HM Government

Partnership pack: preparing for a ‘no deal’ EU Exit

First edition October 2018

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Introduction

This pack provides a high-level guide to customs processes and procedures that are likely to apply in a 'no deal' scenario.

More detailed guidance will be provided later in the autumn, including specific actions that traders and other stakeholders will need to take to prepare.

A scenario in which the UK leaves the EU without agreement (a 'no deal' scenario) remains unlikely given the mutual interests of the UK and the EU in securing a negotiated outcome.

Negotiations are progressing well and both we and the EU continue to work hard to seek a positive deal. However, it's our duty as a responsible government to prepare for all eventualities, including 'no deal', until we can be certain of the outcome of those negotiations.

For two years, the government has been implementing a significant programme of work to ensure the UK will be ready from day one in all scenarios, including a potential 'no deal' outcome in March 2019.

It has always been the case that as we get nearer to March 2019, preparations for a 'no deal' scenario would have to be accelerated. Such an acceleration does not reflect an increased likelihood of a 'no deal' outcome. Rather it is about ensuring our plans are in place in the unlikely scenario that they need to be relied upon.

At the heart of government's approach to preparing for a 'no deal' scenario is a commitment to prioritise stability for citizens, consumers and business. This is equally true in our approach to customs as elsewhere. We will continue to apply highly automated, risk-based and intelligence-targeted customs controls when the UK leaves the EU.

HMRC will work closely with industry to ensure its interventions are conducted in a way which minimises delays and additional burdens for legitimate trade, while robustly ensuring compliance. The approach of continuity does not mean that everything will stay the same, but the priority is maximising stability at the point of departure through the government's action.

The role that you can play in helping the government reach out to businesses is crucial. You understand the customers, members and clients that you represent and you can provide insight, knowledge and channels to improve how many businesses receive these messages and how well they respond to them.

We look forward to working with you and getting your feedback on what you think customers need.

Working in partnership with you

This partnership pack will help you support businesses to prepare if we exit the EU without a deal.

It explains:

- how trade, processes and regulations at the UK border will change after 29 March 2019
- what traders and other businesses operating at the UK border will need to do from 29 March 2019.

Over time, it will evolve to cover a wider range of topics, including:

- agrifood regulations
- road haulage licensing and other arrangements
- other regulations and standards (for example licences, trading standards, chemicals, waste, wood and timber, other controlled goods).

You can use it for your own contingency planning and to help your clients, customers or members to:

- think about how they will need to adapt their business to comply with new systems, processes and controls
- assess the impact of the increased demand for customs declarations on their business
- consider whether they need to recruit and train additional staff
- stay up-to-date with these changes by registering for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

Where to go for more information

Information on how to trade with countries outside of the EU (including details on customs procedures, excise rules and VAT) is on GOV.UK.

For information about starting to import, go to GOV.UK and search for 'Starting to import' and then select 'Importing from non-EU countries'.

For information on starting to export, on GOV.UK, search for 'Export goods' and then select 'exporting goods outside the EU'.

For general information about EU Exit, including the Article 50 process, negotiations, and announcements about policy changes as a result of EU Exit, please visit www.gov.uk/government/brexit

All technical notices are published on GOV.UK. You can also find information about technical notices and other resources in this partnership pack. The content of this pack is consistent with the content in the technical notices:

- Trading with the EU if there's no Brexit deal
- Classifying your goods in the UK Trade Tariff if there's no Brexit deal
- VAT for businesses if there's no Brexit deal

If you have ideas for additional resources, or if you want to discuss your own plans for communications, please contact: euexit.communications@hmrc.gsi.gov.uk

Customs, excise and VAT changes

If the UK exits the EU without a deal, UK businesses will have to apply customs, excise and VAT procedures to goods traded with the EU, in broadly the same way that already applies for goods traded outside of the EU.

The detail is set out in the technical notices on GOV.UK. Here are the key changes to expect:

Customs and Excise

Businesses can currently move goods freely between EU member states. For customs, this means that businesses trading with the rest of the EU do not have to make any customs import or export declarations, and their trade with the EU is not subject to import duty.

Certain goods are subject to excise duty. This is a tax charged on the production and importation of alcohol, tobacco and oils. These goods are currently free to move between the UK and the rest of the EU with the excise duty-suspended.

If the UK leaves the EU on 29 March 2019 without a deal, there will be immediate changes to the procedures that apply to businesses trading with the EU. It would mean that the free circulation and movements of goods between the UK and EU would end.

HMRC is currently introducing its new Customs Declaration Service (CDS), which replaces its Customs Handling of Import and Export Freight (CHIEF) system. Read information about how CDS is being introduced and what businesses need to do to prepare on GOV.UK.

From 11pm on 29 March 2019, for businesses trading with the EU, the impacts would include:

- businesses having to apply the same customs and excise rules to goods moving between the UK and the EU as are currently applied in cases where goods move between the UK and a country outside of the EU. This means customs declarations would be needed when goods enter the UK (an import declaration), or when they leave the UK (an export declaration). For imports into the UK a separate safety and security declaration needs to be made by the carrier of the goods (this is usually the haulier, airline, freight train operator or shipping line, depending on the mode of transport used to import goods). For exports from the UK, the export declaration includes the safety and security declaration
- the EU applying 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 means that the EU would require customs declarations on goods coming from, or going to, the UK, as well as requiring separate safety and security declarations for imports into the EU
- for movements of excise goods, the Excise Movement and Control System (EMCS) would no longer be used to control duty-suspended movements between the EU and the UK.

  However, EMCS would continue to 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.

  This will mean that, immediately on importation to the UK, businesses moving excise goods from the EU, including those in duty suspension, will have to make a customs declaration and the goods placed either into a customs or excise suspensive arrangement or the duty must be paid at that point.

UK Trade Tariff

Under current rules, for goods moving between EU member states, there are no customs duties, and no routine intervention during the movement of goods.

For goods entering the EU's Customs Territory from the rest of the world ('third country goods'), an import declaration is required, customs formalities and checks are carried out – for example for compliance with EU regulations – and any customs duties must be paid.

After any duties have been paid on third country goods, and any other formalities complied with, those goods can move freely between member states (they are in 'free circulation') and are no longer subject to routine controls.

However, in the event of a 'no deal' exit, goods arriving into the UK from the EU after 11pm on 29 March 2019 will be subject to the same requirements as third country goods, including where required the payment of duty.

The actual duty rates that will apply to each item imported into the UK may be different to the rates currently applied under the EU's Common Customs Tariff (CCT).

For UK exports arriving at the EU border, the EU will require payment of customs duty at the rate under the EU's CCT.

In preparing for a 'no deal' scenario, businesses should be aware of the following:

- the Taxation (Cross-Border Trade) Bill will provide the necessary powers for the UK to set its own tariff for UK imports when it leaves the EU
- trade with the EU will be on non-preferential, World Trade Organisation (WTO) terms. This means that the EU's Most Favoured Nation (MFN) tariffs and non-preferential rules of origin would apply to consignments between the UK and EU
- the EU will apply its MFN rates to goods imported into the EU from the UK. The EU MFN rates are set out in the CCT, where they are listed as 'erga omnes' (which means 'towards all'), rather than stating a specific country. The EU may change these rates between now and March 2019, but this provides an indication
- the UK intends to continue offering unilateral preferences for imports from developing countries, and to ensure continuity of our existing EU Free Trade Agreements as now. Maintaining these benefits is of clear importance to businesses, consumers and investors, and will ensure a smooth transition for users of these provisions as we leave the EU
- the UK does not plan any immediate deviation from the current commodity code list published in the UK Trade Tariff, which is currently applied by the EU, except where necessary to maintain alignment or for trade remedies purposes.

In the event of 'no deal', ahead of March 2019, the UK Trade Tariff, detailing the import duty rates and rules that will be applicable to each type of goods, will be made available free on GOV.UK as it is now.

However, importers of goods into the UK will no longer be able to rely on EU Tariff information published on the EU TARIC portal – the integrated Tariff of the European Union.

VAT for businesses

The UK will continue to have a VAT system after it leaves the EU. The revenue that VAT provides is vital for funding public services and the VAT rules relating to UK domestic transactions will continue to apply to businesses as they do now.

If the UK leaves the EU on 29 March 2019 without a deal, the government's aim will be to keep VAT procedures as close as possible to what they are now. This will provide continuity and certainty for businesses.

However, there will be some specific changes to the VAT rules and procedures that apply to transactions between the UK and EU member states.

The government has taken decisions and actions where necessary in order to mitigate the impacts of these changes for businesses.

In the VAT for businesses technical notices, the government has announced that in a 'no deal' scenario it will introduce postponed accounting for import VAT on goods brought into the UK. This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT on or soon after the time that the goods arrive at the UK border. This will apply both to imports from the EU and non-EU countries.

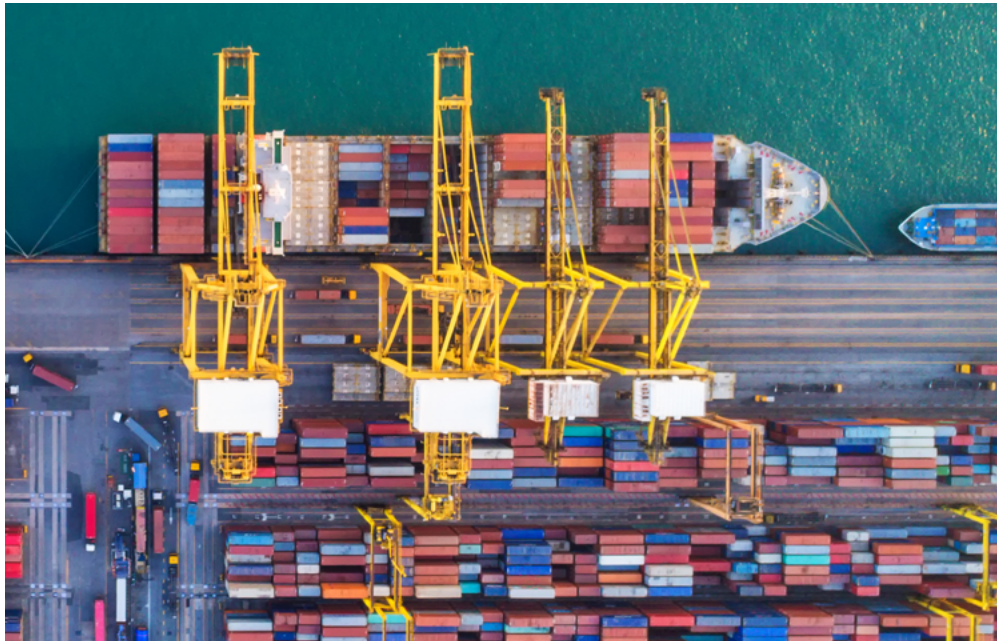
In reaching this decision, the government has taken account of the views of businesses and sought to mitigate any adverse cash-flow impacts, keeping VAT processes as close as possible to what they are now.

If the UK leaves the EU without an agreement, VAT will be payable on goods entering the UK as parcels sent by overseas businesses. The government set out in the Customs Bill White Paper (published October 2017) that Low Value Consignment Relief (LVCR) will not be extended to goods entering the UK from the EU.

This note confirms that if the UK leaves the EU without an agreement then LVCR will no longer apply to any parcels arriving in the UK, this aligns the UK with the global direction of travel on LVCR. This means that all goods entering the UK as parcels sent by overseas businesses will be liable for VAT (unless they are already relieved from VAT under domestic rules, for example zero-rated children's clothing).

For parcels valued up to and including £135, a technology-based solution will allow VAT to be collected from the overseas business selling the goods into the UK

If the UK leaves the EU without an agreement, the UK will stop being part of EU-wide VAT IT systems such as the VAT Mini One Stop Shop. Details for specific EU-wide VAT IT systems is set out in the VAT for business technical notice.



What to expect on day one of a ‘no deal’ scenario

If the UK leaves the EU without any deal on 29 March 2019, there will be changes for every business operating at the UK border.

The fact sheets below describe what different business groups will need to do from day one of the ‘no deal’ scenario. Each fact sheet has been designed as a standalone product for a specific group of businesses, so you can use them easily to communicate with different audiences. This inevitably means that information is duplicated where it is relevant to more than one group.

- Traders importing from the EU only
- Traders exporting to the EU only
- Traders with the EU and the rest of the world
- Traders with the rest of the world only
- Customs agents
- Haulage companies operating between the UK and the EU
- Ferry or Channel Tunnel operators moving goods between the UK and the EU
- Freight forwarders
- Express courier industry and postal services
- Businesses supplying services to the EU
- Tour operators
- Ports and airports
- Customs warehouses
- Temporary storage operators
- Businesses selling duty-suspended alcohol, tobacco or fuel in the UK

What to expect on day one of a 'no deal' scenario: Traders importing from the EU only

The trade that you carry out with the EU will broadly follow the customs controls that apply for the rest of the world – you will need to adapt your business to comply with these new systems, processes and controls.

How the import process will change

If the UK leaves the EU, with a 'no deal' scenario, you will be subject to customs controls in the same way that businesses currently do when importing goods from a country outside the EU. This means that you will need to make an import declaration for goods entering the UK from the EU.

Customs checks may be carried out and you will need to pay any customs duties required under a new UK Trade Tariff, to replace the EU Common Customs Tariff (CCT) (see 'Customs, excise and VAT changes' for more information about establishing a new UK Trade Tariff).

Before importing goods from the EU, you will need to do the following:

- register for a UK Economic Operator Registration and Identification (EORI) number. You don't need to do anything now. There will be further information available later in the year – if you sign up for EU Email updates (see 'Things you can do now' below), you will be contacted when this becomes available
- ensure your contracts and International Terms and Conditions of Service (INCOTERMS) show that you are now an importer
- consider how you will submit import declarations. It's up to you whether you choose to submit the import declaration yourself or do it through a customs broker, freight forwarder or logistics provider – if you choose to do it yourself, you'll need the right software and the necessary authorisations from HMRC, both of which will come at a cost
- decide the correct classification and value of your goods and enter the correct commodity code on the customs declaration. This will require knowledge of the item being classified, as well as its constituent parts: what it's made of, where it originates from and the purpose for which it will be used. The commodity codes will be listed, along with the rate of import duty applicable, in a new UK Trade Tariff, which will replace the UK's use of the EU CCT. HMRC already publishes tariff information and guidance for UK traders with third countries.

The UK Trade Tariff will replace the UK's use of the EU CCT. The UK does not intend to immediately change any commodity codes, but the rules will be set out in new UK regulations rather than EU ones. The tariff will contain rules for determining the amount of import duty applicable based on the commodity code and country of origin, and will set out import procedures such as how the value of a product is calculated, and which forms, codes, and procedures you should use.

When importing goods from the EU, you'll need to:

- have a valid EORI number
- make sure that your carrier, which can be a haulage company or a ferry or train operator, depending on the type of traffic, submitted a safety and security declaration at the appropriate time
- submit an import declaration to HMRC using their software, or get your customs broker, freight forwarder or logistics provider to do this for you
- pay 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). If you're using a warehouse, a financial security will be required to cover the duty liability of the goods while they are being moved to the warehouse. Import VAT may also be due (see 'Dealing with import VAT' below).

You may also need to apply for an import licence or provide supporting documentation to import specific types of goods into the UK, or to meet the conditions of the relevant customs import procedure.

Find out more about importing and licensing requirements.

How the excise process will change

Once excise goods leave a customs suspensive arrangement, they may be immediately entered into an excise duty suspension regime, so you will need to declare the goods on the Excise Movement and Control System (EMCS) for onward movement in the UK via a registered consignor.

For more information about this read Public Notice 197.

Dealing with import VAT

If the UK leaves the EU without an agreement, the government will introduce postponed accounting for import VAT on goods brought into the UK. This means that, if you're a UK VAT-registered business importing goods to the UK, you will be able to account for import VAT on your VAT return, rather than paying import VAT when the goods arrive at the UK border. This will apply to imports from the EU and non-EU countries.

To reach this decision, the government took account of the views of businesses and sought to mitigate any adverse cash-flow impacts and ensure that VAT processes are kept as close as possible to what they are now. To ensure equity of treatment, in a 'no deal' scenario, you will be able to account for your import VAT from non-EU countries in the same way. This will help you make the most of trading opportunities around the world.

We will issue more guidance setting out further detail on accounting and record keeping requirements soon.

VAT on parcels sent by overseas businesses

If the UK leaves the EU without an agreement, VAT will be payable on goods entering the UK as parcels, sent by overseas businesses.

Low Value Consignment Relief (LVCR) will no longer apply to any parcels arriving in the UK. This will align the UK with the global direction of travel on LVCR.

This means that all goods entering the UK as parcels, sent by overseas businesses, will be liable for VAT unless they are already relieved from VAT under domestic rules (for example zero-rated children's clothing).

For parcels valued up to and including £135, which are non-excise goods, a technology-based solution will allow VAT to be collected from the overseas business that's selling the goods in the UK. Overseas businesses will charge VAT at the point of purchase and will be expected to register with an HMRC digital service and account for VAT due.

The digital service is an online registration, accounting, and payments service for overseas businesses. On registration, businesses will be provided with a Unique Identifier which will accompany the parcels they send into the UK. They will then declare the VAT due on those parcels and pay this via their online account. This ensures the process of paying VAT on parcels does not become burdensome for UK consumers and businesses.

To give overseas businesses enough time to familiarise themselves with their new obligations, the online service will be available for businesses to register in early 2019, prior to 29 March.

On goods worth more than £135 sent as parcels, VAT will continue to be collected from UK recipients in line with current procedures for parcels from non-EU countries. VAT will also continue to be collected in line with current procedures for all excise goods sent as parcels and potentially in cases where their supplier is not compliant with HMRC's new parcels policy.

HMRC is working with the relevant industry stakeholders and will provide further information soon.

VAT on vehicles imported to the UK

If the UK leaves the EU without an agreement, you should continue to notify HMRC about vehicles brought into the UK from abroad, using the online Notification of Vehicle Arrival Procedures (NOVA) system, to ensure that VAT is correctly paid.

The rules on the movement of goods to the UK from the EU will change when the UK leaves the EU and, as a result, import VAT will be due on vehicles you bring into the UK from EU member states. Certain reliefs will also be available as with current imports of vehicles from non-EU countries.

The Driver Vehicle Licensing Agency (DVLA) will not register a vehicle brought into the UK for use on UK roads unless it has a valid NOVA notification or it has been registered using the DVLA secure registration scheme.

Changes to VAT IT systems

If the UK leaves the EU without an agreement, the UK will stop being part of EU-wide VAT IT systems.

UK VAT Mini One Stop Shop (MOSS): MOSS is an online service that allows EU businesses that sell digital services to consumers in other EU member states to report and pay VAT via a single return and payment in their home member state. Non-EU businesses can also use the system by registering in an EU member state.

In a 'no deal' scenario, you will no longer be able to use the UK's MOSS portal to report and pay VAT on sales of digital services to consumers in the EU.

If you want to continue to use the MOSS system, you will need to register for the VAT MOSS non-union scheme in an EU member state. This can only be done after the date the UK leaves the EU.

The non-union MOSS scheme requires you to register by the 10th of the month following a sale, so you will need to register by 10 April 2019 if you make a sale from the 29 to 31 March 2019, and by 10 May 2019 if you make a sale in April 2019.

Alternatively, you can register in each EU member state where sales are made. There is more information on the EU Commission's website.

EU VAT Refund System: You will no longer have access to the EU VAT Refund System but you can continue to claim refunds of VAT from EU member states by using the existing processes for non-EU businesses.

This process varies across the EU and you will need to make yourself aware of the processes in the individual countries where you incur costs and want to claim a refund.

There is more information about claiming VAT refunds from EU countries on the EU Commission's website.

EU VAT Registration Number Validation: This service allows businesses to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Northern Irish businesses importing from Ireland

The government is clear that in a 'no deal' scenario we must respect our unique relationship with Ireland, with whom we share a land border and are co-signatories of the Belfast Agreement. In the event of 'no deal' the government will do everything in its power to prevent a return to a hard border. The UK government has consistently placed upholding the Agreement and its successors at the heart of our approach. We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland.

It's the responsibility of the UK government to continue preparations for the full range of potential outcomes, including 'no deal'.

If we leave the EU without a deal in March 2019, the UK will stand ready to engage constructively to meet these commitments and act in the best interests of the people of Northern Ireland, recognising the challenges that the lack of a UK-EU legal agreement would pose in this unique context. This would include engagement on arrangements for land border trade.

We will update you on the UK's different customs arrangements and any actions you may need to take in due course.

The Irish Government has indicated it would need to discuss arrangements in the event of 'no deal' with the European Commission and EU member states. We would recommend that, if you trade across the land border, you should also consider any advice issued by the Irish Government about preparations you need to make, in addition to the guidance set out by the UK government.

Things you can do now

We would recommend that, if you trade across the land border, you should consider any advice issued by the Irish Government about preparations you need to make, in addition to the guidance set out by the UK government.

If you expect to be importing from the EU after 29 March 2019, you should consider now the effect of a 'no deal' exit on your business.

1. Read the government's existing guidance for importing outside of the EU, to familiarise yourself with the key processes. On GOV.UK, search for 'Starting to import' and then select 'Importing from non-EU countries'.
2. Take account of the volume of your trade with the EU and any potential supply chain impacts.
3. Consider the impact on your role in supply chains with EU partners. If the UK and the EU do not have a Free Trade Agreement in place in a 'no deal' scenario, trade with the EU will be on non-preferential, World Trade Organisation terms. This means that Most Favoured Nation tariffs and non-preferential rules of origin will apply to consignments between the UK and EU.
4. If necessary, put steps in place to renegotiate commercial terms to reflect any changes in customs and excise procedures, and any new tariffs that may apply to UK-EU trade.
5. Consider how you will submit customs declarations for EU trade, if required, including whether to engage a customs broker, freight forwarder or logistics provider or whether to get the right software and authorisations to do it yourself.
6. Consider whether you could use customs procedures to delay or relieve the payment of customs duty until your goods are ready to be released into free circulation. A customs broker, freight forwarder or logistics provider can advise in the event of a 'no deal' scenario whether one of these procedures would be suitable for your business. These procedures include:
   - customs warehousing: allows you to store goods without paying duty or import VAT. When the goods leave the warehouse, you must pay the duty, unless the business is re-exporting, or moving goods to another customs procedure. The warehouse must be authorised by HMRC
   - inward processing: allows you to import goods from non-EU countries for work or modification in the EU. When this has been completed, you must pay any customs duty and VAT due, unless goods are re-exported or moved to another customs procedure, or released to free circulation
   - temporary admission: allows you to temporarily import and/or export goods such as samples, professional equipment or items for auction, exhibition or demonstration into the UK or EU. As long as the goods are not modified or altered while they are within the EU, you will not have to pay duty or import VAT
   - authorised use: allows a reduced or zero rate of customs duty on some goods when used for specific purposes and within a set time period.

   For excise duty purposes, goods are not regarded as imported if they are immediately placed under one of these customs procedures. You will need to pay excise duty when these goods are eventually released from these procedures into free circulation, unless they are immediately placed into excise duty suspension.
7. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Traders exporting to the EU only

The trade that you carry out with the EU will broadly follow the customs controls that apply for the rest of the world – you will need to adapt your business to comply with these new systems, processes and controls.

How the export process will change

If the UK leaves the EU, in the event of a 'no deal' scenario, you will need to follow customs procedures in the same way that businesses currently do when exporting goods to a non-EU country.

Before exporting goods to the EU, you will need to:

- register for an UK Economic Operator Registration and Identification (EORI) number. You don't need to do anything now. There will be further information available later in the year – if you sign up for EU Email updates (see 'Things you can do now' below), you will be contacted when this becomes available
- ensure your contracts and International Terms and Conditions of Service (INCOTERMS) reflect that you are now an exporter
- consider how you will submit export declarations. It's up to you whether you choose to submit the export declaration yourself or do it through a customs broker, freight forwarder or logistics provider. If you choose to do it yourself, you'll need the right software and the necessary authorisations from HMRC, both of which will take time to set up.

When exporting goods to the EU, you will need to:

- have a valid EORI number
- submit an export declaration to HMRC using their software or online, or get your customs broker, freight forwarder, or logistics provider to do this for you. Your export declaration may need to be lodged in advance so that you get permission to export before the goods leave the UK (the export declaration also counts as a safety and security declaration (Exit Summary Declaration).

You may also need to apply for an export licence or provide supporting documentation to export specific types of goods from the UK, or to meet the conditions of the relevant customs export procedure.

How the excise process will change

If you're exporting duty-suspended excise goods to the EU, you will need to continue using the Excise Movement and Control System (EMCS) to record their movement from a UK warehouse or premises to the place of export in the UK.

Find out more about how to move, store and trade duty-suspended and duty-paid excise goods.

Dealing with export VAT

If you're a VAT registered business, you will continue to be able to zero-rate sales of goods to EU businesses but you won't be required to complete European Commission (EC) Sales List. This means there will be changes to how these sales are recorded.

You will need to keep evidence to prove that goods have left the UK, to support the zero-rating of the supply. Most businesses already maintain this evidence as part of current processes and the required evidence will be similar to that currently required for exports to non-EU countries, with any differences to be communicated in due course.

If you are selling goods to EU consumers, distance selling arrangements will no longer apply to your business and you will be able to zero-rate the sales.

Current EU rules would mean that EU member states will treat goods entering the EU from the UK in the same way as goods entering from other non-EU countries with associated import VAT and customs duties due, when the goods arrive into the EU.

Individual EU member states may have different import VAT rules for non-EU countries and import VAT payments may be due at the border when you are importing goods. You should check the relevant import VAT rules in the EU member state concerned.

UK businesses selling their own goods in an EU member state to customers in that country

If the UK leaves the EU without an agreement, you will be able to continue to sell goods you have stored in an EU member state to customers in the EU, in line with current Rest of the World rules.

Current EU rules would mean that you will continue to be required to register for VAT in the EU member states where sales are made, in order to account for the VAT due in those countries.

You can access the EU Commission's website for more information on:

- EU rules for storing non-union goods in an EU member state before selling or exporting
- registering for VAT in EU member states.

Changes to VAT IT systems

If the UK leaves the EU without an agreement, the UK will stop being part of EU-wide VAT IT systems. However, you can still use these systems to handle transactions you made before EU Exit.

UK VAT Mini One Stop Shop (MOSS): MOSS is an online service that allows EU businesses that sell digital services to consumers in other EU member states to report and pay VAT via a single return and payment in their home member state. Non-EU businesses can also use the system by registering in an EU member state.

In a 'no deal' scenario, you will no longer be able to use the UK's MOSS portal to report and pay VAT on sales of digital services to consumers in the EU.

If you want to continue to use the MOSS system, you will need to register for the VAT MOSS non-union scheme in an EU member state. You can only do this after the date the UK leaves the EU.

The non-union MOSS scheme requires you to register by the 10th of the month following a sale, so you will need to register by 10 April 2019 if you make a sale from the 29 to 31 March 2019, and by 10 May 2019 if you make a sale in April 2019. Alternatively, you can register in each EU member state where sales are made.

There is more information on the EU Commission's website.

EU VAT Refund System: You will no longer have access to the EU VAT Refund System but you can still claim refunds of VAT from EU member states by using the existing processes for non-EU businesses. This process varies across the EU and you will need to make yourself aware of the processes in the individual countries where you incur costs and want to claim a refund.

You'll find more information about claiming VAT refunds from EU countries on the EU Commission's website.

EU VAT Registration Number Validation: This service allows businesses to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU businesses' VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Northern Irish businesses exporting to Ireland

The government is clear that in a 'no deal' scenario we must respect our unique relationship with Ireland, with whom we share a land border and are co-signatories of the Belfast Agreement. In the event of 'no deal' the government will do everything in its power to prevent a return to a hard border. The UK government has consistently placed upholding the Agreement and its successors at the heart of our approach.

We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland.

It is the responsibility of the UK government to continue preparations for the full range of potential outcomes, including 'no deal'.

If we leave the EU without a deal in March 2019, the UK will stand ready to engage constructively to meet these commitments and act in the best interests of the people of Northern Ireland, recognising the challenges that the lack of a UK-EU legal agreement would pose in this unique context. This would include engagement on arrangements for land border trade.

We will update you on the UK's different customs arrangements and any actions you may need to take in due course.

The Irish Government has indicated it would need to discuss arrangements in the event of 'no deal' with the European Commission and EU member states. We would recommend that, if you trade across the land border, you should also consider any advice issued by the Irish Government about preparations you need to make, in addition to the guidance set out by the UK government.

Things you can do now

If you expect to be importing from the EU after 29 March 2019, you should now consider the effect of a 'no deal' exit on your business.

1. Read the government's existing guidance for exporting outside of the EU to familiarise yourself with the key processes. On GOV.UK, search for 'Export goods' and then select 'Exporting goods outside the EU'.
2. Take account of the volume of your trade with the EU and any potential supply chain impacts.
3. Consider how you will submit customs declarations for EU trade, if required, including whether to engage a customs broker, freight forwarder or logistics provider or whether to get the right software and authorisations to do it yourself.
4. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Traders with the EU and the rest of the world

The trade that you carry out with the EU will broadly follow the customs controls that you follow for the rest of the world – you will need to adapt your business to comply with these systems, processes and controls for your EU trade.

Transit of non-EU goods within the EU

The Common Transit Convention (CTC) facilitates cross-border movements of goods between contracting parties to the Convention, by enabling any charges due on those goods to be paid only in their country of destination.

The UK is currently in discussions with the EU to retain membership of the Common Transit Convention. If the UK is no longer a member of the Common Transit Convention, it will no longer be possible to begin or complete transit movements in the UK using the CTC process.

Dealing with import VAT

If the UK leaves the EU without an agreement, the government will introduce postponed accounting for import VAT on goods brought into the UK. If you're a UK VAT registered business importing goods to the UK, you will be able to account for import VAT on your VAT return, rather than paying import VAT when the goods arrive at the UK border. This will apply to imports from the EU and non-EU countries.

To reach this decision, the government took into account the views of businesses and sought to mitigate any adverse cash-flow impacts and ensure that VAT processes are kept as close as possible to what they are now.

To ensure equity of treatment, in a 'no deal' scenario, you can account for your import VAT from non-EU countries in the same way, which will help you to make the most of trading opportunities around the world.

We will issue more guidance setting out further detail on accounting and record keeping requirements soon.

VAT on parcels sent by overseas businesses

If the UK leaves the EU without an agreement, VAT will be payable on goods entering the UK as parcels, sent by overseas businesses.

Low Value Consignment Relief (LVCR) will no longer apply to any parcels arriving in the UK, aligning the UK with the global direction of travel on LVCR. This means that all goods entering the UK as parcels, sent by overseas businesses, will be liable for VAT unless they are already relieved from VAT under domestic rules (for example zero-rated children's clothing).

For parcels valued up to and including £135, of non-excise goods, a technology-based solution will allow VAT to be collected from the overseas business selling the goods to the UK. Overseas businesses will charge VAT at the point of purchase and will be expected to register with an HMRC digital service to account for VAT due.

The digital service is an online registration, accounting, and payments service for overseas businesses. On registration, businesses will be provided with a Unique Identifier which will accompany the parcels they send into the UK. They will then declare the VAT due on those parcels and pay this via their online account. This ensures the process of paying VAT on parcels does not become burdensome for UK consumers and businesses.

To give overseas businesses sufficient time to familiarise themselves with their new obligations, the online service will be available for businesses to register in early 2019, prior to 29 March.

On goods worth more than £135 sent as parcels, VAT will continue to be collected from UK recipients in line with current procedures for parcels from non-EU countries. VAT will also continue to be collected in line with current procedures for all excise goods sent as parcels and potentially in cases where their supplier is not compliant with HMRC's new parcels policy. HMRC is working with the relevant industry stakeholders and will provide further information in due course.

VAT on vehicles imported to the UK

If the UK leaves the EU without an agreement, you should continue to notify HMRC about vehicles brought into the UK from abroad, using the online Notification of Vehicle Arrival Procedures (NOVA) system, to ensure that VAT is correctly paid.

The rules on the movement of goods to the UK from the EU will change when the UK leaves the EU and, as a result, you will have to pay import VAT on vehicles you bring into the UK from EU member states. Certain reliefs will also be available, as with current imports of vehicles from non-EU countries.

The Driver Vehicle Licensing Agency (DVLA) will not register a vehicle brought into the UK for use on UK roads unless it has a valid NOVA notification or it has been registered using the DVLA secure registration scheme.

Dealing with VAT on exports

If you're a VAT-registered business, you will continue to be able to zero-rate sales of goods to EU businesses but you won't be required to complete European Commission (EC) Sales List. This means there will be changes to how these sales are recorded.

You will need to keep evidence to prove that goods have left the UK, to support the zero-rating of the supply. Most businesses already maintain this evidence as part of current processes and the required evidence will be similar to that currently required for exports to non-EU countries, with any differences to be communicated in due course.

If you are selling goods to EU consumers, distance selling arrangements will no longer apply to your business and you will be able to zero-rate the sales.

Current EU rules would mean that EU member states will treat goods entering the EU from the UK in the same way as goods entering from other non-EU countries with associated import VAT and customs duties due when the goods arrive into the EU. Individual EU member states may have different import VAT rules for non-EU countries and import VAT payments may be due at the border when you are importing goods.

You should check the relevant import VAT rules in the EU member state concerned.

UK businesses selling their own goods in an EU member state to customers in that country

If the UK leaves the EU without an agreement, you will be able to continue to sell goods you have stored in an EU member state to customers in the EU, in line with current Rest of World rules.

Current EU rules would mean that you will continue to be required to register for VAT in the EU member states where sales are made, in order to account for the VAT due in those countries.

You can access the EU Commission's website for more information on:

- EU rules for storing non-union goods in an EU member state before selling or exporting
- registering for VAT in EU member states.

Changes to VAT IT systems

If the UK leaves the EU without an agreement, the UK will stop being part of EU-wide VAT IT systems. However, you can still use these systems to handle transactions you made before EU Exit.

UK VAT Mini One Stop Shop (MOSS): MOSS is an online service that allows EU businesses that sell digital services to consumers in other EU member states to report and pay VAT via a single return and payment in their home member state. Non-EU businesses can also use the system by registering in an EU member state.

In a 'no deal' scenario, you will no longer be able to use the UK's MOSS portal to report and pay VAT on sales of digital services to consumers in the EU.

If you want to continue to use the MOSS system, you will need to register for the VAT MOSS non-union scheme in an EU member state. You can only do this after the date the UK leaves the EU.

The non-union MOSS scheme requires you to register by the 10th of the month following a sale, so you will need to register by 10 April 2019 if you make a sale from the 29 to 31 March 2019, and by 10 May 2019 if you make a sale in April 2019.

Alternatively, you can register in each EU member state where sales are made.

There is more information on the EU Commission's website.

EU VAT Refund System: You will no longer have access to the EU VAT Refund System but you can still claim refunds of VAT from an EU member state by using the existing processes for non-EU businesses. This process varies across the EU and you will need to make yourself aware of the processes in the individual countries where you incur costs and want to claim a refund.

There is more information about claiming VAT refunds from EU countries on the EU Commission's website.

EU VAT Registration Number Validation: This service allows businesses to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Northern Irish businesses importing from Ireland

The government is clear that in a 'no deal' scenario we must respect our unique relationship with Ireland, with whom we share a land border and are co-signatories of the Belfast Agreement. In the event of 'no deal' the government will do everything in its power to prevent a return to a hard border. The UK government has consistently placed upholding the Agreement and its successors at the heart of our approach. We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland.

It is the responsibility of the UK government to continue preparations for the full range of potential outcomes, including 'no deal'.

If we leave the EU without a deal in March 2019, the UK will stand ready to engage constructively to meet these commitments and act in the best interests of the people of Northern Ireland, recognising the challenges that the lack of a UK-EU legal agreement would pose in this unique context. This would include engagement on arrangements for land border trade.

We will update you on the UK's different customs arrangements and any actions you may need to take in due course.

The Irish Government has indicated it would need to discuss arrangements in the event of 'no deal' with the European Commission and EU member states. We would recommend that, if you trade across the land border, you should also consider any advice issued by the Irish Government about preparations you need to make, in addition to the guidance set out by the UK government.

Things you can do now

If you expect to be trading with the EU after 29 March 2019, you should now consider the effect of a 'no deal' exit on your business.

1. Consider any changes you may need to make if you have to follow the same or similar processes to trade with the EU as you do with the rest of the world.
2. Take account of the volume of your trade with the EU and any potential supply chain impacts.
3. Consider whether you could use customs procedures to delay or relieve the payment of customs duty until your goods are ready to be released into free circulation. A customs broker, freight forwarder or logistics provider can advise in the event of a 'no deal' scenario whether one of these procedures would be suitable for your business. These procedures include:
   - customs warehousing: allows you to store goods without paying duty or import VAT. When the goods leave the warehouse, you must pay duty on them unless the business is re-exporting, or moving goods to another customs procedure. The warehouse must be authorised by HMRC
   - inward processing: allows you to import goods from non-EU countries for work or modification in the EU. When this has been completed, you must pay any customs duty and VAT due, unless goods are re-exported or moved to another customs procedure, or released to free circulation
   - temporary admission: allows you to temporarily import and/or export goods such as samples, professional equipment or items for auction, exhibition or demonstration into the UK or EU. As long as the goods are not modified or altered while they are within the EU, you will not have to pay duty or import VAT
   - authorised use: allows a reduced or zero rate of customs duty on some goods when used for specific purposes and within a set time period.

   For excise duty purposes, goods are not regarded as imported if they are immediately placed under one of these customs procedures. You will need to pay excise duty when these goods are released for free circulation, unless they are immediately placed in excise duty suspension.
4. Talk to your courier, haulier or freight forwarder to explore how changes to transit systems may impact your business and how your goods are moved.
5. Register for HMRC's EU Exit update service on GOV.UK Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Traders with the rest of the world only

Businesses that trade with the EU will broadly follow the customs controls that you follow when trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

UK customs processes for rest of the world trade will not be affected. However, as a business trading with the rest of the world, you will lose facilitations accessed through the UK's membership of the EU and may find trade between the rest of the world and the EU more difficult, or that EU-based customs intermediaries are less able to support you.

HMRC is currently introducing its new Customs Declaration Service (CDS), which replaces its Customs Handling of Import and Export Freight (CHIEF) system. Read information about how CDS is being introduced and what businesses need to do to prepare on GOV.UK.

If you trade with the rest of the world only, the following will apply.

How VAT accounting processes will change

If the UK leaves the EU without an agreement, the government will introduce postponed accounting for import VAT on goods brought into the UK from the EU.

This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT when the goods arrive at the UK border. This will apply to imports from the EU and non-EU countries.

To reach this decision, the government took into account the views of businesses and sought to mitigate any adverse cash-flow impacts and ensure that VAT processes are kept as close as possible to what they are now.

To ensure equity of treatment, in a 'no deal' scenario, businesses will be able to account for their import VAT from non-EU countries in the same way, which will help to make the most of trading opportunities around the world.

We'll issue more guidance setting out further detail on accounting and record keeping requirements soon.

If the UK leaves the EU without an agreement, VAT will be payable on goods entering the UK as parcels, sent by overseas businesses, unless they are already relieved from VAT under domestic rules (for example, zero-rated children's clothing).

For parcels valued up to and including £135, of non-excise goods, the government will use a technology-based solution to allow VAT to be collected from the business selling the goods into the UK.

If the parcels are worth more than £135, you will still need to pay VAT, in line with current procedures. This includes procedures for all excise goods sent as parcels and potentially in cases where your supplier has not complied with HMRC's new parcels policy. More information will be available soon.

Changes to VAT IT systems

EU VAT Registration Number Validation: This service allows you to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Transit of non-EU goods within the EU

The UK is currently in discussions with the EU to retain membership of the Common Transit Convention (CTC). If the UK is no longer a member of the Common Transit Convention, it will no longer be possible to begin or complete transit movements in the UK using the CTC process.

How excise processes will change

If the UK leaves the EU without a deal, the Excise Movement and Control System (EMCS) will no longer be used to move duty-suspended excise goods traded with the EU, but will still be used to move duty-suspended excise goods internally within the UK.

There won't be any changes if you are currently exporting duty-suspended alcohol, tobacco or fuel to the rest of the world. Unless any simplified arrangements apply, you will continue to use EMCS to record duty-suspended movements of excise goods to and from places of export or import in the UK. You'll also need to submit declarations to customs or employ a customs agent to clear the goods for export.

There will also be no changes if you are currently exporting duty paid alcohol, tobacco or fuel with the rest of the world. You will still be able to reclaim UK excise duty paid (Drawback) on exports to the rest of the world, provided you meet certain conditions – for example, having evidence to prove that the goods have left the UK.

Things you can do now

1. Talk to your courier, haulier or freight forwarder to explore how changes to transit systems may impact your business and how your goods are moved. For example, if you are doing business with the rest of the world you may wish to explore direct imports to the UK instead of transhipment via the EU.
2. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Customs agents

The trade that is carried out with the EU will broadly follow the customs controls that apply for the rest of the world, and there is likely to be an increase in demand for customs agents' services from traders who had previously only worked within the EU or traded both within the EU and with the rest of the world. So you will need to adapt your business to comply with these new systems, processes and controls.

How customs processes will change

You can expect to see an increase in demand for customs services from the traders who have only traded within the EU to date.

If you are established in the EU and are making import declarations on behalf of UK clients, you will need to have a European Economic Operator Registration and Identification (EORI) number as well as a UK EORI number.

When using roll-on roll-off (Ro-Ro) transport, for example ships designated to carry wheeled cargo such as lorries, you will need to have information from traders about goods, in order to pre-notify HMRC of consignments.

You will also need to know transport information from the haulier – such as the registration details of the vehicle that goods are travelling in – and communicate with them if they need to go to a specific inland location, such as a Designated Export Place for certain exports.

Dealing with import VAT

If the UK leaves the EU without an agreement, the government will introduce postponed accounting for import VAT on goods brought into the UK.

This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT when the goods arrive at the UK border. This will apply to imports from the EU and non-EU countries.

To reach this decision, the government took into account the views of businesses and sought to mitigate any adverse cash-flow impacts and ensure that VAT processes are kept as close as possible to what they are now. To ensure equity of treatment, in a 'no deal' scenario, businesses will be able to account for their import VAT from non-EU countries in the same way, which will help to make the most of trading opportunities around the world.

We'll issue more guidance setting out further detail on accounting and record-keeping requirements soon.

Changes to VAT IT systems

EU VAT Registration Number Validation: This service allows you to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Managing customs intermediaries capacity

There are approximately 145,000 VAT-registered traders who only trade with the EU, in addition to others under the VAT threshold. Many of these are likely to need a customs broker or intermediary in the unlikely event of 'no deal'.

The government fully acknowledges the potential capacity challenges facing the customs intermediaries sector in the unlikely event of 'no deal' being reached before the UK leaves the EU on 29 March 2019. It has engaged extensively with key providers of customs broker services – including freight forwarders, fast parcel operators and independent customs brokers – to better understand this challenge.

Based on this useful engagement, HM Treasury and HMRC have designed a package of measures to support the intermediaries sector to expand ahead of March 2019. As announced on 24 September, this will include a one-off investment of £8 million to support broker training and increased automation.

This investment will involve:

1. A procurement process to establish contracts with training providers for creating and delivering new training courses and/or expanding existing material for customs brokers to assist in a 'no deal' scenario. The government's engagement with key intermediaries and training providers identified a lack of widely available and accessible training provision for customs brokers. It wants to support the sector to train more people, to a good standard.
2. A grant scheme to support intermediaries and/or traders with the upfront costs of training their employees. The government understands that intermediaries train their staff using both internal and/or external training provision. This element will support customs intermediaries with some of these upfront costs to make it easier to train staff.
1. A grant scheme to support investment in automation in the sector. The government understands that upfront cost is a key barrier to automation, particularly for smaller businesses. This will seek to improve the productivity of smaller intermediaries that rely on manual data input to complete customs declarations, by supporting them with the set up costs of IT solutions.

The procurement process for establishing contracts with training providers has now begun, with the grant schemes to support upfront costs of training or increased automation expected to be available later this year. Further details will be published in due course.

There is no need to contact HMRC at this stage.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Assess the impact of any increased demand for customs declarations on your business, and whether you need to recruit and train additional staff.
2. Consider any changes you may need to make if you have to follow the same or similar processes for EU trade as you do with the rest of the world.
3. You can stay up-to-date with these changes by registering for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.
4. Consider checking with your customers that they are aware of the potential changes and how these could impact their business, and suggest they also register for HMRC's EU Exit update service on GOV.UK.

What to expect on day one of a 'no deal' scenario: Haulage companies operating between the UK and the EU

The trade that you carry out with the EU will broadly follow the customs controls that apply for the rest of the world. So, you will need to adapt your business to comply with these new systems, processes and controls.

How the process will change

In a 'no deal' scenario you will need to file safety and security declarations and confirm a customs declaration is in place for goods being moved across borders.

If your drivers are transporting the goods, you will bear legal responsibility for the safety and security declaration and you will need to be able to provide evidence (for example, a reference number) that any relevant customs declarations are in place. The customs declaration is the responsibility of the importer.

Firstly, you need to apply for a UK Economic Operator Registration Identifier (EORI) number, if you don't already have one. An EORI number is assigned to importers and exporters by HMRC, and is used in the process of customs entry declarations and customs clearance for both import and export shipments travelling to or from the EU and countries outside the EU.

If you're bringing EU goods into a UK roll-on roll-off (Ro-Ro) location, for ships or trains designated to carry wheeled cargo, such as lorries, the importer will need to have pre-lodged a declaration, or commenced a special procedure. You may need to declare goods to transit. You will also need to carry evidence that a declaration has been made because you may be asked to produce this by a customs officer.

It will also be important to ensure that all the customs intermediaries in the freight forwarding supply chain have established lines of communication with one another to ensure the status of goods – and the customs processes they are travelling under or destined for – is understood and can be indicated to the customs authorities.

There are two types of safety and security declarations: an Exit Summary Declaration (for exports) and an Entry Summary Declaration (for imports). If you are moving goods from the EU to the UK in driver-accompanied transport you will need to make a safety and security declaration for goods.

You will also need to submit an Exit Summary Declaration to the EU country customs authority from which the goods are leaving.

If you are moving goods from the UK to the EU, the export declaration or the transit declaration is combined with the Exit Summary Declaration and is made by the exporter. You will need to submit an Entry Summary Declaration to the customs authority of the country that your consignment is entering.

You will be assigned a European EORI number the first time you lodge an Entry or Exit Summary Declaration and you should use this number in all declarations.

If you are moving driver-unaccompanied transport between the UK and the EU the legal responsibility for the safety and security declaration lies with the ferry operator or channel tunnel operator.

You can find more information on what needs to be provided on an Entry Summary Declaration or Exit Summary Declaration, and how they are submitted, on the GOV.UK Starting to import or Exporting goods outside the EU pages.

Transit of non-EU goods within the EU

The UK is currently in discussions with the EU to retain membership of the Common Transit Convention (CTC). If the UK is no longer a member of the Common Transit Convention, it will no longer be able to begin or complete transit movements in the UK using the CTC process.

Dealing with import VAT

If the UK leaves the EU without an agreement, the government will introduce postponed accounting for import VAT on goods brought into the UK. This means that UK VAT-registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT when the goods arrive at the UK border. This will apply to imports from the EU and non-EU countries.

To reach this decision, the government took into account the views of businesses and sought to mitigate any adverse cash-flow impacts and ensure that VAT processes are kept as close as possible to what they are now.

To ensure equity of treatment, in a 'no deal' scenario, businesses will be able to account for their import VAT from non-EU countries in the same way, which will help to make the most of trading opportunities around the world.

We'll issue more guidance setting out further detail on accounting and record keeping requirements soon.

Changes to VAT IT systems

EU VAT Registration Number Validation: This service allows you to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Consider any changes you may need to make if you have to follow the same or similar processes to carry goods between the UK and the EU as you do with the rest of the world.
2. Assess the impact of an increased demand for safety and security and customs declarations on your business, and consider recruiting and training additional staff.
3. Consider how changes to transit systems may affect how you move goods.
4. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.
5. Consider checking with your customers that they are aware of the potential changes and how these may impact their business, and suggest they also register for HMRC's EU Exit update service on GOV.UK.

What to expect on day one of a 'no deal' scenario: Ferry or Channel Tunnel operators moving goods between the UK and the EU

The trade that you carry out with the EU will broadly follow the customs controls that apply for the rest of the world. So you will need to adapt your business to comply with these new systems, processes and controls.

If you're a ferry or Channel Tunnel operator moving goods between the UK and the EU, the following will apply.

How the customs process will change

In a 'no deal' scenario, you will be treated in the same way as operators transporting goods to and from the rest of the world, with the same filing requirements and consignments being subjected to the same scrutiny.

With the exception of accompanied roll-on roll-off (Ro-Ro) transport, where the requirement is on the haulage company, you will need to file safety and security declarations for imports.

There are two types of safety and security declarations: an Exit Summary Declaration and an Entry Summary Declaration. You will need to file the Entry Summary Declaration for inbound goods to the UK online on the Import Control System. The filing deadline for Ro-Ro traffic is currently two hours before arrival. More guidance is available on GOV.UK.

You'll need to submit an Exit Summary Declaration to the customs authority of the country from which you're exporting – so if you're exporting from the UK, it will form part of the customs export declaration.

Similarly, you'll need to submit an Entry Summary Declaration to the customs authority of the country that your consignment is entering.

You can find more information on what needs to be provided on an Entry Summary Declaration or Exit Summary Declaration, and how they are submitted, on the GOV.UK Starting to import or Exporting goods outside the EU pages.

Transit of non-EU goods within the EU

The UK is currently in discussions with the EU to retain membership of the Common Transit Convention (CTC). If the UK is no longer a member of the Common Transit Convention, it will no longer be possible to begin or complete transit movements in the UK using the CTC process.

Dealing with import VAT

If the UK leaves the EU without an agreement, the government will introduce postponed accounting for import VAT on goods brought into the UK. This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT when the goods arrive at the UK border. This will apply to imports from the EU and non-EU countries.

To reach this decision, the government took into account the views of businesses and sought to mitigate any adverse cash-flow impacts and ensure that VAT processes are kept as close as possible to what they are now. To ensure equity of treatment, in a 'no deal' scenario, businesses will be able to account for their import VAT from non-EU countries in the same way, which will help to make the most of trading opportunities around the world.

We'll issue more guidance setting out further detail on accounting and record keeping requirements soon.

Changes to VAT IT systems

EU VAT Registration Number Validation: This service allows you to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers.

UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Consider any changes you may need to make if you have to follow the same or similar processes to carry goods between the UK and the EU as you do with the rest of the world.
2. Assess the impact of an increased demand for safety and security and customs declarations on your business, and consider recruiting and training additional staff.
3. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Freight forwarders

The trade that is carried out with the EU will broadly follow the customs controls that apply for the rest of the world, and there is likely to be an increase in demand for freight forwarders' services from traders who had previously only worked within the EU or traded both within the EU and with the rest of the world. So you will need to adapt your business to comply with these new systems, processes and controls.

If you're a freight forwarder, the following apply.

How customs processes will change

In a 'no deal' scenario, you will need to have a European EORI number in addition to a UK EORI number, if you are making declarations on behalf of UK clients.

When using roll-on roll-off (Ro-Ro) transport, for example ships designated to carry wheeled cargo such as lorries, you will need to have information from traders about the goods, in order to pre-notify HMRC of consignments.

You'll also need to know transport information from the haulier – for example the registration details of the vehicle and trailer that goods are travelling in – and communicate with them if they need to go to a specific inland location, such as a Designated Export Place for certain exports.

Transit of non-EU goods within the EU

The UK is currently in discussions with the EU to retain membership of the Common Transit Convention. If the UK is no longer a member of the Common Transit Convention, you will no longer be able to begin or complete transit movements in the UK through this route.

Dealing with import VAT

If the UK leaves the EU without an agreement, the government will introduce postponed accounting for import VAT on goods brought into the UK. This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT when the goods arrive at the UK border. This will apply to imports from the EU and non-EU countries.

To reach this decision, the government took into account the views of businesses and sought to mitigate any adverse cash-flow impacts and ensure that VAT processes are kept as close as possible to what they are now.

To ensure equity of treatment, in a 'no deal' scenario, businesses will be able to account for their import VAT from non-EU countries in the same way, which will help to make the most of trading opportunities around the world.

We'll issue more guidance setting out further detail on accounting and record keeping requirements soon.

Changes to VAT IT systems

EU VAT Registration Number Validation: This service allows you to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Consider any changes you may need to make if you have to follow the same or similar processes to carry goods between the UK and the EU as you do with the rest of the world.
2. Assess the impact of an increased demand for safety and security and customs declarations on your business, and consider recruiting and training additional staff.
3. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.
4. Consider checking with your customers that they are aware of the potential changes and how these could impact their business, and suggest they also register for HMRC's EU Exit update service on GOV.UK.

What to expect on day one of a 'no deal' scenario: Express courier industry and postal services

Businesses that trade with the EU will broadly follow the same customs controls as businesses trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

If you operate an express courier service or a postal service, the following will apply.

How customs processes will change

The customs controls that apply to rest of the world trade will apply for all trade moving between the UK and the EU, which may mean you receive more parcels that require declarations.

How VAT processes will change

If the UK leaves the EU without an agreement, VAT will be payable on goods entering the UK as parcels, sent by overseas businesses.

Low Value Consignment Relief (LVCR) will no longer apply to any parcels arriving in the UK, aligning the UK with the global direction of travel on LVCR. This means that all goods entering the UK as parcels, sent by overseas businesses will be liable for VAT unless they are already relieved from VAT under domestic rules (for example zero-rated children's clothing).

For parcels valued up to and including £135, a technology-based solution will allow VAT to be collected from the overseas business selling the goods into the UK. Overseas businesses will charge VAT at the point of purchase and will be expected to register with an HMRC digital service and account for VAT due.

The digital service is an online registration, accounting, and payments service for overseas businesses. On registration, businesses will be provided with a Unique Identifier which will accompany the parcels they send into the UK. They will then declare the VAT due on those parcels and pay this via their online account.

This ensures the process of paying VAT on parcels does not become burdensome for UK consumers and businesses. To give overseas businesses sufficient time to familiarise themselves with their new obligations, the online service will be available for businesses to register in early 2019, prior to 29 March.

On goods worth more than £135 sent as parcels, VAT will continue to be collected from UK recipients in line with current procedures for parcels from non-EU countries. VAT will also continue to be collected in line with current procedures for all excise goods sent as parcels and potentially in cases where their supplier is not compliant with HMRC's new parcels policy. HMRC is working with the relevant industry stakeholders and will provide further information in due course.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Assess the impact of this increased demand for declarations on your business, and consider recruiting and training additional customs agents.
2. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Businesses supplying services to the EU

Businesses that trade with the EU will broadly follow the same customs controls as businesses trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

If you are a business supplying services to the EU, the following will apply.

How VAT accounting processes will change

If the UK leaves the EU without an agreement, the main VAT place of supply rules will remain the same for UK businesses.

The current 'place of supply' rules determine the country in which you need to charge and account for VAT. These rules are in line with international standards set out by the Organisation for Economic Co-operation and Development (OECD).

The rules around place of supply will continue to apply in broadly the same way as they do now. If you're supplying digital services to non-business customers in the EU the place of supply will continue to be where the customer resides. VAT on services will be due in the EU member state within which your customer is a resident.

If you're supplying insurance and financial services, input VAT deduction rules for financial services supplied to the EU may be changed. We will update businesses with more information soon.

Changes to VAT IT systems

If the UK leaves the EU without an agreement, the UK will stop being part of EU-wide VAT IT systems.

UK VAT Mini One Stop Shop (MOSS): MOSS is an online service that allows EU businesses that sell digital services to consumers in other EU member states to report and pay VAT via a single return and payment in their home member state. Non-EU businesses can also use the system by registering in an EU member state.

In a 'no deal' scenario, you will no longer be able to use the UK's MOSS portal to report and pay VAT on sales of digital services to consumers in the EU.

If you want to continue to use the MOSS system, you will need to register for the VAT MOSS non-union scheme in an EU member state. This can only be done after the date the UK leaves the EU. The non-union MOSS scheme requires you to register by the 10th of the month following a sale, so you will need to register by 10 April 2019 if you make a sale from the 29 to 31 March 2019, and by 10 May 2019 if you make a sale in April 2019. Alternatively, you can register in each EU member state where sales are made.

There is more information on the EU Commission's website.

EU VAT Refund System: You will no longer have access to the EU VAT Refund System but you will continue to be able to claim refunds of VAT from EU member states by using the existing processes for non-EU businesses. This process varies across the EU and you will need to make yourself aware of the processes in the individual countries where you incur costs and want to claim a refund.

There is more information about claiming VAT refunds from EU countries on the EU Commission's website.

EU VAT Registration Number Validation: This service allows you to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers. UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Things you can do now

If you expect to be supplying services to the EU after 29 March 2019, you should consider now the effect of a 'no deal' exit on your business.

1. Consider any changes you may need to make to adapt to new processes and systems.
2. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Tour operators

Businesses that trade with the EU will broadly follow the same customs controls as businesses trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

If you are a tour operator supplying services to the EU, the following will apply.

How VAT accounting processes will change

If the UK leaves the EU without an agreement, the main VAT place of supply rules will remain the same for UK businesses.

The current 'place of supply' rules determine the country in which you need to charge and account for VAT. These rules are in line with international standards set out by the Organisation for Economic Co-operation and Development (OECD).

The rules around place of supply will continue to apply in broadly the same way that they do now. If you're supplying digital services to non-business customers in the EU the place of supply will continue to be where the customer resides. VAT on services will be due in the EU member state within which your customer is a resident.

The Tour Operators Margin Scheme is an EU VAT accounting scheme for businesses that buy and sell on certain travel services that take place in the EU. HMRC has been engaging with the travel industry and will continue to work with businesses to minimise any impact.

Changes to VAT IT systems

If the UK leaves the EU without an agreement, the UK will stop being part of EU-wide VAT IT systems.

EU VAT Registration Number Validation: This service allows you to check whether a customer or supplier's VAT number is valid. You will still be able to use the EU VAT number validation service to check the validity of EU business VAT registration numbers.

UK VAT registration numbers will no longer be part of this service. In the event of 'no deal', HMRC is developing a system so that UK VAT numbers can continue to be validated. We know this is important for certain businesses to carry out due diligence.

Things you can do now

If you expect to be operating in the EU after 29 March 2019, you should consider now the effect of a 'no deal' exit on your business.

1. Consider any changes you may need to make to adapt to new processes and systems.
2. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Ports and airports

Businesses that trade with the EU will broadly follow the same customs controls as businesses trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

If you operate a UK port or airport, the following will apply.

How customs processes will change

EU freight moving through ports and airports will become third country freight, subject to the same rules and procedures as are currently in place for third country freight. You will need to make sure you are set up to meet the processing requirements of third country trade and customs procedures.

We recognise that many ports which predominantly facilitate trade with the EU do not currently have or need electronic systems to facilitate the presentation and processing of goods at ports.

If you do not currently use such processes, it is likely that the procedures for clearing these goods will be more bureaucratic for trade and depend more heavily on manual processes. If such systems are not in place when the UK leaves the EU, processes will be put in place to facilitate trade flow – but you will need to work with HMRC on implementing an effective streamlined regime.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Familiarise yourself with the processing requirements of third country trade and customs procedures, and assess the impact of these on your port or airport.
2. Assess the impact of any increased demand for customs and safety and security declarations on your business, and whether you would need to recruit and train additional staff.
3. Discuss these changes with all your onsite stakeholders to identify any potential infrastructure issues, and ensure that they are in a position to support any changes that you need to put in place.
4. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

What to expect on day one of a 'no deal' scenario: Customs warehouses

Businesses that trade with the EU will broadly follow the same customs controls as businesses trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

If you are a warehouse keeper for the goods of other businesses, the following will apply.

How customs processes will change

Trade with the EU will broadly follow the same customs controls as trade with the rest of the world, so the status of EU goods will change.

You can expect to receive goods into your warehouse that have been imported from the EU and which are liable to customs duties or import VAT. You will need to treat these EU goods in the same way as you currently treat goods from the rest of the world. You may therefore need to adjust the way you use and manage your warehouse. You may also need to talk to your software supplier so that any changes are in place to reflect these requirements – and you should be prepared to support new customers who have not previously dealt with customs matters.

If you use a warehouse as part of your own business, trade with the EU will broadly follow the same customs controls as trade with the rest of the world, so the status of EU goods will change. You will be able to use your existing warehouse to store goods you have imported from the EU. You may need to consider whether you have sufficient warehouse space to continue to meet your requirements.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Assess the impact of any increased demand from third party depositors, or requirements of your own business, and whether you would need to recruit and train additional staff.
2. Consider how you can help make your customers aware of the requirements of the customs warehousing procedure.
3. Consider whether you need to make any changes to deal with goods subject to excise duty.
4. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.
5. Consider checking with your customers that they are aware of the potential changes and how these could impact their business, and suggest they also register for HMRC's EU Exit update service on GOV.UK.

What to expect on day one of a 'no deal' scenario: Temporary storage operators

Businesses that trade with the EU will broadly follow the same customs controls as businesses trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

If you are a temporary storage operator, the following will apply.

How customs processes will change

Trade with the EU will broadly follow the same customs controls as trade with the rest of the world, so the status of EU goods will change.

You can expect importers of goods from the EU to want to have their goods placed into a temporary storage facility before being placed under a customs procedure or re-exported. You will need to treat these EU goods in the same way as you currently treat goods from the rest of the world. As a temporary storage operator you are responsible for physically accepting and releasing the goods into and out of the temporary storage facility, and for collecting data into the temporary storage stock account record on the physical arrival of the goods into the premises.

You may therefore need to adjust the way you use and manage your temporary storage facility. You may also need to talk to your software supplier so that any changes are in place to reflect these requirements – and you should be prepared to support new customers who have not previously dealt with customs matters.

You will also need to consider whether your temporary storage facility has sufficient space to continue to meet your requirements.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Assess the impact of any increased demand from third party depositors, or requirements of your own business, and whether you would need to recruit and train additional staff.
2. Consider whether you need to make any changes to your customs authorisations, and if you do, make early contact with the appropriate unit to ensure there is sufficient time for the changes to be made.
3. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.
4. Consider checking with your customers that they are aware of the potential changes and how these could impact their business, and suggest they also register for HMRC's EU Exit update service on GOV.UK.

What to expect on day one of a 'no deal' scenario: Businesses selling duty-suspended alcohol, tobacco or fuel in the UK

Businesses that trade with the EU will broadly follow the same customs controls as businesses trading with the rest of the world – so they will need to adapt their business to comply with these systems, processes and controls.

If you are a business selling duty-suspended alcohol, tobacco or fuel in the UK, the following will apply.

How excise processes will change

If you sell duty-suspended alcohol, tobacco or fuel within the UK only, there will be no change if we leave the EU without a deal on 29 March 2019.

Unless any simplified arrangements apply, you will need to continue using Excise Movement and Control System (EMCS) to record duty-suspended movements of excise goods within the UK – including to and from the places of import or export in the UK.

You will also need to have financial guarantees (excise movement guarantees) with a financial institution for the movement of all goods that currently require them, where no duty has been paid on them within the UK.

Things you can do now

You should consider now the effect of a 'no deal' exit on your business.

1. Assess the impact of any changes on your business, and whether you would need to change any of your systems and processes.
2. Register for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

Communication resources

This section contains a number of resources and links to help you support your customers, clients and members for the possibility of a 'no deal' scenario.

Step-by-step guides

We have published two A3 poster-sized step-by-step guides which set out the step-by-step process that businesses will need to follow when importing from or exporting to the EU, in a 'no deal' scenario. The posters can be viewed online or printed out to hang on office walls. The guides have also been published as pages on GOV.UK.

Read the 'Importing' step-by-step guide

Read the 'Exporting' step-by-step guide

HM Government letters to traders

The government has issued an advice and guidance letter to traders to set out what the UK leaving the EU without a deal would mean for them. A version of the letter has been issued specifically for traders in Northern Ireland, which addresses trade in goods across the land border with Ireland.

Both letters are reproduced in Annex 1 (page 44) and Annex 2 (page 46) for your information.

Technical notices

The government is publishing a number of technical notices across a range of topics, including customs and VAT, on GOV.UK over the summer and autumn. These notices explain the changes that would apply if the UK leaves the EU without a deal on 29 March 2019.

To access the technical notices, go to www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal or search for 'EU Exit technical notices' on GOV.UK.

Tell us what you need

We want to provide as much support as possible to help you and your customers, members and clients prepare for a 'no deal' scenario. This should be an ongoing two-way process – so we value your feedback at every point.

Please tell us:

- what information, guidance and support you would find most useful as stakeholders and intermediaries
- what businesses are telling you they need
- whether the information we provide can be improved, or if you and your clients have questions which we're not addressing
- whether we're using the right formats and channels to support you and provide you with resources and guidance.

We welcome all questions, comments and feedback that will help us to help you. Please contact: euexit.communications@hmrc.gsi.gov.uk

Annex 1: HM Government letter to EU-only traders

HM Government

Dear [customer],

This letter is for advice and guidance only. You do not need to call HMRC.

Changes to the way you trade with the European Union (EU)

The United Kingdom (UK) will be leaving the EU, including the Customs Union, at 11pm (UK time) on 29 March 2019.

The UK government has reached agreement with the EU on the vast majority of withdrawal issues, including the terms of an implementation period. Full agreement on this will mean that trading with the EU during the implementation period would broadly stay the same from the end of March 2019 until 31 December 2020.

The government is also focused on securing a future partnership with the EU following the end of the implementation period in December 2020. The recent White Paper 'The future relationship between the United Kingdom and EU' set out details of this.

However, the government continues to prepare for all scenarios, including the unlikely outcome that the UK leaves the EU at the end of March 2019 without a deal.

In the event of 'no deal', the government is committed to prioritising stability for businesses. We will continue to work closely with industry to ensure that interventions in a 'no deal' scenario are conducted in a way which minimises delays and additional burdens for legitimate trade, while robustly ensuring compliance. The approach of continuity does not mean that everything will stay the same, but the priority is maximising stability at the point of departure.

What leaving the EU without a deal on 29 March 2019 would mean for you

The information from your VAT registration shows that:

- you're a trader based in the UK currently importing and/or exporting goods within the EU
- you do not currently trade with non-EU countries.

If we leave the EU without a deal in March 2019, there would be immediate changes to the way UK businesses trade with the EU that impact on your business. This includes:

- UK businesses having to apply customs, excise and VAT procedures to goods traded with the EU, in the same way that already applies for goods traded outside of the EU
- Trading partners in the EU having to apply customs, excise and VAT procedures to goods they receive from you, in the same way that they do for goods received from outside of the EU.

In particular, if your business currently trades only with the EU then you'd have to start completing customs declarations from March 2019 and customs checks would apply to your business for the first time.

What you should do to get ready

While no changes will be made before 29 March 2019, you may wish to use the coming months to understand more about what leaving the EU without a deal would mean for you.

The steps and obligations you may need to take to continue to trade with the EU if the UK leaves without a deal are broadly the same as those that apply to businesses that trade with countries outside of the EU.

You can find information on how to trade with countries outside of the EU on GOV.UK. It covers customs procedures, excise rules and VAT when importing or exporting goods outside the EU.

- Importing from non-EU countries: www.gov.uk/importoutsideEU
- Exporting goods outside the EU: www.gov.uk/exportoutsideEU

The government has published a number of technical notices on GOV.UK across a range of topics, including:

- Customs – 'Trading with the EU if there's no Brexit deal'
- Tariffs – 'Classifying your goods in the UK Trade Tariff is there's no Brexit deal'
- VAT – 'VAT for businesses if there's no Brexit deal'

The notices explain the changes that would apply if the UK leaves the EU without a deal on 29 March 2019. On GOV.UK, search for 'EU Exit technical notices' and select 'How to prepare if the UK leaves the EU with no deal'.

Next steps

If you're a member of a trade body, they might have useful information on their website. VAT advisers, Customs agents, freight forwarders and other businesses also have services to help you to follow customs rules.

There is no need to contact HMRC at this stage. This letter is for advice and guidance only and is part of the government's ongoing programme of planning for all possible outcomes. We fully expect to negotiate a successful outcome with the EU, which would mean you do not have to make significant changes to the way that your business operates.

We will be in touch again before spring 2019 to let you know what actions (if any) you'll need to take and when, and will publish more information on GOV.UK before and after 29 March 2019.

You can stay up-to-date with these changes by registering for HMRC's EU Exit update service on GOV.UK. Search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

The government is committed to supporting you and your business through this period of change and making sure trade continues as easily as possible after we leave the EU.

Yours sincerely,

Jim Harra
Deputy Chief Executive, HMRC

Annex 2: HM Government letter to EU-only traders (Northern Ireland)

HM Government

Dear [customer],

This letter is for advice and guidance only. You do not need to call HMRC.

Changes to the way you trade with the European Union

The United Kingdom will be leaving the EU, including the Customs Union, at 11pm (UK time) on 29 March 2019.

The UK government has reached agreement with the EU on the vast majority of withdrawal issues, including the terms of an implementation period after the UK leaves the EU. Full agreement on this will mean that trading with the EU during the implementation period will broadly stay the same from the end of March 2019 until 31 December 2020.

The government is also focused on securing a future partnership with the EU following the end of the implementation period. The recent White Paper 'The future relationship between the United Kingdom and EU' set out details of this.

However, government continues to prepare for all scenarios, including the unlikely outcome that the UK leaves the EU at the end of March 2019 without a deal.

In the event of 'no deal', the government is committed to prioritising stability for businesses. We will to continue work closely with industry to ensure that interventions in a 'no deal' scenario are conducted in a way which minimises delays and additional burdens for legitimate trade, while robustly ensuring compliance. The approach of continuity does not mean that everything will stay the same, but the priority is maximising stability at the point of departure.

What leaving the EU without a deal on 29 March 2019 would mean for you

The information from your VAT registration shows that:

- you're a trader in Northern Ireland currently importing and/or exporting goods within the EU
- you do not currently trade with non-EU countries.

If you trade in goods across the land border between Northern Ireland and Ireland

The UK government has consistently placed upholding the Belfast Agreement and its successors at the centre of its approach to leaving the EU. The government is committed to avoiding a hard border between Northern Ireland and Ireland.

If we leave the EU without a deal in March 2019, the UK would stand ready to engage constructively to meet these commitments and act in the best interests of the people of Northern Ireland, recognising the challenges that the lack of a UK-EU legal agreement would pose in this unique context. This would include engagement on arrangements for land border trade.

We will update you on the UK's different customs arrangements and any actions you may need to take in due course.

The Irish Government have indicated they would need to discuss arrangements in the event of 'no deal' with the European Commission and EU member states. We would recommend that, if you trade across the land border, you should also consider any advice issued by the Irish Government about preparations you need to make, in addition to the guidance set out by the UK government.

If you trade in goods with EU countries (including Ireland) other than across the land border between Northern Ireland and Ireland

If we leave the EU without a deal in March 2019, there would be immediate changes to the way UK businesses trade with the EU that may impact on your business. This includes:

- UK businesses having to apply customs, excise and VAT procedures to goods imported from the EU, in the same way that they currently do for goods imported from outside of the EU
- Trading partners in the EU having to apply customs, excise and VAT procedures to goods they receive from you, in the same way that they currently do for goods received from outside of the EU.

In particular, if your business currently trades only with the EU then you would have to start completing customs declarations from March 2019; and customs checks would apply to your business for the first time.

What you should do to get ready

While no changes will be made before 29 March 2019, you may wish to use the coming months to understand more about what leaving the EU without a deal would mean for you.

The steps and obligations that you may need to take to continue to trade with the EU, other than at the land border, if the UK leaves without a deal are broadly the same as those that apply to businesses that trade with countries outside of the EU.

You can find information on how to trade with countries outside of the EU on GOV.UK. It covers customs procedures, excise rules and VAT when importing or exporting goods outside the EU.

- Importing from non-EU countries: www.gov.uk/importoutsideEU
- Exporting goods outside the EU: www.gov.uk/exportoutsideEU

The government has published a number of technical notices on GOV.UK across a range of topics, including:

Customs – 'Trading with the EU if there's no Brexit deal'

- Tariffs – 'Classifying your goods in the UK Trade Tariff is there's no Brexit deal'
- VAT – 'VAT for businesses if there's no Brexit deal'

The notices explain the changes that would apply if the UK leaves the EU without a deal on 29 March 2019. On GOV.UK, search for 'EU Exit technical notices' and select 'How to prepare if the UK leaves the EU with no deal'.

Next steps

If you're a member of a trade body, they might have useful information on their website. Customs agents, freight forwarders and other businesses also have services to help you to follow customs rules.

There is no need to contact HMRC at this stage. This letter is for advice and guidance only and is part of the government's ongoing programme of planning for all possible outcomes. We fully expect to negotiate a successful outcome with the EU, which would mean you do not have to make significant changes to the way that your business operates.

We will be in touch again before spring 2019 to let you know what actions you'll need to take and when. And will publish more information on GOV.UK before and after 29 March 2019.

You can stay up-to-date with these changes by registering for HMRC's EU Exit update service On GOV.UK, search for 'HMRC videos, webinars and email alerts', click to register to get business help and education emails, enter your email and select 'EU Exit'.

The government is committed to supporting you and your business through this period of change and making sure trade continues as easily as possible after we leave the EU.

Yours sincerely,

Jim Harra
Deputy Chief Executive, HMRC

HM Government