



Border Operating Model

*A simplified guide to the UK's
Border Model.*

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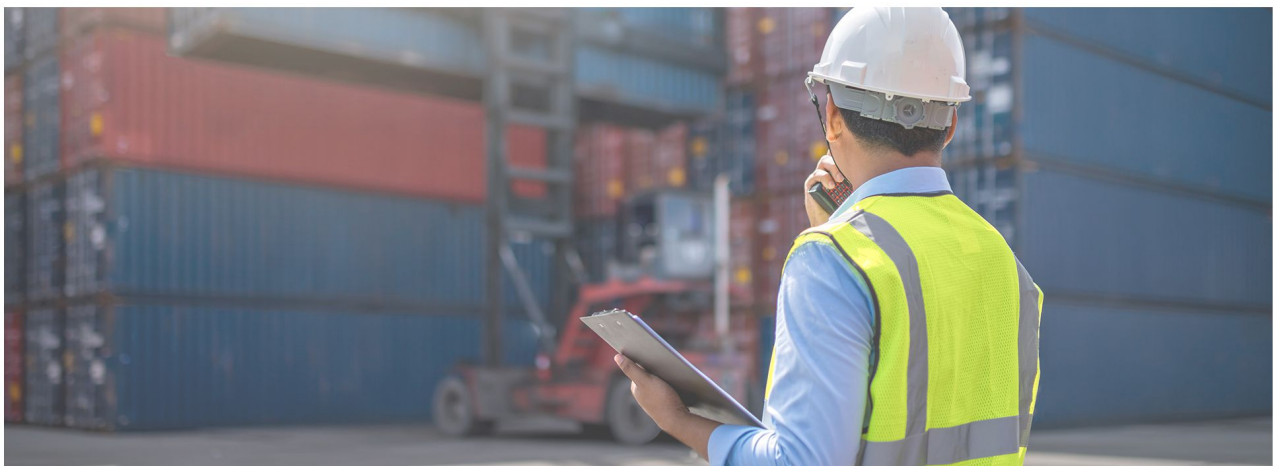
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Overview

Dates in this whitepaper were updated on September 15, 2021 to reflect the UK Parliament's postponement of compliance deadlines.

On June 12, 2020, **the UK announced that it would neither accept nor seek any extension to the transition period**, putting a firm date of January 1, 2021 on the UK's separation from the European Union. Approximately one month later, the UK Government published a comprehensive, 206-page document providing detailed guidance on how the border with the EU will work after the transition period.

New border controls for imports from the EU will be introduced in stages beginning on January 1, 2021 and culminating on July 1, 2022. These measures only apply to imports from the EU into the UK (England, Wales, and Scotland), not on trade between the Republic of Ireland and Northern Ireland or between Northern Ireland and Great Britain.



Exports from the UK to the EU will have no such phase-in, and new border controls take effect immediately upon the January 1, 2021 Brexit.

Even though this transition has been pending for more than four years, the July 13, 2020 release of the actual details of how border controls will work post-Brexit gives UK companies less than six months to ensure they have their authorisations, permits, and certificates in place and their declarations and duty payment processes adapted. If these are not all in order by January 1, 2021, they will face trade delays and possibly even fines.

This whitepaper provides an overview of the 206-page document and highlights preparations companies need to make as we near the end of our journey to Brexit.

UK Importers: A Phased Approach for New Border Controls

Border controls on imports from the EU into Great Britain will take effect in phases between January 1, 2021, and July 1, 2022.

The same core processes will apply throughout all stages:

- **Import preparation.** The importer must have a GB EORI number, a deferment account if needed, and obtain customs authorisation(s), import permits, and certificates as required.
- **Making a customs declaration.** This can be a full or a simplified declaration. Some GB ports, e.g., RoRo, will require pre-lodgement of customs declarations.
- **Paying customs duties.** This will require the determination of the customs value of the imported goods, their classification, and their origin.
- **Paying import VAT.** There is a possibility for postponed VAT payments for UK VAT-registered importers.



January 1, 2021

UK importers will need to check whether or not their products are classified as “controlled goods.” HMRC included a list of controlled product categories in Annex C, page 205 of its UK Border Model document. Goods which are not on this list are referred to as standard goods.

UK IMPORT DECLARATIONS FOR STANDARD GOODS

Between January 1 and December 31, 2021, standard goods may be imported into the UK with two possible options available:

1. Deferred Declarations. Importers will be required to keep records of the imported goods but may defer the declaration to HMRC for up to 175 days from the point of import. This is a two-step process:

a. Upon entry of the goods into the UK, the importer must note the import details in its own records (EIDR).

b. The submission of a supplementary declaration to CHIEF within 175 days of the arrival of the goods in the UK. This means that the payment of UK import duties and import VAT may also be postponed for 175 days.

2. Existing customs processes. Importers can either submit a pre-lodge full declaration or use a Simplified Declaration Procedure (CFSP).

Some conditions apply to be able to use the Deferred Declarations Procedure:

- The UK importer must have an authorisation for simplified declaration procedures, i.e., a CFSP authorisation. Without CFSP, no supplementary declarations can be lodged into CHIEF. The CFSP authorisation needs to be obtained before the first supplementary declaration is lodged. Traders/importers with a poor compliance history will not be eligible for a CFSP authorisation, however they may use the CFSP of their customs agent.

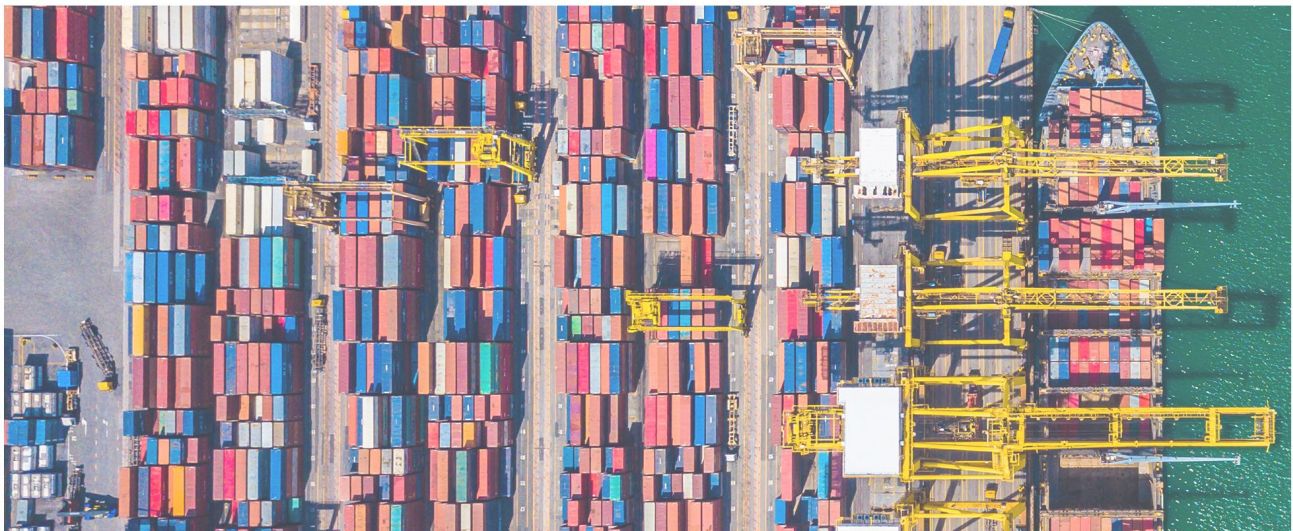
- The importer must have a duty deferment account (DDA) established. The importer/trader may use its own DDA or that of its customs agent if applicable. HMRC encourages that traders use their own DDA as that ensures their full liability for duty payments.

- The importer must have a CHIEF badge.

- A specific set of data must be entered into the importer’s records, including a description of the goods, their quantity, commodity code, and customs value.

January 1, 2021

- The date and time of the entry into the records needs to be recorded, as this creates the tax point used to determine the applicable VAT payments.
- For shipments via non-inventory-controlled GB ports, the GB EORI number of the importer must accompany the goods from their departure in the EU.
- For non-accompanied shipments via inventory-controlled ports, the haulier that picks up the goods at the GB port terminal must prove that s/he is so entitled by presenting the GB EORI of the importer.



UK IMPORT DECLARATIONS FOR CONTROLLED GOODS

Imports of controlled goods require the pre-lodgement of a full import declaration in CHIEF; no EIDR is allowed. Importers that have a CFSP authorisation can lodge a simplified frontier declaration (SFD), followed by a supplementary declaration on the 4th working day of the month after acceptance of the SFD. Then the import may take place. Controlled goods will be subject to documentation and physical checks by customs or inspectors from other agencies at the border or at an inland control point.

In addition, more specific requirements apply to high-risk plants and plant products, high-risk food or feed not of animal origin, products of animal origin and animal by-products, animals and germinal products, and excise goods.

January 1, 2021

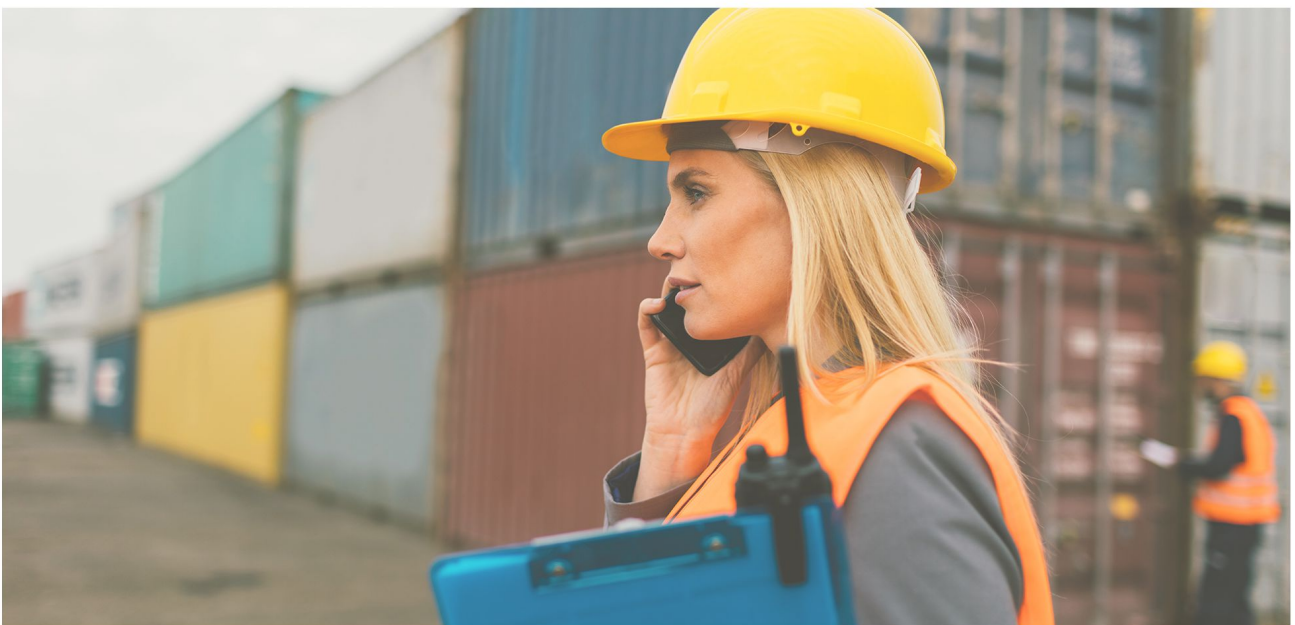
UK IMPORTS OF EXCISE GOODS

- A full import declaration must be entered into CHIEF or the CFSP declaration process must be followed.
- Registered consignors can import to excise duty suspension by declaring the excise goods into the EMCS of the UK.

THE GOODS VEHICLE MOVEMENT SERVICE (GVMS)

HMRC is establishing a new IT platform called Transit and Goods Vehicle Movement Service (GVMS). The GVMS will be available for transit beginning January 1, 2021 and pre-lodgement at select RoRo ports beginning January 1, 2022.

The GVMS will link the MRN of a TAD or the MRN of the import declaration to the vehicle/trailer registration number at the EU port of departure. When the transit shipment arrives in GB and is offloaded, GVMS will be updated and will automatically send an arrival notification to the customs office of transit or, in the case of pre-lodgement, to CHIEF.



January 1, 2021

TRANSIT DECLARATIONS

Beginning January 1, 2021, traders will be able to move goods into the UK customs territory under the Common Transit Convention (CTC). There are several steps and requirements involved in this process.

- Upon arrival in GB, the lorry driver needs to carry and present the goods and the Transit Accompanying Document (TAD) at an office of transit. The TAD is created in the EU country of departure. Note: If the MRN of the TAD together with the vehicle/trailer data have been submitted to the GVMS before departure from the EU, the office of transit will automatically be informed of the arrival in the UK and there is no need to present the goods at the UK office of transit unless goods are selected for inspection.
- Transit movements are completed either at the GB customs office of destination or at the premises of an authorised consignee. Note that an authorised consignee needs to have an authorised temporary storage facility.
- The movement from the GB port to the authorised consignee/destination office must be covered by a guarantee, which requires the trader to obtain Customs Comprehensive Guarantee authorisation.
- The transit movement is discharged by submitting an import declaration to CHIEF to release the goods into free circulation or by entering them into another customs procedure. If the import declaration is not submitted upon arrival of the goods, these must be put in temporary storage.
- If the transit shipment contains only standard goods, the Deferred Declarations Procedure can be used until January 1, 2022. This means that the consignee can just keep a record of the imported goods and defer the submission of a supplementary declaration up to six months from the point of import. In this case, the consignee only needs to submit its GB EORI number to the office of destination for the transit movement to be discharged. For controlled goods, the Movement Reference Number (MRN) of the import declaration needs to be submitted.
- Transit declarations covering several consignments on one lorry can be grouped under one MRN in the GVMS. The GVMS will be available for transit on January 1, 2021.

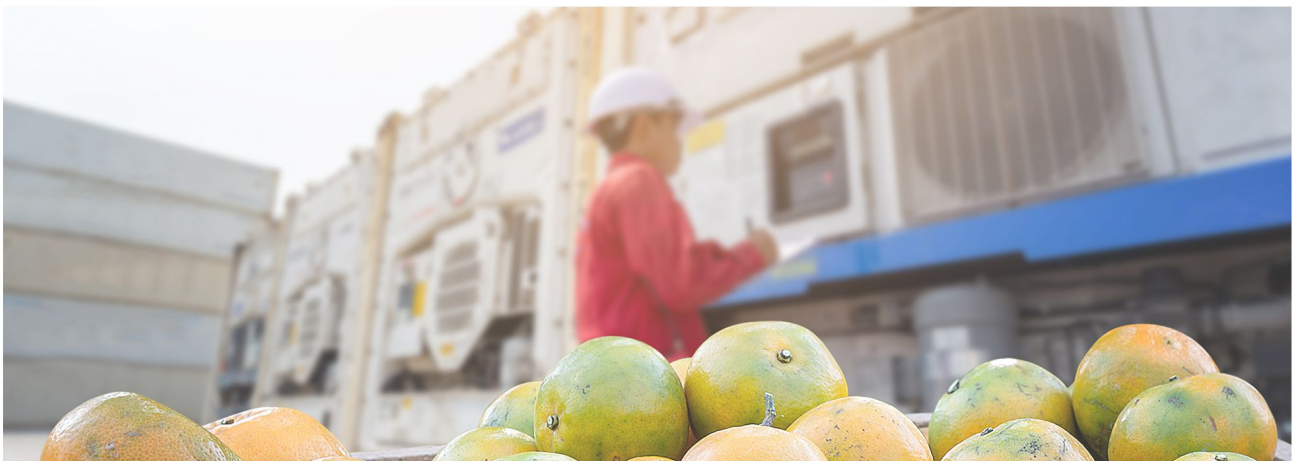
January 1, 2021

ENTRY SUMMARY DECLARATION

While it is possible to submit an ENS into CHIEF at this stage, the obligation to submit an ENS is waived until July 1, 2022.

IMPORT DUTIES

Import duties are due at the rate set in the UK Global Tariff Schedule and will enter into force on January 1, 2021. However, duty payment may be deferred if the importer or its agent has a DDA. This is an obligation when the Deferred Declarations Procedure is used. Under the Deferred Declarations Procedure, duty payment may be deferred for 175 days, at which time a supplementary declaration must be submitted. Duty payments are automatically debited from the DDA the 15th day after lodging the supplementary declaration.



IMPORT VAT

Importers using the Deferred Declarations Procedure may use postponed VAT accounting if and only if they are VAT registered. In this case, import VAT is accounted for in their periodic VAT return. If the importer is not VAT registered, they pay import VAT together with import duties on the 4th day after lodging the supplementary declaration.

Importers using a standard full declaration or a CFSP must use VAT accounting if they are VAT registered. If they are not VAT registered, they pay import VAT together with import duties upon import into GB or 30 days later if they have a DDA.

January 1, 2022

PRE-NOTIFICATION IN IPAFFS

The following categories of goods will need to be pre-notified in IPAFFS beginning January 1, 2022.

- Products of Animal Origin (POAO)
- Fish and fishery products
- High-risk food and feed not of animal origin (HRFNAO)
- Animal by-products
- Animals

Temporary Notification Arrangements

From January 1, 2021 to June 30, 2022, Products of Animal Origin (POAO), Animal By-Products (ABP), and High-Risk Foods Not of Animal Origin (HRFNAO) being imported from the European Union (EU) into Great Britain (GB) can continue to arrive at any point of entry; there is no requirement to enter through a Border Control Post. Businesses must notify no less than 4 hours (instead of 24 hours) in advance of arrival at the point of entry, without any need to contact the relevant competent authority.

This is a temporary arrangement. Beginning July 1, 2022, importers will be required to notify 24 hours in advance. The competent authorities at the point of entry may be contacted for a special exception to provide less than 24 hours' notice.

This temporary measure does not apply to rest-of-world goods transiting the EU which are not cleared for circulation in the EU market and the final destination is Great Britain. There is no change to existing controls introduced on January 1, 2021, or to controls in place for third countries not subject to the phased introduction of import controls into the UK.

January 1, 2022

FULL CUSTOMS DECLARATION

Beginning January 1, 2022, traders will have to make full declarations and pay tariffs at the point of importation. This applies to all goods, both standard and controlled. Two main customs processes will apply:

1. The traditional **temporary storage model**, where goods arriving in Great Britain can be stored at the frontier for up to 90 days before being declared to customs.
2. The new **pre-lodgement model**, where goods arriving in Great Britain will be required to have submitted a customs declaration in advance of boarding on the EU side. The pre-lodgement model is set up especially for RoRo and/or as an alternative for ports that don't have the space and infrastructure to operate temporary storage.

Which model applies will depend on which GB port the goods are imported into because each port operator will have to decide which model to implement. Ports that have both RoRo and deep-sea may accommodate both models, but then the import declaration needs to specify whether it concerns a RoRo destination or not. HMRC will communicate which GB ports will adopt the pre-lodgement model, however this will take time, since ports still need to make that decision.

THE PRE-LODGE MENT MODEL

This model requires that a UK import declaration be lodged before boarding the vessel (ferry) or shuttle train at the EU port of exit. Before arrival, the haulier in control of the goods will be alerted whether the goods are cleared to proceed or if they need to be checked by customs authorities. The haulier will be required to have a unique reference number for each consignment to prove that a declaration has been pre-lodged. This is provided by the trader. This could be:

- the MRN of a full UK import declaration.
- the MRN of a Simplified Frontier Declaration under CFSP.
- the GB EORI number of the importer in case of EiDR under CFSP.
- the MRN of the TAD in case of a transit movement.

“Goods will be refused EU exit or GB entry if the person in control of the goods does not have proof of a pre-lodged declaration.”

January 1, 2022

The following types of import declarations can be pre-lodged:

- A standard full import declaration
- A Simplified Frontier Declaration (SFD) under CFSP which needs to be followed by a supplementary declaration by the 4th working day of the following month. Instead of pre-lodging a simplified frontier declaration, an importer can just record the details of the goods entering the UK in its own system. This is the CFSP/EIDR procedure, which also requires presentation of a supplementary declaration by the 4th working day of the following month. To use either the CFSP/SDF or the CFSP/EIDR procedure, one needs the appropriate authorisation from HMRC.

PORT OPERATOR RESPONSIBILITIES

Port operators that adopt the pre-lodgement model are responsible for ensuring goods are not allowed to arrive at that location without a pre-lodged declaration and taking reasonable steps to make sure goods identified as needing checks are controlled upon arrival.



CARRIER RESPONSIBILITIES

Carriers (ferry or shuttle train operators) at locations which use the pre-lodgement model will be required to:

- Capture and check the Goods Movement Reference (GMR). GMRs can be generated up to **28** days in advance and updates can be made up to the point of check-in.
- Refuse boarding to any vehicles that have an invalid GMR.
- Verify at check-in that the vehicle registration number (VRN) for accompanied movements or trailer registration number (TRN) for unaccompanied movements matches the reference entered into the GMR.
- Request the haulier to amend the GVMS before the vehicle/trailer is allowed on board if the VRN or TRN are missing or incorrect.

January 1, 2022

HAULIER RESPONSIBILITIES

Hauliers who are moving goods through a location using the pre-lodgement model are required to:

- Link the MRN of the UK import declaration(s) and ENS with the vehicle/trailer registration number in the GVMS for each movement, either via a direct link from the haulier's system into the GVMS or via an online portal available in the haulier's Government Gateway account.
- Update the GMR with the correct vehicle registration number (VRN) for accompanied movements or trailer registration number (TRN) for unaccompanied movements. The VRN/TRN can be updated to account for any changes but must be correct when the GMR is presented to the carrier at the EU port of departure.
- Instruct drivers not to proceed to the EU border before all the necessary references are added into the GMR to make it complete or if any declaration reference has not been accepted into the GMR, as they will not be allowed to board.
- Instruct drivers to present the GMR to the carrier upon arrival at the port of departure in the EU to demonstrate they have the necessary evidence to legally move goods.

THE GVMS FOR PRE-LODGE MENT

The GVMS will be used in connection with [RoRo ports that adopted the pre-lodgement model](#). Beginning January 1, 2022, all pre-lodged declarations can be entered in the GVMS.

- The GVMS will link the MRNs of the UK import declarations covering the different consignments carried on a lorry/trailer in one single Goods Movement Reference, the GMR.
- The person moving the goods (the haulier) needs to collect the MRNs from the importer(s) of all consignments on its lorry and enter these in GVMS.
- The haulier must then enter the correct vehicle/trailer registration number in GVMS and link it to the GMR before boarding the ferry or the Eurotunnel shuttle train.

January 1, 2022

- The haulier/driver must present the GMR to the carrier (ferry or shuttle) at the EU port of departure to prove that all their goods have pre-logged declarations.
- The GVMS will allow automatic arrival in CHIEF as soon as goods board at the EU side so that UK import declarations can be processed by HMRC en route to the UK.
- The GVMS will allow notification through CHIEF as to whether the declaration status is cleared or uncleared by the time the goods physically arrive in the UK so that the haulier/driver knows if he needs to proceed to an inspection point or not before continuing his journey to the end destination.

IMPORT DUTIES

The requirements regarding UK import duties are the same as those described in the first phase except that the 175-day deferral will no longer be possible for import declarations made after January 1, 2022.

While not an obligation, importers who have a DDA can delay duty payments for an average of 30 days. Importers may use the DDA of their customs agent, although this is not recommended by HMRC.

TEMPORARY STORAGE MODEL

Goods imported from the EU can be stored temporarily under customs control before they are released into free circulation, exported, or placed under a special procedure, including inward processing, outward processing, customs warehousing, end use, or temporary admission.

This means traders can defer making a customs declaration and paying duties and taxes for up to 90 days from the date the goods are presented. An authorisation is required to operate a temporary storage facility.

IMPORT VAT

UK VAT-registered importers must use postponed VAT accounting, hence import VAT is accounted for in their periodic VAT return. If the UK importer is not VAT registered, they can pay import VAT together with import duties upon import in the UK or 30 days later if they have a DDA.

SANITARY AND PHYTOSANITARY CONTROLS

The following categories of goods will be subject to Sanitary and Phytosanitary (SPS) controls beginning July 1, 2022. They must enter the UK through a port where an appropriate Border Control Post (BCP) is located.

- Products of Animal Origin (POAO)
- Fish and fishery products
- High-risk food and feed not of animal origin (HRFNAO)
- Animal by-products
- Animals

This requires a pre-notification in IPAFFS at least 24 hours before presentation of the goods at the BCP. The BCP will perform documentation, identity, and physical checks. Consignments must be accompanied by a health certificate issued by the competent authority of an EU Member State. HRFNAO coming from outside the EU and imported in GB from the EU will also be subject to BCP and pre-notification requirements. Some high-risk plants and plant products must also have a phytosanitary certificate.

Goods must be accompanied by an EU phytosanitary certificate, which is the responsibility of the EU exporter to provide

ENTRY SUMMARY DECLARATIONS (ENS)

HMRC now calls these Safety & Security, or S&S, import declarations and they will be required as of July 1, 2022. They must be submitted to the UK's S&S system instead of the ICS system applicable in the EU. This is a separate system from CHIEF/CDS. The ENS must be submitted prior to arrival in the UK and lodged at least two hours before arrival in the UK via short-sea transport and one hour before arrival at the French Eurotunnel terminal. The carrier is responsible for submitting the ENS but may delegate this task to a party having a GB EORI number.

An ENS requires specific data, including consignor, consignee, a description of the goods, country-by-country routing, conveyance, e.g., vessel or flight reference, and time of arrival. An ENS can be amended up to the point of arrival in the UK.

ENS declaration numbers can also be entered in the GVMS to be linked to the import declaration and vehicle/trailer.

Truth or Consequences



Considering the immense amount of time and effort from all parties to come to a Withdrawal Agreement and create documentation to help companies prepare for Brexit, it is unlikely that customs authorities will show much leeway when it comes to importers and exporters that do not have their customs affairs in order. Determining customs value, classification, and origin can be complex and time-consuming, however it is crucial that everything is accurate in order to avoid delays and fines.

When Brexit becomes a fact on January 1, 2021, you will need to have your import or transit declaration already submitted before going to the port. If you are not able to do this, you will not even be able to go to the port. These kinds of requirements impose difficulties for traders who are still managing their customs procedures manually.

One way to minimise delays is to use a modern, automated solution that centralises all customs-related data in one single platform and integrates with customs authorities' systems. This will minimise manual interaction and optimise your flow of goods even further, keeping trade flowing seamlessly come Brexit day and throughout the new year.



Conclusion

Customs4trade's experts advise using one of the following declaration processes beginning January 1, 2021.

- Pre-lodge type D
- CFSP based on EIDR followed by SDI
- CFSP based on SFD followed by SDI
- Inbound transit followed by SDI or standard declaration

We are seeing that transit is becoming more and more important, and it might be an alternative for CFSP declarations to enable flexibility at the ports because of pre-lodged information. All clients with goods for Ireland should look into integrating transit in their flows. Next to that, our experts highlight that pre-lodge declarations are the preference over CFSP that is requiring a two-step declarations process.

All of these declaration processes are fully supported by CAS, C4T's customs compliance solution. C4T has been working diligently for four years to make sure that our automated solution is compatible with HMRC systems and our customers are able to transition painlessly. We are Brexit-ready and fully integrated with both CHIEF and CDS and are currently working on integrating with GVMS prior to its launch.

Do you need help preparing for Brexit? Our in-house customs experts can:

- define your flows in and out of GB.
- distinguish flows by transport mode, e.g., accompanied truck, unaccompanied, container, and ports of entry/exit.
- quantify those flows.
- advise you on how to efficiently manage your customs processes.
- guide you through CAS, showing you how you can automate your customs procedures from end to end and share data with customs authorities, business partners, and Port Community Systems.

[Contact us today](#) for a demo of CAS. We also offer Managed Customs Services, which can help you get your authorisations and certifications in order before Brexit and support you through the transition. Do you think you're ready but not completely sure? Our team of experts can perform an audit to make sure you are fully prepared on Brexit day.

About Customs4trade

Customs4trade's (C4T) unique team of customs experts and best-of-breed technology engineers has developed CAS, a one-of-a-kind software solution that automates customs and trade compliance. They have now added Managed Customs Services to their roster of offerings, helping companies make the most of their software investment.

CAS is a collaborative hub, built on the Microsoft Azure platform and delivered as a Service (SaaS). It is designed to manage regional and worldwide customs and trade compliance quickly and accurately, within one single platform. By automating all import and export processes, C4T clients experience faster time to market, reduce customs duty and administration costs, and gain strategic visibility into their customs operations. CAS provides clients with continual updates and feature enhancements, including the incorporation of any changes to legislation and compliance regulation.

Forward-thinking customs managers are turning to C4T to help them navigate customs and trade with software and managed services for their organisation's highest strategic benefit. For more information or to contact the company, please visit www.customs4trade.com.