



Break Through the  
Terminology Maze  
With Our

**BREXIT**

Glossary

Insight 



## GLOSSARY

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From 1 January 2021 the UK is an independent country outside the EU and in particular no longer forms part of the EU Customs Union nor the EU Single Market nor the EEA and EFTA.

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### Broker Fees

Charges levied by the carrier company or other nominated 3rd party to manage the VAT and tariff charges in the receiving country.

### Commercial Invoice

A commercial invoice is a document that Insight prepares in order to allow for appropriate shipment of goods. This is then used by the carrier and the receiving country customs and excise to determine what, if any VAT, tariffs and fees apply. This contains the manufacturer part code, the description, the country of origin, the ECCN number, the value, the invoice address, the delivery address and the recipient contact details as a minimum. In order to provide a frictionless service it is strongly recommend that it includes the VAT number of the receiving country entity, EORI number of the receiving country entity and the deferment number of the receiving country entity. Insight prepares the commercial invoice on the clients behalf regardless of the shipment methodology DAP or DDP.

### Common Customs Tariff

The 'Common Customs Tariff' (CCT) applies to the import of goods across the external borders of the EU. The tariff is common to all EU members, but the rates of duty differ from one kind of import to another depending on what they are and where they come from.

### Countries in the European Union

**EEA Countries** - the EU Countries and the three EEA EFTA Countries (Iceland, Liechtenstein, and Norway).

**EFTA Countries** - Iceland, Liechtenstein, Norway and Switzerland.

**EU Countries** – Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

### DAP

A carrier freight term for "Delivery at Place" or commonly referred to as "Duty at Port" which means that the associated charges for VAT, tariffs or broker fees are liable in the receiving country by the client.

### DDP

A carrier freight term for "Delivery Duty Paid" which means that Insight takes ownership for the VAT, tariffs or broker fees liable in the receiving country. See Import VAT section.

### Deferment Account

A deferment account allows charges for EU customs procedures (including VAT and tariffs) from the DAP process to be charged directly to the client if applicable. This prevents the need for paying the carrier directly or other 3rd party broker fees. The management of the deferment account is solely at the responsibility of the buyer and is for companies only with VAT registration / EORI number in the receiving country.

### ECCN Numbers and Dual Use Regulations

Export Control Classification Numbers and Dual Use regulations are used to determine whether an item is dual use or not. Goods determined to be dual use are subject to additional documentation at point of export – A SIEL license or an OGEL license. Insight will use an existing license or apply for a new one as appropriate on behalf of the client.

### EORI number

Economic Operators Registration and Identification number. Businesses wishing to trade internationally are strongly advised to get an EORI number in each country they intend to import goods and provide to Insight. This will allow easy identification in all customs procedures.

### Import VAT

VAT chargeable by the receiving EU country. If delivery is made by DAP this is recoverable by the buyer subject to VAT registration in the receiving country. If delivery is made by DDP this is chargeable to Insight UK and therefore NOT recoverable. For this reason DDP should only be used by exception.

### Inward Processing

Inward processing means that non-Union goods are imported in order to be used in the customs territory of the Union in one or more processing operations, for instance, for the purposes of manufacturing or repair. When imported, such goods are not subject to import duty, other taxes related to their import, such as VAT and / or excises, or commercial policy measures.

### POA (Power of Attorney)

A client can nominate any carrier to manage these transactions and costs on their behalf and create a settlement process rather than have their own deferment account. It is likely that there would be an increased cost for this.

### Rules of Origin

Rules of origin determine where goods originate for the purposes of customs, i.e. not where they have been shipped from, but where they have been produced or manufactured.

### Safety and Security (S&S) Information

Safety and security (S&S) information must be included in customs declarations for goods being transported into the EU.

### Simplified Accompanying Document (SAD)

Single Administrative Document or C88 is the standard customs declaration form which has to be completed for every export transaction. Usually completed by the carrier or freight forwarder.

### TARIC

TARIC, the integrated Tariff of the EU, is a multilingual database with all measures relating to EU customs tariff, commercial and agricultural legislation. It is designed to show the various rules that apply to specific products when imported into the EU.

## Tariffs

Charges applied by the EU for the import of goods categorised by Tariff codes / Commodity Codes / HS Codes (multiple terms for exactly the same thing) and country of origin. The first six digits of a tariff code is allocated globally and agreed by governments to categorise goods that are bought and sold. The remaining 4 digits can be allocated in the local country of import to more precisely determine the type of good and the country of origin. There are over 9000 combinations and every single item we sell must be allocated one. Note - The UK is never the country of origin unless the goods are manufactured here, or if the seller has re-manufactured them by over 40% (Unfortunately this will not apply to goods built in our integration labs.) The buyer has 3 years to challenge the charges with the receiving country revenue and customs.

## Third country

A third country is a country that is not a member of the EU.

## Union Customs Code (UCC)

The UCC is the framework regulation for customs rules and procedures throughout the EU, adapted to modern trade realities and modern communication tools.

## Union Goods

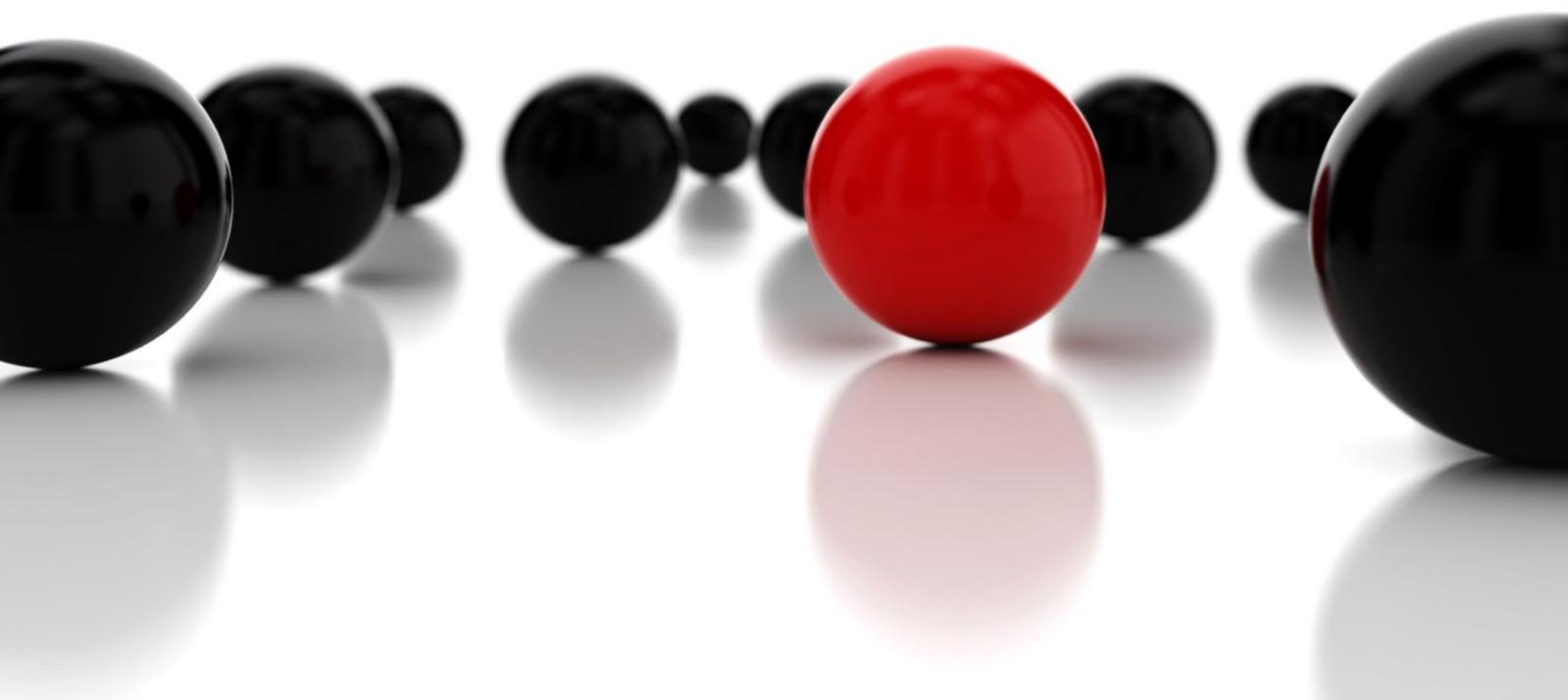
Union goods are goods which have been released for free circulation in the EU.

## Value Added Tax (VAT)

Value added tax, or VAT, in the EU is a general, broadly based consumption tax assessed on the value added to goods and services. It applies more or less to all goods and services that are bought and sold for use or consumption in the European Union.

## VIES

VIES is an EU-level system which allows businesses to verify the validity of a VAT identification number issued by a Member State. The verification is done against the national VAT databases of the Member States themselves.





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