Brexit: your 2021 checklist

How to prepare your business for the end of the transition period
Introduction

Brexit is expected to have significant implications for logistics across the UK and EU.

When the UK left the EU on January 31 2020, a transition period began to give both parties time to negotiate a future trading relationship. For the duration of this period, the UK will remain part of the Customs Union and Single Market.

However, it is due to leave both when the transition period ends on December 31 2020. If a trade deal isn’t agreed by then, the UK and EU could be trading on WTO terms from January 1 2021.

While no one can predict with certainty everything that might change, we want to help our customers plan ahead. This simple guide details the steps you can be taking now to help get your business ready.

Rest assured, FedEx Express is well positioned to support your cross-border shipping needs today and in the future. Trade is our business, and we’re well prepared to take on the future of global trade, whatever changes it may hold.
2021: possible trading scenarios

The future trade relationship between the UK and EU depends on the outcome of current negotiations between the two parties. While nothing will change until the post-Brexit transition period ends on December 31 2020, there are currently two likely scenarios that UK-EU trade will be conducted under from January 1 2021:

- **A Free Trade Agreement (FTA):** The UK and EU are aiming to conclude an FTA by the end of the transition period. The details of this are still unknown but it is likely that an FTA would mean, broadly, that tariffs and quotas would not be applied on the majority of goods traded between the UK and EU. There could be some exemptions to this, however, and an FTA is unlikely to eliminate all customs checks so additional paperwork and other formalities could still be required.

- **WTO terms:** If an FTA cannot be agreed by the end of the transition period, the UK and the EU will trade on World Trade Organisation (WTO) terms. Shipments will be subject to customs clearance and inspections, while tariffs are expected to be imposed on goods that the UK sends to EU countries and on goods EU countries send to the UK.
Checklist: How to prepare

Click on each number for more details

1. Learn what WTO terms could mean for your business
2. Register for a UK or EU EORI number
3. Agree Incoterms with your customers
4. Know how to describe and classify your goods
5. Know how to complete commercial invoices
6. Submit your commercial invoice electronically
7. Understand customs & clearance requirements
8. Make sure your customers/importers know about potential changes
9. Importers should consider setting up a Deferment Account
10. Talk to us
1 Learn what WTO terms could mean for your business

Exporters and importers should understand what the likely changes to customs and excise procedures will be, and how they affect their businesses, if there is no trade agreement at the end of the transition period.

This would mean the UK and EU would trade on WTO terms from January 1 2021*, and would continue to do so until a trade agreement was successfully implemented.

Get to know current rules and regulations concerning exports to countries outside the EU, many of which could apply after the transition period.

Shipping internationally may seem complicated but with FedEx we make it simple. Visit [here](#) where you’ll find out what a few important terms mean and the type of documents you may need to provide.

We advise all customers to familiarise themselves with the UK Government’s transition period guidance [here](#), or see [here](#) for readiness notices from the European Commission. Please also review our ‘No trade agreement: need-to-know’ guide [here](#).
Register for an EORI number

An Economic Operator Registration and Identification number (EORI) is an EU requirement for businesses which import or export goods to and from the EU.

Regardless of whether an FTA is agreed, both shipper and receiver will need to be EORI registered in their own respective countries. If you are shipping from Germany to the UK for example, you will need to register with the German authorities. Your receiver will need to register with the UK authorities.

UK EORI numbers will not be recognised in the EU. EU EORI numbers will not be recognised in the UK.

Please share your EORI number with us. It will:
• Start with ‘GB’ for shippers and importers in Great Britain.
• Start with ‘XI’ for shippers and importers in Northern Ireland.
• Start with the Country Code of the Issuing EU Member State for shippers and importers in the EU27 countries including the Republic of Ireland.

We advise all customers to register for an EORI in your own country as soon as possible.

It only takes 10 minutes to apply.

Applications can be made through your country’s Government website. UK businesses can register here.

Note: If you have changed or plan to change your GB EORI to an EU EORI in an EU member state, please check with the customs authority of the relevant EU member state in case any authorisations and/or licences that are linked need to be updated. Please note that UK authorisations will not be affected.
Different countries have different business cultures and languages. It’s a good idea to make sure you have a clear written contract to minimise the risk of misunderstandings.

The Incoterms rules or International Commercial Terms are a series of pre-defined commercial terms widely used in international commercial transactions. These include:

- Where the goods will be delivered
- Who arranges and pays for the transport
- Who is responsible for insuring the goods and who pays the insurance premium
- Who handles customs procedures and who pays duties and taxes

If a trade deal hasn’t been agreed by the end of the transition period, Incoterms will be an important piece of information on the commercial invoices that will need to accompany shipments. These may also be needed if a trade deal is implemented, depending on the terms of the agreement.

We advise all customers to understand Incoterms and agree them now.

For more information visit here.
Know how to describe and classify your goods

HS Codes

The Harmonized System (commonly known as the HS code) is a list of numbers used to classify a product for taxes and duties and any necessary restrictions. A Harmonized System (HS) code consists of at least six digits. When you have classified your goods, customs authorities all over the world are able to identify the contents of your package.

The system is used by more than 200 countries and covers 98% of traded goods.

You can classify your goods on your country’s Government website. You can also use an online HS code search – just type in a detailed goods description and you’ll get your code.

If you don’t include the HS code on the commercial invoice and other shipping documents, it could delay the shipment and you risk the receiver paying the incorrect duties and VAT.

For more information see here.

Description of goods

The key to smooth shipping is providing clear and accurate information on every shipping document. This includes detailing the type of goods you’re shipping correctly. For example, instead of just ‘clothing’ put ‘men’s T-shirts 80% cotton, 20% polyester’. And don’t just use company product codes to describe the goods. If the package contains branded items, include the brand name as well as the model number and description.

For more information see here.

Origin of goods

You will have to confirm the origin of goods, including all components or ingredients which make up your product. Where your products were originally manufactured may be different from the country the shipment is being sent from. Remember that some goods may originate from countries subject to special safeguards or anti-dumping duties.

For more information see here.

Value of goods

State the true value of the shipment. This should be the market price of the goods, along with the currency. If the value doesn’t seem reasonable, customs authorities may ask you or your receiver for evidence of the value you’ve declared on the invoice.

For more information see here.

We advise all customers to understand the correct classification, description and value of your goods.

UK businesses can find out more about classifying their goods here. Other countries will have similar sites available for their businesses to use.
If a Free Trade Agreement cannot be agreed within the transition period, goods traded between the UK and the EU will be subject to the same requirements as non-EU country goods under the World Trade Organisation (WTO) rules.

Every shipment will need a commercial invoice with information for customs authorities. This is expected to be a requirement even if an FTA is agreed.

A commercial invoice helps the authorities assess if the goods can move in or out of a country and what, if any, controls are needed. It also helps the authorities determine duties and taxes. It is vital to supply an invoice with the right information as it reduces the potential for delay.

For more information see here.
Submit your commercial invoice electronically

FedEx customers can avoid customs delays, speed up delivery and reduce paperwork by registering for ETD (Electronic Trade Documents) to submit commercial invoices electronically at the point of preparing shipments.

With FedEx ETD Post-Shipment Document Upload (PSDU), you can now upload customs documents by your shipping solution after the label has been created. This is ideal for shippers who create their own Commercial Invoices.

For more information, see our webpage, visit our YouTube channel or register for FedEx Global Trade Manager. This provides a comprehensive resource for simplifying international shipping and includes an online shipping assistant, a tool to estimate duties and taxes, and the ability to locate and print import and export documentation for more than 220 countries.
Understand customs & clearance requirements

Some products may be subject to specific export or import rules, licences, controls, quotas or processing and will require additional certification and presentation at border posts.

A good example of this is sanitary & phytosanitary products. For UK to EU shipments these goods need to be shipped using our Priority Express services only to ensure presentation at the correct border post on arrival in the EU.

For EU to UK Shipments the UK Government will introduce the changes over 6 months, please check the UK Government website for more details.

For more information on requirements for exporting goods, visit here.

We advise all customers to understand how to complete a commercial invoice and the required associated paperwork for all your goods.
Make sure your customers/importers know about potential changes

Do your customers and importers know what the potential requirements for imports could be in their country once the transition period ends? Are they aware of the potential import tax & duty that they may have to pay? How are you working with your customers to ensure there are no delays at the point of importation? Do you have all the correct details for the completion of export and import declarations?

It is important to include your correct address, contact details, phone/mobile number and email details on commercial invoices, and most importantly to provide the same information for your receiver.

We advise all businesses to speak to their receivers/customers so they understand what the potential impact is for them and are prepared.
Importers should consider opening a Deferment Account

Some countries in Europe offer a Deferment Account where you can pay duties efficiently and cost-effectively. You can also help to ensure that your high-value shipments are cleared quickly.

What is a Deferment Account?

When goods are imported, they may be subjected to import sales tax and customs duties. These duties are paid in full to the customs authorities at the time of import. A Deferment Account is an account authorised by your local customs office through which your payable duties can be paid directly to the authorities for a certain accounting period on a predetermined due date.

More information can be found on country Government websites. UK businesses can find more information here.
We understand that customers are preparing their own plans for when the transition period ends. If you are considering changes to your supply chain and are looking for expertise and support, please talk to us.

We advise all customers to contact your Sales Executive in the first instance to discuss your plans for trading in 2021 and how we can support you.
The UK Government and the European Commission have both published a series of papers outlining official guidance on how to prepare for the end of the transition period. Find out more from the UK Government here, and see here for the EU readiness notices.

FedEx is helping customers navigate through the post-Brexit period. Use our toolkit to prepare your business for the changes. Find out more here.

It is important you understand how to complete a commercial invoice. Use our free tools here.

For a smoother customs clearance process, you can transmit your customs documentation electronically with FedEx Electronic Trade Documents. Learn how this can help you avoid customs delays, speed up delivery and reduce paperwork. Find out more here.

Follow the CBI’s no deal preparations hub for guidance on how exiting the transition period without a trade agreement could affect your business. Find out more here.
Contact

Please contact us at brexitquestions@fedex.com or visit our website fedex.com/brexit

*Correct at time of publishing but subject to change.