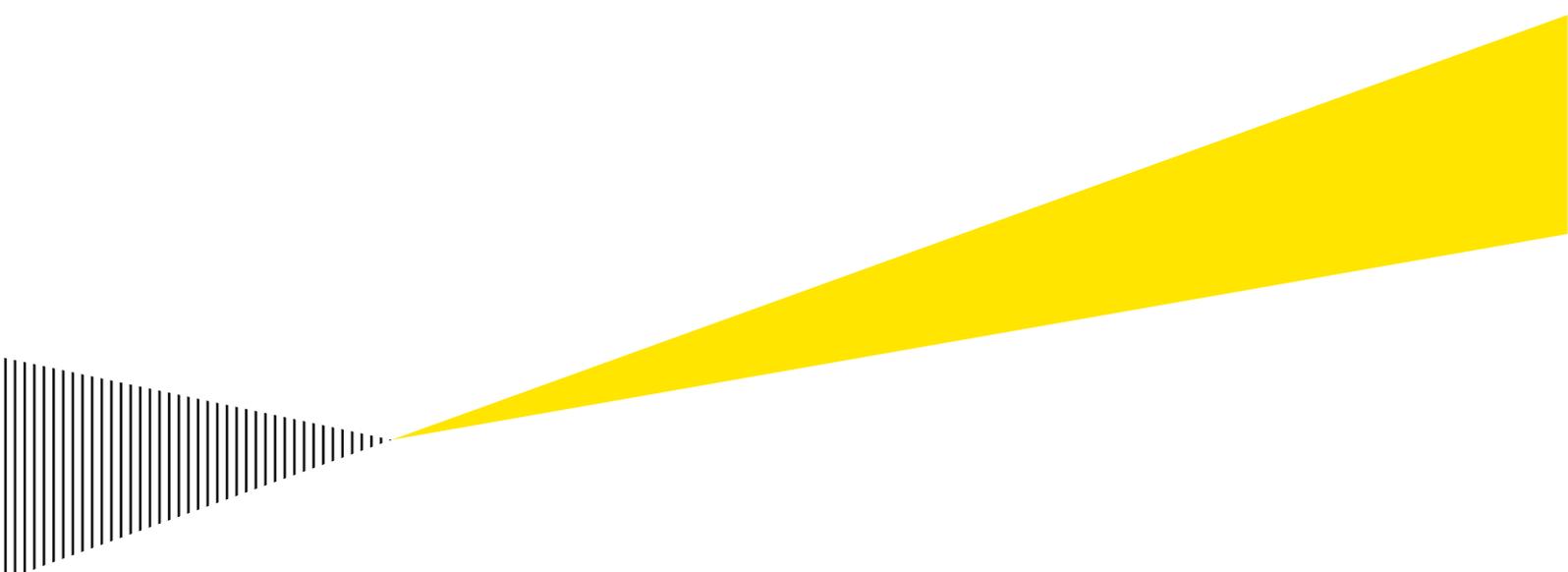


25 October 2019

# Indirect Tax Alert

Global Trade

Need for new EU EORIs for  
UK businesses in context of  
hard Brexit



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# In case of a no-deal Brexit all EORI numbers of UK / North-Ireland businesses will be withdrawn

## A. Introduction

The UK might leave the European Union (EU) on 31 October 2019. This is accompanied by new trade - and customs regulations. In case of an unregulated hard Brexit, trade in goods between the UK and the EU will be governed by the general customs rules for third countries from 1 November 2019 at 00:00 (CET) without transitional period.

In this alert we point out the requirement for specific businesses to apply for a new EORI number to avoid increased costs and delays in the context of movements of goods into or out of the EU.

## B. UK businesses need to apply for a new EU EORI number if EU customs formalities are conducted

The EORI number (Economic Operators' Registration and Identification number) is a unique number issued in the European Union by the competent authorities and is used to identify economic operators towards customs authorities. Effective Brexit will terminate all UK EORI numbers within the EU customs systems on 1 November 2019, 00:00 CET. Hence, there will be no "conversion" of current UK EORIs for a future post-BREXIT situation to continue to use the customs registration of EU customs formalities.

UK businesses for which customs formalities in accordance with article 5 sec. 2 UCC-DA will be carried out in the EU post-BREXIT must apply for a new EU EORI number in a member State of their choice, i.e. in the EU member state where they conduct EU customs business.

Note that according to article 5 UCC-DA there are several customs actions that will require UK operators to hold EU EORIs. This amongst others, comprises various scenarios in relation to lodging declarations for temporary storage, entry summary declarations, exit summary declaration, transit procedure etc.

For several customs actions UK businesses being non-EU established after BREXIT will not be required to hold an EORI. The most common scenario in practise is that UK businesses conduct regular EU imports which are managed by an EU established logistic firm and customs service provider. If the UK firm would be indirectly represented upon declaration for release for free circulation by an EU established customs declarant, based on article 5 UCC-DA it is EY Germany opinion that no EORI would be required for the indirectly represented UK business. However, see following section since there is divergent guidance and opinion at some customs offices in Germany.

## C. Divergent opinion by some German customs offices

The "Merkblatt zu Zollanmeldungen, summarischen Anmeldungen und Wiederausfuhrmitteilungen" (Guidance about lodging customs declarations, summary declarations and re-export notifications) issued by the German customs administration indicates that an EU EORI would be required (mandatorily) for the representative and the represented person in cases of indirect customs representation upon import declaration of goods. This is a common case where UK businesses employ a German customs agent to import customs clear goods and indirectly represent the UK firm for purpose of customs declaration.

EY has knowledge that in accordance with the guidance some customs offices consequently take the view that an EORI would be required for indirectly represented non-EU businesses. Hence, it cannot be excluded that e.g. import

declarations may not be accepted by some customs offices if the represented party does not hold an EU EORI, respectively has not applied for it yet.

Hence, it is recommended to reconcile with the relevant clearing customs offices if they accept an indirect representative not to hold an EU EORI.

Anyway, it is never wrong to have an EU EORI as a non-EU established operator since this facilitates identification of the import declarations and simplifies data provision requests to customs authorities.

## D. Impact on businesses

Generally, in case no EU EORI is available, this can appear as an obstruction to lodge customs declarations. Supply chain delays are the consequence if customs authorities refuse the customs declaration naming customs operators not holding an EU EORI.

If UK businesses have already applied or will apply for new EU EORI number for a post-BREXIT situation, these will not be activated and transmitted to the central database in Brussels until Brexit would be completed on 1 November 2019. The European Commission has also announced that the central system will not be available from 30 October to 3 November 2019.

The German customs authorities announced that applications for a new EU EORI number or changes to existing EORI numbers can only be processed until 28 October 2019 at the latest. Otherwise, the German customs authorities will pursue working on EORI applications assumable after 5 November 2019. It is assumed and should be checked that the customs authorities in other EU member states follow similar procedures.

## E. What's next?

UK businesses shall check if they perform customs acts that require an EU EORI and if so, whether a new EU EORI application has already been filed. Otherwise, it is urgent to do so to maintain customs capabilities in case of hard BREXIT.

As noted above, it is recommended to check with the relevant import customs offices that those, for example, not request an EORI from an indirectly represented UK operator (post-BREXIT). To mitigate risk of discussion with customs authorities and delays in clearance, it is also an option to voluntarily apply for a new EU EORI.

The EY Global Trade team can help to prepare and file the EORI applications to ensure businesses are ready to act towards customs in case of hard BREXIT.

Reach out to below mentioned contacts or your local EY advisors who can establish contact.

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The above is based on our interpretation of current tax legislation and case law published to date. This Indirect Tax Alert provides general information with no pretence of completeness, and it is not a tax advice.

#### Information

For more detailed information about the matters discussed in this Alert, please contact one of EY's tax advisers listed above.

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