No Deal Need-to-Know

Trying to work out how a No Deal Brexit outcome could affect importing and exporting goods? Here’s what the changes could mean for your business – and what you can do to prepare.
As Brexit approaches, we want our customers to know that FedEx Express and TNT are well positioned to support their cross-border shipping needs today and in the future. Trade is our business, and we’re uniquely prepared to take on the future of global trade, whatever changes it may hold.

Our global network has the speed, the reach and the reliability to connect customers to more than 200 countries and territories. We have the expertise and experience to ensure your shipments navigate compliantly and seamlessly across often complex borders and regulatory regimes.

We are closely following Brexit developments and assessing any implications, not only for the UK but across Europe and worldwide. Whilst no one can predict with certainty what will change, we 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.

We also want to help our customers plan ahead. This includes preparing for the possibility of departing the European Union without an agreement on the terms of its withdrawal and future trading arrangements. Our No Deal Need-to-Know brings together the essential facts and information you need to consider how a No Deal Brexit could affect your business.

We are listening to our customers’ questions and concerns and encourage engagement from any size of business and sector. If you would like to ask us a question related to Brexit then please e-mail us at brexitquestions@fedex.com.

“Trade is our business, and we’re uniquely prepared to take on the future of global trade, whatever changes it may hold”
A No Deal Brexit explained

If a formal withdrawal treaty is not signed, the UK’s membership of the EU Single Market and the EU Customs Union will cease from 31 October, 2019* at 11pm GMT. This outcome has become known as No Deal.

In this scenario, the free movement of goods across borders would end. A proposed transition period from October 2019 to December 2020, designed to give businesses additional time to respond to the changes, would not apply. Goods traded between the UK and the EU would be subject to the same requirements as third country goods, including the payment of duty.

Like all businesses in the UK, we await further updates and details from the UK Government and EU authorities. As Brexit negotiations continue, FedEx Express and TNT are planning to be Brexit ready. Our dedicated cross-functional Brexit working group is assessing potential impacts and building plans to ensure we can steer your business through whatever changes might be in store.
UK Government preparations

The UK Government continues to seek a negotiated settlement with the EU and says that a No Deal is unlikely. However, it is preparing for all eventualities including a No Deal. It has therefore published technical notices covering areas that would be affected by a No Deal to help businesses and organisations prepare.

The UK Treasury has provided £3 billion to government departments and the devolved administrations of Scotland, Northern Ireland and Wales to prepare for Brexit. Road hauliers may need new permits for cross-border haulage if there is no reciprocal access between the UK and the EU, so authority has been granted to the UK Government via the Haulage Permits and Trailer Registration Act.

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In the event of a No Deal outcome, the suggestion from the UK Government and EU authorities is that trade between the UK and the EU would take place under World Trade Organisation (WTO) rules.

The WTO principle of most-favoured-nation (MFN) treatment means that the same rate of duty, on the same goods, should be charged to all WTO members equally, unless a preferential agreement is in place.

Businesses would have to apply the same customs and excise rules to goods moving between the UK and the EU as currently apply in cases where goods move between the UK and a country outside of the EU. Customs declarations would be needed when goods enter the UK (an import declaration), or when they leave the UK (an export declaration).
The EU would apply 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 would require customs, safety and security declarations. The carrier of the goods (usually the haulier, airline or shipping line) would be required to make safety and security declarations.

The Excise Movement Control System (EMCS) would no longer be used to control suspended movements of excise goods between the EU and the UK. EMCS would still 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.

**Easier declarations**

Your customs declarations are simpler when you ship with FedEx Express and/or TNT. That’s because we have Authorised Economic Operator (AEO) status, an internationally recognised quality mark that enables shipments to be fast-tracked through customs.
What No Deal could mean for exporters

The UK Government has advised exporters that they should understand what the likely changes to customs and excise procedures will be to their businesses if there is No Deal.

- Familiarise yourself with current rules and regulations concerning exports to countries outside the EU, many of which could apply after Brexit. Details on what to expect and how to prepare in the event of a No Deal can be found here.
- Take account of the volume of trade with the EU and any potential supply chain impacts, such as engaging with the other businesses in the supply chain to ensure that the necessary planning is taking place at all levels.
- Consider the impact on supply chains with EU partners. Remember that in the event that there is no Free Trade Agreement between the UK and the EU, trade with the EU will be on non-preferential WTO terms.
Consider how to submit customs declarations, including whether to retain a customs broker, freight forwarder or logistics provider to help, or alternatively secure the appropriate software and authorisations. FedEx Express and TNT can help you find out about duties and taxes.

Make sure that VAT, import taxes and duties in the destination country are paid where necessary, and follow transport procedures – though this is normally the responsibility of the importing person or company.

There are a number of export procedures, such as duty relief schemes which can benefit businesses. Exporters must have the appropriate licences, if required, and make export declarations to customs through the National Export System.

When exporting goods to the EU, a UK business will need to:

- Have a valid Economic Operator Registration and Identification (EORI) number.
- Submit an export declaration to HMRC. The export declaration may need to be lodged in advance so that permission to export is granted before the goods leave the UK.
- Businesses may also need to apply for an export licence or provide supporting documentation to export specific types of goods from the UK.

**Easier documentation**

Completing the documentation for your international shipments shouldn’t be a task you dread. And with FedEx Express and TNT it isn’t. Our easy-to-use automated shipping tools help save time on paperwork, eliminate manual errors and keep you in control of your shipping.

**MyTNT** is the quickest and easiest option to send regular TNT shipments. Access your own secure area of our website so you can safely store addresses, make bookings and handle paperwork in one place, without having to refer to external systems.

- Immediate personalised quote for any shipments.
- Multi-user access and detailed reports.
- Email carriage forward paperwork direct to customers.
- Real-time tracking during transport including POD image.
- Get your invoice online or pay online in some areas.

FedEx Electronic Trade Documents (ETD) helps customers streamline their international shipments by uploading trade and customs documentation electronically. This allows for faster pick-up and helps to preclear shipments, therefore reducing the risk of shipments being delayed in customs.

ETD is free and straightforward for customers to use, they simply need to activate the functionality in their automated shipping tool. More information can be found [here](#).

**FedEx Express and TNT will be ready for Brexit**

FedEx Express and TNT operate a hub and spoke network that is broken into three layers. Country ground network for pick-up and delivery, European Road network, and a global air network. We have teams who review the performance and configuration of our network to ensure we provide customers with the fastest possible transit times and highest level of service.

We continue to plan to operate the same network post Brexit whatever the outcome, and will continue to assess the network and our ability to meet transit times.
What No Deal could mean for importers

In the event of a No Deal, before importing goods from the EU, a UK business will need to:

- Register for a UK EORI number. You will need this to trade goods in and out of the European Union.

- Ensure contracts and International Terms and Conditions of Service (Incoterms) reflect that you are now an importer. Ensure that the correct Incoterms are included on the commercial invoice to define the terms of the transaction.

- Consider how you will submit import declarations, including whether to engage a customs broker, freight forwarder or logistics provider (businesses that want to do this themselves will need to acquire the appropriate software and secure the necessary authorisations from HMRC). Engaging a customs broker or acquiring the appropriate software and authorisations from HMRC will come at a cost. The FedEx Express standard international service includes normal import clearance informalities.

- Decide the correct classification, description and value of your goods and enter this on the customs declaration.

Please see our advice on how to complete a commercial invoice [here](#).
In the event of a No Deal, when importing goods from the EU, a UK business will also need to:

- Have a valid EORI number.
- Make sure that their carrier has submitted an Entry Summary Declaration.
- Submit an import declaration to HMRC using their software, or get their customs broker, freight forwarder or logistics provider to do this for them.
- Pay Value Added Tax (VAT) and import duties, including excise duty on excise goods unless the goods are entered into duty suspension (for example, a customs or excise warehouse).
The UK Trade Tariff

The UK Government is likely to require payment of customs duty on goods imported from the EU at the new rate that it will set. This new UK Trade Tariff will replace the EU’s Common Customs Tariff (CCT).

The UK Government will publish these new UK duty rates before the UK leaves the EU, including import duty rates and rules. The tariff will also set out import procedures such as how the value of a good is calculated, and which forms, codes, and procedures are to be used.

An importer or their agent must use the guidance in the tariff to help decide the correct classification of their goods, which will determine the import duty.

Where can I find information about tariffs?

HMRC, the UK Government tax body, publishes tariff information and guidance alongside the list of commodity codes needed to classify goods together with all the tariff rates and measures.

Businesses may also need to apply for an import licence or provide supporting documentation to import specific types of goods into the UK.

Find out more about importing and licensing requirements here.
Brexit resources

UK Government papers
The UK Government has published a series of papers outlining official guidance on how to prepare if the UK leaves with no deal. Find out more here.

Supporting customers through Brexit
FedEx and TNT are helping customers navigate through Brexit. Use our Brexit tool kit 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. Find out more 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.

Confederation of British Industry
Follow the CBI’s Brexit page to stay up to date with news about how more than 200,000 UK businesses could be affected by emerging Brexit developments. Find out more here.

Export Growth Brexit toolkit
Export Growth has developed a tool that produces an indicative calculation of tariffs under World Trade Organisation (WTO) rules. Find out more here.
Contact

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

*Correct at time of publishing but subject to change.