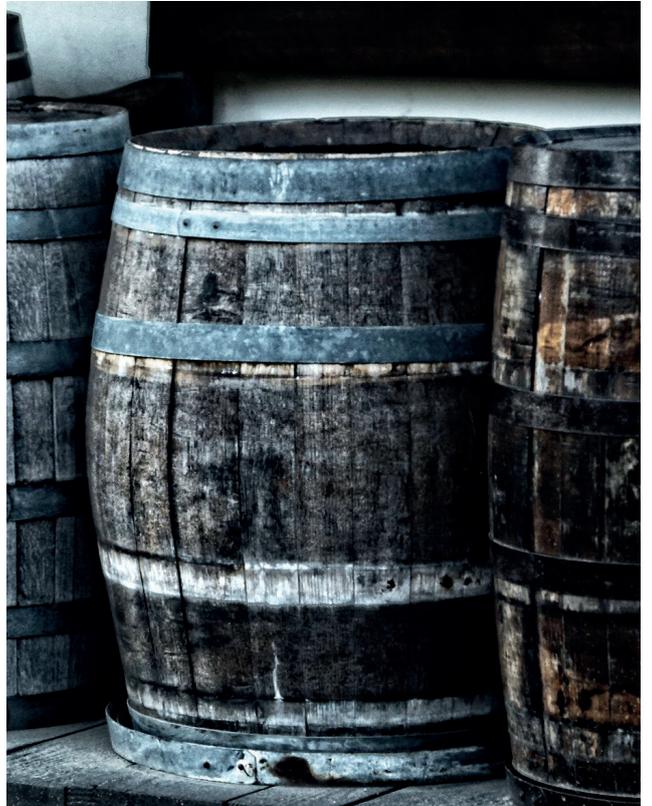


## **WSTA Brexit Movements of Goods**

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**Guide: glossary of terms**

October 2019



This document has been produced by the Wine and Spirit Trade Association to help businesses navigate the changes that will need to take place to customs processes in the event of a No Deal EU Exit. Specifically, this paper acts as a guide for businesses to help understand the plethora of acronyms and terminology which are essential to understanding how the various systems work.

We believe that the wine and spirit industry is well placed to take on the changes to customs processes that will occur in the event of No Deal, not least because the industry has a wealth of expertise in moving goods between the UK and third countries. However, we recognise that customs and excise movements are complex in nature, and the major changes that will take place as a result of a No Deal Brexit will be a significant challenge for even those experienced in third country movements. We would therefore recommend companies without in-house expertise seek additional advice and guidance from a customs agent or freight forwarder.

It should be noted that this is by no means an exhaustive guide. This is an incredibly complex area (even without taking Brexit into account) and this should act as a starter to complement guidance on [gov.uk/Brexit](https://www.gov.uk/Brexit) and legal advice.

I hope you find this guide a helpful tool in your contingency planning and beyond.

**Rebekah Kendrick**  
**Head of Brexit & EU Affairs, WSTA**



<b>AEO</b>	<p><b>Authorised Economic Operator</b></p> <p>AEO is a status which businesses can acquire to ease the movement of goods between EU Member States. There are two types of AEO: AEOC for customs simplification and AEOS for security and safety. It is internationally recognised, optional, and aims to reduce the checks made on goods at the border. To acquire AEO businesses have to be audited by a certified body to check their current processes and supply chain to receive an elevated status as a trusted company. AEO registration may also prove useful for companies wishing to make extra steps to check their due diligence.</p> <p>While the intended function of AEO is to facilitate easier movement of goods with fewer checks at the border, many businesses are unclear as to the benefits of AEO at the moment. This may be because:</p> <ul style="list-style-type: none"><li>• AEO's full benefit may only be seen across the full supply chain (or at least a significant proportion of the supply chain)</li><li>• AEO may be mainly beneficial to time-critical supply chains, something which does not usually apply to wine and spirits</li><li>• Goods can be stuck behind other businesses consignments</li><li>• Wine and spirits are already highly regulated, and most standards covered by AEO are already satisfied by due diligence and security inquiries.</li></ul>
<b>Applied tariff</b>	This is the tariff rate applied by a country. (See: CCT)
<b>ARC</b>	<p><b>Administrative Reference Code</b></p> <p>A 21 digit generated as part of the EMCS system which must be carried by the person accompanying the excise goods.</p>
<b>Article XXIV</b>	<p><b>Article XXIV</b> (Also referred to as GATT 24, an article within GATT 1994)</p> <p>Under a No Deal scenario, the UK will trade with the world under WTO rules (unless preferential trade deals are agreed), and tariff free access to the EU will end. Article 24 of GATT 1994 allows countries to form trade blocs in the form of a Customs Union or a free trade area (i.e. how the EU operates), but only if it is agreed by WTO members and does not lead to further discrimination outside that bloc.</p> <p>Article 24 is also relevant to the Brexit debate as it theoretically allows for an interim period so that countries can develop a full and comprehensive Customs Union or free trade agreement. This would mean the UK could enter an interim FTA with the EU under a set time period to negotiate a Customs Union or a free trade area for goods. Though this is technically possible, it has its difficulties: the EU would have to agree to the interim period, it does not cover other aspects of trade such as mutual recognition of standards, and there needs to be evidence that it will be concluded within a reasonable time frame.</p>
<b>Bonded Warehouse</b>	(See: <i>Customs warehouse</i> )

<p><b>Bound tariff</b></p>	<p>The ‘bound’ tariff is the maximum tariff rate allowed under WTO GATT rules. The applied rate is the tariff a country chooses to levy. It is unlikely that the UK will choose to apply any tariffs above the applied rate – especially in a No Deal scenario – however hypothetically, the UK could increase tariffs on any product line where there is a gap (known as the water) between the bound and applied rate.</p>
<p><b>CCT</b></p>	<p><b>Common Customs Tariff</b></p> <p>CCT is the name given to the tariffs applied by the EU on goods imported from outside the Internal Market i.e. the customs duty applied to third countries with no preferential trade deal such as the EU-Australia FTA, which means CCT does not apply as the tariff rates are set within that separate deal. This is the ‘applied’ tariff.</p> <p>In the EU, tariffs are the same across Member States, but there are different tariffs for different goods.</p> <p>Currently, as the UK is part of the EU and Internal Market, the CCT is not applied to goods between the UK and EU. Once the UK leaves the EU, goods exported from the UK to the EU will be subject to the CCT unless there is a Free Trade Agreement (FTA) or negotiated transition period.</p>
<p><b>CDS</b></p>	<p><b>Customs Declaration Service</b></p> <p>The Customs Declaration Service is a new electronic system which will enable importers and exporters to complete customs declarations. CDS is replacing CHIEF and will be the only way for businesses to make customs declarations with the EU and rest of the world after Brexit once CHIEF is no longer in operation.</p> <p>CDS is compatible with the Union Customs Code (UCC) and aims to support the anticipated future import and export growth of the UK and provide businesses with access to more of their customs information in one place. CDS also includes 999 fields for commodity codes, as opposed to CHIEF’s 99. HMRC has started rolling out the use of CDS, and in order to use the new system, importers and exporters (either through their software provider or in-house IT team) will need to upgrade to CDS-compatible software. CHIEF’s capacity has been expanded to cope with the additional customs declarations which will be required as a result of leaving the EU and will continue to operate until the migration to CDS is complete.</p>
<p><b>CET</b></p>	<p><b>Common External Tariff</b></p> <p>A CET is the tariff applied to countries outside a bloc of countries in a Customs Union. For the EU, this is called the Common Customs Tariff (CCT).</p>

<b>CFSP</b>	<p><b>Customs Freight Simplified Procedures</b></p> <p>CFSP is a HMRC electronic customs system which facilitates the import of third country goods which allows for non-EU goods to be released faster (from inland or ports/airports etc.) through simplifying customs declarations. As well as this, businesses can defer duty and import VAT payment until the Supplementary Declaration (SD) is submitted and it means that third-party service providers can submit electronic declarations on behalf of businesses. Most imported third country goods are eligible, but traders must be authorised by HMRC to use CFSP.</p> <p>There are two types of authorisations (<i>See: SDP and EIDR</i>).</p>
<b>CHIEF</b>	<p><b>Customs Handling of Import and Export Freight</b> (<i>see: CDS</i>)</p> <p>CHIEF is the current system for processing declarations for goods entering and leaving the UK or EU, allowing customs information to be completed electronically. CHIEF is being replaced by CDS as of this year.</p>
<b>CO</b>	<p><b>Certificate of Origin</b> (<i>See: COO</i>)</p> <p>The requirement for a CO is dependent on the rules of the country the product is being exported to. COs help to determine the tariff rate, can help show whether a product is reaching a certain quota, helps goods to move through customs more easily, and helps determine compliance with geographical protections</p>
<b>Commodity code</b>	<p>Also called a 'customs tariff code', commodity codes are numbers used to classify goods for import or export. While these are currently used to import and export items to and from the EU, in a No Deal scenario, businesses will need to use commodity codes for importing and exporting to and from the EU27. Commodity codes are currently used in EMCS.</p>
<b>COO</b>	<p><b>Country of Origin</b></p> <p>A COO is the indication of the country a product is produced and a Certificate of Origin (CO) is often used as proof of the COO.</p>
<b>CPC</b>	<p><b>Customs Procedure Code</b></p> <p>CPCs are 7 digit codes used to determine the customs and excise regime they are being imported into, and if relevant, the one they are leaving. CPC can be used to enter goods into duty suspension schemes.</p>
<b>CSPs</b>	<p><b>Community System Providers</b></p> <p>A CSP is a HMRC approved provider which offers traders access to inventory controlled ports around the UK by tracking the movement of goods. This means that ports and airports can operate more efficiently and allows HRMC to physically check goods using a risk-based approach, enabling low-risk goods to move more quickly.</p>

<p><b>CT</b></p>	<p><b>Community transit</b> (See: CTC)</p> <p>CT enables goods from third countries to move throughout the EU under tariff duty suspension. It also allows for the movement of goods between the EU and other countries which are part of the CTC, such as the member countries of EFTA, Macedonia, and Serbia. The UK will remain a member of CTC after Brexit.</p> <p>Each country using CT has an ‘office of departure’ and ‘office of destination’ where the movement of goods must start and finish. This can be the premises of a business if they are a registered consignor or consignee. The New Computerised Transit System (NCTS) is used to move goods under CT and authorised traders are able to use a simplified procedure. The business moving the goods must provide a guarantee to ensure duties can be paid for if the CT requirements cannot be fulfilled.</p>
<p><b>CTC</b></p>	<p><b>Common Transit Convention</b></p> <p>The CTC helps to facilitate the movement of goods between member countries, including the EU, EFTA, Macedonia and Serbia. The UK will remain a member of CTC after Brexit. It essentially means that businesses only have to make customs declarations and pay import duties as the product reaches its final destination. This means if a good travels through several countries it will not have to make customs declarations when moving through those countries.</p> <p>For example post-Brexit, this will be beneficial for businesses moving goods through the EU to EFTA countries, as opposed to paying import duties twice.</p>
<p><b>Customs declarations</b></p>	<p>A customs declaration is a document used by businesses to list goods moving in or out of a defined customs area (e.g. between the EU and third countries). Currently, customs declarations are not required for moving goods around the EU, however post-Brexit if there are no alternative arrangements in place, businesses (or their freight forwarder) will be required to make customs declarations when moving their goods between the UK and EU.</p>
<p><b>Customs Duty</b></p>	<p>(See: tariffs. Not to be confused with excise duty)</p>
<p><b>Customs tariff code</b></p>	<p>(See: Commodity code)</p>



<p><b>Customs Union</b></p>	<p>A Customs Union is a bloc of countries which is part of an FTA and which also applies a Common External Tariff (CET). This essentially means that unlike an FTA alone, the whole bloc of countries has to negotiate external trade deals together, and all countries within the bloc apply the same tariffs to external countries.</p> <p>Goods can freely move within the Customs Union without having to worry about tariffs, however there are other issues which may stop this movement – for example regulations on standards and safety or SPS checks (often referred to as non-tariff barriers). A Customs Union can therefore help avoid the need for customs checks and reduce friction at a border but does not negate the need for checks entirely. If there were no checks on standards for example, a country may have preferential access to a trading bloc as the businesses within that bloc could be subject to more stringent - and therefore costly - regulations.</p> <p>If the UK left the EU but formed a new Customs Union with the EU, it would impact the UK's ability to strike trade deals with the rest of the world because it would be obliged to maintain the CET.</p>
<p><b>Customs Warehouse</b></p>	<p><i>(See: free zone)</i></p> <p>Also known as a bonded warehouse. Customs warehouses and excise warehouses are subject to different conditions and benefits. Unlike in an excise warehouse, goods in customs warehousing are not technically released into free circulation. This means that they can be exported to a third country without having officially entered the customs territory or paying taxes/import duties.</p> <p>Storing facilities must be verified by HMRC in order to become a customs warehouse. Goods stored in customs warehouses will not have paid customs duty and usually duty and/or import VAT payments are not paid. Goods are therefore not allowed to be released for general sale until duties are paid. Alternatively, the goods can enter a different customs procedure. Businesses may decide to set up their own customs warehouse on their own premises which can be done through HMRC.</p>
<p><b>D1ND</b></p>	<p><b>Day 1 No Deal</b></p> <p>A term used to describe the first day following the UK's exit from the EU in the event of a No Deal scenario.</p>
<p><b>DTI</b></p>	<p><b>Direct Trader Input</b></p> <p>This is where a trader inputs their own customs declarations as opposed to using a customs agent. Dedicated software is required.</p>

<p><b>EAD</b></p>	<p><b>Exporting Accompanying Document</b> (not to be confused with e-AD)</p> <p>Produced at the time of entering the goods into the Entry Summary Declaration (ENS), an EAD is a document required to accompany a consignment when it is being exported and contains information taken from the export declaration such as a bar code for the consignment, the 'Office of Exit' and Movement Reference Number (MRN).</p> <p>Once the goods have arrived at the Office of Exit, the EAD is scanned, closing the movement and confirming that the goods have left the EU. If there is more than one item, it needs to be accompanied by a List of Items (LOI).</p>
<p><b>e-AD (eAD)</b></p>	<p><b>Electronic Administrative Document</b> (not to be confused with EAD)</p> <p>An e-AD is a form which needs to be filled out for duty suspended excise goods as part of EMCS. The e-AD must be submitted before a movement takes place. Once the e-AD is submitted successfully, an ARC number is generated which needs to be put on any printed documents accompanying the goods.</p>
<p><b>ECS</b></p>	<p><b>Export Control System</b></p> <p>ECS is used alongside CHIEF to pass messages between EU countries to monitor indirect exports (e.g. if an export declaration takes place in one Member State and then leaves the EU from a different Member State).</p>
<p><b>EEA</b></p>	<p><b>European Economic Area</b></p> <p>The EEA is founded by a treaty and is the name used to refer to the extended EU Single Market area. It includes the EU, Norway, Iceland and Liechtenstein. This means that as members of the European Single Market, rules are in place to facilitate the free movement of goods, labour, services and capital between those countries. However, there are some differences, for example most trade in agricultural products is not included in the EEA Agreement.</p> <p>The EEA complies with most EU rules and regulations and has a separate system for influencing any legislation which affects them. Due to the application of the four freedoms of the Single Market (goods, people, capital and services), the UK is unlikely under its current Government to seek membership.</p> <p>Note: while Switzerland is also part of the EU's Single Market (and joins Norway, Iceland and Liechtenstein as part of EFTA), it is not part of the EEA. Its membership of the Single Market is through bilateral agreements which were negotiated separately with the EU.</p>

<b>EFTA</b>	<p><b>European Free Trade Association</b></p> <p>EFTA is a free trade area which includes the three non-EU members of the EEA (Norway, Liechtenstein and Iceland) and Switzerland. All four countries are part of the Schengen area and the European Single Market, but not the Customs Union, VAT area or Euro.</p>
<b>EIDR</b>	<p><b>Entry in the Declarant's records</b> (formerly known as a Local Clearance Procedure or LCP)</p> <p>Introduced as part of the new Union Customs Code (UCC), EIDR facilitates a simplified customs entry, meaning that a full customs declaration isn't required so that goods can be put into free circulation, customs warehousing, inward/outward processing, specific use, temporary admission, export or re-export. Further information through a declaration may be required. At the moment, traders can email HMRC that they have lodged an EIDR and those which have AEOC (see: AEO) authorisation are exempt from emailing HMRC.</p>
<b>EMCS</b>	<p><b>Excise Movement Control System</b></p> <p>EMCS is a computer system used throughout the EU to record the movement of goods under duty suspension e.g. alcohol, tobacco, fuel etc. It is used between the UK and the rest of the EU and is used inside the UK for the movement of duty suspended goods. It works by processing information about movements of goods online. When the data is entered, it validates the data and gives real time notifications of dispatch and receipt. EU trading partners can send secure messages online containing specific movement information. Businesses enrol through HMRC using a System for the Exchange of Excise Data (SEED) Excise ID number which is given to an authorised person within a business.</p> <p><b>Please see page 18 for a full briefing on EMCS and how it works.</b></p>
<b>ENS</b>	<p><b>Entry Summary Declaration</b></p> <p>An ENS is required for moving goods into the EU customs territory and is an electronic declaration which is made to the relevant Member State's Office of First Entry (OoFE).</p>

<p><b>EORI number</b></p> 	<p><b>Economic Operator Registration and Identification number</b></p> <p>An EORI number is a unique ID which businesses can use to make customs declarations. Post-Brexit, all importers and exporters will need an EORI number to trade with the EU.</p> <p>An EORI number issued by the UK will start with GB, followed by 12 digits. It will include the business's VAT registration number if they are registered for VAT. To register, visit: <a href="https://www.gov.uk/eori">https://www.gov.uk/eori</a></p> <p>An EORI number from the EU starts with different letters depending on the country that issued it – for example, one issued in France will start with FR.</p> <p>Scan the QR code to view the UK Government's handy guide to EORI numbers.</p>
<p><b>Excise Warehouse</b></p>	<p>An excise warehouse is a type of HMRC-approved tax warehouse which enables businesses to hold goods under excise duty-suspension. Excise warehouses require additional security and require a person to be approved as being responsible for the goods. They differ from customs warehouses as the goods must be customs duty paid. Businesses can acquire excise warehouse status by contacting HMRC. When goods are in excise warehousing they have entered free circulation, unlike in customs warehousing, because the customs duty (tariff) has already been paid.</p>
<p><b>FTA</b></p>	<p><b>Free Trade Agreement</b></p> <p>An FTA is an agreement between two countries, or two blocs of countries, which removes most of the tariffs and other restrictions on trading goods between those countries or blocs.</p>
<p><b>GATT 1994</b></p>	<p><b>General Agreements on Tariffs and Trade 1994</b></p> <p>GATT 1994 is a treaty under the World Trade Organisation (WTO) which aims to reduce trade barriers (e.g. tariffs and quotas) and mutually benefit countries which have signed up. GATT 1994 sets out the rules under which countries can make free trade deals.</p>
<p><b>ICS</b></p>	<p><b>Import Control System</b></p> <p>The ICS is a system for managing electronic import declarations into the EU. It is used to deal with Entry Summary Declarations (ENSs) and also issues Movement Reference Numbers (MRNs).</p>
<p><b>Incoterms</b></p>	<p>Incoterms are published by the International Chamber of Commerce (ICC) and are used to determine with who and where the risk lies when moving goods. They are used in contracts to determine who is responsible for delivering goods. Businesses may wish to assess their Incoterms when preparing for Brexit. On 1 January 2020 a new version of Incoterms will come in to force.</p>

<b>Internal Market</b>	<p>The EU Internal Market is underpinned by four freedoms: the freedom of movement of goods, capital, labour and services. The Internal Market offers several benefits, such as increased competition and larger economies of scale where countries can specialise in production of certain goods.</p> <p>The EU Internal Market is also known as the Single Market. If the UK leaves the EU without a deal, it will leave the Single Market and thereby the free movement of goods, meaning customs declarations and additional checks will need to be made. It also means that businesses may find it harder to recruit EU citizens. Leaving the Single Market would however mean that the UK could forge independent trade agreements without sign off from the EU.</p>
<b>IP</b>	<p><b>Inward Processing</b></p> <p>IP can be used to suspend excise duty, customs duty and import VAT on goods entering a country but which will be subsequently exported. It is used to help businesses with cash flow for goods moving into the EU market eventually, or to ensure they do not have to pay EU rates when they are being re-exported to a country outside the EU.</p>
<b>IPR</b>	<p><b>Inward Processing Relief</b> (See: <i>IP</i>)</p>
<b>LCP</b>	<p><b>Local Clearance Procedure</b> (see: <i>EIDR</i>)</p>
<b>LoLo port</b>	<p><b>Lift-on/lift-off port</b></p> <p>Exactly what it says on the tin, a LoLo port is one where containers are lifted off a vehicle from the land and lifted back on to a shipping vessel, e.g. Felixstowe. LoLo ports are generally slower and cover more land as containers need to be stacked. They are usually used for longer journeys.</p>
<b>Member State</b>	<p>An EU term referring to countries which are members of the EU.</p>



<p><b>MFN</b></p>	<p><b>Most Favoured Nation</b></p> <p>The MFN principle is the first article of GATT 1994. MFN is also included in the World Trade Organisation's (WTO's) General Agreement on Trade in Services (GATS) in Article 2 and the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in Article 4.</p> <p>The rule means that countries cannot discriminate between their trading partners. This means, for example, that a WTO member country cannot offer a lower customs duty rate for one specific WTO member country; the same rate must be applied to all other WTO members. E.g. if the UK offers zero tariff access to a particular product from the EU after Brexit, it must also offer zero tariff access to products from the rest of the world.</p> <p>Exceptions to the rule apply for countries which have preferential trade agreements with each other (e.g. the EU). Developing countries can also receive special access to markets, and if one country is deemed to be discriminating against another, they can raise barriers (e.g. through retaliatory tariffs).</p>
<p><b>MRN</b></p>	<p><b>Movement Reference Number</b></p> <p>This is a number which is automatically produced by the Import Control System (ICS) when a consignment is received by a Member State and the Entry Summary Declaration (ENS) is accepted.</p>
<p><b>NCTS</b></p>	<p><b>New Computerised Transit System</b></p> <p>NCTS is an online system which businesses can use to submit Union Transit (UT) declarations to HMRC. It is open to signatories to the Common Transit Convention (CTC) and the UK has indicated it will be part of CTC after Brexit.</p>
<p><b>NES</b></p>	<p><b>National Export System</b></p> <p>Part of CHIEF, NES is currently used by businesses exporting to third countries to lodge customs declarations electronically.</p>
<p><b>OoFE</b></p>	<p><b>Office of First Entry</b></p> <p>This is the first point where a good enters the EU and is used to declare that a good is in the EU and can freely circulate.</p>
<p><b>ROOs</b></p>	<p><b>Rules of Origin</b></p> <p>ROOs are used to determine where a product is made. Their primary use is to ensure goods are paying the correct duties (e.g. whether a good is receiving Most Favoured Nation (MFN) status or is covered by an FTA) and protect standards which can be different depending on where a product comes from. They are also used to help countries track trade flows, Tariff Rate Quotas (TRQs) and enforce anti-dumping measures.</p>

<b>RoRo port</b>	<p><b>Roll-on/roll-off port</b></p> <p>RoRo ports are ports where lorries can drive straight on to the shipping vessel without having to unload e.g. Dover. They have the benefit of drivers being able to drive straight on at one end, and straight off the other. This means it is faster and does not need to have a large storage area.</p>
<b>RoW</b>	<p><b>Rest of World</b></p> <p>A term used to describe all other countries outside either one country or a bloc of countries.</p>
<b>SAD (form C88)</b>	<p><b>Single Administrative Document</b> (also known as form C88)</p> <p>An SAD is required for imports into the EU from third countries as part of the Union Customs Code (UCC). It is currently used where IT systems fail. In order to complete a SAD form, businesses will need an Economic Operators Registration and Identification (EORI) number. Other information required includes the type of goods, where they are moving to, the commodity code, and the Customs Procedure Code (CPC).</p>
<b>SD</b>	<p><b>Supplementary Declaration</b></p> <p>A SD is submitted through CFSP electronically to enable HMRC to determine the duty and taxes which need to be paid on imported goods from third countries which are entering free circulation.</p>
<b>SDP</b>	<p><b>Simplified Declaration Procedure</b></p> <p>A type of Customs Freight Simplification Procedure (CFSP) Authorisation, SDP is used to make declarations through CHIEF to release goods into free circulation at a customs border. It is useful for importing perishable goods.</p>
<b>SFD</b>	<p><b>Simplified Frontier Declaration</b></p> <p>An SFD is used as part of the CHIEF and Customs Freight Simplification Procedure (CFSP) systems. It is an electronic message which is used to determine duty and taxes which need to be paid. It is only required for goods which are being entered into free circulation.</p>
<b>Single Market</b>	<p>(See: <i>Internal Market</i>)</p>
<b>TA</b>	<p><b>Temporary Admission</b></p> <p>Goods which are imported and then re-exported without further processing are covered by TA, which means that you do not need to pay duty or import VAT. There are some caveats, such what the goods are and what they are used for prior to re-export. It can be used in conjunction with Inward Processing (IP) and is managed by HMRC.</p>

<p><b>TAD</b></p>	<p><b>Transit Accompanying Document</b></p> <p>Used as part of the New Computerised Transit System (NCTS), a TAD is a paper document required to accompany goods during transit. Usually green, it includes information such as the Movement Reference Number (MRN) barcode and if there are multiple goods in one consignment, a List of Items (LOI) or Load List.</p>
<p><b>Tariffs</b></p>	<p>(See: CCT)</p> <p>Also called customs duty (not to be confused with excise duty), a tariff is a tax on imports of goods into a country or trading bloc.</p> <p>In the event of a No Deal EU Exit, the UK will set its own tariffs for the rest of the world. The UK Government has confirmed that there will be a temporary tariff schedule for 12 months following a No Deal EU exit to remove any additional costs for importers.</p> <p>After the 12 month period following a No Deal EU Exit, the UK Government could decide to do any of the following:</p> <ol style="list-style-type: none"> <li>1. The UK could default to the EU's applied tariff schedule. <ul style="list-style-type: none"> <li>• This means that it would apply the schedule that the EU currently applies</li> <li>• It would also apply to the goods from the EU (again, unless it secures an FTA with the EU)</li> <li>• For spirits the picture is relatively easy – the EU has a zero tariff for spirits, except for bulk rum. Therefore, spirits coming into the UK will be subject to zero tariffs in any scenario - as will UK spirits going to the EU (not including retaliatory tariffs).</li> <li>• For wine the EU tariffs are: <ul style="list-style-type: none"> <li>• €9.90 per 100 litres of bulk still wine &lt; 13%</li> <li>• €12.10 per 100 litres of bulk still wine between 13% and 15%</li> <li>• €13.10 per 100 litres still wine &lt; 13% in containers less than 2 litres</li> <li>• €15.40 per 100 litres of still wine between 13% and 15% in containers less than 2 litres</li> <li>• €32.00 per 100 litres of sparkling wine</li> </ul> </li> </ul> </li> <li>2. The UK could remove all tariffs. <ul style="list-style-type: none"> <li>• This means that no goods would have to pay tariffs coming into the UK, meaning businesses would not have to pay an additional tariff.</li> <li>• It would impact the UK's ability to strike trade deals, unless it was short term.</li> <li>• While the UK could offer zero-tariffs on imports, other countries would still apply tariffs.</li> </ul> </li> <li>3. The UK could pick and choose which tariffs apply to different goods. <ul style="list-style-type: none"> <li>• The UK could only apply up to the maximum bound tariffs under WTO rules.</li> <li>• This would mean that any economically sensitive goods (e.g. ones produced by the UK such as beef) would not be threatened by imports, whereas goods which are predominantly imported (e.g. wine) could have a lower or zero tariff applied.</li> <li>• Again, this may impact the Government's ability to forge trade deals.</li> </ul> </li> </ol>

<b>Third country</b>	A third country is the EU term for a country based outside the EU. For example, once the UK leaves the EU it will become a third country.
<b>TSP</b>	<p><b>Transitional Simplified Procedures</b></p> <p>TSP is a new system introduced by HMRC to ease the strain on importing locations such as ports in the result of a No Deal Brexit. The idea is to allow goods to be released from customs without businesses having to make a full import declaration and have paid all duty. TSP will not however remove the need for excise-controlled goods to complete customs declarations.</p>
<b>UCC</b>	<p><b>Union Customs Code</b></p> <p>The UCC was introduced in May 2016 in order to modernise and harmonise customs procedures between EU Member States. UCC is still gradually being phased in across the EU. For example, the UK's new Customs Declaration Service (CDS) system will be UCC compliant and will likely be fully operational by 2020, after the UK has left the EU.</p> <p>HMRC has indicated that UCC will be replicated into UK law after the UK leaves the EU, however as a third country without a customs arrangement, UK businesses would need to complete a Single Administrative Document (SAD) and Entry Summary Declaration (ENS) when exporting to the EU.</p>
<b>UT</b>	<p><b>Union Transit</b></p> <p>UT is a system under the National Computerised Transit System (NCTS) whereby goods in excise duty, customs duty and VAT suspension from outside the EU can move around the EU. For example, goods can move from customs warehousing in one Member State, be moved via UT whereby the goods must be presented at the customs office at the country it is being imported into and enter another customs procedure (e.g. customs warehousing), or the relevant duties and taxes must be paid and the products released into free circulation.</p> <p>UT is available for countries which are signatories to the Common Transit Convention (CTC), and so after Brexit the UK will be able to continue to use UT.</p>
<b>VAT number validation service</b>	This is an online service which confirms the validity of a VAT number. After Brexit, businesses will be able to access the EU system, but UK VAT numbers will be removed. HMRC will be developing its own version of the system for UK numbers.
<b>VAT refund systems</b>	This is a system within the EU which allows HMRC to send VAT refund requests to other Member States. In a No Deal Brexit the UK will not have access to the EU current system and will have to apply for VAT refunds from EU Member States using current third-country procedures.

<p><b>VI-1</b></p>	<p>A VI-1 certificate is a form currently required by the EU for wine/grape juice/must imported into the EU from a third country. It is a paper document which must accompany the goods as they move across a border.</p> <p>Some countries (such as Australia, the US and Chile) are also only required to provide a simplified VI-1, and there are exemptions for small quantities and for the movement of personal collections.</p> <p>A full VI-1 is used to prove that the wine is compliant with EU regulations. The wine must therefore be analysed by a certified lab and signed off by a certified body. As well as this, it acts as a certificate of origin and as proof of any GI. Information that needs to be provided in the analysis report for wine includes:</p> <ul style="list-style-type: none"> <li>• Total and actual ABV</li> <li>• Total dry extract</li> <li>• Total acidity</li> <li>• Volatile acid content</li> <li>• Citric acid content</li> <li>• Total sulphur dioxide content</li> <li>• the presence of varieties obtained from interspecific crossings (direct producer hybrids or other varieties not belonging to the <i>Vitis vinifera</i> species).</li> </ul> <p>As the UK is rolling over all EU law, unless the Government advises otherwise, UK VI-1s will be required for wine entering the UK from the EU in the event of a No Deal scenario.</p>
<p><b>VI-1 (simplified)</b></p>	<p>(See: VI-1)</p> <p>A simplified VI-1 is similar to a regular VI-1 and applies to wines from Australia, Chile and the US. This means that only the actual alcoholic strength by volume, the total acidity, and the total sulphur dioxide content are required on the form, as opposed to the full lab analysis required on a full VI-1. After Brexit, this will continue to apply as it does now.</p>
<p><b>WTO</b></p>	<p><b>World Trade Organisation</b></p> <p>The WTO is an international organisation which presides over the rules of trade between countries and blocs of countries with the aim of ensuring trade can flow as freely as possible. It is underpinned by WTO agreements which have been negotiated and agreed on by trading nations, ratified by local Parliaments. The UK is a WTO member and will continue to be after the UK leaves the EU.</p>

# Excise Movement Control System (EMCS): How it works

## Custom's Public Notices: 196 and 197 for duty suspended goods, 203A for duty paid

### Summary

The wine and spirit industry in the UK is heavily regulated, and unlike virtually all other sectors, has a wealth of experience in moving goods around the EU under complex controls. The vast majority of alcohol is moved "under bond" under excise duty suspension because excise duty rates differ across the EU. The current regime, EMCS, relies on electronic pre-movement of goods notification and a final electronic notification of arrival when the good have been received.

### Why do we need access to EMCS post-Brexit?

With much discussion about how physical checks at the UK's border with the EU might be reduced or kept to an absolute minimum in the future, EMCS offers a tried and trusted solution which could easily be extended to non-excisable goods – particularly if the UK was trading without tariffs with the EU. Benefits to the system include:

- Paperless and simple for businesses to use
- Standardised system used by the whole of the EU
- Businesses already have those systems in place
- Speeds up the release of guarantees when the goods arrive
- Helps combat duty fraud
- Allows for the movement of excise goods under duty suspension
- Cuts out the need for border checks on duty suspended goods
- It means duty is paid on goods by the right people at the right time to the right country and for the correct amount

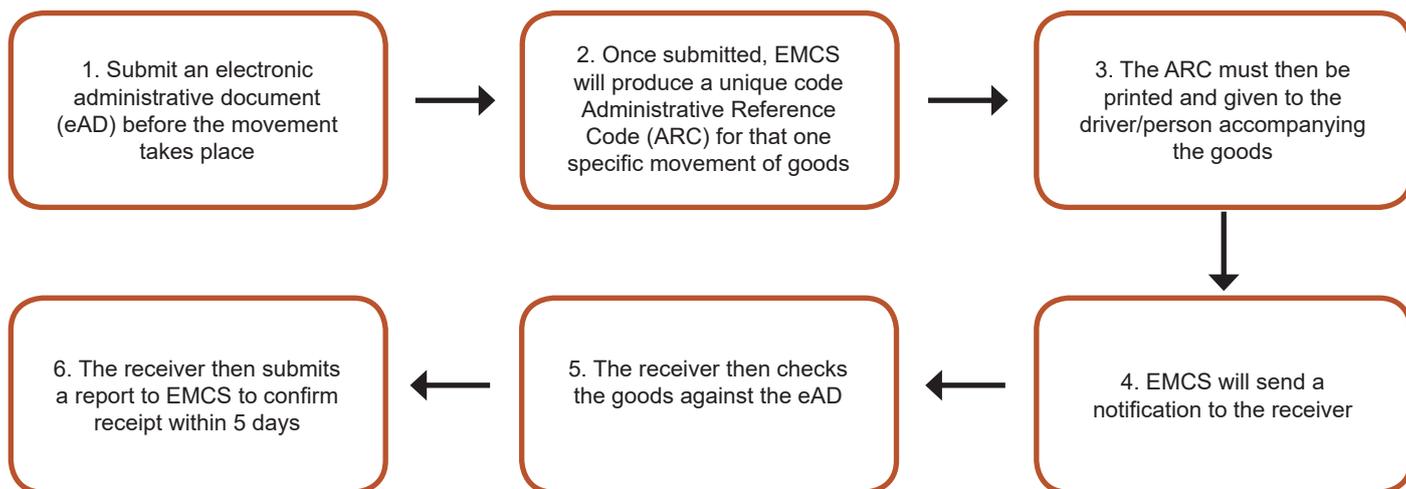
### How it works

- EMCS is a computer system used throughout the EU to record the movement of goods under duty suspension.
- It is used between the UK and the rest of the EU, and is used inside the UK for the movement of duty suspended goods.
- It works by processing information about movements of goods online.
- When the data is entered, it validates the data and gives real time notifications of dispatch and receipt.
- EU trading partners can send secure messages online containing specific movement information.
- Businesses enrol through HMRC using a System for the Exchange of Excise Data (SEED) Excise ID number which is given to an authorised person within a business.



## EMCS in practice

### EMCS movements in the EU



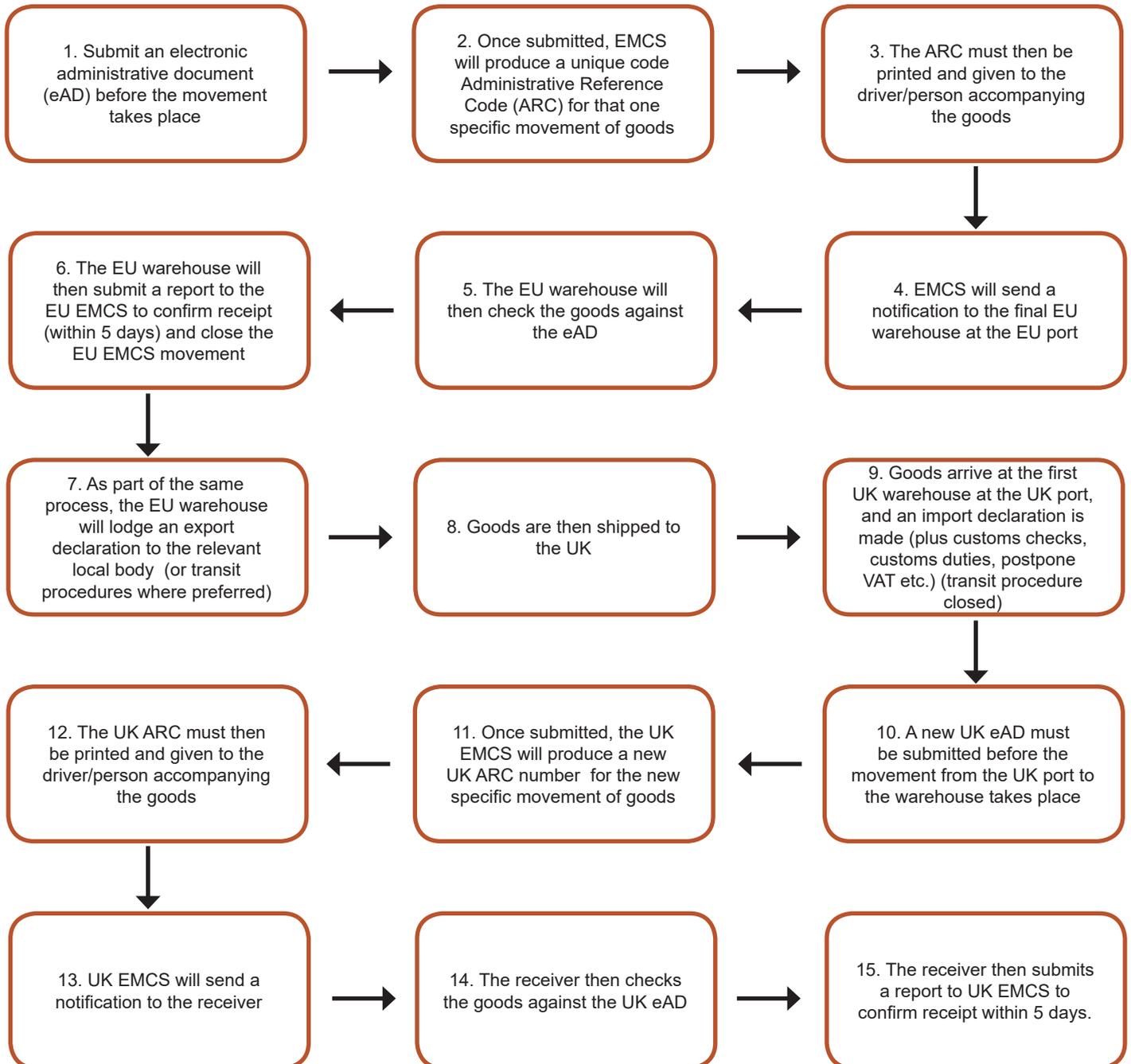
### Potential concerns

EMCS is currently only used throughout the EU to members part of the Single Market and Customs Union – despite widespread recognition from businesses using the system throughout those Member States that it should continue to be used throughout the UK and EU27 post-Brexit, there is no guarantee that the EU will allow for the UK to continue using EMCS.

Once the UK leaves the EU, there will be no system in place without a deal to manage these movements, which will require additional paperwork for businesses, having a knock-on effect throughout the supply chain.

Moving from such a simple system to a comparatively complicated system where the UK is treated as a third country will have major consequences for UK wine and spirit businesses.

## Example of an EMCS movement from an EU27 country to the UK via a port, if the UK leaves the EU in a No Deal Exit









The WSTA represents over 300 companies producing, importing, exporting, transporting and selling wines and spirits in the United Kingdom.

We campaign for a vibrant and sustainable wine and spirit industry, helping to build a future in which alcohol is produced, sold and enjoyed responsibly.

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