

BIFA/ASM/HMRC Regional Seminars

Customs Declaration Services (CDS) frequently asked Questions (Draft)

Last updated: 24 August 2018

This document provides a summary of questions that have been asked during the BIFA, ASM and HMRC Regional Seminars, held at various locations across the UK over the summer.

Please click the links below to navigate to the relevant section of this FAQ document. Please note that the answers to these questions are accurate as of the date of publishing, but may be subject to change.

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General

Question	Answer
When will HMRC have the necessary Helplines established and manned to handle traders queries related to the Customs Declaration Service (CDS)?	HMRC is currently developing its live support model and this will be in place for Release 1 from mid-August 2018 and will be communicated via GOV.UK as soon as it is confirmed. Traders should, however, contact their software developer in the first instance.
How will HMRC communicate the significant changes stemming from the implementation of CDS to trade? <ul style="list-style-type: none"> • Including new functions • Withdrawal of functions • Changes from box numbers to data fields and new data elements required, such as buyer/seller etc, accurate Incoterms information including terms and relevant locations 	We will communicate via a variety of channels including: <ul style="list-style-type: none"> • Providing up to date, tailored content on GOV.UK • Distributing information and guidance via Trade Associations, Software Developers, Community System Providers, Agents and other key intermediaries • Sending direct mail to all current CHIEF users, directing people to where they can get information and support • Sending these messages via email where we have these contact details • Continuing to attend key stakeholder

	<p>events to provide key updates</p> <ul style="list-style-type: none"> • Providing editorial content to the trade press as appropriate
<p>Reference is made to additional data elements, would HMRC issue individual Customs Information Papers covering specific topics ensuring that they are cross referred:-</p> <ul style="list-style-type: none"> • Changes to Tariff headings • Changes to Customs Procedure Codes • Correlation tables of changes • General changes-e.g. the 8 groupings 	<p>HMRC will explain key changes through their communications channels including GOV.UK and direct mail/email. Full details of these changes are also explained in the new Import Tariff.</p> <p>This is now available on GOV.UK here.</p> <p>You will also be able to request a printed tariff as you do today.</p> <p>The Export Tariff will be available later in the year.</p>
<p>Who will benefit from the additional data being captured?</p>	<p>HMRC will capture this data and it will help them make sure businesses are compliant with the Union Customs Code.</p>
<p>In the event of Day 1 No Deal EU Exit scenario, we've heard that 250+ million declarations would be submitted to CDS - how will this be managed?</p>	<p>CDS is a more modern service that will be able to deal with potential increases in customs declarations after the UK leaves the EU.</p> <p>HMRC is testing CDS to handle up to 300 million declarations a year, with a peak of 100 declarations a second, this should be more than sufficient to deal with an increase in declarations should it be needed.</p> <p>HMRC is also working closely with software developers to make sure the migration process goes as smoothly as possible.</p>
<p>Will the Movement Reference Number (MRN) contain the Office of Declaration on both import and export declarations?</p>	<p>The MRN will not contain the office of declaration in either import or export scenarios.</p>
<p>The Front End Credibility (FEC) failure will no longer need confirming before acceptance, but will it need confirming before clearance?</p>	<p>FEC checks will no longer be blocking. As part of the validation process declarations will be checked against specific criteria to establish the credibility of the data.</p> <p>Declarations will be accepted, and any credibility challenges advised to the trader. Unlike today in CHIEF, CDS will not require the trader to make a positive statement in response.</p> <p>The declarant may amend the declaration, confirm the data is correct or choose to do nothing in which case the declaration will proceed</p>

	on to the next stage after a specified lapsed period of time.
What will be the post entry clearance procedure under the new CDS system?	Post entry adjustments form part of the post clearance process and will not be introduced until after the first three releases of the new system are introduced. As a result, the 'as is' process will continue for the time being.
Due to the increased numbers of data fields will there be an increase in the number of Government interventions (more 'route 1s'), particularly at the National Clearance Hub (NCH)? Does HMRC have enough staff to be able to support this?	As under CHIEF the number of Route 1 examinations will be guided by current mandatory legislative requirements for documentary or physical checks and the latest risk assessments for the goods being imported or exported. Some additional resource is also being allocated to the NCH Helpdesk to support declarants implementing CDS and to deal with any arising queries about the new data fields.
Concerns have been expressed about the withdrawal of the training mode available in CHIEF when CDS is implemented, what method will be available to access CDS in a "non-live" mode to allow training and the calculation of Duty/VAT.	The CDS Programme will be delivering a 'Trader Test' environment to facilitate testing using test data for use by the end user. Further details will be published in due course.
How long will CHIEF continue to run for and when will it be switched off?	CHIEF will continue to run as businesses are moved to CDS. A decision will be made about when declarations will no longer be accepted via CHIEF so businesses need to make sure their software developers are taking action now. Timings for this will be advised in due course.
BIFA members have heard that the familiar routes 1,2,3 and 6, which identify whether papers or goods require additional checks, won't exist in CDS. What will replace these and how will this impact service levels at the National Clearance Hub.	These routes will exist in CDS and will be cleared in the same way as they are today.

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Communications

Question	Answer
I've heard HMRC is writing to importers and	HMRC is using CHIEF user data in order to be

<p>exporters to notify them about CDS, how is HMRC identifying these businesses</p>	<p>able to provide updates on CDS as well as details submitted via our online registration form at https://www.gov.uk/customsdeclarationservice</p> <p>It is not too late to register and we would encourage all businesses who import from or export outside the EU to do so.</p> <p>HMRC began a communications campaign for CDS in January this year.</p> <p>Activity to date includes:</p> <ul style="list-style-type: none"> • Writing to all current CHIEF users by post • Sending emails to CHIEF users we have email addresses for (c. 100,000) • Creating a hub of CDS content on GOV.UK, which we have encouraged software providers and trade associations to promote to their members and clients • Developing more tailored information for businesses as we get closer to CDS going live, so they're aware and prepared for the transition <p>The campaign will continue and activity will increase between now and November 2018.</p>
<p>What steps is HMRC taking to engage with importers and exporters (particularly SMEs and those engaged only in intra EU cargo movements) to advise them of the changes and the fact that they need to start collecting and giving this data to their customs agents?</p>	<p>HMRC's CDS External Readiness team is engaging importers and exporters and developing tailored communications for specific groups. For importers and exporters, communications will focus particularly on the additional responsibilities they have to provide data to their customs agents. This information will also be highlighted on the CDS pages on Gov.UK.</p> <p>CDS communications currently focus on non-EU goods movements only. However, as soon as we have more information about this HMRC will begin communicating what businesses need to do. Until this point HMRC is continuing to plan for a number of different scenarios.</p>

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Information Technology

Question	Answer
Is CDS being developed in house by HMRC	CDS is a combination of an IBM product already used in the Netherlands and in-house developed functionality.
Are all software houses in the UK working on CDS functionality and are writing updated CDS compliant software?	Yes. HMRC has identified and is tracking development progress with all software developers who currently deliver a software package catering for submission of declarations to CHIEF and are intending to roll out a product for CDS. This also includes a small number of developers based overseas who currently provide software supporting CHIEF or new developers focusing on CDS development only.
How many Software Developers are ready for CDS?	<p>We are currently working with 57 software developers to support their traders/clients migration to CDS. Unfortunately due to commercial sensitivity we are unable to confirm their individual state of readiness but we can confirm that a number of traders are committed to go live from 1st September 2018.</p> <p>HMRC continues to work closely with developers to support their technical development and their clients' readiness plans.</p>
If Entry Processing Units are no longer applicable will there be a need to purchase a badge for every individual port as is currently needed under CHIEF?	HMRC will no longer require traders to hold separate badges for each port they use. However, Community System Providers (CSPs) may continue to require them for their own verification purposes and you should check with your CSP to confirm requirements.

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Tariff

Question	Answer
Some of the definitions in the tariff are unfamiliar to customs agents, how will HMRC explain the changes in terminology to traders?	Traders and/or their agents will need to take the time to read and understand the Tariff. If they are unclear, they should speak to their software developer. Key changes (for example Box Entries being replaced by Data Elements) will also be explained through HMRC's communications channels.

<p>Can HMRC give an example of when the seller and exporter or the buyer and importer will be different entities?</p>	<p>Data Element 3/26 & 3/27 – Buyer: This is the last known entity to whom the goods are sold or agreed to be sold.</p> <p>The importer is the holder of the customs procedure, who takes on the rights and responsibilities of the customs procedure. Buyer is only declared separately where a different party is taking on the rights and responsibilities as the importer, otherwise the buyer and importer are the same party and only the importer is declared in Data Element 3/15 & 3/16.</p> <p>Data Element 3/24 & 3/25 – Seller: This is the last known entity by whom the goods are sold or agreed to be sold to the buyer. If the goods are to be imported other than in pursuit of a purchase, the details of the owner of the goods within the third country shall be provided. If more than two parties are involved in the import operation, the last seller of the goods prior to their introduction into the Union is indicated as the Exporter.</p>
<p>Where do we find the correlation tables between CDS data elements and CHIEF box numbers?</p>	<p>Appendix 21 of the Import Tariff explains the difference between box numbers and CDS data elements.</p> <p>This is now available on GOV.UK here.</p> <p>You will also be able to request a printed tariff as you do today.</p> <p>The Export Tariff will be available later in the year.</p>
<p>When will the new CDS tariff be available to users, either in print or online?</p>	<p>This is now available on GOV.UK here.</p> <p>You will also be able to request a printed Tariff as you do today.</p> <p>The Export Tariff will be available later in the year.</p>

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Technical-Imports

Questions	Answer
With CDS will you be able to pre-lodge entries prior to the vessels arrival as you can currently, with the route (or equivalent) being generated when the consignment is arrived at the port?	Yes, you will.
Can an import pre-entry be transferred from one port to another port system when a vessel is diverted?	Yes, there a process in place for this, which is outlined in the Tariff.
Will C285 and C2001s etc be processed via CDS and if so how?	<p>Eventually, these will be processed as digital i-forms into CDS and the process will be fully automated.</p> <p>In the interim, however, the current manual paper form will continue and, in some cases, be extended to other uses due to other impacts of CDS. However, this is purely an interim solution and the new CDS solution will be brought on line as soon as practicable.</p>
At non-inventory linked ports will customs agents still be able to submit customs entries to CDS and how will it be possible to demonstrate clearance since there will be no official documents such as printable C88s and E2s	<p>You should be able to show your digital confirmation to confirm goods have been cleared.</p> <p>You or your software provider may, if you/they wish, produce a paper report but under UCC there is not a prescribed format for paper documents. The digital declaration has to contain certain data elements (as detailed at Appendix 21 of the 'CDS Tariff') specific to the type of declaration being made. It is suggested that a layout similar to these Appendices (incorporating the Data Element number, name and associated data) should form the basis of any trade produced report.</p>
What will be the equivalent tax line over-rides for example DTY or VAT in CDS where manual calculations are required?	<p>The tariff details how tax line overrides are to be undertaken, and the specific procedure codes that they are permitted against.</p> <p>An example is for the Procedure Code 61 23 (Returned Goods Relief after Temporary Export), where a manual calculation of duty is required. This is initiated by the use of additional information code 'OVR01' in Data Element 2/2 with 'Duty override claimed RGR' against it. Data Elements 4/4 (Tax Base), 4/6</p>

	<p>(Payable Tax Amount) and 4/7 (Total Taxes) are then completed as per the instructions against the procedure code.</p> <p>It is important to note that tax-line overrides are only configured in CDS for specific procedure codes, in specific circumstances.</p>
Are tax lines present in the new system or do the additional elements in a procedure code replace these?	Yes, tax lines are present in CDS.
Will there be an Human Computer Interface (HCI) to CDS or an equivalent, as this function permits access to Flexible Accounting System (FAS) accounts, Licence attribution checks etc?	Virtually all of the current HCI transactions will be replicated in CDS in some form or another. Some will sit within part of CDS called the Declaration Management System (DMS) while others will be accessible via the customs digital dashboard in your Government Gateway account or via your Community System Provider.
Do we know which Data Elements are mandatory or optional?	The Tariff shows this information against the declaration categories in Appendix 21.
Are we able to use multiple Declarant Categories on one declaration in CDS, for example Home Use (H1) and IP (H4)? This is a common occurrence in CHIEF and currently can be completed on one declaration.	No it is not possible to use Multiple Declarant Categories on one declaration under CDS, Procedure Codes on a customs declaration must all be in the same declaration category e.g. H1.
If an entry is rejected in CHIEF an error code is issued, will this continue to be the case, and could we have these in plain English please?	<p>CDS will issue error codes but they will not be in the same format as current CHIEF error codes.</p> <p>HMRC is developing external guidance to provide explanatory notes and software developers may provide error code details in the alerts within their applications.</p>
Will Automated Licence Verification System (ALVS) be compatible with CDS?	Yes – the existing ALVS will be compatible with CDS.

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Technical- Exports

Question	Answer
Data element 7.10 refers to the Container Identification Number, will HMRC require this number to be known and input prior to loading as it is not known in all cases?	The Tariff shows this information against the declaration categories in Appendix 21.

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Accounting and reporting etc

Question	Answer
Will Flexible Accounting System (FAS) accounts exist in CDS?	No, they will be replaced by Cash Accounts, which will work in a similar way. However you will no longer be able to prioritise declarations for payment and, at ports, there will only be one Cash Account for all payments.
For Flexible Accounting System (FAS) account payments, customs agents currently log into CHIEF obtaining a reference number which is then recorded on the payment form with the import entry number. What will the process be under CDS?	<p>A customer will pay money into their CDS Cash Account at any point to pay for future declarations. To make a payment into their cash account, the customer will need to quote the appropriate reference number; to ensure that the payment is correctly attributed to the customer's account.</p> <p>A permanent reference number will be attributed to each cash account and used for payments in. The format of the reference number will be as follows:</p> <p>"CDSC"+ <Cash Account Number></p> <p>The cash account number will be provided to the customer initially and will be retrievable by the customer online should they need a reminder of the number.</p>
Will traders be able to view new Flexible Accounting System (FAS) account transactions and balances as well as Deferment Account Transactions on CDS?	Yes, this information for your Cash Account (the replacement for FAS accounts) will be available via your Government Gateway account.
Currently CHIEF provides printable documents such as E2, S8 and C88 which are used for post frontier clearance activities such as VAT inspections. If no printable documentation is	You should be able to show your digital confirmation to confirm goods have been cleared.

<p>available what will importers and exporters use to demonstrate that correct duties etc have been paid on imports and the VAT can be reclaimed on exports?</p>	<p>You or your software developer may, if you/they wish, produce a paper report but under Union Customs Code there is not a prescribed format for paper documents. The digital declaration has to contain certain data elements (as detailed at Appendix 21 of the 'CDS Tariff') specific to the type of declaration being made. It is suggested that a layout similar to these Appendices (incorporating the Data Element number, name and associated data) should form the basis of any trade produced report.</p>
<p>When will the declarant and import agent be informed of the Duty, VAT and Excise amounts that are payable on a specific import and how will this information be communicated to them?</p>	<p>The Trader (declarant) will receive a Declaration Management System TAX notification informing them of the Duty, VAT and Excise amounts payable prior to clearance.</p>
<p>Will GOV.UK allow the declarant and customs agent to see the details of the declaration using the Movement Reference Number?</p>	<p>Following the successful clearance of the declaration, importers/exporters and possibly declarant too will be able to view details of a declaration including the MRN through the Management Support System data that HMRC are making available free of charge for the first time.</p> <p>It will be accessed via a customs digital dashboard within your Government Gateway Account.</p>
<p>With the new plans to make Management Support System (MSS) data accessible to all is there a plan for MSS for Declarants? Customs agents often have other agents using our details in Box 14 but currently this is not recorded within MSS reports.</p>	<p>There are no plans to do this at present.</p>
<p>How long will entries be held on CDS? Currently CHIEF purges entries at 6 months, will this be the same for CDS or longer?</p>	<p>This is still to be confirmed and an update will be provided at a later date.</p>
<p>Will CDS declarations be archived after they have been purged from CDS?</p>	<p>Yes, the Customs Data Analytics Platform (CDAP) will store declarations for 7 years (CDAP is the Management Support System (MSS))</p>

	replacement).
What will be the procedure to recover and view them?	The intention under CDS is for Trade reporting to be accessed via your Government Gateway Account. This service will provide specific pre-formatted reports that will be accessible free of charge.
Could HMRC confirm whether or not an Final Supplementary Declaration (FSD) for Customs Freight Simplified Procedures (CFSP) month end reporting will or will not be required	<p>HMRC is expecting to develop and deliver the functionality supported by a FSD to enable full processing of Customs Freight Simplified Procedures CFSP declarations and any necessary follow up assurance action.</p> <p>That does not mean that we will automatically deliver an FSD replacement and if there are better ways of achieving the same thing in support of CFSP that does not require additional data to be provided by the trader, then HMRC will look at that alternative.</p>
How will a trader check deferment levels?	For the time being you will continue to check deferment levels as you do today. However you will in the future be able to check this via your Government Gateway account.
What will be the equivalent tax line over-rides for example DUTY or VAT in CDS where manual calculations are required?	We are unable to answer this question at the moment, however, HMRC will provide guidance on this in the near future.
Will there be an equivalent of the Form C81?	Yes, there will be a replacement to the C81, however this may be a manual process to begin with which, in time, is replaced by a fully automated process. This will be confirmed in due course.

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Testing

Question	Answer
TTM6 Imports/TTM7 Exports testing can trade be included in this testing process?	<p>HMRC is supporting software developers to test their software packages and prepare their internal technical interface documentation for their traders/clients.</p> <p>Developers may also invite a small selection of</p>

	traders to take part in a dress rehearsal before they go live.
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Training

Question	Answer
<p>Traders have noted that due to the significant changes that it would be beneficial to align the trades training to HMRC's.</p> <ul style="list-style-type: none"> • Would this be an approach that HMRC would consider? • Would HMRC be willing to share the Departments training materials particularly relative to entry completion with trade associations and trainers etc 	<p>Internal training materials are specific to how teams within HMRC will use CDS. However, HMRC is keen to support importers and exporters and we are currently reviewing whether internal training materials can also be shared externally. This is in addition to communications materials that will be produced and shared on GOV.UK and via intermediaries.</p>
<p>Is there a plan in Government to train HMRC and Border Force colleagues to make sure they know how to use CDS?</p>	<p>Yes, plans are in place and training sessions have already started</p>

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