



CHARTERED
ACCOUNTANTS
IRELAND

At a glance

BREXIT & CUSTOMS

Republic of Ireland

WHAT'S CHANGING?

From 1 January 2021, a different customs regime will exist in Northern Ireland (NI). The Protocol on Ireland/Northern Ireland to the Withdrawal Agreement is designed to maintain an all-island economy and avoid a hard border on the island of Ireland. Clarification will be required on how some areas of the Protocol will operate from a customs perspective.

The purpose of this briefing note is to set out the proposed changes to NI's customs regime for goods and how this will affect Irish traders, so that affected businesses can start preparing now to understand the new rules.

THE PROTOCOL AT A GLANCE

- NI will follow a limited set of rules of the EU's Single market for goods.
- While NI will remain part of the UK's customs territory, there will be cases where NI will follow EU custom rules and apply EU customs duties
- NI will continue to follow the EU's safety standards for goods so that there will be no need for regulatory checks on goods crossing the land border into Ireland.

In this briefing note we will discuss the customs implications for:

- Irish businesses trading goods with Northern Ireland
- Irish businesses trading goods with Great Britain

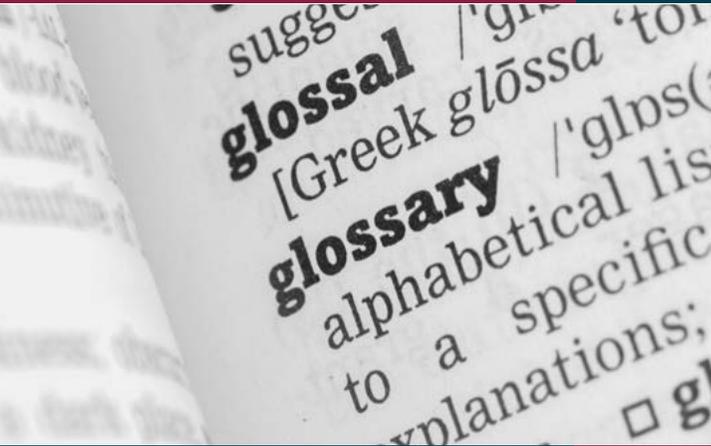
At the time of writing, differences remain between the UK and EU on how some elements of the Protocol should be interpreted.

CUSTOMS UNION

Several states sharing common customs border with a single regime for external trade, and no internal duties or tariffs.

CUSTOMS TERRITORY

Area comprising one or more states sharing a single customs border, (usually) with no internal control on movement of goods.



TARIFFS

Duties applied as a % of value or per unit of quantity or weight

QUOTAS

A limit placed on the amount of imports or exports by a country

EU'S COMMON EXTERNAL TARIFF

Customs duties that apply to imports from countries with which the EU does not have a Free Trade Agreement. If the EU and UK do not reach a Free Trade Agreement, imports, the EU's Common External Tariff ("EU Tariffs") could apply to imports from the UK.

UK GLOBAL TARIFF (UK GT)

The UK's new schedule of tariffs that will enter into force on 1 January 2021 following the end of the Brexit transition period. It will replace the EU Common External Tariff, and will apply to all goods imported into the UK (unless an exception applies), including the EU if a Free Trade Agreement is not reached.

FREE TRADE AGREEMENT

An agreement between two or more countries to reduce barriers to imports and exports among them. Goods and services can be bought and sold between nations with little or no tariffs, quotas, subsidies, or prohibitions to inhibit their exchange.

TRADE IN GOODS: IRELAND/ NORTHERN IRELAND

NI will remain part of the UK's customs territory but will continue to follow EU customs rules for goods. This means there will be no customs duties, declarations, controls, or border checks where goods move between NI and Ireland.

To avoid a hard border arising on the island of Ireland, NI has to remain aligned to a limited set of rules related to the EU's Single Market. These include legislation on goods, sanitary rules for veterinary controls (SPS rules), rules on agricultural production, VAT and excise and some state aid rules.

TRADE IN GOODS: IRELAND/GREAT BRITAIN

From 1 January 2021, customs duties will apply on goods traded between Great Britain and Ireland (and the EU) unless a Free Trade Agreement (FTA) is reached between the UK and the EU.

If an FTA is reached between the UK and the EU, reduced or zero tariffs will apply to goods that are of UK or Irish/EU origin. This means that an FTA will not eliminate tariffs where goods are imported into Ireland from outside the EU and these goods are then sold on to customers in the UK

Where an FTA is not reached between the UK and the EU:

- Any goods imported into GB from Ireland will be subject to the UK's new Global Tariff schedule.
- Any goods imported into Ireland from GB will be subject to the EU's Common External Tariff.

Regardless of whether a Free Trade Agreement is reached between the EU and the UK, import and export declarations will be needed for all traded goods and safety and security declarations may also be required. There could also be regulatory checks on goods.



- Where an FTA is not reached between the UK and the EU,
- Any goods imported into GB from the EU will be subject to the UK's new Global Tariff schedule
 - Any goods imported into the EU from GB will be subject to the EU's Common External Tariff



The UK Government plan to introduce customs controls on goods arriving from Ireland (and therefore, the EU) on a phased basis. This means:

From 1 January 2021

Importers of standard goods have until **1 July 2021** to submit a customs import declaration and pay any customs duties arising. The importer must apply to HMRC to use simplified declarations for imports and have a duty deferment payment account in place.

From 1 January 2021

Checks and health declarations will be required for certain goods such as live animals and high-risk plant product. Alcohol and tobacco products will also require checks.

From 1 April 2021

All goods of animal origin and regulated plant products will require pre-notification and health documentation.

From 1 July 2021

Full import declarations, safety and security declarations will apply to all imported goods and customs duties must be paid at import.

The EU have said that normal procedures will apply to goods being imported into the EU. This means that customs declarations, safety and security checks must be made, and duties paid without delay.

WHAT STEPS CAN
BUSINESSES TAKE NOW?

PREPARE FOR CUSTOMS

01

Register online with HMRC for an EORI number – you cannot trade without one.

02

Classify the goods that you import or export for customs duties and know their origin.

03

Seek out a customs agent or enhance in house customs knowledge.

04

Ensure that you have a line of credit to deal with the customs duties that may arise.

05

Check whether your current certifications, licences or authorisations will be valid post-Brexit.