

HM Revenue & Customs

An Introduction to *Importing and Exporting:* *regimes*

International Trade:
Business Education and Support

Importing and Exporting: An Introduction

Session includes:

- Basic import/export terminology
- Outline of customs procedures
- Possible ways of reducing costs

What do we mean by International Trade?

- Imports *from* non-EU countries.
- Exports *to* non-EU countries.

The Countries of the EC

Austria



Belgium



Denmark



Finland



France



Germany



Greece



Eire



Italy



Luxembourg



Netherlands



Portugal



Spain



Sweden



UK



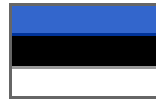
Cyprus



Czech Rep



Estonia



Hungary



Latvia



Bulgaria



Lithuania Malta Poland Slovakia Slovenia Romania



Import/Export: Basic requirements

- All commercial goods must be declared.
- This declaration is known as an 'entry'.
- Import and Export entries can be made using the C88/ Single Administrative Document (SAD).
- However, they are usually made electronically.
- Simplified procedures for declaring both imports (e.g. CFSP) and exports (NES) are available. Please ask an ITDLO for further details.

What are some of the more important elements of a declaration?

- Commodity Code.
- Customs Procedure Code (CPC).
- Valuation for import charges.

Commodity Code

- 8 or 10-digit code number
- Sometimes referred to as :-*
- “Classification code”
 - “Harmonised Code”
 - “Tariff Code” or “Tariff Number”
 - “Comcode”

The code goes in **Box 33** of the import/export entry.

An Example of a completed C88 Form

1 DECLARATION A OFFICE OF DEPARTURE

2 Consignor/Exporter No. MR A K SMITH, GORDON & GORDON, PALOH AVENUE, AUSTRALIA

3 Form 1 1

4 Loading info 1 1

5 Items 1

6 Total packages 10

7 Reference number INV. 664411/99

8 Consignee No. 111 2222 33 000 BRIGGS BOOTS LTD, 14, BRIGHT DRIVE, READING, BERKS RG1 5BB, UNITED KINGDOM

9 Person responsible for financial settlement No.

10 City/Port/Place of origin No. 111 2222 33 000

11 Free port country XXXX A XXXXXXX or XXX D XXXXXXX

12 Value details

13 CAP

14 Declarant/Representative No. 222 3333 44 BODDINGTON'S FREIGHT SERVICE, PETERBROOK AVENUE, COLNBROOK

15 Country of dispatch/report

16 C (Imp./Exp.) Code

17 Country/destin. Code

18 Country of origin

19 Country of destination

20 Identity and nationality of means of transport/Mode of transport arrival BA 1064

21 Ch

22 Delivery terms

23 Identity and nationality of active means of transport crossing the border

24 Currency and total amount invoiced AUD 5,480.00

25 Exchange rate 2.5836

26 Nature of transaction

27 Mode of transport at the border

28 Inland mode of transport

29 Place of loading/unloading LMS

30 Financial and banking data

31 Office of authority

32 Location of goods S. A. SIBSD 2

33 Packages and description of goods 1 x. BOX CONTAINING 10 BOGIES CONTAINING ADULT MALE LEATHER FOOTWEAR IN PAIRS. BOX MARKED *1 TO UK c/o BDFP*

34 Commodity Code 64035995

35 Gross mass (kg) 100

36 Net mass (kg) 8.00

37 Quota

38 Summary declaration/Previous document

39 Supplementary units

40 Item price

41 VAT Code

42 A.I. Code

43 Adjustment 3000

44 Statistical value E2,116-16

45 Identification of warehouse

46 ACCOUNTING DETAILS

Type	Tax base	Rate	Amount	MP	Deferred payment	Identification of warehouse
201	2116.16	8%	169.29	A		
813	2285.45	0	399	A		
Total				569	A	

47 Principal No. Signature

48 OFFICE OF DEPARTURE

49 Intended office of transit (and country)

50 Date and time

51 Office of destination (and country)

52 Quota

53 Office of destination (and country)

VERSION 11 - JULY 2006 18 Section (II) A Guide to Import Procedures

Why must the Commodity Code be correct?

- To ensure that the correct customs charges are paid.
- To provide accurate trade statistics.
- To help establish whether the goods need an **export** or **import licence**.
- To identify goods with special import or export arrangements.
- The process of finding the right code is called.....

“Classification”

- Notice 600

Customs Procedure Code (CPC)

- Six-digit code.
- Tells Customs what the goods are doing.

For example:

- Goods temporarily imported for repair.
- Goods temporarily exported for repair.
- Goods imported into the EU and staying there (“home use”).

The code goes in **Box 37** of the import/export entry.

An Example of a completed C88 Form

1 DECLARATION A OFFICE OF DEPARTURE

2 Consignor/Exporter No. MR A K SMITH
GORDON & GORDON
PALON AVENUE
AUSTRALIA

3 Form 1 1
4 Loading info 1 1
5 Items 1
6 Total packages 10
7 Reference number INV. 664411/99

8 Consignee No. 111 2222 33 000
BRIGGS BOOTS LTD
14, BRIGHT DRIVE
READING, BERKS RG1 5BB
UNITED KINGDOM

9 Person responsible for financial settlement No.

10 City of destination
11 Free trade zone
12 Value details XXXX A XXXXXXX or
XXXX D XXXXXXX

13 CAP

14 Declarant/Representative No. 222 3333 44
BODDINGTON'S FREIGHT SERVICE
PETERBROOK AVENUE, COLNBROOK

15 Country of dispatch/report
16 Country of origin
17 Country of destination

18 Identify and nationality of means of transport
19 CH
20 Delivery terms

21 Identify and nationality of active means of transport crossing the border
22 Currency and total amount invoiced
23 Exchange rate
24 Nature of transaction

25 Mode of transport at the border
26 Inland mode of transport
27 Place of loading/unloading
28 Financial and banking data

29 Office of authority
30 Location of goods
S. A. SIBSD 2

31 Packages and description of goods
1 x BOX CONTAINING 10 BOOTS
CONTAINING ADULT MALE LEATHER
FOOTWEAR IN PAIRS. BOX MARKED *1 TO UK c/o BDFS*

32 Item No. 64035995
33 Commodity Code
34 Country origin code
35 Gross mass (kg)
36 Reference
37 PROCEDURE
38 Net mass (kg)
39 Quota

40 Supplementary duties
41 Supplementary units
42 Item price
43 VAT Code
44 A.I. Code
45 Adjustment
46 Statistical value
E2, 116-16

47 Calculation of taxes

Type	Tax base	Rate	Amount	MP	48 Deferred payment	49 Identification of warehouse
111	2312.16	8%	169.29	A		
813	2285.45	0	399	A		
Total				569	A	

50 Principal No. Signature
51 Intended office of transit (Place and date) (and country)
52 Quota Code
53 Office of destination (and country)

VERSION 11 - JULY 2006 18 Section (II) A Guide to Import Procedures

Finding your Commodity Code

A vacuum flask exceeding 0.75 litre being exported to a non-EC country will require an 8-digit com-code...

9617 0019

The same flask imported from outside the EC will have a 10-digit com-code...

9617 0019 00



The Tariff

Volume I

- Background information about importing and exporting.

Volume II

- Commodity codes.
- Import Duty rates (inc. preferences).
- Special provisions.

Volume III

- Import/Export procedures.
- How to complete the declaration.
- Tables and miscellaneous codes (inc. CPCs).

The 'Customs' import value

- Legal requirement to give value of importation for Customs purposes
 - **C**ost of items
 - **I**nsurance
 - **F**reight charges to EU
- = **C.I.F.** value
- Notices 251 and 252

What types of charges can be incurred at import?

- Customs duty (*usually based on value*).
- Anti-dumping duty (*usually based on value*).
- Excise duty (*usually based on units of quantity*).
- CAP charges/agricultural levies. (*usually based on units of quantity*).
- Import VAT (*based on value*).

The charges appear in **Box 47** of the import entry.

An Example of a completed C88 Form

1 DECLARATION A OFFICE OF DEPARTURE

2 Consignor/Exporter No. 111 2222 33 000
 MR A K SMITH
GORDON & GORDON
PALOH AVENUE
AUSTRALIA

3 Commodity No. 111 2222 33 000
3333 BOOTS LTD
14, BRIGHT DRIVE
READING, BERKS RG1 5BB
UNITED KINGDOM

4 Declaration/Representative No. 222 3333 44
BODDINGTON'S FREIGHT SERVICE
PETERBROOK AVENUE, COLNBROOK

5 City of origin No. 111 2222 33 000
6 Country of origin
7 Value details
8 Country of destination
9 Country of origin
10 Country of destination
11 Identity and nationality of means of transport
12 Identity and nationality of active means of transport crossing the border
13 Mode of transport at the border
14 Mode of transport
15 Place of loading/unloading
16 Financial and banking data

17 Packages and description of goods
1 x BOX CONTAINING 10 BOOTS
CONTAINING ADULT MALE LEATHER
FOOTWEAR IN PAIRS. BOX MARKED *1 TO UK c/o BDFPS*

18 Marks and numbers - Container No(s) - Number and kind
19 Commodity Code
20 Country origin code
21 Gross mass (kg)
22 Net mass (kg)
23 Summary declaration/Previous document
24 Supplementary units
25 Item price
26 VAT Code
27 Country of origin code
28 Gross mass (kg)
29 Net mass (kg)
30 Quota
31 Statistical value

32 Calculation of charges

Code	Tax base	Rate	Amount	Unit	Deferred payment
111	2116.16	8%	169.29	A	
813	2285.45	0	399	A	
Total			569	A	

33 Intended office of transit (and country)
34 Office of destination (and country)

35 Office of destination (and country)

VERSION 11 - JULY 2006 18 Section (II) A Guide to Import Procedures

What types of charges can be incurred at import?

- Customs duty (*usually based on value*).
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- Excise duty (*usually based on units of quantity*).
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- Import VAT (*based on value*).

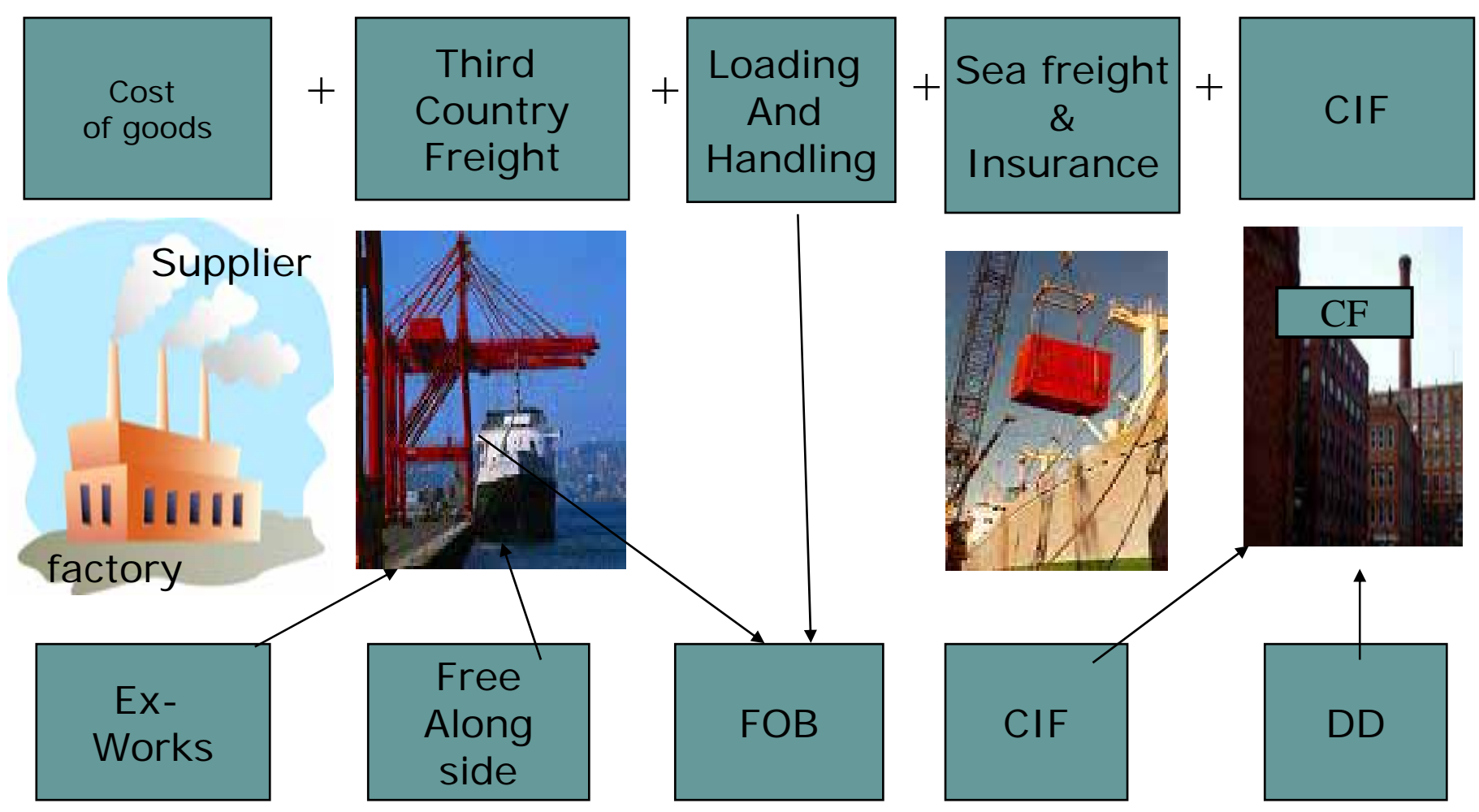
How are typical charges for goods calculated?

(Where customs duty rate is 5% and no import charges other than VAT apply)

- CIF value = £1000
- Customs duty: $£1000 \times 5\% = £50$
- Value for import VAT is CIF value + duty amount:
 $£1000 + £50 = £1050$
- Import VAT: $£1050 \times 17.5\% = £183.75$
- Total import charge is Customs duty + Import VAT: $£50 + £183.75 = £233.75$

More on import charges

- Import VAT element can be reclaimed as input tax on next VAT return.
- Charges are usually due when the import entry is accepted by Customs.
- However, charges may be deferred for an average of 30 days by using a duty deferment account. More details can be found in [Notice 101](#).

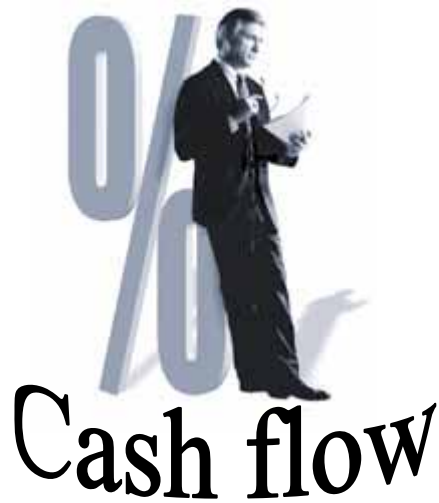


Could you
save time
and
money?

Ground rules: your responsibilities

- Authorisation generally needed.
- Satisfactory record-keeping systems are required.
- Records to be kept for at least 4 years (3 + current).
- Customs must be allowed access to records and be satisfied that all requirements of schemes are met.
- Your premises may be visited for audit purposes.

Customs warehouse



premises must be
Approved (public/private



If (re) exported from the EU, no Duty or VAT to pay

f

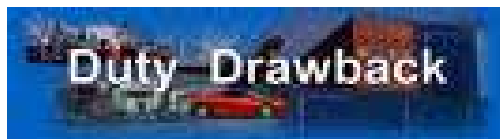
Customs Warehousing

- Can help cash-flow; ease problems with un-finalised contracts, or where import licence is not yet available, by delaying the time at which goods are deemed to be present within EU.
- Premises must be approved (public/private).
- Goods can be accepted from port or other customs warehouse.
- No charges paid whilst in warehouse - only becomes payable on removal.
- If (re)exported from EU, no Duty or VAT to pay.
- Notice 232

Inward Processing Relief



- Allows relief from imports charges to be obtained on goods imported outside the EU that are processed and re-exported



Inward Processing Relief (IPR)

- Allows relief from import charges to be obtained on goods imported from outside the EU that are processed and re-exported.
- Helps EU manufacturers to compete in world markets.
- Prior authorisation usually required, but simplified procedures are available.
- Two versions: *Drawback*; *Suspension*.
- Notice 221

OPR or IPR in reverse

Public notice 235



Provides relief from import charges on goods previously exported from EU for processing or repair upon subsequent re-importation.

Outward Processing Relief (OPR)

- Provides relief from import charges on goods previously exported from EU for processing or repair upon subsequent re-importation.
- Prior authorisation normally required.
- Import charges only levied on added-value element of imported goods and not on original product exported from the EU.
- Proof of original export required.
- Notice 235

Returned Goods Relief (RGR)

- Allows goods that were previously in 'free circulation' in EU to be re-imported without charge.
- Usually have to be returned to EU without being altered.
- 3-year rule applies, but may be extended.
- Proof of original export required.

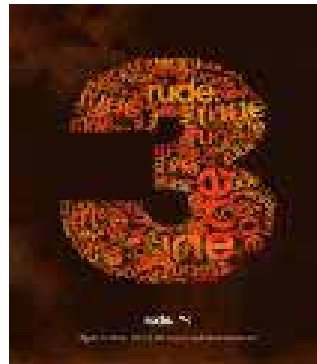
- Notice 236

Returned Goods relief (RGR)



Public Notice 236

- Goods previously in free circulation in the EU to be re-imported without charge.
- Usually have to be returned to the EU unaltered.
- 3 year rule applies but may be extended
- Proof of original export required



Rejected imports



Rejected Imports

- Allows charges to be refunded on non-EU goods imported from outside the EU that are found to be not in accordance with contract.
- 12 month time-limit.
- Notice 266

Tariff Preference

- Trade agreement between the **EC** and certain other countries & territories
- Allows Customs clearance of certain goods at preferential-**reduced** or **nil**- rates of duty
- Only applies if :
 - Goods meet the appropriate **Origin Rules**
 - Correct **documentation** is produced
 - Consignment meets the **Transport Rule**
 - Indicated in Schedule, Col 6
- May be subject to **Tariff Quota** (TQ)

Origin Rules

- **Wholly-produced** from raw materials
- **Percentage Rule**- % of item made of 'originating' materials
- Change of 4-digit **Tariff Heading**
- **Stage of Production**

- References to "materials" mean "*non-originating*" materials
- Rules of Origin in Notices: 828, 829; 812 & 832

Percentage Rule

Wristwatch, TH 9102 manufactured in the EC as follows:-



Case	£ 1	- UK origin
Movement	£ 3	- Japanese origin
Strap	£ 2	- Spanish origin
Battery	50p	- Chinese origin
Labour/Profit	£ 2.50	
Total (Ex-Works Price)	£ 9.00	

TH 9102 – ‘Manufacture in which non-originating materials do not exceed 40% of the Ex-Works Price’

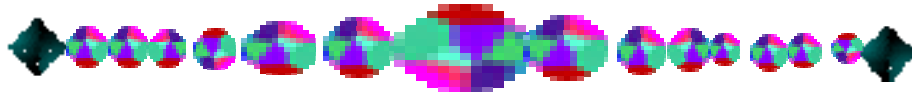
Export Preference

- By declaring that your goods originate in the EU, your customer abroad may be able to pay a lower, or nil, rate of duty.
- Subject to goods meeting strict origin criteria.
- EUR1 certificate or Invoice Declaration issued to support claim to preference abroad.
- Not all countries give preference.
- Notices 827,828,829, & 832

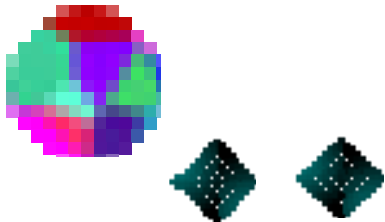
Import Preference

- Using preference allows you to import eligible goods from qualifying countries at a reduced, or even nil, rate of customs duty.
- Subject to goods meeting strict origin criteria.
- Claims supported by EUR 1 Certificates, GSP Certificates ('form A') or Invoice Declarations.
- Notices 826, 828, & 829

Change of Tariff Heading



Glass bead necklace – imitation jewellery 7117



Glass beads – 70 18

Metal fasteners – 83 08

Nylon thread – 54 03

TH 7117 – ‘Manufacture in which all the materials used are classified within a heading other than that of the product.’

Documentation

- **GSP Form A** - GSP countries & LDDC
- **EUR1**- for other preferential trade agreements
- **EUR2** - Postal imports & certain low-value imports
- **Invoice Declaration**
 - subject to monetary limits (circa £4,800)
 - or, as an Approved Exporter
 - exact wording as per Notice 827
- **Supplier's Declaration**
- **Binding Origin Information** Notice 831

Other import procedures

- Merchandise in Baggage (*Notice 6*)
- Samples (*Notice 367*)
- Temporary Importation (TI) (*Notice 200*)
e.g. Goods for either exhibition or testing

Mechandisng baggage



Merchandising baggage



- Intended for any passenger who carries goods or samples in their accompanied baggage or private vehicle
- MIB includes: goods acquired by your company, goods for sale, spare parts and trade samples
- All commercial goods carried in your baggage or private vehicle must be declared in the **Red** “Goods to Declare” channel.
- For goods valued over £600, or goods below that value where HMRC regime is being claimed C88 must be completed.

Temporary Imports



Temporary Imports

- You may be able to obtain total or partial relief from import duties on a range of goods imported from outside EC; providing they are intended for re-export within specified time (usually a maximum of 2 years)
- TI does not cover goods imported solely for process or repair (IPR Notice 221 refers) or goods permanently imported that qualify for relief of customs duty and VAT
- To enter goods to TI an authorisation is required this can be in the form of C88 SAD and using the appropriate CPC.

Importing commercial samples of negligible value



Commercial samples



- You can get relief on samples of goods of any kind provided they are of:
 - Negligible value
 - Can only be used as samples
 - Intended to obtain orders for the type of goods they represent.
- You must claim relief by completing an import declaration(C88)

Shopping on the Internet

Because of its simplicity and privacy this is becoming an increasingly popular way to buy goods.

Things to bear in mind.

1. On import they are liable to Customs Duties, VAT and Excise Duty.
2. Personal and commercial importations are both liable to charges.
3. How will the goods be delivered?
4. Commercial goods may have other conditions applied.
5. Customs duty will be charged where the amount due is £7 and over
6. Import VAT will be charged if the value of goods is £18 and over.
7. Special rules apply to Excise goods i.e. cigarettes, alcohol, tobacco

For further information please read - [Notice 143 Guide for International Post Users](#)

For more information:

Website addresses:

www.hmrc.gov.uk

www.uktradeinfo.com

Telephone Helplines:

National Advice Service

– 0845 010 9000

Classification Helpline

– 01702 366077

