

How Managed Customs Services Can Support the Strategic Role of Customs Managers

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Overview

Customs managers have a lot of responsibilities and need to multitask at all times. Especially with the constant shifts in global political environments, the Brexit changes that will take place before we know it, and the recent COVID-19 crisis which has had a significant impact on world trade, it has become more important than ever to maintain the vital flow of goods.

However, managing the different aspects of customs formalities and customs compliance sometimes feels like flying blind. Most customs managers would jump at the chance to gain control and visibility into the totality of their customs operations. This would shift their position from firefighter to strategic player.

In this whitepaper, we'll cover how Managed Customs Services can help customs managers own the process, when these services add the most value, and what the spectrum of Managed Customs Services consists of.

Why and When to Use Managed Customs Services

Changing political environments, Brexit, and the COVID-19 crisis all continue to have a significant influence on the day-to-day responsibilities and workload of customs managers globally and there doesn't seem to be an end in sight. Owning the customs and trade process and gaining full visibility into customs operations will drastically change the life of a customs manager, transforming their role from a customs compliance cost centre to a key contributor in the strategic growth of their organisation. This can be partially accomplished by implementing a customs compliance solution that automates tasks and provides insights to address operational challenges. However, there are a number of important tasks that cannot be automated. Tariff classification, customs authorisations requests, Certificates of Origin (CoO), data analysis, and implementing Standard Operating Procedures (SOPs) are several examples.

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These tasks must generally be managed by in-house customs teams, but sometimes companies don't have the resources or subject matter expertise to handle all of these requirements. Managed Services have been used for decades to help IT teams offload tasks that do not contribute to the organisation's core competency.

This model has been incredibly successful, giving a company the skilled resources they need at a much lower cost than hiring full-time employees while containing services into a clearly defined project scope where responsibilities and Service Level Agreements (SLAs) have been agreed upon. Managed Customs Services work in the same way, helping customs teams manage the complexities of customs and trade compliance.

Managed Customs Services can help customs teams of any size perform certain critical tasks.

Depending on your needs, this could be a single person with the niche knowledge your team is missing or an entire customs team that interacts with all stakeholders throughout the entire process of declaration and supply chain management. Either way, Managed Customs Services can help you accomplish what is needed to monitor the customs process and ensure that shipments are processed without delays. These Managed Customs Services professionals, consisting of both customs experts and customs solution software specialists, collaborate closely with your internal customs team and can act as a liaison between stakeholders, including customs authorities, suppliers, logistics service providers, and customers to keep your flow of goods moving.

Which kinds of companies could benefit from Managed Customs Services? Keep reading to get the necessary information and insights.

Types of Managed Customs Services

Customs4trade has identified different Managed Customs Services clusters based on customer needs.



1. Declarations

In order to comply with legal obligations and place goods under a customs procedure, a customs declaration needs to be lodged. This is the foundational element that allows goods to cross borders, yet it is by no means straightforward.

With Brexit approaching and compliance with the new Border Operating Model taking effect on January 1, 2021, it's even more pressing that all formalities are properly managed. The declarations process can be outsourced as a Managed Customs Service, where experts can perform a number of tasks using a customs compliance software solution, including:

- Creating, submitting, and monitoring customs declarations throughout the process.
- Handling errors to guarantee business continuity.
- Ensuring declarations meet the legal requirements of the respective country's customs authorities.

The cost of Managed Customs Services for declarations, combined with a customs compliance software subscription, amounts to about half the cost of collaborating with customs brokers, especially when dealing with higher volumes.

i. Special Procedures

Special Procedures including Inward Processing Relief (IPR), Outward Processing Relief (OPR), Customs Warehousing, End Use, and Temporary Storage can save companies a significant amount of money on duty costs.

However, fulfilling legal requirements for Special Procedures requires a number of administrative steps which, if not addressed, can slow the process and possibly forfeit the financial benefits of the Special Procedure. These include:

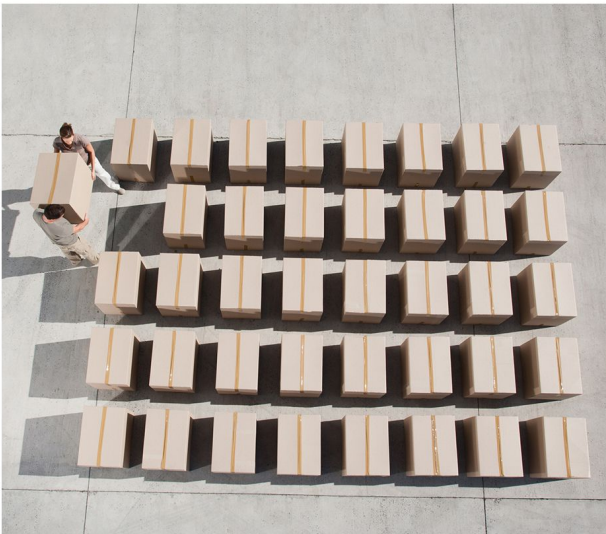
- Executing compliance cross checks.
- Drafting, checking, and submitting reporting to the customs authorities.
- Interaction with the control units of the customs authorities.
- Assisting in Special Procedures audits.

With Managed Customs Services, all of the moving parts involved in the Declarations process are monitored and executed by customs experts who have experience managing these tasks to perfection, alleviating the burden of time-consuming administration on your end.

ii. Tariff Classification

Item commodity codes determine duty rates and tariff measures, and their correct classification is crucial to ensuring your goods move fluidly through the customs process. Improper classification can cause delays, incur fines, and blow budgets with unanticipated duty charges.

Managed Customs Services experts determine the correct classification code for new or existing items and keep them up to date for all applicable jurisdictions.



iii. Tariff Measures

Tariff measures relate to import or export licenses and special duty regimes for third country duty, which is customs duty applicable to all imports originating in a non-EU country/territory, as defined in the Combined Nomenclature and Tariff Quota based on the goods classification.

Managed Customs Services can support import or export licenses and special duty regimes within this domain, including:

- assigning possible tariff measures to items that have been classified.
- keeping tariff measures in line for items in each jurisdiction in the scope of declarations.
- assigning the required additional codes to items to ensure valid customs declarations.

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2. Origin Management

Preferential rules of origin are used to determine whether goods qualify for preferential tariffs according to Free Trade Agreements (FTAs). Closely managing the origin of goods can help you take advantage of the benefits of FTAs and optimise your trade lanes; however, every FTA has different negotiated rules of origin, making this a complex undertaking.

In addition, detailed documentation must be maintained, otherwise you may be subject to substantial fines for violation. Managed Customs Services can help you track the origin of goods for both preferential and non-preferential rules of origin and step in to provide proof of origin or request Certificates of Origin.



3. Audits & Authorisations

Requesting customs authorisations is labour intensive, complex, and time-consuming, however you can reap the rewards with substantial cost savings if you obtain certifications.

This makes it all the more important to meet the requirements in your first application, so you can start taking advantage of these customs duty suspensions, exemptions, or drawbacks as soon as possible.

Managed Customs Services teams take the burden off your shoulders by collecting, reviewing, and submitting accurate applications to customs authorities the first time.



i. Authorised Economic Operators (AEOs)

By having customs authorities verify that your supply chain complies with World Customs Organisation (WCO) or equivalent security standards, you can expedite the international movement of goods, giving you a competitive advantage.

The positive impact on customs-related activities, both financially and operationally, has made AEO authorisation almost a fundamental need for day-to-day business. The advantages include:

- Fewer controls.
- Reduced fees or waivers.
- Easier access to simplified customs procedures and special procedures.
- A trusted relationship with customs authorities.

As part of Managed Customs Services, customs experts can help you get AEO authorised by performing a customs and trade compliance review, proposing an internal customs control plan, reviewing your AEO self-assessment, submitting AEO questionnaires, and providing audit assistance.

ii. Special Procedures Authorisations

Managed Customs Services can help organisations apply for authorisations and meet the requirements to use Special Procedures such as Inward Processing Relief (IPR), Outward Processing Relief (OPR), Customs Warehousing, End Use, and Temporary Storage.

These authorisations can save companies a significant amount of money on duty costs.



iii. Customs Operations Audits

How confident are you that you're taking full advantage of every opportunity afforded to economic operators to promote global trade with expedited procedures and costs savings?

Managed Customs Services teams can perform a Customs Operations Audit that provides you with strategic insights that will help you grow your business.

These audits identify opportunities to reduce duty and administration costs, detect errors and anomalies, and optimise and standardise operations based on what is working.

4. Export Controls – Dual Use Classification

Dual use classification requires the determination of whether a given item or project is controlled under dual use legislation—a customs control that applies to products, technology, and research and development projects that can be used for both civilian and military applications.

Managed Customs Services experts can save you hours sifting through legislation to determine whether you qualify. They will help you evaluate whether or not an item or project is eligible under the dual-use classification codes, apply for export licenses, and keep the evaluation of existing items or projects up to date.

They can then demonstrate export control compliance at any point in time with on-demand reports and logs using customs compliance software.



Conclusion

Managed Customs Services can give your customs teams the support they need, whenever they need it, with unmatched expertise at a fraction of the cost of hiring a team of in-house experts or collaborating with customs brokers.

The cost of Managed Customs Services for declarations combined with a CAS subscription amounts to about half the cost of collaborating with customs brokers, especially when dealing with higher volumes.

Managed Customs Services can be selected à la carte according to your needs. An outsourced individual or team can:

- Ensure the compliance of your customs declarations to avoid delays and fines.
- Help you take advantage of the financial benefits of Special Procedures.
- Correctly classify your goods and right-size your duty charges.
- Manage complex tariff measures with import or export licenses and special duty regimes.
- Track preferential and non-preferential origin and secure Certificates of Origin.
- Obtain customs authorisations that reduce controls and save time and money.
- Optimise your customs operations with SOPs for a more fluid customs flow.

Managed Customs Services covers all this and more. Free up some of your valuable time so you can focus on making customs a more strategic part of the business.

About Customs4trade

Customs4trade's (C4T) unique team of customs experts and best-of-breed technology engineers has developed CAS, a one-of-a-kind software solution that automates customs and trade compliance. They have now added Managed Customs Services to their roster of offerings, helping companies make the most of their software investment.

CAS is a collaborative hub, built on the Microsoft Azure platform and delivered as a Service (SaaS). It is designed to manage regional and worldwide customs and trade compliance quickly and accurately, within one single platform. By automating all import and export processes, C4T clients experience faster time to market, reduce customs duty and administration costs, and gain strategic visibility into their customs operations.

CAS provides clients with continual updates and feature enhancements, including the incorporation of any changes to legislation and compliance regulation.

Forward-thinking customs managers are turning to C4T to help them navigate customs and trade with software and managed services for their organisation's highest strategic benefit. For more information or to contact the company, please visit www.customs4trade.com.

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