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How to obtain and correctly file electronic customs documents

Dear Sir or Madam,

If your company imports goods, then customs will levy the value added tax that is due as so-called import sales tax and you will either be charged through the post office or by the shipping company. If your company is VAT-registered, you can claim this tax back through your VAT filings – if the customs papers are formally correct and you have them available in the correct form.

Until the end of February 2018, these customs decisions were available on paper. The documents that were relevant for import were printed on yellow papers and sent out, and if you had the original document the whole matter was pretty much dealt with already, and the deduction of input tax was no problem at all. However, since March 2018 customs no longer issue import documents on paper. These documents are only available electronically, and you must download them yourself, and you must also archive them correctly and long-term. If you want to avoid any surprises, e.g. have all input tax claimed on imports nullified due to formal error for the last five years, you need to consider a few points:

Formal requirements for import assessments

On import documents (specifically customs decisions for duty and VAT) many different addresses are listed, for example the shipper, the receiver, the importer and the forwarder. For the issue of VAT, the importer is key – only if your company is listed as an importer are you entitled to claim deduction of input tax. Please ensure that not only your name and your address but also business identification (UID) number are correct; and that you pass this on to your forwarder or supplier sufficiently early that the documents are correct from the beginning.

In what form are the customs documents available?

Tax assessments are now only available electronically for downloading and have not been printed and sent out on paper since March 2018.

When downloading or collecting these documents, it is important to check that they are complete. Per import there is a customs decision for duty and one for import VAT, and you need both. Should you have your own ZAZ customs clearing account, then you also receive a 'bordereau' which will summarize all decisions per day. However, even if you have such a bordereau the tax assessment decisions which serve as a basis are indispensable.

Each of these documents is issued electronically as three different files. One of these files is a PDF which you can easily read, but it has no legal significance. Furthermore, there are two XML files that are not easily viewable by humans. However, these machine-readable data are legally binding and contain evidence that the document is true and unaltered. It is imperative that you have all three files. Additionally, these files must be stored electronically in such a way that even after years they are readable without any changes. Printing the PDF has no legal significance, just like the PDF file itself, and is not considered a VAT compliant original.

How to obtain your customs documents?

There are various options how you can obtain the documents; and their suitability strongly depends on your business volume:

1. Collection via access code

With each customs decision an access code will be generated which your forwarder will communicate together with the decision number. With this information you will be able to access your customs documents via the web. You need to do that for each decision. This is also quite cumbersome as you need to copy long letter passwords by hand before these documents will be sent to you via email, and for their decryption, i.e. to open them, you need to type in the password again. Should you, in a few years' time, be unable to find the individual password belonging to a specific decision you will then be unable to open this document any more. On the other hand, you are not required to register with this procedure.

2. Web-GUI

Here, too, you manually obtain the documents via the web. However, your company needs to register first and then receives a decryption certificate. Thus the cumbersome administration of the various access codes can be avoided, and to a certain degree you can call up at one time several documents of your business identification number or your ZAZ clearing account. Apart from internet and web browser you require no specific software, but even this procedure still requires some manual effort.

3. Automatic document collection via specific software

Here you will be using a commercial software that automates the entire document collection, and automatic document checks, search functions, reporting and a legally watertight long-term storage are integrated as well. If required, direct links to your financial software can also be implemented. The downside of this carefree package is, of course, that a certain amount of cost is involved. For our VAT fiscal representations we prefer to use declareit Dutax by market leader SISA, and our experience has always been very good.

Which procedure is useful at what time?

For companies with a very small amount of imports the first option is suitable – however, it is rather uncomfortable and very soon reaches its limits. Particularly the assurance that in a few years' time you can still find the right files and its passwords can be a delicate issue.

In comparison, option 2 is much simpler, and more reliable in handling as well. Even with a few imports per week it can be regarded as acceptable. However, should the volume of imports increase then this option will equally become cumbersome at some stage.

For large to very large volumes and a multitude of customs declarations per day, option 3 is best. True, this option may create external costs; however, you ought to view them in relation to the risks you are avoiding (e.g. due to a lack of correct documents unlawful claims for deduction of input tax). In any case, option 3 is the most reliable and most comfortable solution and still works with thousands of documents per day.

In the course of our VAT fiscal representation mandates for foreign mail order companies, artax also takes care of handling the ZAZ customs clearing accounts and, in cooperation with SISA, also takes over the administration, check and archiving of customs documents. Should you wish us to advise or support your company in this field, then we are certainly at your disposal.

Kind regards
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