

Import customs declaration: tips and responsibilities

VILNIUS, LITHUANIA, LITHUANIA, December 20, 2021 /EINPresswire.com/ -- One of the common questions asked by businesses engaging in international trade with the UK is who should be responsible for the import customs declaration?

The purpose of this article is to guide you through a sensible decision-making process and ensure you are taking into consideration some of the key factors that might influence your decision.

#1 Incoterms

The International Commercial Terms (Incoterms) that international transactions take place under are fundamentally how the party responsible for the customs declaration will be identified.

There are currently 11 Incoterms which form a set of globally recognised rules and guidelines. They were first introduced by the International Chamber of Commerce (ICC) in 1936, to help facilitate trade between businesses around the world. They are reviewed and updated every 10 years to reflect modern trade patterns, with Incoterms® 2020 - the latest edition of the rules. ®

The main purposes of Incoterms are to provide a universal set of rules and a common language for traders around the world. Incoterms establish where obligations, risk, and costs[JY1] are divided between the buyer and seller.

For example, if the transaction was taking place under EXW terms, we can conclude both parties have agreed the buyer will be responsible for arranging the UK import customs declaration. If the transaction is to take place under DDP terms, we can conclude both parties have decided it will be the seller.

While Incoterms play a crucial role in the allocation of customs related responsibilities, the decision on Incoterms are often made by departments that have little to do with customs, such as the sales team. Making basic global trade compliance training available to teams making customs related decisions will ensure goods can move smoothly across borders.

If you have already agreed Incoterms with your supplier / customer, the decision on who is responsible for the UK import customs declaration will have already been determined. However, if you are still deciding which term to use as part of your commercial agreement, you may wish

to take into consideration some of our additional points on establishment and representation.

#2 Establishment

Whether a company is “UK established” is a key component in the decision-making process. HMRC’s definition of a UK established business for customs purposes is:

A permanent business establishment is defined as a place of business where staff are permanently employed and where the technical resources of the business are always present. In addition, the business’ customs operations must be wholly or partly carried out there.

If a business is not considered as UK established for customs purposes, they are still technically able to co-ordinate the import declaration of goods in the UK. However, they will not be permitted to submit their own customs declarations and must use a customs intermediary who is UK established.

They must also appoint the customs intermediary as an indirect representation (see point 3 for more information), which could make it difficult for them to find a third-party willing to undertake the responsibility on their behalf.

A non-established business may also not be eligible to access certain customs special procedures, which could be used in certain scenarios to reduce, waive, postpone or eliminate import duties as well as VAT on imported goods.

In extreme cases, some regulated products may only be permitted for entry in the UK if a UK established company is the importer of the goods and has a license to import them. As such, the transaction may be at a predisposition that means neither party have a choice who is responsible for arranging the import declaration. Keep this in mind if you have already agreed Incoterms for a product that is subject to regulatory controls.

#3 Representation

Assuming neither party is excluded from being the importer based on their establishment, the elected party will need to decide whether they want to submit the customs declaration themselves, or whether they need to use an intermediary, such as a freight forwarder or customs broker.

For any party to submit a declaration to HMRC, they will require access to customs declaration software and in some cases, a commercial license to connect to the relevant port inventory system. Whilst it isn’t mandatory, it is usually recommended that a business enrolls in some form of customs clearance training before undertaking this responsibility themselves. If a buyer or seller submits their own customs declaration, this is considered ‘self-representation’.

If a party appoints an intermediary to submit the customs declaration on their behalf, this will take place under direct representation or indirect representation. Read the article [What does it mean to have a direct or indirect representative for customs clearance in the UK?](#) to understand the key differences between the two. For the context of this discussion, it is important to understand that indirect representation has the potential to be problematic and is undesirable for most intermediaries.

Assessing whether one party is more capable, or better positioned to arrange the customs declaration than the other is a sensible way of thinking and helps avoid a scenario where either the buyer or seller is left with obligations they are unable to fulfill.

For example, a company who makes their own customs declarations or has a pre-existing relationship with a suitable customs intermediary, will be better placed to arrange the import declaration than an overseas seller with no presence or professional network in the UK.

This is partly because a customs intermediary is more likely to act on behalf of a UK established company (for which they can do as a direct representative), but also for more basic reasons, such as speaking a common language, having the ability to credit check the company or recognise any forms of customs clearance training or customs courses that the company may have participated in.

To learn more about representation, you can check one of our customs courses [Customs training course on EU-UK](#).

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Customs clearance.net
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