Brexit and the financial implications for your business: What action should you consider to reduce your cash flow burden?

Whilst at the time of writing (4 April 2019) it appears unlikely that the UK will leave the EU without a deal, there is still the possibility. But if a hard Brexit were to occur businesses involved in exporting and importing goods to and from the EU will be disadvantaged if they do not hold a UK Economic Operator Registration and Identification (EORI) number.

An EORI number is used by HM Revenue and Customs to identify a business and collect duties paid on goods entering and leaving the EU. But a business without an EORI number can be expected to incur increased costs and delays at the UK/EU boarder as HMRC will not be able to clear the business's goods without a full import declaration and full payment of the duty.

EORI registration can be achieved here.

In contrast a business with an EORI number will be able to continue trading with the EU as usual.

Businesses involved in importing goods from the EU should also participate in HMRC's Transitional Simplified Procedure (TSP). The TSP (which will be in effect for 18 months after the date the UK leaves the EU) helps an importing business in two ways:

1. it postpones the payment of import duties and VAT at the UK border, and
2. it avoids the making of a full customs declaration at the border.

For importing businesses which rely on logistics companies, having an EORI and signing up to the TSP may reduce the cash flow burden of having to pay duties prior to the logistics company releasing any goods as the duties will not be payable at the border but rather at a later date.

Businesses with an EORI number importing goods can sign up to TSP here.

To discuss these issues and for concise legal advice, please contact:

Stephen Sidkin
Partner, Commercial Law
slsidkin@foxwilliams.com
+44 (0)20 7614 2505

Imogen Bull
Trainee Solicitor
ibull@foxwilliams.com
+44 (0)20 7614 2533