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How to mitigate scrutiny on your imports from China

As the build-up to the Christmas trading season begins, shelves will start filling with merchandise imported from China.

However, there is an increasing possibility that shipping containers from China will be stopped and subjected to greater scrutiny by the UK's Border Force.



While it may appear that the selection of containers for examination is random, the Border Force uses intelligence and experience to target specific shipments.

They regularly discover shipments where the goods have been declared using incorrect tariff codes, and/or customs values which are too low, which is tantamount to evasion of customs duty. The highest success rates are on shipments from China.

The process of examination goes beyond a simple look into a shipping container to see if the goods match the descriptions declared.

When containers are selected, they are moved to an inland location, where, along with other containers from other ports, they are delayed pending the completion of enquiries.

These enquiries will seek to confirm that the value declared is the price actually paid or payable for the goods, and that the goods have been correctly classified to determine the right rate of customs duty. They will also check that the declared importer is a bona fide VAT-registered business, and that delivery instructions are compatible with the business.

Needless to say, these checks take time and disrupt the flow of goods, but can anything be done to reduce the risk of legally compliant shipments being held up in such a way?

The answer is 'yes' and it's called Authorised Economic Operator (AEO) status.

'Trusted Trader' status

A UK importer who has been successful in gaining AEO authorisation has demonstrated to HMRC that they have procedures in place to underpin the accuracy of their customs declarations.

This includes procedures for customs classification, valuation, preferential origin qualification (where applicable), as well as procedures to ensure that clearance agents are appropriately authorised and instructed.

In return, HMRC and the UK Border Force allow an AEO a degree of 'trusted trader' status, which reduces the risk of shipments being selected for examination for anything other than intelligence-based anti-smuggling checks.

AEO approval is not given lightly, however, and requires detailed documentation of key procedures, which are checked by HMRC during the application process. The applicant also needs to demonstrate solvency, professional competency and previous compliance with HMRC.

If you import goods and materials from China and/or would like a consultation to help decide whether AEO approval would benefit your business, please get in touch.

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