

Customs Guides

CUSTOMS DECLARATIONS



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Customs Guides

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About this Guide

- This is one of a series of three Guides to help businesses understand Rules of Origin, Tariffs and Customs Declarations in a **post-Brexit market**.
- The Guides are focused on practicalities and helping businesses to understand the actions they need to take.
- In the Guides you will learn what these concepts are, how they might apply to you.
- The Guides provide you with an overview, with links to more detailed information on the British Chambers of Commerce [website](#).
- If you have any specific questions [please get in touch](#) with your local Accredited Chamber of Commerce that can provide expert help in trade facilitation matters.
- This information is correct on **19 May 2021**.

EXECUTIVE SUMMARY

1 What are customs declarations and what role do they play in international trade?

A customs declaration is a form used to accompany goods that are entering or leaving a given market. They are used internationally to communicate to the relevant authorities the origin of the product and the relevant tariff in order to calculate duty payable and understand applicable restrictions.

2 How do the customs declarations affect importers and exporters?

Completing a customs declaration correctly is key to ensure that authorities clear the goods avoiding unnecessary delays and detention at the border. Declaring the goods incorrectly can attract fines or be considered an attempt to commit fraud.

3 What has changed after Brexit?

UK companies now need to complete customs declarations for goods entering or leaving the UK from all other countries.

4 Special rules apply for Northern Ireland

There are changes to some of the processes when moving goods between Great Britain and Northern Ireland. **Please click [here](#) for more information.**

What are customs declarations and what role do they play in international trade?



Every year, more than £12 trillion worth of goods are traded amongst the world's nations in nearly every language on the globe. How do customs and regulatory authorities know where the goods are coming from or going to, in order to control the flow of goods, ensure the safety and security of the country and collect the correct duty?

Within the EU Single Market, goods can move freely between member states.

When goods enter or leave the UK, traders have to declare to HMRC what the goods are, where they come from, where they're going and why they're being moved.

The form Single Administrative Document, also known as SAD or C88, **continues to be the document in use in the UK.**

CUSTOMS DEFINITIONS:

Customs: the agency responsible for the collection of duty and taxes and which also has the responsibility for the application of other laws and regulations relating to the importation, exportation, movement or storage of goods. (wcoomd.org)

Customs declaration: an official document that lists and gives details of goods that are being imported or exported. (ec.europa.eu)

Commodity code: a code to identify a type of product/goods. Customs set rates of duty and specific restrictions against each commodity code. Please refer to the [British Chambers of Commerce Tariff Guide](#).

Goods classification: identifying the correct commodity code to describe your goods.

Customs declarations in more detail

Presently, when most goods enter or leave a country, the relevant Customs authorities of the countries involved need to be informed of the transaction. In short, a customs declaration serves this purpose by detailing what the goods are, where they come from, where they're going and why they're being moved.

Each country will be interested in knowing the detail of goods leaving or entering their market for a variety of reasons. These can be summarised in three main categories:

Safety and security
Collection of duty
Statistical information

A group of countries may decide to create an agreement to reduce or eliminate the need to control the movements of goods amongst them, in order to facilitate trade between a selected group. This is the case for the EU Single Market, although there are other examples around the world. In the case of goods moving within a Single Market, therefore, the need to fill in a customs declaration is reduced or completely eliminated.

In the case of goods entering/leaving the UK, traders have to present a customs declaration to HMRC.

Declaring incorrect information on a customs declaration may lead to non-compliance or even be considered fraud. For example, if the product imported from China is subject to anti-dumping duty, but the duty is not paid because the importer declares it as originating in India, this could be viewed as an attempt to avoid paying duty. Similarly, using an incorrect commodity code may be viewed as an attempt by the importer to defraud Customs.



How do customs declarations affect importers and exporters?

The information on a customs declaration is used to evaluate safety and security aspects, and any applicable restrictions. The information is also used for duty and VAT purposes:

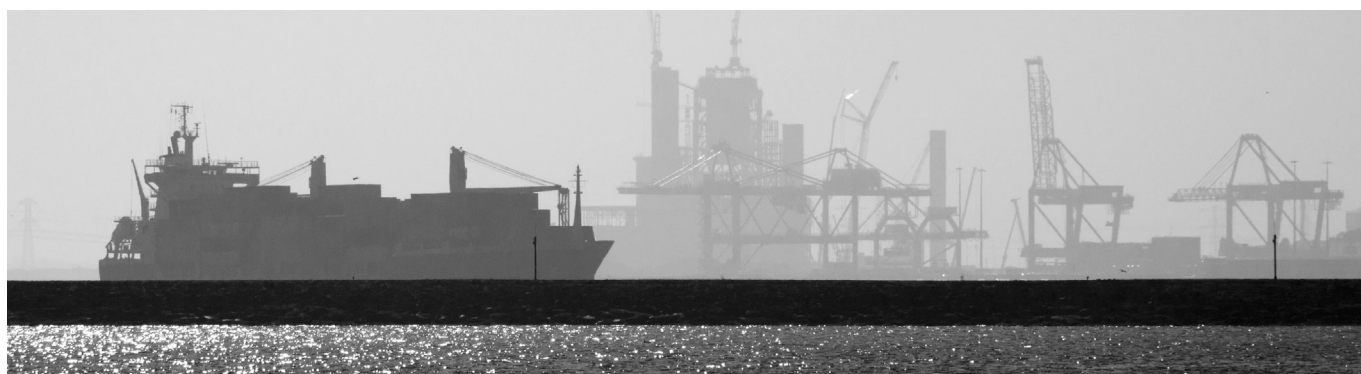
- **For imports, HMRC requires the information to calculate how much duty and VAT a trader will have to pay.**
- **For exports, HMRC needs to be notified that the goods are leaving the country and therefore no duty or VAT will be payable.**

Be aware that declaring information to Customs authorities carries a degree of liability. It is important to understand who's responsible for deciding what should be declared. This involves choosing the correct commodity code to classify the goods; identifying the correct procedure to explain why the goods are moving; claiming specific preferential tariff treatment; or stating that a particular licence is or is not required.

When traders choose to get support with preparing their customs declarations from somebody else, for example by nominating a customs broker, the relationship between the trader and the declarant should be explained to HMRC. The way in which a trader can be represented by the declarant can be either direct or indirect:

Direct representation indicates that the declarant doesn't make decisions about what to declare to HMRC, but simply passes on the information provided by the trader. In this situation, the declarant would only be liable for mis-representing the information provided by the trader. It is the typical relationship chosen when using a customs broker. **This is also known as a direct customs agent.**

Indirect representation indicates that the declarant is an integral part of the decision-making process. As such, the declarant would have joint and several responsibility for the information submitted to Customs.



What changed after Brexit?

Relationships between countries in an international trade transaction:

First country: The country where the transaction starts.

Second country: Any other country in the same customs union as the first country.

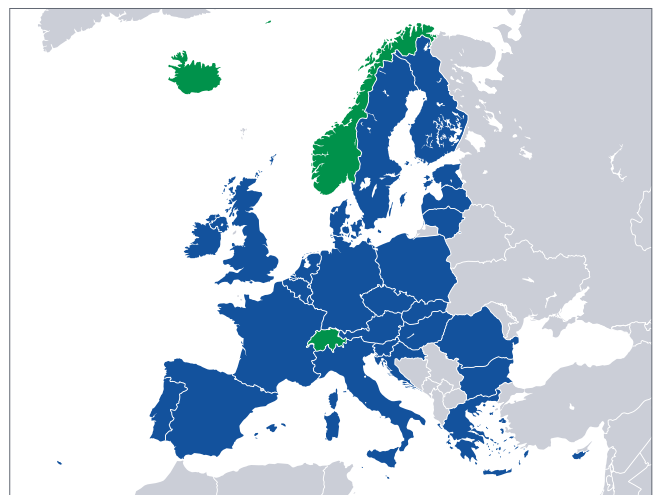
Third country: A country external to the customs union to which the first country belongs.

The UK has now left the European Union. Customs law hasn't changed: declarations are still required at the point of entry/exit. Therefore, Customs declarations are needed whenever goods enter or leave the UK. This translates in extra work for traders and Customs.

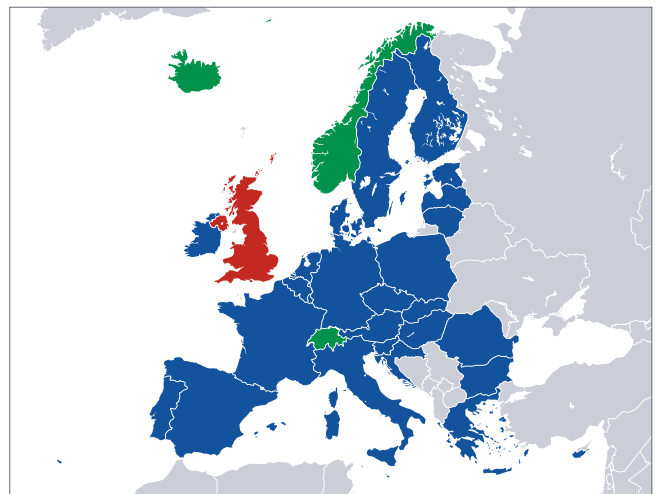
However, to alleviate pressure at the Border HMRC has introduced simplifications for imports and exports with the EU: for imports, this means that traders moving goods into the UK from the EU can benefit from the ability to delay submission of the full customs declaration for up to 6 months from the date of arrival into the UK. For exports, this means that there are reduced requirements at border when leaving the UK.

In some cases, you might receive your goods before any import declaration has been made. It simply means that the goods have benefited from the temporary simplified arrangements. However, there is still an obligation to declare the goods. Once the temporary arrangements are withdrawn, all shipments will require a full declaration to be made before the goods can proceed through the border inspection point.

Before Brexit



After Brexit



■ UK ■ EU Single Market countries ■ Countries outside the EU Single Market

Source: Author.

What are the current requirements/ rules in the UK?

The UK is no longer a member of the EU.

All goods entering or leaving the UK need to be declared to Customs. The Government has adopted a staged approach to implement these requirements in a document named Border Operating Model available on gov.uk. Throughout 2021, it is possible to delay presenting a declaration for up to six months. Traders choosing to use the delayed approach will need to keep records of imports. This is known as Entry In Declarant's Records. Six months later they will have to file a supplementary declaration. Although no HMRC authorisation is needed at the time of import, the trader must be authorised to file a supplementary declaration under this Customs Freight Simplified Procedure, known as CFSP, or use a suitably authorised agent.

Traders are required to provide information when presenting goods to Customs. They can do that themselves, choose a customs broker or intermediary, or ask the freight forwarder to support with that task. Whatever the choice, traders will have to be clear on what information is required when presenting goods to Customs.

Below is a summary of some of the systems and processes involved:

CHIEF: Customs Handling of Import and Export Freight. The HMRC centralised computer system that handles customs declarations. Introduced in the mid 90s. You can only access it via authorised software.

NES: National Export System – This is a front-end computer system, integrated with CHIEF, dedicated exclusively to handling customs declarations for export. NES has a basic web interface that traders can use directly.

CDS: Customs Declaration Service. The new computer system being gradually introduced to replace CHIEF. More information can be found [here](#).

CTC: Common Transit Convention. This is an agreement that allows goods to cross different countries en route to destination and for customs formalities only to be completed in the destination country. It is important to consider the relationship between the customs declaration and the transit declaration. Please click [here](#) for more information. CTC is relevant when transmitting goods across a number of borders.

Tariff: A set of rules and regulations covering duty applicable and importation/exportation of goods. The UK Trade Tariff is split into three volumes and covers everything traders need to know about goods classification when dealing with import and export. Please see the [British Chambers of Commerce Tariff Guide](#).

Customs Simplifications

PVA- Postponed VAT Accounting.

This allows the importer to charge import VAT to their VAT account. No actual VAT will be charged at the time of import but instead the information on the import entry can be used to declare the VAT on the next VAT return. This prevents goods being held until payments are received and greatly improves traders' cashflow. Using PVA does not require a deferment account.

Waiver of requirement for guarantee for Deferment Account.

A Deferment with a monthly credit of £10,000 is available without the need to set up a bank guarantee. The Deferment Account can be used to defer payment of import duties. It can also be used to defer VAT, if traders are not VAT registered, nor eligible for postponed VAT accounting or simply prefer not to postpone VAT. The amount payable will be deducted from the holder's bank account by direct debit on the 15th of the following month.

EIDR – Entry into declarant's records.

Traders choosing to delay their EU27 import declarations can opt to make an entry in their declarant's records and keep information in line with HMRC's requirements. They will then be able to make a supplementary declaration to conclude the import formalities up to six months later. At that point, duty will also be payable. Although EIDR allows the trader to delay declaration and payment of import duty for up to 6 months, import VAT will still have to be accounted for through the standard VAT returns.

Traders and hauliers should be aware of the need for a transit declaration to cover the road movement of goods through the EU. A Transit declaration is required if the consignment crosses more than one country.



How do I find out more information about this?

Accredited Chambers of Commerce can be found in every region and nation of the UK, providing your business with on-the-ground support. [Click here](#) to find out more

For the latest information please visit the [Brexit Hub](#) on the British Chambers of Commerce website.



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