

Important news for all traders: HMRC migration from CHIEF to CDS

What is CDS?

*Phase one: After 30
September 2022, CDS
is mandatory for
import declarations*

*Phase two: After 31
March 2023, CDS is
mandatory for export
declarations*

The Customs Declaration Service (CDS) has been established by HMRC to replace the aging Customs Handling of Imports and Exports System (CHIEF) which has limited capacity for the increased customs declarations required since the United Kingdom's exit from the European Union. The modern IT system has the flexibility to support the new border operating model and single trade window that will be implemented by 2025 and enhance efficiency.

What does this mean for my business?

The Customs & Declaration Service will be accessed by Trader on GOV.UK via a Government Gateway account.

- CDS will offer multifunctionality in one place – for example, traders will be able to view previous import and export data on pre-defined reports, check tariffs, apply for authorisations and simplifications, and check their duty deferment statements.
- When processing your customs declarations, Alinea Customs will be asking for a different set of data than previously. Please note all CPC's (Customs Procedure Codes) will change, and some commodity codes will require additional information, this is driven by the new data requirements associated with CDS. Clearance documents will continue to be provided to clients, and clients will have the benefit of being able to log in to their CDS portal to view customs transactions.

For your customs broker or agent to use the Customs Declaration Service you need to follow the five steps below:



Register for CDS

Visit:

www.gov.uk/hmrc/cds-get-access

1. Register for a Government Gateway account

Most businesses will already have a Government Gateway account to access their personal or business tax account. You should use this account to access the Customs Declaration Service.

2. Apply for an Economic Operator Registration and Identification number

Client that are new to international trade must register for an Economic Operator Registration and Identification (EORI) that starts with GB. Established traders will already have one. Visit www.gov.uk/eori to access an EORI number. Traders should receive an EORI within 7 days, although this may take longer during busy period.

3. Register for the Customs Declaration Service

Traders must register for the Customs Declaration Service (CDS). This can take up to 5 days. Visit: www.gov.uk/hmrc/cds-get-access

You will need the following information:

- Government Gateway user ID and password for yourself or your business.
- GB EORI number
- Your 10-digit Unique Tax Reference (UTR) number – you can find this on any HMRC payment reminders, or in your personal tax account
- Your National Insurance (NI) number (only required for individuals or sole traders, not required for companies)
- The date that you started the business

4. Choose which payment method to use

You can choose the customs levies payment method which is best for your declaration, if required. The new CDS platform provides access to view balances and payments in the Customs Declaration Service Financial Dashboard, as well as grant and amend standing authorities for your payment accounts.

The main payment methods you can choose from are:

- Duty deferment account – the CDS uses a separate HMRC bank account to CHIEF, so you will need to set up a direct debit. Visit: www.gov.uk/hmrc/cds-setup-dda
- Postponed VAT account – VAT registered businesses can continue to use the postponed VAT accounting service (PVA) to waive the requirement to pay import VAT, and instead simultaneously declare it on their quarterly VAT return. Visit: www.gov.uk/hmrc/account-for-import-vat

You can choose to pay any customs and excise duty liabilities, and VAT for non-VAT registered clients via:

- Cash account – these replace the Flexible Accounting System (FAS) and you will be set up with one once you've registered for CDS. Find out more at: www.gov.uk/hmrc/cash-account-for-cds
- Immediate payment – by Bacs, CHAPS, online or by telephone banking – you can pay by debit, corporate credit card or cheque. Find out more at www.gov.uk/hmrc/pay-cds-imports
- Individual guarantee - you can use these to cover customs duties for one-off or high value imports. Find out more at www.gov.uk/hmrc/individual-guarantee-customs-debts
- General guarantee account – this allows you to provide multiple guarantees from the same account, and continue importing goods into the UK and pay a disputed amount later once agreed. Find out more at www.gov.uk/hmrc/general-guarantee-account

5. Instruct your customs broker

You will need to provide Alinea Customs with instructions compliant with CDS. This will include:

- Permission to use your customs account, which can be arranged via the Customs Declaration Service Finance Dashboard
- You must instruct your customs agent as to your preferred method of payment
- An increased amount of information may be requested by the customs agent to complete the declaration, this will include information about the Incoterms, awareness of all values, the location information, and the nature of transaction.

Useful checklist

All customers must have a valid EORI registration <https://www.gov.uk/eori/apply-for-eori>

- **Customers must be registered to use CDS** <https://www.gov.uk/guidance/get-access-to-the-customs-declaration-service>
- **Customers with a deferment account must create a new direct debit with HMRC for use with CDS** <https://www.gov.uk/guidance/set-up-a-direct-debit-for-a-duty-deferment-account-on-the-customs-declaration-service>
- **View your CDS Financial and Import VAT Information** <https://www.gov.uk/guidance/customs-declaration-service-service-availability-and-issues>

- To enable Alinea Customs to use a customer's deferment account on declarations, the customer must authorize Alinea Customs under GB EORI GB367945444000 via your Government Gateway account under deferment options. <https://www.gov.uk/guidance/apply-for-an-account-to-defer-duty-payments-when-you-import-or-release-goods-into-great-britain>
- CCG will also be required for Special Authorisation and Procedures, for example CFSP, inward processing relief. Special Authorizations and Procedures will also have a CDS specific authorization number.

HMRC have published various online resources on how to understand the changes, and how to request for assistance, these include:

- A communication pack detailing key differences between CHIEF & CDS. <https://www.gov.uk/government/publications/customs-declaration-service-communication-pack>
- A toolkit for businesses detailing the information required for traders to prepare, this includes CDS Registration and direct debit creation processes. <https://www.gov.uk/government/publications/customs-declaration-service-communication-pack/customs-declaration-service-toolkit>

For further information

Our team at Alinea Customs would be pleased to answer any questions that you have on how CDS will affect your business and assist you with setting up a CDS account. Please contact our team on:

Tel: +44 (0) 207 101 4242

Email: customs@alineacustoms.com