

# Your Brexit transition FAQs

We answer your most common questions about the Brexit transition period, how potential outcomes could affect your business and how we can support you.

## No post-transition agreement

**Q:** Could there still be a no agreement scenario at the end of the transition period?

**A:** The UK left the EU on January 31, 2020, entering into a transition period scheduled to last until December 31, 2020\*. During this time the UK will remain a member of the EU Single Market and Customs Union, and negotiations over a Free Trade Agreement will continue. However, if one cannot be agreed by the end of the transition period, the EU and UK will trade on World Trade Organisation (WTO) terms. It is therefore essential that businesses prepare for all possible outcomes, including the possibility that there won't be a trade deal.

Details on how to prepare for the end of the transition period can be found [here](#) (European Commission readiness notices) or [here](#) (UK Government advice).

It's also important to realise that a Free Trade Agreement could still lead to changes in shipping practices and documentation requirements for both imports and exports, depending on the terms of any agreement.

**Q:** How might my business be impacted if there isn't a trade deal?

**A:** If the EU and UK begin trading on WTO terms, free circulation of goods between the EU and UK would end, so businesses would have to apply the same customs and excise rules as to countries outside the EU.

Businesses would need to provide import or export declarations, revise their International Terms and Conditions of Service to reflect that they are an importer or exporter, and provide an import or export licence for controlled goods. More details can be found in information provided by the EU [here](#) and the UK Government [here](#).

Customs checks may be carried out and VAT import duty and any other duties would be payable. FedEx, as carrier of the goods, would have to make entry or exit safety and security declarations.

\*Correct at time of publishing.

**Q:** If there's no trade agreement, at what point will everything change?

**A:** Whilst the end of the transition period is scheduled for December 31, 2020, the exact details on how the changeover period for goods that are in transit to/from the UK has not been confirmed by either the EU or UK authorities.

Therefore our working assumptions for customers are as follows:

In principle shipments created and sent on December 31 will be in free circulation when they start their journey so will be treated as such when they reach their end delivery point.

However we know that both Express and Economy shipments from December 31 will arrive in the UK/destination EU country after December 31, therefore we are actively seeking clarity on how they will be treated so we can be prepared and inform our customers. This is not just specific to ourselves or our industry but applies to many other goods that are moved and will be in transit to/from the UK on December 31.

What this does therefore mean is that the last day for next day express or priority shipping that will not be in transit on December 31 would be December 30. This would remove any possibility of customs clearance challenges based on the fact that the rules have yet to be confirmed by either the EU or the UK.

For Economy it will at least be the day earlier so December 29 but we recommend all customers check their current transit times to/from the UK to understand the potential last day where shipments are unlikely to see any clearance issues, as they will have reached the UK/EU destination country by December 31.

If there isn't a Free Trade Deal then, based on the December 31 date, shipments sent from January 1, 2021 between the EU and UK will require customs clearance and the appropriate paperwork, data and processes.

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**Q:** Is there anything my business can do now to prepare for if there isn't a post-transition trade agreement?

**A:** There are things that your business can be doing now to help you prepare. Please review our checklist [here](#) which gives more detail but as a starter you should:

**1.** Define how your plans will affect your supply chain and discuss this with your FedEx Account Manager. It's important that we understand your plans so we can determine how best to support you.

**2.** Ensure you have an EORI number. If the EU leaves the transition period with no agreement in place, traders will need an EORI number to import or export between the EU and the UK.

EORI numbers are given to importers and exporters by EU country authorities for free. In the future, to trade between the EU and UK, the shipper and receiver will each need to be registered for an EORI in their respective country.

EU EORI numbers will not be recognised in the UK. UK EORI numbers will not be accepted in the EU. We recommend that customers register for an EORI in their country as soon as possible. It only takes 10 minutes to apply and applications can be made through your country's Government website.

**3.** Ensure accurate classification of your Goods, Description, Value & Origin. This information will be vital for the Commercial Invoice.

**4.** Agree Incoterms with your customers and make these clear on your Commercial Invoice.

**5.** Understand how to prepare & provide Commercial Invoices.

If you are a FedEx customer we recommend that you register for ETD (Electronic Trade Documents) so you can submit commercial invoices electronically at the point of preparing shipments. This will aid in avoiding customs delays, speed up delivery and reduce paperwork.

**6.** Check your products for any additional certificates, licences, quotas etc that may be required.

**7.** Check your importers know what not having a trade agreement would mean for them and whether they are prepared.

If you are a regular importer or if you need to provide some advice to your customers then we would also recommend the following:

- Have you confirmed your clearance method, are we doing the clearance, do you use a broker or are you clearing goods yourself?
- If we are doing the clearance then have you provided the required authorisation and instructions?
- Have you considered a deferment account to cater for VAT & Duty payments?

In a no trade agreement scenario the current rules for imports from non-EU countries will also apply to EU imports from the UK and UK imports from the EU, with some additional changes.

**Q:** What contingency plans are you making for if there is no agreement on a post-transition trade deal?

**A:** To ensure that we will continue to provide customers with the best possible service after Brexit, FedEx has set up a cross-functional working group to monitor developments, assess any agreements and to enable us to adapt to any changes in a timely manner.

Whilst no one can predict with certainty what will change, we have planned for all eventualities and will continue to conduct impact assessments across all areas of our business to ensure we can give our customers the very best service no matter where they are shipping from or to.

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## Customer preparations

**Q:** Where do I start with planning for the post-transition period?

**A:** Businesses are finding scenario planning a difficult exercise as so much remains unknown. But whether there is a Free Trade Agreement or the EU and UK trade on WTO terms post-transition, we believe that it is important that we work with our customers to understand the impact on their business, especially in terms of changes to shipping volumes or flows.

Our recommendations for the steps businesses can take now can be split into 4 main areas:

### 1. Preparation before shipping

- If not already done so register and obtain an EORI number in your own country.
- Ensure you understand the requirements for classifying your goods.
- Ensure you understand the requirements for a commercial invoice.
- Discuss and agree the Incoterms with your customers.
- FedEx customers should register for ETD or PSDU to submit your commercial invoices electronically.

### 2. Understand what is required at the point of Shipping & Exporting

- See our guide on how to ship across borders on the FedEx website.

### 3. Ensure a smooth import process

- Agree and define your importing preferences and operating model (self-clear or 3rd party).
- Ensure local clearance instructions have been shared with your provider.

## 4. Consider receivers

- Understand the implications of Customs Duty on the goods received.
- Understand the implications of Incoterms.
- Understand the VAT required on the goods.
- Understand the charges and mechanisms for paying the duty & VAT.
- Set up required authorisations for international trade.

**Q:** What tools does FedEx have available now to support importers and exporters?

**A:** Our FedEx Global Trade Manager offers a comprehensive resource for simplifying international shipping for customers of all sizes and levels of experience. As a web-based service it is available 24 hours a day to help you complete your international paperwork requirements. With the free Find International Documents tool, you can locate and print import and export documentation for more than 220 countries. This tool will help facilitate the customs clearance process. The Estimate Duties and Taxes tool lets you enter shipment-specific information and calculate the estimated duties, taxes and other fees that may be levied against your international shipment.

**Q:** What tools does TNT have available now to support importers and exporters?

**A:** TNT has easy-to-use automated shipping tools that help save time on paperwork, eliminate manual errors and help you stay in control of your shipping. You can send and track shipments with complete visibility in just a few clicks.

Our tools include:

**myTNT:** The quickest and easiest option to send regular TNT shipments. Access your own secure area of the website to handle everything in one place.

**Express Connect:** Our portfolio of web integration solutions lets you integrate TNT's shipping services into your website and internal business applications.

**Express Manager:** For high-volume shippers, Express Manager integrates with your own system. Consolidate shipments and save time.

**Express Import:** Arrange hassle-free imports with this online system. Get billing in your own currency and language for simple comparisons.

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## Customer preparations

**Q:** How has FedEx been preparing for the end of the transition period?

**A:** We originally established a UK-focused Brexit team in the September after the referendum. We lifted that up to European level in November 2017 due to the size and scale of our operations and how our country networks, in the air and on the road, are all connected together across Europe.

The FedEx cross-functional working party is led by Trevor Hoyle, our Senior Vice President of Operations for Northern Europe. Our initial risk and opportunity analysis identified five key areas or prisms that we have taken forward in our planning. They are:

- Network & Clearance which covers our Ground, Road & Air Networks along with our customs capability.
- A Customer workstream which is focused on what we need to support and help you, our customers.
- Data & Solutions which has looked at the impact on internal and external systems.
- People. We are a large employer in the UK with nearly 13,000 employees and 50,000 in Europe so we need to ensure they are supported through the change.
- Finance, where the team have been focused on the impact to our import VAT & Duty invoicing and deferment account.

The working group is supported by our regulatory and public affairs team who have kept the business up to date on all official publications. They are part of our industry trade associations who have been engaging with EU and UK departments.

**Q:** Will FedEx need to make changes to the system I use to ship?

**A:** Our data and solutions workstream has focused on validating and checking our systems can cater for a situation where there is no trade agreement in place for when the transition period ends.

Based on the principles that we expect goods between the EU and UK to require export and import clearance, we have confidence in our systems as they cater for this capability today. We have tested the end to end flows to validate our assumptions and to enable us to plan for the changes that could be required.

The team has also identified the configuration changes needed to ensure our customer facing technology is ready for the change. On our .com shipping platforms, this is very much in our control, however if you use one of our deployed or integrated solutions then we will be in contact regarding some small changes that we will need you to make.

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## Network capacity, routes and modes of transport

**Q:** What plans are you making in preparation for the risk of congestion at main ports?

**A:** For the road network that facilitates our Economy products, there has been speculation in the media about potential delays on the road, and at ports, should the transition period end without a deal. Much of the speculation has been around the Eurotunnel and Dover – Calais crossings and the length of any delay.

As part of our preparations we have engaged with Eurotunnel, including visiting to review its plans; we have also analysed many ports in both the EU and UK working with the different ferry operators to understand the various options that are available. Our plans are to mitigate any potential risk or impact for the Economy/road shipments by spreading our truck movements across multiple crossing points.

Our multi-hub network in Europe enables us to have flexibility in the crossings we choose and be agile in our decision-making. Unfortunately, any potential congestion at the ports is very much out of our hands as we rely on multiple Government or third party agencies to ensure our trucks, along with everybody else, can move through the ports.

We acknowledge that the expectation is there will be some delays, with at least an additional 24 hours of transit time expected, but we will not speculate on how long the delay could be or how long it could last.

**Q:** Are you planning to use air freight instead of or as well as road?

**A:** Our network and routing options provide added capabilities including air, with flexible capacity to suit demand. We are assessing how best to optimise our routing options against the likely outcomes.

**Q:** How is FedEx planning to minimise friction at borders?

**A:** FedEx operates a comprehensive and global network which includes 55,000 road trips and more than 700 flights in Europe every week. We continue to plan to operate our network whatever the outcome and will continue to assess the network and our ability to meet transit times.

Today we have thousands of clearance staff around the globe that enable shipments to move across often complex borders and regulatory regimes on a daily basis. With 15 million parcels sent daily on 670 aircraft, 425,000 team members and expert local knowledge on every continent, we have got the scale and infrastructure to handle all of your import and export requirements now and in the future.

For both the air and road networks, we are confident in our plans and preparations. But our capabilities do rely on a number of third parties, such as clearance authorities and border force at both the ports and airports, to ensure everything continues to flow in a timely manner.

**Q:** Is FedEx adapting routes in and out of the UK and Europe to avoid potential congestion?

**A:** FedEx uses multiple airports and ports in Europe and the UK, and this will continue to be the case during the transition period and beyond to ensure we can provide the services required by our customers. These can differ from day to day according to the product or service chosen by the customer and they are different based on pickup and delivery address.

Current flight points into/out of the UK are Stansted, East Midlands, Birmingham, Heathrow, Newcastle, Belfast, Edinburgh & Glasgow.

Our road depots and hubs are strategically placed throughout the UK to ensure we meet transit times and service levels for all regions. We operate out of 54 depots in the UK and have hubs in Atherstone, Kingsbury, Lount, Dartford, Preston, Stoke, Milton Keynes and Swindon.

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## Network capacity, routes and modes of transport

**Q:** How are you going to deal with Dangerous Goods shipments by road?

**A:** FedEx already handles and transports Dangerous Goods through our network in accordance with the relevant ADR and IATA rules and regulations. These are international rules and not solely bonded to the EU, therefore they will stay applicable to the UK after the transition period.

**Q:** Does FedEx envisage changes to the air network?

**A:** In terms of the air networks that support our Priority and Express services that many of our customers rely on, our team has worked with our US Airline and EU & UK operators to ensure our current flight schedule will very much operate as it does today. We have also seen the US-UK Open skies agreement, which is a positive outcome that protects our twice daily flights to/from the US into Stansted. Therefore we can continue to provide the next day connectivity that many of our customers use.

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## Customs

**Q:** Will my goods be subject to new customs rules, procedures and inspections at the EU or UK border in the future?

**A:** This is still being negotiated between the EU and the UK. The UK Government has said it intends to leave the EU's Single Market and EU Customs Union after the transition period, regardless of whether or not it concludes a Free Trade Agreement.

If there's no agreement, the free movement of goods across borders between the EU and UK would end. Goods traded between the EU and the UK would be subject to the same requirements as third country goods under World Trade Organisation rules, including the payment of duty and tax.

If a Free Trade Agreement is signed, there could still be new customs rules and procedures for both importers and exporters. These will depend on the terms of any agreement.

FedEx will be Brexit ready whatever the outcome of the negotiations. Our dedicated cross-functional Brexit working group continues to assess potential impacts and build plans to ensure we can steer your business through whatever changes might be in store.

For details on what any changes could mean for your business, please see [here](#) (European Commission readiness notices) or [here](#) (UK Government advice on preparing for the end of the transition period).

**Q:** Will my business in the EU still have access to UK markets (and vice versa) on the same terms as now once the transition period is over?

**A:** This very much depends on what is agreed between the EU and UK authorities, and could be different depending on whether there is a trade agreement or not. For details on what any changes could mean for your business, please see [here](#) (European Commission readiness notices) or [here](#) (UK Government advice on preparing for the end of the transition period).

**Q:** What is an EORI number and will I need one?

**A:** An Economic Operator Registration and Identification number (EORI) is an EU registration and identification number for businesses which import or export goods into or out of the EU. If the transition period ends without a trade agreement, EU businesses will need one to trade with the UK and UK businesses will need one to trade with the EU. EORI numbers may also be required if there is a free trade agreement in place, depending on its terms.

You can apply through your country's Government website. FedEx and TNT will need your EORI number when making customs declarations on your behalf.

**Q:** For UK customs declarations, will FedEx migrate to the new HMRC Customs Declaration Service (CDS)?

**A:** We are aware that HMRC has begun phasing in the new Customs Declaration Service (CDS) to replace the existing Customs Handling of Import and Export Freight (CHIEF) system. We are fully engaged with the CDS team as a key stakeholder and will be ready to migrate to CDS on an agreed timetable. We will keep our customers informed of any changes that may affect them, and in the interim we will continue to support and make declarations to CHIEF.

**Q:** Will there be any additional costs for clearance related activities?

**A:** In a situation where the EU and UK trade on WTO trade terms, FedEx will incur additional costs for clearance, transport and handling both on exports and imports for shipments between the EU and UK. We are still learning more from the EU authorities and the UK Government on the terms we will have to adhere to and what the new reality will be if there is no trade deal in place when the transition period ends. If it becomes necessary to make any changes to our existing charges, we will advise customers and provide appropriate details in advance.

**Q:** Do you have bonded warehouses in countries of origin?

**A:** FedEx currently has bonded warehouse facilities in numerous locations. Any potential changes required post-transition are still unknown at this stage but we continue to plan for any outcome.

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**Q:** What is an Authorised Economic Operator (AEO) status and what are its benefits?

**A:** FedEx Express has AEO status. This is an internationally recognised quality mark that covers every aspect of international movement of goods and the company who operates the supply chain – from customs compliance and compliance with taxation rules, to record keeping, financial solvency, proven standards of competence as well as safety and security.

Companies who hold AEO status may benefit from consignments being fast-tracked through customs controls, and when customs select AEO consignments for examination or inspection, they receive priority over non-AEOs, making the whole shipping process run more smoothly and efficiently.

Anyone involved in the international supply chain that carries out customs related activities in the EU can apply for AEO status, regardless of the size of their business. AEO is being actively supported and encouraged by the World Trade Organisation, and is recognised in many countries outside the EU including China, Japan and the US.

**Q:** Is FedEx preparing for an increased volume of clearance activity?

**A:** Our Global Clearance function has prepared for the additional workload that is expected for import and export processing for EU member state countries and the UK. The success of this capability very much relies on the accurate and complete data and paperwork that you, our customers, provide. We enable your goods to move and facilitate your business and this continues to be our aim, but it all works more efficiently when we receive all of the appropriate data and paperwork in a timely and complete nature.

**Q:** Are there any restrictions on particular goods for different countries?

**A:** There are currently prohibited goods to and from most countries, generally published on the relevant country Government websites. In addition there may be some restrictions depending on the types of goods, quantities, and country, along with specific restrictions for FedEx. Always check on FedEx.com for further information.

**Q:** Does FedEx need a Power of Attorney to clear on a customer's VAT number?

**A:** A Power of Attorney is not required in the UK. However the Clearance Department would need to contact the importer for instruction and acceptance that FedEx can clear on their behalf, and to determine how they want to pay duty/tax. If the receiver is a regular customer an email with their instructions can be sent in advance and we can put this on to our clearance system.



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## Ireland

**Q:** How will Brexit affect trade between the Irish Republic and Northern Ireland?

**A:** After Brexit, Northern Ireland, as part of the United Kingdom, is no longer in the European Union. The Irish Republic continues to be a member of the EU.

The Withdrawal Agreement establishes that, legally, there will be a customs border between Northern Ireland (which stays in the UK customs area) and the Republic of Ireland (which stays in the EU customs area) following the transition period. However, in practice goods won't be checked on that border.

The actual checks will be on what is effectively a customs border between Great Britain and the island of Ireland, with goods being checked at "points of entry" into Northern Ireland.

Taxes will only have to be paid on goods being moved from Great Britain to Northern Ireland if those products are considered "at risk" of then being transported into the Republic of Ireland. A joint committee made up of EU and UK representatives will decide what goods are considered "at risk".

For Northern Ireland-Republic of Ireland trade, the EU's customs rules will apply and there will be no tariffs or restrictions.

**Q:** In a no trade agreement scenario what are the changes for shipments from Europe to Ireland?

**A:** Goods moved by road from Europe to Ireland are routed through the UK. Post-transition in a no trade agreement scenario, the UK will sign up to the Common Transit Convention (CTC). This will cover goods transiting through the UK to/from EU countries, so there will be no change to the current process.

For air shipments, the current system Remain on Board (ROB) will be used, so there will be no change to current process.

There is no requirement for you to complete or do anything different in respect of transshipping goods.

**Q:** Is FedEx adapting routes in and out of Ireland and Europe to avoid potential congestion at ports?

**A:** To avoid the potential delay at the Eurotunnel we have the option of a direct crossing from France to Ireland. We have long-established working relationships with both the ferry operators on this route, and this continues to be an option we are planning to implement.

Unfortunately, any potential congestion at the ports is very much out of our hands as we rely on multiple Government or third party agencies to ensure our trucks, along with everybody else, can move through the ports.

We acknowledge that the expectation is there will be some delays if there isn't a Free Trade Agreement, with at least an additional 24 hours of transit time expected, but we will not speculate on how long the delay could be or how long it could last.

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## VAT

**Q:** What will the VAT changes be if there is no trade agreement after the transition period?

**A:** The EU will charge VAT on imports from the UK, while VAT will be payable on all goods entering the UK as parcels sent by overseas businesses. There will no longer be different arrangements for member countries of the EU.

The UK is removing Low Value Consignment Relief (LVCR). This means goods worth less than £15, previously tax exempt, will now be subject to tax.

If the value of all goods in the parcel is more than £135, or if the parcel contains excise goods including alcohol, tobacco or perfume, UK buyers will need to pay the UK import VAT, Customs and/or Excise duty on these goods for any parcels sent post-transition. The parcel operator will apply any necessary charges to the parcel and seek payment direct from the UK buyer.

When the value for all goods in the parcel is £135 or less, sellers outside the UK must pay the UK import VAT.