



March 2019

VAT Registration Number

Dear customer,

Urgent action required: Prepare your business for leaving the EU without a deal

We are writing to you because you are VAT registered and currently trade in goods with the EU and/or the rest of the world.

In this letter we outline new information about changes to customs procedures and VAT for UK-EU trade, that will happen in the event the UK leaves the EU without a deal. And we explain **what you need to do now**, so that you can continue to import and export from 29 March.

Please read this letter carefully, even if you don't trade with the EU, because although UK customs processes for trade with the rest of the world will not change, you may find that you need to adapt your systems and processes.

For example, where the EU runs trade processes on behalf of member states you may not be able to access these systems after the UK leaves the EU.

If you use a customs agent, speak to them about what you need to do.

Customs declarations on UK-EU trade

If the UK leaves the EU without a deal, customs controls will apply for importing and exporting between the UK and the EU.

You need to be prepared for making customs declarations for goods imported or exported by your business, and you will need an Economic Operator Registration Identification (EORI) number.

What you need to do now:

- if you already have a UK EORI, which is a twelve digit number beginning with the prefix 'GB', such as GB000000000000, make sure you have it to hand to use for UK-EU trade, and take steps so you are ready to complete customs processes on your UK-EU trade
- if you already have an EU EORI number (which will be a number beginning with a different country prefix, such as 'IE' or 'FR') you do not need to register for a UK EORI number yet - HMRC will continue to recognise your EU EORI number for a temporary period, and will provide further information about moving to a UK EORI number shortly

Make importing from the EU easier

HMRC is introducing new Transitional Simplified Procedures (TSP) for businesses established in the UK, to make importing from the EU as easy as possible for the initial period after the UK leaves the EU, should there be no deal.

If you've signed up for TSP, you'll be able to import goods into the UK from the EU without having to make a full customs declaration at the border, and you will be able to postpone paying any import duties. However for controlled goods you will have to provide some information before import. You will account for VAT on your VAT return.

You can use TSP for goods you're importing from the EU, and for goods from the rest of the world, that are coming into the UK from an EU port, as long as they have already cleared customs in the EU.

What you need to do now:

- **sign up for TSP online**, you'll need an EORI number to do this

To sign up for TSP or for further guidance, go to www.gov.uk/hmrc/eu-simple-importing.

Customs facilitations

Customs facilitations are simplifications designed to make customs easier and, in the case of special procedures or deferring duty, improve your cash flow.

If you are a business established in the UK, and have been authorised to use a facilitation by HMRC (for example under Customs Freight Simplified Procedures), your authorisation will continue to be valid in the UK from the 29 March. The way you can use it may change as it will be more limited to the UK, but for some facilitations you will no longer need to have a guarantee in place.

If you have been authorised to use a facilitation by another EU country you won't be able to use this after the UK leaves the EU. You will need to apply for a new UK authorisation from HMRC to continue to benefit.

What you need to do now:

- find out how your authorisation to use a customs facilitation will be affected, if the UK leaves the EU without a deal, go to www.gov.uk/hmrc/customs-authorisation-changes or speak to your customs agent, if you have one

For further guidance, on what facilitations are, go to www.gov.uk/hmrc/customs-process.

Moving goods using Common Transit Convention (CTC)

If the UK leaves the EU without a deal, you will still be able to use CTC to move goods between the UK, EU countries and other CTC countries (Iceland, Norway, Liechtenstein, Switzerland, Turkey, North Macedonia and Serbia). If you use CTC you only have to pay duty when your goods reach their final destination, and some customs formalities can be completed away from the border.

Existing Offices of Departure and Destination are likely to be extremely busy if we leave the EU without a deal. To avoid unnecessary queues you should consider applying now to become an authorised consignor/consignee. If successful, you will be able to start or finish transit movements from your own sites.

What you need to do now:

- if you wish to use CTC, choose whether to make transit declarations yourself, or to use an agent or freight forwarder
- prepare to use CTC by ensuring you are ready to make transit declarations and approaching your bank to put in place HMRC approved customs guarantees for your goods
- if you'll use CTC regularly, consider applying to be an authorised consignor/consignee
- if you're already a consignor/consignee, consider expanding your existing capacity, adding new facilities or making them available to other traders

Further guidance is available at www.gov.uk/hmrc/customs-process.

Further controls for exports

If your business exports goods to the EU from the UK, you will need to make an export declaration to HMRC. You, or whoever is importing goods to the EU on your behalf, will also need to comply with EU member state customs and controls.

To avoid delays at the border, check relevant member state public information for steps you need to take to prepare and go to www.gov.uk/euexit for the relevant guidance that will apply to your goods.

Changes to accounting for VAT

If we leave the EU without a deal, after 29 March, you will be able to declare and recover import VAT in your next VAT return, rather than when your goods arrive at the UK border. This is called VAT postponed accounting.

If you are a business trading between the UK and EU, you will be used to accounting for VAT in this way, when bringing goods into the UK. From 29 March if the UK leaves the EU without a deal, it will also be possible to use VAT postponed accounting when you import from the rest of the world.

You will be able to declare and recover import VAT on the same VAT return. To do this you will need to provide your VAT registration number on your customs declaration.

What you need to do now:

- prepare by talking to your tax agent about how it may affect your business, and authorise them to use postponed accounting for import VAT on your behalf
- find out from your software provider how the changes will affect your processes

You can find out more by going to www.gov.uk/hmrc/accounting-for-import-vat.

VAT registration checks

If you currently use the EU's VAT number validation service (VIES) to check a customer or supplier's VAT number, UK VAT numbers will no longer be part of this service after 29 March 2019.

If you need to check a UK VAT registration after that time, you can use the UK VAT number checker, which will be on GOV.UK from 29 March 2019.

What you need to do now:

- consider how these new arrangements affect your business processes, for example IT systems

EU VAT refunds

If the UK leaves the EU without a deal, UK businesses will be able to reclaim VAT from EU countries, using existing processes for businesses based outside the EU.

What you need to do now:

- if you intend to submit EU VAT refund claims for 2018 using EU VAT Refund Electronic System, you should submit these **before 29 March 2019**, instead of the normal deadline of 30 September 2019.

To find out more, go to www.gov.uk/hmrc/eu-vat-it-rules.

EU Exit news as it happens

This letter has focussed on recently announced changes, which will happen in the event of the UK leaving the EU without a deal on 29 March. Further announcements are likely to be made on a regular basis going forward.

What you need to do now:

- register for our email update service at www.gov.uk/hmrc/business-support select 'business help and education emails', then 'EU Exit'
- go to the 'Prepare your business for the UK leaving the EU' tool on GOV.UK www.gov.uk/business-uk-leaving-eu to find out more about these changes and the actions you should take to prepare your businesses for the UK leaving the EU without a deal

You can read a Welsh version of this letter at www.gov.uk/government/publications/letters-on-no-deal-brexite-advice-for-businesses-trading-with-the-eu-andor-the-rest-of-the-world.cy

Gallwch ddarllen fersiwn Gymraeg o'r llythyr hwn yn www.gov.uk/government/publications/letters-on-no-deal-brexite-advice-for-businesses-trading-with-the-eu-andor-the-rest-of-the-world.cy

We recognise the challenges that you face in getting to grips with new and unfamiliar requirements by 29 March 2019. We are committed to supporting you and your business through this period of change, helping you to comply and making importing and exporting with the EU in a no deal scenario as easy as possible.

Yours sincerely,

Jim Harra
Deputy Chief Executive, HMRC

Withdrawn on 31 January 2020