# No-deal Brexit: Transitional Simplified Procedures

**Indirect Tax**

01 December 2019

On 15 October, HMRC wrote to around 95,000 VAT registered taxpayers to confirm that they had auto-enrolled themselves onto Transitional Simplified Procedures. The letter has been published on the CIOT's website. Businesses should check whether they need to obtain a duty deferment account.

## What are Transitional Simplified Procedures?

Transitional Simplified Procedures (TSPs) provide simplifications and easements for taxpayers importing certain goods from EU countries, in the event of a no-deal Brexit outcome. The first step is to determine whether you are importing controlled or standard goods.

Controlled goods (goods either subject to a licence or excise goods, e.g. alcohol, tobacco): For an import of controlled goods, submit a simplified frontier declaration to HMRC so that the goods can be cleared. After import, submit a more detailed supplementary declaration to HMRC via the Customs Handling of Import and Export Freight system (CHIEF). Guidance is published on GOV.UK, here and here.

Standard goods (goods that are not controlled): The first step for an import of standard goods is to make an entry in your own records. You will then have up to six months after the UK has left the EU without a deal to submit the more detailed supplementary declarations to HMRC via CHIEF, and to make the payment of customs duty and import VAT. The declaration can be made by the business or by a customs agent. The import VAT will be declared in the VAT return under postponed accounting rules, in a similar way to the current rules for acquisition VAT accounting.

If you want to claim a tariff quota on the import of standard goods, it may not be advisable to delay making the supplementary declaration to HMRC, as the quota is

distributed on a first-come, first-served basis; professional advice may be required.

On 8 November, HMRC announced that importers must have the financial guarantee for any duty deferred in place by 30 April 2020.

Importing from EU countries when you are not registered for VAT

In a similar position to the auto-enrolment of businesses for a GB Economic Operators Registration and Identification (EORI) Number, it is not possible to automatically enrol businesses that import goods from the EU but that are not already registered for VAT. Importers without a VAT registration number must take proactive action to enrol for TSP (if desired) and for a GB EORI number (if not already held).

## Exclusions from TSP

It is not possible for the following taxpayers to register for TSP:

- VAT registered businesses without an establishment in the UK;
- taxpayers using a special customs procedure, for example inward processing relief;
- taxpayers with a poor compliance history; and
- businesses that only import from countries outside of the EU.

If you think you should have been auto-enrolled for TSPs but have not been, contact HMRC.

## Cancelling a TSP enrolment

If you or a client has been auto-enrolled onto TSPs and you did not wish to be or you are no longer eligible to use TSPs, there is a cancellation facility on GOV.UK. In the event of a deal being agreed, HMRC will make further announcements on TSPs and we will update the Brexit section of the CIOT website.