



**HOUSE OF COMMONS**  
LONDON SW1A 0AA

25<sup>th</sup> March 2021

*Dear Constance,*

**RE: TRADE BETWEEN THE UK AND EUROPEAN UNION COUNTRIES**

Thank you for your recent correspondence in respect of your concerns regarding the cost of importing and exporting products to and from the EU. I have read your comments on this issue with interest.

The *Trade & Cooperation Agreement* is an historic achievement that delivers on the promises of the EU referendum in 2016 and the Conservative Party manifesto which the British people supported in the General Election in 2019, and which I was proud to stand on. It ensures that the UK takes back control over its money, borders, laws and fisheries, with no role for the European Court of Justice. The Government was always clear that the UK would be leaving the Single Market and the Customs Union. The UK and the EU are now in different customs territories and there are inevitably changes to procedures at the border.

While the UK and the EU do not share a common rule book for goods, the agreement does provide for tariff and quota-free access for the entry of UK goods into the EU Single Market. This is a significant benefit for businesses across the country.

Products which do not substantially originate in the UK or the EU are, however, subject to customs duties. This is because these products are not classified as UK or EU goods and so cannot benefit from the preferential treatment that the trade agreement provides.

Customs duties payable on non-UK originating goods exported to the EU only apply when the customs value of the goods exceeds €150. The customs value of the goods includes the price paid for the product, insurance costs and shipping fees. Full details on rules of origin requirements are available at the following address: [www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu](http://www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu)

Regarding your concerns relating to the registration and the collection of VAT on behalf of HMRC, I understand that HMRC published clear guidance on how EU based businesses could be ready to trade with the UK this year, and this guidance is still available at: <https://www.gov.uk/eubusiness>.

It is correct that if a business is based outside the UK, it must pay import VAT on parcels sold to UK buyers if the goods are worth £135 or less to UK buyers. If selling goods sent in parcels worth over £135, the import VAT, Customs Duty (and Excise Duty where applicable) should be paid by the UK buyer and collected by the parcel operator. This ensures that goods from EU and non-EU countries are treated in the same way and that UK businesses are not disadvantaged by competition from VAT free imports.



Indeed, in order to help smaller businesses adjust to new customs rules, such as VAT and rules of origin, a £20 million SME Brexit Support Fund has been announced. Businesses will be able to apply for a grant of up to £2,000 to pay for practical support and professional advice on trading with the EU. Customs procedures have also started being introduced in three stages as of January, in order to provide time for traders to adapt to new customs arrangements.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

*With best wishes,*

A handwritten signature in blue ink, appearing to read 'Tom Pursglove'.

**TOM PURSGLOVE MP  
MEMBER OF PARLIAMENT  
CORBY & EAST NORTHAMPTONSHIRE**