



VAT ALERT

CHANGES TO UK CUSTOMS IMPORT/EXPORT PROCEDURES

New System - Customs Declaration Service

HMRC is closing its Customs Handling of Import and Export Freight (CHIEF) system on March 31, 2023. It is being replaced by the Customs Declaration Service (CDS) as the new UK single customs platform. The two systems have been running in tandem for some time but CHIEF is now closing and all businesses completing UK customs declarations will need to declare goods using the CDS.

HMRC is phasing out CHIEF in two stages:

- Imports - as of 30th September 2022, you will no longer be able to make import declarations using CHIEF.
- Exports - as of 31st March 2023, you will no longer be able to make export declarations using CHIEF and the National Export System (NES).

Businesses who make their own Customs declarations will have to register to use the CDS as soon as possible to ensure they are ready to use the system before the CHIEF system closes. Many businesses use an agent to make Customs declarations on their behalf and they are advised to check with their Customs agent to ensure their declarations can be submitted via the CDS.

The evidence required for recovery of import VAT will also change as C79 VAT certificates will no longer be issued. Instead businesses will have to go online and download their import VAT certificates to be used as evidence to recover the import VAT paid. These certificates remain available on the system for only six months.

Postponed Accounting for Import VAT

Businesses who are not already using the Postponed Accounting for Import VAT (PIVA) system for their imports should take this opportunity to consider doing so.

The PIVA system was introduced on 1 January 2021 and applies equally for imports into the UK from both EU and non EU countries.

PIVA allows for import VAT to be accounted for on the importer's VAT return instead of being paid over to HMRC and claimed back later. Businesses who are entitled to recover their import VAT in full will see no net VAT payment on their VAT return, resulting in a cash flow saving.

There is no requirement to apply to HMRC to use PIVA. The intention to use PIVA is advised to HMRC on the Customs import declaration where a particular code is used to indicate that the import VAT will be accounted for under PIVA. Import VAT statements are then downloaded online and kept to support the VAT declared (and recovered) on the VAT return.

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Rawlinson & Hunter can assist with registering for CDS or with accessing import VAT statements.

Please contact your usual Rawlinson & Hunter contact or those listed below should you require further information or assistance with the above.

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