

THE UPCOMING CHANGES IN FILING CUSTOMS DECLARATIONS IN DENMARK

Introduction

The move in customs declaration systems has started. In the new declaration systems, we will say goodbye to the national (although largely harmonized) customs data model and welcome the European Customs Data Model (EUCDM 6.1). The current declaration system in Denmark is being replaced by new system: DMS in Denmark. This will require economic operators to make some changes to their declarations filing procedures to clear customs. It can also be quite a change to the declaration names and processes that users have become familiar with. This is just part of the overall move across Europe with more new systems from Sweden with TESS, Netherlands with DMS, Belgium with iDMS, Luxembourg with LUCCS as with updates to other National Systems such as ATLAS in Germany; even extending to recently former EU Member the UK with their new CDS system all based on the same data model.

In addition to Imports and Exports (sometimes referred to National Import Systems and AES), new procedures are also being introduced for Temporary Storage and the introduction of NCTS Phase 5 and EMCS Phase 4.



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Danish customs

- The introduction of the Customs Code takes place gradually during the transition.
- Danish Customs' implementation plan is gradually updated, we will inform gradually about the dates that are relevant for transition to the various systems.

In this article, we

- cover the why, who, what, when, and how of this pending transition
- explain the different processes required for filing declarations in the new system, and
- tell you how you can prepare your customs operations.

Why the changes

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 (UCC) more recently. As part of a Multi Annual Strategic Plan (MASP), the principles and legislation within the UCC is 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.

The switch to DMS is part of a larger initiative by Danish customs authority to bring the processes and systems into compliance with the UCC and fully compliant with the European data model. One implication is that all customs declarations must be filed electronically, 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. This will require a larger dataset and validations that are also in line with the UCC. Procedures that are not digitized, like Temporary Storage, Presentation Notifications and Proof of Status, must be replaced with a fully digital alternative.

Who will be affected with this change of data model from a national data model to a European data model

This not only affects the Customs Authorities in the sharing of data with and across the EU. All traders that submit customs declarations in Denmark must switch to DMS. 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 depending on what steps each Member State takes to transform or replace their existing National System.

For those operating Temporary Storage facilities, there will be a need to submit Entry into Temporary Storage Declarations, Presentation and Arrival notifications and messages regarding transfers between Temporary Storage locations.

Later and throughout 2023 Traders will also see changes to the NCTS Transit system with Phase 5 and for those moving Excise goods changes to EMCS at the beginning of 2023.

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What will happen

As the new systems replace the old legacy applications then changes to the data model and flows really depend on the previous systems.

New terminology will 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; some of you may already have seen "H7" for low value goods introduced in July of 2021.

When will you be migrated

The development of the new customs declarations in Denmark are in different stages.

Currently the technical specifications in Denmark are available and is there an implementation schedule communicated by Customs. The original plan was to go live with the new import systems first but that has been delayed and instead in Denmark the first new systems will be Export and NCTS.

Descartes is closely following negotiations between Customs Authorities and businesses and will notify our customers of updates on timing if it is altered.

It is important to advise us once you are contacted by Customs about which group you are in so that we can prepare together a migration path.

Ongoing development work

- Work on the roll-out of the new customs systems is taking place according to very tight EU timetables.
- The EU time table provides an overview of the largest systems being developed and implemented up to 2026.
- The EU expects all companies to have taken DMS-Export and DMS-Shipping (NCTS) into operation no later than 1 Sep 2023.
- (ICS2) Import Control System which supports safety and security
- ICS2 phase-1 on 1 Oct 2021, risk analysis was introduced for postal and courier shipments by air. Here, the target group was postal services and express couriers.
- ICS2 phase-2 on 1 Mar 2023, full risk analysis for air cargo will be introduced. The target group is therefore postal services, express couriers, freight forwarders and logistics companies as well as air freight companies.
- ICS2-phase-3 on 1 Mar 2024, includes full risk analysis of shipments arriving by ship, by road or by train.
- DMS-Import, the system rollouts in store until the end of 2025.
- (EMCS) Excise Movement and Control System on Feb 2023.

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How to do it

For our GCT customers, many of these technical changes will be taken care of automatically. For others may have built their own customs software solution for declaration filing, there are both technical and process changes that will need to be made for goods to clear customs.

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 DMS, in accordance with Annex B of the UCC although many changes may be just technical.

The first thing you will notice is that the data blocks and boxes are replaced with data categories and elements, every single data entry is specified and specific.

An example is that additional codes are split, between general and item specific codes and mentioned on header level and some on item level and that Transport Documents are separated from other produced or previous documents.

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

We are analysing the workflow from our current customers and comparing it with the requirements of customs to try and provide the best UI experience possible and considering where data can be managed or enriched within the system.

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.

Finally, any automation or workflows that has specifically been implemented for a business may need to be adjusted to address the new declarations and data model.

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



What are some of the changes?

Data Structure & Elements

- B1** Export declaration and re-export declaration
- B2** Special procedure – processing - declaration for outward processing
- B3** Declaration for Customs warehousing of Union goods G3 Presentation of goods to customs
- G4** Temporary storage declaration
- H1** Declaration for release for free circulation and Special procedure – specific use – declaration for end-use H2 Special procedure – storage – declaration for customs warehousing
- H3** Special procedure – specific use – declaration for temporary admission H4 Special procedure – processing – declaration for inward processing
- H5** Declaration for the introduction of goods in the context of trade with special fiscal territories
- I1** Import Simplified declaration

In some case types can be combined, for example where a temporary storage declaration is lodged together with the arrival notification which would be G4+G2.

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/invoice, and invoice item type approach.

For Transit however the structure is 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.

In Denmark as in other countries it will also be possible and even possibly mandatory to send supporting documents via the Danish Customs' e-service Upload document and not via e-mail.



Data model

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 11 – Message information (including procedure codes)

This is generic information about the declaration – type of declaration e.g., Import or Export, Arrived or lodged in advance of arrival (Pre-Arrival).

But also, the Requested, Previous and Additional Customs Procedures. For Additional Customs Procedures it may be necessary to declare more than one with a mix of EU and National codes.

Group 12 – References of messages, documents, certificates, authorisations

As now there is the possibilities to declare produced and previous documents and additional information (no longer called Special mentions) but there are also specific data elements for additional references, transport documents and authorizations for example.

Group 13 – Parties

As well as the usual Consignee, Consignor and Declarant it is now also possible to declare Representative or Agent as well as Buyer and Seller and other parties relevant to the declaration.

Group 14 – Valuation Information – Taxes

As well as the normal invoice value and currency and freight charges, it is now also possible to declare additional amounts that should be added or deducted to reach the customs value; these may include such items as buying commission, tooling or royalties for example and can now be declared specifically rather than just a total value.



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Data model (notes)

- Used predominantly on Imports for supplementary declarations but can be used elsewhere to declare actual or estimated date/time of events, such as arrival, presentation, or departure.
- This would include the normal country of destination, dispatch, origin etc and the goods location. Country of Preferential Origin is now treated separately to Country of Origin.
- Where required used to declare a customs office by reference of their customs office ID involved in the declaration.
- This would include the Tariff Commodity Code, Goods Description but now also possibly the CUS code for chemicals as well as up to 99 additional Taric or national codes.
- This is the usual Transport and Container details; it is necessary to identify which shipment items are in each container rather than declaring container at item level.99 – Other elements (statistical data, guarantees, tariff related data)
- This last group not only includes for example any Quota number but also the Nature of the Transactional similar as used in Intrastat today.

For additional information

- Customs office: [Get an overview of the work with the new customs systems / The Danish Customs Agency](#) (toldst.dk)
- Tax office: [EMCS](#) (skat.dk)
- EUCDM 6.1: [EUCDM 6.1](#) (softdev.eu.com)
- EU Work Program: [UCC – Work Programme](#) (europa.eu)
- Descartes: [Customs Knowledge Centre](#)



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The Descartes Systems Group Inc.
www.descartes.com | info@descartes.com