

## **Brunel University London Guidance for Importing Goods from Outside the UK – April 2022**

### **Background and Purpose**

The UK left the EU's single market and customs union on the 31<sup>st</sup> December 2020. This resulted in changes to how movements of goods between the UK and the EU are dealt with.

From the 1<sup>st</sup> January 2021 any goods purchased or moved from the EU into the UK are classed as imports, in the same way as goods imported from the rest of the world. This means that the import must be declared to HM Revenue and Customs (HMRC) correctly and any applicable duty, VAT and other taxes must be paid to avoid penalties and delayed arrivals.

From the 1<sup>st</sup> January 2022 onwards, all consignments coming into the UK (whether from the EU or the rest of the world) must have a customs declaration.

### **Purpose of this Guidance**

The aim of this guidance is to enable Brunel University staff to understand the information required to deal with the majority of imports and to recognise when the situation is more complex and may require assistance from the Procurement and / or Finance Team.

Please note that HMRC will hold the University responsible for any error on submitted customs declarations, therefore it is important that every effort is made to make sure this information is correct. Staff should not rely on suppliers or import agents to ensure that this information is accurate since the final liability lies with the University.

### **Considerations for Brunel University Departments**

Trading with overseas customers and suppliers has a wide range of VAT and customs duty implications.

In general terms, University staff should be aware that there may be VAT and additional customs duty costs involved with importing goods from outside the UK and should build these potential costs into purchasing decisions. These costs are generally not included on supplier price lists, so staff should check this when requesting quotations from suppliers. To be prudent when budgeting an assumption of 20% irrecoverable VAT and an average of 5% customs duty cost should be used, although some reliefs are available – these are described in more detail below (section 6).

Staff should also consider who will act on behalf of the University when clearing the goods through UK customs. Import agents and couriers can act for the University either as a direct or indirect representative, but in either case the University must have written confirmation of the terms and conditions of the representation and must keep a copy of the agreement for our records.

The University's preferred import agent is GAC UK ([www.gac.com/uk](http://www.gac.com/uk)) therefore staff should use this company unless there is a specific reason why another provider is more appropriate. In case of query, please consult Lyn Simpson in the Procurement Department.

In some cases, suppliers may appoint fast parcel operators (e.g. Fedex, DHL, TNT) who specialise in quick delivery door to door and who will attempt to clear the goods into the UK on the University's behalf – but this may not always be the best option, particularly for high value goods or if special arrangements need to be made.

Fast parcel operators such as Fedex will also often ask for payment of customs duties before goods can be released from Customs – in this case the Brunel Procurement Card (PCARD) is the best option for making payment since it is usually not possible to raise a PO in advance in these circumstances. If you need assistance with making payment via a PCARD please contact Lyn Simpson in the Procurement Team.

## **Process to be Followed – Imports**

Once the decision has been made to purchase goods from outside the UK there are a number of steps to go through to make sure that the items can be imported and cleared through UK Customs smoothly:

### **1. Determine the full value of the goods**

The value of the goods is usually the full amount paid to the supplier, including delivery and insurance costs. If there is no sale (for example the goods are donated or leased) then HMRC will allow other methods of calculating the value, for example the Recommended Retail Price (RRP). Further detail is given below in section (i) "Valuation of goods for Import Duty and Import VAT purposes".

The supplier will usually have provided these details on a "commercial invoice", which is a document provided purely for customs purposes giving details of the items being imported and their value. Please note, this is not the same as the VAT invoice that should be submitted to the University for payment.

### **2. Determine the country of origin of the goods**

If goods originate in an eligible country then "preferential" or lower rates of duty may apply. If this is the case, the University will need to provide evidence of the country of origin to allow the correct duty rates to be applied when the delivery is cleared through UK customs. The supplier should normally provide evidence of the country of origin, either in the form of a Certificate of Origin or by the inclusion of a declaration or statement on their sales invoice.

### **3. Confirm Commodity Code on the UK Trade Tariff**

Every type of item imported has a code number – sometimes referred to as a tariff heading – this is a 10 – digit number used to classify goods at the point of entry into the UK. The Commodity Code is important because it is used to determine the import VAT and duty payable. The supplier may have provided, or be able to provide the UK Commodity Code for import purposes, however please note it is the University's responsibility to ensure this is correct, so staff should not rely solely on the information provided by the supplier.

A full list of Commodity Codes can be found on the UK government website here: [Trade Tariff: look up commodity codes, duty and VAT rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/look-up-commodity-codes-duty-and-vat-rates).

If there is no exact match for the goods to be imported within the list of Commodity Codes, you should work through the list in a logical order using the nearest category that matches the goods in question and using "other" if necessary. HMRC have indicated that they will accept

categorisations applied by UK organisations if there is no exact match as long as a clear logic has been applied.

#### 4. Consider the INCOTERMS that apply to the import

INCOTERMS are a set of internationally recognised rules that define the responsibilities of sellers and buyers. They specify who is responsible for paying for and managing the shipment, insurance, documentation and customs clearance. These should be understood and agreed as part of the procurement process prior to placing the order.

They determine:

- Where title passes (i.e. legal ownership);
- Who is responsible for delivery to where;
- Who has the insurance risk;
- Who is responsible for the import into the UK.

The preferred INCOTERMS for Brunel are the following:

**Deliver Duty Paid (DDP)** – supplier does everything, including clearing the goods through customs; or

**Deliver at Place (DAP)**– supplier delivers door to door, but customer clears Customs.

If DDP is used, this means the supplier will need to be registered for both UK VAT or have a UK EORI number to clear the goods into the UK as the “importer of record”. They will be responsible for the customs clearance and import taxes, and should raise an invoice charging the University for UK VAT where applicable.

Other examples of INCOTERMS are:

**Ex-works (EXW)**– customer collects, and title passes at supplier’s premises;

**Free on Board (FOB) / Free Carriage (FCA)** - supplier delivers to nominated port in their country (e.g., FOB Shanghai);

**Cost, insurance, and freight (CIF)** - supplier pays for delivery to a port in UK;

The supplier should state the INCOTERM they plan to use on their quote and other documents.

#### 5. Consider who will clear the goods through Customs

An import declaration will need to be submitted on the behalf of the University, by a freight forwarder, courier, fast parcel operator or customs broker. They will normally charge fees for clearing the goods and for facilitating payment of import taxes. The supplier will also need to be made aware if the University intends to use its own import agent rather than the supplier’s agent.

As noted above, the University’s preferred courier/customs agent is GAC UK ([www.gac.com.uk](http://www.gac.com.uk)). If there is a legitimate reason why another customs agent or courier should be used, please consult with the Procurement Team prior to putting arrangements in place. In all cases there will need to be an agent in place to make the relevant declarations and clear the goods through UK customs.

## 6. Consider whether any duty or VAT reliefs apply

Import duty relief can be claimed on:

- Scientific instruments imported for educational purposes or non-commercial scientific research; and
- Purchased / donated medical equipment to be used for medical purposes

Medical VAT relief may also be claimed on specific goods and medicinal products / substances used for qualifying medical purposes. Further details on the reliefs available are given in section (vi) of this guidance. It is important to check whether the item you are planning to import requires a VAT certificate or an NIRU (National Import Relief Unit) certificate to demonstrate that the VAT or import duty relief can be applied, because these must be applied for in advance of importing the item. Ade Gbademosi or Helena Willey in the Finance Team can be contacted for guidance if there is an uncertainty on whether duty or VAT reliefs are applicable.

## 7. Consider whether any import controls or import licences may apply

There are controls in place for the import of firearms, artworks and antiques, plants and animals, medicines and textiles and chemicals. In these cases, an import licence may be required. Further detail is given in section (iv) of this guidance. Any license required should be obtained in advance of goods arriving into the UK to avoid delays in clearing and release of the goods.

## 8. Consider the Customs Procedure Code (CPC) that applies to the import

The Customs Procedure Code (CPC) is a 7-digit code that identifies the customs and/or excise regimes that goods are being entered into and removed from. In simple terms, it is your reason for import or export expressed as a 7-digit number. It describes the purpose of your shipment, which in turn determines how it is processed by customs and allows them to establish whether duties and taxes apply.

Some examples of common CPC codes are shown below:

CPC Code	Shipment Type	Reason for Use
CPC 40 00 000	Permanent UK Import	Home use, basic declaration
CPC 40 00 C30	Permanent UK Import	Import of product samples of negligible value
CPC 40 00 C17	Permanent UK Import	Import of donated medical equipment
CPC 40 00 C13	Permanent UK Import	Import of scientific instruments and apparatus
CPC 40 00 C09	Permanent UK Import	Capital goods / materials imported for product assembly.

The courier or agent who is importing the goods on the University's behalf may assign a CPC code to the shipment for you in some cases, but in this case you will need to provide a short written statement to them clearly explaining the purpose of the shipment to ensure that the correct code is used. More information on CPCs can be found at this link: [Customs procedure codes \(Box 37\) - GOV.UK \(www.gov.uk\)](http://www.gov.uk/guidance/customs-procedure-codes)

## 9. Ensure that full details of the import are provided to the Customs Broker or Import Agent

The import agent who is acting on behalf of the University will require specific details to be able to clear the goods through UK Customs. Staff should ensure that the following information has been provided:

- Intended date of import
- Name, address and contact details for supplier of goods
- Commodity Code (as described above)
- Customs Procedure Code (CPC).
- Description of goods
- Value of goods
- Whether an import licence is required
- Terms of shipment (INCOTERMS)
- The University's VAT / EORI number (see ii) EORI Numbers below)
- Whether import VAT is to be paid by the import agent and recharged to the University or whether **Postponed VAT Accounting (PVA)** should be used. Import agents will often charge a fee for collecting the VAT. The University's preferred approach is to use PVA, which means that the import agent needs to indicate this when clearing the goods through customs. If PVA is used, the University will receive a statement from HMRC showing the VAT due on imports during the period and will the account for this VAT as part of the quarterly VAT return.  
Ade Gbademosi in the Finance Team should be made aware of any goods which will be imported using Postponed VAT accounting to ensure that this is appropriately declared on the University's VAT returns.
- Whether relief from import VAT and/ or import duty applies – in this case the University may need to provide an Import VAT Relief Certificate and NIRU Certificate.

## 10. Ensure that payment is made to the Import Agent

If an import agent is being used to clear the goods through UK customs, they will normally pay any import duty applicable to the shipment on behalf of the University and then recharge the costs. If this is the case, staff must ensure that the Import Agent's terms have been agreed by the Procurement Department and that the University's process for submitting invoices for payment is followed.

If the shipment is being handled by a freight forwarder such as DHL, they may require immediate payment of customs duties in order to release the goods. In this case staff should arrange for payment by P-card as outlined on page 2.

## 11. Ensure that all paperwork relating to the import is forwarded to the University by the Import Agent

The following documents must be provided and retained for 6 years in case of HMRC inspection:

- Airway bill / bill of lading;
- C88 (official Customs evidence);
- Delivery note;
- Commercial invoice; and
- Any other relevant information (such as evidence of Country of Origin)

## Further Information and Explanation

### i. Valuation of goods for Import Duty and Import VAT purposes

The valuation of goods is important because it determines the amount of duty and VAT payable, both of which are usually irrecoverable and so represent a cost to the University.

The Customs duty value used to calculate import duty is as follows:

#### **Cost of Goods + Insurance + Freight**

Import VAT is calculated based on:

#### **Customs duty value + duty paid / payable**

There are several methods used to calculate the customs value – these are not optional, you should start at Method 1 and if this does not apply move on to Method 2 and so on.

Method 1 will be applicable in the majority of cases.

- Method 1 – value of the transaction, i.e. the price paid to the supplier of the goods;
- Methods 2 and 3 – value of identical (2) or similar (3) goods sold at or about the same time (e.g. the Recommended Retail Price);
- Methods 4 and 5 – constructed (4) or deconstructed (5) prices;
- Method 6 – fall back method – “fair and reasonable”.

Further guidance can be found here: [Notice 252: valuation of imported goods for customs purposes, VAT and trade statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/notice-252-valuation-of-imported-goods-for-customs-purposes-vat-and-trade-statistics)

### ii. EORI Numbers

Economic Operators Registration and Identification numbers (EORI numbers) are identification numbers used in all customs procedures when exchanging information with Customs administrations.

Brunel University's EORI number is **GB 223 5181 91 000**. The first 9 digits are the University's UK VAT registration number, and the “000” denotes the University's VAT group registration.

### iii. “Binding” or “Advance” Tariff rulings from HMRC

It is possible to obtain a “non-binding” or “binding” ruling from HMRC as to the correct commodity code to use in cases where it is not clear. “Non-binding” decisions take a few days to obtain but cannot be relied upon, whereas “binding” decisions usually take a few weeks but can then be relied upon as legally binding decisions.

If there is any doubt about which commodity code should be used, staff should contact Ade Gbademosi or Helena Willey in the Finance Department initially and they will advise as to whether HMRC need to be approached for a decision.

### iv. Import Licences and Certificates

There are special rules that apply and you may need to obtain licences or certificates if you are importing any of the following:

- Animals and animal products

- Plants and plant products
- High risk food
- Veterinary medicines
- Human medicine
- Controlled drugs
- Tissues and cells for human application
- Waste
- Certain chemicals
- Guns, knives, swords and other weapons

Further guidance can be found at the following link under section 6: [Import goods into the UK: step by step - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/import-goods-into-the-uk-step-by-step).

#### **v. Instances where Import VAT and / or Duty is not payable**

Most imports will be of new goods. At the point that the import declaration is completed and import duty and VAT paid, the goods are in “free circulation”. Goods are also in free circulation when they originate from the UK.

However, the University may send goods out of the UK and reimport them, for example after:

- Use on field trips
- Use in research projects
- Repair or servicing
- Exhibition`
- Loan to a third party

It is important to establish if an item is being reimported to avoid incurring unnecessary import VAT and duty costs.

The following reliefs are available at the point that the goods are reimported or imported with the intention that they will be exported (there are others, but these are the most common ones used in the HE sector). Please note that these reliefs may require advanced authorisation and / or some form of financial guarantee to be in place with HMRC before use.

- Returned Goods Relief – see [Pay less import duty and VAT when re-importing goods to the UK - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/pay-less-import-duty-and-vat-when-re-importing-goods-to-the-uk)
- Outward Processing Relief - see [Using outward processing to process or repair your goods - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/using-outward-processing-to-process-or-repair-your-goods)
- Inward Processing Relief – see [Using inward processing to process or repair your goods - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/using-inward-processing-to-process-or-repair-your-goods)
- Temporary Admission – see [Import goods to the UK temporarily - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/import-goods-to-the-uk-temporarily)
- Merchandise in Baggage – see [Bringing commercial goods into Great Britain in your baggage - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/bringing-commercial-goods-into-great-britain-in-your-baggage).

If you feel that any of the above reliefs may apply to your import, please contact Ade Gbademosi or Helena Willey in the Finance Department for advice to ensure that the correct relief category is used.

**vi. Qualifying Items and Use and Import VAT and Import Duty Relief**

HMRC have issued various guidance notes around claiming relief on Import Duty and Import VAT when the goods are qualifying items and are imported for medical or scientific research, or educational purposes.

A basic summary of the reliefs available is shown below, together with the link to further guidance in each case:

<b>Nature of Goods being Imported</b>	<b>Imported by</b>	<b>Import Duty Relief?</b>	<b>Import VAT Relief?</b>	<b>NIRU Certificate Required?</b>	<b>VAT Certificate Required?</b>
Animals for scientific research	A public establishment involved in education or scientific research, including University medical schools - see <a href="#">Pay no import duty or VAT when importing animals for scientific research - GOV.UK (www.gov.uk)</a>	Yes	No (unless donated)	No	If donated, need to provide evidence.
Blood grouping, tissue typing and therapeutic substances	Research laboratories of research councils and similar bodies; medical schools – see <a href="#">Pay no Customs Duty or VAT on blood grouping, tissue typing and therapeutic substances - GOV.UK (www.gov.uk)</a>	Yes	Yes, or VAT exempt	No if public body	Not required if correct CPC used.
Donated medical equipment	Medical research institution, including charities that support medical research – see <a href="#">Pay no import duty or VAT on donated medical equipment - GOV.UK (www.gov.uk)</a>	Yes	Yes	Yes	Yes – VAT Certificate Q



Goods for testing	Relief can be claimed by any person importing goods for testing, analysis or examination – see <a href="http://www.gov.uk">Pay no import duties or VAT on importing goods for testing - GOV.UK (www.gov.uk)</a>	Yes	Yes	Yes	Not required if correct CPC used.
Miscellaneous documents and related articles	Relief can be claimed on articles which are of: an educational, scientific or cultural nature – see <a href="http://www.gov.uk">Pay no import duties and VAT on miscellaneous documents and related articles - GOV.UK (www.gov.uk)</a>	Yes	Yes	No	Not required if correct CPC used.
Museum and gallery exhibits (for permanent import only, donated or purchased from a private person, or not in the course of business)	Museums or galleries – see <a href="http://www.gov.uk">Pay no Customs Duty and VAT on importing museum and gallery exhibits - GOV.UK (www.gov.uk)</a>	Yes	Yes	Yes	Not required if correct CPC used.
Scientific instruments	Universities or University Hospital Trusts involved in non-commercial and non-profit making education or research – see <a href="http://www.gov.uk">Pay no Customs Duty and VAT on scientific instruments - GOV.UK (www.gov.uk)</a> .	Yes	Yes	No	Yes – VAT certificate L
Substances for biological and chemical research	Public establishment involved in education or scientific research, including University Medical Schools, pharmacy or chemistry schools and colleges, medical schools and research laboratories – see <a href="http://www.gov.uk">Pay no import duty and VAT on substances for biological and chemical research - GOV.UK (www.gov.uk)</a> .	Yes	Yes	No if public body	Not required if correct CPC used.

Visual and auditory goods	Public educational, scientific or cultural establishments – see <a href="https://www.gov.uk/guidance/pay-no-import-duty-or-vat-on-visual-and-auditory-goods">Pay no import duty or VAT on visual and auditory goods - GOV.UK (www.gov.uk)</a> .	Yes	Yes	No if public body	Not required if correct CPC used.
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In all cases where you believe the goods being imported qualify for relief, it is important to check the guidance to establish the steps to be followed in order to claim.

Generally speaking the relief is usually claimed at the time of import by using the correct Customs Procedure Code (CPC), therefore it is important that the Import Agent or courier who will be clearing the goods through UK Customs uses the correct CPC.

**vii. National Imports Relief Unit (NIRU) Certificate**

Some reliefs are only available if the importer holds a NIRU certificate that is provided to the Import Agent ahead of import – this can be checked by looking at the links in the table above, for example a NIRU certificate is required to obtain relief on imports of donated medical equipment.

It is possible to obtain “blanket” certificates that last for several months or a year if the University is planning to import this type of goods on a regular basis – but the University must carefully manage who can provide the NIRU certificate to Import Agents because it should only be used if the goods being imported qualify for relief and / or are intended to be used for an eligible purpose.

**viii. Import VAT Relief Certificate**

If the goods you are importing qualify for VAT relief, you will need to provide a certificate to the customs agent ahead of import. The two certificates most likely to apply are the following:

**Certificate L** – Importation by an Eligible Body of Medical, Scientific etc. Equipment – see [Certificate L - importation by an eligible body of medical, scientific equipment \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/61222/certificate-l-importation-by-an-eligible-body-of-medical-scientific-equipment.pdf)

**Certificate Q** – Importation for Donation to an Eligible Body of Medical, Scientific etc. Equipment – see [Certificate Q - importation for donation to an eligible body of medical, scientific equipment \(publishing.service.gov.uk\)](#)

Please contact Ade Gbademosi or Helena Willey in the Finance Department for advice before providing one of these certificates, to make sure that the correct declaration is given.

**ix. Low Value Consignments**

Where a consignment has a value less than £135, import VAT and duty is not payable on entry. Instead a form of VAT is self-charged on the VAT return. The £135 is exclusive of VAT and applies to the whole consignment, not each individual item within the consignment.

Where the supplier is based outside the UK, universities in Great Britain importing goods with a value lower than £135 should quote their UK VAT registration number to the supplier and should self-charge this through the VAT return (similar to the reverse charge adjustment).

**x. Movement of goods to or from Northern Ireland**

There are significant differences that apply when moving goods from Great Britain to Northern Ireland, that do not apply to the movement of goods between England, Scotland and Wales. There is specific guidance on this at the following link: [Trading and moving goods in and out of Northern Ireland - GOV.UK \(www.gov.uk\)](#).