

Customs Freight Simplified Procedures

CFSP is potentially one of the most valuable procedures available to importers. Not only does it provide value in a financial sense through reduced freight-forwarder fees but it also enables importers to have control, visibility and reporting abilities and now that the bar for achieving (re)authorisation has been raised, a robust CFSP implementation will put you three quarters of the way to **Authorised Economic Operator Status (AEO)**.

What are the benefits of CFSP?

There are numerous benefits associated with being authorised for CFSP. The use of CFSP will enable you to:

- Achieve significant administrative savings;
- Accelerate release from frontier of your goods;
- Have greater visibility and control of your customs functions;
- Achieve cash-flow benefits;
- Use a reduced level of guarantee;
- Submit frontier declarations electronically;
- Use third party providers to submit e-declarations; and
- Get three-quarters of the way to AEO authorisation.

Authorisation criteria and conditions

To be eligible for CFSP, you have to satisfy the following basic criteria and comply with any additional criteria for the procedure(s) you intend to use. You must:

- Have a good record of compliance with all customs-related requirements including Intrastat submissions, VAT returns etc.;
- Maintain a regular pattern of third-country declarations against your/your trader's unique reference number (TURN);
- Hold authorisations for the other Customs procedures to which you wish to enter goods using CFSP and maintain a robust audit-trail;
- Notify Customs of any changes in your computer hardware or software, or the route by which you submit your Supplementary Declarations;
- Calculate additional revenue due (e.g. Anti-Dumping Duty) when appropriate and report these to Customs;

- Report any errors found after the Final Supplementary Declaration (FSD) for the period has been submitted to the CNAT;
- Hold and maintain a set of commercial records and declarations for the goods declared via these procedures as specified in the Customs Traders (Accounts and Records) Regulations 1995;
- Maintain a robust audit-trail/archive system in support of the records kept;
- Keep an archive of all declarations made for 4 years after the date of their submission and make this available to Customs when asked;
- Allow Customs to audit your system when requested; and
- Comply with all the relevant provisions as laid down in EU and UK Customs legislation and all relevant requirements imposed by Customs which are set out in our official Notices or other official publications.

What options are available to me within CFSP?

You are able to operate either the Simplified Declaration Procedure or the Local Clearance Procedure.

Simplified Declaration Procedure

The Simplified Declaration Procedure may be used to release goods to:

- Free circulation, Inward Processing Relief, Processing under Customs Control, Outward Processing Relief, Temporary Imports and Free Zones; or
- Customs Warehousing at the frontier.

To enter goods to free circulation, IPR, PCC, TI and Free Zone using the Simplified Declaration Procedure a Simplified Frontier Declaration (SFD), containing a minimum amount of information, is required at the frontier.

The Local Clearance Procedure (LCP)

The LCP may be used to release goods to a Customs procedure at a designated premise. However, you must be approved as an Authorised Consignee for Common/ Community Transit (CT) or National transit (for UK-only movements) and hold a transit guarantee before you can use LCP.

Authorised consignee status allows you to nominate your control office as the Office of Destination on the transit movement. You will not be required to present the goods at this office, although it will be necessary to lodge all copies of transit documents with the Office of Destination within one working day of the arrival of the goods at your premises. If you wish to use CT, you will be required to communicate with Customs and end your transit movements electronically on the NCTS.

Transit guarantees

If you are involved in UK only transit movements you may be able to establish entitlement to a 0% guarantee (waiver). If you wish to be authorised to move 'high risk' goods under transit then you will need to comply with additional conditions. If you wish to apply for a CT transit guarantee (not restricted to UK only movements) you will need to comply with additional criteria and conditions to be eligible for a 0% guarantee (waiver).

Simplified Frontier Declaration (SFD)

For CFSP, the Simplified Frontier Declaration (SFD) is used to declare imported goods at the frontier. It is submitted to CHIEF electronically. At (air)ports, that are not electronically linked to CHIEF a hard copy of the SFD is required to clear the goods. Only for certain goods will supporting documentation be required. Under the Simplified Declaration Procedure, the acceptance date and time of the SFD is used as the base date and for some Customs procedures it establishes the tax point. The SFD is accepted and processed at both inventory linked and other customs locations using the existing DTI and other infrastructure. The data required will vary depending on the commercial procedures (such as inventory linking) at the location and the simplified procedure used.

Supplementary Declarations (SDs)

You are required to make a Supplementary Declaration (SD) to report fiscal and statistical information which is needed to calculate any revenue due and for gathering trade statistics.

You may submit more than one SD in respect of a single SFD. You must submit the SD electronically to CHIEF via Electronic Data Interchange (EDI) within the required reporting period. You may transmit declarations individually or in batches, although we recommend that they are sent in frequently rather than leaving them to accumulate until the end of the reporting period. On acceptance of the SD, CHIEF will respond with a CUSRES message giving the calculated revenue.

Final Supplementary Declarations (FSDs)

If you are operating the standard customs reporting period you must submit a single FSD per authorised TURN by the 4th working day of the month following the reporting period, showing the number of SDIs and SDWs due/submitted in the reporting period. The FSD may also be used to report late declarations from previous periods. These should have already been reported to the CNAT as per Section 9.9.

FSD nil returns are required.

Customs Warehousing

Under CFSP you can enter goods to Customs Warehousing in the following ways:

- Simplified Declaration Procedure (where a Simplified Frontier Declaration (SFD) is followed by a Supplementary Declaration Import (SDI)),
- Local Clearance Procedure (where goods move from the frontier to designated premises under Transit procedures, then enter Temporary Storage). On removal, the goods enter Customs Warehousing, an entry is made in the local records and a Supplementary Declaration Import (SDI) is submitted.
- Remove goods using Local Clearance Procedure (via an entry in your local clearance records) followed by a Supplementary Declaration Warehouse (SDW).

Representation

As an authorised CFSP trader you can submit your own declarations or they may be submitted on your behalf by a nominated third party (for example a freight forwarder or an agent with access to CHIEF). The third party acts as your representative and must maintain a full audit trail of your declarations.

What goods are outside the scope of CFSP?

The goods identified in this section are excluded from CFSP, in other words they must not be included in a consignment covered by a CFSP declaration.

- Hydrocarbon Oils;
- Goods controlled by Customs under certain simplified authorisation procedures;
- ATA Carnet;
- Goods removed from a Customs Warehouse that are exported; and
- Personal Effects.

What method of payment must I use?

You must pay using a duty deferment account. This is because CFSP is an electronic declaration method using CHIEF processing procedures. Therefore other payment methods such as cash or Flexible Accounting System (FAS) are not acceptable.

Do I have to provide security to operate CFSP and what level must it be?

Yes. Under Community law you must provide security against any potential debts arising from the release of goods to a customs procedure. Community Customs Codes Article 74 states:

'Where acceptance of a customs declaration gives rise to a customs debt, the goods covered by the declaration shall not be released until the Customs debt has been paid or secured.'

The security usually takes the form of a blanket authority to debit the duty deferment account should the debt fail to be met. The type of security provided will be specified in your authorisation.

The deferment security level must be sufficient to cover your actual duty and VAT liability for one calendar month unless you are approved for the reduced security period or Simplified Import VAT Accounting (SIVA) or the Excise Payment Security System (EPSS).

How can International Trade Solutions help?

International Trade Solutions has in-depth and expert experience of applying for authorisation for CFSP, implementing and advising about the implementation of CFSP systems as well as ongoing support for the continued compliance with all of the requirements of CFSP.

Contact ITS

Please contact us to arrange a FREE consultation to discuss how Customs Simplified Procedures relates to your business. [Visit our website](#) or call us on **01905 619229**. Alternatively, [email us now](#).