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Introduction

The rules relating to Import Duty are very detailed and this document is only a summary of them. If you have any questions, please contact vat@reading.ac.uk.


Import duty

Import duty is payable when you import goods from outside the UK. It is charged at the point of entry into the UK (i.e., airport or port) based on information provided in an import declaration.

Customs agent

The University should inform the supplier whether it is intending to use the supplier’s customs agent or its own customs agent.

Key information in the Import declaration

It is the legal responsibility of the importer of record, (the entity named on Customs entries), normally the University, to ensure the import declaration is correct and to pay the Import Duty.

To check whether an import declaration is required, use this simple HMRC online tool: https://www.gov.uk/check-customs-declaration.

Normally a customs agent will prepare the import declaration on behalf of the University, but it is important to check certain key pieces of information, especially for large value imports. The key pieces of information are:

- the Commodity Code
- the basis of the value
- whether any relief applies to the import

Commodity code

The Commodity Code is used to determine the Import duty payable. It is a 10-digit number that is used to classify goods at the point of entry into the UK.

The importer of record is legally responsible for ensuring the Commodity Code is correct. The Commodity Code and the duty and VAT rate applicable to that code can be checked in the UK Tariff at https://www.gov.uk/trade-tariff

There is HMRC guidance on using the Trade Tariff tool at Finding commodity codes for imports into or exports out of the UK - GOV.UK.

If you need help with finding a commodity code, you can email the HMRC Tariff Classification Service at classification.enquiries@hmrc.gov.uk. Information that should be included in the email is described at this link https://www.gov.uk/guidance/ask.
Commodity codes may also be referred to as:

- Harmonised System Codes (HS Codes) = first 6 digits of a Commodity Code, used worldwide
- Tariff Headings / Codes
- CN or Classification Codes

Customs duty value and INCOTERMS

The Customs duty Value used to calculate import duty is **Cost of Goods + Insurance + Freight**

Import VAT is calculated on **Customs duty Value + duty**

Import VAT and duty are also payable on the market value of imported goods which have been donated to the University.

The INCOTERMS determine if any costs need to be added to the price paid for the goods, when arriving at the value for import duty.

The most common 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
- Deliver at Place (DAP) - supplier delivers door to door, but customer clears Customs
- Deliver Duty Paid (DDP) - supplier does everything

Ex-works should be avoided, as title passing in the country of supply can lead to tax issues, such as the need to register for VAT/GST in that country.

The preferred options are Deliver at Place or Deliver Duty Paid. However, DDP indicates that the shipper will carry out the Customs Clearance and be the Importer of Record so will pay import duty and import VAT. Often, neither the supplier nor their agent appreciates this, and universities have indicated that confusion and delay often arises when the goods arrive at the UK port, etc. So, if a supplier or their agent quotes DDP, it is worth double checking they appreciate what this means.

**EORI number**

The EORI number is an identification number that is used when exchanging information with Customs. It consists of the letters GB followed by the importer’s VAT number.

**Country of Origin**

The Country of Origin is important because preferential duty rates may apply to goods originating from a particular country if the UK has a trade agreement with that country.
The Country of Origin of the goods is where they have been grown, produced, or manufactured. It may not be the country the goods are sent from.

It is necessary to declare in the import declaration that you hold proof of origin. The proof of origin must be kept for 4 years. The supplier should provide you with proof of origin. This can be in the form of a Certificate of Origin ("CO") or by the inclusion of a declaration or statement on any sales invoice.

HMRC refer to two main categories of goods for the Country of Origin:
- goods wholly obtained or produced in a single country
- goods whose production involved materials from more than one country

The Country of Origin of goods that are in the second of these categories will be determined by detailed rules contained in:
- the trade agreement with the EU or
- the trade agreement with the relevant non-EU country or
- the Generalised Scheme of Preferences, which is used for some developing nations.

**Import licences**

There are special rules, and you may need to obtain and provide 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
- products containing F gas
- precursor chemicals
- hazardous chemicals
- nuclear material
- guns, knives, swords, and other weapons
- weapons and goods that could be used for torture or capital punishment

**Import declarations – HMRC systems**

Normally the Customs agent will complete the Customs declaration for you. The agent will use one of the following HMRC systems:
- **CHIEF** – the old system, which will close for import declarations on 30 September 2022.
- **The Customs Declaration Service**, which is the new service.

Up to 31st December 2021, depending on the country the goods are imported from, the carrier may need to submit an Entry Summary Declaration before the goods arrive in the UK. From 1st January 2021 an Entry Summary Declaration will be required for all imports.

There are then various options for the form of Import Declaration that can be used.
A full import declaration is required for controlled goods. For goods that are not controlled simplified procedures may be used.

**Documentation required and its retention**

Once the goods have entered the UK, the Customs agent and/or Supplier will need to provide the following to the university. You must retain these documents for 6 years:

- airway bill/bill of lading,
- C88 (official Customs evidence),
- delivery note,
- commercial invoice
- any other relevant information (such as evidence of Country of Origin)

**Postponed VAT accounting (PVA)**

The University does not use postponed VAT accounting (PVA) for imports.

**Import Duty Reliefs**

**ATA Carnet**

An ATA Carnet is an international customs and temporary export-import document. It is used to clear customs in 87 countries and territories without paying duties and import taxes on certain goods that will be re-exported within 12 months.

It would be used where you send goods overseas in instances where there is no third party in the country of destination to act as importer, such as field trips or research projects.

**Returned Goods Relief**

Examples of use: Goods returned after being on exhibition or loan, or after use in a field trip or research project.

No import duty or VAT will be payable provided that the following conditions are met.

- The goods must be re-imported in an unaltered state, apart from any work that may have been carried out to maintain the goods in working order. The goods cannot have been upgraded to increase their value.
- The goods need to be reimported within 3 years of export
- However, goods that are in an EU Member State on 31 December 2020, will qualify for relief if they are reimported into GB from an EU Member State by 30 June 2022, even if the 3-year time limit for reimportation has expired.
- For VAT relief, the re-importer must be the exporter (i.e., the university must be the named exporter and importer of the goods)
- Ideally, the import declaration needs to be linked to export declaration, by quoting the export declaration reference on the import declaration
- When the customs agent completes the import declaration, it should use the correct Customs Procedure Code (CPC)
Outward Processing Relief (OPR)

Example of use: goods being returned to the UK following repair or service

Import VAT and duty will be payable only on the "added value" of the goods, usually the cost of the repair or service, provided that the following conditions are met:

- The university is authorised to use the scheme (N.B. you can use this relief 3 times per year across the whole university without authorisation).
- The authorisation being used is not out of date. An authorisation usually lasts for up to 5 years. If you use an outdated authorisation, HMRC will not always backdate it and will charge Import Duty and VAT based on the total value of the item – not just the repair or service charges.
- There is a full audit trail that links the import declaration to the previous export declaration, ideally by quoting the export declaration reference on the import declaration.
- When the customs agent completes the export and import declaration, it should use the correct Customs Procedure Code (CPC). For export, for example, the CPC probably begins with “21” or “22”; for re-import, it probably begins with “61”.
- Liaise with your Customs agent to establish if “information sheets” (INF’s) are needed.

If the repair is carried out free of charge under warranty, then no VAT and duty is payable. The customs agents must be informed of the situation so that the correct Customs Procedure Code (CPCs) are used on both export and re-import. The customs agent exporting the goods for repair must be informed that the item is being sent as a temporary export for repairs to be carried out and that they will be returned to the UK. The customs agent should then complete an OPR form on the University’s behalf or give instructions on how an OPR application form should be completed.

After the repair has been carried out and the goods arrive back to be re-imported into the UK, a fully completed OPR form will act as proof that VAT and import duty have been paid on the item’s first importation and will therefore ensure that the VAT and duty due again on re-importation is waived.

Unless agents are made aware of the item’s return, they will assume the export is final, i.e., that the goods will not return to the UK. It is therefore essential that the University informs the agent from the outset to ensure the necessary paperwork is completed.

If, after export, the supplier decides to replace the faulty goods instead of repairing them, it should be noted that VAT is due on the full value of all new replacements.

If repaired goods are not returned in a single consignment, then the agent must be informed of this to enable them to inform HM Revenue & Customs who will note the quantity of goods being imported and the quantity which remains to be imported. (This paperwork must be presented to HMRC again when the next consignment is imported.)

Inward Processing Relief

Example of use: goods coming into the UK for process or repair and then being re-exported
No import duty or VAT will be payable provided that the following conditions are met:

- The university is authorised to use the scheme (NB you can use this relief 3 times per year across the whole university without authorisation).
- The authorisation being used is not out of date. An authorisation usually lasts for up to 5 years. If you use an outdated authorisation, HMRC will not always backdate it and will charge Import Duty and VAT based on the value of the goods.
- A customs guarantee will be required. (This is an agreement to cover customs debt).
- There is a full audit trail that links the import the subsequent export declaration, ideally by quoting the import declaration reference on the export declaration.
- When the customs agent completes the import declaration, it should use the correct Customs Procedure Code (CPC).
- Liaise with your Customs agent to establish if “information sheets” (INF’s) are needed.

Temporary Admission

Temporary Admission applies where certain goods are imported temporarily and returned unaltered, for example:

- samples
- professional equipment
- exhibition goods
- demonstration goods

A formal authorisation is not needed, but the following conditions must be met.

- A full audit trail that links the import declaration to the export declaration, by quoting the import declaration reference on the export declaration.
- A customs guarantee will be required.
- When the customs agent completes the import declaration, it should use the correct Customs Procedure Code (CPC).

There is a time limit of 6 months for “Goods used for tests, experiments or demonstrations without financial gain”.

Other reliefs for qualifying items imported for medical or scientific research or for educational purposes

Please click on the link in each heading below for more information.

NIRU is the National Imports Relief Unit. All forms should be sent to niru@hmrc.gov.uk. Questions can either be sent to this email address or their telephone number can be used: 0300 322 7065 (Monday to Friday 8am to 4pm). Application forms for NIRU certificates can be obtained by emailing NIRU. NIRU Certificates should be obtained before importing the goods. Copies of the NIRU certificates should be sent to the customs agent. The NIRU Certificate number must be recorded in box 44 of the import
Customs Procedure Codes (CPCs) are used to identify a procedure that goods are moved under, including the reliefs set out above. When importing or exporting any of the goods set out in any of the reliefs, it is important that your customs agent uses the correct CPC on the import declaration for the relief to be applied. Please ensure that your supplier is aware that you are applying for the relief.

**Animals for scientific research**

Imported by: University medical schools, polytechnics, and similar establishments.

Import Duty Relief
No relief from Import VAT (unless donated)
A NIRU Certificate is not required.
If VAT relief is claimed, you must show evidence that the animals have been supplied free of charge.

CPC codes:
40 00 C15 (imports from Rest of World, other than the Channel Islands)
49 00 C15 (Imports from Channel Islands)

**Blood grouping, tissue typing, and therapeutic substances**

Imported by: medical schools only.

Import Duty Relief
Import VAT Relief or exempt from VAT
A NIRU Certificate is required if the importer is not a public body.
A VAT Certificate is not required.

CPC codes:
40 00 C16 (imports excl UK Special territories)
49 00 C16 (imports from UK Special territories)
40 00 02 (for therapeutic goods not liable to duty and are exempt from VAT)

**Donated medical equipment**

Imported by: Medical research institution

Import Duty Relief
Import VAT Relief (but manufacturer cannot donate the goods)
A NIRU Certificate is required.
A VAT certificate is required. Please request the certificate from vat@reading.ac.uk.

CPC codes:
40 00 C17 (imports from Rest of World, other than the Channel Islands)
49 00 C17 (imports from Channel Islands)

**Goods for testing, analysis, or examination**

Goods imported for testing to find out their composition, quality, or other characteristics for information, or for industrial or commercial research.

Imported by: Any person

Import Duty Relief
Import VAT Relief
A NIRU Certificate is not required for relief from Import duty. (NIRU approval is required for relief from Excise Duty). You must provide certain information to NIRU after the testing has ended.
A VAT Certificate is not required.

CPC codes:
40 00 C33 (imports from Rest of World)
49 00 C33 (Guidance still says "EU Special territories" – last update August 2020. Should this be UK Special Territories now?)

Miscellaneous documents and related articles which are of an educational, scientific or a cultural nature
Imported by: Any person
Import Duty Relief
Import VAT Relief
A NIRU Certificate is not required.
A VAT Certificate is not required.

CPC codes: Please refer to the guidance at the link above. There is a long list of CPC codes.

Museum and gallery exhibits
The exhibits must be of a scientific, educational, or cultural nature. They must for permanent import only.
They must be either donated to you, or purchased from a private person, or supplied to you not in the course of business

Imported by: Museum or gallery
Import Duty Relief
Import VAT Relief
A NIRU approval letter is required if the museum is not already approved by HMRC.
A VAT Certificate is not required.

CPC codes:
40 00 C12 for exhibits imported from outside the UK on which you claim relief from duty and VAT
49 00 C12 for exhibits imported from the Channel Islands on which you claim relief from VAT

Scientific instruments
Scientific instruments and apparatus as long as the goods are used for non-commercial purposes. This includes spare parts, components, accessories, or tools for maintaining, checking, calibrating, or repairing. The items must be specifically suited to the imported apparatus.

Imported by: University for non-commercial and non-profit making education or non-commercial and non-profit making scientific research.

Import Duty Relief
Import VAT Relief, if used for medical or veterinary research, training, diagnosis, or
A NIRU Certificate is not required.

A VAT Certificate for zero rating of imported medical equipment is required. Please use tax code PM when placing the order so that the certificate is produced, or if the purchase is made other than by a purchase order, please request a manual certificate from vat@reading.ac.uk.

CPC codes:
40 00 C13 for goods imported from outside the UK on which you claim relief from duty, and VAT if appropriate
49 00 C17 for goods imported from UK special territories on which you claim relief from VAT
40 00 C14 for equipment imported for non-commercial purposes by or on behalf of a scientific research establishment or organization based outside the UK to carry out international scientific research, and providing approval has been sought from National Imports Relief Unit

Substances for biological and chemical research

Please see the list of tariff headings for which relief can be claimed in the linked document.

Imported by public establishment involved in education or scientific research, including university medical schools, pharmacy or chemistry schools and colleges, medical schools, and research laboratories.

The goods must be used for non-commercial research purposes only.

Import Duty Relief
Import VAT Relief
A NIRU Certificate is not required.
A VAT Certificate is not required.

CPC codes:
40 00 C15 – for goods imported from outside the UK on which you claim relief from duty and VAT
49 00 C15 – for goods imported from the Channel Islands on which you claim relief from VAT

Visual and auditory goods

Educational, scientific, or cultural items produced by the UN, whatever the intended use.
Imported by public educational, scientific or cultural establishment or an organisation approved by HMRC.

Import Duty Relief
Import VAT Relief

A NIRU Certificate is not required unless the goods are not produced by the UN and they are imported by an entity that is not a public body. If a NIRU Certificate is issued, Import Duty Relief Import can be claimed on the goods, but Import VAT Relief cannot be claimed on goods that are not produced by the UN.
40 00 C12 – for exhibition goods, including those produced by the (UN), consigned to a museum or gallery approved by NIRU
40 00 C12 – visual and auditory material, including those produced by the UN, of an educational, scientific, or cultural nature
40 00 C12 – for UN-produced visual and auditory material
49 00 C12 – for UN-produced visual and auditory material imported from the special territories

Low value Consignments £135 or less

Where a consignment is £135 or less in value import duty is not payable. The £135 threshold:

- is exclusive of VAT.
- It applies to the whole consignment not each individual item.
- The value should be based on the “intrinsic value of the goods”, excluding transport and insurance costs (unless included in the price) and “any other taxes and charges identifiable by the customs authorities from any relevant documents”.

Import VAT is not payable, but UK supply VAT is paid through the VAT Return. Please use tax code PY for these purchases.

Taking goods out of or bringing goods into Great Britain in your baggage

1. Trips when you are taking normal business assets with you, such as a laptop

The value of all business assets must be under £1,500 and weigh no more than 1,000kg. This guidance does not include alcohol, tobacco or fuel or controlled and restricted goods.

It is necessary to submit a declaration online. The links are at:

- Declare commercial goods you’re taking out of Great Britain in your accompanied baggage or small vehicles
- Declare commercial goods you’re bringing into Great Britain in your accompanied baggage or small vehicles

2. Trips where you are taking, for example, samples or materials for research

- Taking commercial goods out of Great Britain in your baggage
- Bringing commercial goods into the UK in your baggage