Customs and Trade Implications of Brexit

by Mairéad Hennessy

CPDBITES

As we all know, the departure of the United Kingdom (UK) from the European Union (EU) has had significant customs and trade implications for both UK and EU member states.

This bite summarises some of the key customs and trade implications of Brexit for businesses in Northern Ireland (NI) and the Republic of Ireland (ROI).

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Poll results

What, in your view, has been the main challenge for businesses in NI and the ROI exporting goods to Great Britain (GB) following Brexit?

Complying with new customs rules and processes.	57%
The burden of additional costs associated with transporting goods to GB.	30%
The need to restructure supply chains.	2%
Another challenge.	1%
I'm not sure about this one.	8%

RETAKE POLL

Many finance professionals will have been impacted by changes to customs and trade rules post-Brexit in trying to help out their business or clients. So, keep scrolling to get an overview of the key changes you need to be aware of.

Northern Ireland Protocol customs rules

The Northern Ireland Protocol is a part of the Brexit agreement between the UK and the EU, which came into effect on 1st January 2021. It was devised to avoid a hard border on the island of Ireland following the UK's withdrawal from the EU. But what does this mean in relation to customs and trade for businesses in the ROI and NI?

Under the protocol, NI remains in the UK's customs territory but some EU rules and regulations may apply, particularly in relation to trading in goods. Some of the key arrangements established by the protocol include:

1. While NI remains in the UK's customs territory, checks are required on goods entering NI from GB (England, Scotland and Wales).
2. NI also remains subject to some EU regulations, particularly those relating to goods, to ensure that goods entering the ROI from NI meet EU standards.
3. The EU has a customs presence in NI, with customs officials stationed at ports and airports to monitor goods entering NI from the rest of the UK.

The Northern Ireland Protocol also includes provisions for NI to remain part of the EU's single market for goods. This means that for VAT purposes, goods remain EU goods while in NI (however, services are classed as being from outside of the EU).

Windsor Framework customs rules

The most recent Brexit-related agreement, the Windsor Framework, was formally adopted by the UK and the EU and came into effect on 25th March 2023. It is designed to address problems with the movement of goods between the European single market (which NI is considered a part of for trade in goods) and the UK which have arisen as a result of the Northern Ireland Protocol.

The new Framework introduces arrangements to address practical issues, for example, relating to goods travelling from GB into NI. On this matter, the Framework provides for the simplification of customs procedures, facilitations for parcel post and an expansion of the existing trusted trader scheme.

These changes will be introduced on a phased basis, which will give traders and authorities time to prepare. The indicative timetable for implementation is:

- **30th September 2023** – start expanded scheme for trusted traders.
- **30th September 2024** – start all facilitations for freight and parcels.

The simplification of customs procedures envisaged in the Windsor Framework will apply to traders based in NI and goods imported to NI.

Further details on the Windsor Framework may be accessed here.

New customs regime

Finally, one of the most prominent consequences of Brexit has been the establishment of a new customs regime between the EU and the UK. Brexit has resulted in the introduction of customs checks and controls on goods crossing UK-EU borders. These checks aim to ensure compliance with various customs procedures, including customs declarations, tariffs and rules of origin.

Importing goods from GB to Ireland

Businesses that import goods from countries outside the EU (e.g. GB) into the ROI must ensure that there is a correctly completed import declaration. This requires the business to check that the following information is available relating to the goods being imported:

- Tariff (commodity) code.
- Incoterms (i.e. the terms and conditions between the supplier and the purchaser).
- Origin (a copy of the certificate of origin or registration provided by the exporter on the Registered Exporter system (REX)).
- Customs valuation (usually invoice value + insurance costs + freight costs).
- Gross and net weight in kgs.
- Confirmation of pallet type.
- Route data – vehicle/ship/aircraft identity, route and estimated time of arrival.

The introduction of these customs checks and procedures has led to increased administrative burdens for ROI businesses involved in UK-EU trade. These requirements have meant additional costs and delays, especially for small businesses that do not have sufficient resources or expertise to manage these new procedures. As a result, many businesses are engaging service providers to handle the import documentation on their behalf.

Importing businesses must be aware that if they engage a third party to complete the customs declaration, they are still responsible for the accuracy of the information stated on this documentation.

About the author

At Taxkey, we are passionate about delivering proactive and practical tax advice to SMEs and their owners. We partner with accountants, solicitors and financial advisors to develop strategic and bespoke tax solutions that enable our clients to plan their tax affairs. This ensures tax efficiencies are achieved and tax reliefs are maximised.

We advise on all areas of Irish taxation and specialise in: retirement planning; business succession, corporate restructuring and business reorganisation; tax efficient remuneration plans for employees; VAT; property transactions; gift and inheritance tax planning; and domicile planning and the remittance basis of taxation for individuals moving to or from Ireland.