



The September Fest 2020

Tax Stream

Brexit Considerations and Covid-19

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Brexit Considerations & Covid 19

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Covid 19 Temporary Measures

- Some temporary measures introduced due to travel restrictions and lockdown to ease the burden on employees and employers where conditions for treatment or relief could not be satisfied in 2020. Whether these will be extended into 2021 remains to be seen.

2

Personal Tax Residence Test ROI

<p>Normal Rule</p> <ul style="list-style-type: none"> 183 days – anytime during day in calendar year – resident for that year 280 days – anytime during day over 2 calendar years – resident in the 2nd year 	<p>Covid Rule</p> <p>“Where a departure from the State is prevented due to COVID-19”</p> <p>Revenue will consider this ‘force majeure’ for the purpose of establishing an individual's tax residence position.</p> <p>“unavoidably present in the State on that day due only to ‘force majeure’ circumstances.</p>
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Statutory Residence Test UK

Normal Rule

- 183 nights (midnight) in tax year (6 Apr – 5 Apr) – resident for that year
- Also other ties to the UK with less days – resident for that year

Covid Rule

It is possible to exclude a maximum of 60 days spent in the UK in any tax year as a result of 'exceptional circumstances'.

- circumstances are considered as exceptional. if you:
 - are quarantined or advised to self-isolate in the UK
 - advised not to travel from the UK
 - are unable to leave the UK as a result of the closure of international borders, or
 - are asked by your employer to return to the UK temporarily
- as a result of the virus.

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Cross/Trans Border Workers Relief ROI

Normal Rule

- Employee remains resident in ROI
- Foreign employment,
- Commutes at least one a week
- Pays tax in other country
- Employments last 3 month
- Not proprietary directorships
- No further tax or USC to pay in ROI(if that is the only income).

Covid Rule

If employees are required to work from home in the State (ROI) due to COVID-19, such days spent working at home in the State will not preclude an individual from being entitled to claim this relief, provided all other conditions of the relief are met.

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Mistaken assumptions?

Employee or Employer can decide where payroll is operated- Wrong
Always based on where the duties are carried out.

Employee or Employer can "elect to be taxed in home country" Wrong
No ability for employee or employer to "elect" to be taxed in home country.

Based on domicile or residence of the employee. Wrong – residence of employee is only relevant for the treaty exemption

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ROI Based Workers – Employer Obligation to set up Payroll in ROI

Normal Rule

- Requirement to set up payroll in ROI
- UK/NI resident employee working for UK/NI resident employer posted to ROI
- 30 days
- 60 days
- 183 days
- ROI resident employee of UK/NI employer recruited to work in ROI or allowed to work from home – ROI payroll required from the outset

Covid Rule

Revenue will not seek to enforce Irish payroll obligations for foreign employers in genuine cases where an employee was working abroad for a foreign entity prior to COVID-19 but relocates temporarily to the State during the COVID-19 period and performs duties for his or her foreign employer while in the State.

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UK/NI Based Workers – Employer Obligation to set up Payroll in UK/NI

Normal

- Requirement to set up payroll in UK/NI
- ROI resident employee working for ROI resident employer posted to UK/NI
- 30 days
- 60 days
- 150 days
- 183 days
- UK/NI resident employee of ROI employer recruited to work in UK/NI or allowed to work from home – UK/NI payroll required from the outset

Covid Rule

HMRC offering some flexibility – case by case basis – where number of days in UK shifts reporting position.

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Covid 19 Employer/Employee Wage Supports

ROI TWSS Wage Subsidy

- Paid to Employer based on 70% of net wage
- Processed through Real Time Payroll
- Employee can work
- No tax, USC or PRSI on employee
- No PRSI for Employer on subsidy
- Employer encouraged to top up to normal net wage
- End of year adjustment to tax credits for employees

UK - Furlough

- Paid to employer based on 80% of gross wage
- Processed through Real Time Payroll
- Employee couldn't work until July then that changed
- Taxed as normal through payroll
- Employer encouraged to top up to normal gross wage
- No adjustments should be required at year end

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Covid 19 Employer/Employee Wage Supports

ROI TWSS Wage Subsidy

- Moved to EWSS from 1 Sept to Mar 2021
- It is taxed through payroll
- There will be tax implications for employees where employers availed of TWSS
- Particularly cross border workers
- Intend to run a second seminar focused on employee implications and obligations.

UK - Furlough

- Only runs to 31 October
- Reducing from 80% to 70% Sept, 60% Oct

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Covid 19 - Implications for Redundancy

UK – Statutory Redundancy based on pre Covid average wage not furloughed wage subject to cap £538 per week
Short time working except where furloughed
• 4 or more weeks in a row
• 6 or more weeks in a 13 week period, where no more than 3 are in a row
can trigger redundancies.

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Covid 19 - Implications for Redundancy

ROI - Normally, if you are laid off or put on short-time hours, you can claim redundancy from your employer after 4 weeks or more, or 6 weeks in the last 13 weeks. However if this layoff was because of COVID-19, you cannot claim redundancy. This is set out in the [Emergency Measures in the Public Interest \(COVID-19\) Act \(pdf\)](#) and applies from 13 March 2020. This rule has been [extended to last until 30 November 2020](#).

Short time working/reduced hours for less than 1 year redundancy based on full weeks pay subject to cap €600 per week.

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Covid 19 – Relaxation of Rules

All of the rule relaxation measures are temporary so should be kept under review.

Tax implications for cross border workers of TWSS, Furlough, tax return obligations, tax liabilities arising etc . For ROI 2020 and UK/Ni 2020/21 tax years



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Brexit – the Story so far

- On 23 June 2016 the UK electorate voted to leave the EU.
- On 31 January 2020 **The UK left the EU.**
- A transition period, where EU rules continue to apply in the UK runs to 31 December 2020.
- The Withdrawal Agreement and Northern Ireland Protocol which was agreed between EU and UK was designed to ensure an orderly exit on 31/12/2020 and prevent a hard border on the island of Ireland. Instead it was agreed the border would be in the Irish sea meaning that – the island of Ireland is one customs territory and the Britain another which would mean check on goods between GB and Northern Ireland.



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Brexit – The Story so far

- The sea border agreed was always a contentious issue and in the last few weeks the Internal Market Bill has been discussed in Westminster.
- This Bill seeks to ensure that there will be barrier free trading throughout the UK including Northern Ireland ie no checks on goods between GB and NI.
- This is in conflict with the withdrawal agreement.
- In the instance that this is passed – the EU would still need to protect its border – so that leaves us back talking about border checks on the island of Ireland – Deja vu



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Brexit Omnibus Bill 2020

- A Brexit Omnibus Bill was passed in 2019 to ensure that many aspects of legislation that include references to EU or EEA could still include the UK. A lot of this was designed to apply until the end of the transition period. The New Bill is an extension to this to cover the post transition period arrangements.
- A lot of reorganisations and incorporations took place in 2019 and 2020 to prepare for Brexit.

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VAT Changes 31 Dec 2020/1 Jan 2021

- Under the terms of the withdrawal agreement
- From 1 January
 - Sale of goods to GB will become exports – zero rated as sale outside of the EU and sale of goods to NI will still be intracommunity sales – zero rated within the EU
 - Purchase of goods from GB will be imports from outside EU – Vat at point of import but can be deferred until next Vat return and purchase of goods from NI will be intracommunity acquisitions of goods from within EU and the reverse charge applies.

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VAT Changes 31 Dec 2020/1 Jan 2021

- EVR claims for reclaiming VAT incurred in the UK will no longer apply
- Triangulation provisions will no longer include the UK

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Customs & Logistics

- Under the terms of the withdrawal agreement
- GB drops out of the EU customs union.
- All goods moved into, out of or through GB will require customs declarations.
- Source alternate routes, or alternate suppliers is the advice being trotted out by most government departments.
- It is not that easy –
 - while there is additional capacity on some ferry routes the UK landbridge is a huge part of the logistics industry here.
 - Alternate suppliers of the same quality and style can be hard to source.



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Customs & Logistics Dataset

- More detail will be required on invoices so systems will have to be updated to accommodate an increased dataset.
- Tariff Code
- Incoterms
- Route Data
- Origin
- Customs Valuation



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Tariff Classification Code

- Every exporter will have to have the tariff classification for each product they sell.
- You can get Revenue to determine if its the correct code – BTI Binding Tariff Information
- The importer will use this data to pay customs duty on the import side.
- Use the TARIC database on the Revenue website



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Incoterms

- First created in 1936 by the International Chamber of Commerce, INCOTERMS are uniform, internationally recognized foreign trade terms that refer to the type of agreement for the purchase and shipping of goods internationally.
- Each term helps users deal with different situations involving the movement of goods.
- - 1.Costs: who is responsible for the expenses involved in a shipment at a given point in the shipment's journey?
 - 2.Control: who owns the goods at a given point in the journey?
 - 3.Liability: who is responsible for paying damage to goods at a given point in a shipment's transit?

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Incoterms

- **EXW** - Ex Works (insert place of delivery)
- **FCA** - Free Carrier (Insert named place of delivery)
- **CPT** - Carriage Paid to (insert place of destination)
- **CIP** - Carriage and Insurance Paid To (insert place of destination)
- **DAP** - Delivered at Place (insert named place of destination)
- **DPU** - Delivered at Place Unloaded (insert of place of destination)
- **DDP** - Delivered Duty Paid (Insert place of destination).
- Note: the DPU Incoterms replaces the old DAT, with additional requirement for the seller to unload the goods from the arriving means of transport.

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Incoterms

- **FAS** - Free Alongside Ship (insert name of port of loading)
- **FOB** - Free on Board (insert named port of loading)
- **CFR** - Cost and Freight (insert named port of destination)
- **CIF** - Cost Insurance and Freight (insert named port of destination)

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Incoterms

- INCOTERMS a little more detail on most commonly used
- **Delivery Duty Paid (DDP)** A shipping term where the shipper/exporter/seller is responsible for all shipping and clearance through customs for ultimate delivery to the consignee. This transaction makes the shipper/exporter/seller responsible for cost and risk of loss during the entire transaction.
- **Delivered Duty Unpaid (DDU)** The supplier is required to transfer the goods that have not been cleared for import to the customer at the designated site of the identified location in the importing country. He assumes all transport costs and the risk until the shipment reaches the identified location in the destination country.
- **Ex Works (Named point of origin) (EXW)** For example: ex factory, ex mill, ex warehouse. Under this term, the price quoted applies only at the point of origin and the seller agrees to place the goods at the disposal of the buyer at a specified place on the date or within the period fixed. All other charges are for the account of the buyer.

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Incoterms

- INCOTERMS a little more detail on most commonly used
- **Cost, Insurance and Freight (Named port of destination) (CIF)** For example: "CIF Tokyo". A shipping term included in contract of sale. CIF indicates that the seller agrees to take full responsibility for delivering the goods to the port of loading, clear the goods for export, and arrange and pay for transportation and marine insurance over the goods to the named port of discharge, such costs being included in the price of the goods. Nonetheless, all risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail at the port of loading. It is up to the buyer to arrange transportation from the port of discharge.
- **Free on board (Named port of shipment) (FOB)** For example: "FOB Long Beach". Or "FOB [Airport]". A shipping term included in a contract of sale. FOB indicates that the seller fulfils his obligation to deliver when the goods have passed over the ship's rail at the named port of shipment, all costs of inland transportation and loading being included in the price of the goods. The buyer has to bear all costs and risks of loss of or damage to the goods from that point.
- **Free carrier (Named port of export) (FCA)** Replaces the former term "FOB named inland port" to designate the seller's responsibility for the cost of loading goods at the named shipping point. Maybe used for multi-modal transport, container stations, and any mode of transport, including air.

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Origin

- Rules of origin determine where goods originate, i.e. not where they have been shipped from, but where they have been produced or manufactured. As such, the 'origin' is the 'economic nationality' of goods traded in commerce.
- The tariff classification, value and origin of a good are determining factors based on which the customs tariff treatment is applied. For customs matters, there is a distinction between two types of origins, notably non-preferential origin and preferential origin.
- **Non-preferential origin**
- Non-preferential rules of origin are used to determine the country of origin of goods for the application of the most-favoured nation treatment (MFN) but also for the implementation of a number of commercial policy measures such as anti-dumping and countervailing duties, trade embargoes, safeguard measures and quantitative restrictions or tariff quotas. They are also used for trade statistics, public tenders and origin marking. The EU applies its own set of non-preferential rules of origin provisions, which may be different from those of any other third country.
- **Preferential Origin**
- Preferential rules of origin determine whether goods qualify as originating from certain countries, for which special arrangements and agreements apply. Where all the requirements are met, goods with preferential origin are eligible to be imported with lower duty rates or at zero rate, depending on the preferential tariff treatment provided for.

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Origin

- BOI Binding Origin Information
- Where origin is not clear apply for Customs decision
- Timeline
- 30 days to accept application
- 120 further days to process
- Supplier declarations – supplier declares origin



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Customs Valuation

- The value of goods used for customs purposes is usually the transaction value, that is the price actually paid or payable for the goods. This is the invoice price plus the cost of transport and insurance. It also includes any other payments made or to be made for the imported goods.
- There are six methods of valuation that apply in hierarchical order. If method 1 (transaction value) cannot be used then you should use the next method and so on:
 1. The transaction value method.
 2. The transaction value of identical goods.
 3. The transaction value of similar goods.
 4. The deductive method.
 5. The computed method.
 6. The residual valuation provision.

Customs valuation and transfer pricing are closely linked.



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Direct and Indirect Representation

- The UCC allows the representative to be appointed on either a Direct or Indirect basis. In reality when acting for a party established outside the EU, the Representation will be Indirect, whilst it may be Direct when appointed by an EU based entity. BIFA has identified four main scenarios:-
 - 1 Direct Representation when appointed by an EU/UK based entity
 - 2 Indirect Representation when representing an EU/UK based
 - 3 Indirect Representation when acting for an entity established outside the EU
 - 4 Self-Representation
- It is essential that the customs agent understands the fundamental difference between Direct and Indirect Representation and how this impacts on their responsibilities and liabilities.



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Direct & Indirect Representation

- Direct Representation, in this scenario the customs representative acts in the name of and on behalf of another party. The party being represented is the declarant and is obliged to meet all the obligations arising from the declaration. The declarant will be responsible for maintaining the records and also providing an audit trail. At this point it is important to deal with one myth that has developed: there is a view that a customs representative has no responsibility should they make an error. This is not necessarily the case. If the represented party has given clear and accurate instructions and the customs representative makes an error the latter will not be able to rely on the protection of Direct Representation. The view of Revenue/HMRC is that they have failed to act in a competent manner and become jointly and severally liable for the debt.
- Indirect Representation, in this case the customs representative acts on behalf of another person but acts in their own name. It is incumbent on the customs representative to maintain a full audit trail with regard to the customs declaration. The Indirect representative shall be jointly and severally liable for all customs liabilities arising from the customs related transactions

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Duty Payment Methods

- Customs Duty is payable at point of import.
- A duty payment account can be set up with Revenue and put in funds to pay the duty
- A deferred duty account can be applied for if the trader has a comprehensive guarantee in place

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East West or North South

- The only certainty at the moment is that all East/West transactions between ROI and GB will have customs implications.
- If the worst outcome happens in relations to the recent Internal Market Bill in the UK then all transactions between ROI and UK including NI will also have customs implications.
- If the withdrawal agreement is adhered to the East/West transactions between NI and GB will have declarations.

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Customs Simplifications/Reliefs

- Authorised Economic Operator AEO – it is not mandatory
- AEO status is a certified standard authorisation issued by customs administrations in the [European Union \(EU\)](#). It certifies that an economic operator has met certain standards in relation to:
 - safety and security, systems to manage commercial records, compliance with customs rules, financial solvency, practical standards of competence or professional qualifications.
- This is primarily a trade facilitation measure that recognises reliable operators and encourages best practice in the international supply chain. As an AEO, you could benefit from:
 - recognition worldwide as safe, secure and compliant business partners in international trade
 - lower risk scores in risk analysis systems when profiling
 - priority treatment if physical controls are conducted
 - mutual recognition of AEO programmes under Joint Customs Cooperation Agreements which could result in faster movement of goods through third country borders
 - reduced data sets for entry and exit summary declarations (this only applies to AEO safety and security)
 - easier access to simplified procedures
 - reduction or waiver of comprehensive guarantees.

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Customs Simplifications/Reliefs

- Customs Warehousing
- Customs warehousing allows for the storage of non-Union goods in an authorised designated location within the customs territory of the EU without being subject to import duties. The duty liability is discharged if the goods are re-exported outside of the European Union. If the goods are released to free circulation, then the duty and other charges become payable at this time.
- Comprehensive Guarantee
- The holder of a Comprehensive Guarantee Authorisation can:
 - amalgamate all their current customs bonds and guarantees under one comprehensive guarantee;
 - apply for a reduction or waiver in the amount of guarantee for debt which may be incurred subject to meeting specific criteria as outlined in Article 84 DA;
 - reduce to 30% the amount of guarantee for debt which has been incurred where the operator holds the status of Authorised Economic Operator Simplified (AEOC)

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Customs Simplifications/Reliefs

- Inward Processing
- You may use the inward processing procedure to obtain relief from Customs Duty and Value-Added Tax (VAT). In order to claim this relief you must:
 - import goods from outside the [European Union \(EU\)](#) to be processed. A process can be anything from repacking or sorting goods to the most complicated manufacturing.
 - release the finished product(s) for free circulation in the EU or re-export them outside the EU.
- Outward Processing
- Under the outward processing procedure, you may temporarily export [European Union \(EU\)](#) goods for processing or repair in a non-EU country. You can claim full or partial relief from import charges when these goods are re-imported and released for free circulation in the EU.

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Customs Simplifications/Reliefs

- Transit – essential for UK landbridge
- Transit is a customs procedure that allows goods to be moved across international borders under customs control. A guarantee is required to secure all charges on the goods. There are three types of transit:
- Union transit - allows for the movement of goods within the customs territory of the European Union (EU).
- Common transit - allows for the movement of goods between:
 - the Union and the common transit countries
 - and
 - the common transit countries themselves.
- Transport Internationaux Routiers (TIR) - allows for the movement of goods internationally over one or more frontiers. A portion of the journey between the start and end of the TIR operation must be by road.

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Customs Simplifications/Reliefs

- Temporary Admission
- to temporarily import certain goods into the European Union (EU). Examples of such goods are samples, professional equipment, items for auction, exhibition or demonstration. You will usually have to provide security to cover the import charges normally payable on the goods. The security can be in the form of a bank guarantee or cash deposit. Any duties paid on deposit can be reclaimed when the goods are re-exported.
- Eligibility for temporary admission relief is based on the type of goods concerned and their use before they are re-exported. You cannot use temporary admission to import goods to process or repair them.
- You can apply for it electronically or use an ATA Carnet

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Customs Simplifications/Reliefs

- ATA Carnet
- You can use an ATA carnet to temporarily import or export certain goods into or out of the European Union (EU). The carnet is issued in the country from where the goods are exported. You must present the ATA carnet with the goods when they arrive in the EU.
- If you use an ATA carnet you will not have to complete the customs declarations or other formalities normally required at import. The carnet also provides security to cover the duty on the goods you import. The following goods can be entered for temporary admission using an ATA carnet:
 - commercial samples
 - professional equipment
 - goods for exhibitions, fairs or trade shows.

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Customs Simplifications/Reliefs

- All relieving provisions require an application through the CDS.
- There is a lead in time – 30 days to accept 120 days to process.
- Businesses who need these simplifications should be acting now.
- Businesses also need to decide whether processing will be carried out inhouse – requires staff training and investment in software- or outsourced.



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Questions?

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Brexit Considerations and Covid 19

Given the Covid-19 restrictions a number of changes have to take place in tax to facilitate people in a number of areas.

Movements of people e.g. requiring people to work from home meant that certain conditions for certain tax reliefs such as cross border workers relief, treaty exemption etc. had to be relaxed to accommodate the restrictions on travel.

Since the restrictions on travel are likely to recur again expect that there will be an extension to these relaxation rules throughout the winter and spring period of 2021.

Whether this will extend on through 2021 has yet to be seen.

Those employees who were on the ROITWSS or the UK Furlough schemes have had part of their salaries grant aided by the governments. While these two schemes operated entirely differently there will be tax implications for the employees at the year end.

Employees on a ROI payroll who received TWSS were not taxed on the subsidy element of the payment. The indications have been from the outset that the tax codes of these individuals will be adjusted in future years to collect the unpaid taxes in relation to the subsidy payment.

This causes an additional issue for those who are cross border workers i.e. those who are not resident but operating through an ROI payroll. As a non-resident they are generally expected to file a tax return in the country of residency e.g. the UK and you are allowed credit in relation to the taxes already suffered on the foreign salary i.e. the ROI. Whereas if the tax was actually being suffered in the tax year or likely to be suffered to perhaps 2022/2023 then a notional credit would have to be allowed by HMRC otherwise a tax liability arises on the return of that foreign salary income.

To date no decisions have been made in that area and it is an area that needs to be looked at and lobbied for in relation to cross border workers.

For those who as employers claimed the furlough scheme a gross wage grant of up to £2500 per month in the UK then they were taxed at source on that through the payroll.

However, some of them may have been cross border workers who would normally reside in ROI and therefore claim cross border workers relief. Cross border workers relief had been relaxed so that the requirement to commute once a day or once a week would be relaxed during the Covid period.

On filing a return to claim that relief the required number of days may not have been spent in the UK employment actually carrying out duties in the UK and they may have been spent working from home in ROI.

Some end of years simplification and clarification will be required for those cross border workers given the unusual year it has been.

Brexit brings a whole new set of parameters into focus and while it's been largely forgotten about or put on the back shelf during the whole Covid lockdown period and the subsequent months it is rearing its ugly head again in the form of the turmoil over whether or not the previously agreed withdrawal agreement and protocol will stand given the Internal Market bill that is currently going through the house in the UK.

What does all of this mean in the context of preparing for Brexit.

Businesses that sell goods to the UK should already be on the trail of making sure that they have in place not only their EORI number which is essentially their VAT number registered for customs but also have the tariff classification codes for all of the products that they sell to Britain.

It is important that they have these tariff codes correct so that the right amount of duty is declared in relation to the purchase of those goods by their UK customers.

It will be incumbent upon these businesses to make sure that they are correct and they can always go to revenue for guidance and help in relation to clarifying the accuracy of a code that they have chosen BTI.

All sellers of goods to Britain will have to process export declarations for their product through customs channels.

Processing of these declarations is not as simple as a VAT return e.g. there is a lot of detail required to be included on the declaration. Customs is a whole new language in terms of the acronyms that apply in relation to the whole logistical area and the movements of goods.

I have included in the slides a note of the Incoterms used in describing who is responsible for which costs in the whole transportation and logistical process.

e.g. if a business in Ireland is selling goods to a supermarket in Britain as an example then the supermarket may well decide under the terms of their contract with the supplier that they want the goods delivered duty paid. What this entails is that the Irish supplier processes not only an export declaration in relation to those goods but bears all of the costs including the preparation of the import declaration in the UK and delivering the goods to the supermarket with all taxes and duties fully paid.

This puts a bigger burden on the Irish supplier in that not only being the exporter in that relationship but also the UK importer in relation to the same goods. Two declarations have to be filed on either side of the Irish sea. It also means that the cost base of the goods in question will now include all of the transport and logistical costs as well as any duties and taxes so that the cost price will have to be negotiated with the supermarket in question.

I use a supermarket as an example because a lot of the multiples do require goods to be delivered duty paid. The opposite end of the scale is the ideal situation for an Irish business that sells goods to Britain but does not want to get involved in the whole customs area is that they arrange that all goods are collected ex works from their factory or manufacturing facility. What this means is that the customer in the UK pays for all of the travel costs and logistical processing becomes the exporter from Ireland and the importer into the UK of the goods that are basically collected at the factory door.

Those are the two different ends of the scale in terms of responsibility and cost base and customs processing in relation to the export of goods from Ireland to the UK. The incoterms breaks it down into the different elements and you can find that between the exporter and the importer they share the costs up to a certain stage in the transportation process.

What does all of this mean for an exporter of goods, well it means that contracts need to be very clear and re-negotiated where possible to make sure that there is perfect clarity between the supplier and the customer in relation as to who is responsible for what and up to what point in the

transportation goods have to be insured by the exporter and from what point they have to be insured by the importer.

Another major area that the exporter needs to be ready for is the preparation of its sales invoices, the layout of the sales invoices and the information contained within them will change now that they have become an exporter outside the European Union.

There are certain extra details that required to enable the importer to complete their import declarations in relation to the goods e.g. the method of transportation, the incoterms will have to be included, the time of the shipping or airway transportation, the date of arrival, the weight gross and nett of the goods in question, the type of packaging involved etc. etc. so a lot more detail will have to go on the sales invoice of the exporter so the systems will need to be adapted to accommodate that.

The reason for this is that both the export documentation and the import documentation will require that sort of detail to determine whether or not the goods can flow through on a green route , or maybe stopped on an orange route whether some paperwork checks need to be carried out or that they are red routed in other words that they need to have a physical check the transportation vehicle has to be stopped and the goods examined.

The more accurate the dataset of information the easier it is for both the exporter and the importer to make sure that they have the right information to reduce the risk of holdups in the transportation process.

No tariffs apply to the export of goods from the European Union but getting a terminology correct will help the importer ensure that the goods are properly classified and the correct amount of duty is paid on the import side outside of the European Union.

For Importers the same principals apply in that the correct classification codes need to be obtained from the supplier, the correct data set of information will ensure the streamlined transportation and less holdups and very importantly the correct coding will ensure that the correct amount of customs duty is paid and is not over or under declared.

On the import side the importer in the Republic of Ireland is going to have to determine at what stage in the process they take ownership of the goods whether that is ex works i.e. at the factory door in the UK or whether they will require to be delivered duty paid to them, the two ends of the scale.

Where they fall anywhere in between those two then they become the importer usually at the point of entry into the country.

An import declaration will have to be filed and a lot of this is based on the export declaration information that the supplier has provided so working very closely with the supplier would be really important to ensure the accuracy of this information. What we are finding is that while there has been a lot of drive towards people getting familiar with the responsibilities come Brexit in the ROI that not so much training has happened in the same space of time in the UK there is still a lot of businesses in both jurisdiction's actually burying their heads in the sand and saying this is probably going to go away or the haulier will deal with this and that is not really the reality for a lot of businesses.

There is time to get prepared now to make sure you have the relevant information to make sure you know exactly what the cost base is going to be as the importer and that you have determined who

within your organisation will be responsible for the processing of the customs import declaration and export declarations or if that capability is not going to be found in house that you find a customs agent to do this for you.

It is a whole new language and there is quite a lot of learning to it as it is not something that can be picked up overnight. There are still people around that would have done this before customs disappeared from the normal everyday life in this country and there are people who do it now in relation to all of the non-European trade that we do in and out of the European Union.

However the volume of declarations that will be required come 1st of January is multiplying vastly it is likely there will be 20 million declarations required to be filed in relation to trade with Britain. Where a business has several declarations to be made weekly it would be worthwhile training a member of staff to do that rather than outsourcing. However, where there is infrequent declarations to be made then it would be more worthwhile to out source as it is a skill that needs to be practiced on a regular basis rather than dipping in and out once a month.

In addition the customs work cannot be processed in house without purchasing the necessary software and some of that does not come cheap, so you would need to justify purchase of the software as well as the time of the person involved in doing the work. Clearly the more declarations you are required to make the more efficient it will be to buy the necessary software and to train your staff in house to do the declarations.

Even since some training was released by the Skillnets last year part of the revenue system for processing has changed on the import side has changed. Now it is the AIS system and that will be available from November 2020, on the declaration side for exports it is still the AEP system.

Then you also need to identify whether or not you are required to use the UK GB system and again you need to have the requisite software and the requisite trained personnel to do so.

You need to have an understanding of the logistical movements of your goods i.e. where they are picked up, where they are loaded, where they are unpacked and reloaded which port or airport they are going out through what is the route they take and their ultimate destination, which carriers are involved all of that is very important information to try to break down the whole logistical process from your factory door to the customers door or vice versa from the suppliers factory door to your business door.

Another very important area is the origin of the goods, do you know where your goods originate. That is not necessarily where they have just come from e.g. perhaps they came from Britain but they may originate elsewhere and that has an impact on both the valuation that you use and the customs classification code and the invoicing currency. Goods that start out with one origin can change origin depending on the value added to those goods so if the raw material is part of a process then if significant value is added it may well then change its origin in the country that adds value.

There are cash flow implications where you have to pay VAT and import duties at point of entry. The Brexit Omnibus Bill and the subsequent Act brought in a deferral mechanism that if you are registered with revenue as an importer you can file the VAT with your next VAT return rather than having to pay VAT at point of import at the airport or the dock. This gives some cash flow relief for businesses but you will still be required to pay the customs duty. You would need to have an account set up with revenue and fund that account in order to comply with the customs duty payment requirements.

There is an ability to defer the payment to the following month but you would have to be registered with revenue, there is an implementation process. There are a number of simplifications in place for customs authorisations e.g. inward processing, outward processing, transit, temporary storage, customs warehousing, authorised economic operator status. All of these require registration with an approval by revenue and there is a lead in time for all of them so businesses that are hoping to avail of these simplifications would need to be starting to prepare now to make applications to revenue to be ready by year end.

There are also VAT implications with Britain leaving the EU while we are nearing the end of our transition period where all of the EU rules still apply that will come to an end on the 31st December.

The UK VAT reclaim through the EVR system will no longer be available you will have to make a non-EU claim instead, if you use any of the EU VAT simplification measures such as triangulation or self-billing these will no longer be available if part of the transaction occurs in great Britain.

At the moment if we supply goods to the UK business to business are generally zero rated provided you have got the VAT number and checked it of the UK customer, placed it on your invoice with the relevant annotation. The rule for exports is different. While it looks similar and you will zero rate the exports leaving the EU what you have to have instead is proof that the customer is based outside of the EU so you need to collect that information and keep that on file for the purpose of any subsequent revenue audit.

Under the terms of the withdrawal agreement the VAT treatment of supplies of goods to northern Ireland after the 31st December 2020 will not change as they will be considered to be intra community supplies to businesses and distance sales of goods for supply to private customers so the current invoicing and record keeping obligations will continue to apply. This is only the case where they are still a part of the single market.

If you require a licence to buy or sell goods from the UK for import or export from the UK you will have to contact the regulatory UK authority put in place any necessary measures in advance.

Most of the above information applies to east west trade between Republic of Ireland and Great Britain. The withdrawal agreement set out the protocol which meant that Northern Ireland would still be part of the EU for the purposes of customs and VAT to avoid any hard border in respect of trade between Northern Ireland and the ROI.

The internal market bill in the UK billed by the UK government has a bill to protect jobs and trade within the UK up to the end of this year's transition period and leaving the EU it has ramifications for the island of Ireland.

Internal market bill is designed to ensure that there will be free trade without barriers within the United Kingdom of Great Britain and NI. So all four states of the United Kingdom, England, Wales, Scotland and Northern Ireland should be able under the terms of the internal market bill to trade freely without barriers.

The withdrawal agreement protocol as it stands says that there should be free trade within the Island of Ireland so the ROI and NI can trade freely without barriers on the island of Ireland and any necessary barriers in terms of administration, paperwork, customs would be in the Irish sea.

There is clearly a conflict there because if goods arrive from Great Britain into Northern Ireland under the terms of the UK internal market bill they can move freely without barrier therefore no

checks between Britain and NI but then if those goods were to subsequently be moved across the border to the Republic of Ireland under the terms of the withdrawal agreement as it stood they should be able to move freely but that would mean that there is leakage then between the EU and non-EU which is a conflict which the EU would not countenance. In that case what it effectively creates is checks on the Island of Ireland in relation to goods which have come from Great Britain into Northern Ireland and could subsequently end up in the ROI in other words a hard border. That is very emotive language for people living along the border, because borders can be described and remembered by people in different ways. The UK say it would not require a military border. The EU said there would be no hard border on the Island of Ireland. Points for physical checks could create the image of a hard border even if that is not manned by military.

So a lot of the discussions that are going on at the minute and the objections that are being put up by Ireland and the EU relate as to how it is going to impact on the ROI in relation to the EU protecting itself from the influx of non-EU goods.

Likewise, the ROI would want to ensure that goods are not being leaked from the ROI into the UK without the proper checks and balances in place. Nobody has the answer something that was dismissed in the initial Brexit negotiations as being wholly unimportant that did not even rear a query in a lot of the discussions leading up to the Brexit vote has suddenly becoming the main sticking point again and again and again.

What this means for us as advisors in relation to businesses who deal with cross border between the Republic of Ireland and Northern Ireland is there is still a lot of uncertainty as to what exactly you are going to have to do for your clients come 1st of January 2021. It is expected that paperwork will be required between Northern Ireland and Britain but now money has been pumped into Northern Ireland to ease those barriers or remove those barriers so time will only tell as to how this all pans out. The decision is expected by the middle of October as to whether or not any trade agreement or consensus can be reached between Britain and EU. If no such trade deal transpires then we could be in what is known as a no deal Brexit or hard border.

I know this does not affect a lot of businesses in the Republic of Ireland but it affects a lot of businesses in the border regions. It is a very worrying time for those businesses all the changes that Covid has brought all of the movements in currency all of the restrictions on businesses as well as Brexit have made it a very difficult time for a lot of small to medium business operating in the region.

What other areas could Brexit impact in relation to businesses in the republic of Ireland. Some businesses that operate on both sides of the border operating in branch structures so having a UK branch may not be the ideal structure going forward as that means that as regulations diverge between Britain and Ireland that two sets of regulations EU and non-EU could apply within the one entity.

It maybe time for businesses to consider whether or not they should incorporating any branch structures into the UK into a separate legal entity and operate that legal entity for all UK business.

Likewise for UK entities that operate Irish Branch structures may consider doing the same and incorporating that structure depending on the type of business the burden of two sets of regulations within the one company a non-tariff barrier if you like may be lessened if businesses are incorporated.

Where businesses operate under a particular authority or license or approval from any regulatory body or trade association that is a British or UK association or authority then the Irish business it operates under such a licence or authority it may need to have an EU based licensing authority instead as with Britain's exit from the EU that non-EU licensing authority may not work for all types of businesses and contracts in the future.

Some businesses will require dual authority or regulatory oversight so where they operate under perhaps an Irish license they will also require a UK license to trade cross border so that application process would need to be put in place as well.

From an income tax and corporation tax point of view most of the reliefs in Irish legislation that refer to EU treaty countries were expanded to include the Republic of Ireland and the United Kingdom after Brexit in the 2019 Brexit Omnibus Bill. This is being updated in 2020.

No such changes to legislation have taken place in the UK in relation to Ireland or any other EU member state.

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