

SUPPORTING OUR CUSTOMERS

THROUGH BREXIT

Updated: November 10TH 2020



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1. CURRENT SITUATION



Overview

The Brexit transition period will conclude on 31 December.

Negotiations are ongoing between the UK and the EU to secure a Free Trade Agreement. In the meantime, goods continue to move between GB and the EU as before, and DHL Express services remain unchanged.

We know that certain elements (e.g. Customs checks) will apply to GB-EU shipments from 2021 regardless of the outcome, but if no agreement is reached, the UK will adopt World Trade Organisation standards and become what's known as a 'third country' with special rules in place for Northern Ireland.

The content in this guide is based on our planning for this scenario.



DHL Express is preparing

As international specialists, we're already in a strong position, with existing customs teams, a successful global network and vast experience of international trade.

Across the business we are making significant and continued investment with the aim of maintaining service quality throughout. Dedicated taskforces in the UK and Europe have been assessing every aspect of Brexit since 2016, considering all implications and risks.

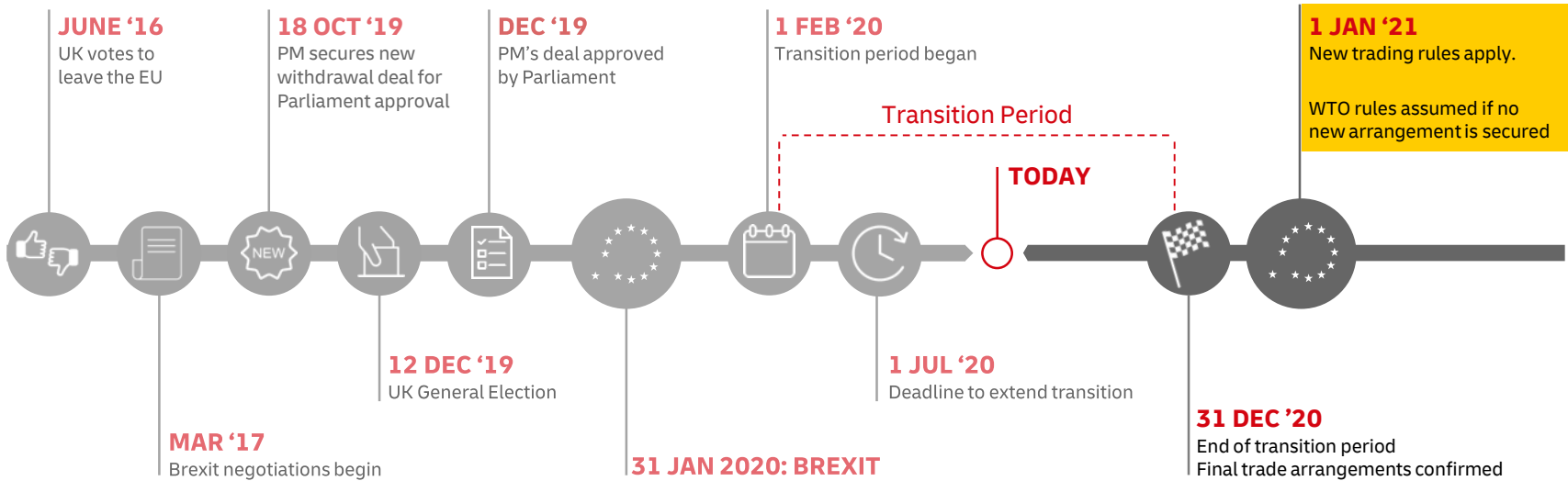
Our planning is based on available information.

As requirements change, we will adapt, but some elements will be beyond our control and will have an impact across our sector.

We will work together to overcome these challenges, and will inform you of any developments. Our determination to continue providing an excellent service for customers remains unchanged.



Timeline



The Northern Ireland Protocol

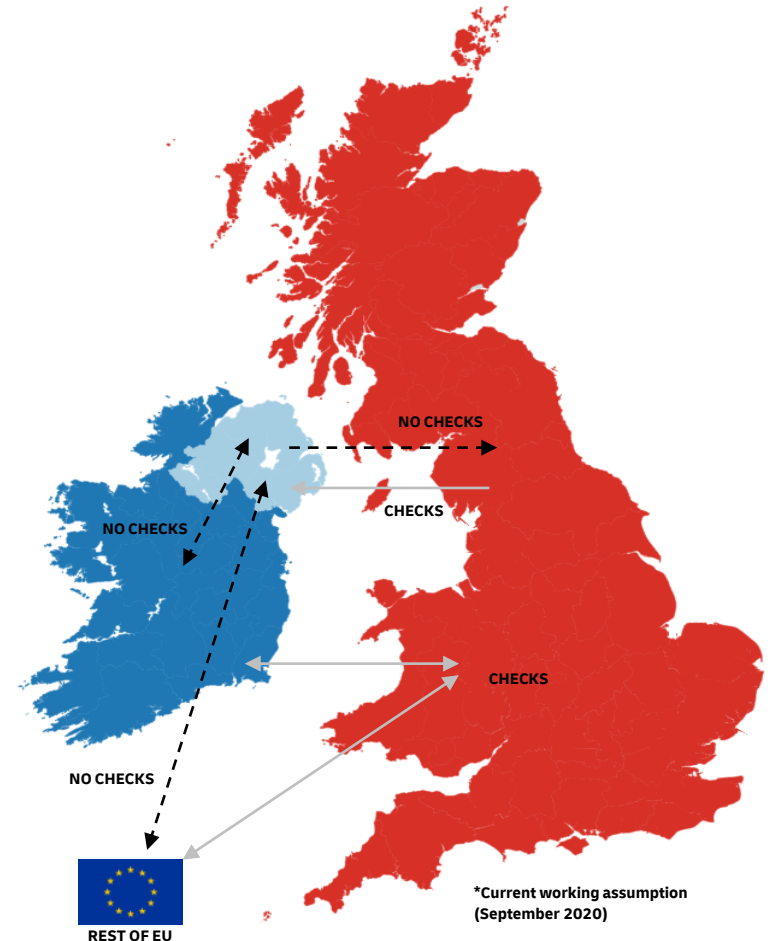
The Northern Ireland Protocol is designed to be a “fully legally-operative solution”, whereby Northern Ireland (NI) remains part of the UK’s customs territory, but aligns with EU Single Market rules.

NI will also remain in the UK VAT system, but in alignment with EU VAT regulation (including access to the EU’s IT systems).

In practical terms, this means no customs procedures, regulatory checks or tariffs will be enforced against trade between NI and the Republic of Ireland (ROI), and vice versa.

Goods moving between GB and NI will also be tariff-free, unless they are deemed ‘at risk’ of entering the EU. Likewise, goods moving between ROI and NI that are ‘at risk’ of entering GB will also be subject to tariffs.

Many questions remain regarding the Northern Ireland Protocol, and the details are still subject to ongoing UK-EU negotiations.



2. WHAT WE ARE DOING AND HOW WE CAN HELP



As international specialists, we're already in a strong position

We already have a number of key differentiators and all the expertise needed to support you following Brexit:



3000+

dedicated customs professionals



50+ million

customs transactions each year



60+

bonded or customs warehouses in the UK / plus at least one per EU country



AEO

DHL is an Authorised Economic Operator



WHAT IS AEO?

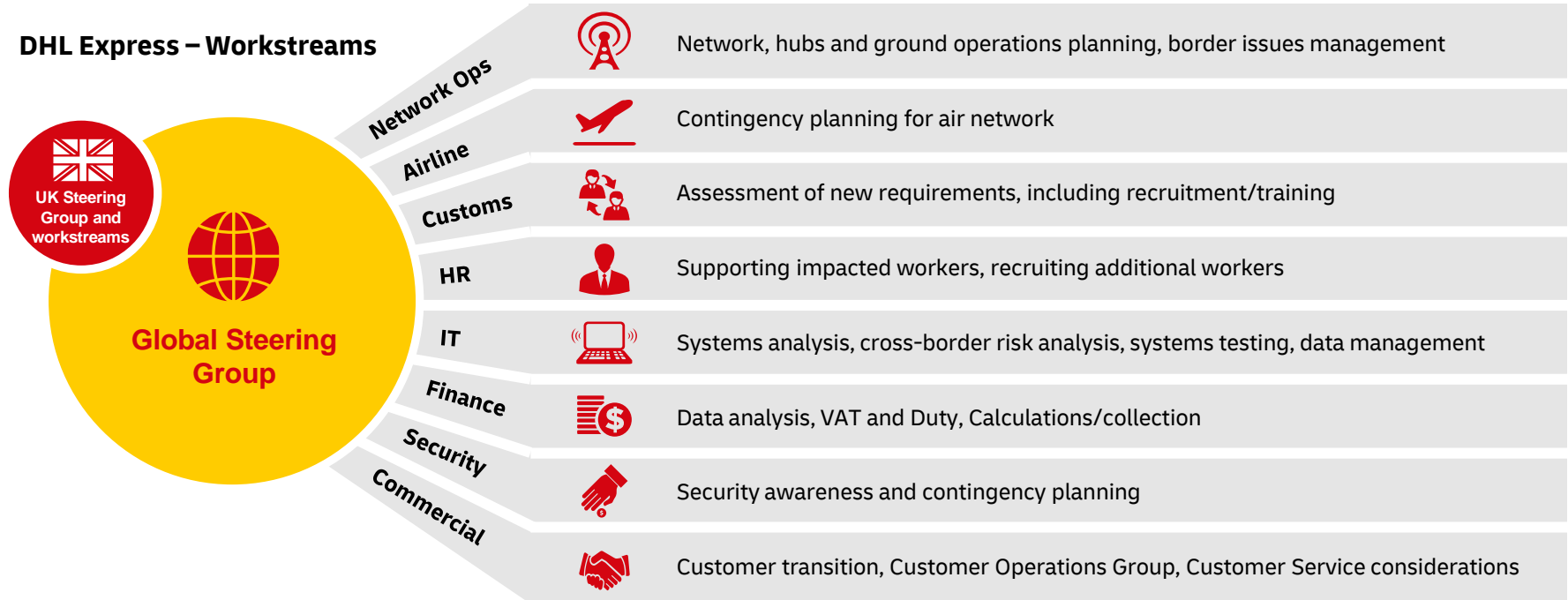
- Authorised Economic Operator (AEO) status is an international quality mark for companies whose customs processes are secure and efficient
- AEO enables us to leverage Customs Freight Simplified Procedure (CFSP), which speeds goods release from Customs and allows deferred payments



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



DHL is active with political engagement

DHL is working closely with EU and UK legislators, to help them understand the complexity and implications of the exit terms on businesses, highlighting issues and calling for terms that are in the interest of our organisation and our customers.



CUSTOMS

Simplified declarations & automatic release for Authorised Economic Operators (AEOs) / Inland pre-clearance / Use of periodic payments / Maintenance of special customs procedures post-Brexit



ROAD HAULAGE

Maintenance of current road market access with no rationing of international freight permits / Mutual recognition of driving licences and driver qualifications & vehicle standards / Light touch international trailer registration



PORTS INFRASTRUCTURE

Allow for inspections away from the physical border / Reductions in planned checks for agri-food on both sides of the border



AVIATION

European Aviation Safety Agency (EASA) an UK Civil Aviation Authority (CAA) memberships / An Open Skies Agreement, with protection on investments / Mutually-recognised cargo security agreement



IMMIGRATION

Simple visa requirements for key workers

Progress is being made across all topics listed above, but is dependent on ongoing negotiations.



DHL Express Contingency Planning



1

Enhance our systems and infrastructure

- a) Changes to systems and tools to enable shipping if customs regulations apply to EU
- b) Bond capacity increased for both the UK and EU



2

Increasing our resources to manage future requirements

- a) Expanded Customs Agent capability on/off shore
- b) Mitigate transportation permit issues to ensure driver access
- c) Additional people and resources to enable increased duty and VAT collection requirements



3

Minimise disruption to customer supply chains

- a) Increase in network capabilities to provide additional capacity where possible

If you will need additional Time Definite services by air, please speak with your account manager now



4

Delivering service quality for our customers

- a) A dedicated 'Brexit Control Tower' to proactively monitor our network and action contingency plans
- b) Significant and continued investment with the aim of providing as seamless a service as possible, in what may be challenging circumstances



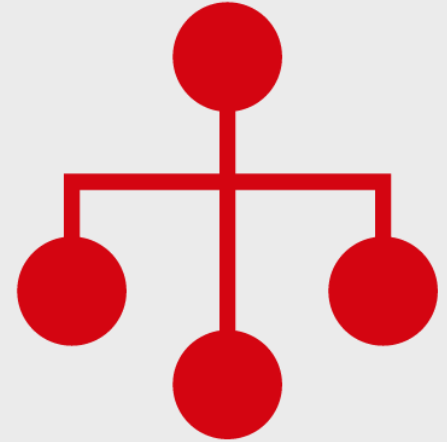
1. Enhance our systems and infrastructure



- **Standard Shipping Tools:** Our IT systems have been reviewed and developed to ensure all systems are ready for product code changes and can accept increased customs requirements. This includes our electronic shipping tools.

Changes required to our standard shipping tools (e.g. MyDHL+) will automatically be in place ready for 2021.

- **Bespoke Shipping Tools:** If you currently have a bespoke IT shipping tool (EDI or API) or use Shipment Import within EasyShip, we suggest you speak with your account manager or the ESS Helpdesk to discuss the development needed. We have a guide available outlining the system changes you'll need to make. If you're only shipping to the UK or within the EU currently, we recommend you get in touch with us.
- **Bond Capacity:** Increasing bond capacity in the GB and EU. Additional bond space has been sourced and our existing bonds are being expanded. This will allow us to handle the increased number of bonded shipments we're expecting if Customs requirements are applied to/from the UK.

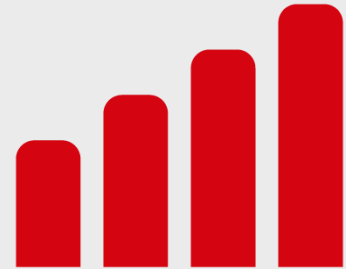


2. Increase our resources to manage requirements



Managing the impact of changing regulations

- **Customs:** We currently anticipate the need to employ and train more than thousand of additional customs agents and support staff, both onshore and offshore, to manage and process additional customs entries.
- **Operations:** Additional resources for Duty & VAT collections, additional couriers, operational processors and support staff.
- **Vehicles:** Investment in vehicles and equipment for the additional couriers.
- **Customer Service:** An increased volume of queries is highly likely. We are recruiting additional customer service advisors to support and provide guidance.
- **Permits:** New driver permits could be required in 2021. The UK government has announced that such an application period will run 02-20 November. We are working very closely with the UK Department for Transport to understand what vehicle access requirements will look like in 2021, and will look to attain the necessary documents as soon as they are available.



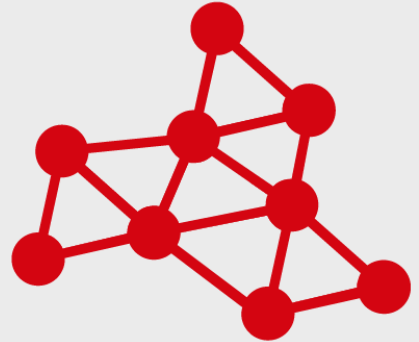
3. Minimise disruption to customer supply chains



Preparing our network for a 'WTO Trade Rules' scenario:

- We are exploring the option to introduce **greater capacity** to our own air network, as well as looking for **alternative road entry/exit** points to/from the UK.
- We are also reviewing our **line haul and sort hub** capabilities & timings **against customs-clearance deadlines** and exploring mitigation measures in the case the bottleneck is identified to be customs clearance capacity on the side of Customs authorities rather than freight capacity.
- **Moving day definite material to time definite air network (where compatible)** could be considered as a contingency measure to avoid potential delays at the Brexit moment, or as a permanent change to your supply chain model for goods destined to the UK/EU after Brexit. If this is the case, we recommend you discuss this with your account manager well ahead of time and this will impact your shipping costs.

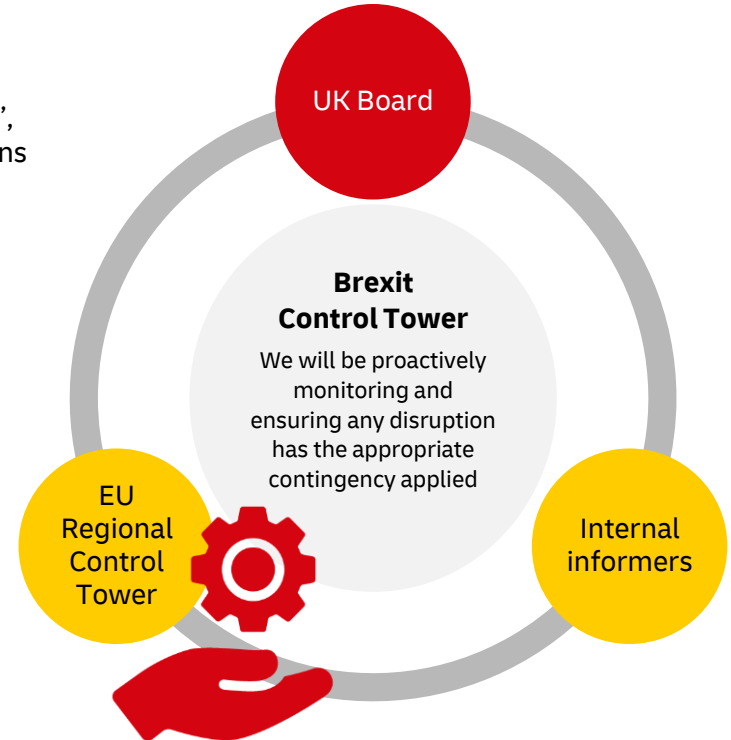
If you think you will need additional Time Definite Air services, please let us know now.



4. Deliver service quality for our customers

We are investing to maintain our service standard throughout the transition.

- During Q4 2020 and Q1 2021, DHL Express will have a dedicated 'Control Tower', proactively monitoring all aspects of our network and triggering contingency plans where necessary
- We will keep you informed of any developments that may impact shipments
- Across the business we are making significant and continued investment with the aim of providing as seamless a service as possible post-Brexit, in what will potentially be challenging circumstances



A nighttime photograph of a city street, likely in London, featuring St. Paul's Cathedral illuminated with red and blue lights. The scene is filled with light trails from traffic and buildings, creating a sense of motion and urban activity.

3. HOW YOU CAN PREPARE YOUR BUSINESS FOR BREXIT

DHL

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

Brexit Checklist



Please find below a **checklist** (*non-exhaustive*) 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
- ✓ Check if your products are classed as **document or non-document**, since those are treated differently from customs perspective.
- ✓ **Apply for an EORI Number** (for EU and GB)*
- ✓ Check if any **product restrictions apply in the GB or EU countries** you're sending to
- ✓ Check if **additional licenses or certification** are needed for your product
- ✓ Are you shipping goods **subject to the veterinary and phytosanitary inspections?**
- ✓ Check if there are **special requirements for controlled exports** that apply for your products
- ✓ Confirm your **UK VAT number** & the option of **postponed VAT** accounting
- ✓ Establish a **UK deferment account** for Import Duties & VAT
- ✓ Use our **DHL Duties & Taxes Paid (DTP)** billing service & ensure **compliant returns process setup**
- ✓ Are you using **Paperless Trade (PLT)?**

ON THE FOLLOWING SLIDES WE WILL DISCUSS EACH POINT SERPARATELY

*If you move goods to or from Northern Ireland from 1 January 2021 you'll need an EORI number that starts with XI - Specifically, an EORI starting with XI is needed if you (A) move goods between Northern Ireland and non-EU countries, (B) make a declaration in Northern Ireland, (C) get a customs decision in Northern Ireland For more information please see <https://www.gov.uk/eori>.

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!

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.

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.

How you can prepare your business for Brexit

Have you checked if your shipments are classed as a document or non-document?

Yes No



When shipping internationally it is important to consider the content of your shipment, as documents and non- documents are treated differently. While we currently do not differentiate between the two when shipping to or from the EU, this will no longer be the case from 2021.

It isn't always obvious which category your shipment falls in to, so please [review our guide](#) (using the drop-downs on the right) or speak with your account manager.

Incorrectly marked shipments could result in delays, or items being returned undelivered.

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.

VAT-registered businesses were automatically issued with an EORI number in September 2019. Businesses without an EORI can apply for free at www.gov.uk/eori. Numbers will be sent by email within five working days.

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.

***If you move goods to or from Northern Ireland from 1 January 2021 you'll need an EORI number that starts with XI** - Specifically, an EORI starting with XI is needed if you (A) move goods between Northern Ireland and non-EU countries, (B) make a declaration in Northern Ireland, (C) get a customs decision in Northern Ireland For more information please see <https://www.gov.uk/eori>.

How you can prepare your business for Brexit

Have you checked if any product restrictions apply in the UK or EU countries that you're sending to?

Yes No



Certain goods may be subject to restrictions when shipping them between GB and the EU from 2021.

- Check if restrictions apply to the product you're sending to UK using our country profile guidance at www.dhl.com at the top right side of the dhl.com landing page.
- If your products are mentioned in the list of restricted goods, contact DHL Customer Service or your DHL representative to confirm the details of the regulation in place.

How you can prepare your business for Brexit

Are you shipping goods subject to the veterinary and phytosanitary inspections, e.g. animals and animal by-products or plant products?

Yes No



Please note that as of January 1st 2021 between EU Member States and the UK, controls will apply to verify compliance with food and feed law, animal health and welfare, plant health and animal by-product rules.

Based on the information currently available, DHL Express will suspend until further notice the traffic of goods subject to the veterinary and phytosanitary inspections triggered by the above mentioned regulations from EU Member States to UK and vice versa.

Examples of veterinary and phytosanitary goods are:

Animals and animal by-product, plants and plant products, feed and food of non-animal origin, laboratory samples of animal origin (e.g. blood or tissue), medications due to their nature or composition (e.g. lactose tablets or gelatin capsules) etc.

Please reach out to your DHL representative for further information.

How you can prepare your business for Brexit

Are additional licences or certification needed for your product?

Yes No



Licences are required in a number of cases:

- Goods considered to be military, dual-use, or subject to control due to trade conventions, such as Washington Convention or Kimberley Process
- CITES documentation, required for any movement of endangered species
- An ATA Carnet, for goods being temporarily exported/imported
- Certificates of Origin, required by certain destinations

How you can prepare your business for Brexit

Have you checked if there are special requirements for controlled exports that apply for your products?

Yes

No



For goods considered to be **military or potentially have a dual use**, special controls & license requirements may apply.

- Please find more information at Gov.uk and <http://trade.ec.europa.eu/>
- To comply with Customs and Trade regulations, we may ask exporters to provide a declaration to confirm that their goods are not controlled.
- In cases where goods are subject to controls, we ask for an email pre-alert in advance.

How you can prepare your business for Brexit

Have you confirmed your UK VAT number (to benefit from postponed VAT accounting)? And **do you have a UK deferment account for Import Duties & VAT?**

Yes

No



The UK government has announced that postponed VAT accounting will be applied to GB imports by VAT registered traders when Brexit takes place.

- If you are importing to GB, please confirm your VAT number and that you wish to postpone accounting to emahubcmfupdate@dhl.com.

Opening a deferment account allows you to postpone the payment of import duties and VAT on goods imported to GB by up to 46 days. Apply via [Gov.uk](https://www.gov.uk).

- Please authorise us to clear your UK inbound shipments using your deferment account with form C1207N available from [Gov.UK](https://www.gov.uk).
- Advise us of your deferment account and if appropriate your CCG (Customs Comprehensive Guarantee) reference by emailing emahubcmfupdate@dhl.com.
- You will need to increase your deferment guarantee if you expect to pay higher duty amounts.

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-Consumer (B2C)

Recommended preparations if selling to *GB consumers*

- Obtain a 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 <https://www.gov.uk/vat-returns> and pay HMRC as appropriate. There is no threshold for GB VAT registration, 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' *

*the specific data field may be subject to change as this data element will be included in the SDT field when available in 2021.



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 transactions 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](#).
- Alternatively, if you wish to declare your VAT number as a GB importer and make GB VAT returns you should also apply for a GB EORI number.

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*' *

*the specific data field may be subject to change as this data element will be included in the SDT field when available in 2021.



Changes to UK VAT: Preparation Over 135 GBP

Recommended preparations if selling goods over 135 GBP to either GB consumers or GB VAT registered businesses

As the changes relate to goods under 135 GBP the changes do not necessarily impact goods over 135 GBP.

Therefore, for shipments over 135 GBP please follow standard operating procedures.

However, please bear in mind:

- It is optional for the Importer of Record to pay the VAT against their GB VAT registration for consignments above 135 GBP.
- In such cases, postponed VAT accounting is not allowed unless through a fiscal representative established in GB*.
- If a fiscal representative is not used, the standard process will take place.

*subject to governmental confirmation



Changes to EU VAT

The EU will be moving to a similar VAT collection model to that being introduced in the UK, however this will be effective from July 2021.

When goods worth up to €150 are purchased from sellers outside the EU, VAT will be charged at the time of sale*.

The current €22 VAT threshold for importing goods into the EU will also be removed. This means VAT will be due on all non-document shipments from the UK to the EU.

More information is available [HERE](#).

*Provided the seller is registered in the Import One Stop Shop (IOSS). If not, the VAT will be collected from the consignee as per the Special Arrangements.



How you can prepare your business for Brexit

Do you offer your customers a Delivery Duties Paid (DDP) service?

Yes No



By offering a DDP service, you can bill all duty and taxes back to your account instead of your customer being charged on receipt of their parcel.

Research shows retailers who send DDP are growing at double the rate of those that choose for duty to be paid by the customer on delivery, with the impact being 70 per cent of online shoppers choosing to prepay duties and taxes at checkout.

How you can prepare your business for Brexit

Do you offer a simplified returns process?

Yes No



Your returns policy for your customers could be impacted by Brexit.

- Shipping an order to your customer **pre**-Brexit would fall under current European Union (EU) trade agreements.
- However if your customer then returns an item **post**-Brexit, it may need to have a commercial invoice to facilitate Customs clearance.

DHL can support you with understanding the Customs requirements for a compliant returns process.

If you require support, get in touch now.

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.
- **In addition, providing DHL with electronic Commercial Invoice line item data (on top of using PLT) will enable a smooth Customs Clearance.**
- Please note that if original certificates or licences are required, you will need to include the original paperwork with your shipment and not use the PLT option for these documents.

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>



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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