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Customs & Regulatory Compliance

Streamlining Transit: Understanding New Computerised Transit System Phase 5 (NCTS)

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Descartes' software solutions ensure smooth transitions for trading across all borders.

What is the NCTS phase 5 all about?

In a nutshell the **New Computerised Transit System (NCTS)** is a digital system developed by the European Union for the management of goods moving in transit between signatory countries under the Common Transit Convention (CTC).

The Convention means that goods can move much more easily between the EU and the so-called Common Transit Countries (Norway, Iceland, Switzerland, North Macedonia, Serbia, Turkey, UK and Ukraine). In this way, the simplified rules, such as mutually recognised financial guarantees for customs transit and less controls, help to cut down on costs for businesses and provide greater flexibility determining the point of clearance into the EU.

The NCTS allows customs authorities and transport operators to submit and process transit declarations including allowing for real time monitoring and control of the transit movement. The system is designed to streamline transit procedures and reduce documentation requirements, while improving security, reducing the risk of fraud, and improving customs control. The system has been in place since 2005 and has been updated several times to improve functionality and enhance security.

NCTS PHASE 5: Why the upgrade?

It is all about helping to improve the ever-complicated world of customs procedures. The Union Customs Code (Reg. EU 2013/952 (UCC), Reg. 0J 2015/2447 (IA), Reg. EU 2015/2446 (DA) – Annex B) sets new requirements for improving and simplifying customs procedures.

In order to manage the new procedures in a manner compatible with the requirements of the Union Customs Code (UCC), the New Computerised Transit System – Phase 5, a successor to NCTS Phase 4, is being developed. This will be followed by NCTS Phase 6.

NCTS PHASE 5: The who of the upgrade?

Each Member State is responsible for deploying NCTS Phase 5 via their National Systems according to a common set of specifications.

It will affect all Economic Operators who move goods under Transit.

NCTS PHASE 5: The What of the upgrade?

The upgrade is an introduction in changes to data requirements (data, forms and codes of customs declarations).

Exchanges of information between customs authorities as well as between economic operators and customs authorities should take place, in any case, using electronic data processing techniques.

Some National Authorities may decide to not adopt all the available processes or messages allowable under NCTS Phase 5 but must be able to support the minimum processes.

NCTS PHASE 5: The when of the upgrade?

Each Member State can determine its own deployment plan. Some countries have decided to go for a big bang implementation whereas others are taking a more phased approach with a migration period. We have already seen some countries change their timelines several times.

Overall EU Deadline is currently 31st December 2023, although there are already indications some countries will not make that deadline.

Examples of CTC Country Readiness*

DE 16th July 2023. - Click for country specific information

DK 31st July 2023 - Click for country specific information.

NO 31st August 2023 - Click for country specific information.

SE 1st September 2023 - Click for country specific information.

FR 3rd October 2023 - Click for country specific information.

CH 1st June 2023 - Click for country specific information.

UK 16th November 2023 - Click for country specific information.

BE 29th November 2023 - Click for country specific information.

NL 31st December 2023 - Click for country specific information.

*Dates correct at time of going to press. For more up to date country specific information please refer to the links supplied.

NCTS PHASE 5 & 6: Components

Component 1 — 'NCTS Phase 5': the aim of this phase is to align the NCTS system with the new UCC requirements. Except in safety and security data elements in transit customs declarations of goods that are brought into the customs territory of the Union. It covers the registration of 'en route' events and the alignment of information exchanges with UCC data requirements, and the upgrade and development of interfaces with other systems.

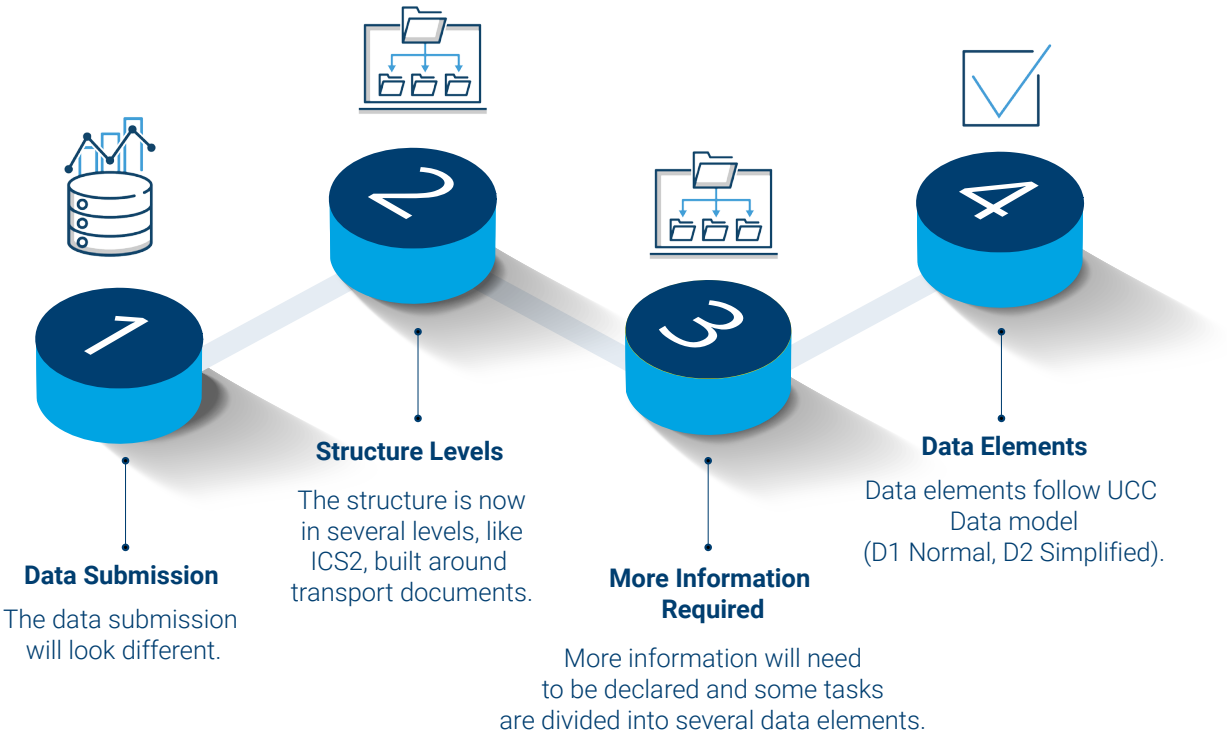
Component 2 — 'NCTS Phase 6': the aim of this phase is to implement the specific new requirements for safety and security data elements in transit customs declarations of goods brought into the customs territory of the Union resulting from project 17 (UCC ICS2). The scope and implementation solution will be agreed during the project initiation phase.

By combining innovative technology, powerful trade intelligence and the reach of our network, we deliver the industry's most complete offering of cloud-based logistics and supply chain management solutions.

NCTS PHASE 5: Additional features

There are a few additional features especially for Traders.

The updated system NCTS phase 5 is very similar to today's system, but there are a few areas that differ.



The commodity code (HS number) must be entered to at least 6 digits.

Ability to lodge a Transit Declaration prior to presentation of the goods, with the ability to amend before presentation. This means an additional Presentation Notification message (D4 Data Set) needs to be sent.

The person responsible for the procedure must now state the amount of the guarantee to be reserved (the amount of duties and taxes) in the transit declaration. This was not mandatory in all countries.

Some countries are extending the messaging to allow for checking of guarantee balance.

Registration of incidents En-Route. For this reason, a new Office role is introduced, which is named Office of Incidents Registration (role 'INC').

Introduction of a new Office role named Office of Exit for Transit to perform safety and security checks of the movement before it exits the Security Area.

Interface with AES to support the scenario Export followed by Transit.

Digital MRN or TAD. Instead of providing a full paper document it should be possible to present just a MRN or Barcode.

NCTS PHASE 5: Overview of flow, messages, and incident handling

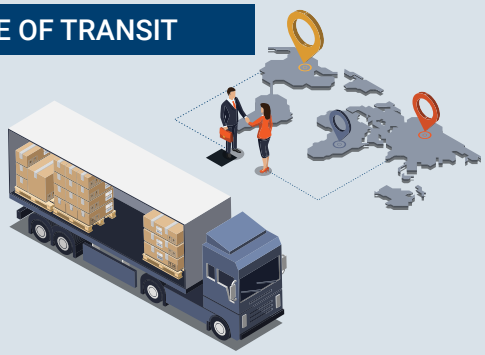
OFFICE OF INCIDENT

OFFICE OF DEPARTURE

1. The Pre-arrival declaration:
The exporter or importer optionally submits an electronic pre-arrival declaration to the customs authorities of the country of departure, providing information about the goods, the transport vehicle, and the route to be taken.

2. Transit declaration:
If a pre-arrival declaration has been processed, the exporter or importer submits an electronic transit presentation notice to the customs authorities of the country of departure or else they submit a full Transit declaration to obtain permission to proceed.

OFFICE OF TRANSIT



3. Transit movement:
The goods are transported under customs supervision from the country of departure to the country of destination. Goods may pass via approved Offices of Transit on entry into or out of a Customs Territory (the EU being considered as Single Customs Territory).

If an incident occurs en route, this can now be reported to an Office of Incident.

OFFICE OF ARRIVAL / EXIT

4. Arrival Declaration:
Once the goods have arrived at their final destination, an electronic declaration is submitted to the Customs Authorities providing information about the arrival of the goods.

5. Permission to Unload:
Customs will either give permission to unload or hold the goods for inspection.

6. Confirmation receipt of goods:
On unloading an electronic declaration is submitted to confirm the goods received and report any discrepancies.

7. Transit completion:
Once the goods have arrived at their final destination, and all formalities have been completed, including putting the goods to a new Customs procedure, temporary storage or re-export, the Customs Authorities should confirm the completion of the transit procedure to the Transit Declarant.

If the goods are to be transported further, a new Transit Declaration can be submitted for the next leg of the journey.

It's worth noting that the actual data flow in the NCTS system can vary depending on the specific procedures and requirements of each EU member state. However, the above steps provide a general overview of the data flow in the NCTS Phase 5 system.

NCTS-P5: Messages Flow

Basic Flow e.g.,

IE015 -> IE028 -> IE029 on departure and IE007 -> IE043 -> IE044 on arrival remains.

The following new messages are introduced (not in all countries)

IE013: Declaration Amendment, E_DEC_AMD.

IE004: Amendment Acceptance, E_AMD_ACC.

IE022: Notification to amend declaration: it shall be sent by the Office of departure to the holder of the transit procedure and shall be indicated in the case of export followed by transit.

IE170: Presentation Notification for the pre lodged declaration: the message shall be submitted when the goods are presented to customs in cases where a transit declaration has been lodged before the goods are presented.

IE182: Forwarded incident notification to ED: the message shall be sent to the holder of the transit procedure when an incident is recorded during the transport of the goods.

IE035: Recovery notification/Information to the main person responsible that the collection procedure has started.

IE019: Discrepancies/Information about discrepancies (major discrepancies) to the principal responsible.

IE140: Request on non-arrived movement/Notice to the principal responsible.

IE141: Information about non-arrived movement/Answer from the principal responsible.

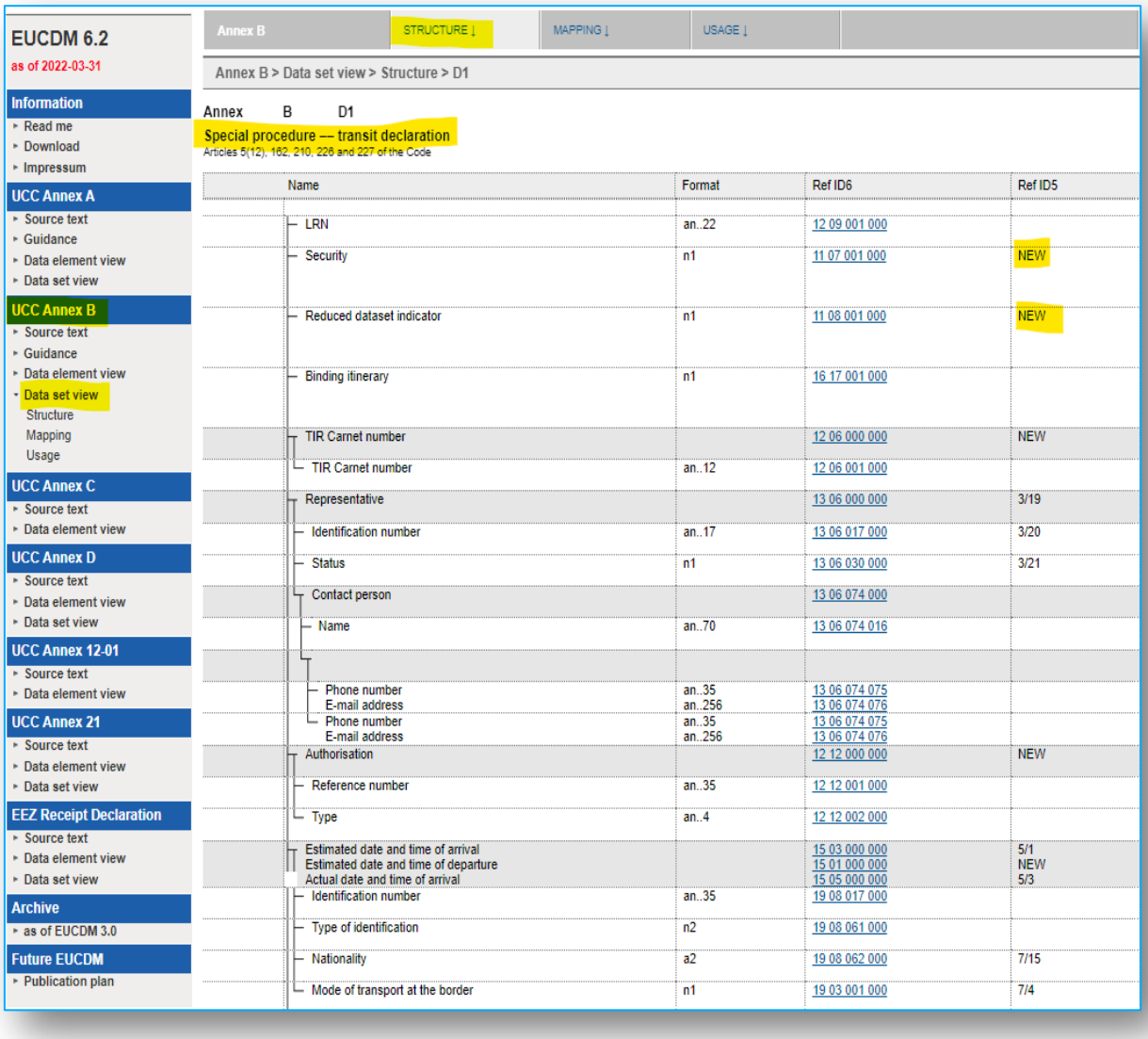
IE056: Rejection from Office of Departure, E_DEP_REJ.

NCTS-P5: Structure (EUCDM 6.2)

All data under the new customs legislation is based on a data model developed by the World Customs Organization (WCO).

It is designed according to specific structures. According to these structures, the tasks are indicated at different levels.

The EU Customs Data Model (EUCDM) forms the basis for every customs declaration. It defines how to complete a declaration and outlines the specifications required for IT systems. In Ref ID5 column can tell (new added items).



EUCDM 6.2

as of 2022-03-31

- Information
  - Read me
  - Download
  - Impressum
- UCC Annex A
  - Source text
  - Guidance
  - Data element view
  - Data set view
- UCC Annex B
  - Source text
  - Guidance
  - Data element view
  - Data set view
    - Structure
    - Mapping
    - Usage
- UCC Annex C
  - Source text
  - Data element view
- UCC Annex D
  - Source text
  - Data element view
  - Data set view
- UCC Annex 12-01
  - Source text
  - Data element view
- UCC Annex 21
  - Source text
  - Data element view
  - Data set view
- EEZ Receipt Declaration
  - Source text
  - Data element view
  - Data set view
- Archive
  - as of EUCDM 3.0
- Future EUCDM
  - Publication plan

Annex B | STRUCTURE ↓ | MAPPING ↓ | USAGE ↓

Annex B > Data set view > Structure > D1

Annex B D1

Special procedure – transit declaration

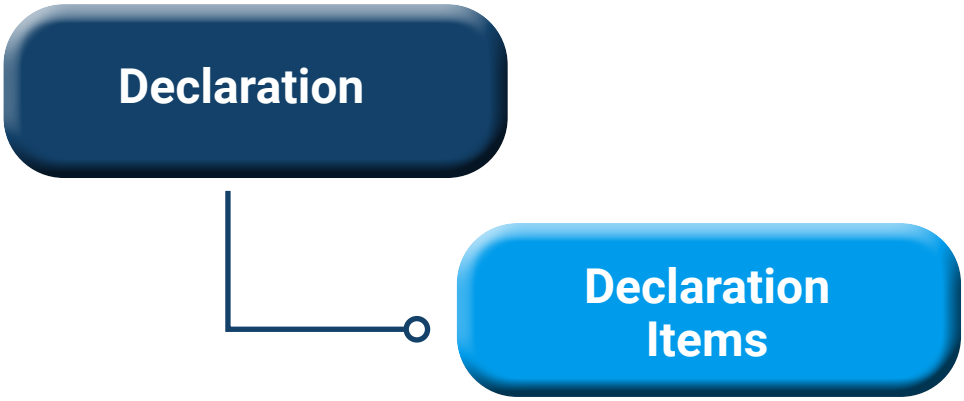
Articles 5(12), 182, 210, 226 and 227 of the Code

Name	Format	Ref ID6	Ref ID5
LRN	an..22	12 09 001 000	
Security	n1	11 07 001 000	NEW
Reduced dataset indicator	n1	11 08 001 000	NEW
Binding itinerary	n1	16 17 001 000	
TIR Carnet number		12 06 000 000	NEW
TIR Carnet number	an..12	12 06 001 000	
Representative		13 06 000 000	3/19
Identification number	an..17	13 06 017 000	3/20
Status	n1	13 06 030 000	3/21
Contact person		13 06 074 000	
Name	an..70	13 06 074 016	
Phone number	an..35	13 06 074 075	
E-mail address	an..256	13 06 074 076	
Phone number	an..35	13 06 074 075	
E-mail address	an..256	13 06 074 076	
Authorisation		12 12 000 000	NEW
Reference number	an..35	12 12 001 000	
Type	an..4	12 12 002 000	
Estimated date and time of arrival Estimated date and time of departure Actual date and time of arrival		15 03 000 000 15 01 000 000 15 05 000 000	5/1 NEW 5/3
Identification number	an..35	19 08 017 000	
Type of identification	n2	19 08 061 000	
Nationality	a2	19 08 062 000	7/15
Mode of transport at the border	n1	19 03 001 000	7/4

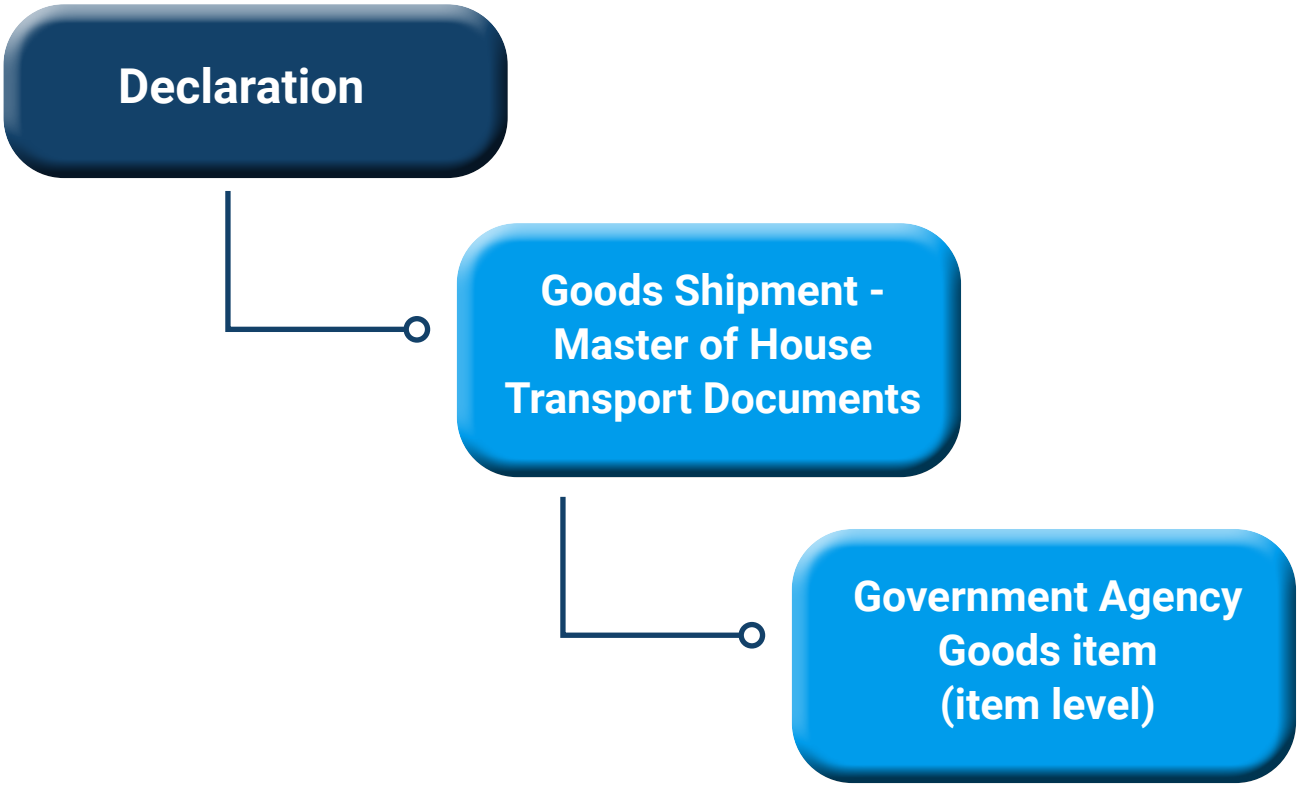
EUCDM 6.2 (softdev.eu.com) (UCC Annex B: Data Set view: Structure: Transit)

NCTS-P5: How the new structure looks

Old Structure

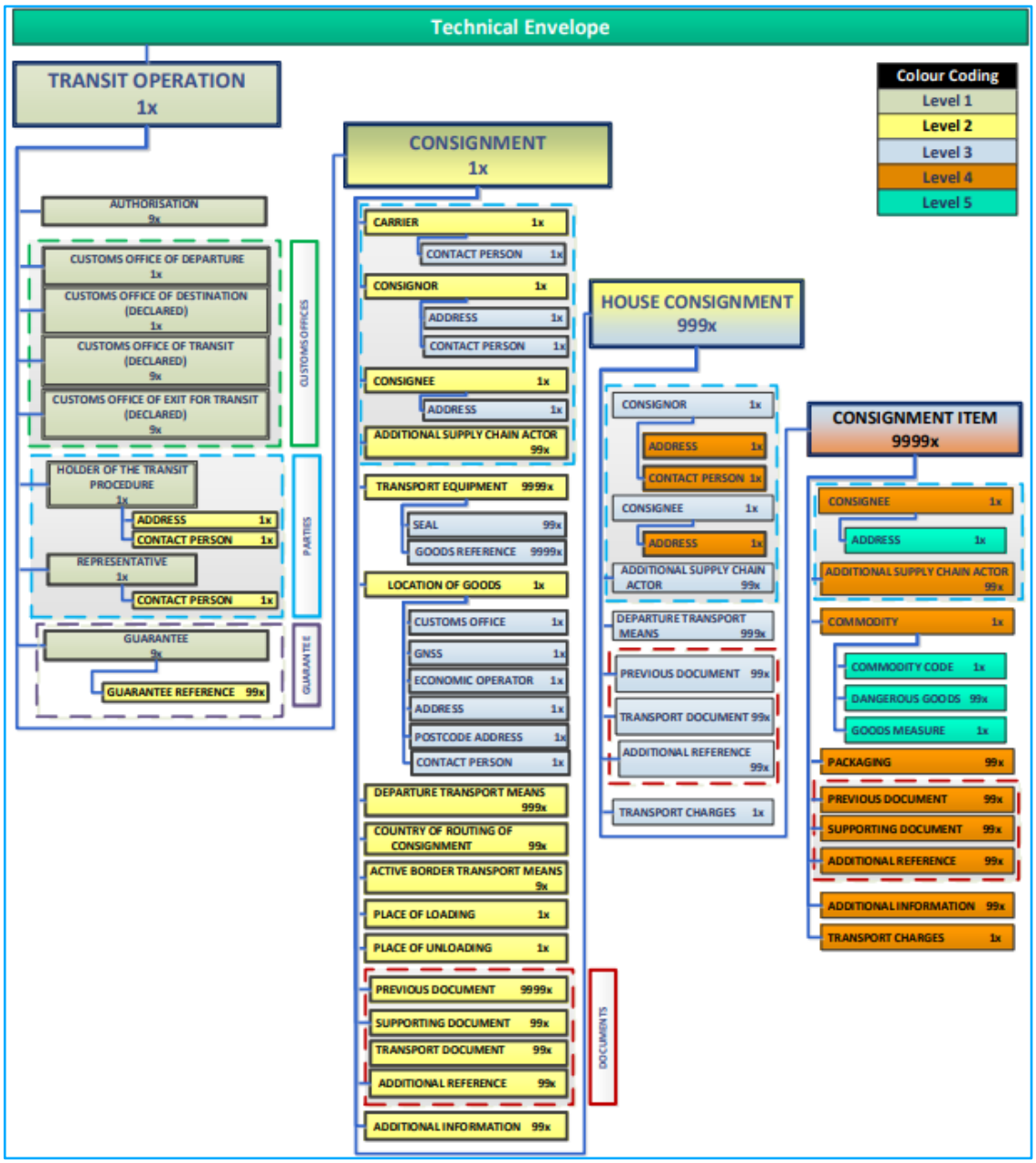


New Structure



NCTS-P5: Data Structure

Transit Operation and Consignment form the Declaration level.



Notice of Incident

Incidents must be reported at the time of occurrence, and you'll no longer be able to wait until arrival at the authorised destination.

Office of Incident will be used to record the details of incidents that occur during the transit journey and notify the Office of Departure and the trader at departure, as required.

The Office of Incident will record the details in NCTS, notify the Office of Departure and decide if the transit movement can continue its journey.

Where the transit movement cannot continue, the Office of Incident will act as Office of Destination and carry out all arrival formalities there.

When an incident is registered, a notification will be issued electronically to the person who made the departure Transit declaration.

NCTS Phase 5: Benefits for NCTS users

NCTS Phase 5 offers several benefits to traders, transport operators, and customs authorities.

The ability to amend pre-lodged declarations rather than having to cancel and re-start a declaration if you need to make an amendment as is currently the case.

Digital Transit Accompanying Document (TAD): At the moment the TAD needs to be carried in paper format with the driver and the goods and presented at Customs Officers at the border. With NCTS phase 5 the TAD could be presented in digital format, such as on a smartphone or tablet.

New customs 'Office of Incident' role: This new role means that if there's an incident during the goods' journey it can be reported and the declarant will be notified in real time, rather than the current process of waiting until arrival at the Office of Destination. This new process will save time when the goods arrive at the final destination.

Increase the efficiency and effectiveness of transit procedures.

Improve the prevention and detection of fraud.

Accelerate transactions carried out under a transit procedure and to offer security for them.

NCTS Phase 5 needs careful planning, stakeholder engagement, and continuous evaluation when implementing. NCTS Phase 5 offers numerous advantages in terms of efficiency, safety, sustainability, and user experience.

Descartes is here to help businesses make informed decisions about its implementation and pave the way for a more innovative and sustainable future of transit.

About Descartes Systems Group

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 www.descartes.com and connect with us on LinkedIn and Twitter. Or for more information email info@descartes.com

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