How to ensure your business can ship successfully following the UK-EU Trade and Cooperation Agreement

Brexit: your 2021 checklist
Introduction

The UK and EU have negotiated a Trade and Cooperation Agreement (TCA).

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.

That period has now ended. The UK has left the Customs Union and Single Market and, since January 1, 2021, the UK and EU have been trading under the terms of the TCA agreed at the end of 2020.

What you need to do to ship successfully has changed as a result. This simple guide details the steps you need to take to make sure your business can continue to trade smoothly.

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.
Shipping under the TCA

The UK and EU announced that trade negotiations had been concluded on December 24, 2020, with the deal coming into effect on January 1, 2021.

The Trade and Cooperation Agreement (TCA) means that quotas and tariffs will not be applied to goods shipped from the UK to the EU, and vice versa, as long as country of origin requirements are met. However, customs declarations are now required for shipments in both directions.

Additional paperwork could also be necessary in some circumstances, while some goods may be subject to new restrictions.

The TCA avoids the alternative scenario of trading under WTO terms. This would have seen tariffs and quotas imposed on goods shipped between the UK and EU.
Checklist: How to ship successfully

Click on each number for more details

1. Learn what the TCA means 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
Learn what the TCA means for your business

Exporters and importers should understand what the changes to customs and excise procedures are, and how they affect their businesses, now that the transition period has ended.

While the TCA has eliminated the possibility of quotas and tariffs being applied on goods shipped between the UK and EU (as long as country of origin requirements are met), it does not prevent the additional customs formalities that have resulted from Brexit, such as customs declarations and safety checks.

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 guidance here, or see here for guidance from the European Commission.
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.

Following the implementation of the TCA, both shipper and receiver 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

Incoterms are an important piece of information on the commercial invoices that need to accompany shipments.

**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. If you want to claim preference for goods eligible for tariff-free trade under the TCA you will need to include the relevant statement of origin, if applicable, on the commercial invoice to avoid paying duties.

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.
Every shipment from the UK to the EU, and vice versa, needs a commercial invoice with information for customs authorities. 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 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, 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 the changes

Do your customers and importers know what the import requirements are in their country now the TCA has been implemented? 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 will have been preparing their own plans to take advantage of the new trading relationship between the UK and EU. 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.
UK and European papers

The UK Government and the European Commission have both published a series of papers outlining official guidance on how to trade after the end of the transition period. Find out more from the UK Government [here](#), and see [here](#) for guidance from the EU.

Supporting customers through Brexit

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

Completing commercial invoices

It is important you understand how to complete a commercial invoice. Use our free tools [here](#).

FedEx Electronic Trade Documents

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](#).
Contact

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