

IMPORT CUSTOMS PROCEDURES FOR GOODS BROUGHT INTO THE UK FOR SALES OR FOR DISPLAY AT TRADESHOWS.

The information below refers to Customs procedures and regulations for goods brought into the United Kingdom, either for permanent importation or temporary importation (such for displaying at a tradeshow). These rules relate to all products, not only jewellery products, and do not cover requirements for hallmarking of goods.

There are different procedures for products which are brought into the UK from other countries in the European Union (EU transit), compared to products imported from countries outside the EU. The regulations also vary depending on whether the goods are being permanently imported (ie; if sold to a UK company) or if the goods are being temporarily imported (ie; for display at an exhibition, or as trade samples on a sales visit).

Products imported from the European Union.

Within the European Union there is free circulation of goods and services, so that goods which are manufactured in any EU state can be transported between individual states without any need for customs formalities at either end of the journey.

There are, however regulations which govern the application of VAT on sales & purchases of goods & services between companies in different EU states, although these rules only come into place when products are actually sold, and are not relevant if products are simply brought into the country from another EU state to be displayed at an exhibition, and are returned to the country of origin afterwards.

Therefore a company based in another EU member state can bring over any products which are manufactured in that state, for display at a tradeshow, without any customs procedures. However, if those products are then sold to a UK company (either at the tradeshow or afterwards), one of the following VAT procedures will apply at the point of sale.

- 1) If the UK buyer is UK VAT registered, the buyer will provide their UK VAT number to the vendor, who then quotes the UK VAT number on the sales invoice. If that is done, the vendor does not charge VAT on the sale. Once the sale is made, the buyer has to declare the purchase to the UK VAT authorities on a form called an "EC Sales list (ECS)", which has to be completed on a monthly basis. Once this is done the vendor becomes liable for UK VAT on that purchase, and the transaction enters the UK VAT system.
- 2) If the UK buyer is not VAT registered, and cannot demonstrate that they are a registered company, the vendor has to charge VAT on the sale price of the goods at the rate applicable in the vendor's country (19% in Germany, 25% in Italy etc). The buyer cannot reclaim this VAT.

Note: The above rules also apply to any products which were manufactured in a non-EU country, but which have been imported into a EU member state, cleared through

Customs and any relevant duties or taxes paid. These goods are considered to be in “free circulation” in the EU. However, if products have been manufactured outside the EU, but have not been cleared through a European Customs point (for instance, if they have been stored in a “bonded Customs warehouse” they must be treated as goods which come from outside the EU (see below).

Products imported from outside the European Union

Any products which are manufactured outside the EU and commercially imported into the UK must undergo Customs clearance at the point of entry to the UK. If the goods are to be imported into the UK permanently, the goods will be liable for Customs duty and VAT, both of which must be paid at the point of entry, before the goods can fully enter the UK.

The rate of duty varies depending on the exact nature of each commodity, and also the country which the goods are being imported from. In some cases, the duty can be 0%, either because the goods attract a special duty rate, or because of a trade agreement between the country of origin and the UK. However, even if 0% duty is due, UK VAT must always be paid if the goods are permanently imported to the UK.

In a normal commercial sales transaction, the import Customs clearance, and the liability for the cost of duty & VAT is usually defined by a series of “incoterms”, which are internationally agreed protocols which form part of the sales contract between sellers and buyers in different countries. In the vast majority of cases, the importer is responsible for arranging Customs clearance and for paying Customs duty & VAT on arrival. However, a vendor based outside the EU may agree to sell the goods to a UK buyer on “Delivered duty paid” basis (DDP). He then takes the responsibility for clearing the goods through UK Customs, and agrees to pay any duty & taxes which are due.

Temporary Imports of goods from outside the EU (for tradeshows etc)

Companies based outside the EU who wish to bring commercial products into the UK temporarily (to display at a tradeshow, or as samples for a sales visit), still have to clear goods through Customs at the point of entry into the UK. (either through a freight agent, if shipped as freight, or on arrival at UK Customs, if imported as personal luggage). There are different ways of doing this, depending on whether some or all or some of the goods are likely to be sold, or left behind in the UK.

If all or part of goods are to remain in the UK: The goods should normally be fully & permanently cleared through Customs on arrival, and the appropriate duties & VAT paid at the point of entry. This then makes the goods “in free circulation” in the UK, allowing them to be sold. In such circumstances, the vendor will have paid the duty & VAT, and will usually wish to recover this cost from the buyer. Depending on the circumstance of the sale, the vendor may quote the duty as separate items in the price, or they may include duty in an overall selling price.

If the vendor has imported goods permanently into the UK, but decides to take some or all of the stock back again, they can re-export the goods, and reclaim any UK duty & VAT they originally paid, however this process can take several months.

If all of the goods are to be re-exported from the UK: Goods can be imported into the UK on a “temporary” basis, which fulfils the customs clearance requirements, but avoids the need to pre-pay the duty. There are different ways to do this;

ATA Carnet: the overseas vendor can take out a “Carnet” covering the goods before they leave; this acts as a “passport” for the goods, but it lists all of the products to be covered, and requires all of the goods to be re-exported afterwards. (there are penalties if this rule is broken).

Temporary import under bond: the vendor can set up a “bond” facility with HM Revenue & Customs, which underwrites the value of any duty & taxes if the goods are not re-exported. This is normally done via a Customs broker, and should normally be arranged before departure.

The above are the formal rules which should be followed; in practice it is not unknown for companies to find alternative solutions to bring the goods into the UK, sometimes as personal baggage.