

# Brexit: customs implications (1/8/19)

Brexit negotiations began on 19 June 2017, shortly after the UK's general elections. Post-Brexit trade with the UK will depend on whether it comes with a deal. This article explores some of the changes potentially affecting companies trading with the UK.

## Brexit scenarios

As you know, the UK is set to leave the EU at 00.00 Central European Time (1.00 Latvian time) on 30 March 2019.

In the case of a no-deal Brexit, free movement of goods between the UK and the EU will stop on 30 March. The World Trade Organisation's terms and conditions will apply once the UK has left the EU's single market and customs union.

An agreement with the EU would allow the UK to stay within the single market and customs union, which would guarantee free movement of goods during a period of transition up to 31 December 2020. During this period, the UK should abide by EU trade policy and would still be bound by EU exclusive competence, particularly in common trade policy. The UK would be bound by commitments arising from all EU international agreements, so third countries would have the same trade access to the UK market as before. The UK would not be allowed to assume obligations by entering into new agreements with third countries in its own name.

After a no-deal Brexit, the member states' customs authorities and companies will have to apply the same terms and formalities to goods imported from or exported to the UK as in the EU's trade with third countries.

All goods that enter EU customs territory from the UK or leave Latvia for the UK will be subject to customs inspection and control under the EU Customs Code. Any movement of goods involving the UK will be subject to an appropriate customs procedure as well as relevant trade policy measures (restrictions, prohibitions, licences, permits etc). So any goods arriving in the EU from the UK will be subject to customs inspection and control, and the importer will have to prepare an import customs declaration and pay customs charges due on imports (import duty, excise, and VAT).

## Preparations for Brexit

Companies doing exports and imports of goods are aware of declarations, customs procedures, and certificates of origin. But some of the companies that enjoyed the advantages of free movement of goods with the UK lack experience in moving goods to/from third countries. Those companies are advised to consider the following preparations for Brexit:

- Revise all effective agreements with UK business partners;
- Take all necessary steps to negotiate trade terms (customs and excise procedures, and customs tariffs) and trade policy measures;
- Make sure your company has a valid EORI number for handling customs formalities;
- Check that the proposed customs procedure does not require a customs permit or a guarantee for any outstanding or potential customs debt;

- Assess whether customs formalities will be handled by your in-house staff with customs law expertise or whether a contractor will be engaged;
- Make sure you have access to relevant functionalities of the Latvian State Revenue Service's Electronic Customs Data Processing System (such as import, export, transit or manifest, and temporary storage);
- Find out whether your company's accounting system needs adjusting, appoint persons in charge, and develop controls and internal processes.

With five weeks to go before Brexit, companies are advised to evaluate its business impact and work out how to build future relationships with the UK. Regardless of Brexit's form and implications, we encourage companies to view it as an opportunity for developing their business.