



HM Revenue
& Customs

Removal of manual customs declarations

Consultation document

Publication date: 11 March 2015

Closing date for comments: 5 June 2015

Subject of this consultation:	This consultation exercise aims to assess the impacts for importers and exporters, and their representatives, of the removal of paper (manual) customs declarations.
Scope of this consultation:	To determine the impacts on businesses (economic operators) and the public of the removal of manual (paper) customs declarations for imported and exported goods. To assess the costs and operational changes involved following the introduction of mandatory electronic customs declarations.
Who should read this:	All those involved in the commercial import and export of non-EU (third country) goods into and from the UK who currently submit manual (paper customs declarations) i.e. Customs Input Entry (CIE).
Duration:	The consultation exercise will commence on 11 March 2015 and end on 5 June 2015.
Lead official:	HM Revenue and Customs, Customs Directorate with Caroline Wilkins in the lead.
How to respond or enquire about this consultation:	<p>HM Revenue and Customs Alexander House Customs Directorate Customs Import Policy 10th Floor Central, Desk 47 21 Victoria Avenue Southend-on-Sea Essex. SS99 1AA</p> <p>caroline.wilkins@hmrc.gsi.gov.uk</p>
Additional ways to be involved:	<p>The contact details for any enquiries about the content or scope of the consultation is: Caroline Wilkins, Customs Import Policy.</p> <p>This will mainly be a paper-based consultation exercise but there will be the opportunity for stakeholders to contribute their views through the Joint Customs Consultative Committee and its Customs Product and Process sub-group.</p>
After the consultation:	HMRC intends to publish the outcomes of the consultation along with any options appraisals in a consultation response document.

Getting to this stage:

The current position is that import and export declarations can be lodged using either a manual (paper) declaration or via an electronic mechanisms (for example, Direct Trader Input (DTI) or NES Web declarations). The Union Customs Code (UCC) Council Regulation (EU) 952/13 which enters into force on 1 May 2016 requires all communication (including the submission of customs declarations) between customs authorities and economic operators, except for specific exemptions, to be made electronically (questions 1 and 25 refer). To prepare the UK for the implementation of the UCC, HMRC is conducting a public consultation on the impacts of moving to a fully electronic environment for the submission of commercial customs declarations.

Previous engagement:

HMRC has already undertaken some initial fact finding with stakeholders and trade associations who, whilst generally supportive of the move to wholly electronic communications, have identified potential issues for some specific industry sectors.

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Foreword

Current UK policy and EU customs law allow importers and exporters to submit customs declarations for non-EU (third country) freight in a manual (paper) format.

However, in order to:

- Support the Government's digital strategy to eliminate paper and manual processing;
- Prepare the UK for the introduction of mandatory electronic data processing systems as required under the Union Customs Code (UCC) entering into force on 1 May 2016; and
- Assist in the shaping of the future customs business model in support of the strengthening of controls to protect the UK border and ensure the correct tax is paid at the correct time

We are seeking to introduce a wholly digital solution for the declaration and clearance of goods at UK airports and ports.

I urge you to participate in this consultation exercise so that your views are reflected in any decisions reached by HMRC.

William Williamson,
Director Customs, HM Revenue and Customs

1. Executive Summary

Issue

From 1 May 2016 the Union Customs Code (UCC) Council Regulation (EU) 952/2013 enters into force. One of the major changes is that all communications, unless there are specific exemptions in place, between customs and economic operators (businesses) will have to be made electronically.

The vast majority of commercial importers and exporters (economic operators) already customs clear goods electronically, including using the Direct Trader Input (DTI) of customs declarations into the official declaration processing system (CHIEF – Customs Handling of Import and Export Freight).

The UK currently has a small number of economic operators who continue to use the manual customs declaration procedure (Customs Input Entry - CIE). In these situations an economic operator can submit a paper declaration using form C88 to HMRC for keying and electronic processing by HMRC staff. Except in specific circumstances this will no longer be a lawful method following the introduction of the UCC (questions 1 and 25 refer).

Summary

HMRC is undertaking this consultation exercise to scope the impact of the removal of Customs Input Entry (CIE) on those economic operators, and their representatives, using paper (manual) customs declarations.

2. Introduction

Background

EU customs regulations require that all non-EU goods (re) imported to or (re) exported from the EU must be declared to customs and obtain clearance before they are moved. In the UK all customs declarations are processed through the HMRC electronic system, known as CHIEF. CHIEF allows businesses to input their declarations direct into the system using a variety of electronic channels. The system supports the electronic communication between HMRC, Border Force and other government agencies at the border and economic operators to facilitate the customs clearance of non-EU goods.

Such systems provide automated declaration creation and management of information. In addition to facilitating the quick and efficient customs clearance from the (air) port and reducing frontier storage costs, they also reduce the administration costs of submitting paper declarations and the manual interventions required to generate customs clearance such as transmission of payment details.

Customer Population

Whilst the majority of customs declarations are already entered to CHIEF direct by economic operators, the UK still has 40,699 (2013 figures) declarations (0.1% of all imports and exports) made in paper format. These declarations were submitted by 310 importers and exporters, or their representatives. These are keyed to the system by HMRC staff. This is a labour intensive process, involving manual interventions and correspondence with operators to correct errors, address information gaps and collect payment. These manual interventions result in delays for businesses in the release of the goods from customs control.

3. Initial Assessment of Impacts

Through initial fact finding exercises HMRC has identified some preliminary impacts related to these proposals. It is envisaged that the consultation exercise will provide further clarity on these impacts to inform the options appraisal and identification of a preferred solution.

Summary of Impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19
	+/-	+/-	+/-	+/-	+/-
Economic impact	Not known at present, the trade consultation will inform HMRC of the impacts				
Impact on individuals and households	N/A The UCC contains specific exemptions from the requirement to submit electronic customs declarations that would manage the impacts on individuals and households such as the importation of personal effects, items for private use.				
Equalities impacts	N/A				
Impact on businesses and Civil Society Organisations	<p>Cost of access to HMRC systems or employing a customs agent to submit the declaration on their behalf. Exact implications are not known and will form part of the public consultation exercise if approved.</p> <p>40,699 customs declarations were submitted in manual format in 2013. These were submitted by 310 separate businesses. Operators will have the option to obtain a licence to submit declarations direct to CHIEF (average costs per annum of £1000). However, we envisage that smaller operators will already be engaging a freight forwarder/ logistics provider to move the goods on their behalf who also offer customs declaration completion services.</p>				

	<p>It will be a commercial matter which business model option provides the best value for money.</p> <p>If alternative proposals are put forward during the consultation process these will be costed and taken into account when finalising policy decisions.</p> <p>We expect that any new costs will be offset by the reduction in costs of not using the manual process.</p>
Impact on HMRC or other public sector delivery organisations	<p>HMRC resource savings from not having to process manual documentation. In 2013 there were 40,699 declarations of this nature, these took 9.44 staff years to process.</p>
Other impacts	<p>N/A</p>

4. Summary of Consultation Questions

Equality Impacts

1. Do you envisage the removal of paper declarations having an adverse impact on those with protected characteristics? (Disability, gender re-assignment, pregnancy or maternity, race, religion or beliefs, sexual orientation)

General Questions

2. Are you involved in international trade at the moment?
3. If so, in what capacity? For example, importer, exporter, freight forwarder, clearance agent, logistics provider, warehouse keeper, industry body/ trade association representative?
4. How do you currently declare your goods to Customs? For example, in paper or electronic format?
5. Do you submit these declarations yourself or do you use a clearance agent, freight forwarder or logistics provider?
6. If you currently submit paper declarations yourself, would the removal of this facility cause you to employ the services of a logistics provider in the future?
7. If you already make electronic declarations, what method of transmission do you use? For example Direct Trader Input (DTI), exports web declarations, EDIFACT messages, XML, or other method?
8. If other, please specify.
9. Which customs procedures or regimes do you operate, for example do you import customs duty suspense procedures, such as Temporary Admission (TA) or import goods to home use (all duties and import VAT paid)?
10. For what part of your business operations do you use paper (manual) declarations?
11. Please provide a rough estimate of the proportion of your import/ export operations for which you use paper declarations.

Impacts from the removal of paper declarations for commercial traffic:

12. What costs do you see resulting from the removal of the option of submitting paper (manual) customs declarations for commercial imports and exports?
13. What advantages (for your business operations) do you see arising from the move to the submission of fully electronic customs declarations directly to HMRC for commercial imports and exports?
14. Do you feel the commercial benefits of a move from manual to electronic declarations would outweigh the costs?
15. If not what changes could be made to offset the costs?
16. Are there specific types of operations or goods which you feel would be negatively impacted by the removal of the option of making manual declarations?
17. Could you explain why you feel this would be the case?
18. What alternatives can you suggest for these types of operations/ goods?

Users of paper customs declarations (Customs Input Entry – CIE) – General Information

If you currently make paper declarations:

19. What is the nature of your involvement in importing and exporting?
20. Do you import and export through one or more frontier locations?
21. What HMRC office do you use to input your paper declarations?
22. Do you hold a DTI badge?
23. Do you employ an agent, freight forwarder or logistics provider to conduct part of the import or export process on your behalf? For example, shipping goods, releasing goods at the border?
24. If yes, what aspect of the import or export do they complete on your behalf?

Users of paper customs declarations (Customs Input Entry – CIE) – customs operations

25. What type of import or export declarations do you submit in paper form? For example, private use, personal effects, business/ commercial uses, merchandise in baggage¹ (MIB), or other.
26. If other, please specify, for example Temporary Admission (TA), diversions to free circulation from a duty suspension relief, for example Inward Processing (IP), customs warehousing.
27. Do you use paper declarations for all your imports and exports or do you use a mixture of paper and electronic declarations?
28. If you use a mixture please specify which declarations are done manually and why? Please specify which declarations are made electronically and why?
29. What is the volume of paper declarations that are made by you or on your behalf on a weekly/monthly, quarterly basis?

¹ commercial items carried as hand luggage and presented to Border Force officers in baggage halls

5. The Consultation Process

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stage 1 of the process. The purpose of the consultation is to seek views on the policy design and any suitable possible alternatives, before consulting later on a specific proposal for reform.

How to respond

A summary of the questions in this consultation is included at chapter 4.

Responses should be sent by 5 June 2015, by e-mail to caroline.wilkins@hmrc.gsi.gov.uk or by post to:

CIE Consultation Responses
HM Revenue and Customs
Alexander House
Customs Directorate
Customs Import Policy
10th Floor Central, Desk 47
21, Victoria Avenue
Southend-on-Sea
Essex. S99 1AA

Or by fax to: 03000 594291

Telephone enquiries: 03000 594068 (from a text phone prefix this number with 18001)

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from [HMRC Inside Government](#). All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or industry representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC).

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Consultation Principles

This consultation is being run in accordance with the Government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

Oliver Toop, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk

Please do not send responses to the consultation to this address.

Annex A: List of stakeholders consulted

Joint Customs Consultative Committee (JCCC) Members:

- Association of Freight Software Suppliers (AFSS)
- Association of International Courier and Express (AICES)
- Automated Customs and International Trade Association (ACITA)
- British Chambers of Commerce (BCC)
- British International Freight Association (BIFA)
- British Ports Association (BPA)
- British Retail Consortium (BRC)
- Chamber of Shipping (COS)
- Chartered Institute of Logistics & Transport (CILT)
- Community System Providers (CSPs)
- Confederation of British Industry (CBI)
- Customs Air Transport Consultative Group (CATICG)
- Customs Practitioners Group (CPG)
- Food and Drink Federation (FDF)
- Freight Transport Association (FTA)
- Institute of Chartered Shipbrokers (ICSB)
- Railway Industry Road Haulage Association (RHA)
- Royal Mail Society of Motor Manufacturers and Traders (SMMT)
- UK Aerospace Industry Customs Group (UKAICG)
- UK Major Ports Group (UKMPG)
- UK Warehousing Association (UKWA)

Joint Customs Consultative Committee (JCCC) Customs Product and Process Sub Group Members

Public Consultation via Customs Information Paper publicity

Annex B: Relevant (current) Government Legislation

Council Regulation 2913/92 establishing the Community Customs Code.

Title III, Chapter 1 – Entry of Goods into the Customs Territory of the Community, articles 59 - 64

Title V – Goods leaving the Customs Territory of the Community, articles 182a – 183

Regulation 2454/93 laying down provisions for the implementation of Council Regulation No 2913/92 establishing the Community Customs Code.

Part I, Title VI – Introduction of Goods into the Customs Territory, articles 198 - 215

Part II, Title VI – Goods Leaving the Customs territory of the Community, articles 592a - 795