



Customs Warehousing

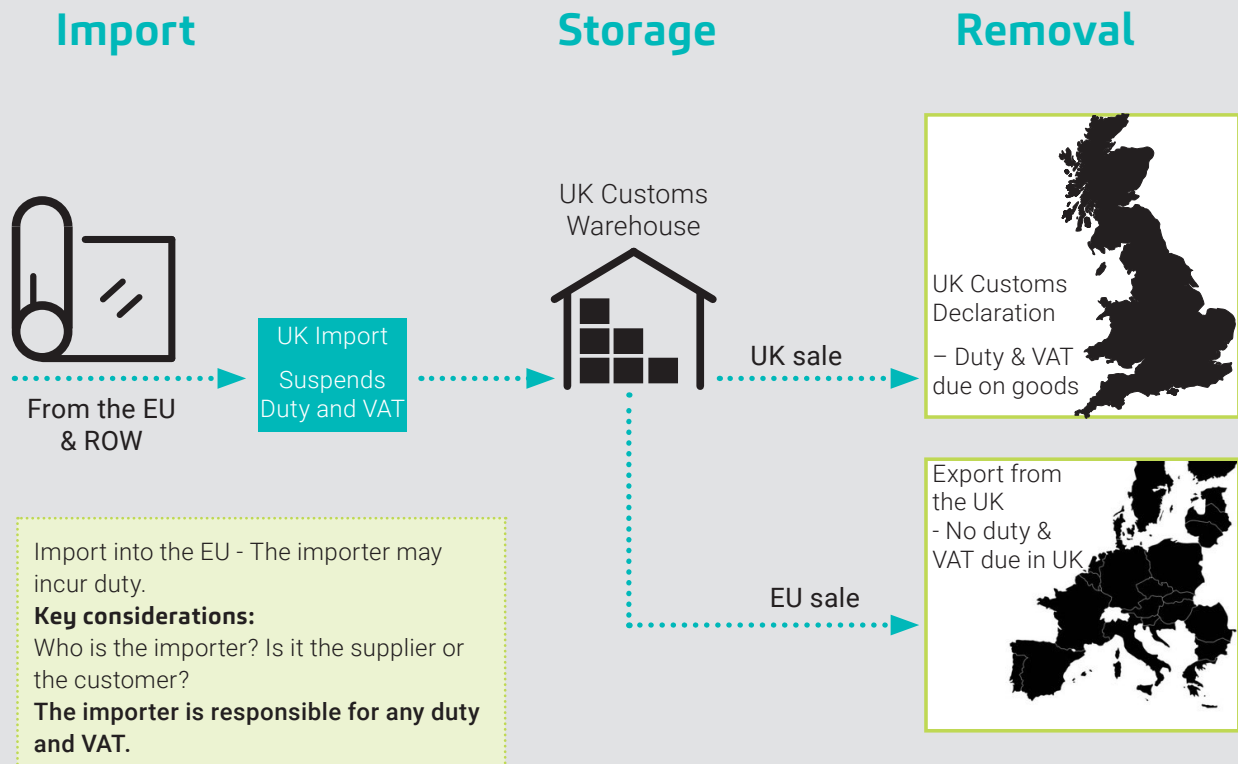
The importance of Customs Warehousing in a No-Deal Brexit scenario.

Customs warehousing means your business can import bulk consignments of goods into the UK, intended to be sold to UK, EU or worldwide customers without incurring customs duties and import VAT at time of entry into the UK. Customs duties only become liable on removal from the warehouse on sale into the UK market.

From the 1st January 2021, importing goods into the UK for onward supply to the EU raises the risk of “double-duties”. On the goods entering the UK and again when they are imported into the EU. Unlike VAT, customs duty is non-refundable and is a bottom line cost to the business.

Potential border changes for Northern Ireland after Brexit, means that customs warehousing may minimise the duty impact within the UK as sales to Ireland will become exports to the EU.

Along with customs warehousing businesses should consider using Customs Freight Simplified Procedures (CFSP). CFSP allows a warehouse to remove goods from their stock system and account for the customs duties using a duty management system. This simplifies matters where a business makes sales to wholesalers and end-users by allowing easier control of the management of customs duties.





Customs warehousing should be considered by businesses in the following scenarios post-Brexit:

UK company imports a consignment of goods from China for onward sale, but the customer is not known at time of importation. On arrival into the UK the goods are liable to customs duty and import VAT. The imported goods are later sold to companies based in the UK, France and USA. With a customs warehouse, customs duties would only be liable on the goods sold to UK customers as the sales to France and USA would be exports and therefore the customs duties are discharged. The use of customs warehousing would minimise the impact of the customs duties currently paid on goods sold to the EU.

A UK company imports a consignment of goods from the EU that are sold to UK or EU customers for use in manufacturing. The customer is not known at time of importation and the goods are liable to customs duty and import VAT. Sales are made to customers in the UK, Germany and Spain. The UK customer has used Inward Processing Relief so the goods can be "transferred", whereby the duty liability is passed on. The goods sold to customers in Germany and Spain can be exported for import into an EU customs warehouse or IPR authorisations without paying the customs duties.



Inward Processing Relief (IPR)

Does your company manufacture goods? If so, then IPR should be a consideration as part of its Brexit planning.

Inward Processing Relief (IPR) is a customs regime which allows companies to import goods from outside the EU for processing. Once the UK leaves the EU this will relate to all imports into the UK. The "finished" goods must be disposed of in an approved manner, such as re-export outside the UK, transfer to another IPR holder or sale into the UK.

Customs duties would only become liable where the finished goods are sold to UK companies who

do not have IPR authorisation. In this instance, the duties would be liable at time of sale on the value of the non-UK goods entered to IPR.

There are many scenarios where inward processing relief would be beneficial in a post-Brexit world, but they vary depending on your supply chain and customer base. Our experienced Customs Auditors can conduct a review of your international trade activities and identify how best your business could benefit from using inward processing relief to minimise the impact of Brexit.



There are many options available for customs warehousing and the benefits vary depending on your supply chain and customer base. Our experienced Customs Auditors can conduct a review of your international trade activities and identify how best your business could benefit from using customs warehousing to minimise the impact of Brexit.

Please call us to discuss:



Jonathan Main
Indirect Tax Partner

T: +44 (0)1772 821 021

E: jonathan.main@mooreandsmalley.co.uk

mooreandsmalley.co.uk

@MooreandSmalley

Offices in: Preston, Blackpool, East Midlands, Kendal, Lancaster, Liverpool, Manchester and Southport

Moore and Smalley LLP is a limited liability partnership that is registered in England and Wales under registration number OC313896 whose registered office is Richard House, 9 Winckley Square, Preston, Lancashire, PR1 3HP. The term "partner" indicates a member of the LLP who is not in partnership for the purposes of the Partnership Act 1890 and a list of members is available from the registered office. The LLP trades as MHA Moore and Smalley and is registered to carry on audit work in the UK by The Institute of Chartered Accountants in England and Wales and is authorised and regulated by the Financial Conduct Authority and details of our registration can be viewed at <https://register.fca.org.uk/> under reference number 448716. Moore and Smalley LLP trading as MHA Moore and Smalley is a member of MHA, an independent member of Baker Tilly International Limited, the members of which are separate and independent legal entities. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity, and each describes itself as such. Moore and Smalley LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Moore and Smalley LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. Arrandco Investments Limited is the registered owner of the UK trade mark for the name Baker Tilly. The associated logo is used under licence from Baker Tilly International Limited.

Moore and Smalley C.A. Limited is a limited company that is registered in England and Wales under company number 5373155. Its directors are Deborah Wood FCA and Christine Wilson FCA and its registered office is Richard House, 9 Winckley Square, Preston, Lancashire, PR1 3HP. Moore and Smalley C.A. Limited is a wholly owned subsidiary of Moore and Smalley LLP and trades as MHA Moore and Smalley.

Moore and Smalley LLP (Blackpool) is a member of AISMA, Association of Independent Specialist Medical Accountants.

Moore and Smalley C.A. Limited (Nottingham) is a member of AISMA, Association of Independent Specialist Medical Accountants.