SUPPORTING OUR CUSTOMERS

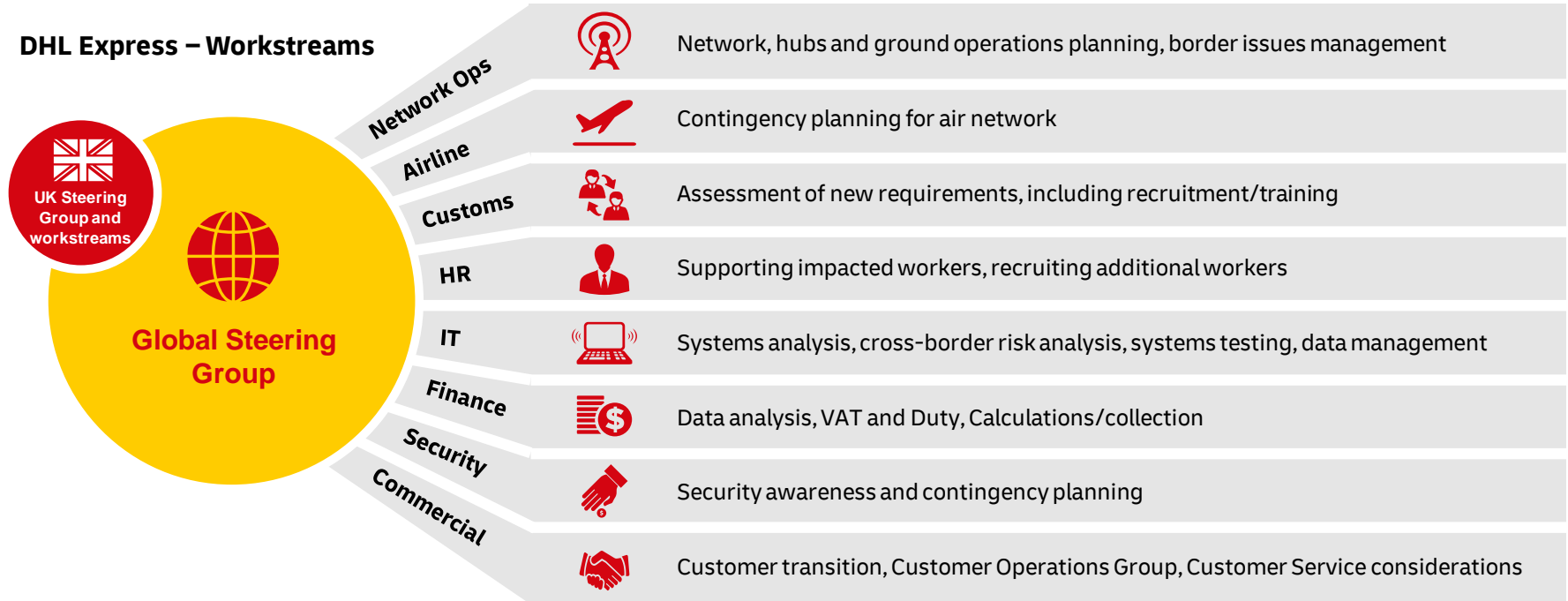## THROUGH BREXIT

Updated: December 2020

DHL

WHAT WE ARE DOING AND HOW WE CAN HELP

What is DHL doing to prepare?

Our expert taskforces in the UK and Europe have been assessing every aspect of Brexit since the referendum, considering all implications for international trade.

DHL Express – Workstreams

UK Steering Group and workstreams

Global Steering Group

Workstream	Description
Network Ops	Network, hubs and ground operations planning, border issues management
Airline	Contingency planning for air network
Customs	Assessment of new requirements, including recruitment/training
HR	Supporting impacted workers, recruiting additional workers
IT	Systems analysis, cross-border risk analysis, systems testing, data management
Finance	Data analysis, VAT and Duty, Calculations/collection
Security	Security awareness and contingency planning
Commercial	Customer transition, Customer Operations Group, Customer Service considerations

HOW YOU CAN PREPARE YOUR BUSINESS FOR BREXIT

Preparing for Customs in the EU

Already trading outside the EU?

If you're currently trading outside the EU, you'll be familiar with customs requirements. Nonetheless, the information that follows could still be useful in helping you prepare.

Please review the content on Paperless Trade, EORI numbers, Returns, and Delivery Duties Paid in particular.

Only trading within the EU?

If you're currently only shipping within the EU, now is the time to familiarise yourself with customs procedures. The following pages will highlight areas where you can make customs clearance a smoother process. There are lots of help materials available in addition to this guide.

We suggest reaching out to your local Chambers of Commerce for advice on any specific paperwork required for your products
– they can produce Certificates of Origin (COO) or ATA Carnets, for example.

DHL Express will submit customs paperwork directly to Customs on your behalf as we send your shipments. Providing the relevant documents via our Paperless Trade option will help ensure swift customs processing.

How you can prepare your business for Brexit
Key Points of your **Brexit Checklist**

Please find below the main key points of **a checklist** to help your business preparing for Customs Post-Brexit

☑ Make use of the **Customs Data Integration** options of DHL Express to provide high quality data including detailed **goods description**

☑ Be ready to provide **complete and accurate commercial or pro-forma invoice**

☑ Identify the **commodity code (HS/Harmonized System Code)** of your product and include on your Invoice and electronic data transmission to DHL

☑ **Apply for an EORI Number**

☑ Are you using **Paperless Trade (PLT)?**

How you can prepare your business for Brexit

Do you make your Customs Data available electronically to DHL Express (including detailed goods description)?

☐ Yes   ☐ Sometimes   ☐ No

Avoid potential delays due to wrong or missing information by integrating your Shipment & Customs data with DHL Express.

Via e.g. **API** or **EDI** messages, DHL Express receives the customs invoice data together with the shipment data (including **detailed goods description**). In this way the customs clearance process can start immediately giving huge advantages in terms of quality and lead time performance:

- Complete & accurate customs declaration with minimum human intervention
- Fast & automated customs clearance processes for both exports & imports
- Increased level of service quality, enabling clearance prior to arrival of goods
- Enhanced level of trade compliance towards Customs Authorities
- Enabler of risk-assessment (e.g. dangerous goods identification) prior to goods arrival

Contact your DHL representative or Electronic Shipping Solutions Team to learn more!

✔ PROVIDE AN ACCURATE GOODS DESCRIPTION ON YOUR WAYBILL

EXAMPLES OF UNACCEPTABLE AND ACCEPTABLE GOODS DESCRIPTIONS ON YOUR WAYBILL

Unacceptable Example ✖		Acceptable Example ✔
Aid consignments	⬅➡	Blankets, medications
Apparel	⬅➡	Men's shirts, lingerie, girls' vests, boys' jackets
Appliances	⬅➡	Refrigerators, stoves, microwave ovens, coffee machines
Auto parts	⬅➡	Automobile brakes, windshield glass for automobiles
Machine parts	⬅➡	Pumps, seals, engines
Machinery	⬅➡	Metalworking machinery, cigarette-making machinery, sewing machines, printing machines
Machines	⬅➡	(See examples for "Machinery")
Oil	⬅➡	Mineral oil, plant oil
Plastic goods	⬅➡	Plastic kitchenware, plastic houseware
Electronics	⬅➡	Computers, televisions, CD players, tape recorders, mobile phones, monitors, printers
Equipment	⬅➡	Oil well equipment, poultry equipment
Wires	⬅➡	Iron and steel wire, copper wires
Foodstuffs	⬅➡	Fish, Beverages, Milk Powder
Gifts	⬅➡	Dolls, remote-control cars
Household goods	⬅➡	Plates, dishes, tableware (See also examples for "appliances")

Source: EUROPEAN COMMISSION | Guidance on acceptable and unacceptable terms for the description of goods for exit and entry summary declarations

DHL

OVERVIEW OF KEY DATA ELEMENT CATEGORIES (1/2)

In order to clear your shipments with Customs authorities & avoid clearance delays, fines or penalties, it is essential that the following information is provided completely and accurately.

	Data Element Category	Example	Why Is This Important?
1	Shipper & Exporter of Record (EOR)	**Shipper & Exporter of Record (EOR):** John Shipper | Road Name, No |Zip Code | Country	Legally required for security filing and as part of a compliant customs declaration
	Receiver & Importer of Record (IOR)	**Receiver:** Paul Receiver | Road Name, No |Zip Code| Country **Importer of Record (IOR):** Tom Importer | Road Name, No |Zip Code| Country	
2	Contact (e-mail, mobile number)	John.Shipper@email.com | +12 3456789 Paul.Receiver@email.com | +98 7654321 Tom.Importer@email.com |+45 6478391	To contact in case of missing paperwork / information, avoiding clearance delays so we can clear customer shipment as quick as possible
3	Registration Number	Number: 12345678910	Critical info for DHL to clear the shipment (i.e. tax & customs registration of the parties involved). If customer wants to use a shipper VAT collect model, DHL requires the shipper's VAT Registration (e.g. IOSS, LVG, OSR), otherwise VAT potentially is charged twice.
	Type	Type: EORI Number	
	Issuing country	Issuing Country: Belgium	
4	Type (Business / Private)	Type: Private or Commercial , B2C or B2B	For compliant customs clearance and to ensure the correct Deminimis threshold and duty exemptions are applied
	Reason for Export	Reason for Export: Repair and Return	

OVERVIEW OF KEY DATA ELEMENT CATEGORIES (2/2)

In order to clear your shipments with Customs authorities & avoid clearance delays, fines or penalties, it is essential that the following information is provided completely and accurately.

	Data Element Category	Example	Why Is This Important?
5	**Line Item Goods Description**	Sunglasses with lenses optically worked	Legally required for security filing and as part of a compliant customs declaration
	Line Item HS Code for Export / Import Line	9004.10.XXXX* (*last digits are country-specific)	
	Item Country of Origin	China	
	Line Item Quantity and Measure	3 units (sunglasses)	
6	**Goods Line Item Value & Currency**	Goods Line Item Value: US$150 (x 3 units)	Legally required for as part of a compliant customs declaration
	Total Other Monetary Amount	Insurance: US$ 25	
	Total Freight Value & Currency	Total Freight: US$ 50	
	Total Invoice Value & Currency	Total Invoice: US$ 525	
	Incoterm and Place	Incoterm: EXW Place: Shanghai / China	
7	**Total Gross Weight & Unit**	0.5 kilograms (KG)	Legally required for security filing
8	**WB Number**	WB Number: 123456789	Legally required for compliant customs declaration
	Customs Document Date Customs Document	Customs Document Date: July 22nd 2020	
	Type and ID	Type: Commercial Invoice	ID: 98765543	

EXAMPLES OF UNACCEPTABLE AND ACCEPTABLE LINE ITEM GOODS DESCRIPTION AND HS CODES ON YOUR COMMERCIAL INVOICE

Please find below some illustrative examples of the expected level of goods description on the Commercial Invoice:

Unacceptable Example ❌	Acceptable Example ✅
Samples	Samples of curtains (including drapes) and interior blinds; curtain or bed valances of cotton HS Code: 6303.91.XXXX *(last digits are country-specific)*
Parts	Parts of pumps for liquids, whether or not fitted with a measuring device; liquid elevators HS Code: 8413.91.XXXX
Gifts	Sunglasses with lenses optically worked HS Code: 9004.10. XXXX
Textiles	T-shirts made of cotton, knitted or crocheted HS Code: 6109.10. XXXX

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How you can prepare your business for Brexit

Have you completed a commercial or pro-forma invoice?

☐ Yes   ☐ No

This is essential paperwork in order for your goods to clear Customs in the destination country. If you need advice on what this paperwork should look like, see **here.** It's also possible to produce a standard commercial or pro-forma invoice within our shipping tools, (e.g. MyDHL+).

For DHL Express to clear shipments through customs on your behalf, the following must accompany your shipment:

- Commercial or pro-forma Invoice
- Any relevant licences or certificates
- A packing list (often required by destination Customs)

These documents can be submitted electronically using Paperless Trade (PLT) – or attached to your shipment where PLT is not accepted in the destination country.

Equally essential is the **Waybill** (generated by the shipping tool). Customs will compare your shipping paperwork to the waybill details, so it's important to ensure all information is correct and corresponds.

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How you can prepare your business for Brexit

Do you know the commodity code for your product?

☐ Yes   ☐ No

The goods you are sending should be identified via a precise, internationally-recognised commodity code as this will ensure the correct duties and taxes are applied by Customs.

This code is also known as a HS/Harmonised System code. To identify the commodity code for your product(s) visit:

https://www.gov.uk/guidance/ask-hmrc-for-advice-on-classifying-your-goods
or
https://trade.ec.europa.eu/tradehelp/eu-product-classification-system

Ensure the commodity code is included on your commercial / pro-forma invoice & electronic data.

The commodity code can be used to identify the duties and taxes applicable in each country you're sending to. The rates that will apply in the EU for GB (and vice versa) shipments are yet to be agreed.

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How you can prepare your business for Brexit

Have you confirmed your EORI number with us?

☐ Yes   ☐ No

An EORI number is an Economic Operator Registration and Identification number, required in order to release goods from Customs. You currently only need an EORI number when trading with countries outside the EU.

However, a GB EORI number will be required for GB imports and exports from 2021.

For further support, our Import-Export specialists remain at your disposal (tel +30 210-3543390, e-mail wpxexpgr@dhl.com or athcustoms@dhl.com)

As a priority, please inform our teams of your EORI number. Please also include it on Commercial Invoices and Waybills to promote smooth customs processing and clearance.

How you can prepare your business for Brexit
Key Points of your **Brexit Checklist**

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How you can prepare your business for Brexit

Are you using Paperless Trade (PLT)?

☐ Yes   ☐ Sometimes   ☐ No

PLT is a service incorporated within our Electronic Shipping Tools to support **electronic transmission of customs documents**, preventing the need for paper copies to be supplied with the shipment, and helping speed up the customs clearance process.

- We recommend setting up and using PLT within your shipping tool where available.

- It is also worth using PLT as it provides a two-fold benefit: reduces potential delays as our data-entry team have earlier visibility and removes the requirement for physical paperwork.

- Please note that if original certificates or licenses are required, you will need to include the original paperwork with your shipment and not use the PLT option for these documents.

- DHL Express Greece Electronic Shipping Solutions department can further assist you on PLT details (tel +3102109890926 or athecom@dhl.com)

VAT REGULATIONS

Changes to GB VAT

From 1 January 2021, GB VAT on goods valued up to £135 will be collected at the point of sale, and not the point of import.

This means that overseas businesses selling goods to be imported into the UK, valued between £0-135, will be required to charge and collect any VAT due at the time of sale. Alongside this, **Low Value Consignment Relief (LVCR) will be abolished**, meaning that VAT will be due on all sales of goods to UK consumers valued £0 - £135.* More information is available here.

What goods are included in these changes?

To determine whether a sale of goods is affected by these changes, you need to consider whether the selling price of the goods exceeds £135, exclusive of VAT. This is based on the intrinsic value**.

It is important to note that the £135 threshold applies to the value of the consignment, not to each individual item.

*excludes all excise goods, and all C2C movements

**the price at which the goods are sold, excluding: transport and insurance costs, unless they are included in the price and not separately indicated on the invoice

Changes to UK VAT: Preparation Business-to-<u>Consumer</u> (B2C)

Recommended preparations if selling to *GB consumers*

- Obtain a GB VAT registration. For further information click <u>here</u>. There is no threshold for GB VAT registration. If you already have a GB VAT registration, you can use your existing VAT number
- You should also apply for a GB EORI number if you wish to declare your VAT number as an importer into the GB.
- Add GB VAT amount to your sales and charge VAT to GB customers
- Make periodic GB VAT returns <u>https://www.gov.uk/vat-returns</u> and pay HMRC as appropriate. All consignments valued £0-£135 will be subject to these requirements.

Which data elements do I need to provide if I am selling to a *GB consumer?*

- Please **include your VAT registration number in the Shipment data field** 'Shipment Tax ID'

Changes to UK VAT: Preparation Business-to-Business (B2B)

Recommended preparations if selling to *GB VAT registered businesses*

- If you are selling to a VAT registered business you do not need to charge VAT or include the tranations in your VAT return.
- You will need to have confirmation that your customer is VAT registered and their registration number. For details see the 'Business to business sales' section here.

Which data elements do I need to provide if I am selling to a *GB VAT registered businesses?*

- Please **include the buyer's VAT registration number in the Shipment data field** 'Consignee VAT number' .

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Additional Information and Government Support

THE EUROPEAN COMMISSION IS PUBLISHING BREXIT RELATED INFORMATION AT:

(EU) BREXIT Overview, Publications/News, EU-UK Negotiations
https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership_en

(EU) BREXIT Legislative Developments, Links to Member States
https://ec.europa.eu/info/brexit/brexit-preparedness_en

THE UK GOVERNMENT IS PUBLISHING BREXIT RELATED INFORMATION AT:
https://www.gov.uk/transition

(UK) How to Import/Export to/from UK, EORI Registration, Duty/VAT, Customs Declaration
https://www.gov.uk/topic/business-tax/import-export

(UK) Export Control Guidance
https://www.gov.uk/guidance/exporting-controlled-goods-after-eu-exit

DHL International Specialists remain at your disposal

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THIS IS OUR FIELD OF EXPERTISE.

Our Certified International Specialists are here to support you.

We'll be with you every step of the way.

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