



HM Government

**UK LEAVES
THE EU**
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Partnership pack: preparing for changes at the UK border after a no deal EU Exit



Contents

3	Introduction Δ	
5	Working in partnership with you Δ	
6	Customs, excise, VAT and regulatory changes Δ	
6	Customs and excise	
7	UK Trade Tariff	
8	VAT for business	Δ
9	Trade remedies	
10	Trading goods regulated under the 'New Approach'	
14	What to expect on day one of a no deal scenario	
16	Individuals	
16	Travellers to the EU with a UK passport	
18	Individuals travelling with pets	
20	Traders	
20	Traders importing from the EU only	Δ
33	Traders exporting to the EU only	Δ
43	Traders with the EU and the rest of the world	Δ
51	Traders with the rest of the world only	Δ
55	Service industries	
55	Businesses supplying services to the EU	Δ
58	Postal services	Δ
60	Express couriers	+
63	Tour operators	Δ
64	Creative, cultural and sport	
64	Organisations, businesses, and individuals in the creative, cultural and sport sectors	
67	Agrifood, animals and plants	
67	Traders importing live animals, animal products including fish and high-risk food and feed not of animal origin from the EU and the rest of the world	Δ
71	Traders exporting live animals, animal products including fish and high-risk food and feed to the EU and the rest of the world	Δ
76	Businesses and individuals moving horses and other equines between the UK and the EU	Δ
79	Businesses and individuals moving endangered species between the UK and the EU	Δ
81	Traders importing plants and plant products from the EU	Δ
85	Traders exporting plants and plant products to the EU	
87	Businesses buying and selling timber or timber products in the EU	Δ

Updates to this pack

When we make updates to this pack, it will be republished with a new edition number and publication date. You can find new or updated content using the following key:

[+](#) New content

[Δ](#) Updated content

- 89 Specialist traders**
 - 89 Businesses trading in food and drink **+**
 - 92 Businesses selling duty-suspended alcohol, tobacco or fuel in the UK **Δ**
 - 94 Businesses trading in rough diamonds **Δ**
 - 96 Businesses and individuals exporting controlled goods
 - 98 Businesses trading in civil explosives **Δ**
 - 100 Businesses supplying medicines and medical devices **Δ**
 - 104 UK licensed establishments working with organs, tissues and cells **Δ**
 - 106 Traders in drug precursor chemicals **Δ**
 - 110 Businesses using chemicals **Δ**
 - 114 Businesses trading in fluorinated gases and ozone depleting substances **Δ**
 - 117 Businesses shipping waste into and out of the EU **Δ**
- 119 Transporters**
 - 119 Haulage companies operating between the UK and the EU **Δ**
 - 123 Ferry or Channel Tunnel operators moving goods between the UK and the EU **Δ**
 - 125 Freight forwarders **Δ**
- 128 Other operators at the UK border**
 - 128 Customs agents **Δ**
 - 133 Ports and airports
 - 134 Customs warehouses
 - 136 Temporary storage operators
 - 137 **Communication resources** **Δ**
 - 137 Step-by-step guides
 - 137 Technical notices
 - 137 Guidance for UK businesses that trade with the EU
 - 137 HMRC letters to support EU-only traders **Δ**
 - 138 Key messages on the UK border
 - 139 **Tell us what you need**

Introduction [△]

This pack provides a high-level guide to processes and procedures that are likely to apply to cross-border activity between the UK and the EU in a no deal scenario.

Leaving the EU with a deal remains the government's top priority. This has not changed.

However, a responsible government must plan for every eventuality, including a no deal scenario. We are intensifying and accelerating no deal planning to ensure we are fully prepared.

We have published extensive advice on the steps that businesses and citizens may need to take to prepare for our exit from the EU.

We have taken a number of steps to ensure people and businesses are prepared for a no deal scenario. This includes:

- publishing more than 100 pages of **guidance for businesses** on processes and procedures at the border in a no deal scenario
- contacting 145,000 businesses who trade with the EU, telling them to start getting ready for no deal customs procedures
- advising hundreds of ports, traders, pharmaceutical firms and other organisations that use the border about potential disruption so they can get their supply chains ready
- making £8 million available to help private customs intermediaries and traders increase their capacity and train employees to prepare for a no deal scenario
- providing an additional £410 million to the Department for Environment, Food and Rural Affairs (Defra) to allow it to maintain its focus on EU Exit preparations

- approving the transition of a trade agreement with Switzerland
- signing five civil nuclear agreements including two safeguards agreements with the International Atomic Energy Agency
- announcing the conclusion of ten new aviation agreements, including with the United States and Canada
- bringing forward legislation that takes account of different scenarios including the European Union (Withdrawal) Act, the Nuclear Safeguards Act, the Sanctions and Anti-Money Laundering Act, the Haulage Permits and Trailer Registration Act, and the Taxation (Cross-border Trade) Bill.



Extensive preparation under way

Extensive work to prepare for a no deal scenario has been under way for almost two years and we are taking necessary steps to ensure the country continues to operate smoothly from the day we leave.

In December, the Cabinet agreed to proceed with the government's next phase of no deal planning. This means we are setting in motion our remaining no deal plans. We recommend that businesses and individuals now also ensure they are prepared and enact their own no deal plans as they judge necessary.

Our objective is to minimise disruption by taking unilateral action to prioritise continuity and stability. Stability in a no deal scenario partly depends on the EU taking a similar, non-disruptive approach to planning.

Choosing to maintain continuity would not stop us from taking advantage of the opportunities presented by our exit from the EU over time, but we would do so in an orderly way.

We expect our no deal plans will not be required, but will prepare responsibly to ensure the smoothest exit in all outcomes.

The government will work closely with industry to ensure that cross-border activity continues to be conducted in a way which minimises delays and additional burdens for legitimate trade, while robustly ensuring compliance. The approach of continuity does not mean that everything will stay the same, but the priority is maximising stability at the point of departure through the government's action.

Upholding the Belfast Agreement

The UK government is clear that in a no deal scenario we must respect our unique relationship with Ireland, with whom we share a land border and are co-signatories of the Belfast Agreement.

The UK government has consistently placed upholding the Agreement and its successors at the heart of our approach. It enshrines the consent principle on which Northern Ireland's constitutional status rests. We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland. This includes north-south cooperation between Northern Ireland and Ireland, which we're committed to protecting in line with the letter and spirit of Strand two of the Agreement.

The Irish Government has indicated it would need to discuss arrangements in the event of no deal with the European Commission and EU countries. The UK would stand ready in this scenario to engage constructively to meet our commitments and act in the best interests of the people of Northern Ireland, recognising the very significant challenges that the lack of a UK-EU legal agreement would pose in this unique and highly sensitive context.

It remains, though, the responsibility of the UK government, as the sovereign government in Northern Ireland, to continue preparations for the full range of potential outcomes, including no deal. As we do, and as decisions are made, we'll take full account of the unique circumstances of Northern Ireland.

Working in partnership with you [△]

As intermediaries and trade bodies who work with UK businesses, the role that you can play in helping the government reach out to businesses and individuals is crucial.

You understand the customers, members and clients that you represent and you can provide insight, knowledge and channels to improve how many businesses receive these messages and how well they respond to them.

This partnership pack will help you support businesses and individuals to prepare if we exit the EU without a deal. It explains:

- how trade, processes and regulations at the UK border will change after 29 March 2019
- what traders, businesses and individuals operating at the UK border will need to do from 29 March 2019.

You can use it for your own contingency planning and to help your clients, customers or members to:

- think about how they will need to adapt their activities to comply with new systems, processes and controls
- assess the impact of any changes on their business
- consider whether they need to recruit and train additional staff
- stay up-to-date with these changes by [registering for email alerts](#). Follow the link, add your email address, select 'Submit', select 'Add subscription' and choose 'EU Exit' then select 'Submit'.

We look forward to working with you and getting your feedback on what you think customers need.

Where to go for more information

We have published extensive advice on the steps that businesses and citizens may need to take to prepare for our exit from the EU. Businesses and the wider public should visit gov.uk/euexit to access the information they need.

Businesses can register for our email update service at www.gov.uk/hmrc/business-support, select 'business help and education emails', then 'EU Exit'.

Information on how to trade with countries outside of the EU (including details on customs procedures, excise rules and VAT) is on GOV.UK.

For information about starting to import, go to GOV.UK and search for 'Starting to import' and then select 'Importing from non-EU countries'.

For information on starting to export, on GOV.UK, search for 'Export goods' and then select 'exporting goods outside the EU'.

For general information about EU Exit, including the Article 50 process, negotiations, and announcements about policy changes as a result of EU Exit, please visit www.gov.uk/government/brexit

All **technical notices** are published on GOV.UK. You can also find information about technical notices and other resources in this partnership pack.

If you have ideas for additional resources, or if you want to discuss your own plans for communications, please contact:
euexit.communications@hmrc.gsi.gov.uk

Customs, excise, VAT and regulatory changes [△]

If the UK exits the EU without a deal, UK businesses will have to apply customs, excise and VAT procedures to goods traded with the EU, in broadly the same way that already applies for goods traded outside of the EU.

The UK intends to establish an independent trade remedies system by the time the UK exits the EU. There will also be implications for a range of specific goods regulated under EU legislation.

The detail is set out in the [technical notices on GOV.UK](#). Here are the key changes to expect:

Customs and Excise

Businesses can currently move goods freely between EU countries. For customs, this means that businesses trading with the rest of the EU do not have to make any customs import or export declarations, and their trade with the EU is not subject to import duty.

Certain goods are subject to excise duty. This is a tax charged on the production and importation of alcohol, tobacco and oils. These goods are currently free to move between the UK and the rest of the EU with the excise duty-suspended.

If the UK leaves the EU on 29 March 2019 without a deal, there will be immediate changes to the procedures that apply to businesses trading with the EU. It would mean that the free circulation and movements of goods between the UK and EU would end.

HMRC is currently introducing its new Customs Declaration Service (CDS), which replaces its Customs Handling of Import and Export Freight (CHIEF) system. Read information about how CDS is being introduced and what businesses need to do to prepare on [GOV.UK](#).

From 11pm on 29 March 2019, for businesses trading with the EU, the impacts would include:

- businesses having to apply the same customs and excise rules to goods moving between the UK and the EU as are currently applied in cases where goods move between the UK and a country outside of the EU. This means customs declarations would be needed when goods enter the UK (an import declaration), or when they leave the UK (an export declaration). For imports into the UK a separate safety and security declaration needs to be made by the carrier of the goods (this is usually the haulier, airline, freight train operator or shipping line, depending on the mode of transport used to import goods). For exports from the UK, the export declaration includes the safety and security declaration
- the EU applying customs and excise rules to goods it receives from the UK, in the same way it does for goods it receives from outside of the EU. This means that the EU would require customs declarations on goods coming from, or going to, the UK, as well as requiring separate safety and security declarations for imports into the EU
- for movements of excise goods, the [Excise Movement and Control System \(EMCS\)](#) would no longer be used to control duty-suspended movements between the EU and the UK. However, EMCS would continue to be used to control the movement of duty-suspended excise goods within the UK, including movements to and from UK ports, airports and the Channel Tunnel. This will mean that, immediately on importation to the UK, businesses moving excise goods from the EU, including those in duty suspension, will have to make a customs declaration and the goods placed either into a customs or excise suspensive arrangement or the duty must be paid at that point.

UK Trade Tariff

Under current rules, for goods moving between EU countries, there are no customs duties, and no routine intervention during the movement of goods.

For goods entering the EU's Customs Territory from the rest of the world (third country goods), an import declaration is required, customs formalities and checks are carried out – for example for compliance with EU regulations – and any customs duties must be paid.

After any duties have been paid on third country goods, and any other formalities complied with, those goods can move freely between EU countries (they are in 'free circulation') and are no longer subject to routine controls.

However, in the event of a no deal exit, goods traded between the UK from the EU after 11pm on 29 March 2019 will be subject to the same requirements as third country goods, including the payment of duty.

The actual duty rates that will apply to each item imported into the UK may be different to the rates currently applied under the EU's Common Customs Tariff (CCT).

For UK exports arriving at the EU border, the EU will require payment of customs duty at the rate under the EU's CCT.

In preparing for a no deal scenario, businesses should be aware of the following:

- the Taxation (Cross-Border Trade) Act 2018 will provide the necessary powers for the UK to set its own tariff for UK imports when it leaves the EU

- trade with the EU will be on non-preferential, World Trade Organization (WTO) terms. This means that the EU's Most Favoured Nation (MFN) tariffs and non-preferential rules of origin would apply to consignments between the UK and EU
- the EU will apply its MFN rates to goods imported into the EU from the UK. The EU MFN rates are set out in the CCT, where they are listed as 'erga omnes' (which means 'towards all'), rather than stating a specific country. The EU may change these rates between now and March 2019, but this provides an indication
- the Taxation (Cross-Border Trade) Act 2018 enables the UK to put in place a UK trade preferences scheme for developing countries. The UK intends to provide the same level of access to developing countries as the current EU trade preference scheme
- the UK intends to continue our existing EU Free Trade Agreements as now. Maintaining these benefits is of clear importance to businesses, consumers and investors, and will ensure a smooth transition for users of these provisions as we leave the EU
- the UK does not plan any immediate deviation from the current commodity code list published in the UK Trade Tariff, which is currently applied by the EU, except where necessary to maintain alignment or for trade remedies purposes. See information on page 9 about trade remedies in a no deal scenario.

In the event of no deal, ahead of March 2019, the UK Trade Tariff, detailing the import duty rates and rules that will be applicable to each type of goods, will be made available free on GOV.UK as it is now.

However, importers of goods into the UK will no longer be able to rely on EU Tariff information published on the [EU TARIC portal](#) – the integrated Tariff of the European Union.

VAT for businesses

The UK will continue to have a VAT system after it leaves the EU. The revenue that VAT provides is vital for funding public services and the VAT rules relating to UK domestic transactions will continue to apply to businesses as they do now.

If the UK leaves the EU on 29 March 2019 without a deal, the government's aim will be to keep VAT procedures as close as possible to what they are now. This will provide continuity and certainty for businesses.

However, there will be some specific changes to the VAT rules and procedures that apply to transactions between the UK and EU countries.

The government has taken decisions and actions where necessary in order to mitigate the impacts of these changes for businesses.

In the VAT for businesses technical notice, the government has announced that in a no deal scenario it will introduce postponed accounting for import VAT on goods brought into the UK. This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT on or soon after the time that the goods arrive at the UK border. This will apply both to imports from the EU and non-EU countries.

In reaching this decision, the government has taken account of the views of businesses and sought to mitigate any adverse cash-flow impacts, keeping VAT processes as close as possible to what they

are now. However, postponed accounting will not be introduced for parcel consignments valued up to and including £135, which do not contain excise goods and are customs-declared for release to free circulation.

If the UK leaves the EU without an agreement, VAT will be payable on goods entering the UK as parcels sent by overseas businesses.

Parcels are consignments that are defined in law as postal packets which includes letters, parcels, packets or any other article that could be sent by post even if they are sent by different means.

The government set out in the Customs Bill White Paper (published October 2017) that Low Value Consignment Relief (LVCR) – a relief from UK import VAT on goods valued at £15 or less – will not be extended to goods entering the UK from the EU.

This note confirms that if the UK leaves the EU without an agreement then LVCR will no longer apply to any parcel consignments arriving in the UK. This aligns the UK with the global direction of travel on LVCR. This means that all goods entering the UK as parcel consignments sent by overseas businesses will be liable for VAT (unless they are already relieved from VAT under domestic rules, for example zero-rated children's clothing).

For parcel consignments valued up to and including £135, which do not contain excise goods and are customs-declared for release to free circulation, a technology-based solution will allow VAT to be collected from the overseas business selling the goods into the UK.

If the UK leaves the EU without an agreement, the UK will stop being part of EU-wide VAT IT systems such as the VAT Mini One Stop Shop. Details for specific EU-wide VAT IT systems is set out in the [VAT for business technical notice](#).

Trade remedies

The government intends to establish an independent trade remedies system by the time the UK exits the EU which will be operated by the UK Trade Remedies Authority (TRA), a new arm's length body to investigate complaints of unfair trading practices and unforeseen surges in imports, which cause injury to UK industry.

Trade remedies allow World Trade Organization (WTO) members to operate a safety net and protect domestic industry from injury caused by unfair trading practices, such as dumped or subsidised imports, or from injury caused by unforeseen surges in imports. These usually take the form of additional duties on those imports.

As members of the EU, we have supported UK industries to secure necessary protections through the EU trade remedies system. Currently, complaints of unfair trade practices or unforeseen surges in imports are investigated by the European Commission (DG Trade), and any trade remedy measures are applied at an EU-wide level, rather than just in the UK.

Producers currently submit applications for investigations to the European Commission. Investigations are only undertaken if there is sufficient evidence of injury to EU producers. Specifically, applications need to show sufficient evidence that:

- there are dumped or subsidised goods or an unforeseen surge in imports that is causing injury to a domestic industry
- the WTO standing requirements in relation to import volumes and injury are satisfied
- the complaint is made on behalf of EU industry, that is producers representing at least 25% of total EU production of the particular goods are being affected.

As we prepare to operate an independent trade policy outside the EU, we are creating a trade remedies system which meets the needs of the UK. We are also prioritising certainty and continuity for business by maintaining EU measures which matter to the UK. In a no deal scenario, the TRA will be operational by the time the UK leaves the EU and UK business will need to approach the TRA instead of the European Commission, with complaints relating to trade remedies.

We recognise the crucial role which UK manufacturers and producers play in our economy. We are committed to ensuring that UK industry has the protections it needs against unfair trading practices and unforeseen surges in imports which cause injury, but we will also ensure that the impact on consumers and end users is taken into account by applying proportionate measures.

We are legislating for the full suite of tools permitted under the WTO in order to tackle injury to UK industry caused by these practices. The Trade Bill will establish the TRA as a new non-departmental public body, while the Taxation (Cross-border Trade) Act 2018 sets out the trade remedies framework that the TRA will be responsible for delivering.

For more information about trade remedies if the UK leaves the EU without a deal, read the government's Trade remedies technical notice.

Trading goods regulated under the 'New Approach'

This information explains the arrangements that will apply in the event of a no deal scenario for the regulation of most goods covered by the 'New Approach'. This includes those regulated under the 'New Legislative Framework' as well as machinery.

The areas covered by these arrangements are:

- Accreditation and market surveillance** – Regulation (EC) 765/2008
- Toy safety** – Directive 2009/48/EU
- Restriction of hazardous substances in electrical and electronic equipment** – Directive 2011/65/EU
- Construction products** – Regulation (EU) 305/2011
- Pyrotechnic articles** – Directive 2013/29/EU
- Recreational craft and personal watercraft** – Directive 2013/53/EU
- Civil explosives** – Directive 2014/28/EU
- Simple pressure vessels** – Directive 2014/29/EU
- Electromagnetic compatibility** – Directive 2014/30/EU
- Non-automatic weighing instruments** – Directive 2014/31/EU
- Measuring instruments** – Directive 2014/32/EU

Lifts – Directive 2014/33/EU

ATEX – Directive 2014/34/EU

Radio equipment – Directive 2014/53/EU

Low voltage – Directive 2014/35/EU

Pressure equipment – Directive 2014/68/EU

Marine equipment – Directive 2014/90/EU

Personal protective equipment – Regulation (EU) 2016/425

Gas appliances – Regulation (EU) 2016/426

Machinery – Directive 2006/42/EC

Noise emission in the environment by equipment for use outdoors – Directive 2000/14/EC

Ecodesign – Directive 2009/125/EC

EU legislation sets out the rules, or 'essential (safety) requirements', which certain products must meet before they are placed on the EU market.

For some of these product areas, manufacturers can choose to demonstrate compliance with the essential requirements set out in legislation by following 'harmonised standards'. Harmonised standards that can be used to demonstrate that a product meets essential requirements are published in the **Official Journal of the European Union**.

For construction products, use of the harmonised standards is mandatory.

The relevant EU legislation sets out how products within its scope can be tested to prove that they conform with the essential requirements. Typical ways of showing conformity include:

- self-declaration by the manufacturer that they have taken appropriate steps to ensure their product is compliant (for example, for most toys)
- assessment of the final product by an EU-accredited body (known as a 'notified body'. A notified body is an organisation designated by an EU country to assess the conformity of certain products before being placed on the market)
- assessment of a product's design (or a prototype) by a notified body, followed by testing of either a sample of the final product or quality assurance of production processes.

For many products, a manufacturer must affix a 'conformity marking', most commonly the CE marking (CE marking is defined in EU law as 'a marking by which the manufacturer indicates that the product is in conformity with the applicable requirements set out in EU harmonisation legislation providing for its affixing'). This acts as a declaration that the product complies with the relevant requirements.

For marine equipment, the Wheel Mark (Mark of Conformity) is the European regulatory marking, as defined in the Marine Equipment Directive, 2014/90/EU) is used.

Where EU rules require third party testing, that notified body's four-digit identification number (as listed on the 'New Approach' Notified and Designated Organisations database, known as **NANDO**) must also be affixed to the product.

Notified bodies are usually given the right to carry out conformity assessment following assessment by a national accreditation body (in the UK, the **United Kingdom Accreditation Service**). They are then formally 'notified' to the European Commission and other EU countries by the relevant public body and listed on the **NANDO** database.



How processes will change

Goods already placed on the market will be able to continue to circulate in the UK. Additionally, goods that meet EU requirements (and were tested by an EU recognised conformity assessment body) can still be placed on the UK market. This is intended to be a time-limited measure.

The results of conformity assessment carried out by UK-notified bodies will no longer be recognised in the EU. This means that products tested by a UK-notified body will no longer be able to be placed on the EU market without retesting and re-marking by an EU-recognised conformity assessment body.

For the areas covered, notified bodies based in the UK will be granted new UK 'approved body' status and listed on a new UK database. Approved bodies will be able to assess products for the UK market against UK essential requirements (which, immediately after exit day in a no deal scenario, will be identical to EU essential requirements).

Manufacturers selling goods on the UK market will then be able to affix a new UK conformity marking before placing a product on the UK market. A separate UK marking to replace the wheel mark will be in place for marine equipment. Manufacturers will not need to use these markings from the point of exit in a no deal scenario if they have used the relevant EU marking after having their product assessed by an EU recognised body. This will be a time-limited arrangement.

The United Kingdom Accreditation Service's role as the UK's national accreditation body, including for most UK conformity assessment bodies, will remain as it is now.

Existing harmonised standards (used to demonstrate conformity with EU essential requirements) will become UK 'designated standards', used to demonstrate conformity with UK essential requirements. As noted above, immediately following exit these will be identical to EU essential requirements.

What this means for manufacturers

If you are a manufacturer intending to place products on the UK market on or after 29 March 2019, you should note that:

- products that meet EU requirements can continue to be placed on the UK market without any need for retesting or re-marking, including where they have demonstrated compliance with EU requirements after exit day. This will apply for a time-limited period and sufficient notice will be given to businesses before that period ends
- products that meet UK requirements and bear a UK conformity marking can be placed on the UK market, as long as any third-party testing required has been carried out by a UK-recognised conformity assessment body
- for product areas covered by this notice, UK-based notified bodies will become UK approved bodies after March 2019 and will be listed on a new UK database.

If you are a manufacturer placing products on the EU market on or after 29 March 2019, you should note that:

- products that were tested by a UK-based notified body will need to be retested by an EU-recognised conformity assessment body before placing on the EU internal market. A list of EU-recognised conformity assessment bodies can be found on the NANDO database. After March 2019, in a no deal scenario UK-based bodies will no longer be listed on this database

- alternatively, manufacturers can seek to arrange for their files to be transferred to an EU-recognised notified body to allow for certificates of conformity issued by a UK-based notified body to continue to be valid
- in either of the scenarios above, products where third-party testing is required would need to be re-marked with the new EU-recognised notified body's four-digit number.

More information

The government will provide further information setting out the practical arrangements for how UK-based notified bodies will be granted status as UK-approved bodies and on the new UK markings.

Where the government makes changes to any of the above arrangements, for example, regarding the ongoing recognition of conformity assessment activities carried out by EU bodies – it will ensure businesses are provided with adequate notice.

