



THE IMPORTANCE OF CUSTOMS COMPLIANCE AND ELECTRONIC DATA QUALITY

DHL Express – Excellence. Simply delivered.

EXTERNAL USE

“

Regulatory Authorities across the globe are moving towards a fully data-driven environment to enable efficient and risk-based clearance processes.

Complete & accurate goods line item data is **THE KEY ENABLER** for our fast and compliant Clearance processes, avoiding delays and fines & penalties for our Customers and DHL.

We encourage all our Customers to embrace the opportunity of connecting systems and providing accurate data electronically to enable a fast and fully compliant Clearance experience!

It is our joint priority to make it happen and we count on your support.

”

John Pearson
CEO DHL Express



THE IMPORTANCE OF CUSTOMS COMPLIANCE

It is of critical importance for your business to be compliant with Customs Regulations and Clearance processes.

Complying to customs regulations will enable you to:

- Fully comply with Security/Safety Screening
- Minimize unnecessary transit time and Clearance impacts
- Enable correct assessment of duties and taxes
- Reduce the possible risk of fines and penalties
- Avoid unnecessary customer-service contact for you and your customers to request additional information
- Leverage the most simplified and beneficial Customs scheme / process for your business

CUSTOMS COMPLIANCE

TO AVOID SHIPMENT DELAYS AND ENSURE COMPLIANCE, YOU NEED TO PROVIDE:



1.

AN ACCURATE GOODS DESCRIPTION AND HS CODE



THIS WILL RESULT IN

Enabling Customs to identify the goods based on the data provided and conduct security/safety screening without stopping your shipment



2.

COMMERCIAL / PROFORMA INVOICE DATA ELECTRONICALLY



THIS WILL RESULT IN

Enabling DHL Express to clear your shipments through Customs without delays based on electronic transmission of your Commercial/Proforma Invoice line item data

✓ PROVIDE AN ACCURATE GOODS DESCRIPTION AND HS CODE

WHAT IS AN ACCEPTABLE GOODS DESCRIPTION?

About Acceptable Goods Descriptions

- Acceptable Goods Descriptions include **complete information**, providing **sufficient detail** about the precise nature of goods in plain language
- It should indicate **what** the goods are, for **which purpose the goods are used** and **what is made of**.
- Goods descriptions must be accurate to enable Customs authorities to identify prohibited/restricted goods as well as perform adequate **risk profiling for safety and security reasons**

Why is this important?

Customs Authorities are increasingly requesting **complete and accurate goods descriptions** in order to perform security/safety screening even before shipments leave the origin country. Without accurate information, we will not be able to uplift your shipment.

✓ PROVIDE AN ACCURATE GOODS DESCRIPTION AND HS CODES

EXAMPLES OF UNACCEPTABLE AND ACCEPTABLE

LINE ITEM GOODS DESCRIPTION AND HS CODES ON YOUR COMMERCIAL / PROFORMA INVOICE

Please find below some illustrative examples of the expected level of goods description on the Commercial / Proforma Invoice:

Unacceptable Example



Acceptable Example



Samples



Samples of curtains (including drapes) and interior blinds; curtain or bed valances of cotton
HS Code: 6303.91.XXXX *(last digits are country-specific)*

Parts



Parts of pumps for liquids, whether or not fitted with a measuring device; liquid elevators
HS Code: 8413.91.XXXX

Gifts



Sunglasses with lenses optically worked
HS Code: 9004.10. XXXX

Textiles



T-shirts made of cotton, knitted or crocheted
HS Code: 6109.10. XXXX

✓ PROVIDE YOUR COMMERCIAL / PROFORMA INVOICE DATA ELECTRONICALLY

WHY DO WE NEED ELECTRONIC COMMERCIAL / PROFORMA INVOICE DATA?

About Electronic Commercial / Proforma invoice Data

DHL Express expects to receive your Commercial / Proforma invoice data electronically, together with the shipment data. In this way the customs clearance process can start immediately giving huge advantages in terms of quality and lead time performance:

- Complete & accurate Customs declaration with minimum human intervention
- Fast & automated Customs clearance processes for both exports & imports
- Increased level of service quality, enabling clearance prior to arrival of goods
- Enhanced level of trade compliance toward Customs authorities
- Enablement of risk-assessment (e.g. dangerous goods identification) prior to goods arrival

Why is this important?

To avoid delays in the clearance process due to wrong or missing information, by providing your shipment and Commercial / Proforma invoice line item to DHL Express electronically.

The following slides will guide you through the key data elements that we require from you.

✓ PROVIDE YOUR COMMERCIAL / PROFORMA INVOICE DATA ELECTRONICALLY

OVERVIEW OF KEY DATA ELEMENT CATEGORIES (1/2)

In order to clear your shipments with Customs authorities & avoid clearance delays, fines or penalties, it is essential that the following information is provided completely and accurately.

	Data Element Category	Example	Why Is This Important?
1	Shipper & Exporter of Record (EOR)	Shipper & Exporter of Record (EOR): John Shipper Road Name, No Zip Code Country	Legally required for security filing and as part of a compliant customs declaration
	Receiver & Importer of Record (IOR)	Receiver: Paul Receiver Road Name, No Zip Code Country Importer of Record (IOR): Tom Importer Road Name, No Zip Code Country	
2	Contact (e-mail, mobile number)	John.Shipper@email.com +12 3456789 Paul.Receiver@email.com +98 7654321 Tom.Importer@email.com +45 6478391	To contact in case of missing paperwork / information, avoiding clearance delays so we can clear customer shipment as quick as possible
3	Registration Number	Number: 12345678910	Critical info for DHL to clear the shipment (i.e. tax & customs registration of the parties involved). If customer wants to use a shipper VAT collect model, DHL requires the shipper's VAT Registration (e.g. IOSS, LVG, OSR), otherwise VAT potentially is charged twice.
	Type	Type: EORI Number	
	Issuing country	Issuing Country: Belgium	
4	Type (Business / Private)	Type: Private or Commercial , B2C or B2B	For compliant customs clearance and to ensure the correct Deminimis threshold and duty exemptions are applied
	Reason for Export	Reason for Export: Repair and Return	

✓ PROVIDE YOUR COMMERCIAL / PROFORMA INVOICE DATA ELECTRONICALLY

OVERVIEW OF KEY DATA ELEMENT CATEGORIES (2/2)

In order to clear your shipments with Customs authorities & avoid clearance delays, fines or penalties, it is essential that the following information is provided completely and accurately.

	Data Element Category	Example	Why Is This Important?
5	Line Item Goods Description	Sunglasses with lenses optically worked	Legally required for security filing and as part of a compliant customs declaration
	Line Item HS Code for Export / Import Line	9004.10.XXXX* (*last digits are country-specific)	
	Item Country of Origin	China	
	Line Item Quantity and Measure	3 units (sunglasses)	
6	Goods Line Item Value & Currency	Goods Line Item Value: US\$150 (x 3 units)	Legally required for as part of a compliant customs declaration
	Total Other Monetary Amount	Insurance: US\$ 25	
	Total Freight Value & Currency	Total Freight: US\$ 50	
	Total Invoice Value & Currency	Total Invoice: US\$ 525	
	Incoterm and Place	Incoterm: EXW Place: Shanghai / China	
7	Total Gross Weight & Unit	0.5 kilograms (KG)	Legally required for security filing
8	WB Number	WB Number: 123456789	Legally required for compliant customs declaration
	Customs Document Date Customs Document	Customs Document Date: July 22 nd 2020	
	Type and ID	Type: Commercial Invoice ID: 98765543	

CUSTOMS DATA QUALITY

CUSTOMS AUTHORITIES ACROSS THE WORLD ARE CHANGING...

Global Customs Trends & Implications

Customs Authorities are changing from traditional fiscal-driven gatekeepers at the border to an organization driven by Security & Trade Facilitation, supported by Information Technology → **demanding high-quality electronic data for a smooth customs clearance**

KEY TRENDS

Pro-Active Security & Risk Assessment

(to protect borders against threats & illegal goods)



KEY IMPLICATIONS

Risk assessment done before shipments are loaded at origin

→ **requiring detailed invoice line-item electronic data**

Increased Protectionist Tendencies

(especially on e-commerce low-value shipments)



Collection of Duties & Taxes on low value B2C shipments

→ **requiring accurate line-item declared value of the goods**

Focus on True Shipper & Receiver Identity

(to avoid "intermediaries" as shipper/receiver)



Full transparency & control of parties involved on transaction

→ **requiring complete true shipper & receiver information**

Digitalization, Automation & Data Analytics

(accelerated during the COVID-19 pandemic)



Authorities moving away from a paper-based environment

→ **requiring high-quality electronic data for smooth clearance**

CUSTOMS DATA QUALITY

CUSTOMS AUTHORITIES ACROSS THE WORLD ARE CHANGING...

GLOBAL
EXAMPLES

Global Customs Trends & Implications

Customs Authorities are changing from traditional fiscal-driven gatekeepers at the border to an organization driven by Security & Trade Facilitation, supported by Information Technology → **demanding high-quality electronic data for a smooth customs clearance**

KEY TRENDS

Pro-Active Security & Risk Assessment

(to protect borders against threats & illegal goods)



GLOBAL EXAMPLES

- ✓ European Union (EU) Import Control System (ICS) 2
- ✓ UK Pre-Load Data Informed Cargo Targeting (PreDICT)
- ✓ USA Air Cargo Advance Screening (ACAS)

Increased Protectionist Tendencies

(especially on e-commerce low-value shipments)



- ✓ European Union (EU) VAT DeMinimis Removal
- ✓ Singapore GST for DeMinimis Shipments
- ✓ Turkey Taxes Percentage (%) Increase for B2C Shipments

Focus on True Shipper & Receiver Identity

(to avoid 'intermediaries' as shipper/receiver)



- ✓ Indonesia Tax ID Number (NPWP)
- ✓ China USCI (Unified Social Credit Identifier) code
- ✓ Importer ID for B2C shipments (*multiple countries*)

Digitalization, Automation & Data Analytics

(accelerated during the COVID-19 pandemic)



Underlying element across multiple regulatory changes & countries across the world, e.g. EU ICS2, UK PreDICT, etc.




DHL ELECTRONIC SHIPPING SOLUTIONS

Whatever shipping system you use today, we can support you to ensure that it is clear what you need to do to provide Commercial / Proforma Invoice line item data to us electronically.

Please contact your sales representative or the DHL Electronic Shipping Solutions Team for more information.

KEY TAKEAWAYS

Providing Accurate Electronic DATA is a foundation to ensure your business compliance, shipment service quality and transit time commitments. It is important that ALL Customers and Shippers:

-  Transmit complete & accurate Commercial / Proforma Invoice line item DATA electronically
-  Include Line Item Goods Description & 6 Digit HS Code
-  Ensure that you are using the latest version of DHL Electronic Shipping Solutions



If you have any questions or are not yet providing DHL Express with complete and accurate commercial invoice data electronically, please contact your sales representative or the DHL Electronic Shipping Solutions Team to understand the options available and those most suited to your business.

DISCLAIMER

While we have made every attempt to ensure that the information contained herein has been obtained, produced and processed from sources believed to be reliable, no warranty, express or implied, is made regarding the accuracy, adequacy, completeness, legality, reliability or usefulness of such information. All information contained herein is provided on an "as is" basis. In no event will DHL Express, its related partnerships or corporations under the Deutsche Post DHL Group, or the partners, agents or employees thereof be liable to you or anyone else for any decision made or action taken in reliance on the information contained herein or for any consequential, special or similar damages, even if advised of the possibility of such damages.