

Import duty post Brexit

There has been a fundamental shift in the treatment of import duty in the event of a no deal Brexit. The UK tariff was published on 13th March 2019, together with accompanying commentary which stated that 87% of imports would be duty free for up to 12 months in the event of a no deal Brexit. This affects imports from both the EU and the rest of the World. If relevant, there is a more substantial relaxation on the import of goods to the UK across the

The EU has stated it does not intend to act in kind and will continue to impose import duties post a no deal Brexit.

This means that if the Withdrawal Agreement finally passes through Parliament there will be no duty from the EU as we will remain in a Customs Union for the duration of the Transition Period. There is an expectation that we will negotiate a free trade agreement during this period. If we leave without a deal, there will be no import duty for up to the next 12 months, again I assume in the expectation that we will negotiate a free trade agreement during this period. There is therefore a possibility this period could be extended to accommodate the negotiation.

I have included an extract from the ministerial statement below:

'Secretary of State for International Trade and President of the

Board of Trade (Dr Liam Fox): The Government wishes to inform the House about plans to implement a temporary tariff regime in the event that the UK leaves the EU without a deal on 29 March 2019. The Government will bring forward the necessary secondary legislation in light of the votes in Parliament this week.

- *The temporary tariff would apply equally to all countries where the UK does not have a trade agreement or other preferential agreement in place. In the event of a no deal, this would include the EU.*
- *The temporary tariff will apply for up to 12 months. At the end of the temporary period, the Government will introduce a long-term tariff regime. This will be developed over the course of the coming months following a full public consultation process.*

The Government faced a choice:

- *We could maintain our current external tariff regime and apply it to the EU, imposing new tariffs on EU imports and driving up prices for consumers and disrupting business supply chains.*
- *We could maintain the open trade that we have with the EU, but we would then have to extend this to the rest of the world. This would minimise disruption to EU trade but would fully open the UK to competition from other countries.*

The Government does not believe either of these options on its own is the right approach. Instead, the temporary tariff would take a balanced approach to support the UK economy as a whole. It would maintain open trade on the majority of UK imports, to support consumers and business supply chains, but retain necessary tariff protection for particular sectors of the UK economy.

Under the temporary tariff, 87% of total imports to the UK by value would be eligible for tariff free access.

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The Government recognises the importance of retaining necessary tariff protection for some sectors of the UK economy. Therefore, tariffs would apply on 13% of total UK imports:

- In some agricultural sectors which have been historically protected from non-EU producers through high EU tariffs. Producers in these sectors would face significant adjustment costs should these be immediately liberalised. Therefore, for beef, sheep meat, poultry, pig meat, butter and some cheeses a mixture of tariffs and quotas will be used, with the aim of being broadly neutral in their impact on production and consumption patterns.*
- In sectors where tariffs help provide support for UK producers against unfair trading practices. This includes products such as certain ceramics, fertiliser and refinery products.*
- A set of goods, including bananas, raw cane sugar, and certain kinds of fish, where preferential access to the UK market is important for developing countries.*
- A number of finished vehicles will retain their tariff in order to support this sector and in light of global market conditions.'*

What does this mean for you?

1. If the Withdrawal Agreement is passed and we enter a Transition Period you will not pay import duty on any goods originating in the EU.
2. On the assumption that we use the Transition Period to negotiate a free trade agreement, this will continue to be the case after the end of the Transition Period.
3. If we leave the EU without a deal, there will be no import duty on imports of goods within the '87%' for

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up to the next 12 months. This applies to imports from the EU and the rest of the World.

4. Import VAT will not be payable at the point of import in the event of a no deal Brexit. VAT will instead be accounted for on your UK VAT return. There is no defined end date to this relief.
5. The EU will impose import duty and VAT on any sales from the UK.



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