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Inward Processing Relief (IPR)

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Inward Processing Relief

Inward Processing Relief (IPR) is a customs procedure that lets businesses import goods without paying import duties or VAT, as long as the goods are later re-exported. If the goods are instead released into free circulation, duties and VAT can become payable. HMRC calculate VAT based either on the original imported goods (such as raw materials) or on the final product after processing, depending on the authorisation granted, the raw materials and finished product.

How it works

Under IPR, eligible goods such as raw materials, components, or items for repair can enter the country duty-free. The imported goods must undergo a specific processing, transformation, or repair activity before moving to the next customs procedure. Simple storage or resale without processing does not qualify.





Compliance essentials

Businesses applying for IPR may need to provide a financial guarantee to cover potential duties if goods fail to be discharged, ensuring customs authorities can recover any unpaid customs duties and VAT. Accurate documentation and traceability is essential to maintain compliance and avoid penalties. Time limits are often applied, requiring goods to be discharged within an approved period.



Benefits of IPR

Improved cash flow

Defer import duties and VAT until goods are discharged, freeing up working capital and reducing financial strain.

Streamlined supply chains

Efficiently move goods for processing or export, reducing delays and adapting to production needs.

Compliance

Follow a regulated procedure with clear documentation and traceability to avoid penalties and ensure smooth operations



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We're here to support you!
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