

Border Operating Model – Update (BOM2)

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Border Operating Model Update

- This presentation should be read in conjunction with our original presentation <https://www.bifa.org/media/4526040/border-operating-model.pdf>
- Border Operating Model – Second edition key points:-
 - Overview of all appropriate procedures
 - More information on new key procedures
 - Greater emphasis on compliance and regulatory requirements
- In some cases still a work in progress
- Additional information on GOV.UK to provide detail



Summary of updated BOM 2

- Re-emphasises the staged approach to introducing import customs and other regulatory controls:-
 - 1st January 2021
 - 1st April 2021
 - 1st July 2021
- Border Operating Model applies to all goods moving between EU mainland and UK:-
 - Separate model for Northern Ireland
- Two basic processes:-
 - Temporary Storage
 - Pre-lodgement



Points to consider

- Negotiations ongoing to secure a FTA with the EU:-
 - BOM is applicable regardless of outcome
 - Re-introduction of customs declarations for EU - UK trade
- Wider trade impacts as well:-
 - Hidden Hard Brexit
 - Safety and Security Declarations
 - Rules of Origin
 - More goods subject to Special Procedures – greater administration
 - Fulfilment House Processes will become applicable to EU Traffic
 - 80% of UK food imports come from the EU –disproportionate impact on sector



Information flows

- EU exit will mean rebuilding the supply chain:-
 - Information and data flows will be key
- Trade needs to adopt a completely different mindset:-
 - Who has what information and who else needs that information?
 - Who and how can this data be transferred from one party to another?
 - Remember regulators , differentiate between:-
 - Data flows for commercial reasons
 - Those for regulatory purposes
- Look at the flow charts adapt your processes as applicable
- Where are the gaps? e.g. an agent in the EU to act on my behalf ?



Delayed Declaration (DD)

- Shippers can use procedure for 6 months until 30/06/2021
 - We are advised that traders will transfer to CFSP
- Importer Can use Entry in Declarants Records (EIDR) without authorisation **prior to import**
- Importer will need to be authorised to submit supplementary declaration (within 6 months of first import)
 - Or can use an Intermediaries CFSP approval (if the latter is willing)
 - Forwarders can be a Direct Representative but need to apply to do so
 - Deferment Approval needed
 - Non UK established traders must use a UK established agent including their approval and DAN – **BE VERY CAUTIOUS**



EIDR – is a customs declaration

- Declaration needs to be :-
 - Made prior to goods movement
 - Held electronically
- Traders must have GB EORI number to import under DD
- Delayed Declarations cannot be done if:-
 - The goods are controlled Annex C
 - Goods do not have Union Status or not been in free circulation before arriving in GB
 - Goods are not being cleared and released to GB free circulation i.e have to be released to UK free circulation.



EIDR – the data fields

<ul style="list-style-type: none">• The Customs Procedure Code	<ul style="list-style-type: none">• Quantity of Goods – for example, number of packages and items and net mass
<ul style="list-style-type: none">• Traders Unique Consignment Ref Number	
<ul style="list-style-type: none">• Purchase, and if available sales invoice numbers	<ul style="list-style-type: none">• Details of supporting documents
<ul style="list-style-type: none">• The dates and time of entry in records – creating the tax point, which will be used for working our VAT payments later	<ul style="list-style-type: none">• Serial numbers/identifying marks
<ul style="list-style-type: none">• Any Temporary admission, warehousing or temporary storage stock account references	<ul style="list-style-type: none">• If you are the customs intermediary making a declaration on behalf of someone else, you must record details of the person you are representing.
<ul style="list-style-type: none">• The warehouse approval number	
<ul style="list-style-type: none">• Written description of the goods	
<ul style="list-style-type: none">• Customs value	



Delayed Declaration -continued

- Regime can be used in conjunction with:-
 - Transit Procedures
 - Customs Warehousing
- GB EORI must be linked to cargo (drivers manifest)
- To complete the supplementary declaration the trader or customs intermediary will need to be authorised for Simplified Customs Declaration:-
 - Entry in Declarants Records (EIDR) or
 - Simplified Customs Declaration process (SDP)
 - Need own Deferment account and use postponed VAT accounting



Definition of poor recent compliance

- Evidence of recent serious non-compliance with regard to tax and customs obligations, especially with regard to import Duty/VAT
- Evidence of deliberate and multiple incidents of non-compliance
- Individuals with a record of serious/repeated non compliance can also expect other businesses that they are connected to and being unsuitable to use Delayed Declarations



Guarantees – new rules

- Traders with AEO (C) status will be automatically able to use duty deferment without providing a guarantee
- Compliant and solvent traders will be able to defer duty/VAT and excise duty up to £10k per month without a guarantee
 - Will be to obtain approval to defer amounts above this monthly limit if they have sufficient financial resources for amounts they are seeking to defer
- Duty deferment limits agreed with HMRC will not need to cover amounts in deferred supplementary declarations
- 31/10/2020 new DDA application process will commence
- Existing DDA holders with AEO-C/SIVA will be auto enrolled



Customs Special Procedures

- Use of Customs Special Procedures can reduce, suspend or claim relief on the payment of duty/VAT under conditions of the authorisation:-
 - Customs Warehousing
 - Inward Processing
 - Outward Processing
 - Temporary Admission
 - Authorised Use
- Returned Goods Relief:-
 - For goods originally exported to EU and not returned by the end of transition-HMRC will accept evidence other than export entry number to claim relief



Customs Special Procedures- cont'd

- More companies will need to use Special Procedures
- Authorisation by Declaration is limited:-
 - Three times per calendar year
 - Value of goods entered must not exceed £500k
- From 01/01/2021 a Comprehensive Customs Guarantee (CCG) will not be needed to use many Special Procedures
- Users of existing CCG's can cancel them from 01/01/2021 where applicable
- New rules will be applicable to Excise warehousing



Postponed VAT Accounting

- VAT registered traders **can opt** to account for VAT on their VAT return by using postponed VAT Accounting from 01/01/2021
 - Customs intermediaries will have to identify and record those customers adopting this option
- Those companies using Simplified Customs Declarations or EIDR will have to use postponed VAT Accounting
 - Can defer supplementary customs declarations for 6 months
 - VAT return will be quarterly
- Non-VAT registered businesses will have to pay VAT at import
- Different VAT rules for goods valued under £135.00



Animals, PoAO, Fruit and Vegetables

- After 01/01/2021 above goods will be subject to control and inspection for the first time since 1992
- Many feel that dealing these products will be the most challenging element of post Transition trade with EU
- General points for consideration:-
 - Importers will have to register with DEFRA to use IPAFFs
 - Pre-notify arrivals 2 days prior to arrival in UK
 - Consider documentation Export Health Certificates/Phytosanitary Certificates
 - Invoices etc
 - Cargo routing to where there is a Border Inspection Point after 01/07/2021



Bulk entries

- From January 2021 bulked declarations will be allowed for ‘postal packets’ imported into GB
- Postal packets are consignment for which ‘a relief from import duty is available to the recipient of the goods’ currently set at GBP 135.00
- Authorisation requirement applies to those willing to use the procedure
- Authorisation criteria will mainly be based on:
 - traders compliance history and
 - ability to control the flow of goods e.g. ‘a logistical system and records that identify sufficiently the movement of, and transactions in, chargeable goods and domestic goods’



Bulk entries

- Only goods subject to the new VAT regulations (sales/import VAT accounted for by the seller/OMP) will be entitled to bulking
- HMRC expect this will capture the vast majority of imports of low value goods (B2C and B2B movements).
- Caveats:
 - Bulking is not allowed for actual postal packets moving under UPU rules
 - Bulking will only apply to imports into GB and there will be a different model for Northern Ireland



Goods Vehicle Movement System

- BOM2 emphasises importance of GVMS relative to imports
- In order to use it hauliers will have to obtain a UK EORI number
- System accessed in two main ways:-
 - Online service via GOV.UK
 - Direct link from software they use into GVMS (API)
 - Applicable for accompanied and unaccompanied modes
- Accessing GVMS enables the haulier to create a Goods Movement Record (GMR) they link (think envelope):-
 - Customs entry number
 - Transit declarations
 - S&S references (after 30/06/2021)



Goods Vehicle Movement System – cont'd

- Haulier presents the GMR to the carrier prior to loading:-
 - Clear that where there is no/inaccurate GMR that truck should not load
 - Carrier sends the GMRs to GVMS after point of no return (bow doors shut)
 - Customs and Transit declarations processed
- Haulier will receive notification from GVMS advising:-
 - Which consignments are Cleared
 - Not Cleared
- Essential for imports:-
 - Virtual office of arrival
 - Office of Transit
- Exports – allows electronic processing of P2P etc



Check an HGV is Ready to Cross the Border Service

- In development stage:-
 - Only for export RoRo from UK to EU
 - Part of operation Brock aims to prevent congestion
- Service aims to allow drivers to check if they are carrying the right documents to enter the EU
- Envisaged that will be a web based system :-
 - Vehicle registration number
 - Date/time of travel
 - Destination
- For Kent ports system will issue a permit to enter the county:-
 - Not mandatory for other ports



Temporary Storage

- Temporary storage facilities will require an approval from NFAO as is the case today
- TS operators will not be required to provide a comprehensive guarantee unless specifically requested to by authorities
- New applicants will be able to temporarily operate TS facilities without being inventory linked between 01/01/2022 and 30/06/2021 but will need to prove they are able to control the inventory
- Traders willing to become Authorised Consignees for CTC movements will need to operate TS facility



Border Operating Model update

- Two other points to highlight:-
 - Document gives information regarding the responsibilities of individual UK Government departments
 - The EU is not one country – it is 27 Member States, the document summarises the procedures by country/individual port.
- The Border Operating Model is a “what to do” not a “how to do” document.
- Introduces the concept of the “Least Worst Case Scenario”



Beware the DDP trap

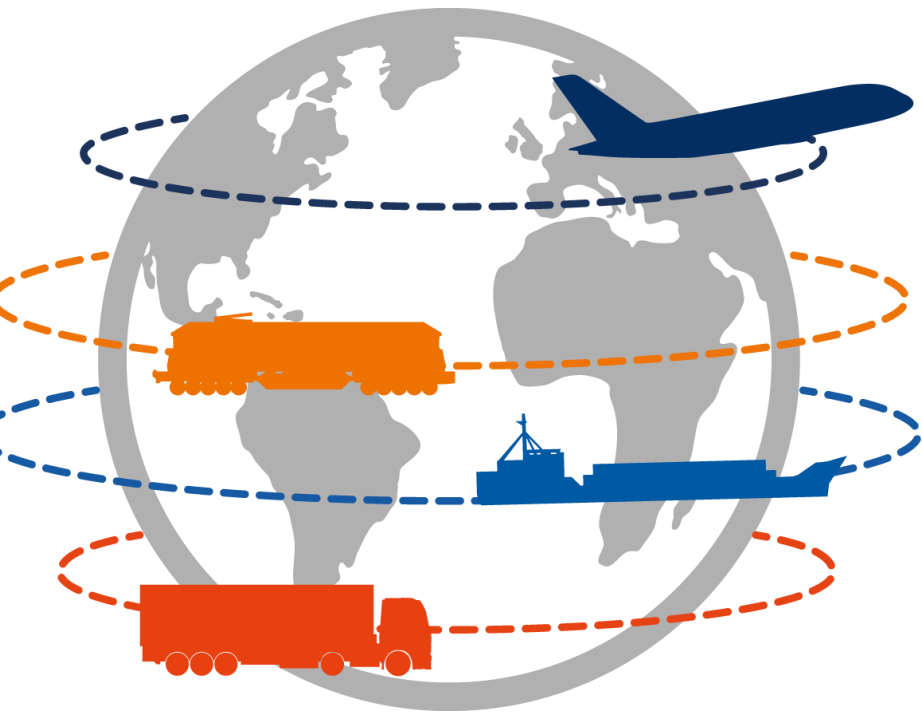
- Anecdotal evidence that traders are seeking to minimise their risks and liabilities
 - Have heard that buyers are insisting on the use of DDP
- Maximum responsibility on the seller:-
 - Clearance agent may have to act as “Indirect Representative” making them jointly and severally liable for the debt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



Infrastructure

- Lack of information on this subject was a significant omission from the first edition of the BOM
- From 1st January 2021 infrastructure will be needed for:-
 - Common Transit Convention
 - Stamp ATA Carnets
 - Stamp CITES licences
 - Traffic management processes
- Where ports do not have the space inland locations for first three activities will be constructed:-
 - Initially 4 locations, 3 in Kent and 1 in the North from 1st January 2021
 - Potentially expanded to 10
 - From 2nd November 2020 HMG will establish 45+ advice centres





Thank you for your time

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