Brexit: Customs system

Indirect Tax

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The CIOT has urged the government to act swiftly to turn the proposals in its paper for a future customs relationship with the EU into agreed measures that will give businesses a long lead-in period before Brexit.

The CIOT welcomed the government's customs paper which was published in August and the fact that the government is addressing customs in the negotiation process. The government said it would discuss the proposals in the paper with stakeholders over the summer and aims to publish a Customs White Paper in advance of the Customs Bill in the autumn.

The CIOT is keen for the government to prioritise ensuring that UK and EU businesses can trade freely with one another under straightforward and succinct customs rules after Brexit, noting that the aim should be to minimise the level of additional friction that will apply to cut the cost of moving goods.

We welcome the discussions that HMRC is having with businesses to ensure that their key requirements are being listened to. It is clear that the sooner there is some clarity about the machinery that businesses and their advisers need to get used to, in order to manage customs after Brexit, the better. Businesses need as long as possible to implement changes to systems or supply chains.

Among the proposals in the Government's paper is a streamlined customs arrangement between the UK and the EU. Another proposal is a new customs partnership with the EU by aligning the UK's approach to the customs border in a way that removes the need for a UK-EU customs border. The paper also sets out new details on an interim period with the EU.

The CIOT has cautioned that a prolonged transition period may have a knock-on impact for those who hope for tax reform as a result of Brexit. It should be recognised that while a prolonged transition period is allied to the scale of the task

of designing and implementing a new customs duties system, it is likely to absorb a huge swathe of Treasury and HMRC resources. This will limit the resource available to consider and implement any other tax reforms.

Our full press release can be found on the CIOT website.