C4T

MASP✴

the digital future of customs

The EU Multi-Annual Strategic Plan for Electronic Customs sets out to completely replace paper-based customs procedures by 2025

In this Paper

The world of customs is evolving at a swift pace, with changes to global legislation, national policies, and industry regulations taking place almost daily. Given such rapid developments, digitising customs operations is becoming essential for traders, customs authorities, and the whole supply chain. Collaboration and information sharing between all actors involved is crucial to ensure trade compliance and efficiency of business processes.

Modern challenges such as Brexit, war in Europe, and increasing trade sanctions are making a digital approach even more necessary in order to ensure that trade flows are not disrupted. Businesses that have not digitised their customs processes have to rely on manual data input, Excel spreadsheets, and email conversations, which often lead to errors, rejected customs declarations, delayed shipments, and trade disruption.

Real-time trade facilitation, simplification, harmonisation, and digitisation of customs formalities have been mandated by governments worldwide, with strict deadlines already in place. Therefore, a smart, digital customs system is essential for future global trade.

What is MASP?

In the European Union (EU), new policies for electronic procedures are outlined in the Multi-Annual Strategic Plan for Electronic Customs (MASP-C), with paper-based customs procedures set to be completely replaced by the middle of 2025. MASP-C sets guidelines that will accomplish multiple strategic objectives.
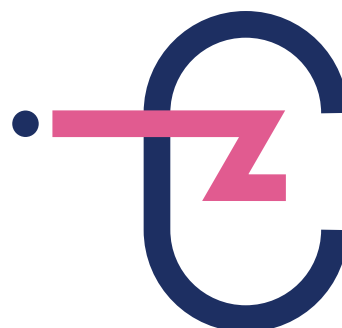
+ **Provide legal, business, and technical governance for new IT projects in the area of customs In-house customs team**
+ **Align all EU customs systems with the Union Customs Code (UCC) and Common Transit Convention (CTC) Assured compliance**
+ **Facilitate more efficient trade**
+ **Enhance security at the EU's external borders**
+ **Reduce smuggling and fraud with more traceable processes**

In short, MASP's objective is to evolve customs compliance and international trade through improving and replacing existing customs systems and developing new ones to create a more efficient and modern customs environment.

Advanced technologies have already begun to automate global supply chains. However, the scope and potential for using the latest technology to further facilitate cross-border trade is far greater and has been explored by international organizations, the private sector, academia, and other stakeholders.

The role of advanced technologies and cross-border trade: A customs perspective" World Trade Organization, World Customs Organization
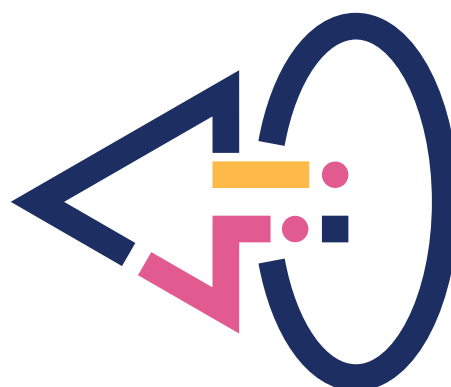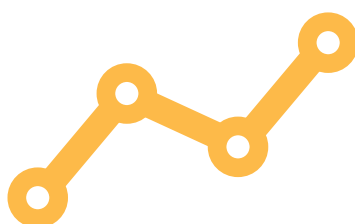
This IT-driven initiative will require the customs authorities of all EU Member States, as well as every company that participates in international trade with EU Member States, to restructure their IT systems and business processes. As you can imagine, this presents an enormous transformation for national customs authorities and economic operators alike.

Most Member States have already started overhauling their customs systems, replacing them with modern, scalable platforms that will benefit both businesses and citizens in the long run. However, there will be considerable growing pains and learning curves as these new systems roll out. Traders need to adopt new processes, supply different data sets, and build out the IT functionality to integrate and comply with the new systems in each of the 27 EU Member States.

MASP requirements

The modernised customs systems that will be implemented as a result of MASP must adhere to UCC principles, including:

+ **mandatory use of electronic processing techniques for the exchange and storage of information between various customs authorities as well as between customs authorities and economic operators.**

+ **uniform application of the UCC across all Member States, including the use of internationally accepted data models and message formats.**

+ **adoption of a work programme to support the upgrading or development of the electronic systems and associated processes. This includes setting up transitional periods and regular review of that work programme.**

+ **the use of non-electronic processing techniques on a transitional basis, up to 31 December 2023, where electronic systems are being upgraded or developed.**

What MASP means **for traders**

If you are lodging customs declarations or using Customs Special Procedures in any EU Member State, you will need to be familiar with the changes required on your end to transition from one system to another. In some countries that have already implemented more advanced customs systems, transitioning is as simple as registering for the new customs system, but most customs systems will require much more impactful adaptations, for example:

+ Changes or expansions to the data required to make a customs declaration.

+ Changes and additions to code lists and what needs to be entered into certain customs declaration fields in order for your goods to clear customs.

+ Changes to declaration filing processes that are no longer supported by your current way of working.

+ New authorisations.

These changes can have serious consequences on trade flows and, therefore, you need to be completely familiar with the new requirements. Take action by consulting your customs broker(s) or customs software provider to discuss how they are dealing with upcoming system changes and how they can help you prepare well in advance of the deadlines.

If you are managing multiple flows in several countries, you need to take into account specific changes, attention points, and deadlines in all of the countries you operate in, as they may vary from country to country. It is important not to underestimate the time it will take to prepare.

"Around half of customs authorities use some combination of big data analytics, AI, and machine learning, while the other half plans to do so in the future. The majority of respondents see clear benefits from the technology, where risk management and profiling, fraud detection, and greater compliance are the most prevalent."
The role of advanced technologies and cross-border trade: A customs perspective"
World Trade Organization, World Customs Organization

Example: <u>MASP implementation in the Republic of Ireland</u>

The Republic of Ireland is one of the Member States that has already implemented MASP. The chart below lists the dates that the changes took place. All customs supply chain operators must use software that can interface with these new systems.

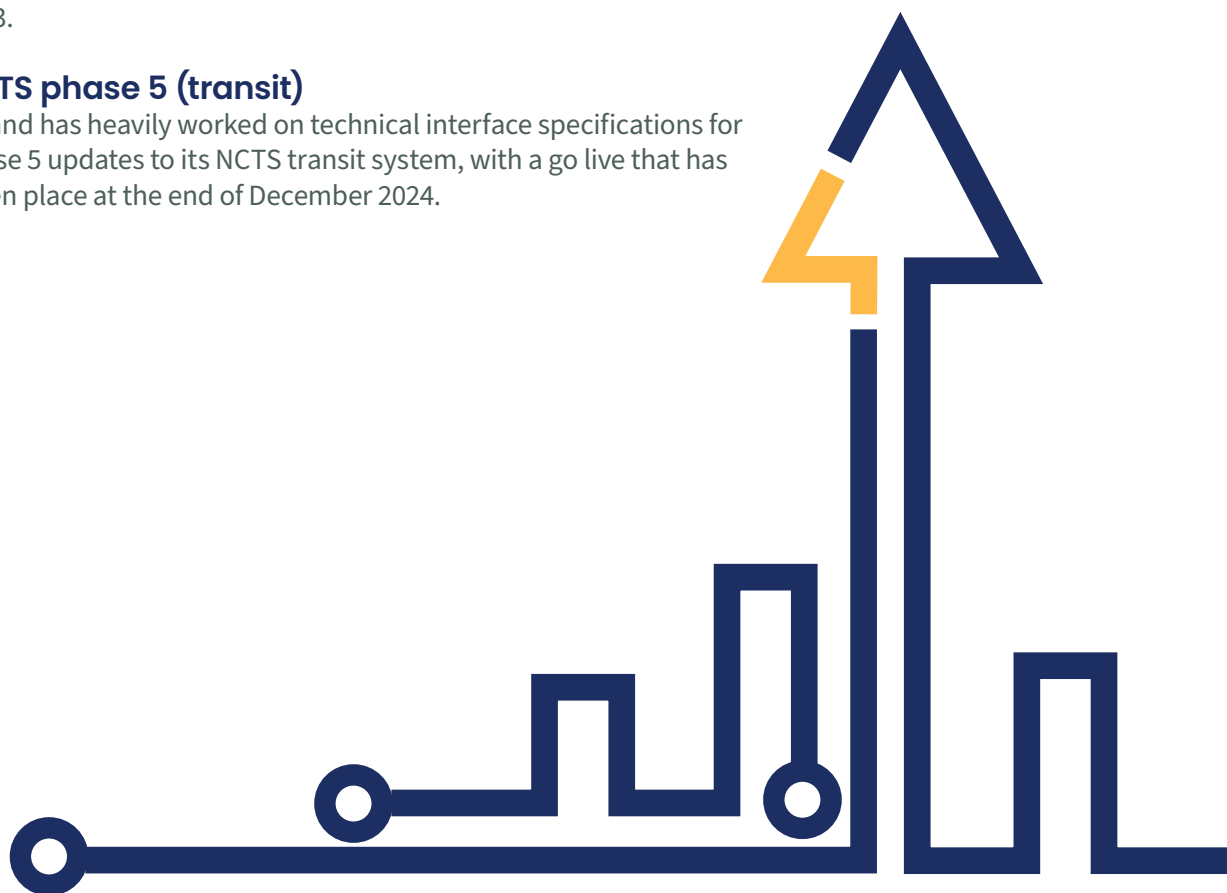## Republic of Ireland customs system changes

AIS (import)
The Automated Import System (AIS), the new electronic system built within the MASP framework, replaced AEP and eManifest for imports on the 4th October 2019.

AES (export)
Exports managed through the Automated Entry Processing (AEP) system were replaced with the Automated Export System (AES) in May 2023.

NCTS phase 5 (transit)
Ireland has heavily worked on technical interface specifications for phase 5 updates to its NCTS transit system, with a go live that has taken place at the end of December 2024.

Customs system changes

MASP project planning

The MASP project plan has evolved over time, with deadlines changed or extended and projects and priorities shifted. Although a lot has been implemented over the years that the plan has been in place, the next years have further systems updates in store. There are several imminent country systems changes we want to highlight in this whitepaper, as they will be most impactful to traders.

AGS to DMS:
in the Netherlands

Dutch customs has migrated to a new declaration system, DMS 4.0, which replaced the AGS declaration system, and DMS 4.1 which replaced the GPA and SPA processes. These changes require technology-driven processes that can cope with the new, highly automated, real-time declarations.

The new DMS system tracks everything online, and compliance is assured. With this move from manual to electronic, real-time filing, Customs can trace the goods more easily.

The new process of DMS 4.1:

The goods enter the Netherlands and are sent to a warehouse, imported for inward processing, temporary admission, or end-use.

The goods are presented to Customs based on the data provided and an EIDR is generated.

Within 10 days a supplementary declaration is generated, giving the status of the goods so they can be released into free circulation.

Each entry into the records requires a separate supplementary declaration.

There is now a line item/goods limit of 999 per declaration. this is restricted to 250 lines for the time being during the testing phase.

DMS requires a different mindset compared to GPA/ SPA with slightly different flows. Traders need to know their volumes, think in terms of processes, and be aware that timing is key.

AEP to AES:
in Ireland

Irish Revenue has deployed AES to replace AEP export and eManifest systems. AES was introduced in March 2023 and is used for export declarations for all goods moving outside the EU.

AES changes:

New data set for export declarations, with 'Data fields' and SAD 'boxes' replaced by 'data elements'.

AES allows you to lodge an export declaration up to 30 days before goods are presented to Customs. If export declarations are lodged pre-presentation, a presentation notification will need to be submitted.

Where goods in temporary storage are re-exported from the EU without having been declared for another customs procedure, a re-export notification will be required.

Changes to the process flow have been put in place to confirm the exit of goods from the EU.

Delta G to Delta IE:
in France

DELTA IE will gradually replace DELTA G and X. DELTA Import went live on November 26, 2024, with a migration window until May 2025. The current deadline for DELTA Export is foreseen for the end of 2025, still to be confirmed by customs authorities. Delta T with NCTS5 has gone live on November 25, 2024 with a migration window until January 20, 2025.

What is changing?:
Most of the information currently provided in declarations will remain the same. The way of integrating them is changing.

Data is changing and will need to be divided:
special mentions
accompanying documents
special tariff provisions
National Additional Code (CANA)

The customs declaration will need to contain new data, however the amount of new data required is currently minimal.

PLDA to IDMS and EDMS:
in Belgium

Import Declaration Management System (IDMS) is the replacement for the current Belgian customs system, PaperLess Douane en Accijnzen (PLDA). IDMS adopts all new UCC-compliant data sets. IDMS-H7 is already being used for e-commerce. In February 2025, the National Forum of Belgian customs announced an extended timeline for IDMS. The transition deadline for all Belgian importers is anticipated as June 16th, 2025. For those that also leverage Belgian Exports, the migration has been finalised on November 18, 2024, and for those using BE Transit, the migration go-live took place on January 21, 2025, the final EU-wide deadline for transitioning to NCTS5.

Implications include new data set requirements and message exchange protocols, so traders will need to prepare for technical changes to their current customs clearance processes. New processes will need to be followed once IDMS is in place, including:

Control notifications:
Declarations selected for control will be notified to the declarant

Prelodged declarations:
- Risk analysis is done before acceptance of the prelodge
- Presentation Notification (PN) is needed to activate the declaration. It will no longer be possible after the arrival of the ship.

Regularisations and amendments:
- No regularisations will be possible in IDMS; only amendments
- After an amendment, no new MRN will be created

UCC New Computerised Transit System (NCTS)

The aim of this project is to align the existing trans-European NCTS system with the new UCC. New features for Belgium have been added which can have a major impact on business, for example Safety and Security checks. The new features will lead to additional processes that have to be followed when declaring goods for NCTS:

+ **Declaration Submission prior to the Presentation of Goods**
+ **Registration of incidents to the nearest customs office during the course of the journey**
+ **S&S assessment before goods leave the security area of the EU, NO, CH**
+ **Interface of NCTS/AES- export followed by a transit**

Customs systems changes beyond the EU

CHIEF to CDS: in the UK

CHIEF is the customs declarations system that has been used by HMRC for decades. Because of its age and complexity, it was not practical to try to adapt CHIEF to comply with EU customs requirements set forth in the UCC. Upon the UK's exit from the EU in 2020, they were no longer subject to the EU MASP requirements and deadlines.

HMRC continued development efforts already underway on a new customs system as the advent of Brexit resulted in more than 200 million additional declarations - a volume that has taxed CHIEF to its limits. CHIEF's replacement, CDS, is a flexible, modular platform that is built to scale with the growth of international trade.

CHIEF imports have already been migrated, to CDS and in March 2024 HMRC announced a new, phased approach for exports. Since June 4th, 2024, you are no longer able to submit customs declarations through CHIEF.
Major changes in CDS that UK importers and exporters will need to comply with are:

New data set requirements:
CDS has introduced and mandates a number of new reporting requirements. This means that traders will need to provide more data to customs. It's important to assess these additional data requirements beforehand to guarantee your flow of goods.

Different code lists
To those required by CHIEF

New structure for Customs Procedure Codes (CPCs):
From 7 to 4 digits allowing for more than one 3-digit Additional Procedure Code to be reported in data element 1/11.

UK Trade Tariff changes:
Re-designed for use with CDS, providing access to both the UK Integrated Tariff and the Northern Ireland Tariff.

New payment methods:
For declaration payment processing.

Moving to the New Computerised Transit System (NCTS) in the UK

If you're a declarant using NCTS you will need to start submitting declarations on NCTS5 from July, 1, 2024. CAS customers in the UK and Belgium are already migrating to NCTS5.

Updates from the UK Government about the requirements are continuing to be announced.

Digitising customs outside of the EU and UK

Other regions outside of the UK and EU are also putting in place strategies to digitise customs management. A report on a joint survey conducted by the World Trade Organization (WTO) and World Customs Organization (WCO), "The Role of Advanced Technologies in Cross-Border Trade: A Customs Perspective", revealed that 81% of customs authorities worldwide have a strategy in place to adopt IT tools and information management to modernise their customs operations.

MASP and CAS

MASP is a true game changer for the future of customs and trade compliance, transforming antiquated, paper-driven processes into automated, centralised trade flows that provide greater visibility, security, and efficiency. MASP will transform EU customs organisations from cost centres to strategic players, with the ability to generate cost savings and provide data-driven insights that will inform and improve organisational operations.

"Big data, data analytics, AI and machine learning were considered to have the greatest future impact on customs operations. Out of 89 respondents, 36 gave it the highest mark of ten. Apart from one respondent, all others rated its impact at least a five. This shows a high level of confidence in a technology that has already been used for some time and the use of which is constantly increasing, in particular for improving the risk management capabilities of customs authorities."

The role of advanced technologies and cross-border trade: A customs perspective" World Trade Organization, World Customs Organization

CAS, C4T's customs management solution, supports multi-country compliance with direct integration with customs systems in the UK, Belgium, the Netherlands, Ireland, France, and Northern Ireland. Our customs legal experts are in close communication with customs authorities so that CAS will be in compliance with new requirements well in advance of deadlines. Our Customer Success team offers white-glove service, providing guidance about new data that needs to be provided to customs, and preparations that need to be made before the transition to a new customs system so that trade will move forward without delay.

About us

Customs4trade NV (C4T) has developed CAS, a collaborative hub, built on the Microsoft Azure platform delivered as a service (SaaS). It is designed to manage regional and worldwide customs and trade compliance quickly and accurately, with a digital-first approach, helping customers stay ahead of the digitisation of customs processes. CAS provides customers with continual updates and feature enhancements, including the incorporation of any changes to legislation and compliance regulation—along with Azure's signature accessibility, scalability, and security.

Forward-thinking companies are turning to C4T to help them navigate customs and trade with native-cloud software and support services for their organisation's highest strategic benefit.

Get in touch

We'd love to hear from you.

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