

Brexit**UK groups slow to sign up for fast customs clearance after Brexit**

MPs warn companies lack 'trusted trader' status that could shorten border queues



Asos is one of the few UK-based companies to have secured a special status to clear customs more quickly © Bloomberg
NOVEMBER 18, 2017 Vanessa Houlder in London

Britain is lagging behind other large European countries in signing up businesses to a “trusted trader” scheme that could shorten border queues after Brexit.

Just 606 UK companies have been registered by HM Revenue & Customs as “[authorised economic operators](#)” (AEO), a special status that allows traders to clear customs more quickly.

When AEO status is granted by one customs authority within the EU, it is recognised by all the others.

But UK companies make up only 4 per cent of the companies registered across the EU, and Germany alone has more than 10 times as many businesses signed up.

MPs, businesses and industry experts are urging HMRC to register more companies, as concerns mount that the tax authority does not have enough experienced staff to deal with an expected large increase in the number of applications for AEO status after the UK leaves the EU.

Over the course of this year, just 10 UK-based companies a month — including Dyson, DHL and Asos — have secured AEO status, according to [European Commission figures](#).

Honda, the carmaker, has predicted that HMRC will need to handle a [surge](#) of about 12 applications a day for AEO status after Brexit.

Joe Owen of the Institute for Government think-tank said an estimated 130,000 traders would be dealing with customs for the first time after Brexit.

“If we are to say AEO is a big part of how to solve this issue, there will be an awful lot of people applying,” he said.

Annie Gascoyne, head of economic policy at CBI, the employers’ group, said: “While our future customs system is being negotiated, HMRC must start proving it can support business through this change.

“Having the right resources in place to help firms who seek AEO status would be a good place to start.”

Marc Bunch, UK global trade leader at EY, the professional services firm, said: “The UK is likely to lean heavily on AEO if there is a border crisis, particularly to ensure the physical security of the supply.”

He warned that getting AEO approval from HMRC was taking longer, leaving little time before the UK leaves the EU.

“Pre-Brexit it was six months start to finish, now the lifecycle is 12 months and if you work back from March 2019 some companies are starting to feel the pressure.”

Tom Kivlehan, head of indirect tax at BDO, an accountancy firm, agreed.

“Over the past three or four months there has been a noticeable increase in interest in AEO,” he said. “There are still a lot of companies thinking about it and if they commit to act there will be a problem with resources available to support them in HMRC and across the professional services industry.”

MPs last week called on HMRC to promote the benefits of AEO status in two separate reports last week.

In a policy paper on [future customs](#) arrangements published in August, the government said it would look at negotiating mutual recognition of AEOs “to reduce the pressure and risk of delays at ports and airports”.

HMRC has said it is waiting to see the result of ongoing Brexit talks before promoting AEO status.

Mel Stride, Treasury minister, said in a recent interview with the Financial Times he believed HMRC would be able to cope with a marked increase in AEO applications.

“HMRC are very aware of the importance of making sure the process of obtaining AEO status is made as efficient and quick as possible.”

As well as securing AEO status to simplify customs procedures, companies can get AEO status for “security and safety” purposes if their supply chain, record keeping, legal compliance and solvency meets certain [standards](#).

[Copyright](#) The Financial Times Limited 2017. All rights reserved.