

The Isle of Man is in a unique Customs and Excise union with the UK and by virtue of this agreement, forms part of the Customs, Excise and VAT territories of the European Union. This effectively means all rates of duty, VAT, forms, processes are familiar and proven, giving simplified access to the UK and the rest of Europe, but in a low tax environment.

EPU (Entry Processing Unit) in the Isle of Man

The EU operates a system of customs duties and regimes which are common across the Customs Union. Under this system all goods arriving into an EU port, be it sea or air, must clear Customs and pay any duties/taxes that are due. Businesses have to arrange for the declarations and payments to be made whilst Customs Authorities formally clear the goods from Customs control. The goods generally enter into 'free circulation' i.e. they are released from Customs controls for delivery and trade to any Member State. Alternatively, with the approval of the appropriate Customs Authorities, the goods may be entered, held or processed under a variety of duty/tax suspension regimes.

The Isle of Man has its own electronic Entry Processing Unit (EPU) and importers, exporters or their agents are able to electronically declare their imports or exports of goods from and to non-EU countries into or out of the Isle of Man/UK using the main import/export computer system for the Isle of Man/UK called CHIEF (Customs Handling of Import and Export Freight). This automated system allows importers, exporters or their agents to obtain system-generated customs clearance.

The main trade advantages are :

- The system of clearing, charging and collection is continuous and largely automated.
- The electronic import systems provide accelerated release of the goods through largely automated processes.
- Both the IOM and UK use exactly the same computer system, screens, and procedures etc. which makes it easy for anyone already familiar with importing into the UK.
- The rules, procedures, decisions given in the IOM apply across the whole of the EU.
- The rates of duty charged are common across all Member States and once cleared the duty paid goods can move freely throughout the EU.

At present, traders can land their goods either in the UK or the Isle of Man and are able to declare their goods via the IOM EPU for both territories. Currently businesses importing goods into the EU, must declare and pay import duties and taxes in every Member State into which they enter their goods; this however is due to change after 2010.

Isle of Man Gateway to Europe

It is intended that in the next 2-5 years, a system of 'centralised clearance' will be introduced across the EU and Member States are currently standardising their import and export systems to enable goods arriving anywhere in the EU to be declared and processed in a single Member State. 'Centralised clearance' combined with a 'one stop shop' approach will allow IOM EPU users to import/export goods anywhere in the EU while accounting for their arrival/departure via the IOM. From that point, businesses using the Isle of Man EPU will be able to trade into Europe more efficiently and cost effectively.

Being located in the Isle of Man also allows such businesses to potentially minimise their taxation footprint, provide full access to EU markets, whilst remaining outside the EU for most non Customs and Excise regimes.

As the Isle of Man and the UK are a common area for Customs and Excise purposes, it is necessary for an importer or agent to be in possession of an Isle of Man or, in certain limited circumstances a UK, VAT registration number and an EORI (Economic Operator Registration and Identification number) to use the Island's EPU facility. In addition a Duty Deferment Account must be held and operated through Isle of Man Customs and Excise.

Under the duty deferment system, the goods are imported in the normal manner, but any duties or taxes due at that point are transferred to and held in the account of the importer or agent. Weekly statements are issued for the account, which if approved, are also available online. At the end of each month the amount due for payment to Customs and Excise is notified to the importer or agent. The scheme requires the importer or agent to pay their monthly charges by direct debit on the 15th day of the month following the import.

Through IOM Customs and Excise, authorisation of duty deferment accounts can be completed within 2 days and VAT registration in 7 days or less. Supplies of a similar nature in the UK can take considerably longer.

The Isle of Man and International Trade

Written by IoM Customs & Excise
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Why choose the Isle of Man?

In addition to the Island's competitive direct tax and other advantages we endeavour to operate a joined up system within the Isle of Man Government. Being a compact organisation helps us to do this and our 'one stop shop' approach is used wherever possible.

Assistance with queries is available from an expert at the end of the phone or in person from under the one roof. For 'larger' traders, IOMC&E will appoint a dedicated client relationship manager to co-ordinate all contact and fully assist them to achieve their Customs and Excise needs. For example, we will work with a business throughout the application and implementation process for obtaining Authorised Economic Operator (AEO) status. This is the EU's equivalent of CT-PAT in U.S.A (Customs Trade Partnership Against Terrorism) which, if attained, provides a 'beneficial status' for businesses involved in moving goods through international supply chains.

Having all our services under one roof, this one stop shop approach extends to include contact and assistance with other government and public sector bodies.

Isle of Man Customs and Excise Contact Details

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