

Union Customs Code – New rules re: materials and equipment supplied for UK Continental Shelf

New EU Law comes into force on 1 May 2016. The Union Customs Code ('UCC') makes major changes to the import and export rules and procedures. As materials and equipment transported to, and from, the UK Continental Shelf ('UKCS') are exports and imports, the new law introduces fundamental changes to the way in which that material is transported to/from the UKCS.

What are the changes?

At present, HM Revenue & Customs ('HMRC') permits the export/import of UKCS materials and equipment to be recorded on our ship's manifest and retained as part of ConocoPhillips' records. Under the new law, this will no longer be permitted.

Under the new rules, all materials and equipment transported to/from the UKCS will have to be declared through an official declaration to HMRC, and within strict time limits. This represents a fundamental change to the way in which both the ConocoPhillips and your business will have to deal with UKCS movements.

There are three methods of making the declarations under the new rules:

- 1) Make a full declaration before the goods are either imported or exported.
- 2) Apply to operate the Simplified Declaration Procedures (SDP)
- 3) Apply to operate the 'Entry into Declarants Records' (EIDR)

The changes do not impact on some types of materials and equipment, which will continue to require full Customs declarations. This includes but is not limited to licensable materials and equipment, excise materials and equipment and CAP goods.

What is ConocoPhillips doing?

Whilst the new law comes into force on 1 May 2016, HMRC recognises that adapting procedures, processes and systems to meet the UCC rules will take some time. As a result, HMRC has allowed a transitional period for operators who meet certain conditions. ConocoPhillips meets those conditions and, for the time being, will continue to use the ships manifest system for Customs purposes for ConocoPhillips' materials and equipment going to, and coming from, its UKCS platforms. This will ensure that there are no delays to schedules or vessels.

What should you do?

For the time being, you are entitled to continue to import/export your materials and equipment and 'declare' that import/export by using our manifests, but only if you are making every effort to be compliant under the new UCC rules.

In order to be compliant with the UCC rules, it is vital that you establish what Customs procedures and reliefs are appropriate for your business and aligns with working with ConocoPhillips. This will enable you to establish what action you need to take to prevent any disruption to schedules and ensure the materials and equipment you are responsible for continues to travel to and from the UKCS without delay and additional cost.

More specifically, if you are seeking to operate the EIDR or SDP simplification procedure, HMRC have stated that you must have your applications submitted to HMRC as soon as possible.

Providing you are making every effort to move to a UCC-compliant process for materials and equipment which you will be responsible for, it will be business as usual on 1 May 2016 for materials and equipment going to/coming from ConocoPhillips installations. This will apply until such a time that ConocoPhillips and HMRC are satisfied that ConocoPhillips has established new procedures which comply with the UCC rules and moves to the EIDR system.

What happens next?

ConocoPhillips is not entitled to use the ship's manifest system for Customs purposes indefinitely and is working hard to establish new UCC-compliant processes and procedures which will be implemented as soon as possible. The new system which ConocoPhillips will be moving to will mean:

- ConocoPhillips will be operating the EIDR system for ConocoPhillips' materials and equipment that ConocoPhillips will be responsible for declaring;
- ConocoPhillips will not be responsible for declaring the import and export of other party's materials and equipment; and
- You will be responsible for declaring the import and export of your materials and equipment and completing the associated Customs clearance in time and without delay

ConocoPhillips will advise you in advance of any changes and will be in touch in due course.

Where can I get further information?

- Oil & Gas UK
- HMRC local office
- HMRC's website: <https://www.gov.uk/guidance/introduction-of-the-union-customs-code-ucc>
- HMRC UKCS-specific Customs Information paper: <https://www.gov.uk/government/publications/customs-information-paper-14-2016-procedures-for-movements-tofrom-the-uk-continental-shelf>
- Speak with a professional adviser