

## CUSTOMS AND INTERNATIONAL TRADE COMPLIANCE FORUM

### Customs – but not as we know it!

So much discussion in the last few years has been around changes to customs processes because of Brexit and indeed this is still a hot topic as the last few changes to make goods movements between Great Britain and the European Union the same as the long-standing arrangements for 'Rest of World' goods have once again been placed on hold. This is in addition to the discussions concerning the Northern Ireland Protocol.

However, far more fundamental changes are coming for all customs work no matter the origin or destination. It is essential that anyone moving goods across borders stays on top of these changes, makes sufficient preparation and prepares to maximise the advantages to their organisation. Being unprepared for most of these changes will simply mean that come the implementation date your goods will not move.

The first change happens on 30th September 2022 – yes just over 4 months away which is no time at all for making software changes, training staff and implementing new working practices with suppliers and clients. This change is that the Customs system (CHIEF) that we have all been using to make customs declarations will be switched off for imports from anywhere to Great Britain. The new system (CDS) is already live, companies can switch now. HMRC have already published considerable information and assistance to help companies to make the switch. There are videos on YouTube, countless pages on the .gov website along with letters to traders, software houses, freight forwarders, customs brokers, hauliers etc. CDS is a very different system to CHIEF for example it requires more data, it is not like filling in a form and the codes are different. Declarants need a completely different mind-set.

Table 1 sets out the main differences you might see when making declarations on CDS compared to CHIEF (from .gov). A key point is that CHIEF allowed the completion of a single form (C88 or SAD) but CDS has 17 different data sets depending on the type of shipment so in essence 17 different forms.

Unless your software provider has adapted their software for CDS you will need different software!

HMRC has also produced two 'checklists' to give an overview of the steps that companies need to take to make the switch.



There is a 'Trader' checklist for companies that outsource customs declarations to third parties and there is a 'Declarant' checklist for companies that make declarations themselves (Traders or Freight Agents/Customs Brokers).

In short:

- Register for a Government Gateway Account
- Obtain an Economic Operator Registration and Identification Number (EORI)
- Register via the Government Gateway to use CDS
- State method you will use to pay import duty and VAT (deferment account, Postponed VAT Accounting etc.) Remember you will need to set up separate direct debits for your deferment account to those you already have for CHIEF
- Traders need to update the import clearance instructions and the export cargo shipping instructions that they give to their freight forwarders etc. with all the additional data elements needed
- Traders and Intermediaries who do their own declarations need to authorise their software providers to make declarations on their behalf
- Traders and Intermediaries who do their own declarations need to undertake training and check all available guidance in order to learn how to use CDS

- Everyone needs to access the CDS Financial Dashboard via the Government Gateway
- Traders and Intermediaries who do their own declarations need to access the Trader Dress Rehearsal Service so they can practise on CDS before submitting live declarations

For imports you need to be live on CDS by 30th September 2022. CHIEF will continue for exports until 31st March 2023 but you can switch your exports to CDS whenever you want before then and the recommendation is to do it soon!

CDS has many additional options as it doesn't just make declarations. This is in preparation for the 2025 UK Border Strategy which sets out how the UK Border will become the most effective border in the world which means the current system of a mixture of data entry, electronic documents such as Export Licences and paper documents such as Health Certificates will all be replaced with an electronic data flow with inputs from all those involved in the international supply chain. Look out for more details of the 2025 UK Border Strategy and the Ecosystem of Trust which will support it in future editions of *Focus*. The way we 'do customs' is changing rapidly and radically between now and 2025. If you have questions about this article please pose them via the CILT Community to the Customs and International Trade Compliance Forum and we will be happy to help.

**Susan Morley** FCILT  
Chair, Customs and International  
Trade Compliance Forum

HMRC 'checklists' can be found at:

[www.gov.uk/government/publications/customs-declaration-service-communication-pack/trader-checklist-moving-to-the-customs-declaration-service](http://www.gov.uk/government/publications/customs-declaration-service-communication-pack/trader-checklist-moving-to-the-customs-declaration-service)

[www.gov.uk/government/publications/customs-declaration-service-communication-pack/declarant-checklist-moving-to-the-customs-declaration-service](http://www.gov.uk/government/publications/customs-declaration-service-communication-pack/declarant-checklist-moving-to-the-customs-declaration-service)

WHAT YOU'LL FIND ON CHIEF	WHAT YOU'LL FIND ON CDS	WHAT'S THE DIFFERENCE?
Community Customs Code	Union Customs Code	Paper based rules versus data processing
Paper form multi-use boxes	Single use data element	Completion requirements for a CHIEF declaration are geared towards paper completion (layout and format are different)
Business rules driven by unique Custom Procedure Codes (CPCs) for each type of declaration, for example simplified declarations have different CPCs to a supplementary declaration	Business rules driven by data set not Procedure Codes. The same Procedure Codes are used across all declaration types in CDS	Procedure Code is always the same in CDS regardless of the type of declaration being made. Same code used on simplified, standard and supplementary declaration types
Single mainframe system	Multiple components to do a specific task	CHIEF is a single platform, but CDS is built up of a number of components that exchange messages between each module to process from end to end
EDIFACT messaging language	XML messaging language	Software providers are required to change their software language as well as data changes
7-digit fixed Customs Procedure Codes (CPCs) for each goods item	Single 4-digit Procedure Code combined with up to 99 3-digit Additional Procedure Code. Can have multiple 3-digits codes for a single goods item, it is important that you select all the APCs that apply to the goods item and do not stop at the first APC you identify	There is no 1-2-1 correlation between CHIEF CPCs and CDS Procedure Code (PC) / Additional Procedure Codes (APCs). Multiple, interchangeable combinations depending on circumstances
68 Boxes on a Single Administrative Document (SAD) form, subsets used for imports and exports	New data elements introduced into CDS under UCC data sets: 91 data elements used across imports and exports. Instead of a single set of boxes for all declaration types, there are different data sets for every type of declaration. A subset of the 76 Data Elements for imports and 65 Data Elements for exports depending on what use the goods are being put too	CDS declarants need to populate all required data elements, depending on the selected declaration category
Single box used for multiple pieces of information in CHIEF	Boxes split into multiple data elements in CDS. Used for a single piece of data	3 boxes on CHIEF may equate up to 17 different data elements on CDS
Single SAD (C88) form used for multiple purposes	17 different data sets	If declarants do not select the appropriate data set, the declaration will reject
Several boxes provided in free text format	Most data elements restricted to code format other than Name and Address fields	Code lists are not the same for CHIEF and CDS. Declarant must select correct code or declaration will fail

Table 1

