

What is Next for Businesses?

By Erin Henwood

With Christmas preparations already underway and worries about the new Omicron variant rapidly growing, businesses could be forgiven for forgetting the raft of changes to customs controls that are on the horizon.

However, analysis from the Greater Birmingham Chambers of Commerce's latest Quarterly Business Report (QBR) demonstrates that Brexit is still undoubtedly at the forefront of businesses' minds. Many local firms reported that they continue to be impacted by ongoing material shortages and supply chain issues, and are increasingly worried by burdensome paperwork requirements when trading with the European Union (EU).

Unsurprisingly, the overwhelming majority of respondents' principle business concerns are caused or exacerbated by Brexit to varying degrees, and most shared that they felt lacking in knowledge when it comes to the next steps in the business community's post-Brexit journey. From 1st January 2022, the next set of customs requirements to which local businesses must adhere will come into force, and it's crucial that they understand how they will be impacted.

What is coming next?

Customs declarations

Businesses will no longer be able to delay making import customs declarations, which will now be required at the point of entry alongside payment of the relevant tariffs. Completing a customs declaration requires a GB EORI number, the Commodity Code of the goods, the value of the goods and their origin, as well as access to HMRC systems either directly or via an intermediary.

Simplified Customs Declarations Procedures are also available and involve fewer requirements at the border by allowing traders to use a simplified customs declaration or entry in business records upfront, followed by a supplementary declaration up to four weeks later. Those hoping to make use of this procedure will need to apply as soon as possible, with authorisation taking up to 60 days and thus not guaranteed by 1st January 2022.

Border controls

As well as a valid customs declaration, goods must have received customs clearance in order to leave the port and be released into circulation. Without these, and if documentary or physical checks cannot be done at the border, goods may instead be directed to an Inland Border Facility. Importers must also submit an 'arrived' export declaration if their goods are moving through one of the border locations that uses the arrived exports process. Businesses utilising freight forwarders to move goods on their behalf will need to ensure they have confirmed who will make the declarations and whether additional information is required.

Rules of origin

Those wanting to import from and export to the EU tariff-free must meet the new rules of origin requirements. To be considered originating and qualify for a reduced rate of Customs Duty, goods must be sufficiently worked or processed within the countries outlined in the Trade and Cooperation Agreement. UK and EU importers can claim tariff preference if they have either a statement on origin – made out by the exporter to confirm where the product originated – or proof of the importer's knowledge.

Commodity codes

From 1st January 2022, the UK's commodity codes will also be changing. Businesses will need to find the right commodity code for any goods imported or exported using the Trade Tariff tool to ensure that customs declarations and other paperwork are properly completed, and that the right amount of Customs Duty and import VAT is paid.

Goods Vehicle Movement Service

The Government's Goods Vehicle Movement Service (GVMS) will also become operational for EU-GB goods movements from 1st January 2022. This will enable declaration references to be linked together so that the person moving the goods – such as a haulier – will only have to present a single Goods Movement Reference to prove that their goods have pre-lodged declarations. Hauliers moving goods through UK ports that are using the GVMS will need to register for the service in order to get their goods through customs.

Pre-notification for imported animal products, and high-risk food and feed not of animal origin

New Sanitary and Phytosanitary controls will apply to goods imported from the EU from 1st January 2022. There will be a new requirement for pre-notification for imported animal products, and high-risk food and feed not of animal origin. Importers must provide advanced notice to relevant regulatory bodies of a consignment's arrival into Great Britain, typically in the form of a standardised import notification form. Further information about the classification of such goods and how to give pre-notification is available on the Government's website.

What does this mean for local businesses?

At a time when they have already been hampered by a seemingly never-ending pandemic, it is understandable that businesses lacking capacity and resources are feeling both overwhelmed and confused by such complex requirements. The confusion they are feeling is perhaps best typified by the significant variation in QBR responses received, with one business stating that 'Brexit hasn't started yet', whilst another shared that they finally felt 'the end is in sight'.

Adhering to the new rules may mean increased costs, for example, if businesses decide they need to hire an intermediary, and more time spent completing paperwork rather than focusing on important business functions. It is also inevitable that smaller businesses trading with the EU – some of which lack the personnel needed to fulfil the latest Brexit requirements – will more acutely feel the effect of the changes.

Though Brexit – and now Covid-19 – has dominated the political landscape for the past five and a half years, it is clear that more must be done to inform local businesses about what to expect given the extent to which they are continuing to report Brexit-related concerns. It remains to be seen whether the Government will step in to support firms and mitigate potential impacts of the upcoming changes. Support could range from a detailed communications plan to a further extension of easements to enable businesses to continue to prepare, particularly as their attention has been diverted by Covid-19 for the better part of two years. Without this support, it is inevitable that local businesses will be left trying to navigate the additional complexities on their own.