

Brexit & Beyond

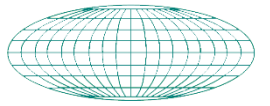
Practical Steps To Scenario Planning For Your Supply Chain



AGENDA



- Customs Declaration Process
- Tariff Classification
- Benefits of AEO for Brexit & UK Customs
- Customs Documentation/Incoterms

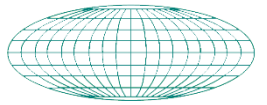


OPERATIONAL MODEL

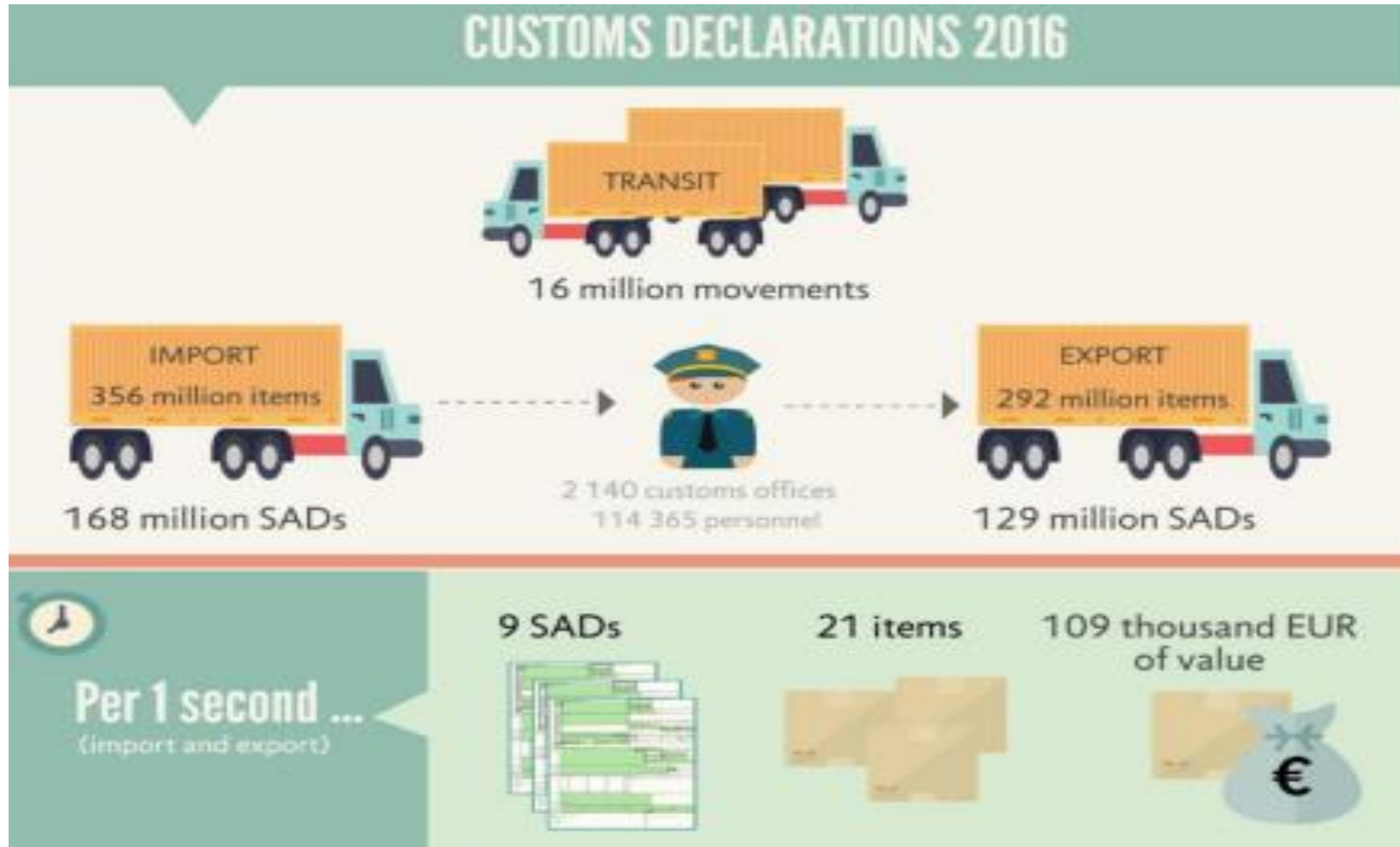


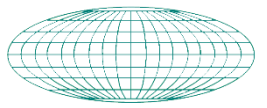
OPERATION ANALYSIS

- For Supply chain, key areas of focus are transport and logistics, regulation and tax, customs and compliance.
- Additional supply chain costs calculated as percentage of sales. This gives you a benchmark from which to improve operational efficiency.
- Treat UK and NI trade as “third country” status.

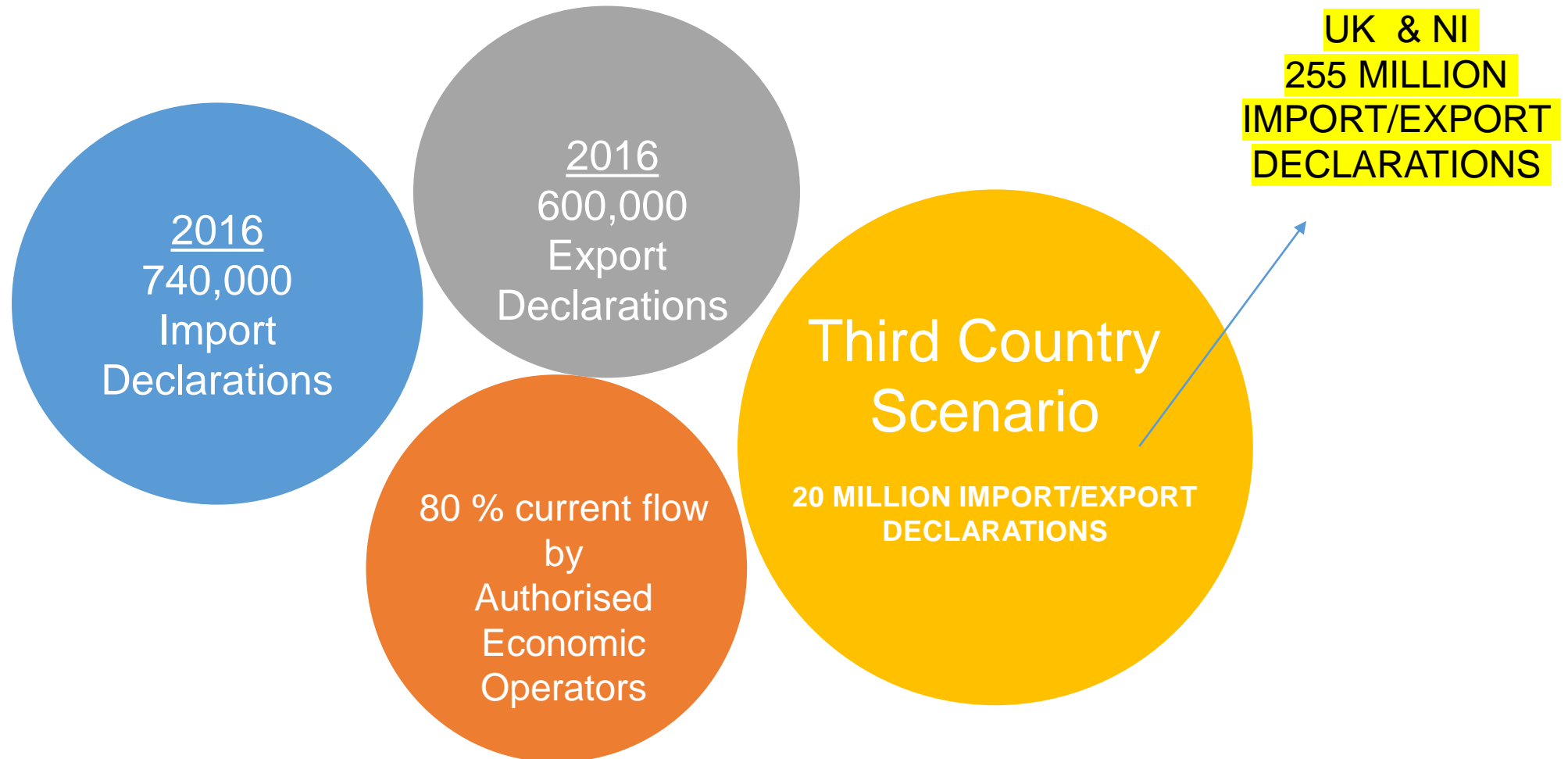


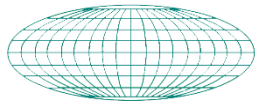
DATA ANALYSIS





CUSTOMS DATA ANALYSIS

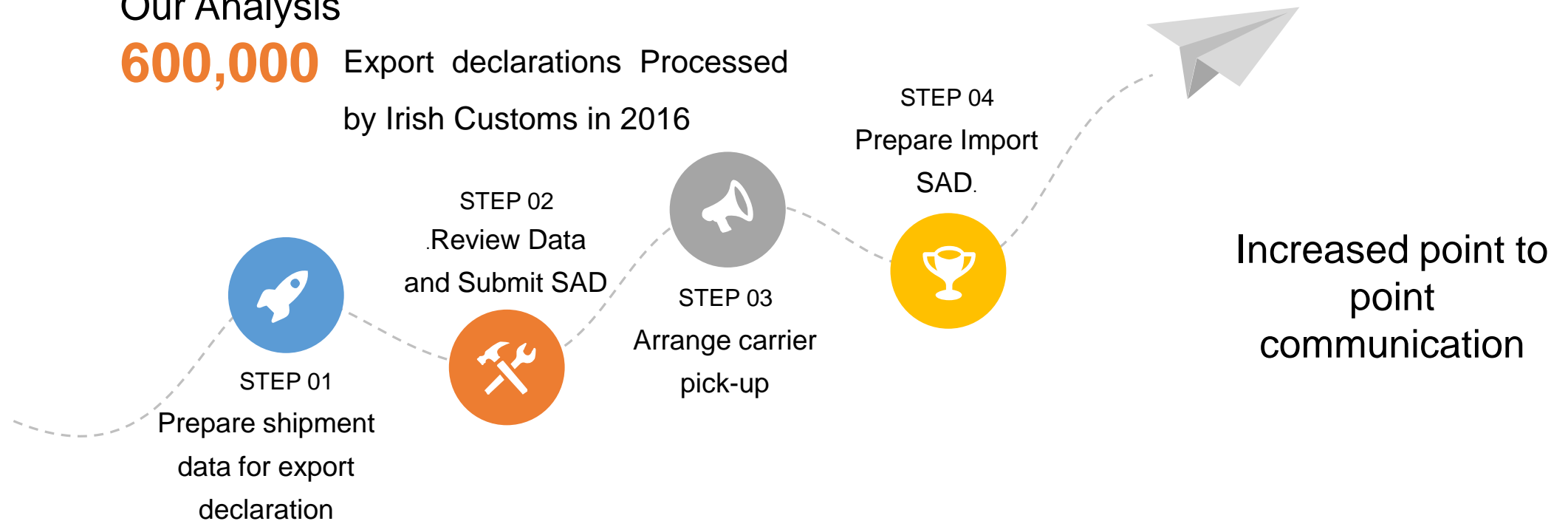




DECLARATION PROCESS

Our Analysis

600,000 Export declarations Processed
by Irish Customs in 2016



Customs Declaration Process

Legal act of placing goods under export/import procedure

- Why is Revenue interested in exports/imports? Licensing, EU regulations adherence, preventing diversion of duty-free or VAT zero rated goods into home market, safety & security, statistics
- Making a customs declaration –all export declarations must be lodged electronically via Revenues Automated Entry Processing (AEP) System
- Export declaration is needed for all exports to Non-Eu or “Third Countries”
- Agents (direct or indirect representatives) can act on your behalf for the purpose of lodging customs declarations. You are still the declarant
- Administrative penalties are now in place under section 54 of the Finance Act for contraventions of UCC. Penalties range from €100 to €2000

Export Declarations - Process

Completing an Export Declaration

- There is a minimal data set required for an export declaration. These include origin of goods, shipment destination, commodity codes, customs procedure codes and values, tariff codes
- Declarations can only be made electronically
- Absence of data from a required field or incorrect data will result in rejection of the declaration from the AEP system
- AEP will route your shipment into green, orange or red category and act accordingly (AEO benefits can be seen here)
- Administrative cost for lodging declarations. These reduce if AEO certified
- Once declaration is accepted by AEP system, you will be notified of its routing
- Compliance and accuracy of data is key
- COMPLIANCE@CUSTOMSPLUS.IE

SAMPLE SAD

EUROPEAN UNION			1 DECLARATION			A OFFICE OF DISPATCH/EXPORT		
1 Copy for the consignor/exporter	2 Consignor/Exporter <input type="checkbox"/> No		3 Forms		4 Loading lists		7 Reference number	
	8 Consignee <input type="checkbox"/> No		5 Items		6 Total packages			
	14 Declarant/Representative <input type="checkbox"/> No		9 Person responsible for financial settlement <input type="checkbox"/> No		10 Country first destin.		11 Trading country	
							13 C.A.P.	
			15 Country of dispatch/export		15 C. disp/exp. Code a b		17 Country destin. Code a b	
			16 Country of origin		17 Country of destination			
	18 Identity and nationality of means of transport at departure <input type="checkbox"/>		19 Ctr.		20 Delivery terms <input type="checkbox"/>			
21 Identity and nationality of active means of transport crossing the border <input type="checkbox"/>				22 Currency and total amount invoiced <input type="checkbox"/>		23 Exchange rate <input type="checkbox"/>		
24 Nature of transaction <input type="checkbox"/>								
25 Mode of transport at the border <input type="checkbox"/>		26 Inland mode of transport <input type="checkbox"/>		27 Place of loading <input type="checkbox"/>		28 Financial and banking data <input type="checkbox"/>		
1	29 Office of exit <input type="checkbox"/>		30 Location of goods <input type="checkbox"/>					

Tariff Classification

Why is it important

- Commodity code for exports is ten-digit number, which equates to the description of the item
- All possible exported/imported items will have a code
- It is the most significant part of how customs do their business. It is at its core as ultimately, third country duties are calculated based on the type of goods you're exporting
- It can determine entitlement to preferences in the destination country
- Preferential tariffs can give significant financial savings – from reduced rates of duty or zero rates of duty
- It will always be the responsibility of the exporter to determine the correct commodity code for their product .i.e. the trader themselves
- In terms of Brexit, although rates are not yet clarified, categorizing your products is still a valuable exercise

Tariff Classification

Classifying your item master

- Compile or audit a master data file for all products purchased or supplied by your company
- Where duty is applicable on individual items, it may be zero rated or reduced duty when combined with other items to produce your finished product
- Item name, type, cost, location, quantity, UOM, description, supplier, function, - and corresponding commodity code
- Duplicates will exist in terms of classifying your products. Keep as much descriptive data as possible
- Tariff audits can result in significant financial savings if classified incorrectly, or if your product is an ingredient or part of a finished product
- Standardize production materials/items in event of adverse agreement on product related laws and standards

Tariff Classification

Using the TARIC System

- TARIC is an EU database managed by the commission in Brussels and used by all member states. It is updated daily
- Provides information on all trade policy and tariff measures applicable to specific goods in the EU
- It has a simulation date facility
- Vast majority of products sold in EU are regulated by EU-wide harmonized laws
- Agreement between EU and UK on existing products physically in the supply chain
- BTI is an EU-wide system that provides traders with tariff classification decisions which are legally binding throughout the EU
- http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en

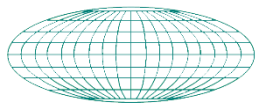
Union Customs Code (UCC)

- Major modernization of European customs legislation
- Main legal provision for export/import of goods from EU is the Union Customs Code (UCC)
- Export/Import declarations are needed for all exports to Non-Eu or “Third Countries”. Transit declarations may be needed for UK Land bridge
- Simplify, modernise and streamline legislation + procedures
- Certain simplifications are reserved for AEOs – this will increase the benefits and will be a reward to companies that have invested in their systems and are reliable
- UCC facilitations can significantly reduce cost in your import/export supply chain
- Authorized Economic Operator and UCC are closely linked
- UCC model meets requirements of both WCO and WTO

Benefits of AEO Post Brexit

How being an Authorized Economic Operator can facilitate a streamlined customs experience

- In operation since 2008, with focus on safety and security
- A Trade facilitation measure to enhance security and safety in international supply chain
- Open to manufacturers, forwarders, warehouse, customs brokers, carriers, importers
- Appropriate record of compliance
- Appropriate security and safety standards
- Proven financial solvency
- Sufficient management of commercial and/or supply chain records/processes
- Understanding the Union Customs Code (UCC) in terms of Brexit



Benefits of AEO Post Brexit

- Streamlined and modern customs procedures for which become the major tool to monitor
- Reduced data set requires when AEO certified
- Where physical controls are in place, AEO's may be given priority treatment
- Reduced document checks, especially in third country scenario
- UCC model meets requirements of both WCO and WTO
- AEO's will be in a stronger position to benefit from simplified procedures
 - The Simplified Declaration Procedure
 - Local clearance procedure
- Both of these may present significant advantage post Brexit – direct UK trade or land bridge access

Customs Documentation For Third Country

Shipping and customs documentations

- Export documents can be classified into the following four categories
 - Commercial documents
 - Regulatory documents
 - Export supplementary documents
 - Documents required by importing authorities
- Know who is legally responsible for which documents
- File and store all relevant documents
- Categorize your documents per country of destination
- <https://www.youtube.com/watch?v=tdhpYQCWnCw>

Customs/Export Documentation For Third Country

Additional shipping and customs documentation

- Commercial Invoice
- Proforma invoice
- Consular invoice
- EUR1 Form
- Certificate of Conformity
- Export/Import Declarations
- Certificate of Origin
- Pre Inspection Certificates
- Certificate of insurance
- Fumigation Certificate
- Bill Of Lading (BOL)
- Airway Bill
- House Airway Bill
- Export/Import licences
- **PACKING LIST**

Customs Documentation For Third Country

Importance of Incoterms in international Trade

- International commerce terms that clearly define sellers and buyers obligations as part of a contract
- 11 terms, with 4 dedicated to sea transport
- Should be incorporated in contracts for the sale of goods
- Provide rules and guidance to importers, exporters, lawyers, transporters, insurers, governments bodies
- In terms of Brexit, they should be review and updated as supply chain transactions increase
- Consider your supply base in the UK as well as your end customers their
- Particularly important from insurance point of view and for delivery metrics with carriers

Conclusion

Preparation is key - it is possible to avoid major operational disruption

- Brexit is a disrupter, but we can focus on the opportunities this disruption can bring
- Look at this as positive challenge to audit and streamline your operations
- If Brexit forces a market diversification strategy for your business, these actions can be used when shipping to other Non EU destinations
- Mitigate the risk by preparing a practical and operational plan
- Make use of the various government supports available at present
- Contact brianmurphy@irishexporters.ie for any further assistance on this presentation