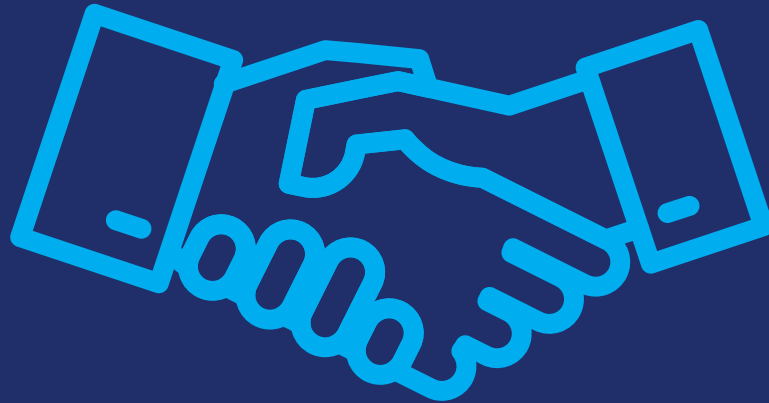


BREXIT FREQUENTLY ASKED QUESTIONS

EXCEEDING EXPECTATIONS





WHAT ARE INCOTERMS AND WHY ARE THEY IMPORTANT?

Incoterms is short for International Commercial Terms. Incoterms are published by the International Chamber of Commerce and they're an internationally recognised set of rules designed to clarify the obligations of customers and suppliers in trading contracts with regard to transportation, loading, unloading, insurance, tax, and duties.

There are over ten different Incoterms but the main ones likely to be of relevance are:

DELIVERY AT PLACE (DAP)

This is a commonly used Incoterm for all forms of transport which places the maximum obligation on the supplier to deliver and insure the goods to a named place. The customer is responsible for unloading and paying all taxes and duties.

DELIVERY DUTY PAID (DDP)

As with DAP, the obligation for transport falls on the supplier, but so does the payment of taxes and duties. The customer is still responsible for unloading.

EX WORKS (EXW)

This Incoterm is used where the customer (or the customer's agent) collects the goods. The customer is responsible for loading, transporting and insuring the goods, along with paying all taxes and duties.

We are working with our transport partners to facilitate the most suitable Incoterms for all of our customers.



WHAT IS AN EORI NUMBER AND WHY IS IT IMPORTANT?

An EORI number is an Economic Operator Registration and Identification number which is used to track and register customs information in the EU. Any trader bringing goods into the EU from a third country as the Importer of Record needs an EORI number. From 1 January 2021, the UK will be a third country and customers will potentially therefore need an EORI number. [The EU website](#) advises how to obtain one in your country.

BM Catalysts have obtained an EU EORI number and, acting as the Importer of Record, may bring the goods into free circulation in the EU through a 'cross-dock'. In these circumstances, BM Catalysts will utilise its own EU EORI number but it is recommended by its advisers that the 'consignee's' (i.e. the customer's) EORI number is still shown on the Commercial Invoice.

Subject to contract, the agreement of 'DAP+' Incoterms and operation of special VAT arrangements, BM Catalysts will also be able to act as the Importer of Record for direct transit without the 'cross-dock', in a way that gives the customer a 'DDP experience' with regard to the VAT and duty. Again, BM Catalysts have been advised that it is recommended that customers also obtain their own EORI number so that BM Catalysts can show this on the Commercial Invoice in order to better facilitate the smooth flow of goods.



WILL I HAVE TO PAY VAT ON GOODS I BUY FROM BM CATALYSTS NOW THAT THE UK HAS LEFT THE EU?

Subject to arrangements with transport partners, BM Catalysts may deliver the goods via a 'cross-dock' in the Netherlands initially. In these circumstances, BM Catalysts will be the Importer of Record and account for the VAT as a bookkeeping entry on its own NL VAT Returns. Where DDP Incoterms are agreed using the special VAT arrangements, BM Catalysts are advised that customers will simply have to account for VAT as a positive and a negative on their VAT Returns. BM Catalysts recommend that all customers seek advice from their own professional advisors regarding the operation of VAT.

If DAP or EXW Incoterms are operational, then customers who have Deferment Accounts will be able to defer VAT and duty, but otherwise VAT and duty are payable at the time of import. Either way, BM Catalysts are advised that the VAT is recoverable later on the customer's VAT return. Again, professional advice should be sought.



WILL I HAVE TO PAY IMPORT DUTY TARIFFS ON GOODS I BUY FROM BM CATALYSTS NOW THAT THE UK HAS LEFT THE EU?

A Free Trade Agreement (FTA) has been reached between the EU and UK, so tariffs for items originating in the UK will not be applicable:

Product Group	FTA (UK Originating)	WTO (Non-UK Originating)
Catalysts	0.00%	4.50%
DPFs	0.00%	4.50%
Pipes	0.00%	4.50%
Pressure Pipes	0.00%	1.70%
Fitting Kits	0.00%	2.70%
Universals	0.00%	4.50%
Flexes	0.00%	4.50%

Please contact a member of our sales team for details on country of origin by part number.



WHAT ARE COMMODITY CODES AND WHY ARE THEY IMPORTANT?

Commodity Codes are a system for classifying goods for the purposes of determining tariff rates subject to rules of origin. Also known as 'HS Codes' from the WTO Harmonised System, or 'CN codes' from the EU 'Combined Nomenclature'.

Goods are categorised into Chapters (2 digits), Headings (2 digits), Sub-headings (2 digits) and the tariff code level (a further 2 digits) making an 8 digit code. At the local level, a further 2 digits can be added to give a 10 digit code.

Product Group	10 digit Commodity Code
Catalysts	8708923500
DPFs	8708923500
Pipes	8708923500
Pressure Pipes	8421393590
Fitting Kits	7326909890
Universals	8708923500



WHY IS COUNTRY OF ORIGIN IMPORTANT AND WHAT ARE THE RULES?

Country of origin is a determining factor in whether import duty tariffs are due. With an FTA agreed between the EU and UK, goods of UK origin have a zero tariff under the terms of the agreement. Rules of origin in the agreed FTA are based on the following factors:

- Change of commodity code
- Sufficient transformation or processing
- Sufficient value added

Subject to advice still being taken and to the wording of the FTA agreed, BM Catalysts believe that most catalogued part numbers are likely to meet the standard required to claim UK origin.



WILL THERE BE ANY CHANGES TO THE DELIVERY TIMES FOR GOODS I BUY FROM BM CATALYSTS NOW THAT THE UK HAS LEFT THE EU?

BM Catalysts are in discussions with all current logistics partners with a view to agreeing the quickest and smoothest transport arrangements to ensure that customers receive their goods in a timely manner.

In the first days and weeks following the end of transition, it may be the case that there will be short delays as everyone gets used to the new systems for customs and border controls. This could include a greater level of physical checks by customs officials.

The BM Catalysts sales team will be available to assist in checking the delivery status of orders.



WILL THERE BE ANY CHANGES TO DELIVERY COSTS AS A RESULT OF BREXIT?

There are additional costs associated with moving goods as a result of Brexit including the processing of Customs Declarations. BM Catalysts continues to work with all transport partners to secure the best deal for customers in regard to the cost of delivery. Any changes to delivery conditions will be communicated to customers in advance.



CAN I PLACE EXTRA ORDERS IN DECEMBER TO MITIGATE THE RISK THAT GOODS WILL BE HELD-UP IN TRANSIT?

Due to production capacity, BM Catalysts will only be able to dispatch normal customer order volumes during December. For further information on the Christmas dispatch and delivery schedules, please contact a member of the BM Catalysts sales department.

BM Catalysts have been advised that any orders in transit that have cleared customs by 31 December 2020 will not be subject to tariffs that may be applicable going forwards.



HOW WILL RETURNS BE DEALT WITH AFTER THE END OF TRANSITION?

Goods being returned may need to be processed under a special customs procedure to ensure that import duty isn't incorrectly charged. BM Catalysts will advise of any changes to the returns process in due course.

This guidance is subject to change and does not constitute, or provide a substitute for, professional advice. Please refer to our Brexit webpage for further updates: www.bmcatalysts.com/brexit

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EXCEEDING EXPECTATIONS



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