

**Crafts Council
Business Skills**

Trading after Brexit

Information for craft businesses

March 2021



Introduction

The resource provides insights into trading with Europe following the United Kingdom's (UK) withdrawal from the European Union (EU) on 31 January 2020.

We have compiled data from ministerial departments such as the Department for Digital, Culture, Media & Sport (DCMS), the Department for Business, Energy and Industrial Strategy (BEIS), and the Department for International Trade (DIT); non ministerial-departments such as HM Revenue & Customs (HMRC); the London Business Hub; United Parcel Service (UPS); and intellectual property solicitors Briffa Legal.

This is a working document; we do not have all the answers at this stage, although we remain committed to sharing more information as it becomes available.

Context

Below is what we know about the UK's craft sector and some of the concerns arising from the UK's withdrawal from the EU:

- Craft businesses are typically sole traders – self-employed and running their own businesses – with average incomes of below £80K. This means that they are not typically VAT registered.
- Their work can comprise materials of animal, or plant origin such as leather, wool, feathers, fabric, etc. often imported from outside the UK, and sold as bespoke products across Europe, their principal market.



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- Craft businesses will often take multiple craft products to trade fairs across Europe to sell off-stand, but now there is some ambiguity about whether they can sell bespoke products in this way under the new trade rules.
 - If Craft businesses want to bring their unsold products back home, post-trade fair, what is the process they need to go through? Do they now need an ATA Carnet, an international customs and temporary export-import document? And will their materials (often imported and of animal or plant origin) pose some difficulties?
 - As Craft businesses often sell bespoke products to markets across Europe, do they now need to register in each country they sell into (i.e. where their buyers come from), or in each country in which the trade fairs takes place?
 - Do Craft businesses now need visas to be able to sell off-stand at trade fairs?
 - What is the situation concerning VAT for Craft businesses when, for example, their products can be more or less than £135 in value, the current price point for UK VAT to be paid at the point of delivery? Do they now need to register for VAT, even if they are not VAT registered in the UK?
 - How do Craft businesses determine the rules of origin for their products when these can vary considerably – i.e. what evidence is needed to determine the national source of each product?
 - What commodity codes do Craft businesses need to use for the wide range of products being produced?

This document focuses on the basic principles of importing and exporting with the EU after Brexit. We will cover Economic Operators Registration and Identification (EORI) numbers; VAT; import and export duties; classification of goods; rules of origin; and trading with Northern Ireland.

We are continually looking for evidence from craft businesses who have had their businesses disrupted by Brexit. Please contact us with your case studies by emailing us at makerdev@craftscouncil.org.uk.

For regular updates on Brexit advice, visit www.craftscouncil.org.uk.



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1

Economic Operators Registration and Identification number (EORI number)



An EORI number is an EU registration and identification number for those businesses that import or export goods to the EU. If you are involved in the import or export of commercial goods to countries outside of the EU, then you will need an EORI number, irrespective of how you move your goods from one place to another.

Does someone sending products to an EU member state now need an EORI number?

Yes. You need an EORI number to move goods between Great Britain (England, Scotland, and Wales) or the Isle of Man, and any other country (including the EU). You may also need a separate EORI number, starting with XI, if you move goods to or from Northern Ireland.

If you do not have an EORI number, you may incur high costs and delays. For example, if HMRC cannot clear your goods through customs, you may have to pay storage fees.

If you already have an EORI number and it does not start with GB, you will need to apply for a new one. You can find further information on EORI numbers and how to apply for them at: <https://www.gov.uk/eori>.

When applying for an EORI number, you need to identify your product's trade tariff commodity code to ensure compliance with customs declaration. Is this correct?

Yes. Once you've received your GB EORI number, you will be able to make declarations on the Customs Declaration Service. You will need to identify your product's trade tariff commodity code when you make those declarations, but there are also other steps to take.

The following guidance sets out the steps required for importing or exporting goods between Great Britain (GB) and the EU: <https://www.gov.uk/government/publications/guides-to-importing-and-exporting-goods-between-great-britain-and-the-eu>.

Toyin Laketu from Onwards and Up, the London-based business support and digital consultancy, has compiled a simple step-by-step guide to exporting your goods that we recommend having a look at: <https://onwardsandup.co.uk/business-resource/navigating-brexit-process/>.

2

Licenses, certificates, and labelling

Certification of goods



Image: dataveristy.net

A certification of goods demonstrates that the manufacturer, or importer, has checked that these products meet EU rules on safety, health, or the environment; it is an indicator of a product's quality. Many plant-based items, and all animal by-products (used in craft production) now require certification under the new EU-UK Trade and Cooperation Agreement.

There are three new rules in particular that apply directly to the craft sector following Brexit. These are: Rules of origin and Certificate of Origin; hallmarking; and CE marking and UKCA marking.

Rules of origin

These are the criteria that determine the national source of a product. In several cases, the source of imports affects their duties and restrictions. For more detailed information, see: <https://www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu>.

Certificate of origin

This is a document that establishes the place of manufacture, or production, of the goods. It is generally issued by a Chamber of Commerce and confirms the nationality (country of origin) of the goods. If a country does not require a Certificate of Origin, then a statement of origin must still be made on the commercial invoice.



Hallmarking

A hallmark is a mark stamped on items of gold, silver, or platinum by the British assay offices, certifying their standard of purity. UK hallmarking requirements have changed post-Brexit. More detail about the new requirements for hallmarking can be found here: <https://www.gov.uk/guidance/hallmarking-requirements-and-the-eu>. We also recommend seeking advice from The Goldsmiths' Company Assay Office: <https://www.assayofficelondon.co.uk/hallmarking/>.

CE marking and UKCA marking



Image: GOV.UK

CE marking is an administrative marking that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area (EEA). The CE marking is also found on products sold outside the EEA that have been manufactured to EEA standards.

Since 1 January 2021, the new UK Conformity Assessed (UKCA) marking applies to most goods previously subject to the CE marking. It is used for goods being placed on the market in GB (England, Wales and Scotland), and covers most of the goods that previously required the CE marking. You can find more information about using the UKCA marking here: <https://www.gov.uk/guidance/using-the-ukca-marking>.

For manufacturers based within the EU, the rules are quite different. You can read more here: <https://www.conformance.co.uk/ce-marking-for-products/ce-marking-detailed-information/9-ce-marking/131-ce-marking-and-authorised-representatives>.

When is a UKCA mark required? Does this apply to wearable items such as jewellery? How can I find out if my particular product requires this certification?

Jewellery is not required to have a CE mark. Instead, it may need to comply with the General Product Safety Directive (GPSD), or require a hallmark. It is worth clarifying this with advisors for the jewellery trade such as The Goldsmiths' Company: <https://www.thegoldsmiths.co.uk>.

The majority of items that require a CE mark are not relevant to the craft sector; however, toys such as dolls, clay, and Lego, and electric items (lighting) do require a CE mark. To check if your product needs a CE mark visit: <https://www.gov.uk/guidance/ce-marking>.

If businesses had already placed CE marked goods on the EU or UK market before January 2021, then they do not need to take any action for those goods.

CE marked goods that meet EU requirements can, in most cases, continue to be placed on the GB market until 1 January 2022.

For most goods regulated under the 'New Approach', businesses will be able to attach the UKCA marking to a pre-existing product label, or on the accompanying documentation, until 1 January 2023.

Classification of goods

If a business is placing manufactured goods on the EU market, they must take steps to ensure compliance with EU requirements by 1 January 2021. For further information about using the UKCA marking visit: <https://www.gov.uk/guidance/using-the-ukca-marking>.

The term ‘tariff classification of goods’ is defined in Article 57 of the Union Customs Code (UCC). It means determining the subheadings, or further subdivisions of the Combined Nomenclature (CN) under which the goods will be classified.

Combined Nomenclature (CN) is the EU’s eight-digit coding system. The first six digits are based on the World Customs Organisation’s Harmonised System (HS), a standardised numerical method of classifying traded products. Among the many industry classification systems, HS codes are commonly used throughout the export process. The CN is used for the EU’s common customs tariff, as well as to provide EU trade statistics.

Classification is not only used to determine the customs duty rate for a specific subheading, but also to apply non-tariff measures. So, even if all goods were zero-rated for customs purposes, classifications could still be necessary if you need to:

- Apply for an import or export license.
- Find out if import or export restrictions apply.
- Issue a Certificate of Origin.

- Claim an export refund, or similar.
- Determine whether or not a product is liable to excise duty.
- Find out if a reduced value-added tax rate applies (insofar as the CN is used as a point of reference).

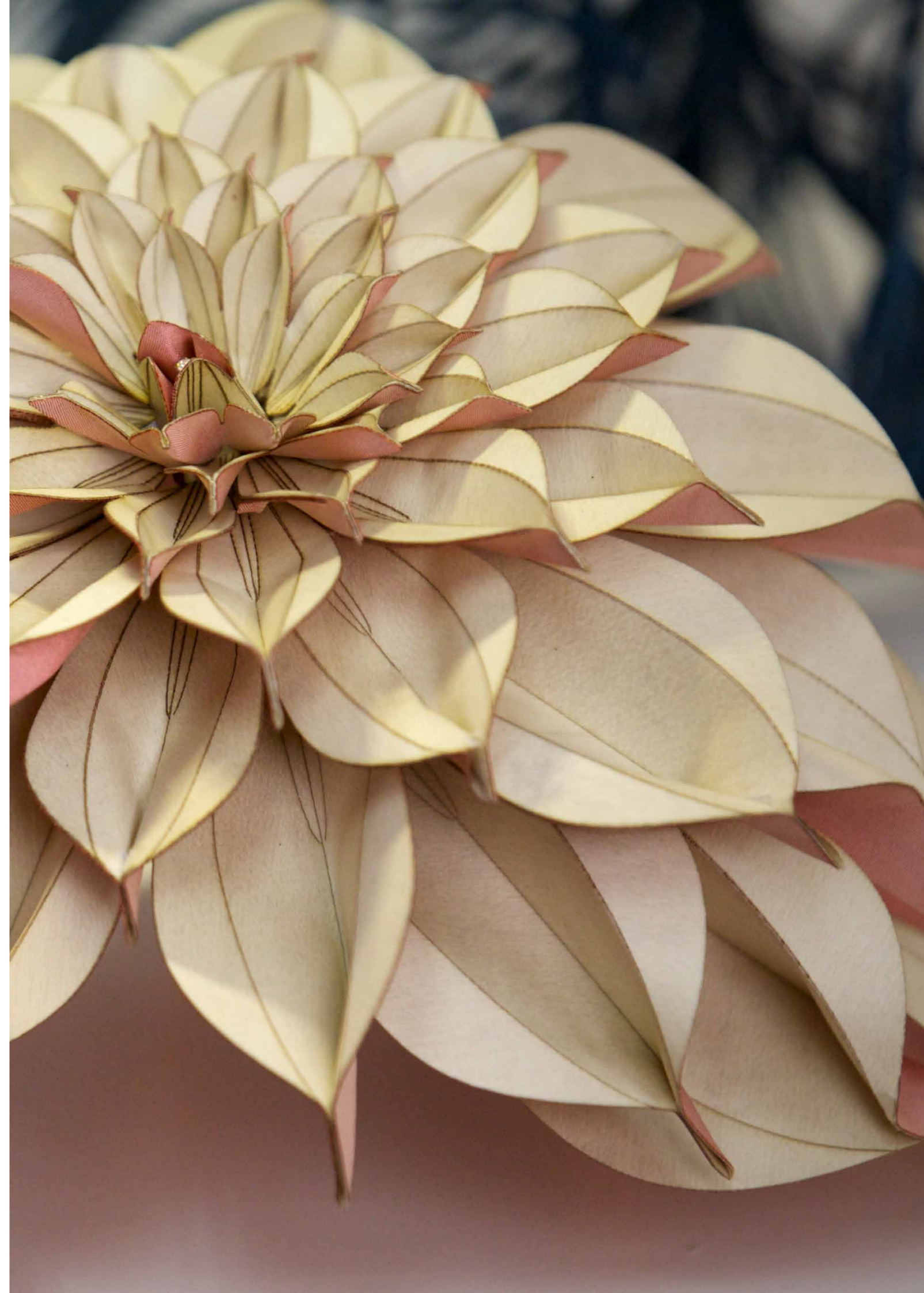
As the craft sector uses many animal-based materials such as feathers, leather, and wool, are products that incorporate these materials under new restrictions?

Potentially, yes. You can find a list of the goods imported into GB from the EU that are now controlled here: <https://www.gov.uk/guidance/list-of-goods-imported-into-great-britain-from-the-eu-that-are-controlled>.

In addition, animal by-products now require veterinary certificates. You can find the latest guidance for using products of animal origin (POAO) through the Department for Environment, Food and Rural Affairs (Defra): <http://apha.defra.gov.uk/official-vets/Guidance/exports/ehc-online.htm>.

Sufficient processing

When importing goods into the EU, there is a risk of double duty payments. This means that imports to GB from outside the EU incur duties. If there is not sufficient processing of these goods into new products before they are exported to the EU from GB, the place of origin remains with the original import. The rules do vary between products, but, as a rule of thumb, if the Harmonised System (HS) code changes, and the value of the non-originating materials is less than 50% of the export goods' price, and certain processing operations have been carried out, then the goods will qualify for preferential duty rates under the new Trade and Cooperation Agreement. For example, adding buttons to a shirt imported from outside an EU member state would not qualify for preferential duty rates, whereas the receipt of material from outside the EU that is to be transformed into a tailored shirt would.



3

Tax, customs duties, and VAT

Duties



Duties (sometimes called tariffs or dues) comprise the general or specific fees paid on goods when they leave the UK economic territory, or when services are delivered to non-residents.

Are VAT and duty the same thing?

While Value Added Tax (VAT) is a general tax placed on almost all goods and services sold, duty is a form of tax paid on imports that is calculated at customs based on the commodity code. Customs Duty is often paid on imported or exported goods in addition to VAT. Unlike VAT, the rate of duty is variable and depends on the nature of the goods being imported or exported, and where they are being imported or exported from. Unfortunately, unlike VAT, Customs Duty cannot be reclaimed (NB Reclaiming VAT is only possible if you are VAT registered).

The Brexit deal between GB and the EU confirms that there is a 'Free Trade Deal' for goods or services traded. However, rules of origin apply, meaning that only those products that originate from the UK, or that have undergone a considerable level of processing in the UK, qualify for zero tariffs under the EU-UK Trade and Cooperation Agreement (TCA). Therefore, customs duties are not required. Businesses will still be required to pay, or account for, Import VAT.

To qualify for zero tariffs, you will need to submit a customs declaration with a Certificate of Origin (CO), or statement on origin.

You will need to check that your products comply with the agreed rules of origin. You can find more product-specific information on duties and import regulations here: <https://trade.ec.europa.eu/access-to-markets/en/content/>. For example, once you have entered the full Harmonised System (HS) code for your particular product, plus its country of origin and destination, you can find out both the VAT rate and tariffs for importing into that country, including the third-country duties (or import duties) should the product not qualify as having UK preferential origin. The website also has links and a drop-down menu on the left-hand side that elaborate on the rules of origin, taxes, and import requirements, etc.



Trade tariffs



Image: Forbes (Getty)

A tariff is a tax imposed by one country on the goods and services imported from another country. Owing to Brexit, the EU and GB have a new free trade agreement, meaning that tariffs could occur when the origin of a product is not the UK (see the section on rules of origin).

Governments may impose tariffs in order to raise revenue, or to protect domestic industries – especially growing ones – from foreign competition. By introducing tariffs on foreign-produced goods, domestically produced alternatives become more attractive.

The UK's new Global Tariff, which replaced the EU's Common External Tariff at the start of this year, is a new tariff on imported goods tailored to the needs of the UK economy.

What is the difference between a trade tariff and a commodity code?

A tariff is a tax or duty to be paid on imports or exports, while a commodity code is the ten-digit number allocated to goods that classifies them for import and export purposes and to identify the correct duties payable.

Standard EU tariffs are 10-digit numbers, while many UK tariffs are still eight-digit. How does this affect trade with the EU from 1 January 2021?

UK commodity codes remain aligned with EU commodity codes until further notice: <https://www.gov.uk/guidance/finding-commodity-codes-for-imports-or-exports>.

Do I always have to pay a trade tariff when exporting to a European member state? If no, is there a list of those that are exempt?

You will need to check if your product qualifies for preferential trade terms under the EU-UK Trade and Cooperation Agreement. Further guidance on this is available at: <https://www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu> and <https://www.gov.uk/guidance/claiming-preferential-rates-of-duty-between-the-uk-and-eu>.

If this does not apply to you, then trade tariffs may be applied on imports into the EU – you should check the information on the EU’s member states: https://ec.europa.eu/info/business-economy-euro/trade-non-eu-countries/import-eu_en.

To find out your tariff code visit: <https://www.trade-tariff.service.gov.uk/sections>.

Tariff codes can change depending on what your work is made from. For example:

Pottery

<https://www.trade-tariff.service.gov.uk/chapters/69>

Fabric/Wool

<https://www.trade-tariff.service.gov.uk/search?q=fabric+wool&input-autocomplete=fabric+wool&date=08%2F03%2F2021>

Metal

<https://www.trade-tariff.service.gov.uk/search?q=vases&input-autocomplete=vases+glass&date=08%2F03%2F2021>

Value added tax (VAT)



Value added tax, known in some countries as a goods and services tax (GST), is a tax that is subject to change. It is levied on the price of a product or service at each stage of its production, distribution, or sale to the end consumer. The standard rate of VAT is 20%. Some things are exempt from VAT such as postage stamps, food (not including the service industry), kids' clothing and shoes, financial, and property transactions.

Does a trader need to be VAT registered to sell in an EU member state?

You may need to register for VAT in the EU country you're selling to. To find out how to register for VAT in EU countries, visit the European Commission website at: https://ec.europa.eu/taxation_customs/business/vat/eu-country-specific-information-vat_en.

Can the Government advise sole traders and microbusinesses about Distance Selling Regulations (DSRs)? Many Craft businesses sell bespoke products via their own websites or e-commerce websites such as Etsy. What is required?

For non-excise and non-restricted goods not exceeding £135 in value – the current price point for customs import duty. The current limits for Customs Duty and import VAT are detailed in the following guidance, along with any changes that apply now that the UK has left the EU: <https://www.gov.uk/government/publications/notice-143-a-guide-for-international-post-users/notice-143-a-guide-for-international-post-users>.

Online marketplaces (OMPs) that facilitate the sale of goods are now responsible for collecting, and accounting for, VAT. For changes to the VAT treatment of overseas goods sold to UK buyers from 1 January 2021, please see the following guidance: <https://www.gov.uk/government/publications/changes-to-vat-treatment-of-overseas-goods-sold-to-customers-from-1-january-2021/changes-to-vat-treatment-of-overseas-goods-sold-to-customers-from-1-january-2021#goods-located-outside-the-uk-at-the-point-of-sale>.

Accounting for Import VAT

Import VAT is a tax paid on goods bought from another country outside of the EU. Imported goods are normally charged the same rate of VAT as those purchased from within the UK, i.e. 20%. VAT registered

businesses can account for Import VAT on their VAT return (also called postponed VAT accounting). Accounting for VAT in this way allows you to declare Import VAT and reclaim it as Input VAT on the same VAT return. Input VAT is the tax added to the price when goods or services are purchased that are liable to VAT. You can reclaim the VAT incurred on the imported goods you own as Input VAT, subject to the normal rules. This would be the case, for example, when bringing back unsold goods from an overseas trade fair.

Alternatively, a business can choose to pay Import VAT on importation. You can reclaim the VAT incurred on the imported goods you own as input tax subject to the normal rules. In order to claim input tax, you will need the Import VAT statement as evidence. A shipping or forwarding agent cannot usually reclaim this input tax, because the goods were not imported to be used as part of their business.

If you're importing certain goods temporarily – that is, if you intend to re-export them within two years – you can use temporary importation to obtain total or partial relief from import duties. An example of this would be a gallery showcasing work by a maker in an EU member state or Northern Ireland, where the gallery could be subject to Import VAT. If the work is not intended to be sold, you can declare temporary importation.



Accounting for Import VAT

If you import goods temporarily but, for whatever reason, then choose to put them into free circulation in the UK, you'll have to pay duty, Import VAT, and compensatory interest on certain types of goods.

If you delay your declarations for EU goods and are registered for VAT, you must account for Import VAT on your VAT return. You can find out more about accounting for Import VAT on your return here: <https://www.gov.uk/guidance/check-when-you-can-account-for-import-vat-on-your-vat-return>.

If you are a UK trader and not registered for VAT, you still have to pay the Import VAT, but you won't be able to reclaim it. If you delay your declarations and are not registered for VAT, you will have to pay Import VAT when you make your supplementary declaration. You can find out more about delaying declarations here: <https://www.gov.uk/guidance/delaying-declarations-for-eu-goods-brought-into-great-britain>.

For further advice about paying VAT on imports from outside the UK to Great Britain visit: <https://www.gov.uk/guidance/vat-imports-acquisitions-and-purchases-from-abroad>.

The threshold for VAT registration is £85,000., although you can voluntarily register for VAT without meeting this threshold. We recommend that you speak to your accountant or bank manager about this. The basic principles to consider are 1) if you become

VAT registered, you will need to apply the current VAT rate to your invoices (20%) for selling products; and 2) you can claim VAT back on all vatable items related to your business.

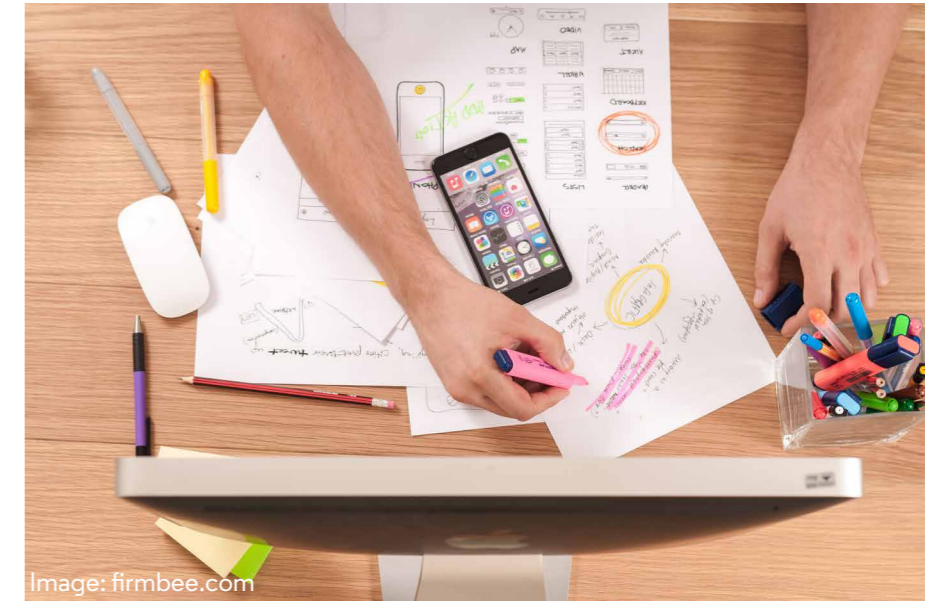
Alternatively, you can seek specialist advice (at a cost) from <https://simplyvat.com> or <https://www.avalara.com>.

You can find additional information on the four main options available to e-commerce sellers at: <https://www.avalara.com/vatlive/en/vat-news/brexit-vat-customs-options-of-uk-ecommerce-sellers.html>. (This is also useful for most other product-selling businesses.)

For more information on the Import One-Stop Shop (IOSS), a new system that facilitates the collection, declaration, and payment of VAT for sellers that are making distance sales of imported goods to buyers in the EU, which launches in July 2021, please visit: <https://www.avalara.com/vatlive/en/vat-news/eu-2021-one-stop-shop-vat-return-for-e-commerce.html>.

4

Documentation for trading with EU



The first question you need to ask is who is paying for any duties, you or the client? Being clear on this from the start could save you a lot of hassle further down the line.

The importer (the person buying or receiving the work) is usually responsible for customs clearance, duties, and taxes, but you need to be clear on this and make the process as straightforward as possible for your client.

Getting your export documentation right takes time, so don't leave it to the last minute.

You will need to understand your commodity codes, the ten-digit numbers allocated to goods that classify them for import and export purposes and identify the correct duties payable. HMRC offers support in tariff classification; it has an online checklist for different

types of product, which can be found here: www.gov.uk/trade-tariff.

Once you have identified your correct commodity codes, these will be used for your documentation wherever you ship your work.

Different uses for products result in different levels of duty to pay. For example, the duties levied on tableware may be different to those for a bespoke artwork. Since Brexit, as long as the origin of the work is GB, there is no duty to pay – only VAT.

Original, handmade artworks can be tariff-free in some countries – this means unique, sculptural objects or items of historic interest. (This is not the case for batch-produced items or multiples.) If you think this applies to you, it is a good idea to include an artist's statement and CV when sending items deemed to be works of art.

Sensitive materials such as wood, seed pods, horsehair, or beeswax may need separate declaration. You should clearly state all the materials used and sign and date the document.

Have the international commerce terms (Incoterms) been clarified, and what are the ramifications for sole traders and microbusinesses trading with the EU?

Incoterms are a set of rules published by the International Chamber of Commerce (ICC) that are internationally recognised and widely used to define

Export declaration

the responsibilities of buyers and sellers. HMRC cannot advise on commercial contract terms, but you may find the following link helpful in explaining how Incoterms work: <https://www.great.gov.uk/advice/prepare-for-export-procedures-and-logistics/international-trade-contracts-and-incoterms/>. It will also link you to the ICC's own website.

All goods leaving the UK must be declared at customs – it is a legal requirement.

The consignor (shipper) is legally responsible for the information provided on the export declaration, even if it's prepared by the freight forwarder. Exporting companies must receive a copy of this export declaration for their records and as evidence of export.

You should create a commercial or pro-forma invoice (see example below) for your export declaration that includes the following:

The exporter of the products covered by this document [Exporter Reference No. (REX or GB EORI number)] declares that, except where otherwise clearly indicated, these products are of preferential origin.

(Place and date)
(Name of the exporter)

Source: www.onwardsandup.co.uk

**Documents
required for export**

The following section describes the types on documentation you will need when trading with the EU.

NB When a country stipulates the need for certificated documents – i.e. invoice or Certificate of Origin – it means that a body such as a Chamber of Commerce must endorse the document.

**Commercial
invoice**

Simply put, a commercial invoice is a document that contains information about the goods you intend to export – i.e. from the seller to the buyer. It is used to determine the true value of your goods when assessing customs duties. It should list all the items in the shipment, how many of them there are, and their value. It should state who is the importer and who is the exporter, and it should set out the name, address, and contact details for both. Some countries, especially in the Middle East, require that the commercial invoice be stamped with a company stamp.

Pro forma invoice

A proforma invoice is a preliminary invoice prepared by the exporter before shipping the goods, informing the buyer of the goods to be delivered, their value, and other key specifications. It can also be used as an offer of sale, or quotation.

Packing list

This is a more detailed list of the contents of the shipment. An export packing list includes information about the seller; the buyer; the shipper; the invoice number; the date of shipment; mode of transport; and the carrier. It also itemises the quantity of goods and their description; the type of package such as a box, crate, drum, or carton; the quantity of packages; the total net and gross weight (in kilograms); the package marks; and dimensions, if appropriate.

How you describe your work can have an impact on the customs tariff, so make sure that you have described your work correctly. If possible, try and include a low-resolution image of each item to make identification really clear. Foreign customs officials may use the packing list to check the cargo. It is really important that all the details are accurate. Don't estimate weights, for example – your shipment may be held up if these don't tally with the actual items.

NB Templates for commercial invoices and packing lists can be found online from most shipping companies.

Are there document templates available that I can adapt?

GOV.UK offers guidance on the documentation required by UK-based businesses in order to import and export goods, which can be found here: <https://www.gov.uk/guidance/international-trade-paperwork-the-basics#export-documentation>.

ATA Carnet



A carnet is a shipping document that permits the holder to temporarily send goods to certain foreign countries for display or demonstration purposes at an exhibition or fair, without having to pay duties, as long as the goods are reimported within six months. You can find more information about this from GOV.UK: <https://www.gov.uk/guidance/pay-less-import-duty-and-vat-when-re-importing-goods-to-the-uk-and-eu>.

Will Craft businesses require a carnet to exhibit at trade fairs, including bringing their own equipment and stock, in the EU?

Carnets are optional for temporarily exporting professional work equipment to the EU or vice versa: <https://www.gov.uk/taking-goods-out-uk-temporarily>.

The use of a carnet is optional. It is a commercial decision that depends on an individual or business's specific circumstances. For example, another option for moving goods between the UK and the EU is the Temporary Admission customs procedure, which is also subject to relevant conditions being met. You



can find more information about which goods can be declared to the Temporary Admission procedure, either orally or by conduct, here: <https://www.gov.uk/guidance/check-if-you-can-get-import-duty-relief-on-goods-using-temporary-admission#means-of-transport>.

Further information on applying to import goods temporarily to the UK or EU can be found here: <https://www.gov.uk/guidance/apply-to-import-goods-temporarily-to-the-uk-or-eu>.

Temporary Admission may be used to temporarily import goods into the EU, provided that the relevant conditions are met. However, the management of EU import and export procedures is the responsibility of the customs authorities of the member states, so it is important that individuals or businesses confirm these processes at their port of arrival, as well as any conditions or procedures that may apply. More information can be found online at: https://ec.europa.eu/taxation_customs/home_en.

Does a craftsperson need an ATA Carnet to enable them to take samples to a trade fair or client?

As above, an ATA Carnet is an available option for temporarily moving goods, including commercial samples – samples being sent overseas to engender future sales. Commercial samples must not be fit for resale. Free-of-charge supplies are not generally considered to be genuine commercial samples.

Can the craftsperson use a Duplicate List to temporarily export goods instead of an ATA Carnet?

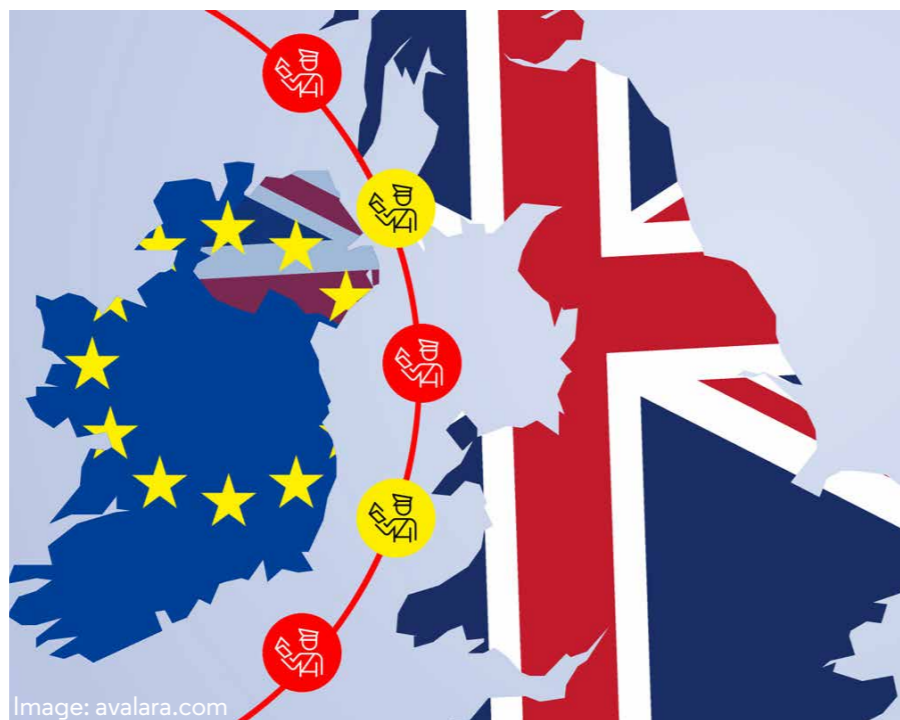
A Duplicate List is an alternative to an ATA Carnet. As with an ATA Carnet, you do not have to pay customs duty or tax. There's no fee, but it's more complicated than exporting something with an ATA Carnet. You can find more information here: <https://www.gov.uk/taking-goods-out-uk-temporarily/duplicate-list>.

I import stock and supplies from non-EU countries. Where can I find out about the relevant duties for my product type and the country I'm trading with?

You should visit GOV.UK: <https://www.gov.uk/guidance/tariffs-on-goods-imported-into-the-uk>. Here, you will find a step-by-step guide on how to bring goods into the UK from any country, including how much tax and duty you'll need to pay and whether you need to get a licence or certificate.

5

Trading between Great Britain and Northern Ireland



The Northern Ireland Protocol came into effect on 1 January 2021. Otherwise known as ‘the Protocol’, it is a practical solution to avoiding a hard border with Ireland, while ensuring the orderly withdrawal of the UK, including Northern Ireland, from the EU. The Protocol makes sure that the whole of the UK will benefit from future free trade agreements (FTAs).

The Protocol has brought about some new administrative processes for traders. Notably, there are new digital import declaration requirements, as well as digital safety and security information, for goods entering Northern Ireland from the rest of the UK.

The UK Government has established a new, free service, the Trader Support Service, otherwise

known as TSS. This end-to-end service guides traders through all the import processes. It can also be used to complete digital declarations, at no additional cost. To sign up, visit: <https://www.tradersupportservice.co.uk/tss>.

Trading with Northern Ireland means you still need an EORI number. The EORI number should start with GB. If you have an existing number without the GB prefix, we recommend that you apply for a new one.

From 1 January 2021, there are new rules when trading and moving goods in and out of Northern Ireland. For more information, see: <https://www.gov.uk/guidance/trading-and-moving-goods-in-and-out-of-northern-ireland#overview>.

Any goods moving between Northern Ireland and GB are treated as domestic shipments, despite requiring customs information.

Paying VAT

Under the Protocol, EU VAT rules related to goods continue to apply in Northern Ireland. This means that apart from the changes related to using an EORI number starting with ‘XI’, there is no change for the transaction of goods between Northern Ireland and EU businesses and consumers.

You can find out more about how VAT applies for goods imported into Northern Ireland from

outside the UK or EU here: <https://www.gov.uk/government/publications/accounting-for-vat-on-goods-moving-between-great-britain-and-northern-ireland-from-1-january-2021/accounting-for-vat-when-importing-or-moving-goods-into-northern-ireland-from-outside-the-eu>.

If you're a VAT-registered business trading in Northern Ireland, or between Northern Ireland and the EU, then you need to tell HMRC so that you can continue to account for VAT on acquisitions and dispatches.

You can find out if the goods you bring into Northern Ireland are not 'at risk' of moving to the EU here: <https://www.gov.uk/guidance/check-if-you-can-declare-goods-you-bring-into-northern-ireland-not-at-risk-of-moving-to-the-eu#:~:text=Goods%20brought%20into%20Northern%20Ireland%20directly%20from%20countries%20outside%20of,under%20the%20UK%20Trader%20Scheme>.

You can apply to the UK Trader Scheme for goods not 'at risk' here: <https://www.gov.uk/guidance/apply-for-authorisation-for-the-uk-trader-scheme-if-you-bring-goods-into-northern-ireland>.



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Case study: Showcasing in an EU member state with intent to export



Context

A UK ceramicist working as a sole trader transporting goods to Germany with intent to sell at a trade fair, as well as through a gallery. Their products are priced between £300 and £2,000 (between €340 and €2,250).

Does the sole trader need to complete a customs declaration form for exporting goods, declaring all items and the value of these items?

Yes. Goods exported from GB to the EU from 1 January 2021 require UK export declarations and follow the same processes that exist for trade with the Rest of the World. You can find more information via GOV.UK here: <https://www.gov.uk/export-goods>.

The import of commercial goods, described as Merchandise in Baggage (MIB) for customs purposes, enables small-scale and infrequent traders to trade.

It allows them to carry commercial goods in their accompanied baggage, or small motor vehicle (defined as carrying no more than nine people and weighing less than 3.5 tonnes) to sell or use in their own business. These are not goods for personal use, or that a commercial transport operator has carried for you.

For goods moving between GB and the Rest of the World, any MIB declared below £1500, and weighing less than 1000kg, or not classed as controlled goods, requires that you either:

- Make an oral declaration to a Border Force Officer where a red channel exists, or by using a red phone.
- Use the Merchandise On-Line declaration Service (MODS) before, or on, entering the country.

You can find further guidance on this at: <https://www.gov.uk/guidance/taking-commercial-goods-out-of-great-britain-in-your-baggage>.

Should this paperwork be done by a licensed company, or can the sole trader complete the forms themselves?

This can be done by the trader themselves, or they could get someone to handle customs procedure for them. Ultimately, this is a commercial decision. If you would prefer to hire someone, there is guidance on how to do this at: <https://www.gov.uk/guidance/appoint-someone-to-deal-with-customs-on-your-behalf>.

Are there any specific transit documents applicable to goods that travel by road between GB and the EU?

The following link sets out the government's guidance for hauliers and commercial drivers when transporting goods in this way: <https://www.gov.uk/guidance/transporting-goods-between-great-britain-and-the-eu-guidance-for-hauliers-and-commercial-drivers>.

Does the value of these items need to be declared at retail, or trade price?

The value to be declared is the cost of the goods to the purchaser abroad – or, if there is no sale, the price the goods would fetch if they were sold to a purchaser abroad. The value should include packing costs, inland and coastal transport in the UK, dock dues, loading charges, and all other costs, profits, charges, and expenses.

What paperwork is required for returning unsold items to the UK?

There is guidance available that provides information on how to bring goods back into the UK after they've been imported into another country: <https://www.gov.uk/guidance/returning-goods-to-the-uk>.

Does the sole trader need to be VAT registered to sell in an EU member state – in this case, Germany?

You may need to register for VAT in the EU country you're selling to. You can find out more about EU country-specific information on VAT through the European Commission's website: https://ec.europa.eu/taxation_customs/business/vat/eu-country-specific-information-vat_en.

Does the sole trader need an ATA Carnet in this instance?

The use of a carnet is optional and is a commercial decision, depending on an individual or business's specific circumstances.

Is there a requirement for shipped goods to go through a haulage company, or can the sole trader carry their own items?

This is a decision for the trader, but they should consider the guidance on Merchandise in Baggage guidance above.



Context

A UK textile designer working as a sole trader transporting samples to a trade fair in an EU member state with intent to gain orders. The samples are to help secure sales; the trade fair does not permit sales from the stand. The trader will return to UK with all their samples.

What procedures does the designer need to follow? Do all EU member states offer an ATA Carnet?

An ATA Carnet simplifies the customs formalities by allowing a single document to be used for clearing goods through customs in the countries that are signed up to the Istanbul Convention on Temporary Admission.

ATA Carnets may now be used when moving goods from the UK to the EU. This is already an option for the transportation of goods from the UK to many

other non-EU countries, and it reflects the established international approach.

The management of EU import and export procedures is the responsibility of the customs authorities of the EU member states. It is important that businesses and individuals confirm these procedures in advance of their journey.

Does the designer need an ATA Carnet to enable them to take samples to the trade fair or client?

The use of a carnet is optional for the temporary export of professional work equipment to the EU, or vice versa. It is a commercial decision that depends on an individual or business's specific circumstances. For example, another option for moving goods between the UK and EU is the Temporary Admission customs procedure, which is also subject to relevant conditions being met.

If using an ATA Carnet, must the document be stamped on departure from the UK and on entry to the EU, and the same on the return?

Yes. During travel, the carnet is presented to customs for endorsement (wet-stamped) each time the goods enter, or leave a customs territory. At present, this is a manual, paper-based process undertaken by Border Force in the UK.

Is there a set fee for an ATA Carnet? Or does it differ depending on the work you do?

You can acquire a carnet is from the London Chamber of Commerce and Industry for £180 plus VAT for members, and £300 plus VAT for non-members. You'll also need to pay a security deposit depending on the value of the goods.

How long is an ATA Carnet valid for?

An ATA Carnet is valid for up to 12 months from the date of issue and can be used multiple times, and in multiple countries, during the period of validity.

Can an organisation apply for an ATA Carnet on behalf of its members?

Private travellers or businesses can use a carnet; this will either be in the name of the holder, or a representative . If the latter, their name will be in Box B of the carnet, or in the authorisation letter.

The designer can declare through the red channel at Dover, but would they need to follow the freight lanes when entering the EU?

We advise that you check the import processes with the customs authorities of the particular EU member state you are travelling to. Annex B of the Border Operating Model provides detailed information on EU import requirements: <https://www.gov.uk/government/publications/the-border-operating-model>.



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Resources and links

Below is a list of recommended resources and links to other organisations that we hope you will find useful.

Anti Copying In Design (ACID)

ACID is the UK's leading design and intellectual property campaigning organisation. A not-for-profit membership association for designers and manufacturers providing cost effective tips, advice, and guidelines to help members protect their intellectual property.

www.acid.uk.com

Arts Council England (ACE)

ACE is the national development agency for creativity and culture. ACE offers two useful free mailing lists: Arts News and Arts Jobs. Sign up for a weekly summary of news, job opportunities, and events.

www.artscouncil.org.uk

Arts Council of Northern Ireland

Arts Council of Northern Ireland distributes public money and National Lottery funds to develop and deliver a wide variety of arts projects, events, and initiatives across Northern Ireland.

www.artscouncil-ni.org

Arts Council of Wales

Arts Council of Wales is the country's funding and development organisation for the arts.

www.arts.wales

Briffa

Specialist intellectual property solicitors for creative businesses and services to identify, protect, develop, and enforce intellectual property. Briffa offers expertise in brand strategy and trademark portfolio management, innovation and invention, designs, copyright, and image rights.

www.briffa.com

British Chambers of Commerce (BCC)

The British Chambers of Commerce is an independent network of Accredited Chambers of Commerce in every nation and region of the UK. BCC is trusted to help British goods reach customers overseas. By certifying the origin of goods, Chambers help to reduce the possibility that overseas customs authorities stop British shipments – helping to ensure the smooth passage of UK goods across international borders. Accredited Chambers of Commerce provide crucial support for businesses trading internationally.

www.britishchambers.org.uk/page/home-page/international-trade-hub

British Council

The British Council is the UK's international organisation for cultural relations and educational opportunities. Its mission is to foster knowledge and understanding between the UK and the wider world. The British Council finds new ways of connecting with, and understanding, other cultures and communities to develop stronger creative sectors around the world that are better connected with the UK.

www.britishcouncil.org/

British Standards Authority (BSI)

BSI is the UK's national standards body for regulating product standards and certification. Its website offers regular updates on international changes to standard regulations and requirements for importing and exporting goods.

www.bsigroup.com/en-GB/industries-and-sectors/import-export/

Business Wales

Business Wales is a free service that provides impartial, independent support and advice to people starting, running, and growing a business in Wales. It offers a mix of online and face-to-face support, as well as training workshops and individual advice.

<https://businesswales.gov.wales/>

Chamber International

Working on behalf of Chambers of Commerce, Chamber International supports businesses of all sizes throughout the UK. It can help your business develop its overseas presence and begin (or increase) international trading, offering a full range of export and import advice for international exporters and importers. Many of its services are paid for, but Chamber International will answer simple export documentation queries. It also offers document templates (i.e. Certificate of Origin) and advice.

www.chamber-international.com

Crafts Council

The national development agency for contemporary crafts in the UK. Supporting makers in contemporary craft practice through advocacy in research and policy, and business development.

www.craftscouncil.org.uk/

Craft Northern Ireland (Craft NI)

Craft Northern Ireland is the regional development agency for craft in Northern Ireland. It promotes national contemporary crafts through exhibitions, trade fairs, and training.

www.craftni.org

Craft Scotland

Craft Scotland is the national development agency supporting makers and promoting craft in Scotland. Through an exhibitions and events programmes, digital platforms and strategic partnerships, Craft Scotland provides leadership for the sector, creates opportunities for makers to develop their creative and business practice, and to exhibit and sell work in Scotland and beyond.

www.craftscotland.org

Department for International Trade (DIT)

DIT secures UK and global prosperity by promoting and financing international trade and investment, and championing free trade. It offers free local export support and advice, as well as grant support for small to medium-sized enterprises (SMEs).

<https://www.gov.uk/government/organisations/department-for-international-trade>

DIT Events Portal

The DIT Events Portal provides a single calendar view of scheduled training and events. Most of its webinars are free-of-charge. The site is 'live', which means it is regularly updated with new events.

www.events.great.gov.uk/ehome/index.php?eventid=200183029&

Export Savvy

Export Savvy is a useful portal for export documentation, online export plans, and checklists. You need to create an account to access their resources.

www.exportsavvy.co.uk/

Institute of Export & International Trade

Established in 1935, the Institute of Export is the professional membership body representing and supporting the interests of everyone involved in importing, exporting, and international trade. Offering a unique range of individual and business membership benefits, and a world-renowned suite of qualifications and training, the Institute of Export is the leading authority in best practice and competence for businesses trading globally.

www.export.org.uk/

IP Health Check – Intellectual Property Office

Free online tool to help protect your intellectual property assets.

www.ipo.gov.uk/iphealthcheck.htm

ATA Carnet

The ATA Carnet, often referred to as the 'Passport for goods', is an international customs document that permits the tax-free and duty-free temporary export and import of non-perishable goods for up to one year.

Certificate of Origin

A Certificate of Origin (CO) is an important international trade document that certifies that goods in a particular export shipment are wholly obtained, produced, manufactured, or processed in a particular country. They declare the 'nationality' of the product, and also serve as a declaration by the exporter to satisfy customs or trade requirements. Within the craft sector, this certification may apply to a particular material such as an animal by-product or plant based product. COs determine the particular tariff required under the free trade agreement with the European Union (EU) and other countries).

Classification of goods

This means determining the subheadings or further subdivisions of the Combined Nomenclature (CN) under which the goods will be classified. Classification is not just used to determine the customs duty rate for a specific subheading. It is also used to apply non-tariff measures.

Combined Nomenclature

A systematic list of goods descriptions based on the Harmonised System (HS), used for the purposes of the Common Customs Tariff, external trade statistics, and other EU policies.

Commodity code

A commodity code is a sequence of numbers made up of six, eight, or ten digits. The commodity code determines:

- the customs duties and other charges levied on the goods;
- the preferential treatments that may apply to their import, and;
- the restrictions and prohibitions that may apply to the import, export, or transit of the goods.

Six-digit commodity codes are HS codes. They are used worldwide in monitoring trade volumes and applying international trade measures to goods. The HS nomenclature forms the basis for the eight-digit Combined Nomenclature and the 10-digit TARIC.

You'll need a commodity code to make your import or export declaration when you bring goods in, or send goods out of the UK.

Consignor

The consignor, in a contract of carriage, is the person sending a shipment to be delivered whether by land, sea or air. Some carriers such as national postal entities use the term 'sender' or 'shipper', but in the event of a legal dispute the proper and technical term 'consignor' will generally be used.

Customs

Customs is an authority or agency in a country responsible for collecting tariffs and for controlling the flow of goods, including animals, transports, personal effects, and hazardous items, into and out of a country.

Customs territory

The customs territory, by definition, is the place where the customs authority acts, controlling foreign trade operations.

Duties

Duties are general or specific taxes on goods or services that become payable when the goods leave the economic territory, or when the services are delivered to non-residents.

EORI number

An Economic Operators Registration and Identification number is an EU registration and identification number for businesses that undertake

EU member state

The EU comprises 27 member states. Each member state is party to the founding treaties of the union and thereby shares in the privileges and obligations of membership. Following Brexit, the UK is no longer a member state.

Export

To send (goods or services) to another country for sale.

Free circulation

Goods that have been produced within the EU, or that have been imported into an EU country with duty/tax paid, are in 'Free circulation', meaning the goods can move between countries within the EU Customs Union without tax or duties owed when crossing borders.

Goods that enter the customs territory of the EU from a non-EU country are referred to as 'non-Community goods' (T status). Before these goods can be marketed within the EU, they should first be released into free circulation. This means that a customs entry should be raised for the goods duty or VAT should be paid.

Once these conditions have been satisfied, the non-Community goods (T Status) will become 'Community goods' (C Status). They will obtain the same status as goods that have been produced, harvested, or mined within the EU and can be transported throughout the EU without being subject to customs formalities or duties.

Free trade agreement

A free trade agreement (FTA) is an agreement between two or more countries where the countries agree on certain obligations that affect trade in goods and services, and protections for investors and intellectual property rights, among other topics.

Harmonised System

The Harmonised Commodity Description and Coding System, also known as the Harmonised System of tariff nomenclature, is an internationally standardised system of names and numbers to classify traded products.

Import

To bring (goods or services) into a country from abroad for sale.

Istanbul Convention on Temporary Admission

Convention on Temporary Admission (Istanbul Convention) is a part of the ATA system allowing the free movement of goods across frontiers and their temporary admission into a customs territory with relief from duties and taxes.

Merchandise in Baggage (MIB)

If you are travelling with commercial goods in your baggage that are subject to restriction or are controlled, you must electronically submit a full customs declaration using a customs agent or intermediary if you do not have the specialist software to make the declaration yourself.

'New Approach' goods

A common toolkit of regulatory measures covering goods such as toys and machinery.

Online marketplaces (OMPs)

An online marketplace is a type of e-commerce website where product or service information is provided by multiple third parties. Examples include Amazon, eBay, Etsy, and Trouva.

Pro forma invoice

A binding commercial agreement between seller and buyer. This typically contains a date of issue, a description of what is being sold, and the total amount payable as well, as any taxes or fees that may be incurred between the time of issuing and when the delivery is made. Providing as precise an estimate as possible, the goal of a pro forma invoice is to avoid exposing your customer to any unanticipated charges or duties. Much like an invoice, however, a proforma invoice's terms of sale can still be changed. This means that it only applies to sales that have not yet been completed.

Re-export

To export (imported goods), typically after they have undergone further processing or manufacture.

Rules of origin

Rules of origin are the criteria needed to determine the national source of a product. Their importance is derived from the fact that, in several cases, duties and restrictions depend upon the source of imports.

TARIC nomenclature

TARIC, the integrated Tariff of the EU, is a multilingual database integrating all measures relating to EU customs tariff, commercial, and agricultural legislation. This data provides administrations of the member states, and automatic customs clearance.

Tariff

A tariff is a tax imposed by one country on the goods and services imported from another country. In the case of Brexit, the EU and Great Britain have a free trade deal; tariffs would occur when the product is not of UK origin.

Temporary Admission

A customs procedure under which certain goods can be brought to a customs territory conditionally relieved totally, or partially, from the payment of import duties and taxes; such goods must be imported for a specific purpose and must be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of them.

VAT

Value added tax (VAT), known in some countries as a goods and services tax, is a type of tax that is assessed incrementally. It is levied on the price of a product or service at each stage of production, distribution, or sale to the end consumer.

Sources

FedEx
EU Customs Trader Portal
Finnish Customs
Franco British Chamber
GOV.UK
IGI Global
International Chamber of Commerce: ICC
International Trade Administration
SumUp
World Customs Organization

Crafts Council Registered Charity Number 280956



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