

Your Brexit FAQs

1. What is Brexit?

Brexit is short for "British exit" – referring to the decision of the UK to leave the European Union (EU).

2. What is the current situation and what is happening next?

The UK left the EU on January 31, 2020, entering into a transition period scheduled to last until December 31, 2020. During this period, the UK is conducting negotiations over future trading relationships with the EU and other countries.

All your shipping processes will remain the same until the end of the transition period.

However, as the terms of future trading arrangements remain uncertain, we recommend you keep referring back to the Brexit Information Hub on [fedex.com](https://www.fedex.com) where we will provide details on any future changes you may need to make and consider for your business.

3. What will the UK importation levy changes be under Brexit?

a. Why are there changes in the UK importation levy?

With the end of the EU Single Market and the EU Customs Union membership, the UK government implemented changes to the UK Global Tariff and to VAT.

b. Will this levy change apply to my shipment?

The UK Global Tariff will apply to all goods you import from January 1, 2021 unless an exception applies and subject to the trade agreement (if any) signed between the UK and the applicable country, VAT may be payable on all goods entering the UK as parcels sent by overseas businesses. Please refer to the below websites for further information:

- Find out whether a trade agreement applies to your country, <https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>
- Use the UK Trade Tariff Tool to find the commodity codes for your goods, <https://www.gov.uk/trade-tariff>
- Find out the UK Global Tariff that will apply to your imported goods, <https://www.gov.uk/check-tariffs-1-january-2021>

c. Will a preferential tariff rate still apply to my goods?

A preferential tariff rate will apply if a country:

- has a free trade agreement with the UK
(<https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>)
- is part of the Generalized Scheme of Preferences (GSP)
(<https://www.gov.uk/guidance/trading-with-developing-nations-from-1-january-2021>)

Note: Under the GSP, developed countries offer non-reciprocal preferential treatment (such as zero or low duties on imports) to products originating in developing countries.

d. Are there any changes to the UK import VAT rules?

Yes, below are the changes to the UK import VAT rules. This is updated as of November 8, 2020 and is subject to change due to further Brexit updates:

Sellers outside of the UK

- a) The Low Value Consignment Relief (LVCR) exemption will be removed starting from January 1, 2021.
- b) When the value of all goods in the parcel is £135 or less, the seller must pay the UK import VAT. The seller needs to register with the HM Revenue and Customs (HMRC) for the VAT payment.

Buyers in the UK

- a) When the value of all goods in the parcel is more than £135, the UK buyer will need to pay the UK import VAT.
- b) Postponed Accounting will be introduced for import VAT on goods brought into the UK. This means that UK VAT-registered businesses will be able to account for import VAT on their VAT return, rather than paying it on or soon after the time that the goods arrive at the UK border.

- Find out more guidance on VAT for businesses from the UK government,
<https://www.gov.uk/topic/business-tax/vat>

f. How can sellers outside of the UK pay UK import VAT on parcels with a value of £135 or less?

- Register for HMRC's new online service to report and pay the UK import VAT due,
<https://www.gov.uk/vat-registration>

- Find out more guidance on VAT for businesses from UK government, <https://www.gov.uk/topic/business-tax/vat>
- There will be additional taxes, fees, and penalties if the seller doesn't abide by the new UK import VAT rules.