WHAT IS A BONDED WAREHOUSE?

Put simply, a bonded warehouse is a storage facility that stores goods under HMRC control. In most cases, this means that goods imported from outside of the United Kingdom are stored without duties and VAT being paid.

The approved warehouse keeper is responsible for the stock integrity and security, and also for ensuring that duties and taxes are paid, where applicable, when goods leave the warehouse.

There are two key types of bond, normally described as 'wet' and 'dry' bonds.
A 'wet' bond stores goods that would be subject to excise (beers, wines, spirits, tobacco etc.) and a 'dry' bond is used to hold general goods.

Alongside this, there are two types of warehouse, a 'public' warehouse and a 'private' warehouse.
As the names suggest, a 'private' warehouse is owned and operated by the owner of the goods under HMRC control.
A 'public' warehouse has authorisation to store any goods owned by a third party, provided the authorisation includes the commodities stored.

WHAT ARE THE BENEFITS TO STORING GOODS IN A BONDED WAREHOUSE?

In a traditional import transaction, goods from outside the UK arrive at the frontier and are cleared through customs by a broker or freight forwarder. Duty becomes due at the point of clearance, either by direct payment or by use of a deferment account.

Either way, the full duty charges are levied at the point of clearance. Since January 2021, the option has existed to avoid VAT payments at import using Postponed Import VAT Accounting (PIVA).

When making use of a bonded warehouse, a customs entry still has to be submitted at the frontier to allow goods to be removed from the port or airport. However, the goods can then be delivered directly to the bonded warehouse under HMRC control without duties and taxes being paid, pending removal at a later date. This gives an immediate cash-flow benefit.

Goods can be discharged from the warehouse in several ways:

Goods are removed from the warehouse to free circulation – daily declarations are made to HMRC and duty and VAT becomes payable based on the date of the release.

In the rare occasions where goods are rejected or faulty, they can be destroyed under customs control with the authorisation from HMRC – duties and taxes are not payable on these goods

Goods are removed from the warehouse to export – when goods are re-exported, duty and taxes are not payable on these goods. Shipping from the UK to mainland Europe is now classed as an export, leading to a reduction in duty and taxes paid for suppliers into Europe. Duty and taxes will still be payable in the destination country, but bonded warehousing avoids double payment of taxes.

With the ever present threat of 'trade wars', there is the possibility that goods could arrive in the UK without the required paperwork and licences to clear the goods at the frontier. The cost of on dock or airport storage can be extremely high. Placing goods into a bonded warehouse can stop these charges from increasing until such a time as the import formalities can be completed.

Whatever your query we're here to help – please get in touch to discover how Paul and the team can help you and your business by calling +44 (0) 1455 200700 or emailing wslutterworth@rhenus.com.