

## Guide to Duty Deferment

Border Operating Model link: [Full Border Operating Model](#)

### The simplest step-by-step guides:

[Step-by-step guide for exports](#)

[Step-by-step guide for imports](#)

### Quick reference to pages with more niche details:

- Importing process diagrams for ports with customs controls in place and those without infrastructure – pp22-23
- ATA Carnet imports – p30 and exports – p139
- Excise good imports – p49 and exports – p162
- Drug precursor imports – p52 and exports – p164
- Waste imports – p60 and exports – p169
- Detail on full July 2021 model starts p 82 ('Stage 3')
- Detail on exporting goods starts p 121

**From January 2021:** Traders importing standard goods, covering everything from clothes to electronics, will need to prepare for basic customs requirements, such as keeping sufficient records of imported goods. Traders will also need to consider how they account for and pay VAT on imported goods. Traders will then have up to six months to complete customs declarations. While tariffs will be payable where due on relevant goods, payments can be deferred until the customs declaration has been made. UK Safety and Security declarations will not be required on imports for the first six months.

Standard customs declarations will be needed from this date for controlled goods and excise goods, including drug precursor chemicals, ammonium nitrate fertiliser, fuels (including alcohols and biodiesel etc.) and ozone depleting substances. Full declarations will also be required for all goods subject to trade remedies and safeguards.

Export declarations and UK exit Safety and Security declarations will be required for all goods. Traders importing and exporting goods using the Common Transit Convention will need to follow all of the transit procedures - these will not be introduced in stages. The goods vehicle movement service (GVMS) will be introduced from January only for transit movements.

**2. From April 2021:** All products of animal origin (POAO) – for example meat, honey, milk or egg products – and all regulated plants and plant products will require pre-notification and the relevant health documentation. Any physical checks will continue to be conducted at the point of destination until July 2021.

**3. From July 2021:** Traders moving any goods will have to make full customs declarations at the point of importation and pay relevant tariffs. Full Safety and Security declarations will be required, while for commodities subject to sanitary and phytosanitary (SPS) controls, these will have to be presented to BCPs and there will be an increase in physical checks and the taking of samples. SPS checks for animals, plants and their products will take place at GB Border Control Posts and not at destination. The GVMS will be in place for all imports, exports and transit movements at border locations which have chosen to introduce it.

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Early actions

**→ Apply for a GB EORI number**

This is required for all businesses moving goods into or out of GB, including those deferring their import declarations. Further information, including a link to apply for an EORI number, is available [here](#). It can take up to a week to get one, and around 5-10 minutes to apply. VAT registered businesses with EU trade were previously enrolled with an EORI number, so should check whether they already have a number before applying.

**→ Get a Customs Intermediary**

Intermediaries can help traders find the information needed to complete formalities and submit the required declarations. This simplifies the declaration processes for traders. Further information can be found [here](#). The UK Government has announced a grant scheme to support intermediaries and those businesses who want to make declarations themselves.

If business decide not to use an intermediary, they will need to make declarations themselves. To do this they will need to get access to HMRC systems and to purchase software.

**→ Apply for a Duty Deferment Account**

*This is recommended in order to make the temporary declaration deferment system work smoothly, though in some cases intermediaries will allow traders to make use of the intermediaries' deferment account.* Traders who import goods regularly may benefit from having a duty deferment account (DDA). This enables customs charges including customs duty, excise duty, and import VAT to be paid once a month through Direct Debit instead of being paid on individual consignments. VAT registered traders can instead account for import VAT on their VAT return using postponed VAT accounting, as detailed below.

To set up a DDA, traders, or their representatives, apply for a deferment account number (DAN) and will need to be authorised by HMRC. New rules are being introduced which will allow most traders to use duty deferment without a Customs Comprehensive Guarantee (CCG).

**→ Prepare to Pay or Account for VAT on Imported Goods**

VAT registered traders will be able to account for import VAT on their VAT return by using postponed VAT accounting from 1 January 2021. Unless they are eligible to defer their supplementary declarations, they will not be compelled to use postponed VAT accounting. Non-VAT registered traders (and any VAT registered traders not using postponed VAT accounting) will need to report and pay import VAT through the customs processes. Within this context, VAT payments can be deferred using a DDA as outlined above. VAT on imports of goods in consignments not exceeding £135 in value will be treated differently to those goods in consignments exceeding £135.

**→ Consider Commercial Arrangements**

Individual commercial contracts and arrangements may alter the default legal responsibilities and requirements. Contractual obligations for international commercial transactions are outlined in the [Incoterms rules](#), which are administered by the International Chamber of Commerce. These are an important consideration for traders when moving goods internationally, and should be considered and understood alongside the information in this document.

**→ Check codes, tariff rates and rules for your goods**

Find the [right commodity code](#) for your goods. Familiarise yourself with how to [how to value your imports for customs duty](#).

Businesses importing goods into GB should ensure they are familiar with using the [‘Trade with the UK’](#) tool which provides detailed information on tariffs, taxes and rules. The tariffs shown are those currently being applied but will be updated on 1 January. Use the [UK Global Tariff tool](#) to check the tariffs that will apply to goods imported from 1 January 2021.

Exporters of goods from GB should ensure they are familiar with using the [‘Check How to Export Goods’](#) tool which provides detailed information on duties and customs procedures for over 160 countries. For exporting to the EU, you can also use the EU’s [TARIC](#) tool which shows tariff rates and other requirements.

#### Deferred declarations

In order to complete the supplementary declaration, the trader, or an intermediary acting on their behalf, will need to be authorised for simplified declarations procedures and have a Duty Deferment Account.

Traders or individuals with a poor compliance history will not be allowed to defer declarations in this way, and must submit a standard customs declaration, as with importers of controlled goods from January 2021. Traders who fall into this category will be contacted by HMRC and will be instructed that they will not be able to defer declarations.

If the goods are being moved through a location without existing customs control systems, the EORI must accompany the goods.

If the goods are moving through a location with existing customs control systems, the person collecting the goods must bring evidence that can be used to prove a declaration has been made, such as the trader’s EORI.

By the time traders need to submit the supplementary declaration they will need access to an authorisation for simplified declarations for imports and a Duty Deferment Account.

“Access to” means that either the trader or an intermediary acting on their behalf must be Customs Freight Simplified Procedures (CFSP) authorised and have a DDA. The UK Government expects that for most traders it will be beneficial to use their intermediary’s CFSP authorisation but to have their own DDA. If traders do use their intermediaries’ authorisation, from January 2021 traders will be able to do so without the intermediary becoming jointly liable.

#### Import VAT

VAT registered traders who are eligible and choose to defer their supplementary declarations must use postponed VAT accounting. This means they will need to account for import VAT on their periodic (usually quarterly) VAT return which includes the date they imported the goods. To do this they will need to estimate the import VAT due from the records of imported goods they are required to keep in their own commercial records. When they submit their deferred declaration, they must adjust this estimate to precisely account for the import VAT due on a later VAT return.

Non-VAT registered traders who choose to defer their supplementary declarations will follow the same process as they do for customs duties and will pay any import VAT due on their Duty Deferment Account.

#### Traders not using Deferred Declarations:

VAT registered traders not choosing to, or not eligible to defer their customs declarations will be able to account for import VAT on their VAT return by using postponed VAT accounting.

Non-VAT registered traders who are not choosing to, or not eligible to defer their customs declarations will have the same options available to report and pay import VAT through the customs processes. As is possible for customs duties, traders and intermediaries can use duty deferment to defer payment of import VAT until a prescribed date, delaying payment for an average of 30 days.

#### General Import facilitations

- Can use the **Common Transit Convention** but best to [become an authorised consignee](#) first and also arrange a customs guarantee and access to the new Computerised Transit System
- You can apply to make use of **simplified declarations** on imports in the longer-term, or from day one if you are moving goods that require full declarations. Traders either need to be authorised to use simplified declaration processes themselves, or use an intermediary’s authorisation. Where traders use their intermediaries’ authorisation this previously involved

the trader and intermediary taking on joint liability for paying duties and VAT. However, from January 2021 traders will be able to do so without the intermediary becoming jointly liable. <https://www.gov.uk/guidance/using-simplified-declarations-for-imports> (page 19 of border operating model)

- Can apply for [AEO status](#)
- Can still use [Inward Processing Relief](#) and [Outward Processing Relief](#) but these will be able to be used in more cases as the EU will count as another customs area
- Can also still apply to use [Customs Warehousing](#)

Full import process (*for controlled goods from Jan 2020, for all goods from July 2020*)

Most actions same as above for traders, with extras for intermediaries and those planning to do their own declarations, who will need to use CHIEF and/or the new system (CDS).

Goods imported from the EU will be subject to standard customs control from July 2021. There are two main customs processes that goods can be imported into, and which process applies will depend on what location the goods are imported through. Border locations receiving goods that are moving into GB from the EU will be able to choose between these two models:

- The traditional Temporary Storage model, where goods coming into GB can be stored at the frontier for up to 90 days before being declared to customs
- The pre-lodgement model, where goods arriving will be required to have submitted a customs declaration in advance of boarding on the EU side

HMRC are developing a new IT platform to support the pre-lodgement model, called the Goods Vehicle Movement Service (GVMS). However, its use will not be mandatory and the choice between using a Temporary Storage and a pre-lodgement model will be a commercial decision for border location operators. The UK Government will provide a list of sites which will use the pre-lodgement model once this border locations have made their commercial decision.

The GVMS is an IT platform which supports the pre-lodgement model. The GVMS will allow:

- Declaration references to be linked together so that the person moving the goods (e.g. a haulier) only has to present one single reference (Goods Movement Reference or GMR) at the frontier to prove that their goods have pre-lodged declarations.
- The linking of the movement of the goods to declarations, enabling the automatic arrival in HMRC systems as soon as goods board so that declarations can be processed en route.
- Notification of the risking outcome of declarations (i.e. cleared or uncleared) in HMRC systems to be sent to the person in control of the goods by the time they physically arrive so they know where they need to proceed to.

If hauliers are moving goods through a location using the pre-lodgement model, they will ask traders to provide, for each consignment carried, a unique reference number that proves that a declaration has either been pre-lodged or is not needed. This can be a Movement Reference Number (for goods declared into CHIEF or CDS), or an EORI (for goods where the trader is authorised to make declarations in their own records), or a Transit Accompanying Document MRN (for goods moving via Common Transit).

Hauliers would then link all these references together, alongside any Safety and Security declaration references, into one Goods Movement Reference (GMR) for each trailer movement.

#### Safety and Security (S&S) Declarations

**These are additional to customs declarations and will be required for all imports from the EU from July 2021, as they are for RoW imports now.** Carriers have a legal responsibility to ensure that the UK customs authority is provided with S&S pre-arrival information, by way of entry summary declarations, for goods being imported to GB. The data required for an entry summary declaration includes; consignor, consignee, a description of the goods, routing (country by country), conveyance

(e.g. flight reference) and time of arrival. Intermediaries will usually do this but companies making their own declarations will need to be familiar with the rules (from page 90 of the BOM).

#### Export Process

**Flow charts on page 130 of BOM.** The simplest guide to start with on the UK side of exporting is here: <https://www.gov.uk/prepare-to-export-from-great-britain-from-january-2021>; for the EU import procedures, the starting point would be here: <https://trade.ec.europa.eu/tradehelp/eu-import-procedures>; and on VAT here: <https://trade.ec.europa.eu/tradehelp/eu-value-added-tax-vat#:~:text=Imports%3A%20VAT%20is%20levied%20on,under%20a%20VAT%20suspensive%20arrangement>. (refund process differs across member states but this page has a starting point: [https://europa.eu/youreurope/business/taxation/vat/vat-refunds/index\\_en.htm](https://europa.eu/youreurope/business/taxation/vat/vat-refunds/index_en.htm)). If you are responsible rather than your customer, it is easier to pay VAT at the border and reclaim from that country than to do the suspension. You can do this without being established in the EU but it takes longer.

Annexes A and B of the [Border Operating Model](#) have some information about EU customs requirements (EU import requirements are from page 194). Pages 199 onwards have some of the specific requirements for member states for Ro-Ro traffic.

**Reminder: GOV.UK has a new tool which can be used to look up tariff rates and other import requirements, including documentation, in export markets (this is a UK-specific replacement for the EU's Market Access Database):** [https://www.check-duties-customs-exporting-goods.service.gov.uk/selectdest?\\_ga=2.74757393.2098389943.1594626790-1650061039.1577462002](https://www.check-duties-customs-exporting-goods.service.gov.uk/selectdest?_ga=2.74757393.2098389943.1594626790-1650061039.1577462002)

UK-based business sending goods from the UK will have to complete a UK customs export declaration after the end of the Transition Period.

Most RoW declarations are currently submitted by an intermediary, such as a customs agent. Alternatively, exporters can submit declarations through the National Export System (NES) or by using commercial software.

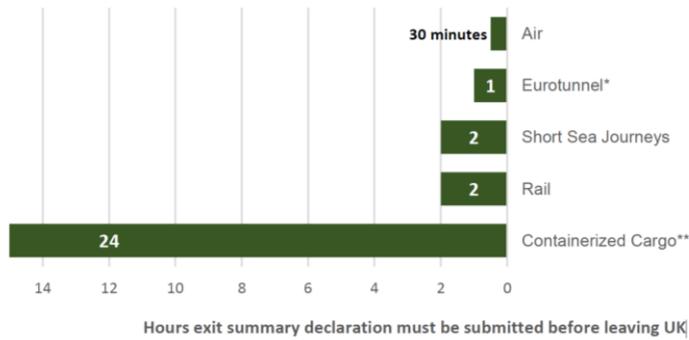
The declarant (exporter or person acting on their behalf) is responsible for the accuracy of the information.

There will also be a requirement for an EU import customs declaration for goods being exported from the UK to the EU.

From January 2021 to the end of June 2021 for goods moving via locations without existing customs control systems, including RoRo listed locations and other non-inventory linked locations, a declaration must be submitted before the goods have left the trader's premises. From July 2021 only goods moving via specified locations can submit an arrived declaration. After the declaration is submitted the declarant will receive 'Permission to Progress' (P2P) or a specific routing in order to be checked. From January 2021, hauliers will need to carry evidence that a declaration has been made. From July 2021 at locations using the Goods Vehicle Movement Service (GVMS) hauliers will need GVMS to link export declaration references together into one single Goods Movement Reference (GMR). The driver will be required to present the GMR at the port or terminal of exit.

All exports will require a Safety and Security (S&S) declaration from January 2021.

The requirement for S&S information on export can be fulfilled via a combined fiscal and S&S export declaration. Where an export declaration is not submitted pre-departure, a standalone exit summary declaration may be needed. The data required for an exit summary declaration includes consignor, consignee, a description of the goods, routing (country by country), location of goods and customs office of departure.



*\* This time is dictated by arrival at Folkestone*

*\*\* This time is pre-loading on the vessel*

Exporters can make a single export declaration that effectively combines customs and safety and security data. This must be made before the goods are exported.

Exporters may submit export declarations through HMRC's National Export System. One route allows exporters to make declarations themselves without the need for an agent or commercial software.

For exports through RoRo locations, exporters will be required make a declaration and wait for permission to proceed before moving to the location of exit, to minimise the risk of congestion at ports. part of plans to help hauliers and HGV drivers understand if they are carrying the right documentation, the UK Government is developing new technology, known as the Smart Freight Service (SFS), for the Roll on Roll off (RORO) Freight Industry.

For the end of the Transition Period the service would be introduced for RoRo freight travelling from the UK to the EU and would help ensure that only vehicles carrying the correct documentation for Member State border controls travel to ports.

Exporters can be authorised for [simplified export declaration processes](#) which can allow them to make a simplified export declaration or an [entry](#) in their records followed by a supplementary export declaration. In many cases, an exit summary declaration (S&S) will still be required though.