Institution **CIOT - CTA**
Course **Adv Tech Cross-Border Indirect**

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID

Count(s)	Word(s)	Char(s)	Char(s) (WS)
Section 1	**962**	**4572**	**5523**
Section 2	**1479**	**6418**	**7876**
Section 3	**990**	**4474**	**5453**
Section 4	**1079**	**5135**	**6197**
Section 5	**970**	**4377**	**5294**
Section 6	**412**	**1949**	**2358**
Total	**5892**	**26925**	**32701**

Answer-to-Question-_1_

We must first look at the supplies made by Salafit in the UK. These are supplies of services which would by default be taxable where the customer is established in B2C cases and outside the scope of UK VAT (since supplier is US established). HOwever, there is an exception to this rule under Sch 4A VATA 1994 where the supplies being made are electronically supplied. In this case, the place of supply would be where the customer belongs in B2C cases.

An electronically supplied service is one, generally made over the internet, where there is no need for a human to intervene in its supply directly. Since the fintess programmes here are all pre-recorded and are accessible at all times, there is no need for a human to intervene (eg. to lead an online class) so the services will be electronically supplied and are taxable in the UK where these are supplied to UK resident individuals.

Salafit would be liable to collect UK VAT on these supplies. Since Salafit is established outside the UK, it will not be entitled to a threshold and must register for UK VAT from the first subscription that it sells to a UK individual. It must register within 30 days of the first supply and obtain a UK VAT number. It will not require a UK EORI number.

Where Salafit supplies a club membership, it must consider whether it has to charge UK VAT. Electronically supplied services to relevant business persons in the UK still fall under the general rule for the place of supply of services. The place of supply will be where the clubs/gyms are established. Under s.8 VATA 1994, since Salafit is established outside the UK, it is not liable to collect UK VAT on general rule services to UK relevant business persons. The customer does not has to be VAT registered but must just prove to Salafit that it is 'in business'. If the club/gym is too small to be regsitered, it can instead prove that it is in business by providing eg. evidence of commercial bank account or a

commercial lease.

Where fitness centres process payments and pre-populate the membership agreements on behalf of Salafit, under the principles of the Fenix international case, it is likely to be considered as liable for the collection of VAT on the memberships to individuals even if it is not providing them in their own name. There would then be a deemed supply of services from Salafit to the fitness centres.

The discount provided by Salafit on the fitness centre's own subscription as a reward for signing up members for the individual descriptions would seem not to be associated with the main supply of the club subscription to the fitness centre. This is a separate supply of agency services provided by the fintess centre to Salafit, even though the consideration is made via a discount to a separate supply. If the fitness centre is deemed to be an undisclosed agent for the subscriptions deemed to be sold on to the individuals, then the value of this agency service would be subsumed into the value of the deemed supply from Salafit to the fitness centre (the fitness centre would need to account for a mandatory reverse charge on this service under s.8 VATA 1994).

However, if the fitness centres are not deemed to be liable for the VAT on the supplies to the end customers, then the supply it is making would be disclosed agency services under the general rule, meaning the place of supply would be where Salafit is established in the US. These supplies would then be outside the scope of UK VAT. It is important to note that these are not supplies of B2C intermediary services since no consideration is taken from the customer for these by the fitness centres.

For the nutritional coaching, these will not qualify as electronically supplied, even if the sessions are done over the internet, since it involves the intervention of a human being.

Since the nutritionists will be engaging with the customers in their own name, there will be a supply of general rule B2C services from the nutritionists to the customers. The place of supply will be where the supplier is located. If the supplier is in the US, then the supplies will be outside the scope of UK VAT. However, if the supplier is in the UK and has a large enough turnover to be VAT registered (GBP 85,000 per year), then they will need to charge UK VAT, unless the customer is outside the UK.

There will then be a supply of intermediary services made by Salafit. The question here is whether the supply of intermediary services is to the customer or to the nutritionists. Since the service involves the advertising of the nutritionists services on the Salafit website, the recipient of the services will be the nutritionists. Salafit is acting as a disclosed agent since the nutritionist contracts directly with the customer. The disclosed agency service will therefore be a B2B general rule service to the nutritionist (taxable where nutritionist is). Salafit will not be required to charge UK VAT to the UK established nutritionists under s.8 VATA, even if the nutritionist is not UK VAT registered. Instead, if they are not UK VAT registered, the value of the supply will count towards their UK registration threshold.

Under the same general rule principles, the supply of agency services to the US established nutritionists will be entirely outisde the scope of UK VAT.

The value of these supplies will be the 20% commission plus the 3% card transaction fee. The 3% card transaction fee will form a single supply with the 20% commission since it would be artificial to split this from the main supply.

--------------ANSWER-1-ABOVE---------------

--------------ANSWER-2-BELOW---------------

Answer-to-Question-_2_

Pachtenon GmbH (P) must consider whether it is making a supply in the UK and what its registration obligations are, if any.

It will be delivering goods into the UK from outside the UK which means there will be an importation of the goods into the UK. There will be import VAT due on the import of goods and the declarant will be liable for the payment of this import VAT. Only the business which owns the goods will be eligible to deduct the import VAT.

Under the UK VAT Act 1994 (VATA), the time of supply of goods which are installed or assembled by or on behalf of the supplier is when the installation is complete. Similarly, the place of supply is where those goods are installed. This means that P will be deemed to own the goods when they are being imported into the UK since P's own engineers will undertake the installation. P should therefore be made liable for the import VAT. It will require a UK EORI to do this and will have to nominate an indirect customs representative to be declarant on the UK import documentation. Even though ZBUL (Z) has its own EORI and VAT registration, it will by default not be eligible to deduct the import VAT on its VAT return if it is made liable for the import VAT. This is because it does not own the goods being imported as per the case Weindel Logistik. This restriction will apply even if the goods are ultimately not accepted.

When the goods are initially sent on trial, as long as there is no specific charge for the

rental of these goods on trial for four weeks. P will not be making a supply of goods in the UK. It will still need to be importer of record for the goods since they are still owned by P. However, if the goods are then simply returned back to Germany, P will never have made a supply of goods within the UK. Since it will have incurred import VAT at customs for the goods, it would then be eligible to apply for a refund of the VAT via the UK VAT refund scheme. It would have to prove that the goods had subsequently left the UK with evidence of UK export so that HMRC are satisfied that the goods were not sold or disposed of within the UK.

If the goods are approved, P will make a supply of goods within the UK when the goods are installed. This is also when the goods are put at the disposal of the customer as owner. As no reverse charge applies, it will be liable to collect VAT on this supply of goods. As it is not established in the UK, there will be no threshold below which it is not required to register. P will therefore need to apply for a UK VAT registration within 30 days of being certain the supply will happen so that it can declare and pay the output VAT on the supply. It will be required to register as soon as the deal for the supply of Pax is concluded (as soon as the goods are approved).

Since there is a good chance that the delivery of the goods to the UK would result in a supply made by P, P could potentially apply to be VAT registered in the UK as an intending trader. This would allow P to benefit from the use of postponed import VAT accounting (PVA) when the goods enter the UK and it would not have to wait to receive its import VAT back. However, there would be the danger of HMRC rejecting this application if it does not agree that P has sufficient evidence that it will make a taxable supply in the UK.

Simplification

If P believes this supply to be a 'one off', there is the potential to apply a supply and install simplification which would allow Z to instead be importer of record for the goods and deduct the import VAT as if it owned the goods. In order to do this, P would have to write to HMRC to inform them of its intentions to use the simplification. HMRC would have to be satisfied that P does not have any future plans to make a supply of installed goods in the UK. The benefit of this would be that P could potentially avoid a UK VAT registration and the compliance costs of eg. appointing a VAT agent or fiscal rep and using MTD to file VAT returns. However, the disadvantages would be that P would not be able to benefit from PVA, would not be able to recover VAT on its costs except through a UK VAT refund scheme claim, and there would be exposure to Z if HMRC disagreed with the application of the simplification and denied its reclaim of the import VAT on the goods.
All-in-all, the simplification is likely not advantageous to P here.

Costs

Since the packing materials will be supplied by a UK business within the UK, the UK supplier will charge UK VAT to P since the goods will be remaining within the UK. P will be entitled to deduct this VAT via the UK VAT return if it becomes registered as it is carrying out taxable activity in the UK.

Warranty & Single vs Multiple supply

When P offers a warranty for the first year free of charge, this is likely to be considered as part of the single supply of the goods. Additionally, the service of analysing Z's operations and designing the machine will also be a part of the main supply of goods. This is because under the principles of Levob Verzekeringen, the consultation and designing of the goods and the actual production of the goods form a single indivisible

supply. To split this supply in two would be artificial as the design is not an end in itself. P is therefore not making a supply of services to Z but only a single supply of the installed goods. The warranty is likely included within this same single supply and would not affect the ability to deduct VAT on its costs via any partial exemption. The value of the design is also inconsequential in comparison to the value of the machine, although this is not really the decisive factor here.

Extended Warranty

Where P provides an extended warranty for the repair of the goods, this is likely to be considered as a separate supply to the main supply of installed goods. This is because it is a separate and independent supply under the principles of Card Protection Plan. This warranty will be a supply of services since it cannot be considered a supply of goods. The place of supply will be where the customer is established under the general rule for the place of supply of services. It is unlikely that the customer will be required to account for any VAT on the supply since the warranty is akin to a supply of insurance services.

If P has elected to use the simplification to avoid registering for VAT, this supply will not require it to become registered in the UK since it is not liable for any UK VAT on it. However, since any costs directly attributable to this warranty will be directly attributable to any exempt supply of insurance services, it will not be able to deduct any VAT on costs associated with the supply.

Where there are supplies of repair services by a third party (the UK established subcontractor), if the subcontractor is UK VAT registered, the place of supply of these services will be in the UK because the principle of effective use and enjoyment applies in the UK to repairs services by a third party where the services are part of a warranty/insurance agreement. Even though the general rule would place the supplies

outside the UK (taxable where P is established in Germany), the place of supply is moved back within the UK since the goods being worked on are inside the UK. The services are therefore used and enjoyed in the UK. The subcontractor will therefore charge UK VAT to P and this VAT will not be recoverable.

If spare parts are sold individually and installed by P, these will again be supplies of goods and liable to UK VAT collected by P.

Once P has undertaken its supplies in the UK, it will be able to deregister for VAT again.

Import VAT value

The value of the import VAT will include the value of the design. Assuming the goods originate in the EU, no duties will be due under the TCA. However, the value of any installation in the UK will not need to be included in the value on which import VAT is paid.

--------------ANSWER-2-ABOVE---------------

--------------ANSWER-3-BELOW---------------

Answer-to-Question-_3_

First, it is important to note that the powders and nutritional blends being imported into Northern Ireland from outside the EU will not be zero-rated in the UK udner sch.8 VATA as beverages and powders used to make beverages are specifically excepted from this zero-rated. We will assume all products being sold are standard rated.

Northern Ireland is still treated as part of the EU for VAT purposes and therefore follows the EU VAT rules on supplies of goods only. For customs purposes, whether EU rules or UK rules apply depends on whether the goods are 'at risk' of moving into the EU. In this case, since the goods being imported into NI are intended either for sale to Irish or GB established consumers, they will be considered as at risk and therefore liable to EU customs duties. If Supco becomes authorised under the UK Internal Market scheme, it can potentially reclaim any duties where the EU rate is higher than the UK rate if the goods are ultimately sold to UK established individuals and it can provde this.

When the goods enter NI from outside the EU, an importation will take place and import VAT will be due on the CIF value of the goods. Since Supco has not sold the goods to Blendorg ltd when importing them, method 1 valuation will not apply. It will likely have to look at valuing the goods based on either method 2 or method 3 if it sells identical or similar goods within the USA.

Since the ownership of the goods will remain with Supco until the goods have been

processed and are sold to individuals, it will by default be liable for the import VAT on the goods.Since it is intending to sell goods to UK individuals, it will be making a supply of goods within the UK and will be liable to collect VAT. It will therefore need to register from the first supply within the UK (within 30 days, no threshold applying under Sch 1A VATA). If it wishes to benefit from postponed import VAT accounting on the import VAT, it can register as an intending trader and obtain the VAT number before the first import. It can then account for VAT under PVA instead of paying it at customs.

Blendorg will be acting as an indirect customs representative for S when it manages S's imports into the UK. This means that it will becomes jointly liable for any import VAT and duties due as it is acting in its own name on behalf of S. This does not mean the goods belong to B though, so it cannot deduct import VAT on them.

Supco will not be eligible to use an inward processing procedure since it is not established in the UK. Inward Processing would have allowed them to suspend the import into the UK until after the processing/blending had taken place and then to import them at the customs rate of the processed goods. However, it would likely not have been advatageous since the goods will be remaining in the EU and more processed goods likely have a higher rate.

Blendorg will ultimately be operating as Supco's fulfiller from within the UK. It will need to make sure that it is compliant with the Fulfilment House Due Diligence Scheme. Blendorg will need to register for the scheme and make sure that S is registered for UK VAT before it begins fulfilling for them. If they are not registered, they cannot fulfilment and must notify them within 30 days of discovering this and then stop fulfilling within 60 days.

S will be making supplies of goods to irish individuals in their own name. The EU

distance selling rules will apply to these supplies. Normally, the place of supply udner art. 32 EVD for a supply of goods with transport is where the transport begins. however, for distance sales, the place of supply will be where the transport ends and S will need to charge Irish VAT to the Irish consumers. S will not be able to benefit from the GBP 8,818 threshold for distance sales which would have meant that UK VAT is due because it is not an EU established business. B does not constitute an establishment of S. By default, S will need to register for Irish VAT and will not be entitled to a threshold as a non-established business. However, it can instead register for the Union One Stop Shop scheme in Norther Ireland to report the supplies to IE consumers through a single quarterly return. HMRC would then distribute the IE VAT to the IE Tax Office.

When B receiving the packaging from Italy into NI, there will be an intra-community acquisitions from Italy. If the packaging is invoiced directly to S by the IT supplier, S will need to obtain a VAT number beginning 'XI' in order to avoid being charged italian VAT. The Italian supplier will use the XI VAT number to zero-rate the supply and then S will account for acquisition VAT in box 2 of its UK VAT return. if this happens before its first supply, the acquisition output VAT will trigger a registration obligation.

If B receives the invoice for the packaging, then the same will apply but B will account. The goods can then be resupplied to S as ancillary to the packaging service that B supplies. If the goods cross the GB land-bridge, they may need to be put into an internal transit procedure in order to avoid having to be imported into the UK and then incurring duties on their re-entry into the EU in NI.

The services which B supplies to S are likely to be considered as general rule services and will be taxable where S is established, in the USA. The supplies of the packaging, blending and processing services will therefore be the USA and will be outside the scope of UK VAT.

--------------ANSWER-3-ABOVE---------------

--------------ANSWER-4-BELOW---------------

Answer-to-Question-_4_

It is first important to analyse the supplies which each entity and branch is making and receiving.

For both branches of Cwealth Ltd (in the UK and LU), under the principles of the Zurich Insurance Company case, the branch responsible for making the supply will be the establishment which is closest to the supply. If the UK staff are involved in supplying to UK established customers, then they will be making these supplies. The same is true of the LU branch making supplies to LU customers. It will not matter here if the branches are providing support to each other as long as it is possible to identify which branch is closest to each supply (eg. if the contact for the customer is in a specific place and they have signed a contract with a specific branch)

Cwealth Ltd supplies (UK est)

The main UK establishment of Cwealth Ltd (CW UK) is making supplies of services to individuals and to businesses in the UK. The supplies of deposit accounts will qualify as exemption under Sch 9 of VATA 1994, however the supply of financial advisory services will not and will be a taxable supply of services. CW UK, both branches, will therefore be partially exempt and will need to restrict their input VAT deduction in line with their partial exemption percentage.

Cwealth Ltd (LU est)

The main difference between the UK est. and the LU est. of CW UK is that the LU est is established within the EU and the problem lies in the supply of exempt services to non-LU based customers. Where the LU est. makes supplies to LU customers, exempt services they will supply will be exempt from VAT and input VAT directly attributable to them will be restricted. However, where the customers are in the EU, the place of supply in B2C cases will be where the supplier is established and the supplies will still be exempt from VAT. In B2B cases, the place of supply will be where the customer (not in LU if the customer is not established in LU) is established but since the supplies would have been exempt if the place of supply were in LU, the input VAT will still be restricted.

Suggestion 1

Where exempt services are being provided, if the UK establishment were to provide the services instead, they would be able to deduct the input VAT directly attributable to them under art. 26(2)c of VATA 1994 since there is a Specified services order which would make these supplies taxable if the place of supply is outside the UK. Under Sch 4a group 16 of VATA 1994, the place of supply of financial services to non-UK established individuals is where the individuals are established. (The EU has similar legislation where the customer is established outside the EU (not just outside LU)). This would therefore allow the UK co to improve its VAT recovery position on directly attributable costs and on residual input VAT. It would be unlikely that HMRC or the LU tax office could challenge this position because there would be no reason why the suppplies to EU customers would have to be supplied by the LU establishment.

Suggestion 2

Equally, the LU establishment could make supplies of the normally exempt services to UK customers and the UK establishment could make supplies to the UK customers to potentially improve the VAT recovery position further. HOwever, under the principles of Newey t/a Ocean Finance, a business can only claim to make supplies from a certain establishment where a genuine commercial reason exists for the supplies to be made from there. Considering it would be artificial for the UK and LU establishments to make supplies to customers in each other's countries, tax offices would like be able to regard the supplies as if the abusive arrangement did not exist under the principles of the Halifax case.

Even so, it would seem advantageous not to make the funds established in each country exclusive to the clientelle of that country (eg. the fact that the collective funds in LU are not advertised to UK customers), since this means that the LU branch is potentially losing out on business from UK customers which could be taxable where the supplies are outside the EU.

Cwealth Ltd supplies intra-entity

Where the UK establishment and the LU establishment make supplies of services to each other, the principle of FCE bank will apply and there will be no supply from one branch to another because the branch cannot have a legal relationship with itself.

Additionally, under the principles of the case of Morgan Stanley, both of the branches will deduct VAT according to the same partial exemption percentage.

Wealth Corporation Supplies

The Canadian entity will be making supplies of taxable management services to the UK and LU establishments. Since this is a supply of services to a business (CW UK), the place of supply will be where the customer is established (either UK or LU). As the supply is made by an entity outside the UK and the EU, a mandatory reverse charge would apply and either the UK or the LU establishment would have to account for reverse charged VAT. Again as with the supplies they are making, the UK establishment and the LU establishment would have to consider whether one is closer to the supply than the other as to who must account for the VAT. The recovery of the input VAT would then be in line with the CW UK's partial exemption percentage.

CW Canada could potentially consider signing separate service agreements with the UK entity and the LU entity in case one country has a lower VAT rate than the other. If LU had a lower VAT rate than the UK, for example, then having the LU's est's support services invoiced to it individually could mean the VAT burden of the irrecoverable input VAT is lessened. Where the software packages invoiced through at cost-plus are intended for specific funds, this would be the most fertile area for splitting the costs per entity.

Wealth Corporation establishment

It is worth noting that the Canadian entity is unlikely to be considered to be established in either the UK or LU due to the existence of the entity there. Under the principles of Cabot Plastics, a fixed establishment cannot generally exist at the premises of a third party if it would mean that the same human and technical resource would make and receive the same supplies.

--------------ANSWER-4-ABOVE---------------

--------------ANSWER-5-BELOW---------------

Answer-to-Question-_5_

1)

Methods 4 and 5 are the sales minus method and the cost plus method respectively. These methods do not have to be used in order and can be interchanged depending on which is more appropriate for the situation. Methods 1, 2, and 3 must be deemed unsuitable for one of 4 or 5 to be used, which is the case here.

Method 4 is known as the 'sales minus' method and involves looking at the sales of goods which happen within 90 days of the importation of the goods into the UK. The value of these sales are taken and any relevant deductions are made to arrive at the correct customs value. The deductions are normally the profit on the sale by the entity which imported the costs, as well as any costs which were incurred after importation (such as storage, further processing etc.). The sales examined cannot be to related entities where the relationship may affect the prince. Any applicable duties would also be deducted to arrive at the customs value.

Method 5 is the cost plus method. This involves looking at the costs incurred to produce the goods for the entity which exported the goods to the UK. To this cost, any relevant additions are then made, such as the cost to bring the goods to the UK or insurance to cover the goods, any selling commissions or royalties associated with the goods, and an

appropriate profit margin for the exporting entity.

Method 4 is therefore calculated from Greabric (G's) sales data within 90 days and is as follows:

Item	Amount	Comment/Calc	
Sales value	112,500	75 x 1,500	Sales to K disregarded
Post import costs	(1,000)		
Profits	(12,000)	8 x 1,500	
Total	99,500		
Duties	95,673	99,500 / 1.04	Removal of 4% duties

Method 4 gives a value of GBP 95,673. This is GBP 64 per unit. The transport and insurance costs to the UK border are not deducted because these would form part of the CIF value of the goods anyway.

Method 5's calculation is as follows:

Item	Amount	Comment/Calc	
Materials	67,500	45 x 1,500	
export expenses	21,000	14 x 1,500	
transport + ins	4,500	3 x 1,500	
Royalties	1,500	1 x 1,500	As long as royalties pertain to use of the goods and are a condition of sale, they are added
Total	94,500		

The total given by method 5 is GBP 94,500. This is GBP 63 per unit.

The benefit of using method 5 here is the advantage that this method can usually only be used where the exporting and importing parties are closely related, since it invovles

sharing information about the profits made on the goods. In this case, it means being able to calculate the value based on the actual profit of the US co rather than the estimated profit for a similar UK co as with method 4. For this reason, as long as the profit estimation given by the US co can be demonstrated successfully to HMRC, method 5 can be used and produced a lower customs value.

2.

The change from declaring import VAT at customs to declaring import VAT using postponed VAT accounting (PVA) is that this would potentially change when the import VAT is due and the date from when any interest due on late paid import VAT to customs would be calculated. Since the import VAT owed at customs is due on the day that the goods are cleared and the date PVA is owed on is the deadline day or submission of the VAT return, often the import VAT paid at customs would be due earlier.

However, one factor to consider here is that G was using a deferment account, meaning the due date of this import VAT paid at customs would have been delayed, potentially lessening the gap. The closest the gap would be would be that the VAT paid at customs would be due on the 15th of the following month and the PVA would be due on the 7th of the month after that.

However, the other thing to consider here is that where a business is fully taxable, HMRC are ultimately unlikely to assess additional import VAT since the import VAT wouild have already been deducted via the VAT return. From the nature of the goods being sold (standard rated goods), it is unlikely to affect the debt notified by HMRC.

3.

The goods in this case have been significantly under-valued at customs (by roughly GBP 43-44 per unit). Since G has been using direct customs representative and therefore directly instructing them on the appropriate value of the goods, they are unlikely to be able to claim that any third parties have let them down as they are solely liable for using the correct valuation.

Since the discrepancy has only been discovered during an audit by HMRC and not diclosed in an unprompted fashion by HMRC, a penalty is likely. If HMRC believe that an dishonest conduct is involved, then the penalty could be 100% of the duties which were underpaid. This would be a civil evasion penalty involving dishonest conduct.

If they do not think it was dishonest, there is the potential for a penalty of between GBP 250 and GBP 2,500 per breach of the correct valuation (likely per declaration made).

However, it is also within HMRC's discretion not to charge a penalty or to reduce the amount of the penalty if no previous civil evasion penalties have been issued within the last two years. In this case, they would be able to write a letter of warning to G and outline what they must do to avoid a repetition. If this is the first offence, this is the more likely course of action from HMRC, especially since G is actively working with its agent to determine the correct valuation method.

--------------ANSWER-5-ABOVE---------------

--------------ANSWER-6-BELOW---------------

Answer-to-Question-_6_

If the goods are kept in a Customs warehouse in Northern Ireland, they are therefore outside the UK for Customs purposes and no Customs duties are due until they are discharged from this special procedure.

Goods can be discharged from the Customs Warehouse special procedure to other special procedures. It may therefore be possible for McHol to discharge the goods from the CW into a transit procedure.

The transit procedure concerned would be an EU external transit procedure as these would be non-Union goods passing through the EU Customs Union. It is worth noting that the goods cannot stop to be processed anywhere through this transit.

However, the problem here would then be the transfer of ownership from McHol to Altool at the UK border. In theory, McHol would have its own right and obligations under the CW special procedure and then Altool would have its own new set of right and obligations. McHol would need to explore whether a transfer of right and obligations can take place in the Customs warehouse take place before Altool then discharges them to a separate transit procedure.

This in turn presents a further problem in that McHol is operating its own customs warehouse. We would assume that this is a private warehouse from which it has obtained an authorisation from HMRC on an SP2 authorisation form. Since the authorisation to keep this warehouse belongs to McHol alone, it cannot allow any other parties to keep goods in this customs warehouse as this would be a violation of its authorisation. So this is not a solution.

When the goods are released from the CW special procedure, they will therefore normally have to be imported into Northern Ireland before they can be entered into a further customs procedure by Altool.

However, since McHol is transporting the goods all the way to Algeria and is etablished in the EU (in NI), it will likely have to peform the function of exporter of record from the EU since it is the only EU established business which is party to the export. It is determining that the goods are exported from the EU. Since the goods are considered at risk of moving into the EU (they will be physically moving through it), they will be

exported from the EU from NI under McHols name and the transit procedure can be put in McHol's name until the goods are safely out of the EU, meaning no EU duties will be due.