

GUIDANCE NOTES FOR NEW REQUIREMENTS WHEN COMPLETING AN IMPORT DECLARATION ON CUSTOMS DECLARATION SERVICE (CDS):

Introduction

These guidance notes provide greater detail of the new & enhanced data requirements for completing an import declaration in CDS, as required under UCC & WTO legislation.

Section 1: Parties involved in the transaction:

- 1.1 Consignor** The 'Consignor' in CHIEF has been replaced with the Exporter and Seller in CDS however the Seller is only required if different to the Exporter. Please see the definitions below:
- Exporter**¹ – The last seller of the goods prior to their importation into the Union.*
- Seller** – The last known entity who sold the goods or agreed to the sale to the buyer.*
- 1.2 Consignee** The 'Consignee' in CHIEF has been replaced with the Importer and Buyer in CDS however the Buyer is only required if different to the Importer. Please see the definitions below:
- Importer** – The party who makes, or on whose behalf an import declaration is made.*
- Buyer** – The last known entity to whom the goods are sold or agreed to be sold. If the goods are to be imported otherwise than in pursuance of a purchase, the details of the owner of the goods shall be provided.*

Section 2: Valuation

- 2.1 Delivery terms (Incoterms and associated location/ place)** Delivery terms (ICC Incoterms) as agreed between the Buyer and Seller together with associated location/place should be specified on the commercial shipping documentation (for example, the commercial invoice should specify FOB Hong Kong, CIF Tilbury etc.).
- Associated location is the place where the responsibility for the goods is transferred from the Seller to the Buyer.
- Please choose from the list of INCOTERM Codes below:

First Component: Incoterms Code	Source	Meaning	Second Component: Place to be specified
EXW	Incoterms 2010	Ex works	Named place
FCA	Incoterms 2010	Free carrier	Named place
CPT	Incoterms 2010	Carriage paid to	Named place of destination
CIP	Incoterms 2010	Carriage and insurance paid to	Named place of destination
DAT	Incoterms 2010	Delivered at terminal	Named terminal at port or place of destination
DAP	Incoterms 2010	Delivered at place	Named place of destination
DDP	Incoterms 2010	Delivered duty paid	Named place of destination
DDU	Incoterms 2000	Delivered duty unpaid	Named place of destination
FOB	Incoterms 2010	Free on board	Named place of destination
CFR	Incoterms 2010	Cost and freight	Named place of destination
CIF	Incoterms 2010	Cost, insurance and freight	Named place of destination
FAS	Incoterms 2010	Free alongside ship	Named port of shipment
DES	Incoterms 2000	Delivered ex ship	Named port of destination
DEQ	Incoterms 2000	Delivered ex quay	Named port of destination

¹ Definitions for Exporter, Seller, Importer & Buyer from 'Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 – Annex B'

DAF	Incoterms 2000	Delivered at frontier	Named place
DEQ	Incoterms 2000	Delivered ex quay	Named port of destination
XXX		Delivery terms other than those listed above ²	Narrative description of delivery terms given in the contract

2.2 Valuation indicators:

Valuation indicators are required when a transactional value of the imported goods is being used to calculate the customs value (i.e. the commercial invoice).

Please note that **yes/no indicators are required for each of the 4 questions.**

Also refer to text of Article 70 UCC as below:

"Method of customs valuation based on the transaction value

1. The primary basis for the customs value of goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the customs territory of the Union, adjusted, where necessary.

2. The price actually paid or payable shall be the total payment made or to be made by the buyer to the seller or by the buyer to a third party for the benefit of the seller for the imported goods and include all payments made or to be made as a condition of sale of the imported goods.

3. The transaction value shall apply provided that all of the following conditions are fulfilled:

(a) there are no restrictions as to the disposal or use of the goods by the buyer, other than any of the following:

- (i) restrictions imposed or required by a law or by the public authorities in the Union;*
- (ii) limitations of the geographical area in which the goods may be resold;*
- (iii) restrictions which do not substantially affect the customs value of the goods;*

(b) the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;

(c) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made;

(d) the buyer and seller are not related or the relationship did not influence the price".

2.3 Additions and deductions

Additions and deductions are used to declare any amounts that are not already included in or deducted from the item price of the goods in order to arrive at the customs value.

Please advise if the invoice value is affected by any of the following additions and deductions; noting that in the table;

- The codes for additions begin with 'A'
- The codes for deductions begin with 'B'

² Where this code is used, the country code followed by a narrative description of the delivery terms included in the contract is required.

Code	Description	Item or Header Level
AB	Commissions and brokerage, except buying commissions, declared as a monetary amount	H or I
AC	Commissions and brokerage, except buying commissions, declared as a percentage addition	H or I
AD	Containers and packing	H or I
AE	Materials, components, parts and similar items incorporated in the imported goods	H or I
AF	Tools, dies, moulds and similar items used in the production of the imported goods, declared as a monetary amount	H or I
AG	Materials consumed in the production of the imported goods	H or I
AH	Engineering, development, artwork, design work and plans and sketches undertaken elsewhere than in the EU and necessary for the production of the imported goods, declared as a monetary amount	H or I
AI	Royalties and license fees, declared as a monetary amount, for percentage adjustments use code AM instead	H or I
AJ	Proceeds of any subsequent resale, disposal or use accruing to the seller	H or I
AK	Insurance costs	H
AL	Indirect payments and other payments (Article 70 of the code)	H or I
AM	Royalties and license fees, declared as a percentage adjustment, for additions declared as a monetary amount rather than a percentage use code AI	H or I
AN	Additions based on a decision granted in accordance with Article 71 of Delegated Regulation (EU) 2015/2446 in which an additional amount is specified	I
AO	Additions based on a decision granted in accordance with Article 71 of Delegated Regulation (EU) 2015/2446 in which a percentage adjustment is specified	I
AP*	Transport costs, loading and handling charges up to the place of introduction in the EU. The amount declared should exclude any airfreight charges declared under codes AR or AS.	H
AQ**	Transport costs, loading and handling charges up to the place of introduction in the EU. The amount declared should exclude any airfreight charges declared under codes AR or AS.	H
AR*	Air transport costs up to the place of introduction in the EU. This code is only to be used when claiming a reduction in the value for duty for the section of the flight that is considered to be within the EU.	H
AS**	Air transport costs up to the place of introduction in the EU. This code is only to be used when claiming a reduction in the value for duty for the section of the flight that is considered to be within the EU.	H
AT	Other charges not elsewhere declared	H or I
AV*	Adjustment for VAT value, for example, freight charges within the EU. For multi-item declarations, costs declared under this code will be apportioned across the items in proportion to their value. If the declarant would prefer the charges to be apportioned by gross mass rather than value, then they should use code AW instead of AV	H
AW**	Adjustment for VAT value, for example, freight charges within the EU. For multi-item declarations, costs declared under this code will be apportioned across the items in proportion to their gross mass. If the declarant would prefer the charges to be apportioned by value rather than gross mass, then they should use code AV instead of AW	H
AX	Tools, dies, moulds and similar items used in the production of the imported goods, declared as a percentage addition	H or I
AZ	Engineering, development, artwork, design work and plans and sketches undertaken elsewhere than in the EU and necessary for the production of the imported goods, declared as a percentage addition	H or I
BA*	Costs of transport and insurance after arrival at the place of introduction, which have been included in the declared value.	H
BB	Charges for construction, erection, assembly, maintenance or technical assistance undertaken after importation	H or I
BC	Import duties or other charges payable in the Union for reason of the import or sale of goods	I
BD	Interest charges declared as a monetary amount	H or I
BE	Charges for the right to reproduce the imported goods in the EU	I
BF	Buying commissions, to be declared as a percentage adjustment	H or I
BG	Deductions based on a decision granted in accordance with Article 71 of Delegated Regulation (EU) 2015/2446 in which a deduction amount is specified	I
BH	Discount (amount) not elsewhere declared.	H or I
BI	Discount (percentage) not elsewhere declared.	H or I
BK	Deductions based on a decision granted in accordance with Article 71 of Delegated Regulation (EU) 2015/2446 in which a percentage adjustment is specified	I
BL	Interest charges declared as a percentage adjustment	H or I
BM	Buying commissions, to be declared as a monetary amount	H or I

BR*	Air transport costs up to the place of introduction in the EU which have been included in the declared invoice price. This code is only to be used when claiming a reduction in the value for duty for the section of the flight that is considered to be within the EU. If the freight charges were not included in the declared invoice value, then they must be declared as an addition using code AR or AS rather than BR.	H
BS**	Air transport costs up to the place of introduction in the EU which have been included in the declared invoice price. This code is only to be used when claiming a reduction in the value for duty for the section of the flight that is considered to be within the EU. If the freight charges were not included in the declared invoice value, then they must be declared as an addition using code AR or AS rather than BS.	H
BT	Other deductions not elsewhere declared	H or I
BU**	Costs of transport and insurance after arrival at the place of introduction, which have been included in the declared value.	H

* These additions/deductions are apportioned across declaration items by means of the value of each item as a proportion of the total value.

** These additions/deductions are apportioned across declaration items by means of the gross mass of each item as a proportion of the total gross mass.

2.4 Nature of transaction

The nature of transaction will help define the procedure code in CDS. These procedure codes may differ from CHIEF codes and will influence any revenue payable etc.

Please provide the relevant 2 digit code(s) for the type of transaction concerned using the Union code and headings from the table below:

1 st digit (Mandatory)		2 nd digit (Optional)	
1	Transactions involving actual or intended transfer of ownership from residents to non-residents against financial or other compensation (except the transactions listed under 2, 7, 8)	1	Outright purchase/sale
		2	Supply for sale on approval or after trial, for consignment or with the intermediation of a commission agent
		3	Barter trade (compensation in kind)
		4	Financial leasing (hire-purchase)
		9	Other
2	Return and replacement of goods free of charge after registration of the original transaction	1	Return of goods
		2	Replacement for returned goods
		3	Replacement (for example, under warranty) for goods not being returned
		9	Other
3	Transactions involving transfer of ownership without financial or in-kind compensation (for example, aid shipments)		
4	Operations with a view to processing under contract (no transfer of ownership to the processor)	1	Goods expected to return to the initial country of export
		2	Goods not expected to return to the initial country of export
5	Operations following processing under contract (no transfer of ownership to the processor)	1	Goods returning to the initial country of export
		2	Goods not returning to the initial country of export
6	Particular transactions recorded for national purposes		
7	Operations under joint defence projects or other joint intergovernmental production programmes		

1 st digit (Mandatory)		2 nd digit (Optional)	
8	Transactions involving the supply of building materials and technical equipment under a general construction or civil engineering contract for which no separate invoicing of the goods is required and an invoice for the total contract is issued		
9	Other transactions which cannot be classified under other codes	1	Hire, loan, and operational leasing longer than 24 months
		9	Other

Notes:

- [1] Financial leasing covers operations where the lease instalments are calculated in such a way as to cover all or virtually all the value of the goods. The risks and rewards of ownership are transferred to the lessee. At the end of the contract the lessee becomes the legal owner of the goods.
- [2] Processing covers operations (transformation, construction, assembling, enhancement, renovation ...) with the objective of producing a new or really improved item. This does not necessarily involve a change in the product classification. Processing activities on a processor's own account are not covered by this item and should be registered under item 1 of column A.

Section 3: Additional Information

3.1 Country of destination

Please provide the country of destination using the guidance below:

"The Destination Country code [DE 5/8] must always be an EU Member State (including the UK) or a Territory with which the EU has formed a Customs Union.

Enter the code for the Member State or Territory where the goods are located at the time of release into the customs procedure.

- Where it is known at the time of making the customs declaration that the goods will be dispatched to another Member State or Territory after release, enter the code for this latter Member State or Territory.
- Where goods are imported with a view to placing them under the Temporary Admission procedure, the Member State of destination shall be the Member State where the goods are to be first used.
- Where goods are imported with a view to placing them under the Inward Processing procedure, the Member State of destination shall be the Member State where the first processing activity is carried out.
- Where the Onward Supply Relief (OSR) procedure is used, the destination country must be the EU Member State of destination for the onward supply.

The Destination Country code is only required on a simplified declaration where specified by the Procedure Code.

The Destination country is declared at header level if it is the same for all items on the declaration. Otherwise it is declared for each item".

3.2 Customs Comprehensive Guarantee Number and Type

Under the UCC you are required to hold a Customs Comprehensive Guarantee (CCG) when using special procedures or deferring customs duties. Please provide the Type and Number of your guarantee to your freight forwarder for customs declaration completion³.

Please refer to GOV.UK for details on the application process

Section 4: Considerations

You should also consider the following:

4.1 Representation type

Your freight forwarder will require positive statement confirming representation status defining whether they work on a direct or indirect basis.

4.2 Preferential origin information

As a minimum, information relating to preferential origin must be supplied prior to customs declaration. For further information please refer to:

³ Please note that transitional arrangements exist for pre UCC authorisations and CCG will be required for post UCC authorisations.

<https://www.gov.uk/government/publications/uk-trade-tariff-agreement-preference-country-groups>

- 4.3 Documentation subject to change** Customs reports you currently receive such as E2, C88 etc will change in format. HMRC are currently working to define the new formats which should be released shortly.
- 4.4 Declaration references** CHIEF entry number will be replaced by an 18 character Movement Reference Number (MRN) e.g. 18GB9876AB88901235. The MRN will not be location-specific unlike the current Entry number.

FURTHER INFORMATION

UK Trade Tariff Volume 3: <https://www.gov.uk/guidance/uk-trade-tariff-volume-3-customs-declaration-service-imports#customs-freight-simplified-procedures-cfsp>

Guidance for navigating the tariff: <https://www.gov.uk/guidance/how-to-navigate-the-customs-declaration-service-cds-tariff-declaration-completion-rules>

CDS completion guide: <https://www.gov.uk/guidance/import-declaration-completion-guide>