



CHARTERED
ACCOUNTANTS
IRELAND

At a glance

BREXIT & CUSTOMS

Northern 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, 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 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.
- NI businesses shipping NI goods to Great Britain (GB) should have unfettered access to that market.
- Sanitary and Phytosanitary (SPS) checks will be carried out on some agri-food products that move from GB to NI.

In this briefing note we will discuss:



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: NI/IRELAND AND OTHER EU COUNTRIES

NI will continue to follow EU customs rules. This means there will be no customs duties, declarations, or controls where goods move between NI and Ireland and NI and the rest of the EU countries. This also means that there will not be a hard border between NI and Ireland.

THE UK LANDBRIDGE

If goods move from NI to the EU using the UK as a land-bridge, it is likely that customs transit procedures will have to be undertaken as the goods are leaving and re-entering the EU's customs territory. Otherwise the goods could be regarded as non-EU goods because they have technically left the EU and be subject to import procedures when they are reimported into the EU.

TRADE IN GOODS: NI/REST OF WORLD (OUTSIDE GB AND EU)

From 1 January 2021, goods that are imported into NI from the rest of the world, will be subject to the UK's Global Tariff schedule. If, however such goods are deemed "at risk" of being subsequently moved into the EU, EU tariffs will apply.

If the UK enters into Free Trade Agreements with non-EU countries, NI will be allowed to benefit from any preferential tariffs under those companies. NI businesses who import goods from the rest of the world can also use the Trader Support Service.

TRADE IN GOODS: GB/EU (INCLUDING IRELAND)

From 1 January 2021, customs duties will apply on goods traded between Great Britain and the EU (including Ireland) 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 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 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 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.

TRADE IN GOODS: NI/GB

GOODS MOVING FROM NI TO GB

As the NI will be part of the UK's customs territory, the UK government has said that NI goods should have unfettered access to GB, meaning there should be no customs declarations, duties or controls required to move goods. It is possible that the UK may implement rules for certain goods moving from outside of NI and are shipped to GB via NI. Further clarification is needed from the UK government.

GOODS MOVING FROM GB TO NI

Import declarations and safety and security declarations will be required when goods move from GB to NI. EU tariffs will apply if these goods are considered to be "at risk" of being moved into the EU (via the Irish border). The goods themselves could move into the EU or the goods could form part of other goods following processing. If the goods are not considered to be at risk, EU tariffs will not apply.

Goods will be considered to be at risk of being subsequently moved to the EU unless it can be proved that:

- The goods will not undergo commercial processing in NI; and
- The goods meet criteria to be established by a Joint Committee, made up of representatives from the EU and the UK.

If goods can be proven to stay in Northern Ireland, any duties paid can be potentially reimbursed. This position may change if an FTA is agreed between the UK and EU. If the UK and EU agree a free trade agreement, tariffs may be zero but the need for customs controls would remain under the Protocol.



TRADER SUPPORT SERVICE (TSS)

The UK Government has launched a new Trader Support Service which will help to guide businesses through the import processes required when goods are moved from GB to NI. The TSS can also prepare import declarations.

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.

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