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SYSTEMS

POST-CUSTOMS CLEARANCE SOFTWARE BUYER'S GUIDE

INTRODUCING DIGITAL CUSTOMS ARCHIVES

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INTRODUCTION

Many companies struggle to fully comprehend and manage the complexity of international trade and its customs duty legislations. It becomes even more difficult to manage when compliance requirements, governmental audits, and customer demands are thrown into the mix.

As a result, we see that traders tend to rely heavily on their customs brokers and freight forwarders and fail to fully take on their own responsibilities.

If you are lucky, you have a customs clearance provider that strives to understand your business processes and can offer a complete service, advice, and support on anything related to import and export.

Traders need to take responsibility of the post-clearance process
In the end it is the responsibility of the trader, to ensure that the data needed to create customs declarations is accurate.

Especially in the post-clearance phase, we experience that knowledge and attention are lacking.

- What happens to your customs documents after customs clearance?
- Do you have sufficient routines in place for gathering, archiving, and verifying the customs documents?
- Are you confident that the information in the documents is correct?

If you're now feeling a bit unsure or worried about your company's post-clearance routines, fear not. Digital customs archives are developed to help you improve and streamline this very process.

THE PURPOSE OF THIS GUIDE

Our experience, after onboarding more than 3000 customers across Europe, is that the concept of digital customs archives is unknown to many before talking to us. Further, and more importantly, many companies lack routines for performing internal controls and self-audits of their customs documents post-customs clearance.

To raise awareness, we have created this buyer guide. Our aim is to provide a comprehensive understanding of what digital customs archives are and what to consider when reviewing them.

More specifically, in this guide, we set out to explain:

- What digital customs archives are
- What challenges they can help solve, use-cases and scenarios
- Where they fit into your complete customs process
- What features and requirements you should look for when reviewing and comparing solutions

Many businesses do not have adequate internal control and self-auditing routines after customs clearance

EVALUATING CURRENT SET-UP AND ROUTINES

First, let's start with getting an overview of the current set-up and routines.

This includes looking at how customs declarations and supporting documents are:

- Collected from customs brokers / freight forwarders
- Stored and archived
- Controlled, verified and audited

The collection of customs declarations

- How do you receive your declarations today?
- What kind of supporting documents do you receive?
- Do different customs brokers / freight forwards also mean different methods for receiving documents?

Current archive solution:

- Access: How easy is it to access the archive – from where, and by whom?
- Findability: How easy it is to find / search for documents (the five year olds as well as last weeks)?
- Importing & Exporting: How easy is it to add more documents? Or export them?
- Compliance: Does your current archive met the technical requirements set by your Customs, Tax and Revenue authorities?

Current routine for internal control and self-audits:

- How often do you perform self-audits?
- What do you look for, and what do you match the information against?
- How many (percentage) of your declarations do you control?
- How do you judge your own Audit-readiness? If selected for an audit tomorrow, what feelings would arise?

No routines yet?

If you do not have routines for all this today, don't worry.

This is a scenario we often meet, and we have many customers that have gone from practically having no routines in place to a comprehensive post-clearance routine in just a few simple steps.

CHALLENGES & GOALS

The evaluation of your current set-up and routines should also identify current challenges, either in the current routines or caused by lack of routines.

What are your current challenges?

The most frequently mentioned challenges we hear are:
- Inadequate routines
- Manual and time-consuming tasks
- A nagging feeling of lack of control

What are your goals?

Just as important as identifying current challenges, are setting goals for what you hope to improve or accomplish by implementing a digital customs archive and/or improving your post-clearance routines.

The top three reasons our customs states for implementing a digital archive are:
- Improve audit-readiness and internal control
- Improve customs data accuracy and detect errors
- Reduce time spent chasing documents

WHAT ARE DIGITAL CUSTOMS ARCHIVES?

If we start of defining digital customs archives by simply dissecting the term, get an idea of what we are dealing with:

- Digital: IT cloud-based software and universal accessible
- Customs : It's built to support the customs process and customs documents
- Archive: It's for storing and archiving documents

More than "just" an archive

Don't let the use of the term "archive" fool you, a digital customs archive can be much more than just a place to store your customs documents. Just as important is what happens after the customs documents are gathered and archived, when the documents are controlled and verified, errors detected, and data analysed.

Automating the gathering and archiving of customs documents

Using a digital customs archive can automate the process of gathering customs declarations and supporting documents from all the company's customs brokers and freight forwarders.

Once received, all documents are stored and archived in a searchable archive for as long as is required by the authorities in the countries you operate in.

Detecting and requesting missing declarations

Within the platform, you can upload statistics from the government, such as HMRC's MSS & CDS statistics report in the UK, Norway's Customs Declaration Overview and Sweden's Import / Export Statistics. Matching this information with your received declaration, you can detect and request missing declarations from your customs brokers without leaving the platform.

Analyse your customs data

Furthermore, digital customs archives are useful tools in internal controls. Run reports, filter data, track discrepancies and match invoices against accounting.

PLACING DIGITAL CUSTOMS ARCHIVES

Where do digital customs archives fit into the customs clearance process?

We describe it as software for the post-customs clearance. The use and value of digital customs archives come into full force after the customs clearance process has taken place.
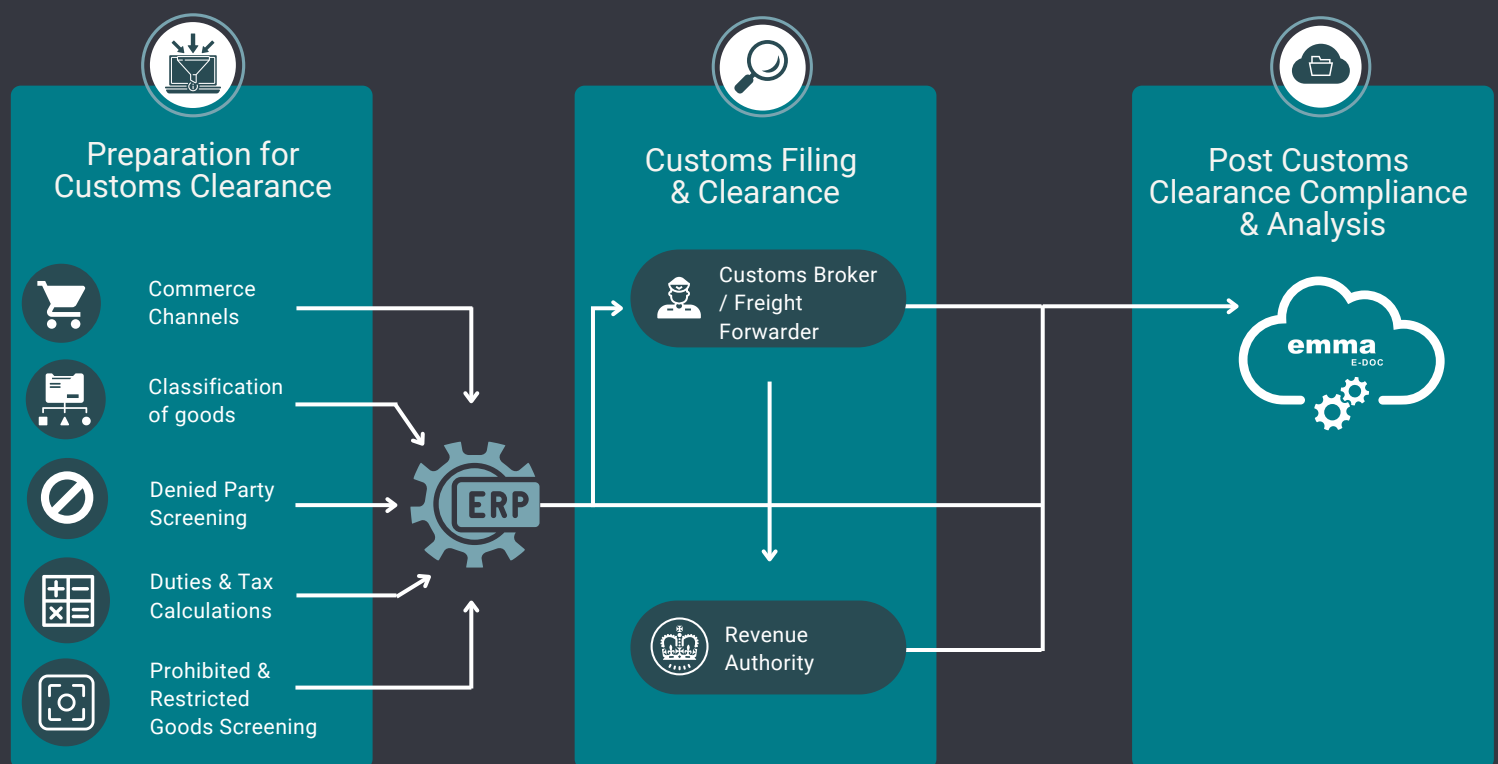
Preparation for Customs Clearance

- Commerce Channels
- Classification of goods
- Denied Party Screening
- Duties & Tax Calculations
- Prohibited & Restricted Goods Screening

ERP

Customs Filing & Clearance

- Customs Broker / Freight Forwarder
- Revenue Authority

Post Customs Clearance Compliance & Analysis

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Illustration: Placing digital customs archives in the customs clearance process

USE CASE EXAMPLE

Improving internal control & audit-readiness with a digital customs archive

Overview

- Holistic view of all declarations regardless of customs broker / freight forwarder
- Immediate visibility of all VAT rates applied at country level for the product imported

Search

Search for incorrect declarations based on Country of Origin and/or preference codes

- Intuitive search functionality
- Increased visibility of any incorrect declaration
- Report errors to customs broker for reprocessing and potentially reimbursement

Compliance

Ensure compliance on both the corporate and authority levels with self-auditing features.

- Provide eviential proof of period and random audit checking to both business shareholders and revenue authorities

Analyse

Data can be analyzed for revenue as well as corporate compliance by consolidating all declarations on one platform.

- Documents and declarations are centralised in a single cloud-hosted archive
- Accessing each customs broker's individual portal is no longer necessary
- Using historic data to over time improve performance and educate suppliers, ensuring they provide the correct supporting documents such as GSP certificates

To record actions taken to rectify incorrect declarations, parameters based on terminology and processes specific to the business should be configured.

- Add custom fields to capture business-specific information
- Intuitive interface that is recognisable for the business

USE CASE EXAMPLE: RETAIL SCENARIOS

Here are some common challenges faced by international retailers that a digital customs archive can help resolve.

Goods covered by a preference agreement

A Nordic fashion brand and global retailer faced the following challenge: They were lacking an easy post-customs method, to identify declarations where the customs broker had entered incorrect Country of Origin or preference code. This caused significant supplier management issues, as well as substantial overpayment on duties and VAT.

Re-importing goods you have previously exported

A large fashion brand and retailer based in the UK, faced the following challenge: Experiencing significant growth, they realised they had lost control of duty payments, both debit and credit. They were lacking a way to quickly identify imports that were based on returns, either directly from customers or end-of-season store and concession returns. They needed of a solution capable of analysing their data and including intuitive audit capabilities.

Importing goods to process or repair them

A renowned fashion and sports equipment brand and global retailer from the UK faced the following challenge: They had no easy way to quickly identify their imports that were done based on repairs, warranty or customer requests. As a consequence, they were not 100% sure they were processing repairs in a commercial accurate manner.

WHAT TO LOOK FOR?

There are several features and technical requirements to be aware of when reviewing digital customs archives and similar solutions. On this and the next page, we highlight some of the important ones.

IS THE SOLUTION PURPOSE-BUILT FOR CUSTOMS DATA?

Make sure the solution is built to support the complex world of customs. Generic document management solutions might miss valuable features. You should look for solutions that support tasks important for your post-clearance routine, such as:

- Uploading and matching governmental statistics for customs, duties and VAT
- Match customs data against accounts data?
- Filter the collected data to get information based on e.g. Country of Origin, Customs procedure code or customs broker used?

HOW DOES THE SOLUTION GATHER DATA?

How are the customs declarations collected and added to the solution?

- Manual, semi-manual or automated process?
- How many connected customs brokers / freight forwarders are connected?
- What about supporting documents?

IS THE SOLUTION BROKER-AGNOSTIC?

Some customs brokers and freight forwarders offer portals where customers can access their documents. If you only use one broker / forwarder, this might be sufficient for you, but with multiple vendors, you need a broker-neutral solution that collects documents from all vendors.

WHAT IT SET-UP OR INTEGRATIONS ARE NEEDED?

Is it an out-of-the-box solution or are integrations to your other IT systems needed?

- What are the system requirements?
- Is any IT projects required, besides the cost of the solution?
- Are any integrations needed?
- Is the solution cloud-based?

CHECKLIST: REVIEWING DIGITAL CUSTOMS ARCHIVES

Consider the following features and technical requirements when reviewing digital customs archives and similar solutions.

Gathering declarations functionality

- [ ] Out-of-the-box set-up with no IT Integrations needed
- [ ] Can receive declarations from any agent / vendor
- [ ] Can receive supporting documents from any agent / vendor
- [ ] Can detect missing declarations
- [ ] Can request missing declarations from all agents from within the solution
- [ ] Option to manually add missing declarations

Archiving functionality

- [ ] Offers easy access from anywhere
- [ ] Offers holistic view of all declarations, supporting documents and customs data
- [ ] Meets storage period legislations set by the government
- [ ] Meets technical requirements for archiving set by the government

Internal control & auditing functionality

- [ ] Can match data against Government authorised statistics for customs, duties and VAT
- [ ] Includes intuitive search functionality
- [ ] Includes function to detect incorrect declarations and custom data
- [ ] Option to report errors to customs brokers for reprocessing and potential reimbursement
- [ ] Can utilise historic data to improve and educate suppliers
- [ ] Option to add custom fields to capture business-specific information
- [ ] Can match customs data against financial data and accounts
- [ ] Can export data and reports
- [ ] Can provide evidential proof of period to business shareholders and revenue authorities
- [ ] Can provide evidential proof of random audit checking to business shareholders and revenue authorities

CONCLUSION

At this point, we hope you have a better understanding of what digital customs archives are. You should also be able to assess the benefits of purchasing such a solution and compare solutions in order to find one that will be a perfect fit for your organisation.

To summarise the key take aways in this guide are:

A lack of internal control procedures and self-audits is common in the post-clearance stage

Many companies lack routines and solutions to support them in this phase. With the help of digital customs archives, companies can establish a comprehensive post-clearance routine in just a few simple steps.

More than an archive

A digital customs archive can be much more than just a place to store your customs documents.

Just as important is what happens after the customs documents are gathered and archived, when the documents are controlled and verified, errors detected, and data analysed.

The importance of picking a broker agnostic solution

If you are using multiple customs brokers / freight forwarders you should opt for a vendor neutral solution that collects and stores documents from all vendors.

Easy set-up and no integrations needed

Digital customs archive differs from many other customs software that requires integration to other IT systems.

In the remaining pages of this guide, you can learn more about our digital customs archive Emma E-Doc. Get in touch if you have questions or want to learn more.

Good luck picking a digital customs archive and improving your post-customs clearance control!

THE SOLUTION

Emma E-Doc

1

Out-of-the-box setup with a personal touch

The provision of the solution is made available and ready to use without any IT integrations required from the customers' side. However, we always strive to understand the customs challenges of our customers and tailor the onboarding and training to meet customer needs.

3

Declaration data transfer - you are ready to go!

Once declarations and documents are received, the solution instantly transfers all available data to the relevant fields.

Declaration process date is default for search results, you can also easily sort and search by any common field in the C88/SAD document.

Within seconds, the data is presented in the format set by the customer and the process of identifying errors and initiating resolutions can begin.

2

Getting customs brokers and freight forwarders on-board

The second part of implementation is to support customers with templated customs broker instructions. To enable a holistic overview of all declarations and data, it is important to get all brokers / forwarders on-board. Luckily, the effort needed from the brokers / forwarders is minimal as the solution supports both XML data transfer and sending PDFs by email. No integration or development is needed. Future brokers / Forwarders can easily be added when needed.

4

Added benefit: All your declarations in one place

As an additional benefit, you now have a single, consolidated archive of all declarations and supporting documents. The archive meets requirements set by the authority regarding storage period and system requirements. The archive content can easily be searched, compiled, and exported in case of an audit.

Emma E-Doc

Available across Europe

3 000 + customers

350+ connected customs brokers transferring customs data to Emma E-Doc

Questions?
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