PRIORITY CUSTOMS CLEARANCE

Delivering a **time-critical** customs clearance service post-Brexit

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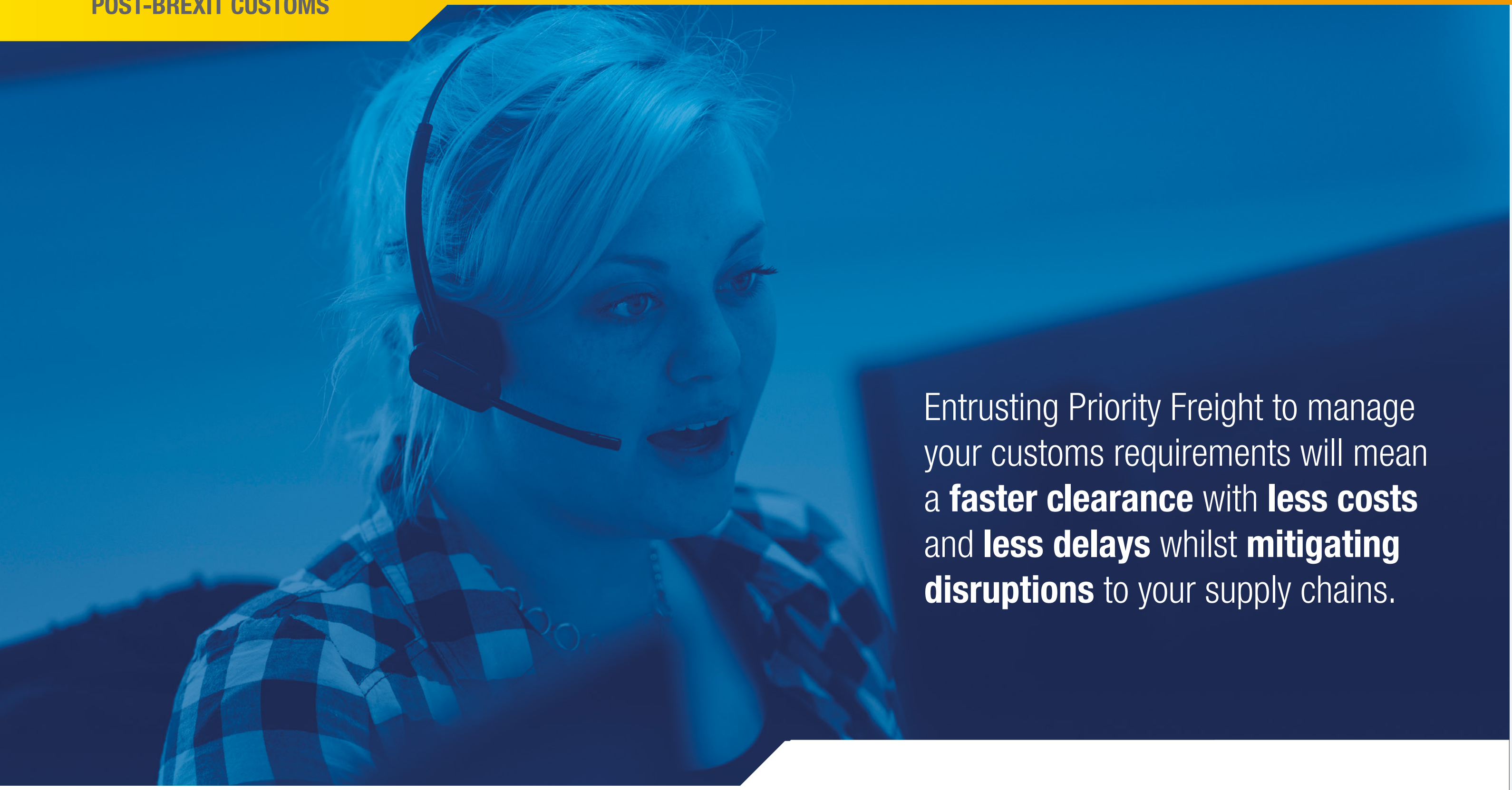
Priority Freight®

YOUR FREIGHT, OUR PRIORITY.



Entrusting Priority Freight to manage your customs requirements will mean a **faster clearance** with **less costs** and **less delays** whilst **mitigating disruptions** to your supply chains.

MINIMISE THE IMPACT OF BREXIT ON YOUR SUPPLY CHAIN

On 1st January 2021, the Brexit transition period will have ended and the UK will be operating a full external border. Customs controls will affect the movement of goods between the UK and EU, and every import and export to and from the UK will require a customs declaration with associated customs clearance.

You will have up to six months to complete your import declaration and to pay tariffs. However, if you are deferring, it's important to note that you will need to keep sufficient records. The onus will be on you to keep records and to provide accurate documentation when required.

The post-Brexit world will provide many logistical challenges to those seeking to move goods in and out of the UK from Europe. For many, this is a difficult and sometimes confusing topic to understand but, in reality, it affects us all and we need to quickly adapt to the new processes.

As one of Europe's leading time-critical logistics providers, it's Priority Freight's mission to help you to meet complex and urgent international transport challenges by adding speed and flexibility to your supply chain.

GOVERNMENT GUIDANCE

Further information is available in the UK Government's document 'The Border with the European Union - Importing and Exporting Goods', published 8th October 2020.

The document is available here:
www.gov.uk/government/publications/the-border-operating-model

FASTER CLEARANCE WITH OUR CUSTOMS MANAGEMENT SERVICE

When parts are needed to keep you operational, we understand the need for a fast, secure and reliable response, within your time frame, to maintain the integrity of your supply chain.

Our customs management service will take care of all the required customs formalities; submit the necessary declarations on your behalf and quickly clear the goods, giving you total peace of mind. As part of the end-to-end logistics solution, our customs management service supports the rapid transport of goods post-Brexit; making the transfer as frictionless as possible.

Priority Freight has been accredited with Authorised Economic Operator Full (AEOF) status at all our UK locations. By operating with AEOF, Priority Freight accesses quicker customs procedures, is able to move goods into temporary storage between different member states, and is recognised with trading partners that adopt the WCO SAFE Framework of Standards. Our AEOF status provides security and confidence to our customers who are safe in the knowledge that it's business as usual, post-Brexit.

Our customs management service works alongside our global logistics operations, as part of a wholly-managed, door-to-door transportation process, in order to continue to meet even the tightest of deadlines. Our team will ensure that your shipments are imported into or exported out of the UK in strict compliance with all applicable laws and regulations - in the fastest, most cost-effective and reliable manner to maintain the integrity of your supply chain.

Priority Freight's preparation for Brexit includes a **dedicated customs management team**, customer helpline, **customs storage facilities**, technology platforms and **AEOF status**.

24/7 SECURE CUSTOMS WAREHOUSE AND EXTERNAL TEMPORARY STORAGE FACILITIES

Our customs service provision includes our own Customs Warehouse and External Temporary Storage Facilities (ETSF) at our secure premises in Dover, Heathrow and Coventry, with associated customs procedures in place both for import and export.

Our Customs Warehouse and ETSF in Dover is located inside our secure truck parking facility, conveniently just three miles from the Port of Dover. Goods may be processed on route, at Dover, Heathrow or Coventry, avoiding port congestion.

Our secure ETSF allows us to place non-EU goods into storage prior to customs procedures or re-exportation. This means we can retain just the goods required for customs inspection, while the remainder of the shipment can be delivered to keep your supply chain moving.

Our Customs Warehouse (also sometimes referred to as a Bonded Warehouse) enables storage of goods in duty and VAT suspension for an unlimited time. The secure 24/7 facility provides operational flexibility should the final destination of the goods not be known (e.g. UK or EU). If goods are re-exported, no tax is due.

Our **Customs Warehouse** and **ETSF** are located at our secure premises in **Coventry, Heathrow** and **Dover** and allows goods to be stored prior to the payment of duty.

CUSTOMS STORAGE: DOVER, HEATHROW AND COVENTRY

CUSTOMS WAREHOUSE

REQUIREMENTS
- WMS system
- CCG for potential debt

KEY POINTS
- Unlimited storage length
- Cargo must be cleared at arrival port before moving to customs warehouse
- HMRC approved

COMMON USES
- Long-term storage of goods under duty suspension

APPROVED CONSIGNEE/
CONSIGNOR FOR TRANSIT
CFSP/EIDR FOR CUSTOMS WAREHOUSE

ETSF

REQUIREMENTS
- Inventory link (CSP)
- CCG for potential debt
- Designated area and cage

KEY POINTS
- 90-day storage limit
- Permits movement of uncleared cargo inland
- Border Force controlled

COMMON USES
- To unload uncleared cargo prior to a customs entry being completed – commonly used for groupage containers

POST-BREXIT CUSTOMS **EXPLAINED**

Customs clearance formalities will have to be undertaken in both the UK and Europe. All shipments will require both export customs clearance from the seller's country and import customs clearance in the buyer's country.

Priority Freight will facilitate the UK customs procedures but you will need to appoint customs brokers in Europe to act on your behalf, although we can assist with that process if you don't have customs partners in the EU.

By utilising Priority Freight's best-in-class operations, you will receive the fastest, most cost-effective and reliable door-to-door transportation service. Our AEOF status smooths the customs process to speed up your clearances and protect your supply chain.

FORMS, DECLARATIONS AND INDEMNITIES

Should you require Priority Freight to complete Transit Accompanying Documents (TAD) on your behalf, you must tell us the NCTS code, where the TAD will be discharged and the company responsible for doing so.

If you require Priority Freight to make an import declaration on your behalf, we need you to have signed a letter of direct representation with Priority Freight.

We will require you to sign a legal letter of indemnity making you responsible for any customs debt.

You must understand your company's responsibilities when customs declarations are made on your behalf and, if possible, to obtain indemnities.

EORI NUMBER

From 1 January 2021, to move goods between Great Britain (England, Scotland and Wales) and the EU, all importers and exporters must have an Economic Operator Registration and Identification (EORI) number. If you move goods to or from Northern Ireland, you will need a different EORI number. See https://www.gov.uk/eori for the application process, which takes about a week.

If you do not have an EORI, you may have increased costs and delays. For example, if your goods cannot be cleared, you may have to pay storage fees.

You must be able to provide the following information prior to your freight arriving at the port of departure, in accordance with our agreement at the time of our quote. This will enable Priority Freight to prepare your customs documents in good time.

For shipments from the UK to the EU, permission to progress (P2P) will be gained and the freight can be collected. For shipments from the EU to the UK, Priority Freight can lodge your import entry prior to the freight arriving in the UK.

The following checklist illustrates what should be incorporated, by you, into your commercial invoice, packing list and other accompanying documents.

UK EXPORTS

- ✓ Copy export invoice and packing list
- ✓ Exporter's EORI number
- ✓ Vehicle/trailer number
- ✓ Port of export
- ✓ Invoice number
- ✓ Clear description of goods
- ✓ Commodity code(s)
- ✓ Consignee name and address
- ✓ Country of destination
- ✓ Country of origin
- ✓ Number and type of packages
- ✓ Net and gross weights
- ✓ Value
- ✓ Incoterms
- ✓ Customs procedure code
- ✓ Export licencing requirements
- ✓ NCTS clearance code
- ✓ Agent/responsible party for EU clearance
- ✓ Any special instructions

UK IMPORTS

- ✓ Copy export invoice and packing list
- ✓ Importer's name and address
- ✓ Importer's VAT number/EORI number
- ✓ Duty deferment account (DDA), if applicable
- ✓ Chosen method of VAT payment
- ✓ Vehicle number
- ✓ Port of arrival
- ✓ Invoice number
- ✓ Clear description of goods
- ✓ Commodity code(s)
- ✓ Country of origin
- ✓ Net and gross weight
- ✓ Value
- ✓ Incoterms
- ✓ Freight and insurance charges
- ✓ Customs procedure code
- ✓ Number and type of packages
- ✓ Import licencing requirements
- ✓ Any special instructions

INCOTERMS AND UNDERSTANDING YOUR RESPONSIBILITIES

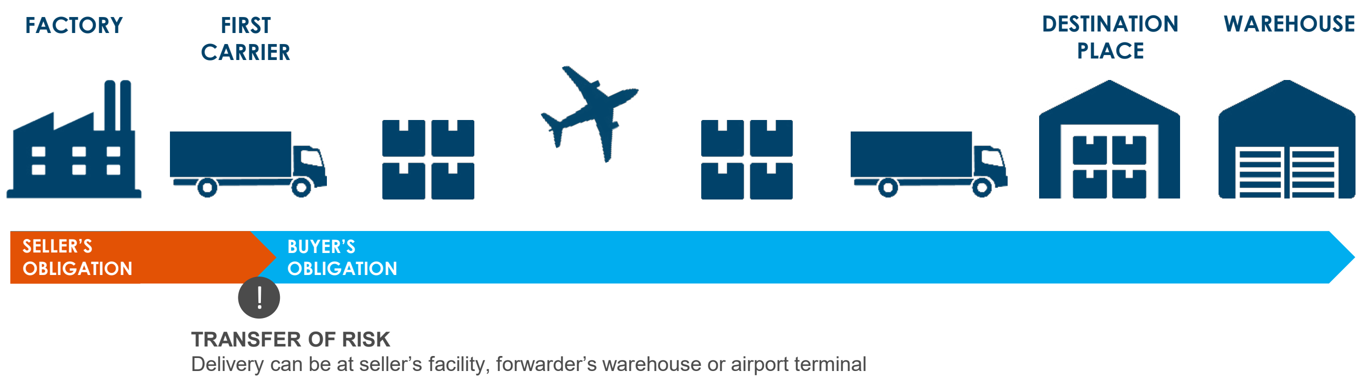
You will need to specify what International Commercial Terms (Incoterms) you wish to apply in order to transport your goods, as this will define to both parties involved (buyer and seller) what your obligations are with regard to delivery, risk, costs, obligations, transportation and supply chain security.

Some customers have elected for an Ex-Works (EXW) arrangement where they will take responsibility from a named place, usually the factory gate. Other customers will operate with Free Carrier (FCA), but there are a range of terms that can be chosen.

The Incoterms selected will determine what Priority Freight's responsibilities will then become.

EX-WORK (EXW) TRADE TERM

FREE CARRIER (FCA) TRADE TERM



EXAMPLE STEPS FOR SUPPLIER ON **FCA INCOTERMS UK TO EU**

Below are the steps in which the supplier, as exporter of record, is required to complete customs process steps:

01 Following quote acceptance, high level freight plan is in place with Priority Freight.

02 Route confirmed by Priority Freight with all relevant parties.

03 Exporter raises commercial invoice.

04 Exporter submits export declaration.

05 Exporter provides export declaration and commercial invoice to customs, departments of Priority Freight and the importer.

06 Importer customs provide local reference number (LRN) to exporter.

07 Exporter provides documentation and goods to driver.

08 Exporter raises advance shipping note (ASN) after goods loaded.

09 Carrier completes port-related customs.

10 Certification of shipment provided.

ANTICIPATED POST-BREXIT
UK TO EU EXPORT PROCEDURES

Based on the Border Operating Model, 8th October 2020 and Priority Freight's ETSF facility (Dover):

01 A customs export declaration must be submitted to Customs Handling of Import and Export Freight (CHIEF) whilst the goods are at the trader's premises or at Priority Freight's ETSF facility designated export place (DEP). Once the export declaration has been cleared, the goods will be granted permission to progress (P2P) and the goods can be loaded to a vehicle. The trader is defined as the exporter/manufacturer or Priority Freight, if using its DEP facility.

02 The customs agent, Priority Freight or exporter prepares a TAD and pre-lodges it to the customs NCTS.

03 Prior to the TAD being raised, a customs broker in the EU must be nominated by the UK exporter, unless the goods are being shipped to an authorised consignee.

04 The vehicle reports to an authorised consignor (Priority Freight facility, if pre-agreed) or a customs office of departure where the TAD is processed, generating a movement reference number (MRN) and barcode against the TAD. The driver will also be issued with a paper copy of the TAD.

05 If the Goods Vehicle Movement System (GVMS) is in place, then the MRN from the TAD will be uploaded onto the GVMS platform by the carrier.

06 An EU safety and security declaration into an EU platform may be required, subject to EU/UK negotiation.

07 Driver reports to ferry/train operator who will physically check the TAD or, if GVMS is in place, will be asked for the GVMS MRN to verify the driver has the appropriate customs documents and can then ship.

08 The driver presents the TAD to the customs authorities on arrival in the EU, who will scan the barcode on the TAD.

09 Driver proceeds to the customs clearance point and presents the TAD.

10 EU customs broker or authorised consignee arranges import customs clearance, paying relevant taxes and discharges the TAD.

FLOWCHART
UK TO EU EXPORTS

UK

Exporter GB EORI number. →

Exporter/Priority Freight/transporter EAD export entry to CHIEF at trader's premises; MRN issued. →

HMRC export P2P. →

Exporter/Priority Freight/transporter export TAD raised with required info. →

Priority Freight/transporter ensures all documents are present and correct. TAD authenticated by HMRC at authorised consignor (Priority Freight DEP) or HMRC office of departure. →

Priority Freight/transporter MRN scanned at port of departure. →

EU

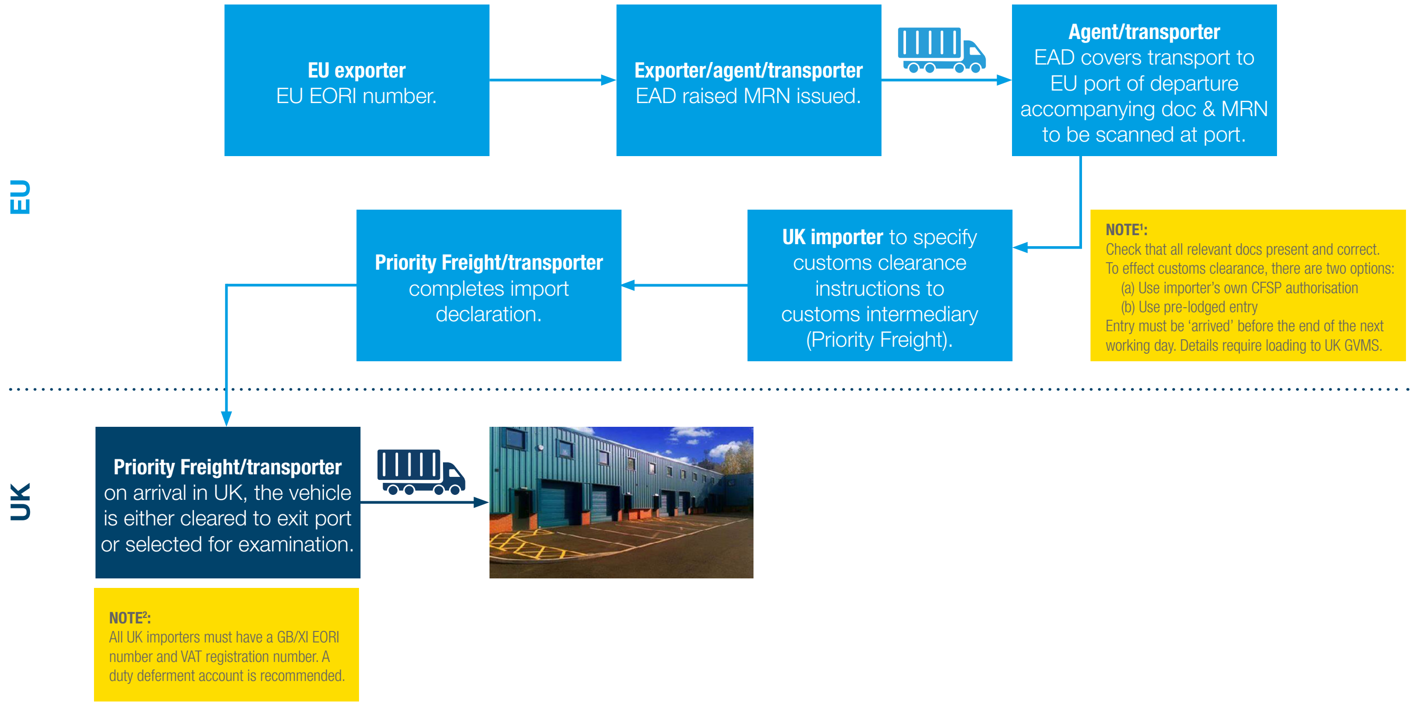
Priority Freight/transporter MRN document scanned at arrival port. Calais/Dunkerque* →

Priority Freight/transport/importer vehicle proceeds to designated clearance point/TAD discharged and customs clearance effected. →

*It is vital that the EU Importer has the relevant EU authorisations, for example, a VAT registration number, EORI number or any other requirement.
The UK exporter is responsible for ensuring that their customer has the appropriate registrations/authorisations.

Our **customs management service** works alongside our 24/7 global logistics operations to continue to meet even the **tightest of deadlines**.

FLOWCHART
EU TO UK IMPORTS



ANTICIPATED POST-BREXIT
EU TO UK IMPORT PROCEDURES

Based on the Border Operating Model, 8th October 2020 and Priority Freight's ETSF facility (Dover):

01 EU customs broker/EU exporter prepares Export Accompanying Document (EAD) and P2P is granted.

02 The pre-lodged import entry number, Customs Freight Simplified Procedure (CFSP) approval number or importer's EORI number is communicated to the driver by the haulier.

03 Goods are loaded and the driver is issued with the EAD which incorporates an MRN and a unique barcode.

04 When travelling via French ports the vehicle registration, trailer number and the EAD and MRN are uploaded by the haulier to the French SI Brexit system.

05 Subject to Brexit negotiations, a separate safety and security declaration may be required to be submitted into a new UK Government platform, called UK Safety & Security (UK S&S).

06 If the port of departure is Calais, by the use of ANPR cameras, the SI Brexit system will either send the driver to a green lane or a red lane. Green lane traffic moves directly to the ferry port. Goods diverted to the red lane will go to a holding area to resolve any customs issues.

07 The driver gives the ferry/train operator the pre-lodged import entry number or the CFSP approval number or EORI number.

08 Goods arrive in the UK and deliver.

09 The importer must decide how the cargo is to be customs cleared. The two most commonly used methods are either a pre-lodged import declaration which accounts for VAT/duty at the time of import or supplementary declarations via CFSP which allows a six-month easement for goods imported before the 30th June 2021.

10 Pre-lodged customs entries must be made live on CHIEF by the end of the next working day after arrival. For supplementary declarations a six-month easement is available to importers choosing to use CFSP.

PRE-LODGED IMPORT CUSTOMS ENTRIES

This is the conventional approach to customs clearance that we use for third country imports today. There are a number of changes for EU goods:

01

A customs entry must be in place before the shipment arrives in the UK.

02

The arriving vehicle will not have to go to an inland clearance facility, unless subject to examination or if there is a requirement to discharge an inbound transit TAD.

03

Import duty will have to be collected by duty deferment but an importer can choose to use postponed VAT accounting (PVA).

04

The customs entry must be made live to CHIEF, with taxes being accounted for, by the end of the next working day after arrival in the UK.

05

When GVMS is introduced, if a pre-lodged entry is not in place, your vehicle will **not** be permitted to ship into the UK.

Communication is vital between all parties - for all customs processes, clear lines of communication between all parties, particularly the importer, Priority Freight and you, the customer, is vital.

Priority Freight has real-time communication with the driver, at all times, and we inform relevant parties of any changes to the plan, particularly for resolving any issues that may occur.

ADDITIONAL **CONSIDERATIONS**

Even if a trade deal is negotiated between the UK and the EU, customs clearance processes must still be followed.

UK S&S declarations may be both an EU and UK requirement. For driver-accompanied freight, it is the haulier's responsibility for this to be completed.

There will be a number of new, and largely untested, IT platforms where information will need be uploaded by the haulier to enable the goods to move to or from the EU. (In France, this digital gateway is called 'SI Brexit'; in Holland it is known as 'Portbase'; and in the UK, 'Check an HGV is ready to cross the border' - to be replaced by GVMS.)

There may also be a requirement for the haulier, when in the UK, to have obtained a Kent Access Permit (KAP) which allows a vehicle to use the Kent road network and access Eurotunnel or the Port of Dover.

Importers may consider having a DDA. Import duties will be collected at the time of submitting the customs declaration so an importer will either need their own deferment or an agreement to use an intermediary's deferment.

You may wish to take advantage of postponed VAT accounting processes. If so, please advise your customs clearance agent that you are able to meet the government's criteria and wish to use this process.

Importers may wish to consider what other import regimes could be beneficial to them once the UK leaves the EU Customs Union. For example, customs warehousing, inward processing relief, outward processing relief, etc.

Companies exceeding the Intrastat thresholds will still be required to make Intrastat declarations.

Exporters sending goods to Europe on a temporary basis with the goods returning in an unaltered state may wish to explore using ATA Carnets.

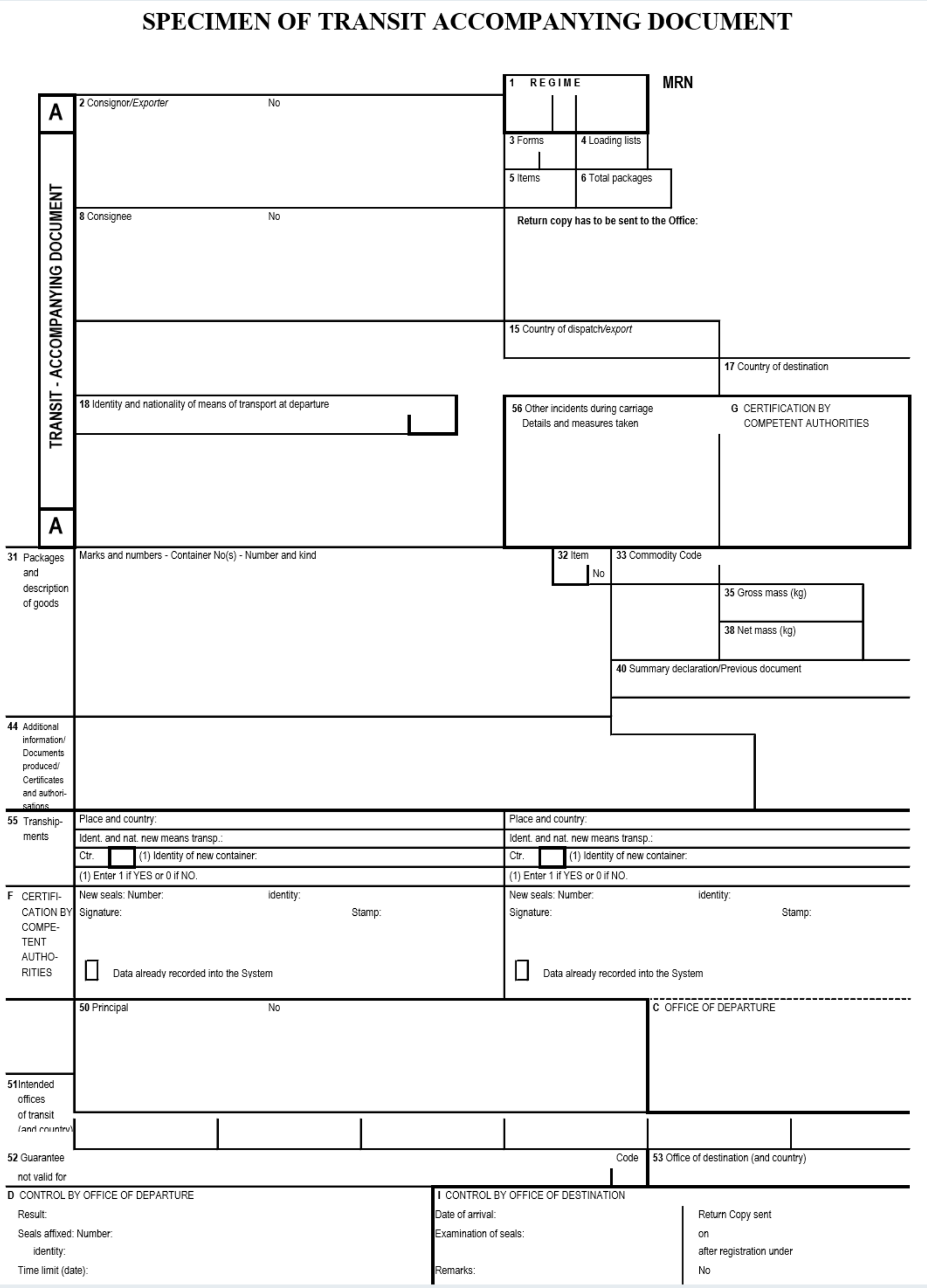
Some goods may require certificates of origin.

Please ensure all wooden pallets are to the correct standards.

We expect there to be considerable delays in the documentation process, which could impact on transit times. Therefore all documentation must be supplied within the prescribed timescales.

TRANSIT ACCOMPANYING **DOCUMENT**

T1 and T2 movements are raised within the NCTS, which produces a Transit Accompanying Document (TAD):


SPECIMEN OF TRANSIT ACCOMPANYING DOCUMENT

A
TRANSIT - ACCOMPANYING DOCUMENT
A

1 REGIME
MRN
2 Consignor/Exporter No
3 Forms
4 Loading lists
5 Items
6 Total packages
8 Consignee No
Return copy has to be sent to the Office:
15 Country of dispatch/export
17 Country of destination
18 Identity and nationality of means of transport at departure
56 Other incidents during carriage
Details and measures taken
G CERTIFICATION BY COMPETENT AUTHORITIES
31 Packages and description of goods
Marks and numbers - Container No(s) - Number and kind
32 Item No
33 Commodity Code
35 Gross mass (kg)
38 Net mass (kg)
40 Summary declaration/Previous document
44 Additional information/ Documents produced/ Certificates and authorisations
55 Transhipments
Place and country:
Ident. and nat. new means transp.:
Ctr. (1) Identity of new container:
(1) Enter 1 if YES or 0 if NO.
Place and country:
Ident. and nat. new means transp.:
Ctr. (1) Identity of new container:
(1) Enter 1 if YES or 0 if NO.
F CERTIFICATION BY COMPETENT AUTHORITIES
New seals: Number: identity:
Signature: Stamp:
Data already recorded into the System
New seals: Number: identity:
Signature: Stamp:
Data already recorded into the System
50 Principal No
C OFFICE OF DEPARTURE
51 Intended offices of transit (and country)
52 Guarantee not valid for
Code
53 Office of destination (and country)
D CONTROL BY OFFICE OF DEPARTURE
Result:
Seals affixed: Number:
identity:
Time limit (date):
I CONTROL BY OFFICE OF DESTINATION
Date of arrival:
Examination of seals:
Remarks:
Return Copy sent
on
after registration under
No

WHEN YOU’RE AGAINST THE CLOCK, **WE’RE THERE FOR YOU**

We are all aware of the complexities involved with Brexit and its likely impact on supply chains. This document seeks to illustrate the steps needed to be taken to ensure the safe transit of your goods beyond 1st January 2021. No matter what happens, we will help you to continue your international business without any problems.

It is our mission to help you to meet complex and urgent international transport challenges by adding speed and flexibility to your supply chain. Our customs management service works alongside our global logistics operations, as part of a wholly-managed, door-to-door transportation process to ensure that your shipments are delivered in the fastest, most cost-effective and reliable manner to maintain the integrity of your supply chain. Entrusting Priority Freight to manage your customs requirements will mean a faster clearance with less costs and less delays whilst mitigating disruptions to your supply chains.

For more information about the implications of Brexit and how to reduce its impact on your supply chain, visit priorityfreight.com/brexit or speak to one of our logistics specialists today.

GLOSSARY OF TERMS

TERM	DEFINITION
AEOF (Authorised Economic Operator - Full) status	Internationally recognised authorisation, by World Customs Organisation, for both customs simplifications and security and safety.
ANPR (automatic number plate recognition)	A system that reads vehicle registration plates to create location data.
ASN (advance shipping note)	An electronic notification of an upcoming delivery which is sent directly from a supplier to a buyer, in advance of the shipment.
Authorised consignee status	Allows a company to receive goods at their own premises without needing to present them and the TAD to the customs office.
Authorised consignor status	Allows a company to start the movement of goods from their premises or an approved customs facility without presenting them and the TAD to the customs office.
CCG (customs comprehensive guarantee)	A guarantee to cover customs debt. May be used to cover multiple transactions and multiple procedures. Both can cover actual and potential debt.
CFSP (Customs Freight Simplified Procedure)	An electronic customs declaration for speeding up the importation of goods.
CHIEF (Customs Handling Import and Export Freight)	A system that records the movement of goods by land, air and sea, allowing importers, exporters and freight forwarders to complete customs formalities electronically.
Clearance agent/broker	Specialist in customs paperwork, acting on your behalf to handle the customs clearance requirements of imports, exports and transhipments.
Commodity codes	A ten-digit number allocated to goods to classify imports from outside the EU, dictating duting rating and any import or export restrictions.

TERM	DEFINITION
CSP (community systems providers)	Commercial entities that directly interface with HMRC frontier systems including CHIEF.
Customs Warehouse (also known as a Bonded Warehouse)	A Customs Warehouse can be used to store goods, from countries outside the UK or EU, in duty & VAT suspension for an unlimited time. If goods are re-exported, no tax is due.
DDA (duty deferment account)	Allows payment of import VAT and duty to be delayed for 15 days after the month in which the goods are brought into the country.
DEP (Designated Export Place)	Allows economic operators to be authorised to consolidate and clear goods inland at an approved premises prior to the removal of goods to the port.
EAD (Export Accompanying Document)	An export declaration needed for the export to countries outside the EU.
EIDR (entry in declarant's records)	A simplified procedure whereby an economic operator may be authorised to enter certain goods to the customs import procedure at their premises or another approved location.
ENS (entry summary declaration)	A declaration submitted to the EU customs, containing safety and security information about the goods before they are loaded.
EORI (Economic Operator Registration and Identification) number	An EU registration and identification number for businesses which undertake the import or export of goods into or out of the EU. • A GB EORI number is required to move goods from UK to EU • An EU EORI number is required to move goods from EU to UK • An XI EORI number is required to (i) move goods between NI and non-EU countries, (ii) make a declaration in NI and (iii) get a customs decision in NI
ETSF (External Temporary Storage Facility)	A temporary storage facility which is situated inside or outside the approved area of a port, where non-EU goods may be placed into storage prior to customs procedure or re-exported.

GLOSSARY OF TERMS

TERM	DEFINITION
EXS (Exit Summary Declaration)	A safety and security declaration for indirect exports (consignments declared for export at a location in one-member state, that then exit the EU through another member state).
EXW (Ex-works) trade term	Describes when a seller makes a product available at a designated location, and the buyer of the product must cover the transport costs.
FCA (Free Carrier) trade term	Dictates that a seller of goods is responsible for the delivery of those goods to a destination specified by the buyer.
GVMS (Goods Vehicle Management System)	A UK border control IT system for coordinating the movement of vehicles and linking movement of goods to declarations.
HMRC (Her Majesty's Revenue and Customs)	A non-ministerial department of the UK Government responsible for the collection of taxes.
Incoterms	A set of 11 internationally recognised rules which define who is responsible for paying for and managing the shipment, insurance, documentation, customs clearance, and other logistical activities.
KAP (Kent Access Permit)	A digital certificate for hauliers entering Kent and using the designated roads to/from the Port of Dover and Eurotunnel.
LRN (local reference number)	A unique customs temporary registration number assigned by customs for each transit declaration, before MRN is assigned.
MRN (movement reference number)	The customs registration number that enables the customs authority to identify and process your export shipment in the customs system.
NCTS (New Computerised Transit System)	A system of electronic declaration and processing that traders must use to submit union transit declarations to HMRC.

TERM	DEFINITION
P2P (permission to progress)	A positive clearance: the export entry has been cleared and the goods may now be loaded for transport.
PVA (postponed VAT accounting)	Enables VAT registered businesses to declare and recover import VAT on their VAT returns, rather than having to pay it upfront and subsequently recover it on their VAT return.
TAD (Transit Accompanying Document)	A document that must accompany the goods during transit and be presented, together with the goods, at any office of transit en route and at the office of destination.
UK S&S (Safety and Security) system	A system that handles digital communications between customs administrators and carriers or their appointed representatives.
WCO (World Customs Organization)	An independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of customs administrations.
WTO (World Trade Organization)	The WTO deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.
WMS (warehousing management system)	Software and processes that allow organisations to control and administer warehouse operations from the time goods or materials enter a warehouse until they move out.

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