

# Are you ready for Brexit?

September 2020



# What do I need to do post Brexit?

## What do I need to do differently post Brexit

There are certain changes you will need to apply when submitting printed matter or goods (goods are defined as items of commercial value) to be exported or imported via Parcelhub. These changes will be different according to the service you use and the items you send/receive.

What does this mean overall?

- Customs declarations will be required for each consignment
- You are likely to have to pay higher fees due to customs handling
- Transit times will possibly increase because of customs checks
- Inspections will take place on some goods imported or exported

### Deal

With a deal of any kind, the fact that we have committed to leaving the single market will mean that customs declarations will be required for import and export.

### No Deal

If the UK leaves the EU with no deal. This may leave us trading with the EU under World Trade Organisation (WTO) rules, in the same way that we currently trade with the USA and other countries with which we have no formal trade deal or arrangement.

## What does this mean to you?

- Goods between the UK and EU may be subject to duties and VAT
- Delivery times to your customers may increase
- Delivery rates could change and additional surcharges apply as a result of customs handling
- Customs declarations may be required
- Inspections may take place on some goods imported or exported
- Increased information may be needed in your data and on your parcels to us relating to the goods you are sending

## What does this mean to you?

- Customs declarations will be required for each consignment
- Our rates will change as a result of customs handling
- Transit times will increase because of customs checks
- Inspections will take place on some goods imported or exported
- Detailed data will be required to export goods into Europe or import them into the UK
- Increased information may be needed in your data and on your parcels to us relating to the goods you are sending



# EORI Registration

In the UK, an Economic Operator Registration and Identification (EORI) number is assigned to importers and exporters by HMRC and is used during the customs clearance process for both import and export shipments travelling to or from the EU and countries outside the EU.

## No Deal Brexit requirements

In the event of a no-deal Brexit, you will need an EORI number beginning with GB to move goods in or out of the United Kingdom. If you already have an EORI number, you can continue to use it if it starts with GB. The number should be 12 digits long and if you are registered for VAT, will include your VAT number.

You will also need an EU EORI number for any other countries you trade with within the EU. You should note that an EORI number is not currently expected for trade between Northern Ireland and Ireland.

HMRC is helping businesses get ready for Brexit by automatically issuing them with a UK EORI (Economic Operator Registration and Identification) number. They have written to more than 88,000 VAT registered companies to let them know the UK EORI number they've been assigned. Businesses will not be able to move goods in and out of the UK without one.

If your business is not VAT-registered or you have not received notification of a number then you will still need to [apply now](#) for a UK EORI as soon as possible before the Brexit deadline of 31<sup>st</sup> October.

### Considerations:

#### **Do I need to notify Parcelhub of my EORI number when shipping goods?**

If you use our tracked services, then Yes.

For fully Tracked services, we are working with carriers to provide EORI numbers as part of our data feed. This allows the carrier to include the EORI number as part of a customs declaration and should help with the customs process.

If you have an EORI number, please provide it to your Parcelhub Account Manager who will update our systems accordingly.

#### **What happens if I don't have an EORI number?**

It is possible that your goods may be delayed or held by customs, the EORI number should help make the process easier and also less costly.



# Duty and Tax

If the UK leaves the EU in a no deal scenario, goods exported to the EU or imported from the EU are likely to incur VAT and possibly duty.

## Exports

Post-Brexit, exports to the EU may be subject to duty/VAT collection. If this is the case, you should be prepared to apply a zero rate for VAT, in the same way you may do now to non-EU destinations, so that VAT can be collected when the goods are cleared into the EU.

## Duty Rates

Today, under WTO rules, parcels shipped from non-EU countries into the EU with a value over €150 will incur duty. Some examples of duty rates for shipping from an existing third country to the EU under WTO rules are listed below:

- Men's/Boys Shirts/T-shirts 12%
- Leather Handbags 4%
- Trainers 17%

NB: For guidance only and subject to change pending the final outcome of negotiations

Duty rates are dependent on the commodity shipped, which is why we strongly recommend accurate commodity classification codes and accurate descriptions are provided, so that your customer pays the right amount of duty. When duty charges apply, terms of delivery help make it clear who is responsible for importing the goods and paying any outstanding duty or VAT.

## Delivery Duty Unpaid/Paid

Parcelhub's carrier partners' fully tracked services are all dispatched using **Delivery Duty Unpaid** as standard – where the consumer is responsible for paying the duty. **Delivery Duty Paid** is offered as an alternative option for some of our carrier partners, subject to approval.

### Delivery Duty Unpaid (DDU)

With a DDU solution, the consumer is responsible for paying taxes and duties. They are contacted directly by the carriers to settle this balance before the good(s) are cleared through Customs which may also include an administration fee.

For **Tracked services**, the consumer will be contacted by our carrier via Email or an SMS message which will contain information about their shipment and fees that require payment. Items will be held for approximately 7 days while this payment is attempted to be collected.

If payment is not received, parcels will be returned to sender and a return to sender charge applied.

### Delivery Duty Paid (DDP)

Using a DDP option, the retailer (sender) is responsible for paying the taxes and duties and in many cases, retailers will apply these fees at checkout and directly collect payment from the consumer (receiver).

DDP is available by request. Our carriers will manage the customs clearance process and submit the duties and taxes on behalf of the sender i.e. Parcelhub. These charges passed back to you and will be applied to your Parcelhub invoice alongside any applicable administration fees.



# Data Considerations

If you currently send items outside of the European Union, or to the Channel Islands, you will be used to providing additional information regarding the contents of your parcels. This additional information forms the customs declaration to the receiving country and is also the information used to calculate any duties and taxes. Provision of this information will be mandatory when shipping into the EU after Brexit and it is essential that your declarations are accurate and complete. This will help minimise the risk of increased transit times due to customs procedures and checks.

## Recipient Information

An accurate recipient name and address is essential to successful delivery but will also assist customs authorities. **Failure to supply accurate information will result in your item being returned or in some cases held** at customs or with our carrier partners.

For Tracked services, you should ensure contact information is supplied, ideally a telephone number but as a minimum a recipient email should be supplied. If the recipient is a VAT registered business, their in-country VAT number should also be supplied to ensure they are treated as a business for Duties and Taxes, if the number is not provided they will be treated as a B2C customer.

## Commodity Codes

A Commodity Code (or Harmonised Code) for the product being shipped should always be provided. Commodity codes, also known as HS codes, are designed to eliminate language barriers and are a globally recognised coding system recognised in countries that are members of the WTO, including the EU.

Basic commodity codes are 8 digits long, however to be fully compliant we recommend classifying your products using the 10 digit format as this is universally recognised at both export and import level. For more information, please refer to <https://www.gov.uk/trade-tariff>

**Commodity Codes will be enforced subject to carrier or destination in the event of a No Deal Brexit. Non-provision of an accurate 10 digit code or use of Default codes (0000000) is likely to result in additional handling charges or rejected items. In the current political climate a number of customs authorities are now advising that the provision of this information is now a mandatory requirement when importing goods into EU destinations (for example: the Netherlands). This is designed to address concerns surrounding customs clearance times.**



# Summary Check List

---

Register with HMRC for your EORI number

---

---

Classify goods with the correct 10 digit commodity code

---

---

Ensure product country of origin is declared with product data

---

---

Ensure all product values are declared accurately on accompanying invoices or data

---

---

Check product descriptions are accurate and compliant against the commodity code

---

---

Ensure recipient telephone numbers and addresses are captured

---

---

Decide on Terms of Delivery and ensure this data is passed to the team at Parcelhub

---

---

Check that all additional required information is passed through to Parcelhub in the data from your systems

---

---

If you ship on behalf of others please ensure Parcelhub has the shipping information for each of the businesses

---

## What can you do now?

- Register with HMRC for an EORI number for international trade
- Have your goods classified with the correct commodity code to ensure your sales and orders have the correct duty amounts applied
- Ensure that all product values are declared accurately on accompanying invoices or data
- Speak to your Parcelhub Account Manager



# Thank You

## **Parcelhub Ltd**

Unit 6, Road No.2  
Colwick Quays Business Park  
Nottingham  
NG4 4LR  
United Kingdom  
Tel: +44 (0)1159 503 018  
Email: [sales@parcelhub.co.uk](mailto:sales@parcelhub.co.uk)  
[www.parcelhub.co.uk](http://www.parcelhub.co.uk)

Are you ready for Brexit? V3.01.20

