

How Customs Brokers Support Exporters

Interview with George Baker Chairman, George Baker Shipping

With the Customs landscape set to change in the months and years to come due to Brexit, many of the UK's exporters will be looking to work with Customs Brokers to deal with potential new paperwork and administrative requirements. We spoke to George Baker Shipping Ltd about how Brokers support exporters and other key developments in the customs space.

How do Customs Brokers support UK exporters?

Customs Brokers typically offer an export declaration service to exporters. All UK export declarations must be transmitted to HMRC electronically using a Government computer-based system called NES. NES replaced the original manual paper C88 process.

NES operates within the nationwide electronic Customs Handling of Import and Export Freight (CHIEF) system which controls the movement of international cargo. Some traders with a large volume of import and export declarations might invest in direct access to the NES service but most exporters use a Customs Broker.

The Broker would also represent exporters in communications with Customs and export freight carriers. They will also often help to arrange certificates of origin, which might be needed by the consignee in the country of destination.

What does a Broker require from an exporting business in order to support them properly?

The most convenient thing to send over is the commercial invoice as this will contain the majority of the information we'll need - including the Incoterm, the valuation, the time of exportation, the exporter's name, consignee's name and so on.

Rather than send over a big list with all this information, it's normal for an exporter to send over a simple authorisation letter, commercial invoice, Bill of Lading and a packing list. We can then progress to a more detailed consultation and consider any further documentation or information that might be relevant. For example, confirm correct Commodity codes and Customs Procedures codes which are fundamental to electronic declarations and require careful consideration.

What are Customs Procedure Codes (CPC) and how do they work?

The CPC is a way to indicate to Customs the reason for an import or export transaction and the preferred Customs procedure being used. The code is submitted electronically as part of the import or export entry (C88) and must be declared in Box 37 of the document.

CPCs have been around for about 30 years having been introduced in the European Community during the late eighties. The coding system is often said to be 'too confusing' for traders and this observation is in some ways understandable. Traders would probably be best advised to consult a well-qualified Customs Broker on this subject.

The CPC code on the C88 may inform HMRC about the duty liabilities on some imported goods.

It can therefore be advantageous to traders to use certain CPCs under which Customs duties might be suspended.

In other words, the CPC might indicate to the CHIEF computer that duty should not be paid on an importation because a claim for free admission is legitimately being made by the trader.

The CPC itself is based on a two-digit Community Code which identifies a customs procedure, e.g. the removal from warehouse, entry to free zone or export under OPR. From this the CPC is built up into a 7-digit code.

CPCs can appear daunting for those without prior knowledge. If unsure, the trader should consider making a call to a Customs Broker.

The new Customs Declaration Service (CDS) is set to replace CHIEF soon. What do exporters need to know now about CDS?

CHIEF is regarded as an 'ageing technology'. It currently provides traders with a means of electronic communication with Customs and it also provides access for electronic processing of imports and exports. This includes the collection of about £34 billion of revenue annually.

Recent EU changes in legislation would have proved to be very ►

costly and difficult to introduce on the CHIEF system. CDS is a much more modern and flexible system that is better designed to handle legislation changes and most importantly handle anticipated future import and export growth.

In the year 2015 - 2016 CHIEF processed around 55 million import and export Customs declarations. It is anticipated that the number of declarations could potentially rise to 255 million declarations annually post Brexit!

Interestingly HMRC did start the CDS programme before the UK voted to leave the EU in June 2016. However, accelerated progress was needed to prepare CDS for Brexit. With such a significant amount of work to be done there was always a risk that the necessary functionality might not be in place for Spring 2019, but the Brexit delay to the end of October 2019 may turn out to be beneficial in relation to CDS Brexit readiness.

Our understanding is that CDS was originally expected to be phased in gradually starting with a small number of businesses doing certain types of declarations during the autumn of 2018. This was done with a view to allowing most importers to use it from 2019. That does not appear to have happened and for the Customs Brokers, agents and Freight Forwarders, information about CDS readiness seems to have dried up somewhat.

But CDS will have significant benefits when active. For the first time traders will be able to access information about imports and exports using a Government Gateway user ID and password. There will also be changes to Duty Deferment and Flexible accounting systems plus, for example, the process for getting an EORI number. ■



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