



DESCARTES™

CUSTOMS DECLARATIONS IN UNITED KINGDOM

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Introduction

Following the United Kingdom's exit from the EU there has been numerous changes to UK systems. Some of these replaced existing EU systems (such as GB EMCS, GB Safety & Security) whilst others were completely new such as the Goods Vehicle Movement Service. Whilst the Transit system "NCTS" was maintained with the UK remaining members of the Common Transit Convention (CTC) allowing goods to move under Customs control between CTC members.

The Northern Ireland Protocol also meant that parallel systems were required, so that EMCS in Northern Ireland still communicated with the EU Member States and the EU ICS system is still valid, instead of the GB Safety & Security.

Following a decision by UK Government the requirement for Safety and Security declarations from EU to UK has been indefinitely postponed whilst the UK reviews its digital border strategy.

One system that was always planned to be replaced prior to EU Exit was the CHIEF system. The replacement, Customs Declaration Service or CDS, was first introduced back in 2018 with Descartes being the first software supplier to successfully submit a CDS import declaration.

CDS said goodbye to the national (although largely harmonised) customs data model and welcomed the European Customs Data Model. Although very similar to the transition across Europe with other new systems in the Netherlands with DMS, Belgium with iDMS and eDMS, Luxembourg with LUCCS, TESS in Sweden and the Declaration Management System (DMS) in Denmark, the model used is actually the previous version to that now being implemented across the EU.

As an agile development and with resources diverted to handle the ramifications of the Northern Ireland Protocol (including the need to manage dual tariffs and easements), the migration from CHIEF to CDS has been slow but the finishing line is now in sight.

In this ebook, we cover

- the why, who, what, when of the new systems
- explain the different processes required for filing declarations in the new systems
- tell you how you can prepare your customs operations



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Why



Why the changes.

With the UK leaving the EU, it was necessary for the UK to have its own systems to those previously used as part of the EU. In came the GB Safety & Security system to replace the EU ICS system, in came IPAFFs to replace existing systems for plant and animal health controls, the current EMCS system was adapted to be used both in Northern Ireland and just within the United Kingdom and finally GVMS was introduced to help manage goods flows via ports that did not operate an inventory or temporary storage system and previously had not been subject to Customs controls other than maybe discharging of a few transit movements from outside the EU.

The new Customs Declaration Service “CDS” began with the need to replace the older CHIEF system. This coincided with the technology switch from a national declaration data set to a European declaration data set started with SAD harmonization a few years ago and further centralized with the Union Customs Code more recently.

As part of an EU Multi Annual Strategic Plan (MASP), the principles and legislation within the UCC was being implemented with multiple technology projects and centralized processes leading to a position where all customs formalities can be linked together, and an EU trader can potentially centralize all their Customs activities in one Member State.

Obviously the latter no longer applies to UK companies, although those in Northern Ireland may still benefit whilst the Northern Ireland Protocol remains in place. But the decision to replace CHIEF was not just a need to meet UCC requirements but to update from a legacy technology and therefore even if there was no need to maintain UCC compliance in Northern Ireland, the need for CDS would not disappear overnight.

An objective of the UCC which calls for all paper-based customs procedures to be replaced with electronic procedures, which under the current MASP should be completed by the middle of 2025 is largely aligned with the digital strategy supported by UK Customs.



Descartes Systems were the first Software House to successfully submit CDS declarations and submitted over a million CDS declarations in 2021.

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Who



Who will be affected with this change.

Clearly EU Exit affected all traders who moved goods between the UK and the EU. Traders and companies who had never needed to file customs declarations on import or export, found themselves needing to do so and having to decide whether to use a broker or declare themselves.

The staged customs controls and deferral periods allowed importers some time to adjust, although exporters on both sides were immediately hit on 1st January 2021 with UK export formalities as well as the EU declaration rules becoming applicable to goods going to or from non EU Members (so called "third countries").

One of the biggest groups affected initially, and will continue to be so, are the hauliers moving goods between the UK and the EU. Not only will their customers look to them to potentially solve the customs filing dilemma but they also need to work with Transit and negotiate the labyrinth of GVMS as well as European equivalent systems (PBN, Logistics Envelope etc etc) and even if the planned requirement for security filings from the EU into the UK has been delayed indefinitely whilst the UK Government reviews its strategy goods moving into the EU from the UK still need security filings

The move to CDS itself not only affected all traders that submit customs declarations in the UK who must switch to CDS. It can also affect any importer or exporter as they may need to provide more information or be ready to receive different data from their brokers. It also opens up possibilities for importers to take more control over their imports and exports, with greater visibility, the ability to upload documents or reply to enquiries from HMRC directly or make payments via their own accounts via the UK Customs CDS portal.

Later and throughout 2023 Traders, Forwarders, Brokers and Hauliers will also see changes to the NCTS Transit system with Phase 5 and potentially, should the Northern Ireland Protocol continue in some form, for those moving duty paid excise goods to the EU with changes to EMCS at the beginning of 2023.



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What



What has happened with Customs Declarations.

There are two types of changes to prepare for:

1. Companies that are using the existing systems to file declarations may need to provide a different data set for filing with CDS.

New terminology has come into play with references to data elements instead of box numbers and declaration categories such as “H1” for entering goods into free circulation or “B1” for a standard export;

The first thing you will notice is that the old SAD boxes are replaced with data categories and elements.

This means that the general look and feel of our screens has had to change to fit the new requirements.

Changes will also be needed to any integration to allow for the potential to provide additional data either where it is not possible to enrich or where it is chosen to provide on a transaction by transaction basis.

Data structure & Elements

The structure of the declaration will change, although for imports and exports this will largely be invisible as is based around a shipment structure with a declaration, shipment and invoice item type approach.

For Transit Phase 5 however the structure will be more based around the transport documents and therefore an additional layer is introduced so that it is possible to have details linked to the declaration, master consignment or house consignment.

At a data level there are range of new data elements that may need to be declared depending on your circumstances.

The Data model is split into various groups

Group	Description
1	Message Information (including Customs Procedure Codes)
2	References of Messages, Document, Certificates and Authorisations
3	Parties (e.g. consignee, consignor, buyer, seller)
4	Valuation Information and Taxes
5	Dates, Times, Periods, Places, Countries and Regions
6	Goods Identification (e.g. Tariff code, Goods Descriptions)
7	Transport Information (e.g. Modes, Means and Equipment)
8	Other Data Elements (e.g. Statistical Data, Guarantees and Tariff Related Data)

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What (follow-up)



- 2. There can also be process changes, for example in the way declarations can be held for control decisions or are corrected.

There are no longer the range of CHIEF prints but CDS messages that define the status. Initial tax messages are sent giving indicative tax amounts, with the final tax amount only being provided at the point of clearance when all risks and customs decisions have been made at which point it is no longer possible to amend the declaration.

Paying taxes has also changed with the replacement of the current FAS accounts with cash accounts that can be held by agents or importers, or immediate payment mechanisms via debit card using the HMRC portal. It is also now possible to pay off or top up the deferment account early to release a balance rather than amending the method of payment.

Much has been said about the error messages but in some cases in our experience these can be more informative than under CHIEF; similarly there was a lot of concern over Prohibition and Restriction waivers and then need to declare the correct code(s), again something partly addressed by the detail in the error messages but also addressed by a temporary introduction of a global P&R Waiver code.

In the UK as in other countries it is also possible and even mandatory to send supporting documents via the HMRC Document Upload process and not via e-mail.

One further benefit is that the declarant is notified of the import clearance, previously this was only pushed to port systems.



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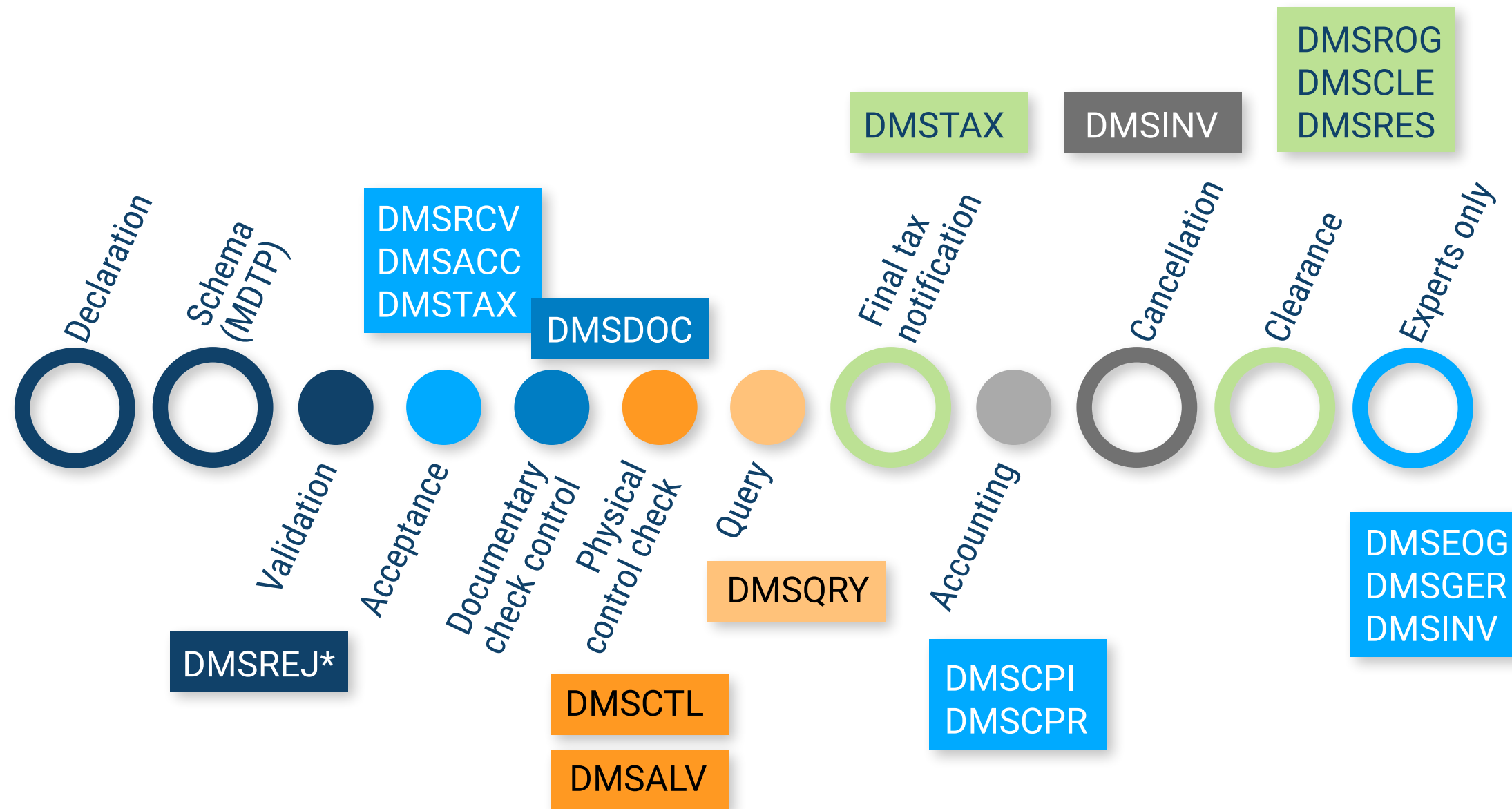
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Declaration Flow



Whilst similar to the previous CHIEF flow, many of what would have been CHIEF prints are replaced with new message types and descriptions.



* DMSREJ can occur on reprocessing on arrival or in case of cancellation of a pre-logged declaration

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Declaration Flow (follow-up)



New message types

Message	Notification	Description
DMSREJ	Rejection notification	The declaration/request has been rejected
DMSRCV	Request receipt notification	The submitted request has been received (can be an amendment or cancellation request or may also relate to registration of a pre-arrival declaration)
DMSREQ	Customs position on request notification	Customs position response on request
DMSACC	Declaration acceptance notification	The submitted declaration has been accepted
DMSINV	Declaration invalidation notification	The declaration has been invalidated
DMSDOC	Declaration documentary control	Customs require documents to be presented
DMSCTL	Declaration Physical Control	Customs require the goods to be examined
DMSALV	Declaration Licence Verification Hold	Another Agency has indicated a documentary / physical control such as DEFRA or Port Health
DMSQRY	Declaration Query	Customs notification that a Query Message has been sent to your online account
DMSCPI	Declaration Payment Request	Insufficient Funds in an account requires payment or action to release the goods
DMSCPR	Declaration Payment Reminder	Reminder notification that additional payment or action is required to release the goods
DMSROG	Release of Goods	The goods have been released (outstanding actions to clear the goods completely)
DMSCLE	Declaration clearance notification	Procedure is accepted and goods can be released
DMSTAX	Customs debt notification	Notification of details on customs debt with which the declarant or his representative is informed about the details of the customs debt. Indicative amounts are returned until the final DMSTAX on clearance
DMSRES	Result of request notification	Result of corrections made to the declaration, either by submitter or customs
DMSEOG	Exit of Goods Notification	Notification that a message has been received to confirm the Goods have exited the Customs territory
DMSGER	Reminder of Goods Exit	Reminder that no Goods Exit notification has been received

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Movement Flow



GB Safety & Security

With ICS replaced with GB Safety and Security there was in fact very little change other than also potentially applying to EU movements which was further deferred to 1st July 2022, before being indefinitely delayed whilst the UK Government reviews its overall Target Operating Model for all imports. Although the technical solution changed, this was largely handled within the software and anyone who had previously used ICS should be familiar with GB Safety & Security. The major change was there was no longer a need to make an arrival notification, something handled in either the port system.

Although not part of the same system, and being handled in the export declaration systems, the need for an EXS (Exit Safety & Security) declaration became mandatory for goods moving to the EU on the 1st October 2021. Although later relaxed for empty pallets, empty containers, and empty vehicles and certain outbound inter-port transshipments.

EXS declarations are generally required when a normal export declaration is not used.

GVMS

GVMS is used at port locations where there is no existing port inventory system or on imports temporary storage is not being used. It facilitates the mandatory pre-lodgement of a customs declaration or declaring another type of customs declaration or process (such as Carnet, Transit Document or Entry in the Declarants Records) to facilitate the movement of goods through the port and ensure goods are properly controlled with the aim of preventing of boarding without the necessary declarations being lodged. It is also used to declare empty trailers to ensure all vehicles have a Goods Movement Reference similar to the Pre-Boarding Notification in Ireland and the Logistics Envelope in France.

As well as references to the declarations, separate reference is also made to any import security filings and the goods movement refers specifically to a vehicle / trailer as well as the intended direction, route and estimated time of departure.

On arrival at the port then the carrier should report both arrival and departure to start the processing of any customs declarations; with any goods requiring inspection being selected and notified.



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When



When will you be migrated

Companies importing into and exporting directly from Northern Ireland must already use CDS.

UK Customs have set a deadline for moving all imports to CDS of 30th September 2022.

For exports, companies have until 30th November 2023 to make the transition.

New systems are not without their challenges and time is required to become familiar and adapt. In our experience early adopters whilst they may face some of the early teething issues are usually better prepared and experienced when it comes to the final stages than businesses who leave it to the last minute. We are generally in a better position to support traders during a managed migration than many traders migrating at the very last moment.

For some companies importing via inventory linked locations, the timing of the migration will need to be co-ordinated with the appropriate port community service provider (MCP, CNS, CCS-UK or Descartes Pentant). For non inventory linked locations or for supplementary declarations under Customs Simplified Declaration Procedure (SDP) then companies can already begin their migration.

GVMS is now already mandatory for goods arriving and departing via certain UK Ports.

CDS Import Migrations must be completed by 30th September 2022.

CDS Export Migrations must be completed by 30th November 2023.

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How



How to do it

For all of these new systems the first step is to Register and Enrol via the Government Gateway.

Once successfully enrolled then you must authorise chosen software to submit declarations on your behalf if using Direct API or co-ordinate with your chosen Community Service Provider(s) at inventory linked locations.

Depending on how you currently connect to CHIEF will affect whether you need to connect with the port inventory community service providers or whether you can just authorise the Descartes application to submit your declarations.

For CDS, you should ensure you and your customers have submitted new CDS Duty Deferment Direct Debit Mandates in addition to the existing CHIEF ones.

For our customers we offer full test (UAT) service that can be used to become familiar with the new systems.

CDS Trade Test vs Trader Dress Rehearsal

By default the CDS Trade Test system uses stubbed or dummy data. The Trader Dress Rehearsal service will support the successful migration to the Customs Declaration Service as it allows you to submit import and export declarations using real EORI and Authorisation data. We support both Trade Test and TDR out of the box.

For our customers, many of the technical changes have been taken care of automatically. There are changes to the data required as we have described and for those with integrations changes or additional configuration may be required to continue to operate in a “black box” mode otherwise manual enrichment may be required. For others who may have built their own customs software solution for declaration filing, there are both technical and process changes that will need to be made in order for goods to clear customs.

Get Ready

Descartes Customers will benefit from our in house customs and technical expertise to monitor and address the changes that both CDS and other Customs systems present. Users of our customs applications will benefit from automatic updates to ensure they are in the best position to remain compliant and be able to file these new forms of declarations. Whilst customers who have integrations will need to review their end to end processes our professional service teams stand ready to support them and strongly recommend companies start to review the changes necessary and contact us to start planning accordingly. Find out how you can get ready for CDS and other UK Customs systems.

Contact us today.

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About Descartes



Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at [Descartes.com](https://www.descartes.com) and connect with us on [LinkedIn](#) and [Twitter](#).

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