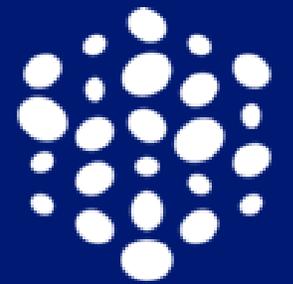




# Get Brexit Ready with Spring



**Spring**

global delivery solutions

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*Whilst we have made every attempt to ensure that the information contained in this pack has been obtained from reliable sources and is up-to-date, Spring is neither responsible for errors nor omissions or providing specific tax or customs advice.  
Version 2*



# We are Spring

We make it easy for you to grow your cross-border e-commerce business.



Belgium  
Canada  
China  
Czech Republic

France  
Germany  
Hong Kong  
Hungary

Italy  
Netherlands  
Poland  
Russia

Spain  
Singapore  
Switzerland  
United Kingdom



We are present in **16 countries**, span three continents and deliver to 190 countries.



We provide domestic and **cross-border e-commerce** and **mail solutions** to businesses worldwide.

As an autonomous broker, we handle domestic and international deliveries and European returns across our postal and commercial networks. By working with local home delivery specialists, we provide the best final mile experience available.



We are the international cross-border solutions arm of PostNL.



Spring

## Introduction

More than four years after a vote to leave the European Union and 11 months after Brexit formally happened, the process of the UK's finally breaking ties with the EU is now only weeks away.

Negotiations between the two sides continue in an effort to agree the basis of a future trading relationship.

Even if they reach an accord, many businesses across Europe - particularly those which ship to the UK - will have to make a number of changes to how they operate from the first of January 2021.

Failure to take all of the necessary steps might not only result in consignments being delayed or even held up entirely. Businesses could even be prevented from trading with customers in the UK.

However, Spring is uniquely qualified to help avoid such problems.

We are wholly owned by one of the world's biggest mail and parcels operators, PostNL, and, in recent months, have been advising hundreds of companies to make sure that they're Brexit-ready.

In this exclusive guide, we'll explain what you need to do and how you can rely on Spring to continue doing business without a hitch.



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global delivery solutions



# What it means...



## For your business

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On the face of it, any change to the way that you do business might seem intimidating. Brexit arguably poses a more complex and considerable set of challenges than any faced by European business for almost half a century.

Traders will have to provide more detailed information about themselves and their suppliers, the goods which they're shipping and their recipients than before.

There'll also be a shake-up of the rules on VAT, with businesses needing to make extra registrations, declarations and adopt different rates and systems of payment for the tax.

That will also mean giving thought to how goods are shipped - and how they're paid for.



## For consumers

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Cross-border sales after Brexit is completed will involve more customs' red tape and duties but the customer journey is as important as that taken by the items which they buy online.

Businesses will need to obtain consumers' details in full as well as being even more clear about the costs of items and shipping.

Effective communication both before and after purchase will not only avoid goods being stuck in 'customs limbo' but reduce the prospect of a negative customer experience.

# PREPARATION! PREPARATION! PREPARATION!



At Spring, we have spoken to hundreds of businesses in different countries which have expressed their fears about how Brexit will make life more complicated and, therefore, more difficult.

Nevertheless, we believe that the key to dealing with the changes which are required is in keeping things simple.

By knowing what is required and when, doing it and then telling your customers, you will be better equipped to deal with the changes. In the following pages, we will give you the material that you need to focus and make informed decisions about what's best for your business - without the headaches.







**Changes:**

**1<sup>st</sup> January 2021**



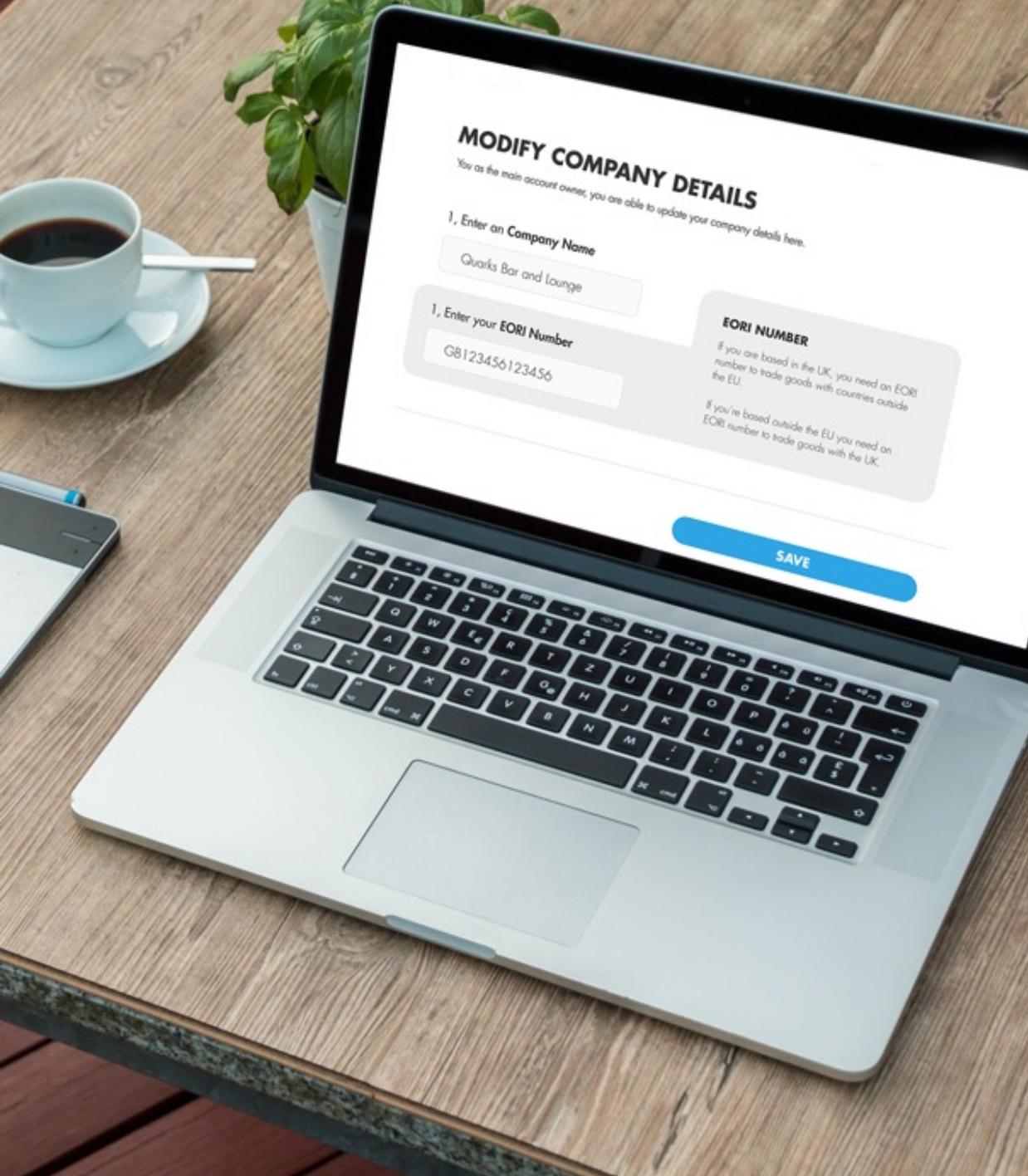
**Online retailers** will experience significant changes from the very first day after the transition period comes to a close.

As an EU trader sending goods to the UK, you will not only be responsible for issuing customs declarations regardless of an item's value but will have to declare import information relating to every product worth below £135 sent to consumers.

Keeping on top of the necessary paperwork means attending to several critical elements as soon as possible to enable you to continue cross-border trade once the transition period is over.

This exclusive customer pack will guide you through some of the most important elements of  
o keep your shipments





## Economic Operator Registration and Identification number

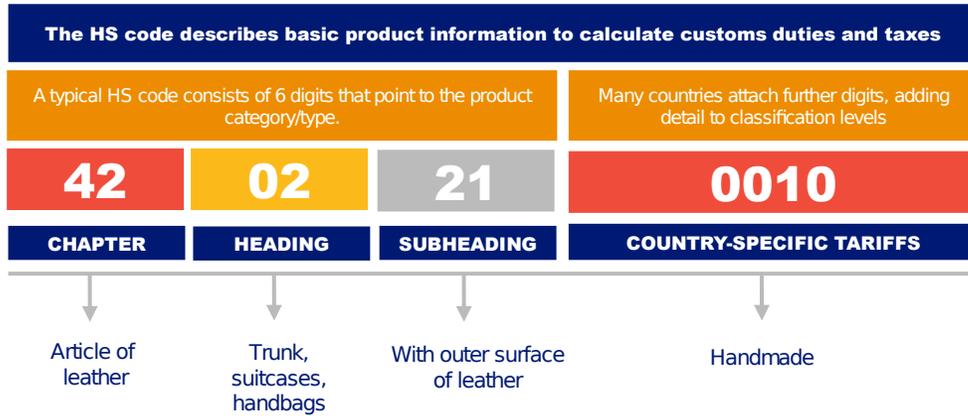
We advise that businesses completing customs clearance documentation for UK-bound shipments obtain an **Economic Operator Registration and Identification number** (or **EORI**, for short). All DDP sales to the UK worth more than £135 require an EORI number.

Even if you have an EORI number in your home country, you will still need to set up a UK EORI code (which starts with GB). Be aware that if you ship to Northern Ireland, you will also need a separate EORI number (starting with XI) for that country.

GB 732 829 320 00075

EORI NUMBER

## HS code:



Spring's solutions provide a product classification tool which allows you to classify your SKUs and ensure there is a comprehensive goods descriptions and valid HS code provided.



### Tip

An accurate **goods' description** enables efficient customs clearance. It must match the provided HS code, so will help in case of any doubts as to which is the correct HS code to apply. Descriptions must be specific and accurately characterise package contents for the sake of clarity. Start by having the correct goods' description in your database.

(e.g., men's wool overcoat with a fur-lined hood)

Also vitally important for both customs clearance and taxation is something called a **Harmonised System (HS)** code.

It is a six-, eight- or 10-digit number identifying specific items and is required along with information about the country of origin for every individual package being sent to the UK from the EU.

If the EU and UK cannot strike a Free Trade Agreement (FTA) before the 31st December 2020, then tariffs - which are imposed on goods imported into a country - will apply. The type and amount of tariffs imposed will depend on the nature of arrangements in place between the EU and the UK after that date.

Calculations about those tariffs are based on an item's **HS code**. Every HS code is linked to an appropriate import tariff. The import duties which need to be paid are calculated by multiplying the value of goods being sent by the relevant tariff.

Where a correct code isn't provided, therefore, deliveries will take longer and be more expensive because customs will have to decide if the correct amount of duty has been paid.



Full Description of Items		Quantity	Unit Value	Subtotal Value	VAT*	Country of MFG
Shoes		1	5.00	5.00		GB
<b>Total Declared Value:</b>				5.00	<b>Total Net Weight: 2.00</b>	

Category: SALE OF GOODS  
Reason: CUSTOMER ORDER

CurrencyCode: EUR  
Terms of Trade: DDP (Delivery Duty Paid)

I/We hereby certify that the information of this invoice is true and correct and that the contents of this shipment are as stated above

Signature: \_\_\_\_\_

\*VAT exempt as per art. 146 VAT directive 2006/112/EC; exemption for export of goods

this document is automatically generated from the spring xbs system

### Customs Invoice

**Sender:**  
BREXIT  
BREXIT & CO  
UNIT 9 TRIDENT WAY  
INTERNATIONAL TRADING ESTATE  
SOUTHALL  
ON  
UB2 5LF  
UNITED KINGDOM  
Telephone No.: 19056865969  
VAT: 123456789G

**Air Waybill Number:**  
N90000013586

**Receiver:**  
TEST CONSIGNEE  
RUE DE VICTORIE 21  
PARIS  
75000  
FRANCE  
Telephone No.: 00346333380  
Email: test@email.com

**Date:** 23.10.2020

**Invoice Number:** 000012980497

**Customer Markings:**

**Shipment Reference:**

## Commercial invoice

You should make sure that packages are accompanied by either a hard-copy **commercial invoice** or a digital/paperless equivalent as proof to customs authorities of what exactly you're shipping.

The **number, value, origin and weight of goods** being shipped should be clearly stated along with the **recipient's address** and **contact information**.

Different rates of duty may also apply depending on the **reason for shipment**, so it's important that you declare whether it's a sale, gift, sample or return.

**Our paperless systems** automatically generate **customs invoices** linked to individual shipping references which act as a pro forma copy of the data contained in your **commercial invoice**.

A **packing list**, showing the total number, weight and destination address of the contents, is also highly recommended for any transport companies.



## E-commerce after 1<sup>st</sup> of January 2021

Companies shipping to the UK must be familiar with rules relating to the VAT levied to goods supplied to consumers overseas.

From the 1st of January 2021, an existing **VAT** exemption for goods sent to the UK and worth less than **€22 (£15)** - known as the Low Value Consignment Relief (LVCR) - will be scrapped. Items shipped to UK consumers worth up to **€150 (£135)** will be subject to sales (supply) VAT rather than import VAT.

Including VAT registration numbers in shipments to the UK is important. Provided that the VAT number used to calculate the tax at the point of sale (for payment to British tax authorities in the quarterly VAT return) is included in the customs declaration accompanying the goods bought, then there's no need to also pay import VAT.

If the sale was not direct but made via an online marketplace, the marketplace itself will become responsible for charging and declaring the amount of VAT involved directly to HMRC using your VAT registration number.

# VAT & Duties to the UK 2021



## Sales of Goods



## Printed Matter

	<b>VAT rate 20%</b>	
	<b>After 1<sup>st</sup> January 2021</b>	<b>Exemptions unchanged</b>
<b>Customs clearance</b>	<b>Yes</b>	
<b>VAT Free Threshold</b>	<b>£0</b>	<b>Yes</b>
<b>Duty Threshold</b>	<b>£0 &lt; £135</b>	<b>&gt; &gt; £135 Excise goods (any value)</b>
<b>Duties</b>	<b>No</b> <small>(excl. excise goods)</small>	<b>Yes</b>
<b>Who is liable for the VAT &amp; Duties?</b>	<b>Seller or Online Market Place</b>	<b>Recipient via DAP or Seller via DDP</b>
	<b>Recipient or Seller</b>	

**Please note:**

B2C Distance selling or B2B where VAT registration number of recipient is unknown

VAT is also called Import VAT, Domestic VAT or Supply VAT

VAT reduced rates can apply on certain goods (e.g. car seats, children's clothes) [full list on [HMRC](#)]

Excise goods: products containing alcohol, tobacco products and mineral oils

Printed Matter includes periodicals, books, catalogues direct mail, business documents [More info on [HMRC](#) website (legislation not yet published)]

VAT and Duty thresholds represent the total sum of intrinsic value of goods contained

Refund of return VAT is automatic via the system. Returns processes and how to correct the VAT applied are still to be clarified.

UK VAT & GB EORI registrations : [VAT registration online](#), [EORI Registration online](#)



Spring

# In essence, the VAT will look like this from 1<sup>st</sup> January 2021 into the UK:

**Packages with intrinsic value under £135 of total purchased goods per item**

**You buy a camera outside the UK for £134**

Description	Amount
Price of camera	£134
Shipment costs	£25
Insurance costs	£10
Import duties	£0
VAT You pay 20% (UK) on: £134 + £25 + £10 = £169	£33.80
<b>Total (price, costs, taxes)</b>	<b>£202.80</b>

## (Supply) VAT only

VAT applicable on:

- Goods
- Shipping cost
- Insurance cost

Freight cost may be part of the intrinsic value if these costs are included in the price and not specified separately on the invoice.

**Packages with intrinsic value above or equal to £135 of purchased goods per item**

**You buy a plastic bag outside the UK for £136**

Description	Amount
Price of plastic handbag	£136
Shipment costs	£25
Insurance costs	£10
Import duties You pay 9.70% import duties on: £136 + £25 + £10 = £171	£16.59
VAT You pay 20% (UK) on: £136 + £25 + £10 + £16.59 = £187.59	£37.52
<b>Total (price, costs, taxes, duties)</b>	<b>£225.11</b>

## Duties + VAT (also called Import or Domestic)

Duties applicable on:

- Goods
- Shipping cost
- Insurance cost

VAT applicable on:

- Goods
- Shipping cost
- Insurance cost
- Duties

Excise Tax if applicable

Freight cost may be part of the intrinsic value if these costs are included in the price and not specified separately on the invoice.

**Packages with intrinsic value above £0 of purchased excise goods per item**

**You buy a six-bottle case of Champagne outside the UK for £100**

Description	Amount
Price of case	£100
Shipment costs	£15
Insurance costs	£0
Excise tax	£17.50
VAT You pay 20% (UK) on: £115 + £17.5 = £132.15	£26.43
<b>Total price (price, costs, taxes, duties)</b>	<b>£158.58</b>



# Apply now for VAT and EORI Numbers



 **EU** firms trading to the **UK** 



## Seller direct registration

VAT registration is online or by post (can take up to 30 days), due from its effective date. You will need:

- Bank details
- Turnover
- Business activity explanation

Create Gateway ID on [HMRC](#). BIRD is the system used for quarterly return VAT filling.

When registering for VAT, you can automatically register for EORI number. Otherwise it takes up to five days and you will need your Gateway ID

The party in charge of payment at checkout is responsible to register (no consolidator, see Fiscal Representation).



## Deemed Supplier

The retailer sells its goods via a platform or marketplace who acts as deemed supplier for due VAT charges. In this case, the seller does not require his own VAT registration since the registration number of the deemed supplier is used. The deemed supplier pays due VAT and duty charges to HMRC and claims exemption on import VAT at arrival at the UK border.

It is important that the seller includes the UK VAT registration number, given that they might use different platforms in different countries and have a VAT number of their own in the country which they are trading from.



## Fiscal Representative

Another option which is mostly used by consolidators is to expand their services and offer to also arrange the import declaration in the name of the seller of the goods.

In this case, they also act as a tax broker and fiscal representative for the seller. This means they will take over the UK VAT obligations (making declarations for import into the UK under their own UK EORI number and VAT registration). The consolidator must already have or establish a UK entity in order to act as UK fiscal representative.

[UK VAT Registration](#), [UK EORI Registration](#), [HMRC](#)

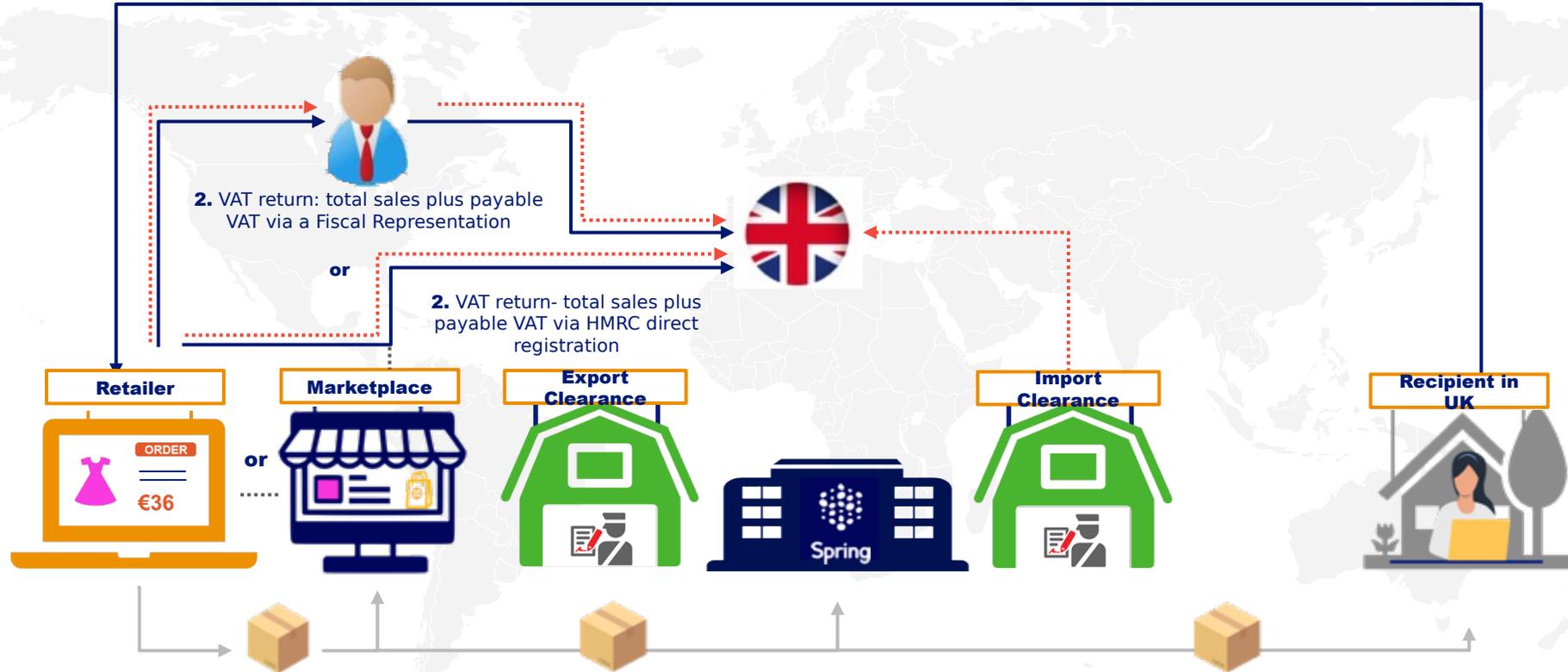




# Post Brexit to the UK for packages below £135 (excl. excise goods) (Supply VAT)



1. VAT in shopping cart at checkout

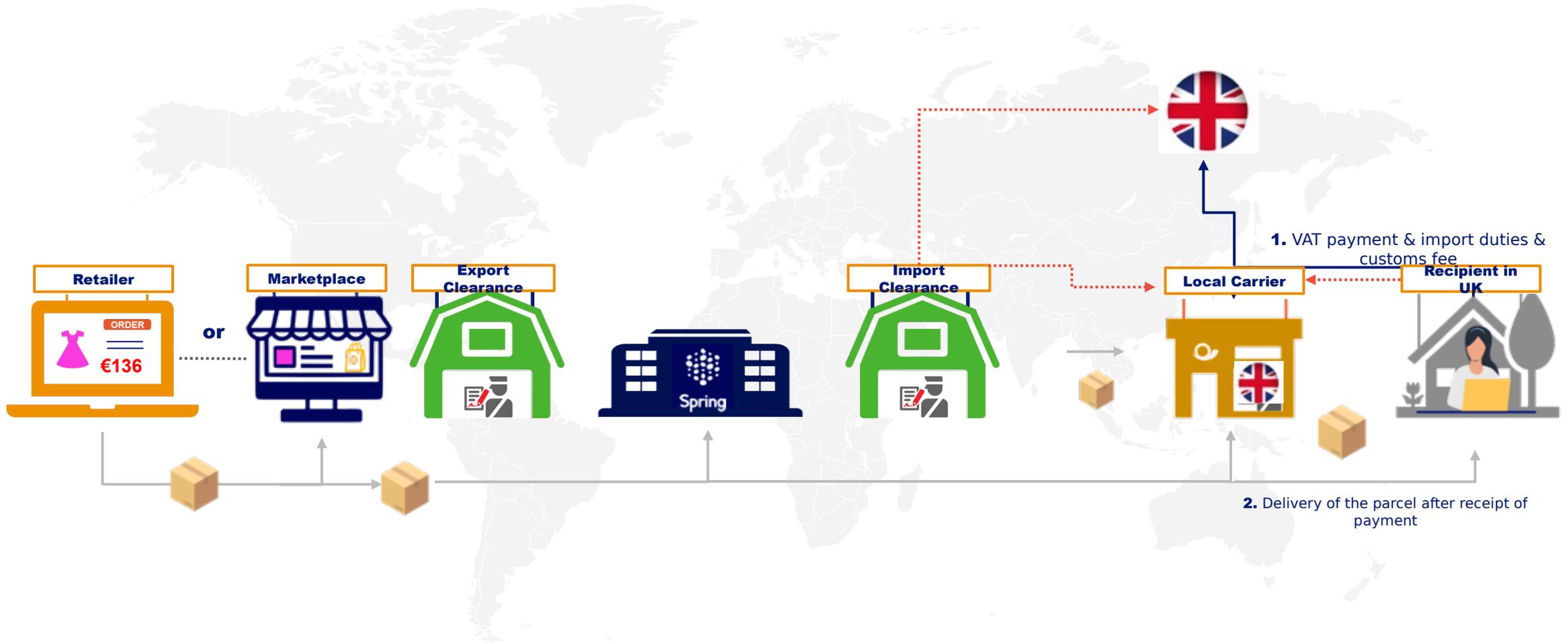


- Physical flow of the parcel
- Data flow (VAT related) of the parcel
- Financial flow (VAT) of the parcel

*NB: The company appointed as deemed supplier must hold a UK VAT number. This can be either the retailer or the marketplace depending on the activities of the marketplace.*



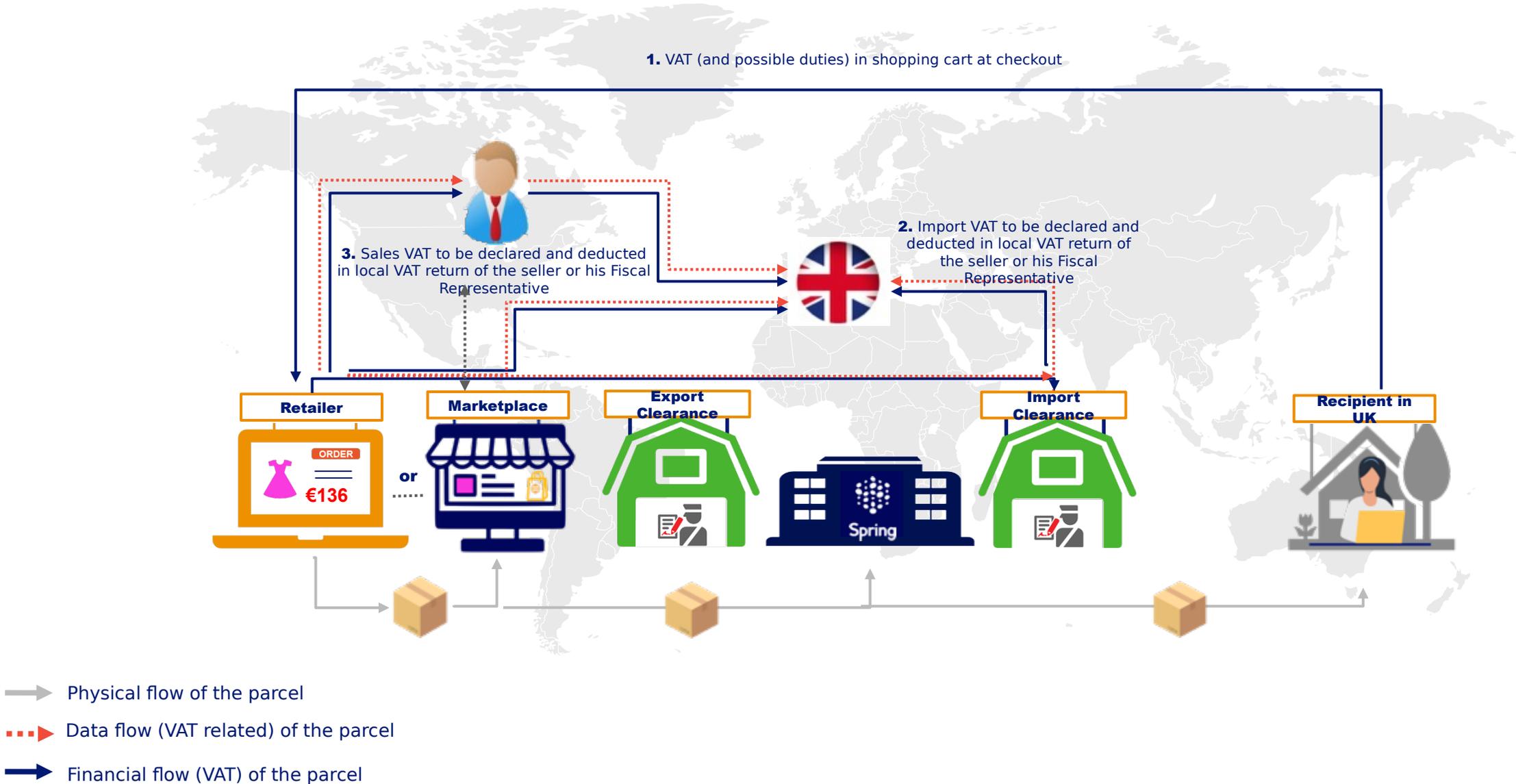
# Post Brexit to the UK for packages above £135 (DAP postal - Import VAT )



- Physical flow of the parcel
- ... Data flow (VAT related) of the parcel
- Financial flow (VAT) of the parcel



# Post Brexit to the UK for packages above £135 (DDP - Import VAT)



# Consequences



Failing to comply with all of the rule changes made necessary by Brexit could impact substantially on a retailer's ability to build cross-border sales and plans to expand into new overseas markets.

The lack of agreement so far between the UK Government and the European Union has left some companies unsure as to what steps they need to take and when.

Many company directors have indicated that they may not have made all the preparations necessary by the end of the transition period on the 31st December.

**Not dealing with the bureaucracy effectively also risks undermining the reason why retailers are in business: providing consumers with quality products and excellent service to generate brand loyalty and repeat orders.**



Increased transit times



Detailed data and customs declarations will be required



Rates for these parcels will change





## SOLUTIONS!

As part of one of the world's largest post and parcels companies, Spring has vast experience in providing tailored solutions to businesses throughout the world.

Working with many hundreds of retailers, both big and small, in the UK and across Europe since the 2016 UK referendum on withdrawal from the EU has given us a clear perspective on how best to tackle the challenge which it represents.

Due to **our unique role as a broker**, we have made considerable effort in finding solutions to the likely impact of Brexit on cross-border online trade and in helping brands take the right steps for the future.

In the next few pages, we'll explain just some of the services which can get you Brexit-ready. Do remember that if you have any specific questions at the detail of how they will work, the Spring sales team is on hand to help.



## Shipping

We recommend deciding which delivery option best suits your business and your customers considering the new VAT rules on e-commerce sales in the EU which are due to come into effect.

Delivery can often undermine the reputations of even the most successful retailers, so being able to offer flexibility - via the reliability of a postal network or the speed of an express courier - to cope with any situation can be an advantage.

Bear in mind that sending multiple products in a **bulk shipment clearance** can mean that entire consignment being held up if there is an issue with just one item.

Retailers dispatching a variety of products as **single items clearance** instead, will still be subject to customs checks. If one item presents a problem, however, this will only result in that item being delayed rather than the whole shipment.

With Spring's **Postal Solution**, the same postal services which you've been using before Brexit will be available, although you will still need an UK VAT and EORI number.

Secure Checkout powered by Borderfree English - **Your Order**

Already have a Borderfree account? Click [here](#). **PayPal** Checkout

**1 Delivery**

Email

First Name  Last Name

Address

Address 2 (Optional)  Postal Code

City  Region (Optional)

Phone  Location: **Netherlands**

Delivery Method	Estimated Arrival	Shipping Cost
<input type="radio"/> Postal import charges collected upon delivery	4-6 weeks	(EUR) €15.94
<input checked="" type="radio"/> No additional import charges at delivery	10-16 business days	(EUR) €21.06

City  Region (Optional)

Phone  Location: **Netherlands**

Delivery Method	Estimated Arrival	Shipping Cost
<input checked="" type="radio"/> Import charges collected upon delivery	4-6 weeks	(EUR) €15.94
<input type="radio"/> Express No additional import charges at delivery	5-11 business days	<a href="#">Calculate</a>

**Your Order**

Continue ▶

Items €48.89

Shipping €21.06

Duties €0.00

Taxes €14.69

**TOTAL (EUR) €84.64**

→ Promo Code

Kaylah Pointed Toe Bootie  
Color: BLACK LEATHER  
Size: 8.5 M  
Qty: 1  
€48.89

**Your Order**

Continue ▶

Items €48.89

Shipping €15.94

Duties & Taxes UNPAID

**TOTAL (EUR) €64.83**

→ Promo Code

Kaylah Pointed Toe Bootie  
Color: BLACK LEATHER  
Size: 8.5 M  
Qty: 1  
€48.89

# Checkout

You'll also need to make sure that your online checkout is prepared for the changes to come from the start of 2021.

That will mean deciding which type of duty payment method - Duty At Place (DAP) or Delivery Duty Paid (DDP) - you wish to use for goods valued above £135. Below that amount, the new UK E-Commerce VAT rule applies.

Spring has taken the strain out of the process by creating a **Landed Cost Calculator**. It will help you work out import VAT - and, if applicable, import duties - liable in the country to which you're shipping. Our Landed Cost Calculator is supported by a database of global tax rates, so can assist wherever around the world you're sending goods.

It's worth knowing that some countries might classify certain items differently. The Landed Cost Calculator is, therefore, the best-informed estimate of the final amount liable.



Landed Cost Calculator

1	1	4	3	1
2	0	4	2	1

HS Classification



Customs Management

# E-commerce Postal Solutions

With **Spring e-Commerce Postal Solution**, you will continue to access same postal products after Brexit. CN Documentation will remain automatically provided within our systems. CN22 applicable for shipments below £270. CN23 applicable for shipments above £270.

Whether you are shipping from or to the UK, there will be no impact on your postal sending. **Spring** can continue to service your mail in the same way.

Sellers are responsible for collecting, declaring and paying the right amount of VAT to the relevant tax authorities for goods below £135. **Delivery At Place (DAP)** - applying for goods above £135 - does require consumers to pay the necessary VAT\*, potential duties and Royal Mail clearance fees (£8 or £12). That can mean longer transit times, as recipients need to make payment before goods can be handed over.

Documentation requirements are very simple and you will hardly even notice the UK has left the EU.

An GB EORI and VAT number will still be needed for tax and customs purposes in the country of destination, so data accuracy and compliance remain important.

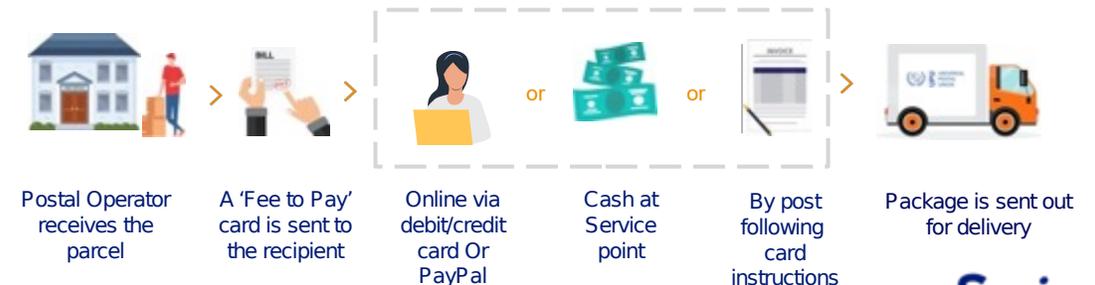


**CN information** is automated in the label layout for **E-Commerce Postal Solutions**

## Packages with value < £135



## Packages with value ≥ £135



*\*Legislation about returns or what happens to undeliverable items and their impact on return VAT has not yet been published. We will inform all customers as soon as it is available.*

# E-commerce Commercial Solutions

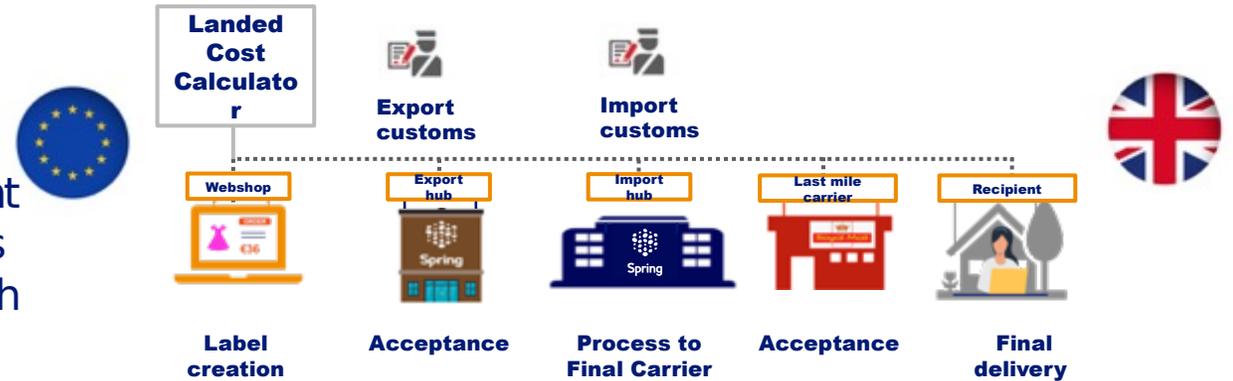
Another method, known as **Spring E-Commerce Commercial Solutions**, involves both calculating and applying any taxes or duties involved at the point of sale. Single item clearance offers similar processing to those provided by express carriers, with faster clearance than bulk shipments and is more cost-effective.

It means that you also offer consumers a pre-payment method for the taxes which they will be liable for upon import. You become responsible for collecting, declaring and paying the right amount of VAT (and, if applicable, import duties) to the customs broker handling the import for the customer. It's something which becomes straightforward thanks to Spring's Landed Cost Calculator.

There are other distinct advantages. As well as being a speedier option than Delivery At Place (DAP) above £135, it also presents shoppers with a clear idea of all shipping costs and is, therefore, more likely to offer a better consumer experience.

Spring works with customs clearance specialists to handle all your shipments. Being integrated with customs systems in the countries of origin and destination, we can provide you and consumers with transparency of the entire shipping process.

## E-commerce Commercial Solutions process



 <b>From</b> EU to UK UK to NL, ES, DE	 <b>Applicable to</b> E-commerce	 <b>Easy and fast</b> Contractual agreement
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# Financial set up DDP

VAT & duty charges specified per origin

## Europe to the UK

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### With a value below 135 GBP

**No charges via Spring**

- **VAT is not exempt**, but it is the responsibility of the customer to settle with HMRC (UK government) outside the costs settlement with Spring
- **Duties are exempt**
- No VAT & duties **will be invoiced by Spring** to the seller

### With a value above 135 GBP

**VAT & duty charges via Spring**

- **VAT is applicable:** the seller needs to invoice this to the consignee during the check out process
- **Duties are applicable:** the seller needs to invoice these to the consignee during the check out process
- VAT & duties are calculated in the Landed Cost Calculator and **will be invoiced by Spring** to the seller





## Data accuracy is critical!



### The Facts

*In order to export packages after Brexit, it is essential that accurate data regarding the contents of your shipments is provided to Spring.*

*From the customs authorities' perspective, it is your responsibility to ensure the data is truthful and accurate. They may choose to investigate you if the data you provide is sub-standard.*

*In order to submit the required data in your pre-advice, you must ensure the necessary mandatory data elements are captured in your IT system and shared in the pre-advice.*

*Contact your account manager today to discuss the quality of your data.*

### What data do you need to send Spring ?

*Along with the Seller's VAT/EORI numbers, businesses shipping to the UK must provide the following data for each shipments:*

#### **Per Package:**

- ✓ **DDU(DAP)/DDP : indicator**
- ✓ **Value: sum of the values of the content pieces**
- ✓ **Shipping Value (e.g., transport cost). Field considered for calculation of estimated Tax & Duties amount.**
- ✓ **Declaration Type (e.g., sale of goods )**

#### **Per Content Piece:**

- ✓ **Description of the content piece (e.g., men's knitted T-Shirt 100% Cotton)**
- ✓ **HS Code: minimal six digits (e.g., 610910). The minimum length of this code is six digits. However, we are strongly encouraging our clients to adopt the full eight to 10-digit version to avoid issues when importing/exporting your goods.**
- ✓ **Quantity**
- ✓ **Value**
- ✓ **Country of origin (e.g., NL)**
- ✓ **Weight (e.g., 2 kilograms)**





# Brexit Check List EU to UK ecommerce VAT below and above 135 GBP



Necessary preparation depending on the delivery you choose

## MUST HAVE

Request your **VAT number & EORI number** in good time

Update your systems to transmit **complete customs data**

Make sure you apply **VAT at checkout**

If you use a marketplace, use its **GB VAT number**

## NICE TO HAVE

Opt for **paperless trade**

Use **Landed Cost Calculator** for Tax & Duties

**Communicate** to prepare your customers for future changes

Classify your products with the right **HS codes**

Have your **returns portal** provide correct duty relief documentation

Check if current carriers are **Brexit-ready**. What customs data will they need from you?

Choose the **INCO-terms** best suited for you: DAP or DDP

Signed required contract incl. **Power Of Attorney**

Prepare a **back-up plan** to ensure continuity of delivery to and from the EU





## Communication

Changes to the rules about customs and carriage after **Brexit shouldn't affect the importance of communication with your customers.**

In fact, they should make presenting consumers with clear information even more of a priority - from the moment they arrive at your online store to the moment purchases arrive at their door.

Explaining their delivery choices and accounting for the different elements in the bill they pay can avoid any unpleasant surprises and help start the customer journey on the right foot.





## Summary

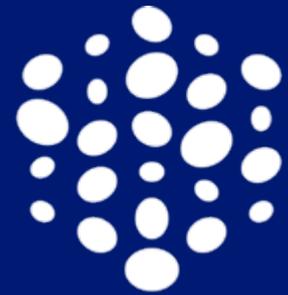
Britain's break with the European Union means substantial change for business and has created great uncertainty about whether it will make cross-border trade with Europe easier or not.

Yet there's no need to regard new rules about taxes and new forms of business registration as a deterrent.

Our experience of helping retailers become Brexit-ready has shown how preparation can make the process much more simple and less daunting.

As one of the world's most experienced cross-border post and parcel specialists, Spring is here to make sure that you don't get tied up in red tape but can cut through it.

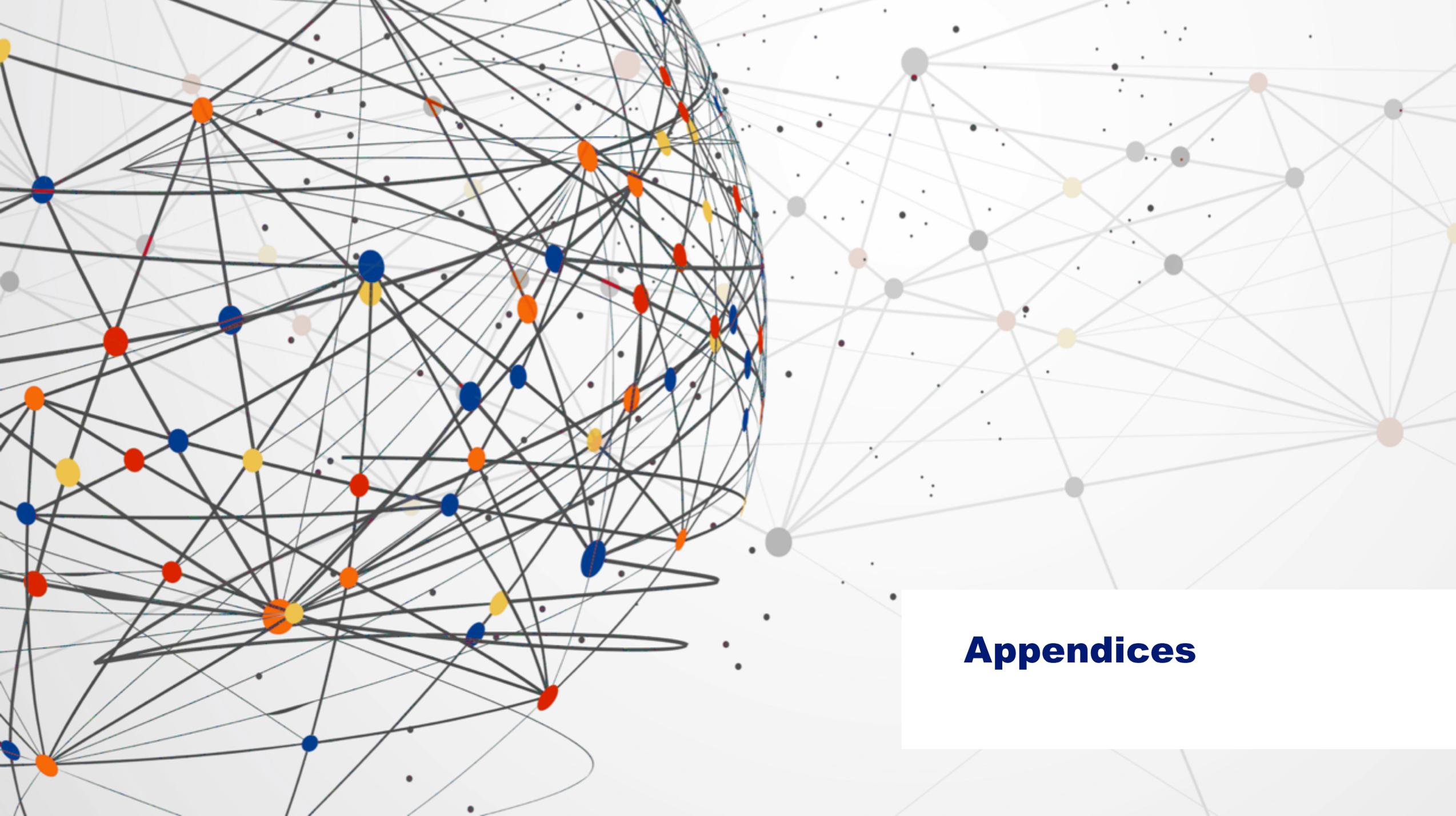
What we do is shaped by what you do and what you need.



# Spring

global delivery solutions





## **Appendices**

# Glossary



## **Ad Valorem Duties and Taxes:**

Duties and taxes which are calculated based on value. Also called Tax & Duties or T&D.

## **Border Operation Model (BOM):**

Maps out the intended locations of inland border infrastructure. The sites will provide the necessary additional capacity to carry out checks on freight.

## **Certificate of origin:**

A document that proves that the goods have been manufactured (or processed) in a certain country. This will allow customs to determine the correct amount of duties which needs to be paid.

## **Commercial Invoice:**

A document required for international trade that provides necessary information on the transaction and identifies the product you are sending to your customer.

## **Customs clearance:**

The act of passing goods through a country's customs process with the proper documentation (having paid the right tax and duties, if applicable) so their can circulate freely in that state.

## **Customs clearing agent:**

A person or organisation who carries out the business of arranging for the customs clearance of goods who deals directly with the customs authorities on behalf of another person.

## **Deemed supplier:**

Marketplaces facilitate sales for third party sellers on their platforms, so they become deemed supplier for importing and selling goods to consumers in the eye of tax authorities. This makes the marketplace liable to report and settle the VAT in their VAT return (not applicable for duties).

## **Deferred Duty Payment:**

The payment of duties and taxes for goods declared: over a specified period (e.g., 14 days) after the release of the goods in one amount -either by bank transfer or other non-cash payment method - to the Customs bank account or by withdrawal by Customs from the trader's Customs account.

## **Deferment Account:**

A deferment account means that no further credit checks, particularly those for high-value shipments, are required. With your own deferment account, your goods can be cleared and delivered more quickly.

## **Delivered at Place (DAP):**

This means the seller is responsible for the cost of transport to the delivery address. The buyer is responsible for any import clearance as well as duties and taxes involved.

## **Delivery duty Paid (DDP):**

This means the retailer is responsible for the cost of transport to the delivery address, as well as the taxes and duties applicable, allowing for upfront and transparent prices to the buyer.

## **Denied parties:**

Denied Party Screening, Sanction Party Screening Denied Trade Lists: lists created and compiled by government authorities/agencies and/or organisations that warn its members, citizens, business to either beware or refrain from interacting with those individuals or entities on the lists.

## **EORI number:**

EORI stands for "Economic Operator Registration and Identification number". Businesses, and in some cases individuals, wishing to trade crossing EU borders use the EORI number as an identification number in all customs procedures when exchanging information with Customs administrations.

## **FAS Account:**

Flexible Accounting System commonly used to pay for charges due on imported goods by using the immediate payment accounting system

## **Fiscal Representative:**

The tax or fiscal representative is appointed by taxable companies established outside the European Union to handle all formalities related to VAT registration. They are accountable to the authorities.

## **Goods and Services tax (GST):**

A single, destination-based tax applicable to both goods and services.

## **Harmonised system:**

The world of customs organisations designed the Harmonised Commodity Description and the coding system to make cross-border trade as simple as possible by harmonising trade and reducing costs.

## **HS code:**

The HS code is used in customs process and helps identify the type of goods when going through customs. It has at least six digits, and can have up to 10 in total. The amount of digits required can vary per region and if it is import or export. The first two digits are the HS chapter, the second two are HS headings and the final two are the HS subheading. The next six are used differently depending on the country/custom union system implementation.



# Glossary

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## **Import duties and taxes:**

These are duties and taxes that are collected on the importation of goods. The tariffs and criteria for the calculation vary depending on the nation where the goods are being exported to.

## **INCO-terms:**

A set of rules defining the responsibilities of sellers and buyers of goods under sales contracts, published by the International Chamber of Commerce (ICC).

## **Prohibited items:**

Prohibited items are defined as those articles that must never be carried in the cabin of an aircraft or taken into the Security Restricted Area of an airport, except by authorised persons who require them to undertake essential tasks.

## **Representation (Direct & Indirect):**

These forms are used as proxy to enable a customs agent or logistic party to perform a customs activity on your behalf. The most common form of representation is **Direct Representation**, in which the customs agent acts in the name and on behalf of his principal. In the event of **Indirect Representation**, the customs agent acts in his own name, however, on behalf of his principal.

## **The EU e-commerce VAT Package:**

The VAT e-commerce package was one of the priorities under the Digital Single Market Strategy. The VAT e-commerce package will facilitate cross-border trade, combat VAT fraud and ensure fair competition for EU businesses.

## **Simplified declaration:**

Declarants are allowed to place goods under a customs procedure on the basis of a simplified declaration where either some particulars or some documents are missing at the time of lodging the customs declaration. For the non-regular use of the simplified declaration, no authorisation is required.



# Example of documentation



## Example of packing list

<b>Seller:</b> Full Address: Tel: Fax: Email: VAT Reg No:	<b>Buyer:</b> Full Address: Tel: Fax: Email: VAT Reg No:	<b>Invoice No:</b> Invoice Date: Order Number:	<b>SO1234</b> 22/08/2018 SO-1234		
	Consignee (place of delivery):	Order Date:	17/08/16		
	Freight address:	Incoterm:	CFR		
Shipping Agent:	Forwarder / Ocean Haulier:	Country of origin:	UK		
No. of packages:	Description	Commod Code	Quantity	Net Weight	Gross Weight
1 x Pallet at 120 x 80 x 20cms	Hand-made walking sticks	66020000	30	50kg	50kg
1 x Pallet at 120 x 100 x 50cms	Hand-made walking sticks	66020000	60	85kg	100kg
1 x Crate at 200 x 150 x 150cms	Garden umbrellas	66011000	120	175kg	200kg
Total measurement (m3): 5.292m3 Total gross weight (kgs): 350 Marks and Numbers: Fully Addressed					

## Example of Representation

**POWER OF ATTORNEY** evofenedex  
**to carry out customs formalities and activities in connection therewith**

The undersigned/the grantor of power of attorney, hereafter known as the undersigned, grants

The Freight Forwarding Company:

Address:

Situated in:

hereafter known as the freight forwarder, until recalled, power of attorney to carry out the transactions and formalities prescribed by the undersigned as prescribed by Customs and related laws with respect to shipments of goods presented by/on behalf of the undersigned or destined for the undersigned.

The undersigned, hereby authorizes the freight forwarder, in conformity with Article 18, and further, of the Union Customs Code (Regulation no. 952/2013/EU), to carry out the transactions and activities as prescribed by the Customs with respect to the aforementioned shipments of goods

To the extent of the freight forwarder, on behalf of the undersigned.

The undersigned authorizes the freight forwarder for the levy of VAT

\* to act for the undersigned as a limited license with respect to the shipments of goods

This power of attorney must be registered in the following manner:

\* With respect to that, the undersigned, according to applicability of the [Dutch Conditions](#), deposited by FENEX at the Registry of the District Court of Amsterdam, Arnhem, Breda and Rotterdam, most recent version. The freight forwarder retains the right at all times to refuse an assignment to carry out transactions and formalities originating from the undersigned in this empowerment.

(\* Tick if applicable)

The undersigned/  
grantor of power or attorney:

Legally represented by:

Address:

Place:

Date: Signature and stamp:

# Useful websites



◆ [UK EORI Registration](#)

◆ [EU VAT Registration](#)

◆ [TARIC Data Base](#)

◆ [UK VAT Registration by Post](#)

◆ [EU EORI Registration](#)

◆ [HS Code](#)

◆ [UK VAT Registration](#)

◆ [Ireland Revenue VAT Registration](#)

◆ [INC0-terms 2020](#)

◆ [UK Tax Representation Registration](#)

◆ [VIES](#)

◆ [UK details of the import process](#)

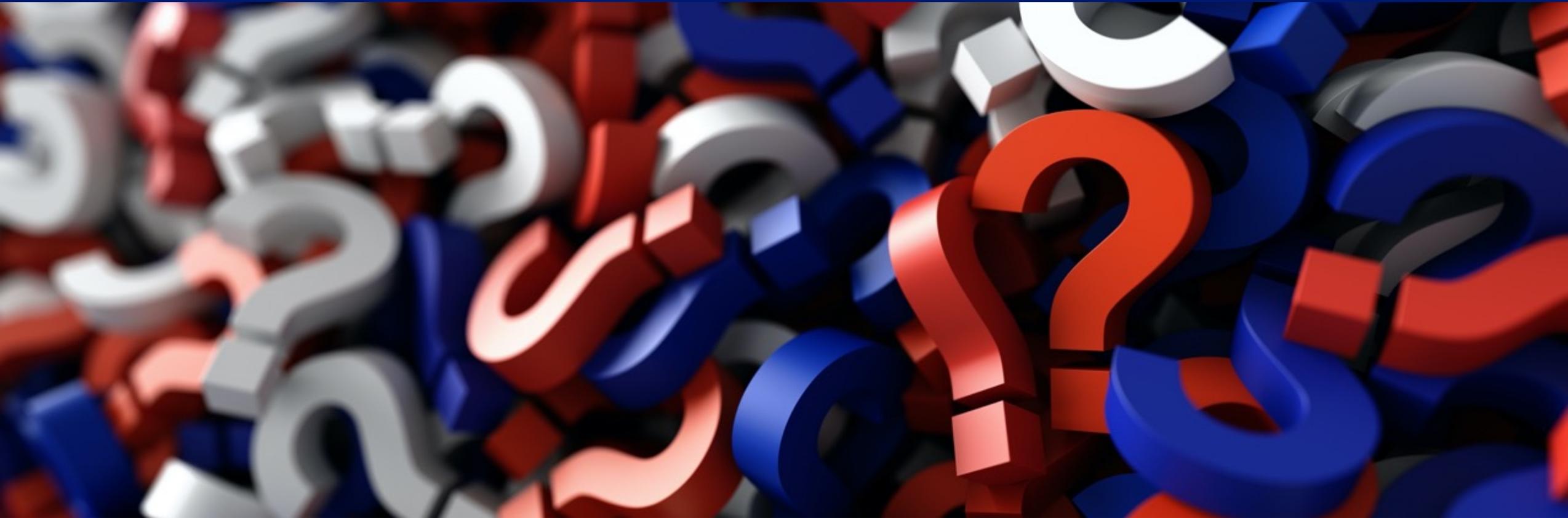
◆ [Guide to VAT Mini One Stop Shop \(MOS S\)](#)

◆ [UK Government's website](#)





# Frequently asked questions



# Frequently asked questions



At Spring we endeavor to deliver the best service possible, Please find some of our frequently asked questions and advice to help ensure your post-Brexit deliveries run as smoothly as possible.

## Q: Help! I don't know where to start!

**A:** Don't worry. Spring's team can take you through every step of the process - from start to finish.

## Q: Why is Spring an expert on this issue?

**A:** Spring is part of PostNL and has handled cross-border shipments not only between the UK and the EU but across the globe for many years. With that experience, you can rely on us to provide the best service and the best advice.

## Q: Can Spring help me review if my business is Brexit-ready?

**A:** Of course! We can discuss your needs and provide clear and objective guidance about how to prepare for the end of the Brexit transition period and plan for business success afterwards.

## Q: How does correction on VAT return will work with HMRC?

**A:** If you sold goods worth less than £135 (€150) and need to make a correction, the proof that you will need includes track and trace together with credit/reimport declaration or export declaration. HMRC is still to publish details of how corrections for items worth more than £135 (€150) will operate. That's because Import VAT applies above that figure which should be refunded via HMRC (not guaranteed). The proof which you will need is the relevant export declaration, which should be retained in case of an audit anyway. We will advise you as soon as more information is available.

## Q: How should I handle the differences in currency exchange rates?

**A:** For customs purposes, the relevant exchange rate will be the one which applies in the country of destination on the day which the packages that you ship arrive. Therefore, you might consider either selling goods in the currency used by the country of destination or include a margin within the sale price to take account of changes in the exchange rate.

## Q: What are the instruction for re-import into EU?

**A:** It is essential to check whether these shipments are treated as regular import or might be eligible for returned goods relief. Given that HMRC is still to publish details about how it will handle the process, we suggest making sure that the customer portal that you use to handle your returns is able to handle both methods. Including a simple update on the why the goods are returned is also highly recommended.

## Q: What is the difference between Import VAT and Supply VAT?

**A:** Import VAT applies when goods are imported into a country. The import VAT is exempted when local VAT (via IOSS for EU or a local VAT registration for the UK) is applied to shipments worth up to €150 (£135). For B2C shipments of items below that figure, on supply VAT will apply.

## Q: Which VAT registration should be used if I am a Consolidator or Logistic Service Provider and my customer does not have a VAT registration?

**A:** If your customer does not have a VAT registration number, you could act as their fiscal representative. This is required for packages with value below €150 (£135) as supply VAT for such items must be applied either by Seller, the Online Merchant Platform if involved or alternatively an appointed fiscal representative. "Fiscal Representation" means that the consolidator acts as a tax broker and represents the seller who is ultimate source of the goods. Under this scheme, consolidators will have individual VAT registration numbers for each seller that they fiscally represent. For any customs formalities, the consolidator must have its own EORI number to handle exports from and import to the UK. For those shipments more than €150 (£135) the VAT registration depends on the type of sale (DAP or DDP).

# VAT landscape





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global delivery solutions

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Spring has you covered!**

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