



Guide to Importing & Exporting

Breaking down the Barriers

H M REVENUE & CUSTOMS WELCOME YOU TO THE

NEW IMPORTERS AND EXPORTERS STARTER PACK

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* denotes new or updated information in this version of the pack

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Introduction

Section i

New Department Name

With effect from 18 April 2005, HM Customs and Excise merged with the Inland Revenue to form a single Department HM Revenue & Customs (HMRC). The responsibilities previously laid to the two Departments have not changed. The Act authorising the merger of these two Departments allows for the continued use of both corporate references however in this guide references to HM Customs & Excise has been altered to HM Revenue & Customs. More information on the new department is available via our new website www.hmrc.gov.uk.

Who is this publication aimed at?

This information pack is for anybody, whether already in business or not, who wishes to bring goods into the United Kingdom (UK) from outside the European Community (EC), or intends to send goods from the UK out of the EC.

The pack has been designed to help you get started on importing and / or exporting, or to help you better understand the procedures involved in these activities.

If you are engaged in selling products to customers based in a Non-EC Country, or you are buying products from a supplier based in a Non-EC Country, the information in this pack will be relevant to you.

H M Revenue & Customs

When most people think about Revenue & Customs, they think mainly of the uniformed officers they encounter at ports and airports and Income Tax.

VAT registered businesses may be aware of the VAT Officer, who attends business premises to audit commercial records.

However Revenue & Customs deal with many different aspects of work, for example –

- Climate Change Levy
- Excise Duty
- Insurance Premium Tax
- Landfill Tax
- Intra-EC Movement (of goods)
- Air Passenger Duty
- Child Benefit
- Tax Credits
- Income, Corporation, Capital Gains, Inheritance, insurance Premium, Stamp, and Land Taxes

Unless you are in business in one of the specialised areas concerned, it is unlikely you will encounter many of these.

Listed below are some of the job-titles of Revenue & Customs which you may encounter:-

- **Customs Frontier Officers** – work at ports / airports, dealing with the clearance of goods.
- **International Trade Assurance Officers** – work from inland offices, visiting your business premises, to check records and goods in relation to importing and exporting.

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- **VAT Assurance Officers** – work from inland offices, visiting VAT registered business premises. They are responsible for validating VAT returns by examining business records.
- **Excise Assurance Officers** – work with the specific businesses involved with excise duties – hydrocarbon oils, alcohol, tobacco, betting and gaming.

This list is by no means exhaustive, there are many other jobs within Customs, so depending on what your business is doing you may well have contact with other Officers.

Frontier Customs Officers

If you are importing or exporting, you may come into contact with Customs Officers at the frontier. They make sure that any goods being declared for import or export are moving legally. If they find errors on documents where information is incomplete or missing, or there are discrepancies between the documents and the goods, they will need to investigate further and have any errors corrected before those goods can move.

It is perhaps an unfortunate fact that due to the volume of freight traffic at ports and airports, Customs Officers will not be able to deal solely with your consignment. Therefore if a query does arise on your declaration they will not be able to halt all other inspections until yours has been cleared. They are obliged to move on to the next set of documents which have been presented for an import, so your consignment could be waiting until the query found on it has been resolved.

Whilst Revenue & Customs have no wish to add to the burden that businesses bear, we are required by law to ensure that all movements of goods are legitimate. As delays in the movement of your goods are likely to cause you and your customers problems, we are keen to ensure that documentation is completed correctly and therefore ease the movement of goods. To this end, regional Business Education and Support Teams have been introduced.

Regional Business Education and Support Teams (BEST)

Business Education and Support Teams (BEST) can help you understand what a Customs Officer is looking for in your import / export declaration.

Businesses can approach the Team in their geographical area and sign-up for seminars, specialist workshops or one-to-one consultations. Alternatively, an Assurance Officer or VAT Visiting Officer may either suggest to you that you would benefit from inclusion in one of the options, or put your name forward to BEST themselves.

Getting a better understanding of what Customs Officers are looking for, can help to pre-empt some problems, thus helping your declaration to be cleared quicker.

You can contact the BEST team in your region by phoning the National Advice Service on +44 (0)845 010 9000.

Why would I come into contact with HM Revenue & Customs?

Revenue & Customs is the main Government Department charged with controlling imports and exports to and from the UK, for customs purposes and on behalf of other Government Departments. All goods imported into the UK must be declared to Customs on arrival in one form or another. Our involvement with exported goods starts at the time the goods are declared for export. This could be at business premises or the Port or Airport when they leave the country. The export cannot proceed until clearance is given by Customs. We

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work with other Departments in order to speed up the clearance of your goods – otherwise the logistics of the importer or exporter liaising with all the relevant Departments would be difficult. If delays are to be avoided it is important to get the documents right. Errors or discrepancies may cause delays. By having overall responsibility for clearing imports and exports, everything is brought under one umbrella – you or your agent need only have the one point of contact.

Can I use an Agent to act on my behalf?

You can appoint a representative to act on your behalf. The type of representation may be either Direct or Indirect.

Direct representatives act in the name of, and on behalf of, another person. Indirect representatives act in their own name but on behalf of another person.

If you employ an agent to act as a direct representative i.e. the agent makes the customs declaration on your behalf (as the principal) acting in your name, you are the declarant and therefore liable for any customs debt.

Where an agent acts as an indirect representative i.e. they make the customs declaration on behalf of a principal in their own name they are the declarant. In such cases both the agent and the principal are liable for any customs debt.

We strongly recommend therefore that it is in the best interests of importers/exporters to check the accuracy of any customs declarations made on their behalf, for example it is good practice to ensure that you request, receive and obtain copies of all declarations made to customs from your nominated agent as this will help support claims for VAT zero rating and the completion of import Relief procedures.

More information on who is responsible for customs debts can be found in Notice 199 Section 7.

What is an Import?

You **import** when you bring goods into the UK from outside the EC for whatever reason.

The distinction as to when the word **imports** should be applied is not just semantics – it reflects the differences in the law for the treatment of imports against that for trade within the Economic Community – called Intra-EC trade.

What is an Export?

You **export** when you send goods from the UK to outside the EU for whatever reason.

Revenue & Customs use the term “export” to mean the movement of goods to a destination outside of the customs and / or fiscal territory of the European Union (EU).

Countries of the EC

At the time of going to print, the countries of the EU are:-

Austria, Belgium, Cyprus, The Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, The Irish Republic (Eire), Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Slovenia, Slovakia, Spain (but not the Canary Islands), Sweden and The United Kingdom (but the Channel Islands are not part of the Fiscal (VAT) Territory).

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Why do I need to be aware of all this?

Imports and exports, are subject to various UK laws and EC Regulations. You must abide by these "control" measures, so it is a good idea to know what you are getting involved with. When mistakes happen, Revenue & Customs can under the terms of the laws and Regulations impose various penalties against you, or even seize your goods.

This pack is designed to give you guidance to avoid some of the difficulties which can be encountered when importing and exporting goods.

How to use this Pack?

To get the most out of this pack, we would suggest you start by reading either or both of the major sections on Importing or Exporting. You can move onto the sections on Transit Systems and Duty Relief Schemes if these are relevant to your business operations.

The pack is broken down into particular sections dealing with specific activities and topics and within these are the links to other areas which could impact on your movement of goods.

National Advice Service (NAS)

The National Advice Service is the Department's telephone service that deals with all general enquiries about Revenue & Customs matters, including Value Added Tax (VAT), Customs Duties, Insurance Premium Tax, Landfill Tax, Aggregates Levy, Air Passenger Duty, Climate Change Levy and Mineral Oils Duties, both from businesses and the public. It is based at six individual sites which are linked. The single contact number is **+44 (0)845 010 9000**. Each call will automatically be routed to the site with the shortest call queue.

The service is open Monday to Friday from 8.00am to 8.00pm. Customers with hearing difficulties can ring the Textphone service on +44 (0)845 000 0200.

Tariff Classification Service

If you contact the NAS and your query is specific to Tariff Classification, you will need to contact the Tariff Classification Service. In the sections of this guide on Import and Export procedures, you will find reference to this service. They will assist you with finding the correct commodity code for your imports / exports and can be contacted on **+44 (0)1702 366077** between 9.00 and 17.00 Mondays – Fridays (except Bank Holidays), with a voice mail facility in operation outside of these hours. Please see the sections in this guide on Importing and Exporting for more information on tariff classification and commodity codes.

Notices

Revenue & Customs issues Notices (leaflets or booklets) on particular subjects. A number of Notices are referred to throughout this publication. You can obtain copies of Notices by either contacting the National Advice Service on +44 (0)845 010 9000, and requesting a copy to be sent to you in the post. You can also view Notices on our website www.hmrc.gov.uk, under the Practitioner Zone from the top tool bar and scroll down to 'Public Notices and Info sheets' under 'Library'.

Acknowledgements

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- Department for the Environment, Food and Rural Affairs (DEFRA)
- Department of Trade and Industry (DTI)
- Rural Payments Agency (RPA)

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The Tariff

The Integrated Tariff of the United Kingdom, usually referred to as **The Tariff** contains all the information to help you with Importing or Exporting. It includes references to the relevant laws and regulations.

Although the UK version is called the “Integrated Tariff of the United Kingdom”, the same format is used throughout the EC. Importing and exporting are covered by EC Regulations, so regardless of the country in which you operate, The Tariff equivalent acts as a comprehensive point of reference. Please note that all EC countries have the same commodity codes, duty rates and procedures as the UK.

The Tariff consists of 3 volumes –

- **Volume 1** contains essential background information for importers and exporters. It covers – duty relief schemes, contact addresses for organisations such as Department Of Trade and Industry, Department of Environment, Food and Rural Affairs (formerly MAFF) and Forestry Commission. It also contains an explanation of Excise duty, Tariff Quotas and many similar topics.
- **Volume 2** contains the 16,000 or so Commodity Codes set-out on a Chapter by Chapter basis. It lists duty rates and other directions such as import licensing and preferential duty rates.
- **Volume 3** contains a box-by-box completion guide for import and export entries – the C88 form, the complete list of Customs Procedure Codes (CPCs) for importing and exporting, Country / Currency Codes, lists of UK ports and airports both alphabetically and by their Entry Processing Unit (EPU) numbers, and further general information about importing or exporting.

The Tariff is available on an annual subscription. At the time of going to print the cost is £245. Each December, a complete Tariff for the coming year is despatched followed by monthly amendments which replace existing pages.

If you do not wish to obtain your own copy, the Tariff is available in some Customs offices and some larger libraries.

Whether or not you own a Tariff, it is essential that you keep up-to-date with changes in commodity codes, rates of duty and regulations related to your products.

You can buy the Tariff in printed and CD ROM formats or subscribe to the new e-service, from:

The Stationery Office
The Publications Centre
PO Box 29
Norwich
NR3 1GN

General enquiries and orders
Orders only
Subscriptions
Web site

Telephone +44 (0)870 600 5522
Fax +44 (0)870 600 5533
Email subscriptions@tso.co.uk
www.tsoshop.co.uk

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Why are Revenue & Customs interested in my goods?

Customs have an interest in imports for a number of reasons. These include:-

- Correct payment of any duties and / or VAT due.
- Trade Statistics for both the UK and the EC.
- Balance Of Trade Figures for imports / exports for the United Kingdom.
- Prohibitions set in place by UK laws and EC Regulations.
- Restrictions set in place by UK laws and EC Regulations.

The Single Administrative Document (SAD) – C88

Import and export details are usually collected through the submission to Revenue & Customs, of the Single Administrative Document (SAD). This document, in the same format, is used throughout the EC, each country having it printed in their own language.

In the UK it is known as form C88, copies of a completed form can be found at the end of this section. The form contains 54 boxes – not all of them need to be completed. The details of which should be completed and why, are given in the Tariff, Volume 3 part 3, paragraph 3.1.1.

Import Declaration

Currently 99% of import details are collected through the submission to Revenue & Customs of an electronic import declaration (C88). You may make this yourself or use an agent to do it for you.

The import declaration gives information needed for a complete picture of what the goods are and what is happening to the shipment. Two of the most important pieces of information required are the Commodity Code (also called Tariff Heading, Tariff Code, Classification Code or Harmonised Code) and the Customs Procedure Code (CPC). Both have significant impact on duty due and how the consignment is treated.

Can I use an Agent to make an import declaration on my behalf?

You may appoint a representative to make an import declaration on your behalf. If you use a freight agent to complete your import formalities for you, he is working on your behalf only. If something in the declaration needs an explanation, we may still look to you as the legally declared imported and not the agent for clarification.

If you employ an agent to act on your behalf, the type of representation may be either Direct or Indirect.

- Direct representatives act in the name of, but on behalf of, another person.
- Indirect representatives act in their own name but on behalf of another person

If an agent is acting as a direct representative i.e. the agent makes the customs declaration on your behalf (as the principal) acting in your name, you are the declarant and therefore liable for any customs debt.

Where an agent acts as an indirect representative i.e. they make the customs declaration on behalf of a principal in their own name they are the declarant. In such cases both the agent and the principal are liable for any customs debt.

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We strongly recommend therefore that it is in the best interest of importers to check the accuracy of any customs declarations made on their behalf, for example it is good practice to ensure that you request, receive and obtain copies of all declarations made to customs from your nominated agent as this will help support claims for VAT zero rating and the completion of Import Relief procedures.

More information on who is responsible for customs debts can be found in Notice 199 Section 7.

Trader's Unique Reference Number (TURN)

A TURN is a twelve digit number required by HM Revenue & Customs to allow importers to obtain Customs clearance via the CHIEF (Customs Handling of Import and Export Freight) system.

If you are VAT registered, the TURN will be your VAT registration number **plus** a three-digit suffix.

If you are not VAT registered, then an alternative number can be issued in order to clear goods for import or export. This is called a "**Pseudo TURN**"

How do I know whether I need to obtain a Pseudo TURN?

If you are an importer, a Pseudo TURN is required when you are:

- not registered for VAT (or have applied but not yet received your VAT number); and
- making a commercial import; and
- importing from a country outside the European Union.

A Pseudo TURN must also be used in the following circumstances (if you do **not** have a VAT number):

- if you need to remove goods from a Customs Warehouse; or
- you are importing firearms into the UK and require a TURN for the purposes of obtaining an import licence from the Department of Trade and Industry (DTI).
- If you are importing goods qualifying for End-Use Relief.

Who should I contact about TURNS?

The TURN team in Swansea are responsible for the allocation of Pseudo TURNS and TURN suffixes to VAT registration numbers. You can contact the team at:

HM Revenue & Customs
Custom House
Pier Head
Kings Dock
Swansea
SA1 8RY
Tel: +44 (0) 1792 634004, 634005, 634006, 634007.
Fax: +44 (0) 1792 634022
E-mail: turn@hmrc.gsi.gov.uk

Further information on TURNS can be obtained in Notice 553.

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What is the Commodity Code?

The Commodity Code for imports is a ten digit number which equates to a description of the item. Every item will have a code number – however diverse or obscure.

Against each commodity code, a duty rate is set, as are any restrictions likely to apply eg. DTI Import Licence may be needed. Classifying your products to the right commodity codes is very important as the code;

- describes the goods, and
- sets the duty rate.

The majority of products being imported will attract duty. It is important that the correct duty rate is paid. If you pay too much, you will be disadvantaged financially. If you pay too little, you are likely to have to pay the additional amount later, perhaps after you have sold the goods on. Ensuring your products are classified to their correct commodity code(s) is of prime importance. Commodity Codes are contained in Volume 2 of the Tariff and there are some 16,000 of them. The Tariff has monthly updates as codes can change, be removed or new ones added.

If after having carefully studied the Tariff, you are unable to find the correct commodity code, the Tariff Classification Service can assist you. If required they can also provide a written Binding Tariff Information (BTI) decision. The Classification Service can be contacted on +44 (0)1702 366077 between 9.00 and 17.00 Mondays – Fridays (except Bank Holidays), with a voice mail facility in operation outside of these hours. See also Notice 600 – Classifying your Imports or Exports.

Please note – An incorrect Commodity Code could result in an overpayment of duty, or an underpayment that Customs will collect at a later date.

What is the Customs Procedure Code (CPC)?

The CPC describes the purpose of your shipment and informs Customs about the duty to be paid on the goods, whether it is to be –

- taken as a deposit, to be repaid when goods are re-exported,
- suspended completely because of a duty relief scheme (see Section v), or
- brought to account straightaway.

For example are the goods coming in as samples, either to elicit orders or for you to inspect for quality, finish etc, before giving the go-ahead for full importation of the product? Such Commercial samples and Goods for examination, analysis or test can get relief from duty and VAT and there are specific CPCs to cover this. Please see Notices 367 and Notice 374 for further information.

The Tariff (Volume 3) contains the full list of CPCs for the various import options. Once you have established the correct one, it is unlikely to change for the year.

Payment of Import Duty and VAT

Once an import declaration (usually a C88 Single Administrative Document (SAD)) has been submitted and accepted by Revenue & Customs, the goods covered by the declaration shall not be released unless the monies payable against that import have been paid or secured. The usual method is by use of a **Deferment Account** (see below), for you or your agent. You can also pay by guaranteed cheque (by the use of guarantee form C&E307, or by

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individual bank endorsement), Bankers Draft, BACS, or CHAPS. These latter methods of payment will be accepted in euros.

What is the Import Value?

When you import goods, you must declare a value (known as the customs value) on the C88. It is important that this value is correct as this is the amount on which any duties and VAT due will be calculated. The customs value is also crucial to obtaining accurate trade statistics.

How do I determine the customs value of my goods?

Where the goods you are importing are subject to a sale, the customs value should be based on the CIF price (cost, insurance, freight) plus certain other costs you may have incurred in purchasing the goods (e.g. some commissions, royalty and licence fees and even the value of materials you have supplied free of charge to a manufacturer). This method of valuation is known as the transaction value and is used in the vast majority of importations.

Where no transaction has taken place (e.g. you imported the goods on loan), a hierarchy of alternative methods of valuation should be used. To help guide you through this complex area further details concerning the valuation of goods for customs purposes can be found in Notice 252.

General Valuation Statements (GVS)

If you import dutiable goods over a certain value (currently £6500), you have to complete a declaration of value as well as the C88. If you buy goods regularly from the same supplier(s), instead of completing a declaration every time you import a consignment, you can register a "long term" declaration called a **General Valuation Statement (GVS)**, with our GVS Registration Unit in London. The declaration will remain valid for a period of three years as long as the particulars do not change, after which it has to be renewed. Further details, including the address of the GVS Registration unit, can be found in Notice 251.

Rates of Exchange

If you or your suppliers issue invoices with values quoted in currencies other than sterling these will need to be converted to sterling for customs duty and VAT purposes when declaring goods at import and export.

The various rates of exchange can be accessed via the HM Revenue & Customs website at www.hmrc.gov.uk. From the Home Page use the Quick Links on the left hand side and scroll down to Exchange Rates. Then scroll down to Rates, Codes and Tools. Access can also be gained through the Practitioners Zone from the top tool bar and scroll down to 'Rates & Codes' under 'Library'. The monthly rates shown are checked weekly and changes made if they differ by more than 5% from the last published rate. Alternatively the exchange rates are available from the National Advice Service and are also published in the Financial Times.

What documentation will I have when I import?

Whenever possible and certainly for any imports coming in under "Customs Control", you need to have a copy of the import C88 form. We would also advise that a copy of the supplier's invoice accompanies the consignment, or if there has been no sale, a letter or document clearly showing what the status of the goods is.

If you have used an agent, the C88 will not necessarily look like the example at the end of this section. Agents can input your import details direct to the Revenue & Customs CHIEF

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(Customs Handling of Import and Export Freight) computer system and produce a "plain paper" print which contains all the same information as a C88. This is called *Trader Input Plain Paper C88*.

If Customs are presented with a C88 for an import coming in under "Customs Control", we will stamp it and thereby certify the import. If the details have been input electronically (through CHIEF), Customs will not have the physical documents to stamp – therefore we issue the agent with an **Entry Acceptance Advice**. This is our way of acknowledging the entry.

If you receive a Plain Paper C88, you should also receive the Entry Acceptance Advice. This is proof that the entry was input and accepted by Customs.

All entries, whether input electronically or through submitting a C88, will, once they have been accepted by us, be issued with a unique Entry Number. Regardless of which port / airport has been used it will always follow the same format of three digits (port / airport code), followed by six digits (including zeros), followed by a letter, followed by the date of acceptance; for example 120 – 112034B 190302.

What is meant by "Customs Control"?

When goods are imported to a CPC which declares that some sort of duty / VAT relief is being requested on the consignment, it follows that by its very nature of relief the goods can be effectively "duty free". So the consignment comes under Customs Control – which means that the importer has to account, through record-keeping, for what is going to happen to those goods, whether they are going to be re-exported or completely destroyed, how long are they due to be in the UK / EC. An Assurance Officer can visit any trader and inspect their records and goods. If the conditions under which importation was allowed have not been fulfilled, HMRC may have to bring a deposit of potential duty / VAT to account, impose a penalty or even seize the goods. Our catalogue of Publications - Notice 999 includes those which can give more details on the various relief regimes.

What is a Deferment Account and how does it work?

If you intend to import on a frequent basis, a Deferment Account is an efficient method of paying the duty and VAT due. You can apply to Revenue & Customs for a Deferment Account, which will enable you to defer paying the charges (that would otherwise be due at importation) until a prescribed payment day.

To apply, you will need to provide financial security (from a bank or insurance company approved by Revenue & Customs) to cover each and every sum you defer up to an overall maximum amount in any calendar month. This amount is your deferment limit for the month and must not be exceeded. You will also need to complete a direct debit mandate to enable us to take a payment from your bank account of the total charges deferred.

Note : Security must be provided to fully cover all customs duties and excise duties that you defer. Import VAT however may not need to be fully secured if you apply for SIVA (Simplified Import VAT Accounting) approval. Detailed SIVA information and application forms can be found on our website at www.hmrc.gov.uk.

Upon successful deferment application, you will be allocated a Deferment Approval Number (DAN) that must be quoted on the import declaration if you wish to pay for charges due by duty deferment.

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The charges you defer during one calendar month (the deferment accounting period for customs duties and import VAT) must be paid as a total sum on the 15th of the next month, or if the 15th is not a working day, on the next working day after it. This means you can defer charges between 2 and 6 weeks – an average of 30 days credit. For excise duties, you still get an average of 30 days credit, but the deferment accounting period runs from the 15th of one month to the 14th of the next month. Payments must be made on the 29th of the latter month (or 28th February in non-leap years), or if the 29th (or 28th February in non leap years) is not a working day, on the working day before that.

Notice 101 (available via our website at www.hmrc.gov.uk) gives further guidance on this subject.

What are Preferential Rates of Duty?

The EC has trading agreements set in place with certain non-EC countries. The effect of these is to allow goods which have met specified origin rules in the country of export to be imported at a preferential or reduced rate of duty. Claims to preferential rates of duty must be supported by proof of preferential origin (a certificate, or in some cases a declaration on an invoice or other commercial document, issued in the exporting country); further information is given in Notice 826. Volume 1 Section 7 of the Tariff contains additional information in terms of which countries are involved.

The European Community has also concluded a Customs Union with Turkey in which most products (with the exception of agricultural and coal and steel products, which are subject to the 'traditional' preferential arrangements described above) can be imported into the parties concerned without payment of customs duty. In order to qualify for this relief the products concerned must have either been wholly produced in the Community or Turkey or if they have been imported into the parties from another country they must be in free circulation with all customs duties and other equivalent charges paid. Evidence of entitlement to the relief is provided by an ATR Movement Certificate. You can find out more about the preferential arrangements between the Community and Turkey in Notice 812.

Control measures have been set in place to address the risk of goods being imported under preference incorrectly. If a Preference Document is submitted to Customs and is found to be incorrectly issued against the consignment, the additional duty must be paid and in the most serious cases other penalties may be imposed. Therefore, in your own interest you should check as far as possible that any proof of preferential origin which you present to Customs is valid and that the goods covered by it are properly entitled to preference. Notice 826 tells you how you can help yourself avoid a liability to duty and how you can check that your goods have met the rules.

What are Customs Freight Simplified Procedures (CFSP)?

CFSP is a two stage electronic method of declaration. It offers the trader a variety of procedures, which may be operated in isolation or combined to best meet the traders needs. It allows authorised traders to gain accelerated removal or release of most third country imports by making a simplified declaration containing the minimum of details at the frontier.

The full statistical and fiscal details of the goods are later provided to Customs electronically within a defined timescale. However CFSP imports will still be subject to anti-smuggling and admissibility controls the same as all other goods entering the UK. Other features of CFSP include possible cash flow benefits and the use of simplified procedures in conjunction with normal entry and warehouse procedures to meet the needs of your business.

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You must apply to Customs for general / specific authorisation to operate simplified procedures, details of the authorisation criteria and conditions can be found in Notice 760.

Can I personally bring commercial goods, purchased outside the UK, back with me?

Yes. However all commercial goods, which are not in free circulation within the EU carried in your baggage or private vehicle must be declared to Customs. On arrival in the UK you must take the goods to the Red "Goods to Declare" Channel. Where no separate red channel exists you should use the Red Point phone in the customs area.

The value of the goods together with the customs procedure the goods are being imported to will determine whether or not you are required to complete a formal customs declaration on a C88 SAD. Where a C88 is not required it will still be necessary to pay any customs duties and taxes due and you will be given a receipt for any monies paid.

Where a customs declaration is required, you must complete the C88 in the same way as you would for an importation of unaccompanied freight. Further details about this can be found in Notice 6.

Further Information:

Further information is available in the following Notices:

Notice 6 – Merchandise in Baggage

How to make a commercial import of goods, when returning from a trip abroad, if you have them in your luggage.

Notice 143 and 144

These two notices take you through how to make an import by Post (not Courier Services).

Notice 199 – An overview of general import procedures.

Notice 199A – Temporary storage.

Notice 600 – Classifying your Imports or Exports

This tells you how to classify your Imports and Exports.

VAT Notice 702 – gives general information on imports from a VAT aspect.

VAT Notice 702/6 – deals with Import VAT Certificates (C79's).

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An Example of a completed C88 Form

6	2 Consignor/Exporter No <input type="checkbox"/> MR A K SMITH GORDON & GORDON PAIGN AVENUE AUSTRALIA					1 DECLARATION IM					A OFFICE OF DISPATCH/EXPORT							
	8 Consignee No 111 2222 33 000 BRIGGS BOOTS LTD 14, BRIGHT DRIVE READING, BERKS RG1 5B8 UNITED KINGDOM					3 Forms 1 1		4 Loading lists		5 Items 1		6 Total packages 10		7 Reference number INV. 664411/99				
						14 Declarant/Representative No 222 3333 44 BODDINGTON'S FREIGHT SERVICE PETERBROOKE AVENUE, COLNBROOK					9 Person responsible for financial settlement No					10 Cry1st dest/ last consig. 11 Trad/Prod. country. 12 Value details XXX A XXXXXX or XXX D XXXXXX		
	15 Country of dispatch/export										15 C disp./exp. Code a AU b		17 Country destin.Code a b					
	18 Identity and nationality of means of transport at departure/on arrival BA 1064 Y 0					19 Ctr.					20 Delivery terms							
	21 Identity and nationality of active means of transport crossing the border					22 Currency and total amount invoiced AUD 5,480-00					23 Exchange rate 2.5896		24 Nature of transaction					
	25 Mode of transport at the border 40		26 Inland mode of transport		27 Place of loading/unloading LMR		28 Financial and banking data											
	29 Office of exit/entry					30 Location of goods B.A. SHED 2					31 Packages and description of goods Marks and numbers - Container No(s) - Number and kind 1 x BOX CONTAINING 10 BOXES CONTAINING ADULT MALE LEATHER FOOTWEAR IN PAIRS. BOX MARKED "1 TO UK c/o BDFS"							
	44 Additional Information Documents produced/ Certificates and authorisations L.I = A999 * END					32 Item 1 No		33 Commodity Code 64035995 00										
						34 Country origin code a AU b		35 Gross mass (kg)		36 Preference 100								
37 PROCEDURE 4000 00						38 Net mass (kg) 8.00		39 Quota										
47 Calculation of taxes					40 Summary declaration/Previous document					41 Supplementary units TEN					42 Item price 5,480-00		43 V/M Code	
					45 Adjustment B000					46 Statistical value £2,116-16								
					48 Deferred payment					49 Identification of warehouse								
50 Principal No Signature:					C OFFICE OF DEPARTURE					B ACCOUNTING DETAILS								
51 Intended offices of transit (and country) represented by Place and date:																		
52 Guarantee					Code					53 Office of destination (and country)								

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An Example of a completed C88 Form

not valid for		
D CONTROL BY OFFICE OF DEPARTURE	Stamp:	54 Place and date: COLNBROOK 29-08-01
Result:		Signature and name of declarant/representative: S Boddington
Seals affixed: Number:		MRS S BODDINGTON
Identity:		
Time limit (date):		
Signature:		

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Am I likely to need an import licence?

When you import, you may come across a number of licensing requirements, these include;

- Common Agricultural Policy (CAP) Licences,
- Department of Trade and Industry (DTI) Licences,
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- European Commission Licences,
- Forestry Commission Licences and
- Office of Communications (Ofcom) Licences.

What are Common Agricultural Policy (CAP) Licences?

If you import foodstuffs, whether as raw materials or processed goods, CAP Licences are usually needed. They are issued and controlled by The Rural Payments Agency (RPA). Revenue & Customs are responsible for the policing of the licences at the time the goods are imported.

How will I know if I need a licence?

When you have established the commodity code or codes relevant to your product, the RPA can advise you whether a licence is needed. If a licence is needed and is not presented at the time of importation, the goods will not be allowed to move from the port / airport. It is worth remembering that CAP goods being imported from one country may need a licence, whereas the same goods coming from another country may not.

CAP licences can be issued to control certain aspects of imports, eg. restrict the quantity of a certain type of goods being imported from a certain country, or to restrict the quantity of a product which gets a preferential rate of import duty.

You can contact the RPA on their general helpline number +44 (0)845 603 7777 or visit their website at www.rpa.gov.uk.

What are Department of Trade and Industry (DTI) Licences?

DTI Import Licences may be needed for any type of product. They are issued by the DTI and enforced by Revenue & Customs.

When you have established the commodity code or codes relevant to your product, the DTI will be able to advise you whether a licence is needed. If a licence is needed and is not presented at the time of importation, the goods will not be allowed to move from the port / airport. It is worth remembering that goods being imported from one country may need a licence, whereas the same goods coming from another country may not.

Although most people can accept that goods such as firearms and nuclear materials may need a licence, DTI licences may be needed for the most unlikely items – clothing and cotton bed linen for example.

DTI licences can be issued to control and limit certain aspects of importing. Examples include –

- Monetary amount – after a certain value of the goods in question has been imported from a specified country no more can be imported from that country,
- Quantity – after a certain quantity of the goods in question has been imported from a specified country no more can be imported from that country,

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- Ultimate Destination – although the items are being imported via the UK, are they able to enter the country of final destination?
- Ultimate Use – for what purpose are the items being imported? An example would be military use only, specifically if being imported on behalf of a UK Government Department.

Also issued by the DTI are Import Licence Quotas. These quotas are a means of monitoring and limiting the actual amount of particular goods imported. They can relate to specific countries of origin, regardless of the rate of duty claimed.

The import licensing branch at the DTI can be contacted on +44 (0)1642 364333/334, or visit their website at www.dti.gov.uk.

What are Department for the Environment, Food & Rural Affairs (DEFRA) Documents?

If you import meat, poultry, dairy products, some other foodstuffs, livestock, blood, plant life, endangered species or fur a DEFRA licence, permit, certificate of conformity or Common Veterinary Entry Document (CVED) will usually be required.

When will I need a Department for Environment, Food & Rural Affairs (DEFRA) Document?

Goods such as meat, poultry, and their products, dairy products (including milk and eggs), animal bones or blood, sausage skins and fishery products are required to undergo veterinary health checks at a Border Inspection Post (BIP) on arrival in the UK. In addition to the veterinary documents required by the BIP, a Common Veterinary Entry Document (CVED) issued by the BIP will normally be required to obtain customs clearance.

Under national legislation rabies susceptible animals require a UK import licence. Certain pets may be imported without the need to undergo quarantine if they comply with the conditions of the Pet Passport Scheme. The pet passport scheme only applies to pet cats, dogs and ferrets.

Certain plants, plant produce and plant products are prohibited from entering the UK from non-EC countries. It may be possible to import, move and keep prohibited material for trial or scientific purposes under the authority of a licence issued by DEFRA / National Assembly for Wales (NAW) / SEERAD for Scotland and DARD for Northern Ireland.

In general, controlled plants and some plant produce and products that are permitted to enter England, Wales and Northern Ireland from non-EC countries must be accompanied by a phytosanitary certificate.

In Scotland, controlled plants and some plant produce and products that are permitted to enter Scotland from non-EC countries must be accompanied by a phytosanitary certificate and a quarantine release certificate (QRC). The QRC is issued by SEERAD.

All imports of fresh fruit, vegetables and nuts subject to EC Marketing Standards require a recognised certificate of conformity before release into free circulation within the European Union. Produce for industrial processing will need a certificate of industrial use. RPA Horticultural Marketing Inspectorate will issue certificates for importations entering England or Wales, SEERAD for Scotland and DARD for Northern Ireland.

Feed and Food products of non-animal origin (e.g. grain) imported into the EU must also comply with feed and food safety requirements. Certain products identified as high-risk may

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need to be pre-notified to health authorities and accompanied by the relevant documentation e.g. laboratory analysis statement confirming a product is safe / suitable for human consumption.

Endangered species both flora and fauna and their products, e.g. parrots, tortoises, birds of prey, monkeys, caviar, ivory and coral, need specified permits or other documentation to be legally imported into or exported out of the European Union (EU).

The furs of certain animal species may only enter the European Union (EU) if accompanied by evidence of their legal origin.

You should contact DEFRA on their general helpline number +44 (0)20 7238 6951 or +44 (0)845 933 5577 or visit their website at www.defra.gov.uk for details of the specific import licensing requirements for all of the above goods.

When will I need a Forestry Commission Inspection Document?

Certain types of timber and forestry products must be covered by an inspection document issued by the Forestry Commission to be cleared by customs.

You can contact the Forestry Commission on +44 (0)131 334 0303 or +44 (0)845 367 3787, or visit their website at www.forestry.gov.uk.

When will I need a European Commission Licence?

The import of certain ozone depleting substances (ODS) and products which contain them (for example certain fridges or aerosols) is either prohibited or requires the authority of an import licence issued by the European Commission.

You can contact the Global Atmosphere Division of DEFRA for further information on +44 (0)20 7238 6000 or +44 (0)845 933 5577 or visit the website at www.defra.gov.uk.

What are Health & Safety Executive (HSE) controls?

The import of certain carcinogenic substances (mainly for use in dyes) goat hair and certain other animal hair is prohibited unless an Exemption Certificate has been issued.

The importation of raw asbestos and many products made from it is banned, and special written authority would be required to import even small samples for research. In addition to above (carcinogen etc) chemicals can also be subject to notification or Prior Informed Consent (PIC) procedures. Some chemical imports are banned outright.

You can contact the HSE Information line on +44 (0)845 345 0055, or visit their website on www.hse.gov.uk.

When will I need an Office of Communications (Ofcom) Licence?

The import of certain radio equipment (particularly if it transmits the human voice) may be prohibited except with the authority of an import licence issued by the Office of Communications.

You can visit the Ofcom website at www.ofcom.org.uk or contact them by phone on +44 (0)845 456 3000 or +44 (0)20 7981 3040.

When will I need a Kimberley certificate?

The import of rough diamonds from outside the EU requires an original Kimberley certificate.

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You can contact the Government Diamond Office at the Foreign and Commonwealth Office on +44 (0)20 7008 6903 / 5797 or via email GDO@gt.net.gov.uk .

When will I need a Catch Document?

The import of all types of *Dissostichus* species of fish (sometimes known as Patagonian Toothfish or Chilean Seabass) require Catch documentation.

You can visit the CCAMLR (Convention on the Conservation of Antarctic Marine Living Resources) website at www.ccamlr.org/

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What are Tariff Quotas?

A Tariff Quota is a pre-set value or quantity of given goods, which may be imported into the European Community during a specified period with a reduction of the normal customs duties, and beyond which an additional quantity of the goods can still be imported by paying normal Customs duties.

The Tariff Quota will most usually be expressed in net weight (kg) but other quantities may be applied (value, volume, number of pieces etc). While most quotas are open for a full calendar year some quotas may be seasonal or may straddle two years (eg July to June). The quota will be available within its validity period for as long as the quota balance allows. The duties relieved can be customs duty and / or agricultural charges but also increasingly quota is used as the mechanism to control additional duties levied for market or trade control purposes.

Who imposes Tariff Quotas?

A quota is put in place by the EC usually in the form of a Council or Commission Regulation published in the Official Journal of the European Union.

Once an individual quota has been used up, then any further import must be made at the appropriate non-quota rate. This will most usually be at the full Common Customs Tariff rate but may be at an intermediate rate such as GSP or Preference if available. In certain circumstances outside of the quota additional duties may be levied.

Importers wishing to benefit from Tariff Quotas must make a claim in accordance with Community and national requirements. Tariff Quotas are identified in Commission documents by their Order Number (a six digit number starting 09) but in the UK for CHIEF processing purposes this is converted to a four digit Tariff Quota Serial Number (TQSN).

Will I be involved in Tariff Quotas?

To know whether a quota has been put in place against goods you wish to import, you need to refer to the commodity code(s) listed in the Tariff and check if "TQ" is shown in the first column following the commodity code.

If TQ is shown, you will need to check the additional information given at the back of the specific Tariff Chapter for that commodity code – remember to check the country of origin. If your goods are listed and you wish to import under the benefit of the quota, you will need to note the TQSN shown.

How do I request a share of the Quota?

Tariff Quotas are allocated on a first come first served basis with respect to the date of entry, there is no national share, all quotas are available equally across all Member States. In accordance with Community provisions, the Customs services register the date when they accept each Customs declaration. Management of Tariff Quotas on a first come first served basis means that, when more than one claim on the same Tariff Quota is being considered, priority is given to the claim which results from the Customs declaration(s) accepted first (this is in respect to date not time). Claims that have the same priority are given equal treatment. This is *usually* done at the time of import when the TQSN is declared on the import declaration. You will not know immediately if your request has been successful – all the requests received throughout the EC are collated and apportioned by the European Commission and allocated two working days after receipt.

It is worth remembering that it is quite feasible for a quota *not* to open on the date shown, or for a quota to become available before its details appear in the Tariff.

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What happens to my request?

An available quota can be given either an Open Status or Critical Status. Where a quota is Open no security is required to protect the duty when a valid claim is made, and traders / economic operators can usually assume that quota benefit has been allowed. When however the starting balance is small, the quota has a history of rapid exhaustion, the remaining balance falls below or at the discretion of Member States, the quota may be set at **Critical**. Quota requests for critical quotas must include security at the appropriate non-quota rate. Where the quota is allowed in full, the security will be released automatically, however should the quota exhaust, some or all of the security will be retained. You can put in a claim after your import has taken place (known as a belated claim), the date of the claim will still be the original entry date but if the quota has closed in the meantime, your back-dated claim will not be successful.

Under UK Charter Standards our target is to repay any duty overpaid (or held as security pending the outcome of your claim to a quota), within 30 working days. This is not always possible however, because we cannot control the time needed by the Commission to process all the quota claims and issue the results.

Your claim could be –

- **Allowed in full** – so the whole of your consignment benefits from a lower rate of duty,
- **Partially allowed** – so only a set amount of your consignment can benefit from a lower duty rate, or
- **Refused** – so your whole consignment will have duty at the full rate.

Notice 375 and the Tariff Volume 1 Part 8 contain further details about quotas.

Where can I get further advice?

Quotas are administered in the UK by the Central Tariff Quota Unit (CTQU), part of Revenue & Customs. This team can provide you with up-to-date information on specific Tariff Quota Serial Numbers (TQSN). You can contact the CTQU between the hours of 9.30 to 16.00 on +44 (0)1702 367237 or 366787, by facsimile on +44 (0)1702 361786. Their address is:

HM Revenue & Customs
Central Tariff Quota Unit (CTQU)
6th Floor North
Portcullis House
27 Victoria Avenue
Southend on sea
Essex
SS2 6AL

Details of Duty rates, most up to date quota balances and other tariff information can be found on the European Commission DDS website : www.europa.eu.int/comm/taxation_customs/dds/en/home. Where the order number is known users can go direct into the quota pages. Alternatively there is a link to quota from Taric where only the Commodity code or description is available.

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What are Import Preferences?

The EC has set-up trading agreements with certain countries around the world. The agreements are in place to allow products originating in particular countries to be imported into the EC at a reduced or nil rate of duty. Such preferences are very specific and are subject to the satisfaction of a number of conditions, the most important being compliance in the exporting country with the appropriate preferential rules of origin. Proofs of preferential origin (certificates or in some cases declarations on invoices or other commercial documents) are issued in the country of origin and submitted in the country of import. These proofs of preferential origin accompany individual consignments.

What are the Import Preference Schemes?

There are two major types – Autonomous or Non-Reciprocal (Import only) and Reciprocal. The schemes are covered by the trade agreements signed by the EC and various partner countries.

- ***AUTONOMOUS OR NON-RECIPROCAL - Generalised System of Preferences (GSP)***

Only those GSP beneficiary countries who have notified the EC Commission of the authorities which will stamp their preference certificates and have provided it with a specimen of the stamp concerned are able to benefit from the preferential arrangements. A full list can be found in the Tariff Volume 1, Part 7.

Claims to preferential rates of duty under the GSP must normally be supported by a GSP Form A. It is a certificate of preferential origin and **must be stamped and signed** by the competent authority within the country – usually (but not always) the Customs Authority. The relevant authority has to be notified to the European Commission in advance of the implementation of the preferential arrangement, but see below concerning declarations on an invoice.

The certificate covers *one* consignment. If however the consignment is expected to be broken down into a series of entries over a period of 3 months or less, then you may exceptionally apply to Customs at the port / airport where the goods will be imported, to allow one certificate to cover these entries. Customs will look to ensure that all entries will be eligible. Notice 826 gives more detail about this facility.

The GSP Form A has a limited period of validity from the date of issue. At present this is ten months. If a certificate is not fully completed, it can be rendered invalid, so you are advised to check the document for completeness prior to importation. Please remember that any corrections must be made by the supplier.

As an alternative, exporters in “GSP” Countries can use declarations on a commercial invoice up to a maximum goods value of £4830 (6000 Euros).

- ***RECIPROCAL - EUR Preferences***

Reciprocal agreements apply to both import to the EC and export from the EC. There are two ways to support a claim to preference on imported goods or to prove the preferential origin of goods which are being exported under preference. The most commonly used document is a Form EUR 1.

If the consignment is under a stated value, then a declaration on the invoice or other commercial document with a legally approved form of words can be used as an alternative. Many reciprocal Agreements enable exporters to become approved to

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Section ii

issue invoice declarations regardless of the values involved. See Notice 826 and 827 for further details.

Each Form EUR1 or invoice declaration covers one consignment and the documents again have a limited period of validity of 4, 5 or 10 months depending upon the particular preferential trade agreement concerned.

What is meant by the "origin" of the product / goods?

The entitlement to a preferential rate of duty depends on the product meeting its relevant Origin Rule. These rules vary according to the product and the preferential trade agreement concerned. They require either that the product is wholly produced in the preference country or that it has been manufactured there in accordance with particular rules. More guidance on the specific rules can be found in our Notices 812, 828, 829 and 832.

Roles and Responsibilities

If the supplier states he is able to send a preference document confirming the preferential origin of your consignment, it is in your interest to check the authenticity and accuracy of the documentation.

Your supplier will have had to get the preference certificate stamped by their competent authority – but this does not in itself guarantee that the certificate will have been issued correctly. As the legally declared importer, you are responsible if an invalid claim to preference is made when your goods are imported. This carries with it the likelihood of a duty demand – which can be issued up to three years from the date of importation, as well as the possibility of a fine in more serious cases. Section 2 of Notice 826 suggests checks you can make prior to importation to ensure that your goods meet the rules.

What if my goods are not transported directly to the UK?

As a general rule ALL consignments on which preference will be claimed upon import to the EC should be transported direct from the preference country to the Community. However, exceptions are allowed whereby goods can travel via other countries and still claim preference at their intended destination, so long as the goods concerned remain under customs control in the country of transit and are not processed or altered in any way.

Can certificates be obtained retrospectively or replacements obtained?

Both GSP and EUR 1 Certificates can be issued retrospectively, but this **must** be considered an exception.

If a certificate is lost, destroyed or stolen a duplicate can be issued. A duplicate certificate is the top copy of a certificate only. It must be stamped and signed by the competent authority and will be valid from the date on which the original was issued – photocopies of the original form are not acceptable. Notice 826 provides additional guidance.

What happens if I cannot get a certificate in time?

If the goods you are importing do not have a preference certificate covering them at that time, the full rate of duty will be required as security. This security covers the possibility of no certificate being issued or the claim to preference being rejected.

A valid documentary proof of origin should be produced within four months from the date the entry is accepted (see Notice 826). If at the end of this period the proof of origin is not available, the duty secured will be brought to account. However, if the certificate then arrives, you may be entitled to submit a belated claim to preference and a refund of duty.

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Can I claim a preference for every import?

The answer is no – not all goods attract a preferential rate of duty and quotas may be in place for certain goods from particular countries. This has the effect of limiting the quantity of the product that can be brought in under preference. Once the quota limit is full, the goods can still be imported but at the full rate of duty.

What if the quota is used up?

If claiming a preference is important to your pricing structure, you may want to place your goods in a Customs Warehouse. This effectively defers liability for payment of duty and VAT, until such time as the preference quota is available again.

You can then remove the goods from warehouse and present the correct certificate for the preference under the new quota. It must be noted however that there is no guarantee a new quota will be issued or that your claim under it will be allowed. You must also bear in mind that the preference certificates and invoice declarations covering the goods have a limited period of validity.

For further information about Import Preferences you should read Notice 826 "Tariff Preferences: Imports"

For information about the special preferential arrangements between the EC and Turkey which are based on the free circulation status of goods, rather than the traditional rules of origin mentioned above, you should read Notice 812 'European Community Preferences : Trade with Turkey'

Please note that both Notice 827 and 828 are currently under review.

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Section iii

The Tariff

The Integrated Tariff of the United Kingdom, usually referred to as **The Tariff** contains all the information to help you with Importing or Exporting. It includes references to the relevant laws and regulations.

Although the UK version is called the “Integrated Tariff of the United Kingdom”, the same format is used throughout the EC. Importing and exporting are covered by EC Regulations, so regardless of the country in which you operate, The Tariff equivalent acts as a comprehensive point of reference. Please note that all EC countries have the same commodity codes, duty rates and procedures as the UK.

The Tariff consists of 3 volumes –

- **Volume 1** contains essential background information for importers and exporters. It covers – duty relief schemes, contact addresses for organisations such as Department Of Trade and Industry, Department of Environment, Food and Rural Affairs (formerly MAFF) and Forestry Commission. It also contains an explanation of Excise duty, Tariff Quotas and many similar topics.
- **Volume 2** contains the 16,000 or so Commodity Codes set-out on a Chapter by Chapter basis. It lists duty rates and other directions such as import licensing and preferential duty rates.
- **Volume 3** contains a box-by-box completion guide for import and export entries – the C88 form, the complete list of Customs Procedure Codes (CPCs) for importing and exporting, Country / Currency Codes, lists of UK ports and airports both alphabetically and by their Entry Processing Unit (EPU) numbers, and further general information about importing or exporting.

The Tariff is available on an annual subscription. At the time of going to print the cost is £245. Each December, a complete Tariff for the coming year is despatched followed by monthly amendments which replace existing pages.

If you do not wish to obtain your own copy, the Tariff is available in some Customs offices and some larger libraries.

Whether or not you own a Tariff, it is essential that you keep up-to-date with changes in commodity codes, rates of duty and regulations related to your products.

You can buy the Tariff in printed and CD ROM formats or subscribe to the new e-service, from :

The Stationery Office
The Publications Centre
PO Box 29
Norwich
NR3 1GN

General enquiries and orders
Orders only
Subscriptions
Web site

Telephone +44 (0)870 600 5522
Fax +44 (0)870 600 5533
Email subscriptions@tso.co.uk
www.tsoshop.co.uk

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Why are Revenue & Customs interested in my goods?

Customs have an interest in exports for a number of reasons. These include:-

- Collecting export trade statistics for the UK and the EU,
- Enforcing export restrictions and prohibitions,
- Ensuring that export licensing requirements are met,
- Ensuring that EU Regulations for export relief schemes are correctly implemented,
- Preventing the unauthorised return of duty-free or VAT zero-rated goods to the home market, and
- Acting as an agent for Other Government Departments such as RPA, DEFRA etc.

Export Declaration

Export details are collected through the submission to Customs of an electronic export declaration. You may make this yourself or use an agent to do it for you.

Can I use an Agent to make an export declaration on my behalf?

You may appoint a representative to make an export declaration on your behalf. If you use a freight agent to complete your export formalities for you, he is working on your behalf only. If something in the declaration needs an explanation, we may still look to you as the legally declared exporter and not the agent for clarification.

If you employ an agent to act on your behalf, the type of representation may be either Direct or Indirect.

Direct representatives act in the name of, but on behalf of, another person. Indirect representatives act in their own name but on behalf of another person.

If an agent is acting as a direct representative i.e. the agent makes the customs declaration on your behalf (as the principal) acting in your name, you are the declarant and therefore liable for any customs debt.

Where an agent acts as an indirect representative i.e. they make the customs declaration on behalf of a principal in their own name they are the declarant. In such cases both the agent and the principal are liable for any customs debt.

We strongly recommend therefore that it is in the best interest of exporters to check the accuracy of any customs declarations made on their behalf, for example it is good practice to ensure that you request, receive and obtain copies of all declarations made to customs from your nominated agent as this will help support claims for VAT zero rating.

More information on who is responsible for customs debts can be found in Notice 199 Section 7.

How do I make an export declaration?

You may make a full or simplified export declaration. A full declaration may be in the form of an electronic declaration under the New Export System (NES) or by using a paper Single Administrative Document (SAD/C88) for Customs to input at Regional Frontier EPUs.

A simplified declaration, using either the local clearance procedure or simplified declaration procedure, must be made electronically under NES into our central computer, CHIEF

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(Customs Handling of Import / Export Freight). Both of these procedures require prior authorisation by Customs (See below).

There are other simplified procedures that do not require authorisation by Customs. These are the low value and non-statistical procedures. These may be made by paper SAD or electronically quoting the appropriate Customs Procedure Code.

New Export System (NES) Export Declarations

In support of the Government's initiative to develop electronic services by 2005 exports now have to be declared electronically to CHIEF. Details may be found at:-

www.hmrc.gov.uk, by selecting the 'Import and Export' tab under the Business & Corporations section. Then select the 'Information and Guides' option from the left hand menu block, then select 'Procedures and Electronic systems' then select 'New Export Systems (NES)', and finally select 'NES Technical Information'.

Export details are collected through the submission to Customs of electronically coded data. This is captured on the Customs mainframe computer system, CHIEF, and may be submitted via a variety of electronic routes. Exporters may choose from Email, Web, XML, CSP or Customs Input to make declaration (See below).

Once the goods have arrived at an approved location an arrival message is sent to CHIEF. The data is then processed and, providing the goods are not selected for examination or any further checks, the goods will be given Permission to Progress. This positive method of control can avoid some goods being packed unnecessarily in advance of shipment.

When are the declarations made?

Sometimes at the time of export not all the details for the consignment may be available. As some goods need to be shipped at short notice, traders who handle consignments of this nature may be authorised to submit abbreviated details to CHIEF and then supply the final, correct details within 14 days of shipment. This is called **Simplified Declaration Procedures (SDP)**.

Some exporters find that being able to control their exports from their own premises suits their business needs better. Exporters may therefore be approved to operate under **Local Control Procedures (LCP)**.

If you wish to be considered for either SDP or LCP an application on form C&E 42 should be submitted to Customs. This can be downloaded from our website. Most SDP and LCP declarations also require supplementary declarations and the conditions of your authorisation should be fully discussed with your control officer before final approval is given.

If all details concerning the export are available before shipment then they should be declared. In these circumstances a supplementary declaration will not be required.

You may however complete a manual C88 document and submit this to Customs for input to the CHIEF system but this is now only carried out at a few dedicated offices. Most exporters tend to employ freight agents to complete the declaration on their behalf. If something in the electronic declaration sent to Customs needs an explanation, we may still look to you as the legally declared exporter and not the agent for clarification.

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How is an export declaration made?

In advance of the electronic declaration information may be given to freight agents in a variety of forms. The only document that Customs will key information from is the C88, copy 2.

Once received, the details are sent via a variety of methods to CHIEF. These include:-

- Details sent via Community Systems Providers (CSPs). These are Customs approved inventory systems that capture data for Customs to carry out their checks on CHIEF.
- Other electronic routes – including Web form, Email and XML. Access to CHIEF is gained by first obtaining a digital certificate and using passwords. Details can be found on our website regarding these options.
- Customs inputting the declaration (CIE). This method may be subject to delays but we aim to process the declarations within 12 working hours subject to the paperwork being correct.

CHIEF therefore offers a standard validation process across the UK and, immediate clearance for export can usually be achieved within seconds of the data being transmitted.

What details need to be declared?

Customs require various data for their records. The absence of required data will produce a series of electronic messages to guide the declarant through their entry making process.

Details submitted will include the origin of the goods, the country to which the goods are being sent, commodity codes, Customs Procedure Codes and values. The most important piece of information is the Unique Consignment Reference.

Unique Consignment Reference (UCR)

The use of a Unique Consignment Reference (UCR) is mandatory for all electronic declarations. The UCR is the means by which you and Customs can identify your goods to your records, especially when using SDP or LCP. If a UCR is not provided by the declarant, one will be assigned by CHIEF. The UCR consists of up to 35 (alpha / numeric) characters and is split into four parts. It is based on the World Customs Organisation Standard.

By quoting the UCR at various freight locations, CHIEF is able to record the movement of consignments. As goods arrive at a port or airport an arrival message is sent to CHIEF by approved loaders quoting the UCR. For direct export movements, i.e. goods shipped from the UK and not sent via the EU, a Goods Departure Message will also be required.

The Declaration Unique Consignment Reference is made up using the guide below:

- 1st part – the year in which the UCR was allocated
- 2nd part – the country code for the country in which the UCR was allocated (GB)
- 3rd part – the identity of the authorised trader (we are using the TURN)
- 4TH part – a dash (hyphen) followed by a unique series of characters which provides an audit trail within their commercial records. For air consignments the Airway Bill reference is often used and, for other consignments, the fourth part often relates to

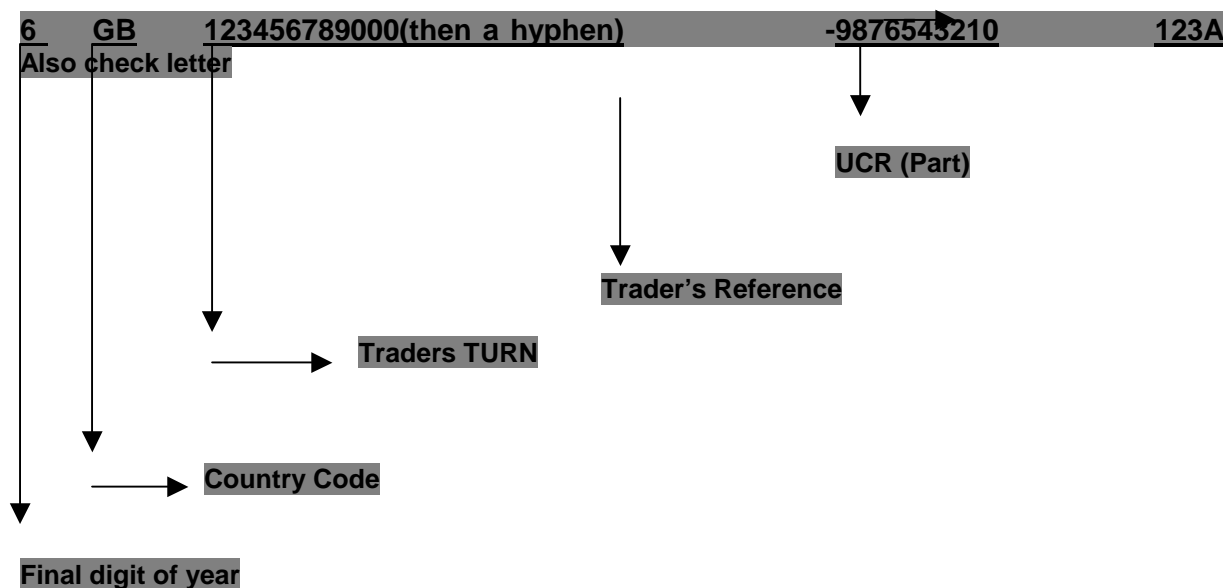
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the export invoice number. The easier it is to cross reference numbers at audit should assist with granting VAT zero rating and export refunds.

In addition, to allow several export declarations to have the same core Declaration UCR (DUCR) as well as providing a check letter calculation facility (to prevent miss-keying), a further optional field of 4 characters has been made

WCO Recommendation for UCR



Where a consignment consists of more than one DUCR CHIEF allows exporters to amalgamate these references under a Master UCR - (MUCR). (Details of the format of MUCRs can be found on our website)

What is a Commodity Code?

The Commodity Code for exports is an eight-digit number which equates to a description of the item. No matter how diverse or obscure, all goods will have a unique code number. A commodity code is required on all full export declarations and may be required on certain simplified procedures. It is to be entered in box 33 of the C88.

All Commodity codes can be found in the Tariff, Volume 2. If after having carefully studied the Tariff you are unable to identify the correct commodity code, our Tariff Classification Service can assist you. If required they can also provide a written Binding Tariff Information (BTI) decision. The Classification Service can be contacted on +44 (0)1702 366077, between 9.00 and 17.00 Mondays – Fridays (excluding Bank Holidays), with a voice mail facility in operation outside of these hours. See also Notice 600 – Classifying your Imports or Exports.

What is a Customs Procedure Code (CPC)?

The CPC describes the procedure and / or economic regime under which the goods are to be exported. It is required on all export declarations whether using the C88 or electronic export methods. It is to be entered in box 37 of the C88 declaration or in the relevant data field. A list of procedure codes for exports can be found in Appendix E1 of volume 3 of the Tariff.

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In addition to a straightforward sale to a customer overseas, there can be a number of reasons why goods are exported. Examples include –

- Goods going out on long-term loan / hire, to be returned eventually,
- Goods being temporarily exported for a repair to take place
- Goods being re-exported after processing by a UK / EU country.

Goods being exported temporarily can be eligible for a relief from duty when they are subsequently reimported to the UK / EU – as long as they were exported under outward processing relief (OPR) using a CPC in the 21 series. Unless you are using the simplified repair system, you will require prior authorisation to use OPR. If the Goods being exported, will be Duty free at Re-import, you do not need to use OPR – and should export the Goods using CPC 20 00 00. Similarly, goods re-exported after processing by a UK / EU trader **must** use the appropriate CPC to notify Customs otherwise the relief may not be allowed.

A CPC declaring a straight forward, UK originating export is important if you are VAT registered as this forms part of your evidence to support zero rating of the transaction.

The Tariff (Volume 3) contains the full list of CPC's for the various export options. Once you have established the correct one, it is unlikely to change for the year.

Updates to the Tariff will also include any procedural changes to the requirements to CPCs.

Are there any export taxes?

Currently there are no export taxes, duties or levies in force on goods exported from the EC. Please note that the EU Commission may impose export taxes on certain CAP goods at very short notice. This can occur for various reasons, but is most likely to happen at times of shortage of particular products, e.g. due to a poor harvest, etc. When this happens, Customs and the RPA will issue joint publicity, advising Exporters how to declare their goods and account for the tax due. However, you should be aware that there may be import duties to pay in the country of destination. To find out what may be required by the Customs Authority in the country of destination, we would suggest you contact either the Embassy or High Commission representing the country to which you are exporting, or Department of Trade and Industry Overseas Desks in London.

Any goods re-exported from the UK should be properly declared. These may include goods that have been previously imported to be worked on or repaired and that are now being re-exported from the EU. There are a series of Procedure Codes in the Tariff Volume 3 – Part E1 that refer to re-exports and these procedures **must** be adhered to at the time of export as post shipment amendments may render the goods liable to the original, suspended import duties.

What if my goods don't go directly from the UK to outside the EU?

For Customs purposes, goods which leave the Community via other Member States, are known as “indirect exports”.

The following example shows a typical indirect export:-

- a truck is packed with goods in the UK with Russia as the final destination,
- the truck drives to Newcastle to board a ship docking at Gothenburg (Sweden),
- following arrival in Sweden (EU), the truck travels to the Swedish / Finnish border,

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- at this border the truck passes through into Finland (EU) and onto the Finnish / Russian border,
- the truck drives into Russia.

From this example it might appear that the export of the goods is taking place at the Finnish / Russian border – the EU and non-EU border. Physically the truck driver drives over that border and the goods are deemed to have entered Russia. But in fact the place of export is Newcastle. This means that the electronic export declaration must be submitted in the UK and the goods made available for inspection by Customs. CHIEF will process the electronic declaration and, grant Permission to Progress and release the goods for loading on the ship. The goods then travel to the Finnish / Russian border where their exit is supervised by the Finnish Customs. Production of a NES Copy 3 C88 may be requested at the Office of Exit to confirm export formalities have been complied with. These forms may now be produced electronically from CHIEF and prior to export from the UK.

Can I personally take goods directly to the customer?

You may wish to personally take your goods to a prospective customer based outside the EU. As you are hoping to sell the goods, this is still a commercial export. You will need to declare that export to Customs at your port / airport of departure. This type of export is called Merchandise In Baggage (MIB). You must take the goods and declaration to the MIB Customs Officer at the Port / Airport from which you are leaving. The entry may be in the form of a manual C88 or a screen dump of an electronic entry to CHIEF. In order to verify the export, the officer may need to see both the declaration and the goods. See Notice 6 for specific details. **You should allow extra time if you are travelling with MIB so that any formalities can be dealt with before you depart.**

For MIB exports which,

- have a value of less than £600,
- weigh less than 1000 kg,
- do not require an export licence,
- are not subject to export duties or export levies when in force,

there is a "low value goods procedure" available. This procedure can be used for both MIB or freight exports and you can complete either a C88, use your commercial invoice or make an electronic declaration. See Notice 275 for specific details.

Do I have to keep any documents?

For any commercial exports you will need to keep your records for six years from the date of export. This is the required period for VAT purposes. If this will cause problems, please contact the NAS on +44 (0)845 010 9000.

Further Information

Following the introduction of the New Export System (NES) new exporters are encouraged to look at details on our website www.hmrc.gov.uk, by selecting the 'Import and Export' tab from under Business & Corporations section. Then select the 'Information and Guides' option from the left hand menu block, then select 'Procedures and Electronic systems' then select 'New Export Systems (NES)', and finally select 'NES Technical Information'.

Information contained in the website may also refer to specific types of exports for which agreements have been made with the trade.

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Further information on exports is available in the following Notices:

Notice 6 – Merchandise In Baggage.

Notice 60 – The Intrastat General Guide. This explains the movement of goods to other EU countries.

Notice 143 – A Guide To International Post Users.

Notice 235 – Outward Processing Relief.

Notice 266 – Rejected Imports, repayment / remission of duties.

Notice 275 – Export Procedures. (Currently under review)

Notice 276 – New Export Procedure (NES). (Currently under review)

Notice 502 – A Brief Guide to Export Procedures.

Notice 600 – Classifying Your Imports and Exports.

Notice 703 – Exports and Removals of Goods from the United Kingdom. This is a VAT notice and explains the VAT aspects of exporting.

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An Example of a completed C88 Form

EUROPEAN COMMUNITY					1 DECLARATION		* If only 1 item to declare - leave blank. Otherwise go to 1/2, etc											
2 Consignor/Exporter No 111 2233 44 <input type="checkbox"/> WHITTINGTON'S WICKERWORK LTD COPPICE LANE WILLOW BRIDGE BERKS UNITED KINGDOM					EX													
8 Consignee No BRONX BASKETS 1020 MARYLAND AVENUE CHICAGO, USA					3 Forms *		4 Loading lists											
14 Declarant/Representative No BODDINGTON'S FREIGHT SERVICE					5 Items 1		6 Total packages 12											
18 Identity and nationality of means of transport on arrival MV AIRSIDE DD/MM/BY®					7 Reference number ORDER NO. 5566BB/00		9 Person responsible for financial settlement No											
21 Identity and nationality of active means of transport crossing the border					10 Cry1st dest/last consig.		11 Trad/Prod. country.											
25 Mode of transport at the border 10					12 Value details		13 CAP											
29 Office of exit/entry					15 Country of dispatch/export UNITED KINGDOM		16 Country of origin											
31 Packages and description of goods Marks and numbers - Container No(s) - Number and kind 2 BOXES EACH CONTAINING 6 X BOXES OF WICKER BASKETS VARIOUS DESIGNS:- 6 X CIRCULAR 8" DAM, 8 X CIRCULAR 12" DAM, 18 X OPEN HANDLE, 10 X TRUGS (SML)					17 Country destin.Code a US b		18 Country of destination UNITED STATES OF AMERICA											
44 Additional Information Documents produced/ Certificates and authorisations LI = 9999 INV NO. BB002/6					20 Delivery terms		22 Currency and total amount invoiced											
47 Calculation of taxes <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Type</th> <th>Tax base</th> <th>Rate</th> <th>Amount</th> <th>MP</th> </tr> </thead> <tbody> <tr> <td colspan="5" style="text-align: center;">Total:</td> </tr> </tbody> </table>					Type	Tax base	Rate	Amount	MP	Total:					23 Exchange rate		24 Nature of transaction	
Type	Tax base	Rate	Amount	MP														
Total:																		
50 Principal No					26 Inland mode of transport		27 Place of unloading STN											
51 Intended offices of transit (and country) represented by Place and date:					28 Financial and banking data @ YOU NEED TO DECLARE THE DATE ON WHICH THE BOAT WILL SAIL (OR THE AIRCRAFT TAKE-OFF) .		32 Item No 1											
52 Guarantee					33 Commodity Code 46021091		34 Country origin code a b											
					35 Gross mass (kg)		36 Preference											
					37 PROCEDURE 1000 01		38 Net mass (kg) 9											
					39 Quota		40 Summary declaration/Previous document											
					41 Supplementary units		42 Item price											
					43 V/M Code		44 Adjustment											
					45 Statistical value £1,000-00		46 Identification of warehouse											
					47 Deferred payment		48 Accounting details											
					49 Office of destination (and country)		50 Office of departure											

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An Example of a completed C88 Form

not valid for		
D	CONTROL BY OFFICE OF DEPARTURE	
Result:	Stamp:	54 Place and date: READING 30-05-00
Seals affixed: Number:		Signature and name of declarant/representative: S Boddington
Identity:		MRS S BODDINGTON
Time limit (date):		
Signature:		

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Am I likely to need an export licence?

An export licence may be needed for a wide range of goods. These include live animals, animal products and endangered species. See below for licensing controls on military, dual-use and cultural goods. Controls on the export of ozone depleting substances, are also to be considered. A CAP licence will probably be required whenever export refund is being claimed (see below for more details).

How do I know if I need a licence?

You should always check with the various Other Government Departments (OGDs) as to whether a licence is required.

What type of licences are there?

Licences may be in paper form or concessions may be granted to exporters under various Open licences.

These may be open general licences where exporters may export any quantity of specified goods to specified destinations. Open individual licences may be granted to regular exporters of licensable goods to agreed consignees. Additional conditions may be set out on the licence.

The appropriate licence identifier code (as set out in volume 3 of the Tariff) followed by the licence title or number as required must be declared in box 44 of the customs declaration. Paper licences must be presented to HMRC.

With the development of electronic services various OGDs are linking their computer system into CHIEF. This, in time, will avoid the manual handling of paper licences and also allows exporters to export goods from the UK at various locations at the same time. CHIEF will hold details of some OGDs and update them on a daily basis. The first OGD to link to CHIEF was the RPA.

Customs process licences and enforce the controls created by the OGD legislation. If a licence is required and is not presented / quoted, the goods may be seized and the exporter and / or his agent liable on conviction to a penalty of three times the value of the goods or £1,000 if greater. Deliberate breaches of the regulations covering export prohibitions and restrictions can result in prosecution, with a maximum penalty of seven years imprisonment, ten years in the case of DTI export licences and an unlimited fine.

Further information on export licensing is given below:

- **Common Agricultural Policy (CAP) Licences** are usually needed for the export of foodstuffs, whether as raw materials or processed products. They are issued and controlled by the Rural Payments Agency (RPA) and policed by Revenue & Customs. The RPA will be able to tell you if a licence is required. Their general contact number is +44 (0)845 603 7777, or visit their website at www.rpa.gov.uk.

An export licence is mandatory if you are exporting certain products. If a licence is required and is not presented at the time of export, the consignment will not be able to leave. It is worth remembering that CAP goods declared for one country of destination may need a licence, whereas the same consignment going to another country may not.

If you wish to claim a CAP export refund, there is an option available to **advance fix** the refund against the issue of a particular type of export licence.

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- **Department of Trade and Industry (DTI) export Licences** are needed for the export of :
 - Military, security and paramilitary goods, firearms, ammunition, related material and explosive related goods to all destinations, including other EC Member States;
 - Dual-use goods (a wide range of civil goods that can have a military application) to destinations outside the customs territory of the Community;
 - Very sensitive dual-use goods to all destinations, including other EC Member States;
 - Goods that you are aware, or have been informed, may be for use in connection with chemical, biological or nuclear weapons or delivery systems;
 - Specific additional goods to certain destinations, covered by sanctions orders.

Many less sensitive goods to less sensitive destinations are covered by open general export licences. You can contact the DTI on the export licensing helpdesk on +44 (0)20 7215 8070, or visit their website at www.dti.gov.uk/export.control .

- **Department for Environment, Food and Rural Affairs (DEFRA) Licences** cover animals and animal products, and endangered species and are issued and controlled by DEFRA. If a licence is required and not presented with the export, the goods will not be able to leave. Current controls also involve the export of ozone depleting substances. DEFRA will be able to advise if a license is required. Their general contact number is +44 (0)20 7238 6951 or +44 (0)845 933 5577 or visit their website on www.defra.gov.uk .
- **Department of Culture, Media and Sports (DCMS) Licences** are required for the export of certain heritage items (works of art, antiques and collectors' items etc), from the UK. You can contact DCMS on +44 (0)20 7211 6000 or visit their website at www.culture.gov.uk. If a licence is required and is not presented / quoted, the goods may be seized. Deliberate breaches of the regulations covering export prohibitions and restrictions can result in prosecution, with a maximum penalty of 7 years imprisonment and an unlimited fine.
- **Health and Safety Executive (HSE) controls.**

The export of certain chemicals may require export notification, or Prior Informed Consent (PIC) from the country of destination. Other chemical Exports may be prohibited outright.

You can contact the HSE Information Line on +44 (0)8701 545500, or visit their website at www.hse.gov.uk

When will I need a Kimberley certificate?

The export of rough diamonds from the EU requires an original Kimberley Certificate to travel with the goods.

You can contact the Government Diamond Office at the Foreign and Commonwealth Office on +44 (0)20 7008 6903 / 5797 or via email GDO@gtnet.gov.uk .

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When will I need a Catch Document?

The export of all types of *Dissostichus* species of fish (sometimes known as Patagonian Toothfish or Chilean Seabass) require Catch documentation.

You can visit the CCAMLR (Convention on the Conservation of Antarctic Marine Living Resources) website at www.ccamlr.org/

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What are Export Preferences?

In order to help the export trade of the EC, trading agreements with certain countries have been set in place. These allow originating exports from the EC to enter the destination country at a reduced or nil rate of duty. These arrangements are not in place with every country – the destination country has to be a signatory to these agreements. See Notice 827 – Export Procedures.

What is meant by the "origin" of the product / goods?

In order for exported products to qualify, they must have EC preferential origin and therefore have met the required origin rule.

The rules vary according to the product **and** the preferential trade agreement concerned. They require either that the product is wholly produced in the preference country or that it has been manufactured there in accordance with particular rules. More guidance on the specific rules can be found in Notices 812, 827 (procedures), 828, 829 and 832 (Rules).

What evidence is required?

There are two different ways to declare preferential origin. The most commonly used is an EUR 1 Certificate. Detailed guidance on how to complete a Certificate is contained in Section 10 of Notice 827.

There is also a facility to use a declaration on the invoice with a legally approved form of words as an alternative. This can either be a low value declaration available to any exporter or one for Approved Exporters where no value limit applies. Section 19 of Notice 827 provides specific information relating to the facilities available for exporters to each country.

What happens to my EUR1 once it has been completed?

EUR1 Certificates have to be stamped prior to being despatched to your overseas customer. They can either be sent to Salford Customs, stamped by your local British Chambers of Commerce or the Institute of Chartered Shipbrokers.

When an exporter presents an EUR1 for authorisation, the accuracy of the claim may be checked by Customs, the Institute of Chartered Shipbrokers or the British Chambers of Commerce who have been appointed by Customs to issue certificates on their behalf.

They may ask for evidence when the certificate is actually submitted in order to ensure the Origin Rules have been adhered to. Customs may also be required to verify origin up to three years after the issue of the certificate by the receiving country, so do make sure you retain any evidence you may hold.

What if an error is made?

If a request for verification from the authorities in the receiving country is made, and it is found that the goods were not entitled to preference, Customs have to report this fact to the authority. This will result in your customer having to pay the full customs duty, which in turn could affect your future trade.

Also, there is the possibility of a penalty being imposed, so it is important that you ensure prior to export that certificates are issued only when all the conditions are met.

What happens if documents are lost?

If an EUR 1 is lost, destroyed or stolen, a duplicate can be issued from the office where the original was authenticated. You need to apply in writing stating why you need a duplicate. You need to supply a copy of the invoice and any supporting evidence. The duplicate will be

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issued with the same date of issue of the original – it will therefore have the same period of validity.

What if a preference document is not issued at the time of export?

Exceptionally a retrospective EUR 1 can be issued. Your customer will have to put the full amount of duty on deposit until the Certificate arrives.

What if I act as an intermediary – obtaining goods from one party for supply to another?

You may decide to buy materials / products from another firm in the EC to include in your final product to be exported to a customer in a preference-giving country. If this is the case, then you need the assurance that these bought-in materials / products are of EC preferential origin. Failure to obtain this would mean that such materials will be regarded as non-originating.

This assurance must come from your supplier. They need to furnish you with a "Suppliers Declaration" – this is a form of words, declaring their products meet the appropriate rules of origin.

This declaration can either be a one-off or a "long term" declaration (twelve months maximum). You should not attempt to count such materials / products as originating, unless you have such a Supplier's Declaration in place.

Further details on any of this and all other aspects of Export Preference can be found in Notices 812, 827, 828, 829 and 832.

Please note that both Notice 827 and 828 are currently under review.

Transit Systems

Section iv

What is Community Transit (CT)?

Community Transit is a customs procedure that allows goods that are not in free circulation, (and in certain cases, Community goods) to move between two points in the EC (including two points within a single Member State) with the duties and other charges suspended. The procedure is also used to control the movement of certain goods to and from Andorra, San Marino and the “special territories” of the Community (such as the Channel Islands).

The Community transit procedure is extended to the European Free Trade Association (EFTA) countries (Iceland, Norway, Liechtenstein and Switzerland) and Romania by an agreement known as ‘The Common Transit Convention’. Goods moving under transit to, through, from or between these countries travel under common transit legislation.

Status of the goods

Goods are divided into two categories:

‘*Non-Community goods*’ are goods that do not wholly originate in the EC and are therefore liable to Customs duty and / or other changes. These goods are not in free circulation whilst in the EC and need to be identified and controlled to ensure that either the duty is paid or the goods are re-exported.

The **external CT procedure (T1)** allows goods not in free circulation to move within the Community.

‘*Community goods*’ are goods that wholly originate in the EC and are therefore free of Customs duty or goods imported from outside the EC on which all import formalities have been completed and duties paid. Community goods are described as being in ‘free circulation’. They do not therefore *normally* require CT declarations or evidence of Community status to move within the EC. Goods arriving in one EC member state direct from another are regarded as Community goods in the absence of any evidence to the contrary.

The **internal CT procedure (T2)** *may* be used for Community goods moving:

- From one point to another within the EC via a Common Transit country
- From an EC member state to a Common Transit country
- To or from San Marino, (except for goods in HS Tariff chapters 72 & 73)
- To or from the Principality of Andorra and are in HS Tariff chapters 25-97.

The **internal CT procedure (T2F)** *is required* for the movement of Community goods to or from ‘special territories’ which includes the Channel Islands except for direct movements between the UK and the Channel Islands, where simplified arrangements apply.

What is the New Computerised Transit System (NCTS)?

The New Computerised Transit System (NCTS) is a European wide system, based upon electronic declaration and processing. It involves all Member States and the Common Transit countries.

IMPORTANT : The use of NCTS to submit electronic transit declarations became mandatory on 1st July 2005. From this date paper declarations will no longer be accepted, with the following exceptions :

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- Traders who are approved to use the air, sea, rail, large container and pipeline simplifications;
- Traders who are approved to use UK national simplifications where the goods are moved under the control of an electronic procedure solely within the UK;
- Traders moving goods directly between the UK and the Channel Islands under simplified arrangements using commercial documentation;
- Private travellers carrying goods in excess of personal allowances; and
- Where use of the fallback procedures is appropriate.

Each national administration has developed its own NCTS processing system. They are connected, through a central domain in Brussels, to all the other Member States and Common Transit countries.

The UK, like many other national administrations uses the Minimal Common Core (MCC) software developed by the European Commission, which provides all the basic data capture and messaging functionality for effective connection to the European network.

How can I submit NCTS declarations?

To submit electronic transit declarations you must have access to a computer and an Internet connection. If you wish to be authorised to have your Transit Accompanying Document (TAD) and List of Items (LoI) printed at your designated premises you will also need a laser printer capable of printing the declaration barcode in the required format.

In the UK there are three access routes to NCTS:

- E-mail via Electronic Data Capture Services (EDCS)
- HM Revenue and Customs NCTS web channel
- NCTS XML (Extensible Mark-up Language) declaration channel

E-mail via EDCS

To use the e-mail service, you must be able to make declarations to the NCTS by Electronic Data Interchange (EDI) and to exchange the necessary messages with the system. You also need specialist software to construct and translate the messages that the NCTS requires. The e-mail route can process up to 999 items per declaration.

HM Revenue and Customs NCTS web channel

To use the web service you need a UK Traders Unique Reference Number (TURN) and a UK postcode. You must register for a Government Gateway account and then enrol for online service. The web-based route can process up to 99 items per declaration.

NCTS XML (Extensible Mark-Up Language) declaration channel

To use the XML service you must register for a Government Gateway account. You will also need to purchase or develop your own XML wrapping tool for delivering of messages direct from your organisation, or use a service provider that will perform the XML wrapping on your behalf.

Location of the goods

Unless you are an Authorised Consignor or Consignee, there are two distinct types of location where the goods must be made available to Customs at departure and destination :

- Customs offices and
- Approved Customs sub-places

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A list of UK Customs sub-places appears in the UK Integrated Tariff Volume 3 Appendix C.

If you are an Authorised Consignor or Consignee, you may designate the premises where you will make the goods available to Customs.

What are the control procedures?

All transit movements are the responsibility of a "Principal" who is the person or company who undertakes to ensure that the goods are delivered to the office of destination or approved customs sub-place within the prescribed time limit. The Principal must usually put up a guarantee to secure the relevant duties and other charges in case the goods do not arrive intact at the office of destination.

To start a transit movement the trader inputs an electronic declaration to the NCTS. Customs at the office of departure may prescribe an itinerary and will set a time limit for presentation of the goods at the Customs Office of Destination or to an Authorised Consignee. Customs at departure may also seal the goods. The Transit Accompanying Document (TAD) must travel with the goods to the office of destination/customs sub-place where it must be presented to customs and the goods made available for inspection. Customs at destination will input an arrival message to the NCTS, control the end of the transit operation and record the results of the controls on the NCTS. A message is sent back to the office of departure and if the control results are satisfactory the transit operation is discharged.

If the control results are not satisfactory or if they are not received within the time limit the Principal is contacted and asked to provide proof that the procedure has ended correctly. If proof is not provided the enquiry procedure is initiated to recover the potential debt.

What is simplified transit?

There is a range of transit simplifications available for use by compliant and reliable traders. These include:

- Use of a comprehensive guarantee, or guarantee waiver
- Use of a special loading list (for NCTS fallback only)
- Use of seals of a special type
- Exemption from a prescribed itinerary
- Authorised Consignor status
- Authorised Consignee status
- Procedures specific to certain modes of transport (goods carried by rail or large container, air, sea, pipeline)
- Other national or bi-lateral simplifications based on Art 97 of the Community Customs Code / Article 6 of the Common Transit Convention

These simplifications are subject to authorisation by the National Simplifications Team at the CCTO in Harwich.

Further details about transit can be found in The Transit Manual on the European Commission website, found at www.europa.eu.int/comm/taxation_customs/publications/info_doc/customs/transitmanual_en.

Further details about NCTS can be found on the HM Revenue & Customs website at www.hmrc.gov.uk or contact UKCS +44 (0)1255 244790.

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Community status documents

Community status documents have no transit function but are required where the Community status of the goods needs to be proved e.g. where the goods are moving from one EC member state to another, via a third country (other than a Common Transit country). There are various documents that can be used to prove Community status. These include :

- a T2L (copy 4 or 4/5 of the SAD);
- a commercial document such as an invoice or a transport document or a shipping company's manifest;
- a T2LF where proof of Community status is required for goods consigned to or from the special territories;
- a T2M form to prove the Community status of sea fishing products caught by Community fishing vessels in certain circumstances.

A full list of documents and rules used for providing Community status and guidance on the use of Community status documents can be found in the Transit Manual.

Transport International Routier (TIR)

TIR is an international Convention that provides for goods to move across one or more international borders with minimal customs interference. The movement must essentially be by road to, via and from European countries and some North African and Asian countries. However, TIR cannot be used to move goods between Member States of the European Community unless they go via a third country.

Anyone who has travelled on European roads may recognise the familiar blue and white TIR plates affixed to thousands of lorries and trailers using TIR.

TIR can be operated in fifty-five countries, all of whom have signed the Convention on the International Transport of Goods under cover of TIR Carnets. Goods that are moved under TIR can pass to and through these countries with any customs duties and other taxes under suspension and without the need for unloading / reloading at international frontiers.

There are five main principles to the TIR system:

- Access to the system is controlled by the national guarantee associations and customs authorities. In the UK operators must apply for authorisation to use TIR Carnets to one of the two national guarantee associations – either the Freight Transport Association (FTA) or the Road Haulage Association (RHA);
- The goods must be listed on, and accompanied by, an internationally recognised document, the TIR Carnet. The Carnet is taken into use in the country of departure and serves as the control document in the countries of departure, transit and destination;
- The duties and taxes at risk are covered by an internationally valid guarantee;
- The goods must travel in approved secure vehicles and containers; and
- Customs control measures taken in the country of departure should be accepted by the countries of transit and destination.

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Further details about TIR can be found on the HMRC website.

An Explanation of Duty Relief Procedures Section v

What are Duty Relief procedures?

Duty Relief procedures can:

- provide relief from, or delay payment of, duty and / or VAT
- allow reduced or nil rates of duty to be applied to goods, if they are permanently or temporarily imported under specific conditions and / or imported to a specific location.
- Provide relief from duty and / or VAT for goods temporarily exported from and returned to the EU.

When might they be of use?

They can be used in the following circumstances:

- When you import goods temporarily for use, process, or repair within the EU.
- When you re-import goods which have been used, processed or repaired outside the EU.
- When you return goods to a supplier outside the EU because they are damaged or are not to the required specification.
- When you re-import goods returned by a customer outside the EU because they are damaged or are not to the required specification.

What are the schemes?

There can be many different reasons why an import is made and there are various procedures to fit specific circumstances, these include:

- Inward Processing Relief (IPR)
- Outward Processing Relief (OPR)
- Returned Goods Relief (RGR)
- Temporary Importation Relief (TI)
- Customs Warehousing (CW)
- End Use Relief
- Processing under Customs Control (PCC)
- Aircraft Spare Part Depots (ASPD's)
- Free Zones (FZ)
- Rejected Imports Relief
- Community System of Duty Reliefs (CSDR)
- Onward Supply Relief (OSR)

What is Inward Processing Relief (IPR)?

IPR provides relief in order to promote exports from the EU and assist Community processors to compete on an equal footing in the world market.

If you import non-EU goods to be used in the processing of products which are intended to be re-exported outside the EU, IPR allows the customs duties to be relieved for the time required for you to enter, process and dispose of the goods.

How does IPR work?

There are two methods of IPR, suspension and drawback.

Under **IPR suspension** customs duties are suspended when the goods are first entered to the procedure in the EU. The duty liability is discharged when the goods are re-exported from the EU or subject to another form of eligible disposal. However, if the goods are

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released into the EU, import VAT will also become due and compensatory interest will be charged on the duty suspended.

Under **IPR drawback**, customs duties and import VAT are paid when the goods are entered. The customs duty can be claimed back when the goods are re-exported and you may be able to reclaim the import VAT as input tax. There are some restrictions on the type of goods that can use IPR drawback. The examples below, which are not exhaustive, include goods that are subject to :

- quantitative import restrictions;
- Tariff measures;
- most CAP goods
- goods subject to an export refund or tax applies to a product that will be produced;
- goods which you will process under IPR in a customs warehouse or free zone.

Do I need to be authorised to use IPR?

Yes. There are a number of types of authorisation and you will need to consider which one best suits your needs.

Most require you to make a prior application to Revenue and Customs using form C&E 810. Applications for authorisation usually take a month to process before you can import any goods using the procedure.

If you only occasionally import goods for processing, and the operation is carried out entirely in the UK, you can apply for a simplified authorisation on the C88 (SAD) entry at the point of import. On your entry you will need to quote the appropriate IPR CPC in the '51' series for IPR suspension or the '41' series for drawback.

If you use IPR you will need to keep records with details of all imports, processing operations, transfers and disposal of your goods entered to this procedure.

Further information can be found in the Tariff, Volume 3, Part 3, Notice 221 'Inward Processing Relief' and Notice 221A IPR using a simplified authorisation which is available via the Revenue and Customs Website www.hmrc.gov.uk .

What is Outward Processing Relief (OPR)?

Outward Processing Relief provides duty relief on imports from 3rd countries of goods which have been produced from previously exported EU goods. When you re-import the goods you may be able to pay import duty and VAT on a reduced value subject to certain conditions. You should normally be the person arranging for the process / repair to be carried out but if you are not you may be able to obtain specific authorisation to enable you to export and re import the goods.

The processing work can range from the very simple through to involved manufacturing. In some instances goods which have gone out for repair can be replaced instead under the Standard Exchange System if it is not practicable to have the exported goods repaired. However, the replacements must be of equivalent commercial value. Replacement goods will also be subject to import VAT on the full value of the goods.

Dispatches in one consignment can be re-imported over a period of time in smaller amounts. In addition, goods originally exported from the UK do not have to return to the UK – the re-importation can be to another EU country.

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How does OPR work?

HMRC are required to check that the re-imported goods have been manufactured from the items exported. In the case of repairs it is necessary to show eg. by serial number, that the part exported is the part returned. You will be required to keep adequate records to show that the goods exported have been used in the re-imported product.

Do I need to be authorised to use OPR?

Yes, there is a Simplified authorisation which is applied for at the point of export, which can be used if you occasionally need to export goods for repair. It cannot be used for any other type of process (exceptionally replacement could be allowed).

Alternatively you can apply for the relevant authorisation by making an application to Revenue & Customs on form C&E 1153 prior to exporting the goods. You will be issued with an authorisation number to quote on all your OPR entries. You can make regular exports and the operation can be anything from simple processing to involved manufacturing – on the application form you state in detail what processes will be carried out on your goods.

Further details about OPR can be found in Notice 235 via www.hmrc.gov.uk.

What is “Returned Goods Relief” (RGR)?

If you import goods that were previously exported from the customs union (the EU, Turkey, San Marino and Andorra), then returned goods relief could be of use. The goods must be reimported in the same condition as at export from the customs union, with no processing having been carried out on them outside the union, apart from routine maintenance or unforeseen running repairs.

How does RGR work?

RGR can be used for goods exported temporarily, which you know will eventually be returned to you. In addition RGR can be used if your overseas customer needs to return the goods ie. they are broken or you have sent the wrong specification. You can also use RGR if you purchase goods abroad which were exported from the customs union by others.

In all these situations HMRC would normally treat these as an import of non-EU goods and therefore duty and VAT would be due. By declaring the consignment at import to RGR, you can get total or partial relief from the import duty and in some cases the VAT, subject to certain conditions.

Do I need to be authorised to use RGR?

In most circumstances you would not need to be authorised to use RGR. However to support your claim for RGR, you must be able to prove to HMRC that the goods were those originally exported from the customs union and establish their “duty status” at the time of original export. If you did not export the goods, you will probably need to seek help from the original exporter in getting this information.

More details about RGR can be found in Notice 236 via www.hmrc.gov.uk.

What is “Temporary Importation relief” (TI)?

Temporary Importation generally allows you to temporarily import goods with relief from customs duty, specific customs duty (previous CAP charges), antidumping duty and countervailing duty. TI does not relieve excise duties. Goods must not be processed or repaired other than routine maintenance necessary to preserve them in the condition in which they were imported.

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There are several different TI reliefs. Some examples of these are:

- goods coming in for an exhibition,
- goods coming in for your company to test (but not to destruction),
- sample goods to show to prospective buyers,
- animals coming in for training / breeding / veterinary treatment or competitions.

Some of the reliefs will require that the goods remain in overseas ownership and / or restrict how they may be used. Goods must also be re-exported within the prescribed time-limits.

How does TI work?

Goods can be entered to TI in one EU country and staying under Customs control, move to another EU country, eg. exhibition to exhibition.

For most importations security (either by cash deposit, or bank guarantee) equal to the full amount of duty and import VAT potentially due will be required. This may be reclaimed when the goods have been re-exported and satisfactory documentary evidence can be provided.

Do I need to be authorised to use TI?

Yes. You can apply for authorisation at the time you import your goods:

- for a simplified authorisation quoting the appropriate TI relief CPC in the '53' series (further information on this can be found in the Tariff volume 3 part 3) on your C88 entry; or for **certain** types of goods only,
- by 'oral declaration' supported by an inventory document (form C108); or
- by 'declaration by any other act' where declaration and authorisation is accepted to have been made by going through the green 'nothing to declare' channel or its equivalent.

You can also make a prior application for TI authorisation to Revenue & Customs using form C&E 1331 or for TI Means of Transport, Containers or Pallets, form C&E 1331A. This can be used where regular imports are to be made and for different types of goods and uses. You will be issued with an authorisation number to quote on all your TI relief entries. Goods can also be imported for use from outside the EU or from a Special Territory of the EU such as the Channel Islands, on which VAT only is due eg. yachts or civil aircraft.

More details about Temporary Importation can be found in the following Notices 200; 306; (Containers and Pallets); 308 (Means of Transport) and 28, which includes temporary importation of civil aircraft.

ATA Carnets

These can also be used for certain temporary importations and exportations. An ATA carnet is a book of vouchers that replaces the normal customs documentation at the time of importation and exportation. The ATA carnet system is operated worldwide under the ATA and Istanbul Conventions. Security to cover potential import duties is lodged in the country of issue. In the UK, ATA carnets are issued by Chambers of Commerce and Industry. Further information and details of Chambers of Commerce and Industry in other countries can also be obtained from :

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The London Chamber Of Commerce and Industry
Export Documents – Carnets
33 Queen Street
London EC4R 1AP

Tel : +44 (0)20 7248 4444
Fax: +44 (0)20 7203 1921/0207 248 0391
Email: aallan@londonchamber.co.uk

Further details about ATA carnets can be found in Notice 104.

What is Customs Warehousing?

Customs warehousing is a storage procedure whereby the payment of customs duties and / or import VAT can be suspended or delayed when non-Community goods are stored in a defined location (premises or place) or under an inventory system authorised as a customs warehouse.

The normal rules relating to import and export prohibitions and restrictions apply to goods imported into and exported from customs warehouses. Therefore, licences are needed in the normal way.

How does Customs Warehousing work?

There are different types of warehouses, depending on the responsibilities you wish to assume. Private warehouses (known as types C, D and E) are for the storage of goods deposited by an individual trader, authorised as the warehouse keeper who need not own the goods but who must take on the responsibilities of the depositor. A public warehouse (Type A) is authorised for use by a warehouse keeper whose main business is the storage of other trader's goods. A Type A warehouse keeper does not take on the responsibilities of the depositor.

The depositor has the responsibility of being bound by the declaration placing the goods under the customs warehousing procedure and will be liable for any duties and taxes.

Do I need to be authorised to use Customs Warehousing?

Yes, an application on a C1410 form, has to be made to Revenue & Customs. Your Authorisation Number must be quoted on all customs warehousing entries, to your premises.

Further details about customs warehousing can be found in Notice 232.

What is End-Use Relief?

End-use provides relief to promote certain EU industries and trades. To qualify for relief the following must apply:

- the goods and / or processes must be eligible for end-use;
- you must be authorised for the relief, and
- the goods must be put to their prescribed end-use within agreed time limits. The length of time an end-use authorisation can be issued for depends on the type of goods and the processing involved. The period of authorisation does not normally exceed 3 years from the date the authorisation takes effect. Renewal can be considered for exceptional circumstances.

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How does End-Use Relief work?

End-use relief applies only to duty. VAT if due, must be paid unless any separate VAT relief applies. End-use does not include relief from Excise duty or Anti dumping duty (ADD).

Do I need to be authorised to use End-Use Relief?

You need to be authorised to import or receive end-use goods. Authorisations are issued to the person importing or having the goods imported.

If you are a processor of end-use goods you must be authorised to receive such goods from importers, either in your own right or as a named processor in the importer's authorisation.

There are four different types of end-use authorisation:

- **Simplified authorisation** using form C100, used to import goods on a one-off basis for simple operations within the UK. A trader using the simplified end-use facility cannot make use of it more than three times in a calendar year. Simplified declaration procedures, e.g. Customs Freight Simplified Procedure (CFSP) cannot be used in association with simplified end-use.
- **Authorisation within the UK** using form C1317. This type of authorisation can cover processing on your behalf by other companies where operations are solely within the UK.
- **Single Community authorisation**, where processing or transport of goods involves more than one Member State. Application is made on the model form (Annex 67) in Commission Regulation 2454/93.
- **Integrated Authorisation**. This is for traders to import and process goods which require authorisation for end-use and another customs procedure, for example IPR. Application is made using form C1317.

Further details about End Use Relief can be found in Notice 770.

What is Processing under Customs Control (PCC)?

PCC allows certain raw materials or components to be imported under duty suspension arrangements for processing and subsequent release to free circulation in the EU. If you intend to export the processed products you should apply for inward processing relief.

How does PCC work?

After processing the finished products may be declared to free circulation at the lower duty rate that applies rather than the rate that applies to the raw materials.

Do I need to be authorised to use PCC?

There is a simplified authorisation available at the time of import for goods being processed in the UK only and which fall in Part A of Annex 76 of EC Regulation 2454/93. For all other types of process you will need to apply for an authorisation on form C&E 1321. You will be issued with an authorisation number which must be quoted on all import documents. If your goods do not fall within Part A of the Annex your application will also be subjected to an economic test. No authorisation can be issued until the test has been concluded by the DTI / DEFRA. If your goods fall within Part B of the Annex, this test will be carried out by the relevant section of the Customs Code Committee in Brussels.

Further details about PCC can be found in Notice 237.

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What are Aircraft Spare Part Depots (ASPD)?

If you are involved in storing goods required in the UK by non-UK airlines for the day to day running and maintenance of aircraft you may be eligible to operate an ASPD.

How does ASPD work?

ASPDs are used for storing goods for:

- Non UK airlines for the maintenance of their own aircraft
- UK and other EU Airlines for the maintenance of aircraft owned and operated by other non UK airlines for whom they act as agents or
- Aviation, engineering and maintenance companies

Please note that DTI licences are needed for the export of civil aircraft parts to Iran and Iraq.

Do I need to be authorised to use ASPD?

Yes application is made on form C&E 286. Further details about ASPDs can be found in Notice 28.

What is Free Zone?

A Free Zone is a designated area in which non-Community goods are treated as being outside the customs territory of the Community for the purpose of import duties.

How does Free Zone work?

Free Zone goods mean that import duties (including agricultural charges) are not due provided the goods are not released for free circulation. Import VAT is also suspended until the goods are removed to the UK market or used or consumed within the Free Zone.

UK Free Zones are controlled principally on the basis of the requirements of customs warehousing procedures, on an audit basis rather than physical checks on arrival.

The normal rules relating to import and export prohibitions and restrictions apply to goods imported into and exported from free zones. Therefore, licences are needed in the normal way.

There are no special reliefs in Free Zones from other taxes, excise duties or local authority (council tax) rates.

There are currently five free zones in the UK located at Liverpool, Prestwick, Sheerness, Southampton and Tilbury.

Do I need to be authorised to use Free Zone?

To operate within free zones you will need prior authorisation from Customs. You should apply in writing to the customs office responsible for the free zone.

Further details about Free Zones can be found in Notice 334 via www.hmrc.gov.uk.

What are “Rejected Imports”?

As the customer of an overseas supplier, you will be unaware in many cases if goods are correct until you open the packages. By that time the import has taken place and duty / VAT will have been paid. If the goods are not acceptable, for example they are broken or the

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wrong specification has been sent, it is likely that you will want to send the goods back to your supplier, ie. you reject the import.

Your supplier may send a credit note for the value of your order, but you will still need to recover the duty and possibly VAT. If you are VAT-registered, you will receive a VAT Certificate to use with your VAT Return as usual. Under these circumstances, the Rejected Imports procedure can be of use to reclaim the duty.

Do I need to be authorised to use the Rejected Imports procedure?

No, you do not need to be authorised to use the procedure. However if you have received goods you cannot use, provided that you inform your local Compliance Business Centre before you dispose of the goods – for example by re-export, or destruction, Customs accept a claim for repayment of duty, plus VAT if you are not VAT registered. You need to be able to prove why you are rejecting the import, and have a copy of the import entry showing the duty and VAT paid against the consignment.

You can reject part of a consignment, and the duty and VAT would be apportioned accordingly.

More details about Rejected Imports and the procedure for making claims can be found in Notice 266.

What is the Community System of Duty Reliefs (CSDR)?

CSDR is the collective term for a number of different conditional reliefs designed to promote educational, scientific, social and cultural advancement by allowing certain goods to be imported free of customs charges. Examples of goods which may qualify for relief include :

- those imported by charities for the benefit of needy people;
- goods for the disabled;
- museum and gallery exhibits;
- scientific research equipment;
- commercial samples; and
- goods for examination, analysis and test.

Each relief has its own set of Customs Procedure Codes (CPCs) and relevant conditions to be met.

How does CSDR work?

Importers must maintain clear records and audit trails in respect of goods imported to facilitate assurance visits and demonstrate the eligibility criteria are met and the goods have been put to the prescribed use. For some of the reliefs, there are post import disposal restrictions.

Do I need to be authorised to use CSDR?

In some cases prior authorisation is necessary. Imports to museums and art galleries are covered by general authorisations for the premises themselves. Other imports such as goods for the disabled and goods for scientific research are covered by specific authorisations. Imports of goods for Test do not require prior authorisation. Most authorisations are granted by the National Imports Relief Unit (NIRU), Enniskillen. Their contact details are :

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National Imports Relief Unit (NIRU)
HM Revenue & Customs
Custom House
Killyhevlin Industrial Estate
Enniskillen
Co Fermanagh
Northern Ireland
BT74 4EJ

Telephone : 02866 322298
Fax : 02866 324018
E-mail : enquiries{niexcise@inttradeniru}@hmrc.gsi.gov.uk

In certain circumstances, private establishments must be authorized by other Government Departments such as the Home Office and Department of Health.

Further details about CSDR reliefs can be found in Volume 1, Part 10 of the Tariff, and in the various relevant Notices in the 300 series.

What is Onward Supply Relief (OSR)?

OSR is a relief from import VAT for goods imported into the UK from outside the EU by a UK VAT registered trader in the course of an onward supply of those actual goods to another Member State.

How does OSR work?

OSR provides a third choice where goods are imported into the UK (or are being removed from a customs procedure allowing suspension of customs duty and import VAT – IPR suspension, TI, Processing under Customs Control, Free Zone and Customs Warehousing) that are destined for a customer in another Member State. Once entered to OSR in the UK the goods cannot be processed pending onward shipment.

Customs duty is paid in the UK but the import VAT is relieved provided the goods are shipped on to a VAT registered trader in another Member State within 30 days.

The requirement for the UK importer to make a VAT supply of goods means that this relief can only be used by import / customs clearance agents where they have been authorised under the terms of section 47 of the VAT Act by either the buyer or seller of the goods to act as a VAT agent for that company. In particular, the import / customs clearance agent will be responsible for issuing tax invoices and complying with VAT accounting rules – including raising EC sales lists (and where necessary supplementary declarations) and recording details on the VAT return – in relation to those goods.

Do I need to be authorised to use OSR?

There is no need for prior approval but there are a number of conditions.

- You must be a UK VAT registered trader
- You must be making a zero-rated supply of the imported goods to a taxable person in another EU Member State.
- You must remove the goods to that other EU Member State within one month.

Further details about OSR can be found in VAT Notice 702/7.

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What other relief schemes are there?

Our catalogue of Publications (Notice 999) has a full listing of the Notices covering other Duty Relief Schemes such as Inherited Goods, Goods For Test to Destruction, Commercial Samples etc.