

INTERNATIONAL LOGISTICS



AGENDA



- **DHL Express & DPDHL - Overview Slides**
- **Transporters Preparation for Brexit**
- **Hard Brexit Impact on Imports and Exports**
- **New paperwork and Procedures**
- **Duty and Vat Billing**
- **Customs and Brexit**
- **ecommerce opportunities**



DHL Express & DPDHL

Overview Slides



The Most International Company in the World



DHL Express today - A global overview



Getting ready to Brexit – Logistics



- Brexit taskforce created within all member states and the UK
- Contingency planning for the movement of goods across borders
- Review of all IT systems
- Forecasting for the number of customs declarations required
- Permits and Licencing required for the movement of trucks
- Contingency planning for aircraft movement



How do you prepare for Brexit



- So you need to develop your **Brexit Logistics Strategy**
- And be very clear on some **key questions . . .**
 - Where will I be exporting to / importing from
 - What mode of transport will I use?
 - How will my logistics provider move my product?
 - How much stock can I hold during the prior to the 1st of April
 - Understand customs requirements for non-EU exports as the UK will now be third country
 - Understanding & selecting the appropriate terms of trade (*Incoterms*)
 - Selecting the right carrier / using logistics as a service differentiator

What will happen with a hard border?



- **Customs: Formal clearance to and from the UK**
 - Customs declarations will be required for all goods moving to and from the UK. A formal customs declaration will be required for all goods in to Ireland above €22
 - A Customer invoices will be required to be provided with each shipment both inbound and outbound to the UK
 - Payment of duties and taxes for all imports to Ireland and the same for goods exported to the UK
 - Shipments selected for customs exam on imports to Ireland
 - Shipments selected for customs exam on import to the UK
 - Vat paid in advance rather than a Vat return at the end of the month
 - Additional charges for customs declarations



Paperwork/Documentation Required



- EORI Trader Account
- Commercial Invoice
- AEO Application
- Proof of payment for goods
- Vat registration
- Import Licences
- Export Licences
- Certs of Origin for Goods
- Classification of your products



Collection of Duty and VAT



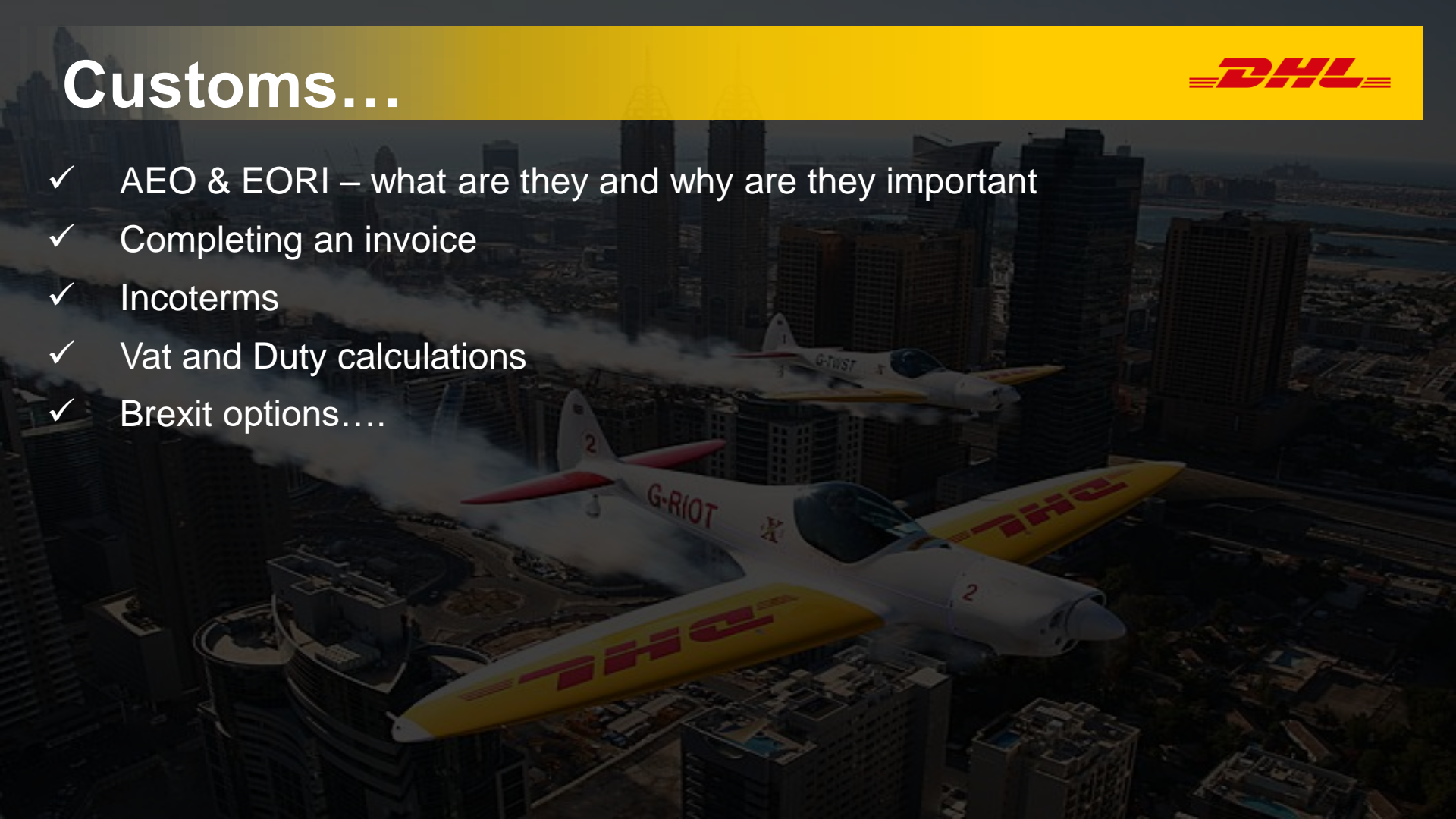
Considerations

- Vat will be applied on all imports @ 23% and paid at import on goods over €22
- Duty will be applied based on the commodity code of your product
- Set up a TAN account with Revenue
- Duty and Vat collected prior to release of your goods
- Vat reclaimed at the end of each month in your Vat return
- Duty cannot be reclaimed
- Incoterms (who pays the Duty and Vat)

Customs...



- ✓ AEO & EORI – what are they and why are they important
- ✓ Completing an invoice
- ✓ Incoterms
- ✓ Vat and Duty calculations
- ✓ Brexit options....



- EORI = Economic Operator Registration and Identification
- Any trader who interacts with Customs Authorities in any Member State of the EU is allocated this unique reference number.
- Revenue has aligned the EORI number to the VAT number.
- The EORI has two separate functions at National and European level
- At National level this identification number must be used for all declarations made from a trader to Irish Customs
- At EU Level these details are provided to the EU and held on a central database
- To register for EORI contact the EORI Helpdesk, e-mail EORI@revenue.ie, or telephone 1890 62 63 64/ +353 67 63209


The benefits and impact of being AEO certified.

- **Authorised Economic Operator (AEO)** status is a certified standard issued by customs administrations in the EU. It certifies that a business has met certain standards in relation to their security, management systems, compliance with customs rules and ongoing solvency. Under a World Customs Organisation (WCO) initiative.
- The intention is that AEO's will be given benefits that will lessen the impact of the new security measures compared to other non-AEO approved businesses.
- The US operate under their own facility known as C-TPAT which has recently been mutually recognised between EU and the US authorities.
- Ultimately AEO will impact the EMEA region on it's global path via the supply chain and the impact will be as follows:
 - Less red tape and bureaucracy
 - Faster movement of goods
 - Reduced costs and time delays
 - Safe traders
 - Increased compliance
 - Recognised in all global regions and markets as it expands.
 - Global recognition of standards and compliance.
- DHL Express is an AEO approved company.

Completing an Export Invoice



- ✓ Shipper Name and EORI details
- ✓ Consignee/Receiver Details
- ✓ Bill to (if IOR is different to the receiver)
- ✓ Invoice Number
- ✓ Incoterms
- ✓ Value of Goods Unit and total Value
- ✓ Gross and Net weight
- ✓ Commodity Code or HS
- ✓ Freight Amount
- ✓ Origin of Goods (preferential origin)
- ✓ Signature and date

SENT BY			PROFORMA INVOICE		
Company Name Address City Country Tel/Fax No. VAT Registration No.			Invoice Number AWB Number		
SENT TO			CARRIER		
Company Name Address City Postal Code Country Tel/Fax No. VAT Registration No.			Terms of delivery : DDU Number of pieces : Total Gross Weight : Total Net Weight : 		
Description	Customs Commodity Code	Country of Origin	Qty	Unit Value	Sub Total Value and Currency
					Total Value and Currency
REASON FOR EXPORT					
I, the undersigned, hereby certify that the information in this invoice is true and correct and that the contents of this shipment are as stated above.					
Signature			Date		
Name					

Incoterms example



- **EXW:** The buyer bears all the costs and risks involved in taking the goods from the sellers premises to the desired destination.
- **FCA:** The sellers obligation is to hand over the goods, cleared for export, in to the charge of the carrier named by the buyer at the named place or point.
- **CIP:** The seller pays for the freight, has the responsibility of obtaining the insurance against the buyers risk of loss or damage during carriage. The seller is responsible for the export clearance and the buyer is responsible for import clearance.
- **DDP:** The seller is responsible for delivering the goods to the named place in the country of importation, including all costs and risks in bringing the goods to the final destination. This includes the customs duties, taxes and customs formalities.

Product Classification



- A Commodity Code or HS Code for imports is a number which equates to the description of the goods being imported
- The rate of duty can be calculated from this commodity code
- Commodity Codes can be obtained by accessing the database TARIC
- http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en
- Commodity Codes can also be obtained by contacting the Revenue Classification, Origin and Valuation Unit tarclass@revenue.ie.
- Customs may disagree with your classification of a product so there is always an option to apply for a BTI (Binding Tariff Information).
- Dual Use

Vat and Duty Calculations (landed cost)



- A **landed cost** is the total price of a product once it has arrived at a buyer's door.
- The **landed cost** includes the original price of the product, all transportation fees (both inland and ocean), customs, duties, taxes, insurance, currency conversion, crating, handling and payment fees. (For Example)
- Irish taxes are based on the **CIF** value of the shipment
- This ultimately means that the 'value of the goods, insurance and the cost/freight charge' are added together before the calculation begins.
- Most shipments involve Inco terms EXW, the shipment tariff rate is used to calculate the freight amount for the taxes. In IE VAT is 23% and Duty depends on the nature and use of the goods.
- TAS (trader automated solution) Application.

Vat and Duty Calculations....



Note:

- Additional charges. Some carriers will charge clearance fee's in destinations countries for customs services.
- Customs clearance in non EU countries requires your knowledge of formal vs informal entries (i.e. EU€22, US \$2,500 and AU \$AUD 2000.
- Undervaluation of goods can lead to penalties and fines.
- Update your website so customers are aware duties and taxes may apply.

			Example
A	Declared Value of Goods	From exporters invoice	100.00
B	Add in Customs Freight Charge	Depends of origin, weight etc.	118.50
C	Total Value for Customs Purposes	A+B	218.50
D	Calculate Customs Duty (example 5%)	Based on description & tariff code	10.93
E	Add Customs Duty to the Total value	C+D	229.43
F	Calculate VAT @ 23%	E X 0.23	52.76
G	Total Payable to Customs	D+F	63.69

Restrictions and licenses



- Vat Exemption form. = exempts vat only not duty.
- IP authorisation. = exempts vat and duty
- End Use authorisation. = exempts duty only
- BTI form. = Binding Tariff Information (Tariff code can not be disputed once received.)
- Temporary Import/Export

Brexit Options...



- **A European Economic Area (EEA)** scenario, where similar levels of trade costs between the EU and the UK as are currently observed between the EU and the EEA members (Norway and Iceland). The scenario includes duty free trade for most products.

Border inspections on EU-UK trade will add customs costs. The risk of regulatory divergence for both goods and services is lowest in this scenario.

- **A Customs Union (CU)** scenario, where the EU and the UK agree on a traditional customs union agreement (Turkey). The scenario includes duty free trade for most products.

Border inspections on EU-UK trade will add customs costs. This scenario implies a higher risk of regulatory divergence for both goods and services relative to an EEA-like scenario.

Brexit Options...



- **A Free trade agreement (FTA)** scenario, where we assume that the EU and the UK agree on a free trade agreement (FTA).

The scenario includes duty free trade for most products. Border inspections on EU-UK trade will add customs costs. As in the customs union scenario, there is a risk of emerging regulatory divergence between the EU and the UK in both goods and services.

- **A WTO Scenario (WTO)** scenario, where we assume that trade will be governed by WTO rules and agreements. In this case, the UK and the EU will impose tariffs and quotas on each other's goods as they would with any other third country.



Brexit & Diversification into new markets



Brexit...every crisis brings opportunity



- Ireland Inc has large exposure to UK market
- Diversification into new markets key to reduce exposure to Brexit for Irish businesses
- Brexit the spark to move into new markets
- EU Land of Opportunity
 - 63% of Purchasing managers looking to re-source UK inputs from EU
- 450m consumers in EU (excluding UK)
- Global markets more accessible than ever from Ireland



WHEN WRITTEN IN CHINESE, THE WORD

CRISIS

IS COMPOSED OF TWO CHARACTERS

ONE REPRESENTS

DANGER

AND THE OTHER REPRESENTS

OPPORTUNITY

危机

John F. Kennedy

Brexit...what's happening on the ground in Irish SME's?



- Tracked over 2,000 Irish SME's Post Brexit vote.....
- What we wanted to track....
 - 1. What was the impact on UK volume
 - 2. What was happening to shipment profile (i.e. was diversification happening)

UK Volume
+12%

Non UK Volume
+17%

USA/Canada
+32%

Europe
+17%

DE 25%,
ES 22%,
FR 17%,
IT 16%

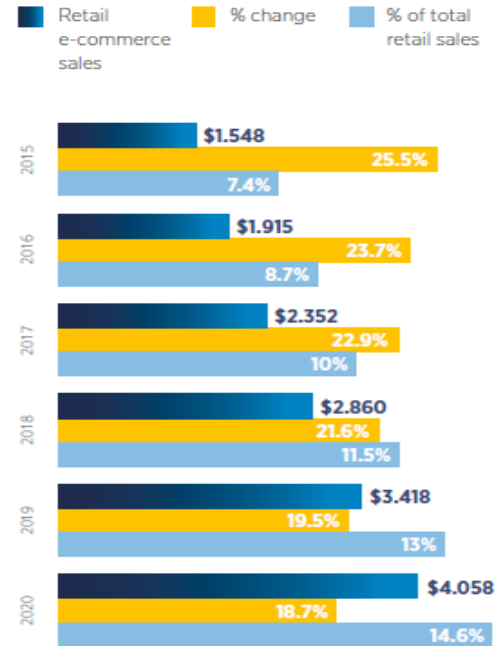
eCommerce volume growing at a faster rate!!

eCommerce...a route to diversification



- By **2020 eCom worth \$4trn** (approx. 15% of retail sales)
- Cross border will outperform domestic transactions at a **compound rate of 17%** between 2017 and 2022
- According to Forrester, **Ireland** is one of the countries with **strong potential** for a quick and effective expansion
- According to Sales optimise **only 20%** of Irish on-line retailers quoted international shipping as an option
- Website needs to be clearly open for **International shipping**
- **“Uber effect”** – instant gratification and the **age of immediacy**

RETAIL E-COMMERCE SALES WORLDWIDE 2015-2020



**THANK
YOU...**

Questions?

