



## Brexit and our relationship with our UK customers and friends.

Sadly the United Kingdom's choice to cease to participate in the EU's Single Market and Customs Union and put an end to the free movement of persons, goods and services with the EU as of 31 December 2020 means that the EU- UK relationship will change significantly for businesses on both sides from that date onwards.

At Sleeptite® we have been preparing for this event for some time. You can take comfort in the fact that with a sales reach worldwide we at Sleeptite® are no strangers to the procedures surrounding imports and exports and you have our full support to make the transactions as seamless as possible. However, until negotiations are complete, we cannot say for sure what the eventual formalities will be.

A no deal Brexit will, in our opinion have minimal additional impact to our trading relationship with our UK customers and friends.

UK businesses simply cannot import or export without being registered with UK customs. This can be done online with Revenue at any time and can be completed in 10 minutes.

**Ensure you have a Customs Registration Number – EORI** <https://www.gov.uk/transition>

The following is a very useful link.

<https://www.prepareforbrexit.com/Insights/customs-logistics/>

We anticipate some potential issues, which could be categorised as follows (noting that until negotiations are concluded we will not be fully informed)

- 1) Customs & paperwork
  - 2) Taxes and tariffs
  - 3) Continuity of supply
  - 4) Transport delays and costs
- 2)

### Customs & paperwork

We have aligned with several clearing agents who will look after both your export and import customs paperwork. Fees for this service are likely to be +/- £50.00 per transaction. We plan to absorb this on transactions above £1000.00 net.

We will send you a form to complete which will contain all the necessary information in order for your order to be processed and have it cleared by HM Customs. Once the form is completed we can retain the information for future use – only with your permission of course. We request you to complete this form at time of order.

Under normal circumstances clearance is usually done in a day or less however, we anticipate delays until the systems are in place.



## Taxes and Tariffs

Taxes will include VAT which you normally pay to your UK suppliers with all purchase transactions.

From January 1<sup>st</sup> 2021 the same procedure will apply to goods shipped from Sleeptite®, except VAT must be paid to HM Customs prior to goods clearing / entering the UK. It is the accepted practice worldwide that clearing agents will not pay VAT on behalf of their customers with a view to recovering it later, and broadly speaking this VAT needs to be paid directly to customs. Alternatively, only by agreement in advance, and often more convenient the clearing agent can accept the VAT payment in advance from you and pay HM customs on your behalf – this will be faster and less complicated if indeed this facility is agreed and in place. The agent will notify the customer in advance of the goods arrival for this payment to be made. Your VAT payment is then recoverable in the same way it is today with your UK suppliers. You will be provided with “VAT proof of payment” documentation and it is vitally important you ensure you receive same and retain it in your records. This procedure is processed electronically, and the transaction time is usually as fast as the bank payment transfer allows. Not paying the owed taxes will incur storage charges on the goods, which could eventually be returned to Sleeptite. The “demurrage” (storage) charges incurred are designed to be prohibitive to avoid clogging up warehouses.

### Tariffs - Duty – Taric codes

All goods are assigned a Taric (tariff) code. This has 2 functions

- a) For statistical purposes
- b) To determine the rate of duty to be paid upon importing goods

We have identified most if not all our Taric codes. These codes will be required on all invoices no matter what the outcome of negotiations are, and we hope that as a consequence of these negotiations they will be zero rated.

If duties are payable, they are paid in the same way as the VAT and can be part of the same payment transaction.

Duty is calculated on the “delivered” price of the goods and before VAT is applied.

(Vat is calculated on the “duty paid- delivered price” of the goods)

In the event of duties being applied and subject to sight of the final Tariff rates, we at Sleeptite® hope to absorb these duties in an effort to make Brexit as painless and seamless as possible for our valued UK and NI customers.

We need to establish an efficient way to do this – possibly as a percentage discount of the invoice value.



### **Continuity of supply**

This, in my opinion poses the greatest disruption to trade in the short to medium term.

We are already seeing the effects, with RM increases in some sectors increasing by over 10% and 2-3 week delays / shortages. It is impossible to legislate for this other than to be aware and extend lead times – order earlier than was the case in the past. Beginning now!

### **Transport delays and costs**

December and January normally see transport delays, extended schedules, general disruption due to high volumes and weather-related issues. Add tens of thousands of customs transactions per day to this mix and the outcomes are likely to be considerably more undesirable. This must have a negative impact on shipping prices so factor in longer delivery times.

***All at Sleeptite® wish our UK friends fair winds and following seas as they cast off to embark on the great adventure of independence and self-determination. We wish you safe passage and bright horizons so you can follow your dreams and ambitions.***

***Please don't forget your friends standing with heavy hearts on the shore bidding you farewell.***