

As of 1 January 2021, the UK is now regarded as a 'third country' outside of the EU. The EU and the UK have formed two separate markets; two distinct regulatory and legal spaces. This will create barriers to trade in goods and services and to cross-border mobility and exchanges that did not previously exist – in both directions.

The long awaited EU-UK Free Trade Agreement (FTA), known as the 'EU'UK Trade and Cooperation Agreement', was finalised on 24 December 2020, coming as a significant relief to the many businesses who will continue to trade with the UK. While this is good for relations and reduces some costs involved, this FTA is fundamentally different to the freedoms enjoyed when the UK was a member of the EU and the Single Market.¹

The EU-UK FTA goes well beyond traditional EU FTAs (such as with Canada or Japan) by providing for **zero tariffs and zero quotas** on all goods that comply with the appropriate rules of origin.² This ensures that the trade preferences granted under the Agreement benefit UK and EU businesses rather than third countries, preventing circumvention.³

The full text of the Agreement has yet to be released as it is pending ratification of all 27 EU member states and the European Parliament. As such, many of the specifics have yet to be known. However, a useful overview of the 4 pillars of the Agreement can be accessed [here](#).

Some specifics that are known to be contained in the Deal

1. Rules of Origin & Certificates of Origin

- It is important to note that HMRC is **not** requiring certificates of origin for goods moving between the EU and UK. Tariffs will not be applied to goods that are either “wholly obtained” from the UK or EU, or “substantially transformed” in the EU or UK.
- Companies can assess whether their products satisfies these requirements on the Commission’s [My Trade Assistant](#) platform. Information on how to use this tool can also be found [here](#).
- For goods imported to benefit from this duty-free treatment, exporting companies must make a claim for preferential treatment. The claim has to be based on a statement of origin, made out by the exporter, stating that the product qualifies for preferential treatment. It is up to the exporter to make sure that the conditions are met to issue a statement of origin and that the information provided is correct.
- Please see [here](#) for more information on rules of origin.

2. VAT

- From 1 January 2021, imports of goods and subsequent supplies of goods from UK to an EU Member State will be subject to VAT in the Member State concerned, at the rate that applies to the same goods in that Member State.
- VAT will be payable to customs authorities at the time of importation, unless the Member State of importation allows import VAT to be included in your periodical VAT return. The taxable amount is based

¹ It should also be noted that the entry into application of the FTA is a matter of special urgency. As the negotiations were only finalised at a very late stage before the expiry of the UK’s transition period, and the need to allow the European Parliament sufficient time to democratically scrutinise the deal, the Agreement will be applied on a *provisional* basis, until 28 February 2021.

² It should be noted that the deal does not extend to services.

³ To facilitate compliance and cut red tape, the Agreement allows traders to self-certify the origin of goods and provides for ‘full cumulation’ (meaning traders can account not only for the originating materials used, but also if processing took place in the UK or EU).

on the value for customs purposes plus the cost of other charges, taxes and duties incurred by the importation itself.

- Goods being exported to UK will generally be exempt from VAT, although you must be able to prove that the goods have left the EU. Member States generally base this proof on the exit certification given to the exporter by the customs office of export
- The EU has, as a result of Covid-19, delayed introducing a scheme that will require platforms to collect and account for VAT on behalf of sellers until 1 July 2021 – although, as detailed below – it has come into operation for those sending from the EU to UK since 1 January 2021.

→ See the Commission's [guidance](#) for more information on VAT rules that apply to goods.

3. Importing from a Third Country through the UK

→ Example scenario: *A business in Ireland imports goods from China through a UK distributor. The Irish business pays import duties in the UK. What should the Irish business be aware of when importing those goods into Ireland?*

- Import duty is based on the origin of the goods; where they were manufactured, not where they were purchased. Goods purchased wholesale from China and resold from a separate entity in another country would still be classified by Customs as Chinese goods. In the case that the product is shipping physically from China to the UK and then onto Ireland, the Irish business may be liable to pay customs duties twice.
- In order to avoid this, it may be worth looking into, for example, customs warehousing in the UK and at other options to source this product through a European supplier/distributor or directly from the Chinese supplier.

→ Further information on this is available [here](#) from Enterprise Ireland.

4. EU-Northern Ireland Trade

- From 1 January 2021, the [Protocol on Ireland and Northern Ireland](#) applies and EU rules for customs, VAT and excise duties continue to apply to all goods entering and leaving Northern Ireland from/to the EU. This means that the rules that apply to the movement of goods between two EU Member States will also apply to goods moving between Northern Ireland and an EU Member State, and vice versa.
- For customs, the Protocol means that:
 - There will be no customs formalities for goods moving between Northern Ireland and EU Member States
 - EU customs formalities will apply to goods entering or leaving Northern Ireland to/from the rest of the world, including the UK. There are exceptions with regard to this for goods considered at 'no risk of subsequently being moved into the Union', i.e. those that will not enter the EU Single Market
 - Checks and controls will take place on food and live animals entering Northern Ireland from third countries, including the rest of the UK, to make sure they adhere to the EU's sanitary and phytosanitary (SPS) requirements
 - Checks and controls will also take place on goods subject to any other prohibitions and restrictions listed in the Protocol and on goods entering Northern Ireland from third countries, including the rest of the UK to make sure they comply with the relevant rules.

Useful tools for advice and further information

Government/State Agency Advice & Information

- DBEI's [Brexit Information Resources](#)
- Enterprise Ireland's [Brexit Readiness Checker](#)
- Enterprise Ireland's [Currency Impact Calculator](#)
- Enterprise Ireland's [Customs Insight Online Course](#)
- Local Enterprise Office's [Brexit Mentor Programme](#)
- Local Enterprise Office's [Brexit Supports for your SME](#)
- InterTradelreland's [Brexit Advisory Service](#)
- [Using the UK Landbridge](#)
- InterTradelreland's [Tariff Checker](#)
- InterTradelreland's [Brexit Digital Content](#)
- Competition and Consumer Protection Commission [Guidance](#)
- Skillnet Ireland's [Clear Customs Training](#)

Financial Supports

- [Brexit Loan Scheme](#)
- [Future Growth Loan Scheme](#)
- InterTradelreland's [Start to Plan Voucher](#)
- MicroFinance Ireland's [Brexit Business Loan](#)
- Enterprise Ireland's [Be Prepared Grant](#)
- Enterprise Ireland's [Brexit Advisory Clinics](#)
- Enterprise Ireland's [Market Discovery Fund](#)
- Enterprise Ireland's [Act On Initiative](#)
- Enterprise Ireland's [Ready for Customs](#)

Preparing for new Customs Arrangements

- [Haulier and freight forwarder information](#)
- [Air and sea carriers \(other than ferries\)](#)
- [Customs implications of trade with Northern Ireland](#)
- [Customs Advice for Drivers using Dublin Port](#)
- [Customs Advice for Drivers using Rosslare Europort](#)
- [Six key messages for hauliers from the Dublin Port Company](#)
- [How to bring your consignment through Dublin Port](#)
- More information from Revenue at www.revenue.ie/brexit
- More information from HMRC at <https://www.gov.uk/transition>

EU Documents

- European Commission's advice on taxation and the future customs union
- "Getting ready for changes" in **every** sector
- Full list of targeted EU contingency measures in the absence of a deal
- [EU-UK Withdrawal Agreement](#)
- [Revised Protocol on Ireland and Northern Ireland included in the Withdrawal Agreement](#)

Useful Contact Information

<p>Revenue (available 24/7) www.revenue.ie/brexit brexitqueries@revenue.ie (01) 738-3685</p>	<p>Microfinance Ireland www.microfinanceireland.ie info@microfinanceireland.ie (01) 260-1007</p>	<p>Health and Safety Authority www.hsa.ie wcu@hsa.ie 1890 289 389</p>
<p>Enterprise Ireland www.enterprise-ireland.com brexitunit@enterprise-ireland.com (01) 727-2727</p>	<p>Skillnet Ireland www.skillnetireland.ie info@skillnetireland.ie (01) 207-9630</p>	<p>National Standards Authority www.nsai.ie BrexitUnit@nsai.ie (01) 807-3800</p>
<p>Local Enterprise Offices www.localenterprise.ie</p>	<p>Department of Agriculture, Food and the Marine www.agriculture.gov.ie brexitcall@agriculture.gov.ie (076) 106-4443</p>	<p>Competition and Consumer Protection Commission www.ccpc.ie (01) 402-5555</p>
<p>InterTradeIreland www.intertradeireland.com brexit@intertradeireland.com (048) 3083-4100</p>	<p>Department of Enterprise, Trade and Employment www.enterprise.gov.ie info@enterprise.gov.ie (01) 631-2121</p>	<p>Health Service Executive (HSE) www.hse.ie hselive@hse.ie (041) 685-0300</p>
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