

GB-NI TRADE: Online Webinar

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CHAMBER
CUSTOMS®

CUSTOMS
DECLARATIONS



EXPORT
DOCUMENTATION



TRAINING
AND EVENTS



ONE-TO-ONE
ADVICE



Northern Ireland Protocol

- No border between NI & ROI
- NI remains in UK customs territory
- NI to benefit from UK future FTA's

Northern Ireland Protocol

- NI part of EU single market
- Unfettered access to GB market
- Grace Periods

Trader Support Service (TSS)

- What is TSS?
- Safety & Security Declaration (ENS)
- Simplified Front Tier Declaration (SFD)



Customs

- UK Customs territory
- EU Single Market for goods





PROFILE
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BUSINESS
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COST
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WHAT WILL WE NEED TO TRADE?



Moving Goods from GB to NI

- No tariffs
- Goods „at risk”
- Origin
- TSS





Trading Documentation (GB-NI)

- **Entry Safety & Security Declaration (ENS)**
- **Simplified Front Tier Declaration (SFD)**



Moving Goods from NI to GB

- Unfettered access
- No customs declarations
- No customs checks
- No tariffs





Northern Ireland
Chamber of Commerce
and Industry



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**FINISH –
THANK YOU!**



GB-NI Trade: Chamber Support Webinar

Lee Squires
Lorraine Nelson

22 February 2021



VAT and customs issues under NI Protocol

Lee Squires

Tariffs on GB to NI trade

Three gateways to zero tariffs:

UK/EU Trade
and
Cooperation
Agreement
(TCA)

- Claim zero duty if UK originating goods according to rules of origin in TCA

UK Trader
Scheme (UKTS)

- Importer is authorised under UKTS and declares goods not 'at risk' of subsequent movement into EU

Waivers

- Importer claims a waiver within their de minimis EU state aid allowance

Otherwise, customs special procedure – inward processing, customs warehouse?

Rules of origin

- TCA - Only goods with EU or UK preferential origin benefit from zero tariffs and quotas
- Rules are complex and vary depending on commodity code
- Bilateral cumulation with EU origin goods permitted
- But need some processing (other than simple operations) in UK
- EU – UK – EU/NI with no UK processing = EU tariffs on second leg
- Non-EU – UK – EU/NI = Duties on entry to UK and EU/NI
- Solutions
 - Transit procedure for full loads with no significant delay
 - Customs warehousing
 - Inward processing / outward processing relief
- Claiming preferential origin

Tariffs on GB to NI trade

UK Trader Scheme (UKTS)

In order to declare goods not 'at risk':

- Importer must be authorised under the UKTS
- Must hold evidence that the goods entered NI for the purpose of either:
 - Sale to or final use by end consumers located in the UK (e.g. sale in retail stores)
 - Use in their own business in the UK
- There must be no commercial processing in NI (unless exemption)
- Goods must not be subject to EU trade defence measures

Tariffs on GB to NI trade

Processing exemptions

Goods brought into NI for processing are always at risk unless:

- Importer has an annual turnover of less than £500K per year, or
- Processing in NI is for the sole purpose of:
 - Sale of food to end consumers in the UK
 - Construction in NI by the importer
 - Direct provision of health or care services in NI by the importer
 - Not-for-profit activities in NI where no subsequent sale of processed goods
 - Final use of animal feed in NI by the importer

Tariffs on GB to NI trade

Duty waivers

- Most businesses can claim up to a maximum of €200,000 of aid over 3 tax years, assessed on a rolling basis
- Maximum allowance includes all de minimis state aid claimed over period, including aid unrelated to duty waivers
- Lower allowances apply to businesses in some sectors
- Claim waiver on import declaration and by customs duty waivers form



VAT on GB – NI trade

VAT

- NI follows EU VAT rules in relation to goods (but not services)
- One VAT registration for UK businesses and one VAT return
- Current VAT treatment continues for sales of goods between GB and NI
- Exceptions where goods:
 - Declared into a customs special procedure
 - Subject to domestic reverse charge
 - Subject to Onward Supply procedure
 - Sold by overseas seller through online marketplace



VAT on GB – NI trade

VAT

- Business must account for VAT when moves own goods from GB to NI
- Various special cases – VAT groups, partially exempt businesses etc
- Margin scheme for motor vehicles still available in NI on cars purchased from GB
- ROI - NI - GB movements – ROI supplier must register for and charge UK VAT



- GB – NI – ROI movements involve extra complexity
- Charge UK VAT to ROI customer depending on where in movement transfer of title takes place
- May need to use Onward Supply Relief (OSR) or transit procedure

Goods trade: NI to GB

- UK export declarations not normally required
- Unfettered access for NI “qualifying goods” with no import declarations, tariffs or customs checks
- “Qualifying goods” – any goods not under customs supervision or control in NI
 - Anti-avoidance provisions apply where goods are moved through NI to avoid UK tariffs or import processes
 - Definition will be updated in 2021

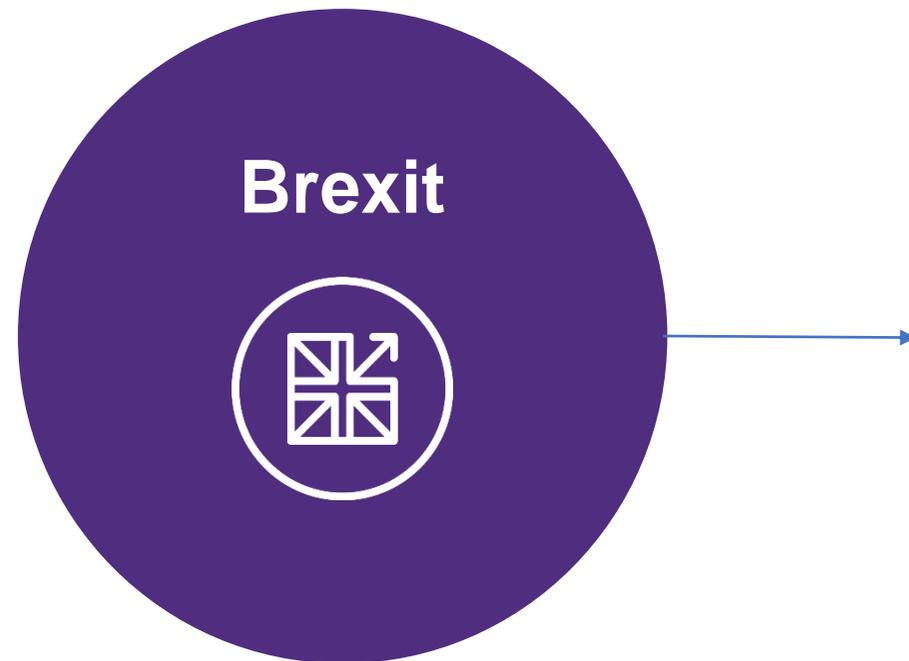


Other tax issues to keep in mind!

Lorraine Nelson

Corporate & international tax

What else should you be thinking about?



Supply chain or organisation changes – Transfer Pricing

International assignments and social security contributions

Group structures and Withholding Taxes

DAC 6

Corporate & International Tax

EU27 direct tax position

January 31, 2020

- UK no longer an EU member state in legal terms
- EU27 domestic provisions **not** part of a Directive could now exclude UK (tax consolidations, CFC white lists, claw back?)
- Directives should still apply to the UK so EU27 treat UK as a member state for WHT, Mergers etc.

End of transition

- Unless agreed, EU27 no longer obliged to treat UK as an EU Member State for Directives. Some concessions (e.g. Italy)
- Cross border payments of interest, royalties or dividends could attract WHT – consult treaty network
- Clearance / admin requirement even if treaty still at 0%

Withholding tax – Impact of UK not being an EU Member State

The impact of moving from the Parent-Subsidiary Directive & Interest and Royalties Directive onto rates agreed with Double Tax Treaties

Country	Dividends	Interest	Royalties
Austria	If shareholding $\geq 25\%$, at 5% Otherwise, 15%	0%	If shareholding $> 50\%$, 10% Otherwise, 0%
Belgium	If shareholding $\geq 10\%$, at 0% Otherwise, 10%/15%	0%/10%	0%
Bulgaria	For certain dividends 0% Otherwise 5%/15%	If shareholding $\geq 10\%$, 0% Otherwise 5%	5%
Croatia	If shareholding $\geq 25\%$, 5% Otherwise 10%/15%	5%	5%
Cyprus	0%	0%	5% for film royalties Otherwise, 0%
Czech Republic	If shareholding $\geq 25\%$, 5% Otherwise, 15%	0%	0%/10%
Denmark	If shareholding $\geq 25\%$, 0% Otherwise, 15%	0%	0%
Estonia	0%	0%/10%	0%
Finland	0%	0%	0%
France	If shareholding $\geq 10\%$, 0% Otherwise, 15%	0%	0%
Germany	If shareholding $\geq 10\%$, 5% Otherwise, 10%/15%	0%	0%
Greece	15%	0%	0%
Hungary	If shareholding $\geq 10\%$, 0% Otherwise, 10%/15%	0%	0%

Withholding tax – Impact of UK not being an EU Member State

Country	Dividends	Interest	Royalties
Ireland	For certain qualifying companies 0% Otherwise, 5%/15%	0%	0%
Italy	If shareholding ≥10%, 5% Otherwise, 15%	10%	8%
Latvia	If shareholding ≥25%, 5% Otherwise, 15%	10%	5%/10%
Lithuania	If shareholding ≥25%, 5% Otherwise, 15%	10%	5%/10%
Luxembourg	If shareholding ≥25%, 5% Otherwise, 15%	0%	5%
Malta	0%	0%	0%
Netherlands	If shareholding ≥10%, 0% Otherwise, 10%/15%	0%	0%
Poland	If shareholding ≥10% for 2 consecutive years, 0% Otherwise, 10%	5%	5%
Portugal	If shareholding ≥25%, 10% Otherwise, 15%	10%	5%
Romania	If shareholding ≥25%, 10% Otherwise, 15%	10%	10%/15%
Slovakia	If shareholding ≥25%, 5% Otherwise, 15%	0%	10%
Slovenia	If shareholding ≥20%, 0% Otherwise, 15%	If shareholding ≥20%, 0% Otherwise, 5%	5%
Spain	If shareholding ≥10%, 0% Otherwise, 10%/15%	0%	0%
Sweden	If shareholding ≥10%, 0% Otherwise, 5%/15%	0%	0%

Key

- Unless EU country acts to treat the UK as a Member State, there will be a Brexit impact – payments from EU to UK companies will most likely result in increased costs
- Unless EU country acts to treat the UK as a Member State, then depending on facts, there may be a Brexit impact – payments from EU to UK companies may result in increased costs
- There should not be a Brexit impact – payments under treaty should not result in any additional costs

Withholding tax – Impact of UK not being an EU Member State

- In relation to UK withholding taxes on payments to EU Member States, HMRC released guidance which states that the UK will continue to apply the EU Directives to payments from UK companies to Member States.
- This means that there should be no increased UK withholding tax cost on any interest and royalty payments to Member States. Payments which previously qualified for the Directive exemptions should continue to qualify. NB: Clearance process remains in place for interest payments (but not for royalties).
- Many companies are now also experiencing significant delays in getting tax clearance certificates issued by HMRC, which are required to claim DTT in most jurisdictions.