



AUTHOR / KEY CONTACT



Elisabetta Scanferla
Solicitor

✉ elisabetta.scanferla@LA-law.com
☎ 01202 786179

Logistics Bulletin: The Change Over to CDS

Businesses that prepare export declarations for goods moving outside the UK are now required by [HMRC](#) to handle their import and export declarations under the [Customs Declaration Service](#) (CDS).

CDS is replacing the Customs Handling of Import and Export Freight ([CHIEF](#)) for all export movements outside of the UK. The new system aims to be more modern and flexible and to be able to handle anticipated future import and export growth.

Completing the Transition to CDS

In September 2022, the HMRC completed stage 1 of the transition to the new CDS system. Now, stage 2 will soon be completed, with the withdrawal of the Export CHIEF service on 30th March 2024. Then, all traffic will go to CDS.

This change will see customs declarations moving from a system based on paperwork to a fully digital platform.

Due to changes in the tariff, the new system mandates different information for imports or exports outside the European Union than the old system, which must be included in the declarations.

Preparing for the CDS Transition

There are significant differences between the CHIEF and CDS systems, and it takes time to move declarations from CHIEF to CDS. If they have not already done so, all freight forwarders and agents are advised to plan in advance and be prepared for the transition.

- They will need to train and develop their staff.
- Get access to CDS.
- Understand the new data requirements.

- Understand the new Tariff. These have changed.
- Log into their Government Gateway account
- Become familiar with the CDS Government UK guidance.

Key Questions and Information for CDS Declarations

These are only some examples of the questions that may be asked:

- Why are the goods moving? Is it because of an underlying sale or something else?
- What authorisations and documents accompany the goods?
- What is the goods' value?
- Where are the goods coming from?

For exports, instructions will also need to include:

- Transport charges method of payment
- Carrier information
- Route countries
- Gross mass
- Nature of the transaction

Furthermore, in the declarations, the freight forwarders, or agents, can now quote more parties: the transporter, the seller, and the buyer, in addition to the exporter and importer, and the nature of the transaction. The agent can also include the trader's reference, which is meaningful to the trader and could be useful information. The agent can add the commercially agreed exchange rate.

Navigating Tariffs and Legal Requirements

Regarding Tariffs, the freight forwarders or agents will have to understand which information they will have to provide. There is a legal requirement to respond. The agent needs to be sure what he writes and ask the customer to confirm the information. For example, the agent must confirm that a product is not a waste product. The waiver document code 999L is now gone. In some circumstances, the agent may have to declare in detail what the goods are not, for example, “no, this product is not a waste product”, “no, this product is not dog and cat’s fur”, “no, this product is not for torture” etc.

HMRC Oversight

When dealing with import and export declarations, agents must be extremely careful that the value of the goods declared is correct. If the HMRC doubts that the declared value of the goods represents the full amount paid or payable for those goods, HMRC may ask the agent to pay the new value that HMRC thinks fit. The HMRC will analyse similar products and compare the values declared by the agent to those declared at importation by other importers for goods comparable to those imported. If there is a significant difference, HMRC will consider the declared values incorrect. HMRC may then discard the declared values and substitute replacement values which it thinks fit to determine the correct import duty and/or import VAT payable.

In numerous cases, HMRC had required indirect agents/export agents to pay customs duties when they discovered that the underlying traders had deregistered for tax at some point following HMRC investigations.

Knowing your clients and carrying out due diligence checks remains paramount under the old and new systems.

Contact

For further insights or assistance related to the LA Marine Logistic Bulletin, please contact our [shipping and logistics](#) law specialists at online.enquiries@la-law.com.