



**HM Revenue
& Customs**

A Guide to Export Compliance

A Presentation by the International Trade Development Liaison Officers
(ITDLOs)

Why is compliance important?

Failure to comply can lead to.....

- Costly delays at the port/airport/border
- Duty relief being disallowed
- VAT zero rating being disallowed
- Penalties
- Impact on AEO and other authorisations

Are you responsible...?

*“Without prejudice to the possible application of penal provisions, the lodging of **a declaration signed by the declarant or his representative** with a customs office or a transit declaration lodged using electronic data-processing techniques **shall render the declarant or his representative responsible** under the provisions in force for:*

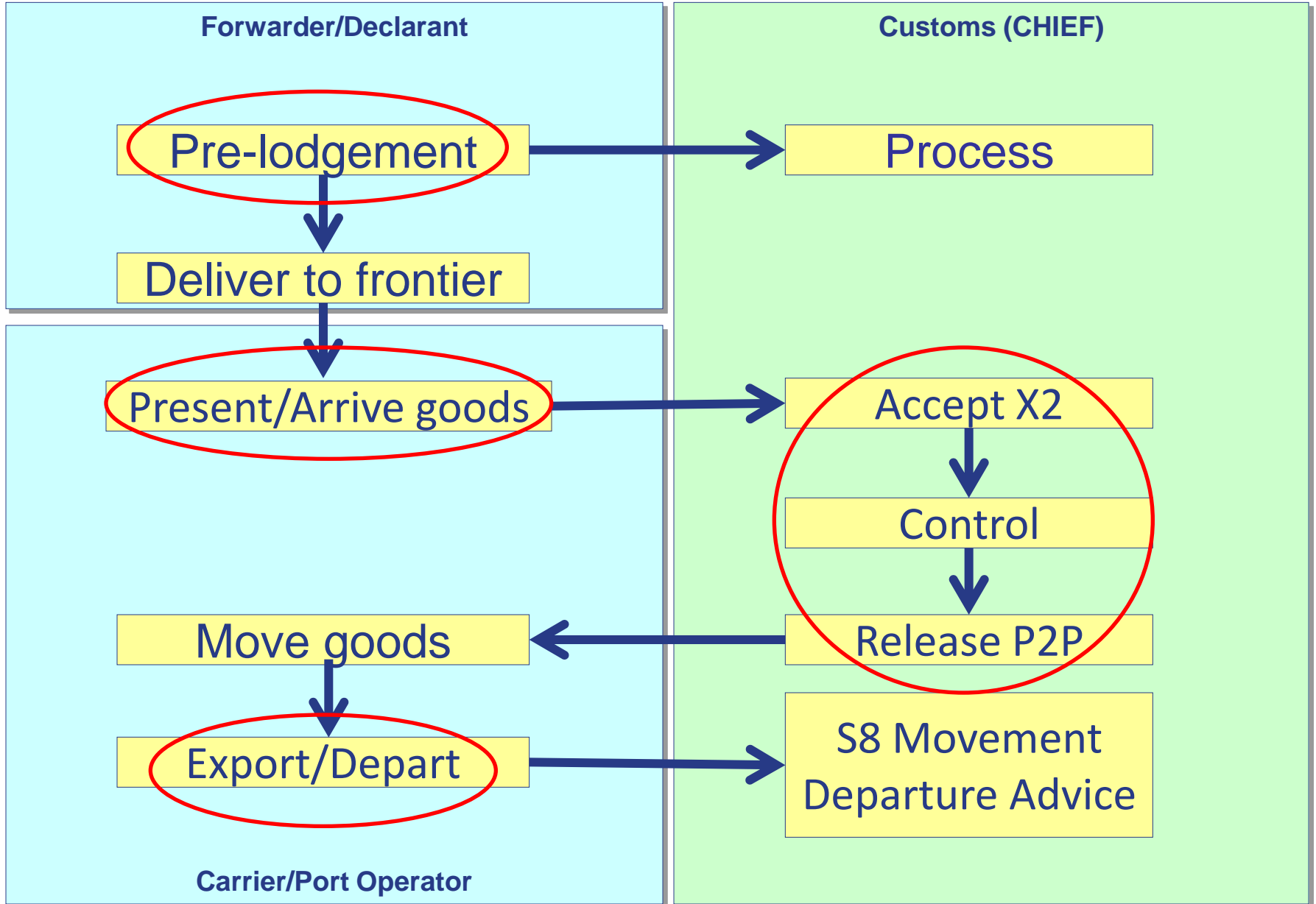
- the accuracy of the information given in the declaration,*
- the authenticity of the documents presented, and*
- compliance with all the obligations relating to the entry of the goods in question under the procedure concerned.”*

Commission Regulation (EEC) No 2454/93 – Laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code

Some important terminology

- **Export** - The movement of *goods* to a destination outside the customs territory of the EU.
- **Direct export** - Goods exported directly from the UK to a non-EU country.
- **Indirect export** - Goods declared for export in the UK leaving the EU via another Member State.
- **Office of Export** - The customs office where the formalities for assigning goods leaving the customs territory of the EU are to be completed
- **Office of Exit** - The customs office to which goods must be presented before they leave the customs territory of the EU
- **Loader** - The parties responsible for receiving, presenting and loading goods for export from the UK, approved by HMRC to submit arrival and departure messages.
- **Declarant** – The person legally responsible for the accuracy of the information given in the declaration, the authenticity of the documents which relate to it and, compliance with all the obligations relating to the entry of the goods under the procedure concerned.

Export Process



Making an Export Declaration

- Virtually all export declarations are ‘pre-lodged’
 - The declaration is made before the goods are presented to customs
 - The declaration at this point is not legally accepted
 - 3rd character of box 1 – Declaration Type – is D, F or K

Presentation of Goods

- Legal requirement:
 - Carry out risk analysis and;
 - Exercise controls (such as licence checks etc.) and inspect paperwork/goods if necessary
- Although it is usually the carrier/port operator who actually notifies customs of the arrival of goods, it is your responsibility to make sure it is done.
- You will receive an **X2** (entry acceptance advise) once the goods are presented
- If you don't receive an X2 you should **investigate immediately**.

Arrival & Departure Messages

Direct Exports (goods exported from EU directly from the UK):

- Arrival & Departure messages are both required

Indirect Exports (goods exported via another EU Member State):

- Arrival message required
- No Departure message required as goods are not exported until they leave the EU

Evidence of Export

- Can take many forms:
 - Movement Departure Advice (S8)
 - Screen print from CHIEF
 - Export Accompanying Document (EAD) – Indirect exports
- Assumed Departure Messages are not acceptable as evidence of export.

Is important because ..

- It provides evidence of export – to support VAT zero rating
- You should receive an S8 (Movement Departure Advice):
 - Immediately on export from the UK for direct exports
 - On exit from the EU for indirect exports (covered by an EAD)
- If you are sure goods have departed but have not received an S8 after 24 hours you should investigate immediately.

Dual-Use Goods

Dual-Use goods are defined as:

“... items, including software and technology, which can be used for both civil and military purposes, and shall include all goods which can be used for both non-explosive uses and assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices”.

Council Regulation (EC) No 428/2009 - Setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items

Dual-Use Goods

- Certain commodity codes have associated measures that:
 - Only apply depending on the end-use of the goods (dual-use) or;
 - Only apply depending on the materials that the goods are made from (ex-heading).

A measure in this context means a licence/certificate etc. may be required for export of the goods.

- Using such a commodity code is not enough to indicate whether a particular measure is required.
- An AI Statement of 'LIC99' is a positive declaration that no further licences etc. are required for an item.
- Always get written confirmation from the exporter as to the exact status of the goods before using AI Statement 'LIC99' on an export declaration.

Single Transport Contract (STC)

- STC is where goods are travelling under an Air Waybill or Bill of Lading which covers the whole journey to the destination outside the EU.
- Additionally, the actual exit from the EU cannot be by road.
- AI statement – ‘STC99’ – at header level in the declaration
- Box 29 – Office of Exit – must be blank
- Allows HMRC to act as the office of exit, even if the actual exit from the EU is via another Member State.

In these circumstances an EAD is **not** required.

Statistical Value

- GBP, regardless of the currency in which the goods are invoiced.
- The value to be declared is the FOB
- You should have a consistent policy/procedure in place for accurately calculating the FOB value.

Invoice Currency

- Required where the value of the goods declared exceeds £100,000
- Box 22 – Invoice Currency
- Invoice value (at header level) is not required.

Ex-Works

- Goods sold ex-works...so who is the exporter?
- It could be YOU!

The responsibility for lodging an export declaration lies with the “contracting party established in the EU”.

CCCIP – 2454/93 Article 788(2) “where ownership or a similar right of disposal over the goods belongs to a person established outside the Community pursuant to the contract on which the is based, the exporter shall be considered to be the contracting party established in the Community”.

Why link DUCRs to a MUCR?

- Can make it easier to communicate with carriers/port operators
- In the airfreight environment all exports have a MUCR
- Arrival and departure by MUCR will be applied to all DUCRs that are associated to it.

What can go wrong?

- Associating DUCRs to a MUCR incorrectly
- Mistyped and/or misquoted UCRs
- Not notifying the port/carrier of all UCRs

Good Housekeeping

- Regularly monitor declarations you have made
- Unwanted declarations...you should **cancel** them
 - Taking no action is **NOT** an option

Further information

Public Notice 275 (Export procedures)

NES homepage on www.hmrc.gov.uk

- Best Practice Guide

Integrated Tariff of the UK

- Part 1, section 1.8

Business Link website www.businesslink.gov.uk > International trade > Import and export procedures

Customs Information Papers:

- CIP (10) 33 & 63
- CIP (11) 89
- All CIPs online www.hmrc.gov.uk > Import & export > JCCC Papers

www.hmrc.gov.uk