

ISME is grateful to the members of the Select Committee for this opportunity to address you.

Following the Brexit referendum result in 2016, a great deal of focus was placed on our export sector, particularly food exports to the UK. In terms of Ireland’s overall trade balances, this was inappropriate.

While Ireland had an overall trade surplus of €75bn in 2020<sup>1</sup> we had a trade deficit with the UK of €5.4bn. The SME sector is disproportionately dependant on these exports. The CSO table below shows that 67% of UK imports are accounted for by SMEs.

### Imports from the UK by Size of Enterprise 2018<sup>2</sup>

Enterprise Size	€million	% of Value	Number of Enterprises	% of Enterprises
Micro	5,450	23	18,463	68
Small	5,013	21	6,396	24
Medium	5,306	22	1,669	6
Large	7,308	31	496	2
Unknown	554	2	50	0
<b>Total</b>	<b>23,631</b>	<b>100</b>	<b>27,074</b>	<b>100</b>

These imports do not simply materialise in our warehouses, factories and shops. They are imported by professionals like Roche Freight. Since January 1<sup>st</sup>, the landscape for importers from the UK has been profoundly altered by Brexit. While we appreciate that professionals in our Revenue and Customs services are working hard to minimise disruption, this is not happening quickly enough. I have included at APPENDIX I correspondence between Roche Freight and Revenue in Rosslare, which will illustrate the complexity of the issues.

These issues will shortly result in significant reductions in stocks to which the domestic Irish economy has become accustomed over long decades.

In order to mitigate the costs being imposed on freight across the Irish Sea post Brexit, we need to address the following:

1. **The issue of Movement Refence Numbers (MRNs) before Revenue debits VAT & Duties.** Revenue is debiting VAT and duties due by the importer 30 minutes before port arrival. In cases where the importer has multiple inbound shipments, Revenue may make a deduction which means the importer has insufficient funds to clear a shipment which is 30 minutes from port. The importer can transfer funds during working hours via ROS, but outside working hours, this can hold up the other shipment(s). Revenue’s offered solution to this issue is not practicable at present.
2. **Co-loaded shipments,** i.e. those with goods for both Northern Ireland and the Republic, have been a feature of UK Ireland trade for three decades. These have been

<sup>1</sup> <https://www.cso.ie/en/releasesandpublications/er/gei/goodsexportsandimportsdecember2020/>

<sup>2</sup> <https://www.cso.ie/en/releasesandpublications/ep/p-ptc/profileoftradingenterprises2018/importsfromtheukbysizeofenterprise/>

effectively stopped by Brexit, with significant implications for shipping costs. We understood that NI businesses were to be given an “XI” number to facilitate this, but it has not happened. The stop-gap fix by the Northern Ireland Government using the Trader Support Service (TSS) is too cumbersome.

3. Movements of **goods from UK to Ireland which require Department of Agriculture notification** need better coordination with the Customs and Revenue authorities. We have had a shipment cleared by Customs and delivered to Dublin which was subsequently recalled by DAFM. This cannot happen.
4. The **“Rules of Origin” issue is causing severe problem for Irish importers** purchasing EU goods from UK distributors: they can never order from EU countries in the quantities that many UK distributors can.

My colleague Damien Roche, Managing Director of Roche Freight Ireland, will explain the necessity of these reforms and the background to them.

## APPENDIX I

**From:** Damien Roche <[DRoche@rochefreight.ie](mailto:DRoche@rochefreight.ie)>

**Sent:** Saturday 13 February 2021 12:03

**To:** XXXX, [XXXX@revenue.ie](mailto:XXXX@revenue.ie); YYYY, [YYYY@revenue.ie](mailto:YYYY@revenue.ie)

**Subject:** [EXTERNAL] Issues with Import Entries

Hi YYYY

I am copying in XXXX as she may remember some of the following issues I raised during the meetings and webinars we had at Rosslare. As I explained I have been completing Customs Entries since 1983 so I believe I have enough experience to understand the process. I have a few of issues which I am sure you are aware but would like to bring them up as below.

When doing an Import Entry back in the 90's and I don't believe it changed up to last year. You sent the entry to Revenue and you only got the entry back if everything was correct and the importer had money on their TAN for VAT & Duty. Last weekend (Sunday 7<sup>th</sup> Feb) we noticed that when our trailer came in, we had 3 entries that stated insufficient funds. This was after the Importer had registered us to use their EORI number and said they had put money on their REV/PAY account on the Friday. By Revenue issuing the entry number on the Friday we assumed all was in order and loaded the goods on the trailer and that included revenue had got their money due to them. This led to us not being able to move our trailer from the port and other customers were affected with delayed deliveries due on Monday. So surely the logic should be the entry does not give you an MRN number until everything is ok?

**The Union Customs Code allows for pre-logged declarations up-to 30 days in advance of presentation of the goods. As a result of that change, and in building AIS in compliance with UCC, no initial credit is completed as it would not be expected to have funds in the account in advance of the actual arrival of the goods. No one is going to do an entry 30 days in advance as they won't have the correct shipping details or trailer numbers. The country is hardly able to submit entries in time a day before arrival. So a very poor thought process in my and all the agents processing entries view.**

**An AIS entry when submitted, is checked for errors (but no credit check done), and its status is recorded as 'registered' and the MRN is issued to the declarant. At presentation of the goods (arrival of the goods into Ireland), the declaration status is recorded as 'accepted' and this is when the credit check is done of the payer's TAN account. Where there are sufficient funds the goods will be released. If there are Insufficient Funds at the time of presentation the declarant will be informed and the goods will not be released until the TAN is topped up. As I explained to you colleague who said it was up to me and the importer to make sure we have money in the REV/Pay account. For example, I could contact the Importer and ensure that the funds are in place. Another shipment might be due in before my shipment arrives, and that agent could process their entry and grab my money. No point is saying the importer should know what is coming. They are unsure of what is coming at the best of times due to the delays in trying to get trailers loaded and in to Ireland from the UK. So whereby I do my job professionally and ensure I have money in place I can be caught out by above. To add to the issue if the entry that has "Insufficient funds" against it is done by another agent and not by ourselves we can't change the entry to allow us to pay the duty so we can move the trailer out of Customs. So if this happens on a Friday night we have to wait until Monday**

morning. Certain companies are insisting on using other agents to complete all their imports and these agents are not 24/7.

In AEP a credit check before the entry was accepted would reject the SAD and following a top up the declarant would have to re-submit the SAD.

The removal of the first credit check in AIS enables pre-lodging of the entry up to 30 days before arrival. In the case of Insufficient funds at the time of arrival the entry will wait for 5 days for a top up, before invalidating the entry. TANs can be topped online through ROS 24/7 and credit will be given in the TAN immediately following payment. In the case above the trailer could have been split and the pallets relating to the insufficient funds issues being collected later. This does not happen. We have seen that it can take up to 24 hours to have money transferred to a REV/Pay account. I discussed this with Fonsa in Nenagh and she agreed with me last year. You are not allowed split the trailer after the declarations have been submitted to Customs. Everything has to be sorted before you can move from Rosslare or Dublin port.

On the same trailer we had a shipment and part of the consignment was from Japan. A letter of origin was got from Sulzer pumps on Monday to confirm everything and this was accepted and was to be posted on the revenue system for further shipments so they the entry would not give a “RED” routing. This Friday we processed the very same shipment and it is due in on Sunday (14<sup>th</sup> February) and the routing back on Friday is “RED” again with the same query. Surely this is wrong? Could you provide more detail in relation to this case (e.g. PBN and MRN)?

The risk system evaluates MRNs based on certain risk criteria and independently to any other MRN. So if there was multiple MRN’s linked to the same letter of origin then it may have been requested for each MRN. If you can share the details we can review the case.

In response to a separate query from another Rochefreight director this issue is being dealt with for future consignments. Equivalent loads will be white listed in the future. This is still not happening. Please check below. This went RED again for the 3 weekend in a row

General				
Error1	Error2	Description	Extra Detail	Comment
Remarks	The Declaration with MRN 211ER051A775C020R7 is RED routed for physical control			

Revenue applies electronic risk analysis to all import declarations and these risk profiles are targeting known risks across a number of areas, mis-classification, incorrect origin, counterfeit goods, unsafe products, as well as SPS restrictions. We continuously review our profiles and adapt and change them based on previous interventions. However, certain risks require us to intervene on all imports. Revenue works with trade where possible, to minimise the frequency of repetitive interventions and trade need to ensure that all supporting documentation is submitted prior to arrival so that the intervention can be completed pre-arrival of the goods.

We also did an entry on Thursday 4<sup>th</sup> February but our staff had put the EORI number of the importer as the company paying the duty & Vat. This was a mistake on our behalf, and we did a Sad correction to put our EORI (TAN) which has over €80K on it with Revenue. The customs officer on duty said this was not allowed and we had to wait until nearly 11am on Friday morning to get the trailer released. This is surely wrong. In the past you changed the TAN and the SAD would check the new TAN and issue a routing. So was has this logic changed? **We did have technical issues with AIS around this time and perhaps the officer felt that submitting the amendment would result in the declaration becoming stuck. I understand the case was resolved and the goods were released.**

On all of the above issues the Customs at Rosslare are unable to sort as they are not using their discretion but applying the rules from a booklet. We need officers to understand that if things have been checked and all in order and if the system doesn't allow them to turn the routing to GREEN then they should let us proceed and deal with the matter later.

**Brexit and its implications have been a learning exercise for all of us and Revenue continuously strives to give the best customer service possible. We are adapting processes and adding new training elements for staff based on trader experiences as we all become more familiar with these new supply chains being subject to customs formalities. That's why a Customs officer should be able to make a decision that everything is in order and that they Revenue system has an issue and release the goods and not hold it up. The issue should be dealt with later in the day but the customs officer and Revenue's software department/provider.**

I have also noticed that on rejections on the front screen of our system we get "ETA not reached" this would bring a staff member to double check the date, time & ship arrival details. When this is checked it is shown to have been entered correctly. We then go into responses and the rejection would state something completely different in some cases back to above, "insufficient funds". Surely the rejection should read on the front screen what it is. Maybe this is our software providers fault but I would appreciate clarification. Screen shot below. **This is an issue to be raised with your Software provider as their system dictates how messages are displayed to the user. This is still on going and within the last few days we have been told it is our issue. Again, it would be better if Customs staff were honest with us so we can work through this together and not fob us off with "its your issue or check the AIS guidelines"**

It was agreed last year that a process would be in place for forwarders/hauliers like ourselves that have large volumes of shipments from South Wales/South West England that go to the Republic of Ireland and Northern Ireland. Up to the end of last year we could mix these without an issue. Since the 1<sup>st</sup> January we are now sending trucks half full via Liverpool-Belfast with Northern Ireland freight which is costing over STG£280 per trailer in extra costs because we can't mix this with Republic of Ireland freight. We have now been told the system is working to move freight through the ports of Pembroke/Fishguard where the TSS will issue us with a Transit number which we will enter to the PBN. But only for trailers with Northern Ireland freight. This is not working that well and holding up freight getting to the North. Is there any other way around this?

**You can have goods for NI and IE in the same vehicle. You then have a number of options as to how to handle the consignments. All goods could be cleared in IE using AIS but then duty would have to be paid on the NI destined goods. Alternatively, goods destined for NI could be put under a T1 transit with an office of destination of NI. The IE destined goods could move to Ireland under a direct**

import. Either the Import declaration / Transit declaration and the ENS are added to the PBN. That won't work as the NI customer will not pay Duty when there is no need.

In relation to the above I recall there was an agreement we could mix Northern Ireland freight & Republic of Ireland freight on the same trailer and process the import entries as normal and as long as the Northern Ireland customer had an XI (EORI) number this would work. This doesn't seem to be the case. Where are we on that solution? **The XI EORI number is valid to be entered in the AIS system. However, as mentioned above, if you declare NI destined goods for clearance in IE then these goods cannot avail of the NI Protocol direct transport benefits.** Same answer as above

Is there going to be a solution in relation to Northern Ireland freight arriving in the South and going for onward delivery to Northern Ireland as above. Recently we brought a shipment in via Holyhead-Dublin as "Roadking services" outside of Holyhead are more of a way with the procedures in the TSS and issuing a TAD. Our delivery point was outside of Newry but Border force emailed our UK office saying we had to report with the load of packaging to Belfast port. Which we explained was over 20 miles further on from our delivery point. **The Office of destination listed on the Transit declaration is where the load would need to report to. HMRC should be able to confirm any other available offices. Options are available with regard to OoDestination for NI for transits handled by TSS. You can contact that service to find out more about the end of transits at the point of delivery.** <https://www.gov.uk/guidance/trader-support-service> They won't talk to an Irish Company. Only a UK or NI registered company.

We have also seen that some of our UK clients have moved their shipments to Northern Ireland hauliers. I was on the TSS webinar on Tuesday 9<sup>th</sup> February and I posed the following question. (ZZZZ) was representing Irish Customs but the question to follow wasn't aired. If there are goods on a trailer that goes GB-NI with a Northern Haulier how do Irish Customs get an import entry for shipments to the Republic of Ireland? And more so, if the goods are required to have Health or physio certs for the attention of the department of Agriculture how do they check the goods. I have reported an incident to the Dept of agriculture whereby Rosslare advise us and we forward the email to the UK customer the shipment would not be allowed enter the Republic of Ireland. Subsequently and Northern Ireland haulier picked the goods up from our depot in Swansea and the goods were delivered a couple of days later in Dublin. **All goods arriving from GB-NI with destination in Ireland have two options either to customs clear on HMRC systems, paying any relevant duties, they are then in free circulation to move to Ireland without any further customs formalities. The other option is to move under transit to a TSF in Ireland where clearance can be completed on the AIS system and the transit declaration closing. Any goods subject to SPS checks will have those completed in NI, before moving to Ireland. So my point is the Northern Ireland haulier is able to smuggle goods in via NI port for the ROI as they are not been checked.**

I also brought up at the meetings and webinars that Rochefreight would be against companies using one Agent to clear their goods. I said that if there were issues on the entries after hours and at the weekends these representatives would not be working. Revenue clearly stated at all meetings and webinars that freight would move smoothly and there would very few checks. Customers then appointed Forwarders/Customs clearance agents based on this. I was told that if the trailer or ship was wrong on the import declaration it didn't matter to customs as their system was pulling routings and inspections from the PBN and not the entry and that the entry could be amended later as not to hold up freight. This is certainly not the case as we had an issue last week where we got our trailer

routed green but a forwarder had entered in the wrong trailer number and after our trailer was on route to Dublin we got a call saying their shipment had gone Orange. So how did this happen? Customer are now seeing the my experience was correct last year and are now asking us to clear goods on our trailers but not all of them are. **Can you give more detail on this example as I am unsure what the issue is?**

We also had a load cleared by routing for inspection by the HSE and then we got a routing Green. An hour later the routing went back to Orange because the Dept of Agriculture wanted to look at the goods. We had to bring the trailer back to the Kilrane Customs post. **If we can be provided with specifics on this incident we will investigate what happened.**

SAD Items(1) 4/9 Addition-Deduct Seller/Buyer/Rep Responses Declarant VAT Duty Notes Apportion Weights Docs

Import/Export Customs MRN No Clearance Date Routing Job No Customer Ref.  
 Import 211EROS1D503CF56R1 02/09/2021 **ETA NOT REACHED** RF1249403

Status IM404 Corrector

3/1 Exporter CAP007  
 Name Capital Coated Steel  
 Street And Number North Blackvein Industrial Estate  
 Wattsville  
 GB  
 Country GB  
 PostCode NP11 7PX  
 3/2 Identification Number NR

3/15 Importer AUB001  
 Name Aubren Limited  
 Street And Number Portlaoise Business & Techn  
 Mountrath Road  
 Country IE  
 PostCode R32 XT95  
 3/16 Identification Number IE6344861D

MSG Type H1  
 1/1 Decl. Type IM  
 1/2 Additional Decl. Type D - For lodging a sta  
 Total Items 1  
 6/18 Total Packages 3  
 2/4 Reference Code/UCRN 45RF125T

5/14 Ctry Dispatch GB UNITED KIN  
 5/8. Ctry Destination IE IRELAND  
 7/9. Transport on Arrival 10 7901760  
 7/2. Container 0 -  
 4/1 Delivery Terms DAP  
 4/1 Ctry Code IE IRELAND  
 4/1 Location Name PORTLAOISE  
 Switch from Country to UnLocode?

7/15 Nationality of Trans at Border GB UNITED KIN  
 4/10 Currency EUR  
 4/11 Amount Invoiced 4307.80  
 4/15 Exch. Rate 1.00000

8/5 Nature of Transaction 1  
 7/4 Mode of transport at the border Sea (1)  
 7/5 Inland mode of transport  
 Customs Office of Lodgement IEROS100  
 5/26 Customs Office of Presentation IEROS100  
 5/27 Supervising Customs Office

5/23 Location of Goods IEROS100  
 5/23 Type of Location  
 5/23 Additional Identifier  
 5/23 Qualifier Identifier QU

4/8 Payment Method E - I  
 3/46 Person Paying the Customs Duty Identification No. IE6344861D  
 2/6 Deferred Payment

2/1 Simp. Decl/Prev Docs 2/2 Additional Info. 2/3 Docs-Certs-Refs 3/37 Supply Chain

Type	ID	Delete
ID95	45RF125T	
U118	NAI	
D.aspx?AEPID=1061#tab5ov44		
	45RF125T	

2/1 Simp. Decl/Prev Docs 2/2 Additional Info. 2/3 Docs-Certs-Refs 3/37 Supply Chain

Type	ID	Delete
ID95	45RF125T	
U118	NAI	
N714	45RF125T	
N380	279212	
1A05	IEPOSTPONED	
ID24	202102081600	

SAD/AIS No: 1982 This SAD Has Been Routed - To Amend And Send A Corrector SAD tick the Corrector SAD tick box

SAD	Items(1)	4/9 Addition-Deduct	Seller/Buyer/Rep	Responses	Declarant	VAT Duty	Notes	Apportion Weights	Docs
Routing		Clearance Date	HRN No	Message	Date	Time	Status		
Amendment Request Registration Acceptance		02/09/2021	211EROS1D503CF56R1	Customs Received message	09/02/2021	17:52	IM404		
			fe34e4e9-e72e-4767-9858-95b89adfec2	Customs Received message	09/02/2021	17:51	ACK		
				COR Sent To Customs	09/02/2021	17:51	SENT		
General Notification and Request Information		09/02/2021		General Notification and Request Information	09/02/2021	17:48			
ETA not Reached		02/09/2021	211EROS1D503CF56R1	Customs Received message	09/02/2021	17:47	IM428		
			47350269-2f0e-4583-ec33-ba24fada09c	Customs Received message	09/02/2021	17:45	ACK		
				COR Sent To Customs	09/02/2021	17:45	SENT		
				IM432 Sent To Customs	09/02/2021	17:45	IM432SENT		
Customs Declaration Acknowledgment		09/02/2021	211EROS1D503CF56R1	Customs Declaration Acknowledgment	09/02/2021	08:44	IM415V		
			ecf937e4-1319-4173-9fc7-de52d57e2eda	Customs Received message	09/02/2021	08:44	ACK		
				SAD Sent To Customs	09/02/2021	08:44	SENT		

General

Error1	Error2	Description	Extra Detail	Comment
Remarks	Insufficient funds: 1076.95			

I would like to point out that all of the above is not a rant but issues that need to be addressed as we need to keep freight moving.

**I would appreciate a response any maybe at this stage a meeting arranged for me with Customs Higher officers the Dept of Agriculture to go through these issues. From a Revenue perspective there is no problem arranging a meeting locally.**

Many thanks in advance.

**Damien A. Roche**

**Managing Director**

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