

# BREXIT VI1

Update – February 2020

OCTAVIAN





## NEWS – DEFRA POST BREXIT VI1 REQUIREMENT

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As you will be aware VI1 documents will be mandated to accompany wine imports from the EU from 31 December 2020 in case of No deal Brexit (or deal Brexit for that matter depending on what is agreed).

See detailed guidance on Importing and exporting wine from 1 January 2021

<https://www.gov.uk/guidance/importing-and-exporting-wine-if-theres-a-no-deal-brexite>

Regulation (EC) 883/01 This regulation covers the requirement for and the use of documentation issued by the authorities in Third Countries to support the entry of wine sector products into the Community (UK now we have exited) and any subsequent movements of these products up to the moment of entry into free circulation (the VI system). In the UK, the rules concerning the use of these documents for fiscal purposes will be enforced by HM Customs and Excise, and for certification and authentication purposes by the Wine Standards Board (WSB).

It has been well publicised that this requirement will add a significant admin burden for new vintage and chateaux releases, the impact on the secondary market however is far more significant, with no VI1 being held for such wines.

We continue to support WSTA in challenging DEFRA on the ongoing requirement for VI1 from the EU. Such matters will however sit with Government and will form part of negotiations and level playing field discussions.

### SECONDARY MARKET

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Current requirement on VI1 is that all wines be accompanied on entry into the UK, this continues to be the guidance.

We have been liaising with Wine Standards and DEFRA for a positive decision on whether wines need to be accompanied at all times with a VI1 (as is currently the case) or if the VI1 could only be mandated at the point they are entered into UK free circulation (custom duty payment) at the border or in case of customs warehouse, once released into free circulation, effectively shifting the enforcement point from entry into the UK to entry into free circulation.

It is our belief that such a move would be hugely positive for the fine wine trade, ensuring that export sales channels continues to stay open to UK wine trade for secondary market procured wines.

Effectively this change would mean that wines can continue to enter the UK for the purpose of export sales to Hong Kong, Singapore, Taiwan etc. at volumes above the exemption limits (the entirety of the trade secondary market) without the need for a VI1.

Today we have received the below response from the Wine Standards team and DEFRA on potential post EU Exit VI1 requirements; detailed below

*“We would consider products to have entered but not released into free circulation as being technically in transit. I think the point that changes is when duty is paid as then the product is free to be released to market. The basis of a VI 1 is to ensure the product complies with our requirements so this wouldn't be a necessity in a case of somebody consolidating a shipment in a duty suspension environment (as I think the intention is here) for onward transit to the far east.”*

We are delighted that DEFRA and wine standards continue to adopt a business facilitating pragmatic approach. We believe this to be an extremely positive response and one that will be most welcome by the trade. Whilst the UK market may become closed for such wines, having access to the export market ensures this procurement channel remains open.