



Brexit update November 2018

Keeping our customers informed



What's the Latest on Brexit?

On 25 November the UK Government and EU announced an agreement had been reached on the UK's withdrawal from the EU and on future relations between the two.

Crucially the deal includes a transition period running up to 31 December 2020, meaning UK businesses would have more time to prepare.

During the transition period movement of goods cross-border will continue under the current rules.

Key details are:

-  The UK Parliament is expected to vote on the deal on 11 December and must approve the deal for it to proceed.
-  If this does not happen the UK and EU have the option to re-open the negotiations.
-  If no agreement is reached and approved by 29 March 2019 the UK would be faced with a no-deal scenario.
-  Even if the UK leaves with a deal agreed it is still possible that we will require additional data from our customers in order to keep shipping into and from the EU.
-  During the transition period, movement of goods across the border will continue under the current rules, giving businesses and transport companies until December 2020 to make extra preparations.

This withdrawal agreement must gain a majority vote in the UK Parliament if it is to succeed. If this does not happen, then the UK and EU must go back to the negotiating table again and either agree to a revised deal or no deal.

This guide helps explain what actions are required in the event of either of these scenarios.



Two Brexit Scenarios

Here's a summary of the two different scenarios:

Deal

With a deal of any kind, the fact that we have committed to leaving the single market will mean that customs declarations will be required for import and export.

What does this mean to you?

-  Goods between the UK and EU **may be subject** to duties and VAT
-  Customs declarations **may be required**
-  Delivery rates **could change** and additional surcharges apply as a result of customs handling
-  Delivery times to your customers **may increase**
-  Inspections **may take place** on some goods imported or exported
-  **Increased information** may be needed in your data to us relating to the goods you are sending*

No Deal

In the worst case scenario, on **29 March 2019**, the UK will leave the EU with no deal. This may leave us trading with the EU under World Trade Organisation (WTO) rules, in the same way that we currently trade with the USA and other countries with which we have no formal trade deal or arrangement.

What does this mean to you?

-  The goods you send with us to Europe **will be** because of duties and VAT
-  Customs declarations **will be** required for each consignment
-  Our rates **will** change as a result of customs handling
-  Transit times **will** increase because of customs checks
-  Inspections **will** take place on some goods imported or exported
-  **Detailed data** will be required to export goods into Europe or import them into the UK*

*please see further into this guide for more information

Our Strategy

Despite the draft withdrawal agreement on the table, DPD is still planning for the worst case scenario of a **no deal** Brexit to ensure that we are fully ready for **29 March 2019 at 23:00**.

- ❏ The complex nature of this scenario means specific information such as; impact on transit times, costs or customs clearance procedures are still to be defined. However, we do know these will be impacted adversely in a **no deal scenario** so we highly recommend that our customers begin preparing their business for any potential impact.
- ❏ One of the best ways to minimise the risk of increased transit times and costs is to ensure data is accurate and complete.
- ❏ This means ensuring that you have the commodity code (customs Harmonised System code) for each of your products and a clear description against each one.
- ❏ For more information on this please visit the Government Trade Tariff website: gov.uk/trade-tariff

Commodity Codes

- ❏ Commodity codes also known as HS codes represent the product or products that you're sending and can be recognised worldwide by all customs systems in countries that are members of the WTO, including the EU.
- ❏ This eliminates language barriers and issues with vague descriptions at customs clearance points.
- ❏ Basic commodity codes are 8 digits long, however to be fully compliant and ensure your products do not incur delays, we recommend classifying your products using the 10 digit format as this is universally recognised at both export and import level.





Your Strategy

We're keen to know what your Brexit strategy is and what kind of help you might need in a post-Brexit world.

- ❏ Please see our Brexit survey which we encourage you to complete and return to us if you haven't already done so.
- ❏ It will give us an understanding of the kind of preparations you've made and collectively where our focus needs to be moving forward
- ❏ You can complete our survey by visiting www.dpd.co.uk/brexit

How can you prepare for Brexit?

Whilst every business is different and your plans will be individual to the needs of your business and customers, DPD aims to help all of our customers prepare for Brexit in any way we can.

The next few pages will outline several areas that will help you get your business ready for Brexit and continue to ship successfully into the EU.

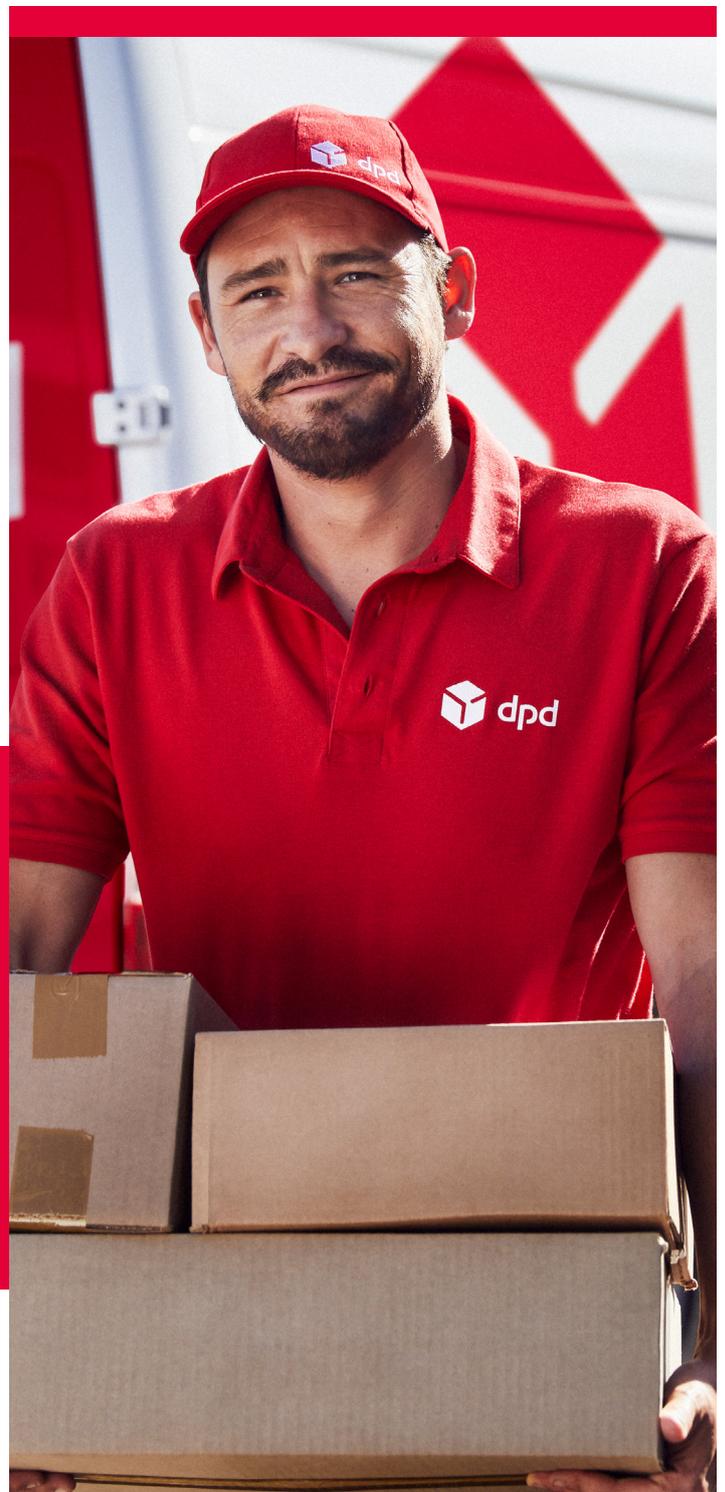
Data

Trading under any kind of scenario post-Brexit could mean some form of customs clearance and the requirement for more detail about your goods than you currently provide.

-  In the **Essential Information for Export** section at the end of this guide we have detailed a list of additional information that we will need your business to provide us with in your parcel data.
-  For customers who upload data files or request labels via an API call, either to DPD directly or via a shipping platform, you will have to make adjustments to these files and/or API calls in order to comply with WTO requirements.
-  For customers who enter data manually into MyDPD and other DPD labelling platforms, these systems will be updated in time for Brexit to help you remain compliant.

DPD can help you classify your products.

If you would like help classifying your product library DPD offers a solution that can help. Please contact your International Account Manager





Data and Descriptions

Providing a detailed product description is necessary to ensure shipments clear customs. Descriptions must be specific and accurate, see below:

Product Category: Apparel

Unacceptable Description Example	Acceptable Description Example
Clothes	Men's navy blue leather jacket
Clothing	
Clothing Apparel	

Product Category: Toys and Games

Unacceptable Description Example	Acceptable Description Example
Toy	Scalextric toy car set
Model Toy	
Children's Toy	

Product Category: Footwear

Unacceptable Description Example	Acceptable Description Example
Footwear	Men's black suede/textile footwear
Trainers	
Shoes	

Product Category: Electronics

Unacceptable Description Example	Acceptable Description Example
Tablet	Apple iPad Mini 4 128GB Wi-Fi
Computer	
PDA	



Getting EORI Registered

In the UK, an Economic Operator Registration and Identification (EORI) number is assigned to importers and exporters by HMRC and is used during the customs clearance process for both import and export shipments travelling to or from the EU and countries outside the EU.

In a post-Brexit world it is highly likely that it will be a mandatory requirement to have an EORI number to ship into the EU from the UK.

You can register for an EORI number easily by visiting gov.uk/eori.

It's free to get EORI registered and we recommend all customers do this as soon as possible before March 2019.

For more information visit gov.uk/eori

Shipping Multi-parcel Consignments

With customs clearance a possibility post-Brexit, it will be more efficient and cost effective to clear multiple parcels together as one consignment. DPD would encourage customers to get used to doing this now by indicating that there is more than one parcel when creating a shipment on our platform, or by following the guidelines in the specification of your shipping platform.





Duty and VAT

If the UK leaves the EU in a no deal scenario, goods exported to the EU or imported from the EU are likely to incur VAT and possibly duty.

Exports

Post-Brexit, exports to the EU may be subject to duty/VAT collection. If this is the case, you should be prepared to apply a zero rate for VAT, in the same way you may do now to non-EU destinations, so that VAT can be collected when the goods are cleared into the EU.

Duty Rates

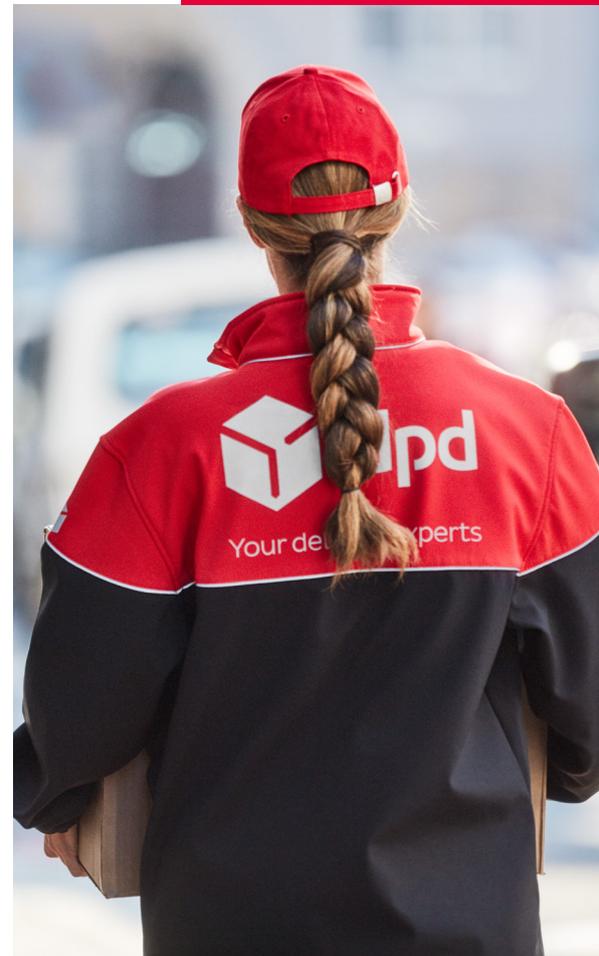
Today, under WTO rules, parcels shipped from non-EU countries into the EU with a value over €150 will incur duty.

Duty rates are dependent on the commodity shipped, which is why we strongly recommend accurate commodity classification codes and accurate descriptions are provided, so that your customer pays the right amount of duty.

Some examples of duty rates for shipping from an existing third country to the EU under WTO rules are listed below:

-  Men's/Boys Shirts/T-shirts 12%
-  Leather Handbags 4%
-  Trainers 17%

NB: For guidance only and subject to change pending the final outcome of negotiations



What can you do now?

-  Register with HMRC for an EORI number for international trade
-  Have your goods classified with the correct commodity code to ensure your sales and orders have the correct duty amounts applied
-  Ensure that all product values are declared accurately on accompanying invoices or data
-  Speak to your DPD International Account Manager

Terms of Delivery/ International Commercial Terms (Incoterms)

Incoterms are a method of making clear who is responsible for importing goods and who is responsible for paying any outstanding duty/VAT.

Shipping business to consumers: B2C

For e-commerce shippers (B2C), decide what your customer experience strategy will be post-Brexit.

A key consideration is pay the duty/VAT for your customers by shipping your parcels as 'delivery duty paid' (DDP) or ask your customers to assume responsibility for those charges by shipping 'delivered at place' (DAP).

Shipping to businesses: B2B

Decide if your company will bear the cost of the duty/VAT on your shipments to your customers in the EU or whether these will be payable by the receiving business.

Whichever option you choose, DPD can help.

Please contact your International Account Manager for more information.





Essential Information for Export

Depending on the outcome of the final negotiations, there may be additional types of data required in order to trade successfully with the EU.

In addition to the topics already covered in this guide please consider how you would provide the following:

Total Weight

The total weight of your parcel or consignment in KG (for products weighing less than 1KG, weight should be declared as a fraction of a KG and not in grams).

Country of Manufacture

Also known as country of origin. Where the goods were manufactured. Customs will want to see this to ensure that nothing is imported that contravenes local laws.

Shipping Costs

How much you charged the end receiver to ship the goods

Invoice Value

The final total that you are declaring to customs. This should be the total value of the parcel or consignment plus the shipping charges.

Reason for Export

The reason for export can affect how your shipment is cleared and how much duty/VAT is imposed on your shipment. Examples of acceptable reasons for export are:

-  Permanent / Sold
-  Gift
-  Commercial sample
-  Personal effects
-  Returned items
-  Repair/warranty





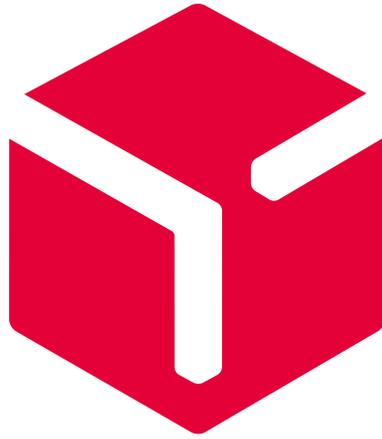
Summary Checklist

Register with HMRC for your an EORI number	<input type="checkbox"/>
Classify goods with the correct 10 digit commodity code	<input type="checkbox"/>
Ensure product country of origin is declared with product data	<input type="checkbox"/>
Ensure all product values are declared accurately on accompanying invoices or data	<input type="checkbox"/>
Check product descriptions are accurate and compliant against the commodity code	<input type="checkbox"/>
Ensure recipient telephone numbers and addresses are captured	<input type="checkbox"/>
Decide on Terms of Delivery and ensure this is in the data passed to DPD	<input type="checkbox"/>
Check that all additional required information is passed through to DPD in the data from your systems	<input type="checkbox"/>
Complete our customer Brexit survey You can do this on the Brexit page of our website	<input type="checkbox"/>
Request our Brexit data specification sheet You can do this on the Brexit page of our website	<input type="checkbox"/>

www.dpd.co.uk/brexit

Notes

Notes



The DPD Guide to Getting Brexit ready

