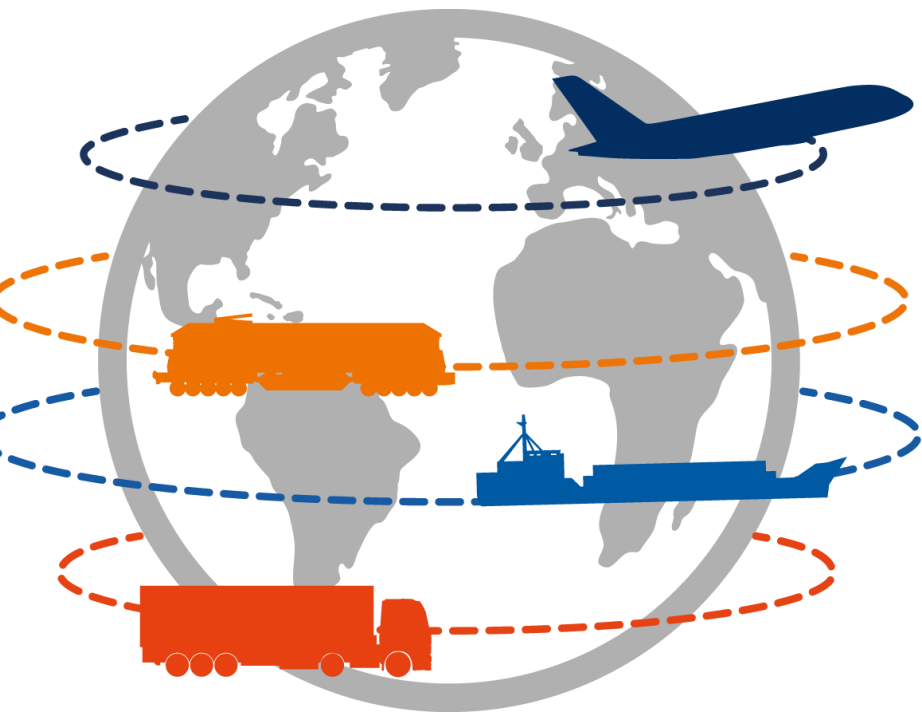
- Liaise with both importers and exporters advising them of BOM document etc
- Understand the impact of Incoterm on responsibilities:-
  - Ensure that they understand standard documentary requirements (think RoW)
  - Appreciate need for licences, catch certificates etc
- Determine if clients will use standard import declaration or deferred declaration system
- Will special procedures be relevant
- Check UK Global Tariff for duty rates/ quotas etc
- Process planning:-
  - What new procedures will be required
  - Collect new data required
  - Who will do what? What will they need and how will it be done?



# Contact details

- For further specific questions on Customs matter contact :-
- [Externalstakeholders.customs@hmrc.gov.uk](mailto:Externalstakeholders.customs@hmrc.gov.uk)





**Thank you  
for attending**