

FDF WEBINAR

02 NOVEMBER 2022

Imports & Exports: Keeping Customs Compliant

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AGENDA



1 - Keeping customs compliant: 10 key actions for importers

2 - The importance of proof of export

3 - Common mistakes and catching errors

4 - How to correct any mistakes that you discover

5 - Differences from CHIEF to CDS

6 - CHIEF and CDS outputs to allow verification

7 - Would AEO help my business' compliance?

8 - How Emma E-Doc helps keep you compliant - Cloud-based Analysis and Customs Archive



9 - Q&A

10 key actions

FOR IMPORTERS

1 - Understand Classification, Origin and Valuation Rules

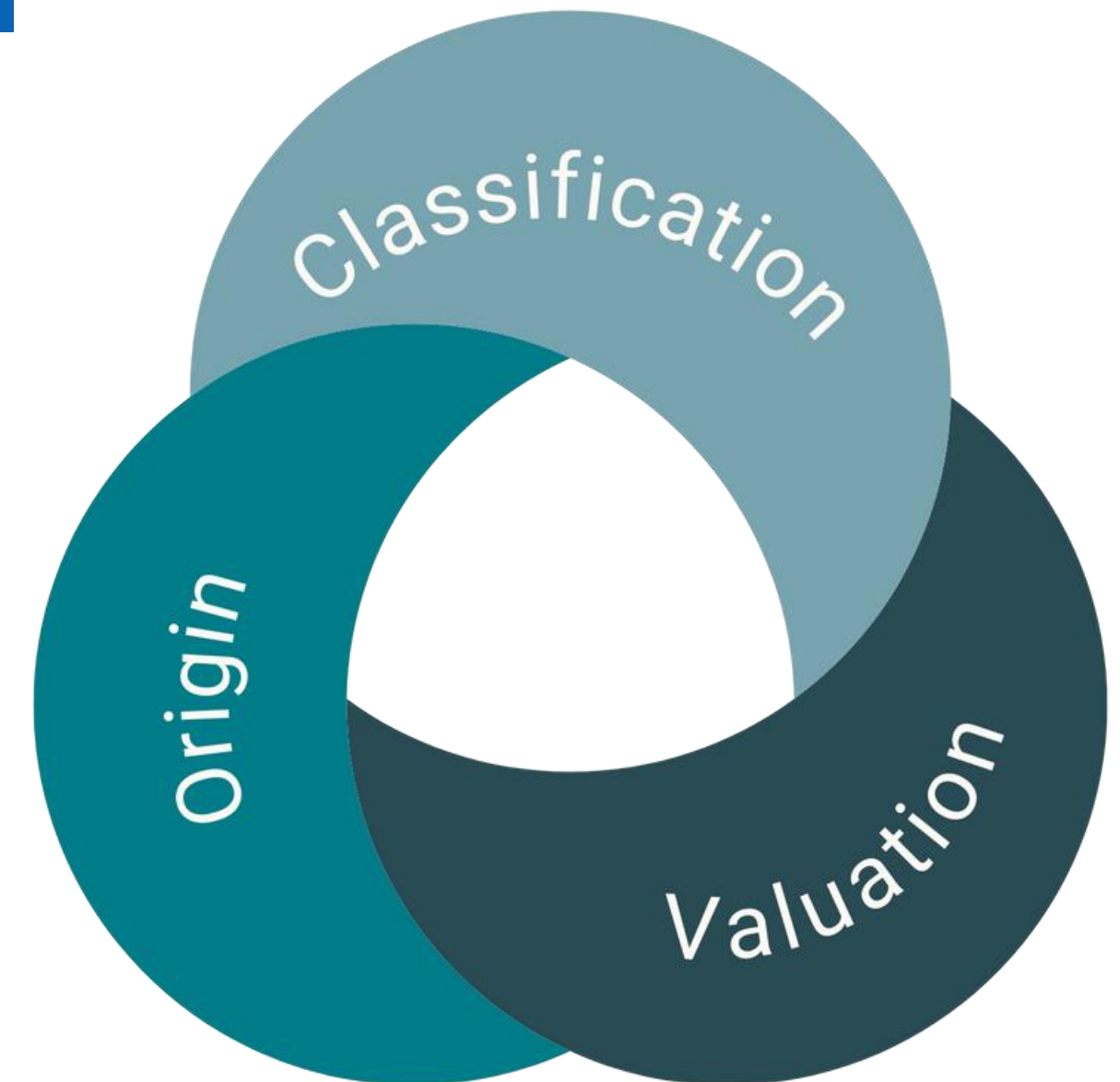
- Classification, Origin and Valuation Rules are the three pillars of customs.
- Staff should have a minimum level of understanding of these pillars before being “let loose” in the Customs Department.

2 - Keep staff trained and keep records of training received/guidance checked

- Have regular training in “Customs” to keep up their knowledge.
- Brexit doesn’t happen every day but big changes in e.g. classification or preference can occur, and staff need to monitor changes.

3 - Regularly check tariff codes/ insurance level /compliance with preference rules are up to date

- Keep a database of Tariff codes up to date.
- Ensure suppliers confirm preference rules are being met.
- Update insurance details each time policy renews.



10 key actions

FOR IMPORTERS

4 - Provide Instructions to Freight/Clearance Agents

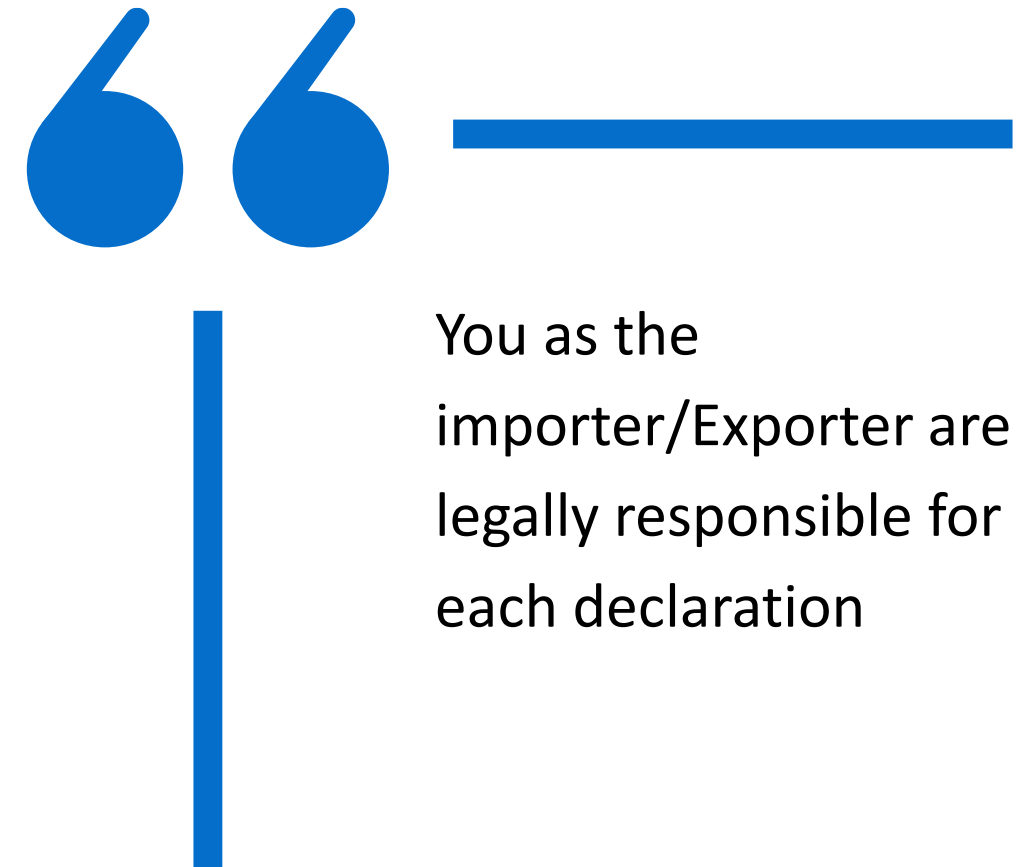
- Who is responsible for the import ? – check INCOTERMS
- Give (written) emailed instructions to agents for each import/export declaration being made in your name including tariff code, insurance details, CPC (Customs Procedure Code) etc in addition to the supplier invoice, packing list, any preference documents.
- You as the importer/Exporter are legally responsible for each declaration.

5 - Ask for (and receive) copies of all import and export entries - where you are the importer/exporter

- Don't pay freight agents invoices unless copies of the entries are provided ?
- Pay for (CDS) MSS (Management Support System information) from HMRC.
- Emma Systems use MSS as a basis to ensure your storage of entries is complete.

6 - Check the work of your agents

- Have they followed your instructions on eg tariff code usage, insurance rate, discounts applied, duty paid?
- Are eg Samples treated correctly?



You as the importer/Exporter are legally responsible for each declaration

10 key actions

FOR IMPORTERS

7 - Keep records of entry amendments/vol disclosures/reclaims

- Keep records of checks and amendments to entries in a central location.
- Ensure a member of staff is nominated to have responsibility for this task.

8 - Customs record requirements

- The customer records must be retained by law for 6 years for VAT and 4 years for customs.
- Emma E-Doc can keep your records safely on the cloud for ever.

9 - Have procedures in place throughout the business and clear lines of responsibility for customs matters

- The AEO application provides a useful list of the areas in the Customs, finance, accounting, export, import, IT, sales etc departments where procedures should be in place.
- Procedures are very helpful for staff to understand their role. If staff are absent/leave.

10 - Have third party reviews /Gap analysis done from time to time

- Consider an AEO (Authorised Economic Operator) application.
- Consider a third-party review of your Customs processes from time to time.

Importance of

PROOF OF EXPORT

- VAT Zero rating for Export.
- When using Customs Procedures where you can suspend/remove duty like Inward Processing and Outward Processing.
- May need to use Returned Goods Relief in future?
- Refund for Soft Drinks Industry Levy (more commonly known as the sugar tax), whilst in place.
- Proof for Plastic Packaging tax if export packaging components.
- Proof needed for Export Refunds should they ever return.



Common types

OF ERRORS



1. Currency Errors

Invoice in HK\$ declared as \$ or € declared as £

2. Weight specific errors

3. Tariff code errors

Brown Trout 0302118090 – 12%

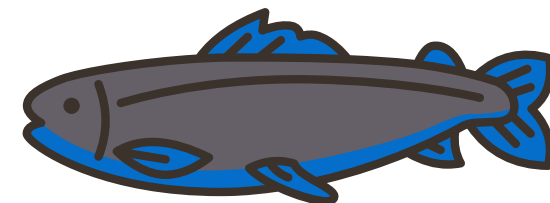
Atlantic Salmon 0302140010 – 2%

4. Preference / origin errors

Brown Trout 0302118090 – 12% (USA)

0% (France) 0% (Canada) 3.6% (Iceland)

47% (Russia)



5. Discounts

6. Samples provided free

Must be true commercial samples/disposed of/records

▼ Orange juice

▼ Frozen

▼ Of a Brix value exceeding 67

▼ Of a value not exceeding 25.00 GBP per 100 kg net weight

▼ In containers of two litres or less

With an added sugar content not exceeding 30 % by weight



20% 30.00 % + 17.00 GBP / 100 kg

2009 11

2009 1111

2009 1111 11

How to

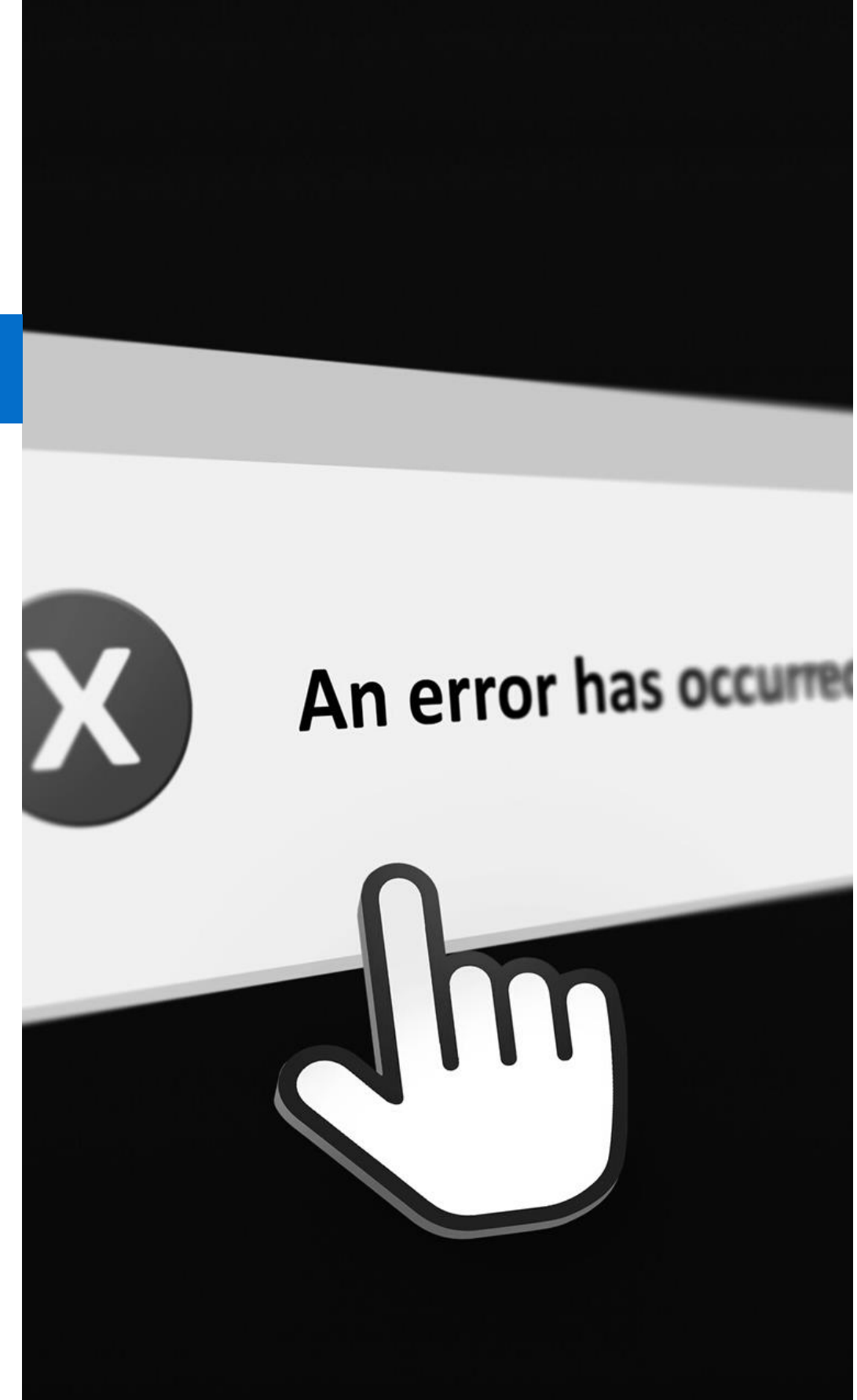
CORRECT MISTAKES

Mistakes can be corrected up to 3 Years from acceptance date generally although less under certain preference agreements.

Repayments can be requested on Customs form C285 (for CHIEF or CDS). CHIEF C285s can be submitted electronically. CDS reclaims must currently be printed off and sent by post.

To make a reclaim you also need:

- Form E2 — the entry acceptance form for CHIEF claims (also possible for CDS)
- Form C88 — used to declare goods to customs, for CHIEF claims only (also possible for CDS)
- The Movement Reference Number (MRN) — for Customs Declaration Service claims
- A commercial invoice for the imported goods
- Basis of claim and amounts and evidence
- Your contact and address details
- Also possibly: a packing list/ airway bill or bill of lading/preference documents



How to

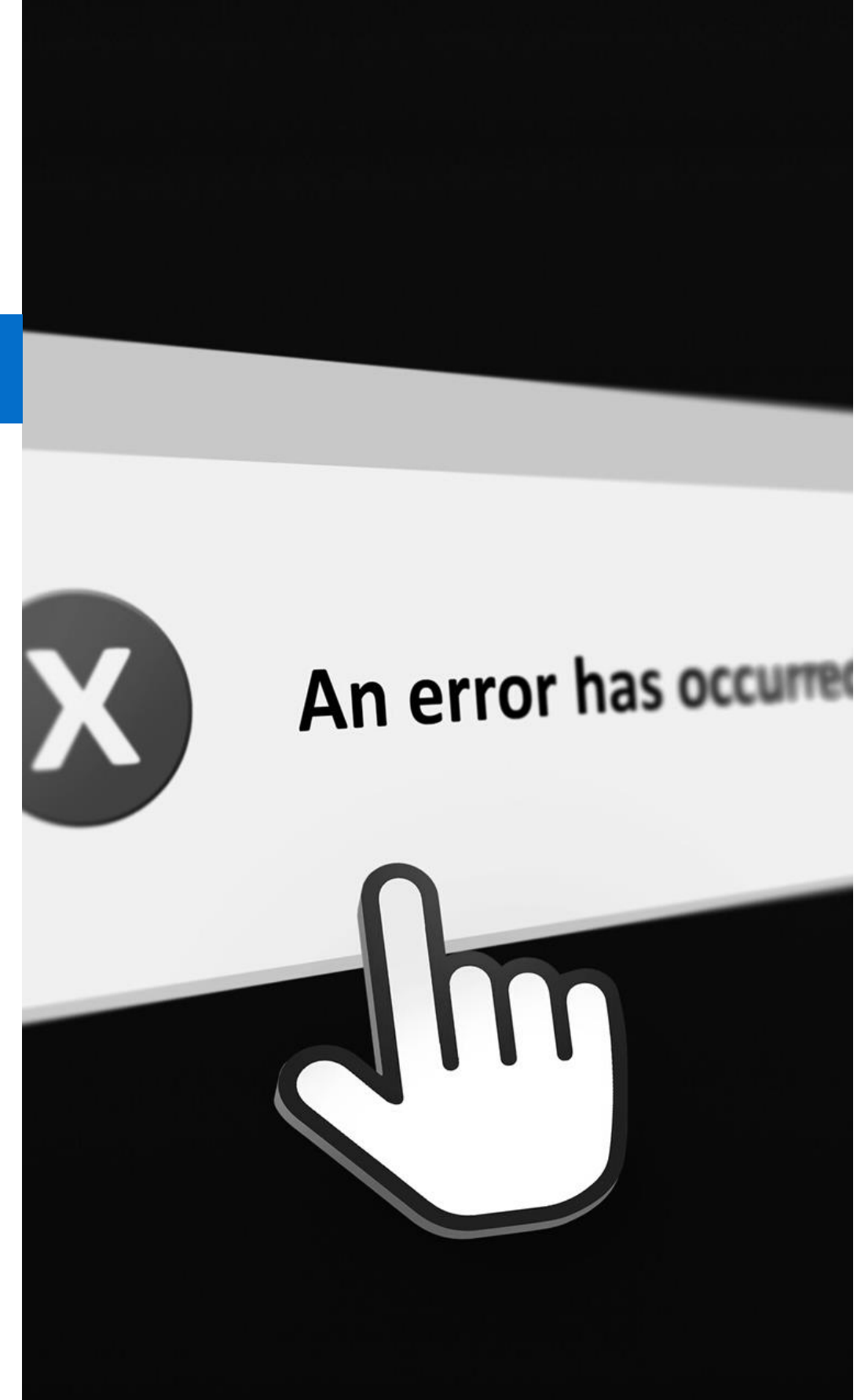
CORRECT MISTAKES

Voluntary disclosures

- Use form C2001 to declare underpayments of import duty/VAT/ADD for CHIEF entries
- Use form C2001CDS to declare underpayments of import duty/VAT/ADD for CDS entries
- You'll then receive a payment slip you can use to make the payment
- Where a higher figure is calculated, HMRC will let you know, before a C18 demand note is issued to collect any additional customs debt

Export Entry errors

- Use the online service (form C81) to make an amendment to export declarations for statistical purposes only



CHIEF VS CDS – big changes



	CHIEF	CDS
Customs legislation	IT system based on a paper form	Fully electronic system where all data is exchanged digitally
Completion Rules	Requirements can be found in the CHIEF Tariff	CDS Declaration Completion Guidance
Data entry	<ul style="list-style-type: none"> • 68 Paper form multi-use <u>boxes</u>, on a SAD • Designed for customers who completed paper records 	<ul style="list-style-type: none"> • 91 Single use <u>data elements</u> with different data sets • Entries restricted to code format, except for few fields
Procedure Codes	<ul style="list-style-type: none"> • 7-digit fixed Customs Procedure Codes (CPCs) for each item 	<ul style="list-style-type: none"> • Codes split into 2 parts; 4-digit Procedure Code + up to 99 different types of 3-digit Additional Procedure Codes (APCs)
Error codes	4000	200 error codes pointing to the exact data element
Finance	Payments via a Duty Deferment Account, Guarantee - and/or via the Flexible Account System (FAS)	<ul style="list-style-type: none"> • Cash account and immediate payment options • Access to all your financial information in a single account
IT access	Access to CHIEF is via Community System Providers (CSPs). Users are identified by a badge	<ul style="list-style-type: none"> • Access to CDS is via GOV.UK using EORI • Import /export declarations made using external software

CDS vs CHIEF

How to check Freight Agent followed your instructions and correctly made declaration?

CHIEF

- MSS Data (Management Support System Data)
- Some reports available from clearance agent software
- C88/E2 paper print outs for imports. X2 for exports

CDS

- MSS equivalent CDS Data
- Reports from CDS – DMSTAX Message (Ad valorem Tax Base Amount report)
- Copy of C88/E2 /X2 equivalent as per designed by the AFSS – next slides
- Use software e.g. Emma E-Doc



CDS C88/E2 Import Dec (top of doc)



Import				[1] Declaration [1/1] [1/2] IM A		MRN: 18GBJCM3UBGDS2DW51	
[3] Forms [1/4]	1	[5] Items [1/9]	1	[6] Total packages [6/10]	1	[7] Reference [2/4] LHRIMP-18054162558	
[2] Exporter [3/1] ACME INDUSTRIAL CORPORATION INC FLOOR 26 CALIFORNIA BOULEVARD BUILDING, 6147 PACIFIC HIGHWAY US CA90211 SAN DIEGO, CALIFORNIA				[2] Seller [3/24] No [3/25]			
[8] Importer [3/15] BLAKES & TAYLOR LIMITED UNIT 13, 46 EDINBURGH AVENUE GB NW10 7GF LONDON				[8] Buyer [3/26] No [3/27]			
[14] Declarant [3/17] MEGASTAR INTERNATIONAL FORWARDING LTD HEATHROW HOUSE, 438 LONG LANE GB TW15 2TQ STANWELL, MIDDX.				[14] Representative [3/19] No [3/20]			
[15a] Dispatch country [5/14] US		[17a] Destination country [5/8] GB		[14] Representative status [3/21] 3			
[18] Arrival transport [7/9] 40 BA226 29/06/2018				[20] Delivery terms [4/1] FCA USLAX			
[21] Border transport nationality [7/15] GB			[19] Ctr [7/2] 0	[22] Invoice total [4/10] [4/11] USD 1288.20			@ 1.2882
[25] Border transport mode [7/4] 4		[26] Inland transport mode [7/5]		[23] Exchange rate [4/15]		[24] Nature of transaction [8/5] 1	
[30] Location of goods [5/23] GBAULHRLHRBAC				[35] Gross mass [kg] [6/5] 256		[27] Place of loading [5/21] LA	
[31] Container numbers [7/10]		[40] Summary declaration/Previous documents [2/1] Z DCR 8GB493948289000-LHRIMP-18054162558 Z MCR HBAC12570653320			[45] Additions and deductions [4/9] AR USD 354.25 @ 1.2882 AV GBP 85.00		
[44] Authorisation Holders [3/39] DPO GB493948289000 CGU GB493948289000 AEOC GB493948289000 EIR GB493948289000 CWP GB493948289000			[44] Additional Fiscal References [3/40]		[44] Additional Supply Chain Actors [3/37]		
[32] Item No [1/6] 1							
[31] Packages - number [6/10], kind [6/9] and shipping marks [6/11] 1 CT ADDR. CONSIGNEE P.O. 1245A				[31] Description of goods [6/8] COCOA BUTTER-SDK1234567			
[33] Commodity [6/14] TARIC code [6/15] 18040000 00		EU add. code(s) [6/16]		National add. code(s) [6/17]		[15a] Dispatch country [5/14] US	
[37] Procedure [1/10] 4000		Add. procedure code(s) [1/11] 000		[34a] Origin country [5/15] AE		[17a] Destination country [5/8] GB	
[40] Summary declaration/Previous documents [2/1]				[34b] Pref. origin country [5/16]		[36] Preference [4/17] 100	
				[35] Gross mass [kg] [6/5] 15.0		[38] Net mass [kg] [6/1] 10.0	
				[41] Suppl. Units [6/2]		[39] Quota [8/1]	
				[42] Item price [4/14] USD 1288.20		[43] Valn. Method [4/16] 1	
				[46] Statistical value [8/6]		[45] Valuation ind [4/13] 0000	
						[24] Nature of trans. [8/5]	

CDS C88/E2 Import Dec

[44] Documents, certificates and authorisations [2/3]									
Code	Id and part	Status	Reason	Issuing authority	Validity date	Units	Quantity		
C506	GB025115100877								
C514	GBEIRGB025115100877								
N935	A12345/A	AC							
C517	GBCWPU1234567GB								
[44] Additional information [2/2]									
Code	Description								
[47] Calculation of taxes									
Type [4/3]	Tax base [4/4]	Meas Unit	Tax rate [4/5]	Curr	Payable amount [4/6]	MoP [4/8]	Deduct (relief) amount	Total tax assessed [4/7]	
A00	1275.00		7.70	GBP	98.17	E		98.17	
B00	1458.17		20.00	GBP	291.63	E		291.63	

Acceptance date/time	28/08/2019 15:33	Tax type	Amount
Declaration status	CLE – Customs cleared	A00	98.17
Status date/time	28/08/2019 15:43	B00	291.63
		Total	389.80

		LRN [2/5]	DVQLHR1808000000021018
[44] Office of presentation [5/26]	[44] Supervising office [5/27]	[48] Deferred payment [2/6]	8364475
[52] Guarantee Type [8/2] Reference [8/3] Other reference Access code Curr Amount Office		[49] Identification of warehouse [2/7]	
1 GBCGU123456789820180502081507		[54] Place and date	
		LONDON HEATHROW 30/06/2018	
		Signature and name of declarant/representative [1/8]	
		MEGASTAR INTERNATIONAL FORWARDING LTD	



CDS C88/X2 Export Dec



AFSS
ASSOCIATION OF FREIGHT
SOFTWARE SUPPLIERS

Export		[1] Declaration [1/1] [1/2] EX D		MRN: 20GBJCM3UBGDS2DW51			
[3] Forms [1/4]	1	[5] Items [1/9]	1	[6] Total packages [6/10]	42		
[2] Exporter [3/1]	No [3/2] GB40622734872			[7] Reference [2/4]	0GB493948289000-8399777186		
FISH EXPORTS LTD ELM HOUSE GB AZ7 9RL ABERDEEN			[2] Consignor [3/7] No [3/8]				
[8] Consignee [3/9]	No [3/10]			Carrier [3/31]	No [3/32]		
KYOTO FISH IMPORTERS 6-5 20 SHINSO JP 6211175 KYOTO			EVA AIR 16F-1, NO 207, FUSING RD TW 330 TAOYUAN CITY				
[14] Declarant [3/17]	No [3/18] GB493948289000			[14] Representative [3/19]	No [3/20]		
MEGASTAR INTERNATIONAL FORWARDING LTD HEATHROW HOUSE, 438 LONG LANE GB TW15 2TQ STANWELL, MIDDX.							
[15a] Dispatch country [5/14]	GB	[17a] Destination country [5/8]	JP	[14] Representative status [3/21]	3		
[18] Departure transport [7/15]	40 BR068 20200204				[513] Countries of routing [5/18]	GB TW JP	
[21] Border transport [7/15]	40 BR068 20200204		[19] Ctr [7/2]	0	[22] Invoice total [4/10] [4/11]	GBP 7547.28	
[25] Border transport mode [7/4]	4	[26] Inland trpt mode [7/5]	[21] Ctry [7/15]	GB	[23] Exchange rate [4/15]	[24] Nature of transaction [8/5]	1
[30] Location of goods [5/23]	GBAULHRLHRBAC			[35] Gross mass (kg) [6/5]	927.000		
[31] Container numbers [7/10]	[40] Simplified declaration / Previous documents [2/1] Z DCR 0GB493948289000-8399777186			[D] Seals [7/18]	NO SEALS		
[44] Authorisation Holders [3/39]	[44] Additional Fiscal References [3/40]			[44] Additional Supply Chain Actors [3/37]			
[32] Item No [1/6]	1						
[31] Packages – number [6/10], kind [6/9] and shipping marks [6/11]	42 CT ADDRESSED			[31] Description of goods [6/8]	FRESH SALMON		
[33] Commodity [6/14]	EU add. code(s) [6/16]	National add. code(s) [6/17]		CUS code [6/13]			
03021400							
[37] Procedure [1/10]	Add. procedure code(s) [1/11]		[7] Reference [2/4]				
1000	001		[15a] Dispatch/export country [5/14]	[17a] Dest ctry [5/8]			
[40] Simplified declaration / Previous documents [2/1]				[35] Gross mass (kg) [6/5]	[38] Net mass (kg) [6/1] 810.000		
			[41] Suppl. Units [6/2]	[44] UNDG code [6/12]			
			[46] Statistical value [8/6]	7605.09	[529] Trpt MoP [4/2]	[24] Trans nature [8/5]	
[44] Documents, certificates and authorisations [2/3]	Code Id and part Status Reason Issuing authority Validity date Units Quantity						
Y927 - - EXCLUDED FROM CONTROL							
[44] Additional information [2/2]	Code Description						

Types of

AUTHORISED ECONOMIC OPERATOR

- **AEOC certificate – Customs simplifications**
- **AEOS certificate – Security and safety**

The Authorised Economic Operator (AEO) certificate is an internationally recognised quality mark indicating that your customs controls and procedures are efficient and compliant.

It is voluntary and application process pretty much unchanged from pre-Brexit period.



Current Benefits

OF AEO IN GB

AEOC

- Faster application process for customs authorisations. (But HMRC simplifying many applications anyway)
- Lower risk score which may reduce the number of checks customs carry out on your documents and goods. (But need regular re-authorisations/held to higher standard?)
- A guarantee waiver up to the level of your deferment account. (But most guarantees gone post Brexit/Postponed VAT means no deferred VAT/waivers if good history).
- An industry 'kite mark' and useful marketing tool (if freight agent).
Only 1235 UK AEOs down from 1247
- Internal benefits. Good for you? (Yes - forces a company to become Customs focused/procedures are good if followed/updated)

AEOS

- Potential for reciprocal arrangements and mutual recognition with other countries outside the GB such as EU, Japan, China, USA and Switzerland. (Genuine benefit for eg food exporters to US).
- Lower risk score for customs which may reduce the number of checks customs carry out.
- Reduced requirements for entry and exit summary declarations (small benefit)
- Priority treatment for Customs controls (but if your truck stuck behind a non AEO....)
- Link with Trusted Traders scheme and the Ecosystem of Trust under the TOM (Target Operating Model) - unclear?

1235 Current AEOs

EXAMPLES

AEO authorisation type code	Authorisation holder name	Effective date
AEOF	BEWLEY'S TEA & COFFEE UK LTD	17/08/2019
AEOF	Biocair International Ltd	08/09/2015
AEOF	Biotec Services International Limited	15/10/2010
AEOC	Blackmagic Design Limited	29/01/2018
AEOF	Blackthorne International Transport Ltd	14/12/2016
AEOC	Blair International Ltd	10/03/2020
AEOF	BLECKMANN LOGISTICS UK LIMITED	03/04/2019
AEOF	BMW (UK) Holdings Ltd	23/12/2009
AEOC	BMW (UK) LIMITED	01/01/2021
AEOF	BMW (UK) Manufacturing Limited	24/12/2009
AEOF	BMW Hams Hall Motoren GmbH	30/12/2009
AEOC	Boast International Ltd	22/12/2015
AEOF	Boehringer Ingelheim Ltd	04/03/2020
AEOF	Bolloré Logistics UK Ltd	11/04/2008
AEOC	BONHAMS 1793 LTD	06/04/2021
AEOC	BOOHOO.COM UK LIMITED	20/03/2021
AEOF	Boots International Limited	04/06/2009
AEOF	Boots UK Limited	07/07/2009
AEOC	Border Holdings(UK) Ltd	21/01/2021
AEOF	Borgwarner Ltd	17/10/2008
AEOC	Borgwarner Technologies Ltd	11/06/2019
AEOC	BOSCH REXROTH LIMITED	12/03/2019
AEOC	Bounty Freight Ltd	28/03/2021
AEOC	BP Exploration Operating Company Ltd	14/04/2016
AEOF	BP Oil International Ltd	21/04/2010
AEOF	BP Oil UK Limited	08/02/2010
AEOF	BRAID LOGISTICS (UK) LIMITED,	16/03/2019



THANK YOU

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fdf

COMPLIANCE

LEGAL

REGUL

LAW

TS

emma
SYSTEMS

Customs compliance
and analysis solution
for Importers and
Exporters

Introducing Emma E-Doc

Emma heritage and the numbers to date

1958

Established in Norway in 1958

Headquarters in Oslo, Norway

2012

Emma E-Doc Launch

Emma E-Doc is launched in Norway

2022

Emma E-Doc UK Launch

Emma E-Doc is officially launched in the UK January 2022 with planned launches in Spain, Germany Switzerland, Poland, Czechia

3000+

Emma E-Doc customers

Emma E-Doc is available in Norway, Sweden, Denmark, Finland, France, United Kingdom, Netherlands & Ireland

350+

Brokers supported in Emma E-Doc

Emma E-Doc is broker independent

€7 million

Revenue in 2021

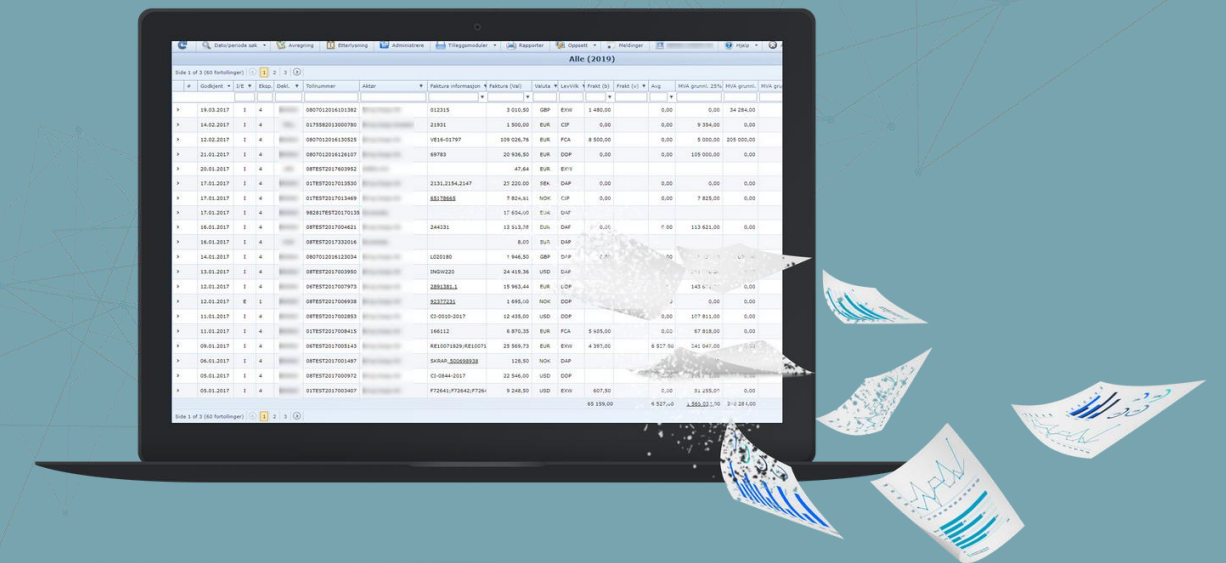
Expected revenue in 2022 is €8.5 million

Control your entire customs document flow in one solution

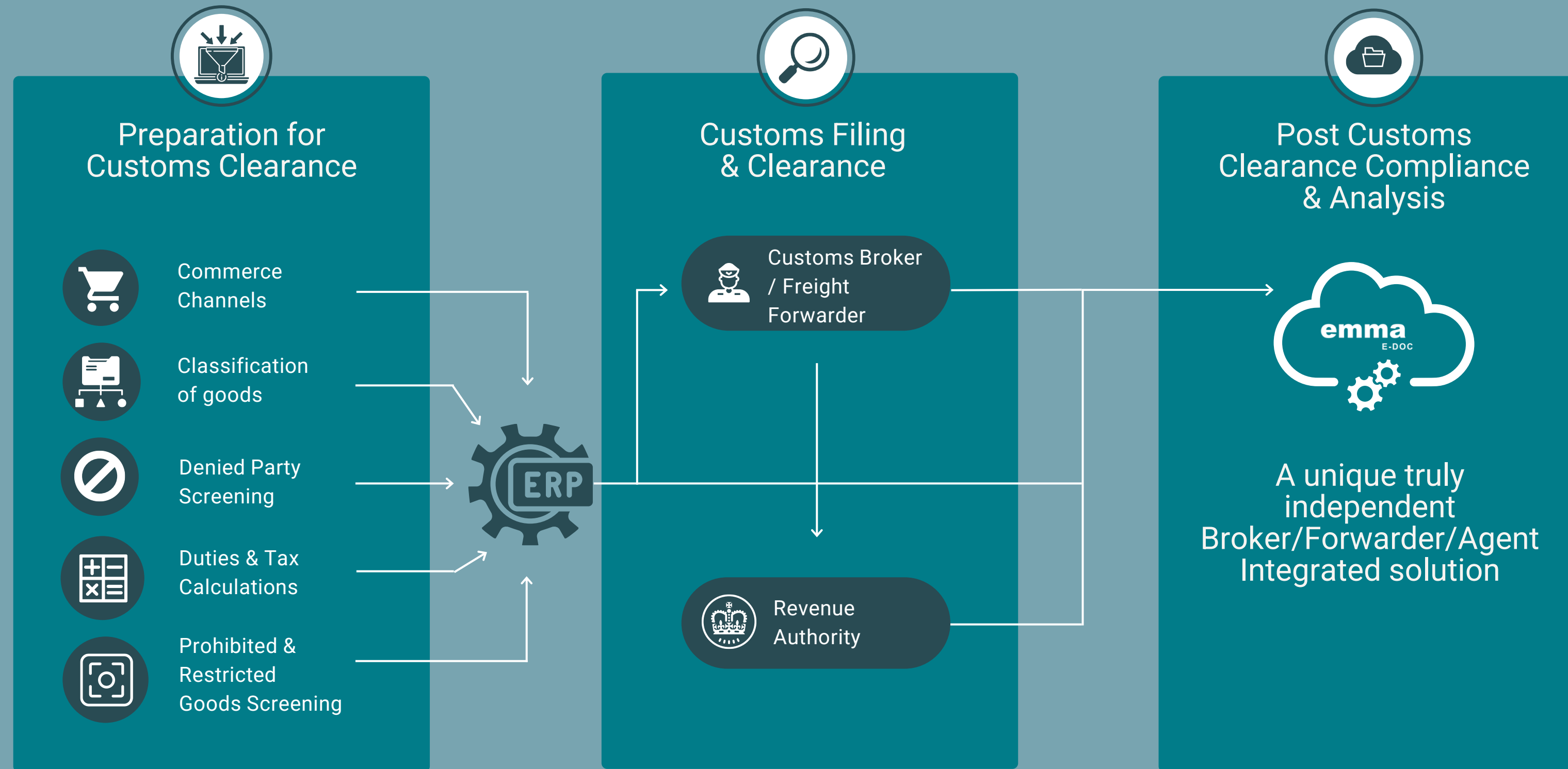
Emma E-Doc - Cloud-based customs analysis, compliance tool and document archive

- Streamlines and simplifies the collection, storing and control of customs declarations and supporting documents
- Purpose-built to make your operation more efficient and easier to analyse data to support an efficient and sustainable supply chain

Save time, increase control and reduce risk of errors

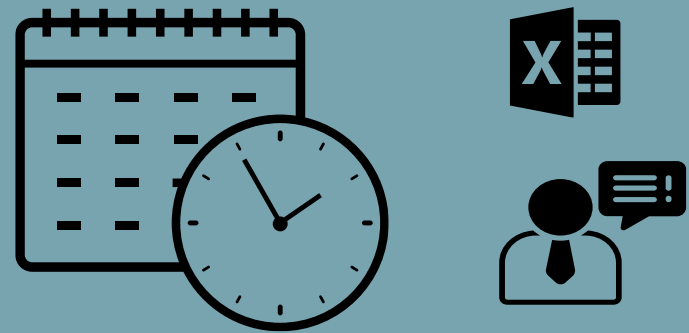


How Emma E-Doc fits into your customs process



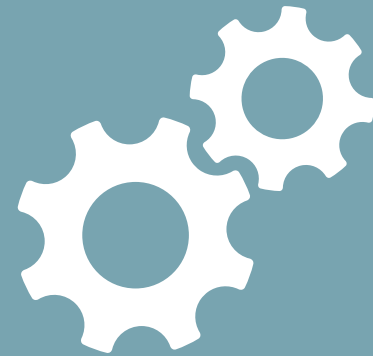


- Automated process for collecting All Broker/Forwarder/Agent processed customs declarations and accompanying documents.
- Support for standard XML integration also including simplified PDF email attachment integration “No IT Project required”
- Automated document scanning to enrich data via our own proprietary OCR technology “Optical Character Recognition”

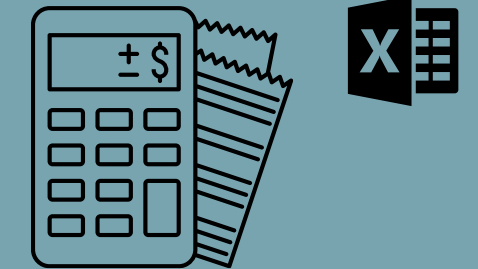


- Standard functionality to upload any published, available revenue statistic data, such as HMRC MSS/CDS reports.
- Instant overview of all declarations and accompanying documents.
- Instant overview of any missing declaration documents with the ability to send requests and reminders to any Broker/Forwarder/Agent, without leaving the E-Doc solution

Emma E-Doc



- Standard functionality to find and track declarations with the ability to update declaration data in preparation for reclaim and audit.
- Ability to run reports and export in multiple formats
- Identification of data inaccuracies and anomalies such as VAT, Duties, Origin countries, Brokers/Forwarders/Agents...

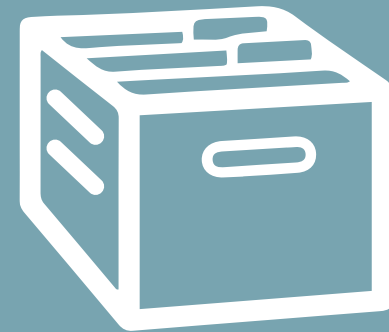


- Functionality to reconcile account against invoices, when invoice number is consistently present on a declaration.
- Ability to consume invoice data, in a common format from ERP systems, highlighting inconsistencies against any submitted declaration.

Common problems related to receiving, storing and analysing customs documents



Time-consuming



Storage Space
& Cost



Manual Tasks



Compliance issues



Human errors



Audit demands

E-Doc standard functionality supports:

- Random Check (Self Audit)
- Detail lines analysis module (Tax codes, VAT, Tariff, CoO...)
- Simple ERP integration
- Invoice reconciliation
- User defined fields (Support for internal processes)
- User defined field sortation
- Country specific statistics file upload
- Declaration storage & identification of missing documents
- Multiple VAT & EORI accounts, under a master account
- System generated missing declaration reminders

And much more...



E-Doc immediately identifies:

- Missing customs declarations
- Incorrectly used Tariff codes... (Who declared?)
- Incorrect or non approved Countries of origin... (Sanctions & Ethical Audits)
- Incorrect customs procedure codes... (Temporary Import)
- Incorrect or incomplete preference... (Certificates present)
- Unofficial Brokers/Forwarders being used... (Supply Chain Performance)
- Incorrect VAT rates applied (Samples)
- Incorrect Tax codes used

And much more...



Emma E-Doc customers

3000 +

Emma E-Doc is successfully implemented to more than 3000 companies across Europe

300+

Emma E-Doc customers within the food & beverage industry



Emma E-Doc High-level walkthrough

- Declaration Overview
- Upload Statistics files MSS/CDS
- Enquiry, missing declarations
- Details analysis module
- Random check

Thank you, Q&A

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