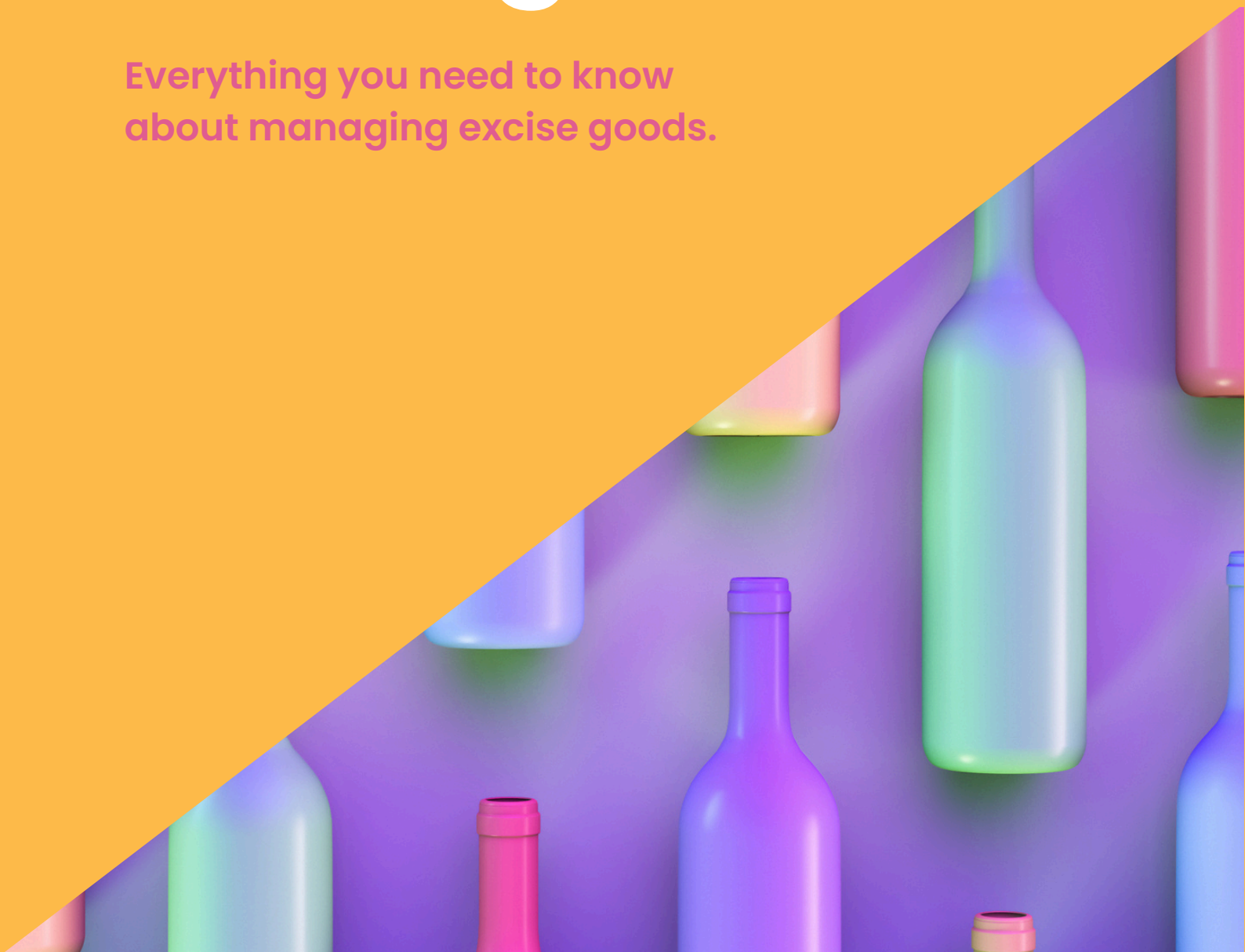


# C4T

White Paper

# Revolutionising Excise Management

Everything you need to know  
about managing excise goods.





# In this paper

## **Introduction**

In the dynamic landscape of international trade and customs management, a comprehensive understanding of excise goods is crucial. Excise duties play an important role in the fiscal policies of many countries, influencing trade practices, compliance, risk management, and economic considerations.

This white paper serves as an introduction to the nature and significance of excise goods, shedding light on the complexities that customs professionals often encounter and the available solutions to overcoming the challenges.



# Excise goods – what are they?

Excise goods encompass a broad category of products subject to specific taxes known as excise duties. Unlike general taxes, excise duties are levied on goods at the point of production, import, or consumption, **targeting specific items considered socially sensitive or luxury goods**. These taxes are imposed to achieve various economic and social objectives, such as revenue generation, discouraging the consumption of certain products, and promoting public health and safety.

Excise duties typically apply to a range of products, including:

- Alcoholic beverages
- Tobacco products
- Fuels and energy products

Customs managers need to understand the nuances of excise management, the complexity of classifications, tariff codes, and regulatory frameworks to ensure accurate declarations and compliance with international trade legislation.

In the following parts of this white paper, we will dive deeper into the challenges and opportunities associated with excise goods in customs management, offering actionable insights to revolutionise your approach.



# Challenges with excise management

Handling excise goods in international trade brings along unique challenges. We'll explore three major hurdles: ensuring compliant excise administration, dealing with varying excise duty rates, and managing heavy (pre)payments.

## Compliant excise administration

Ensuring compliant excise movements involves careful administration. From accurately filing customs declarations to registering excise movements in the **Excise Movement and Control System (EMCS)**, every step is critical. As this applies to every and any movement of an excise product, also within the EU, EMCS is essential in the administration of these types of goods. However, its introduction adds complexity, requiring businesses to navigate yet another system. The attention to detail required to **maintain compliance** amplifies the administrative burden, making it crucial for customs professionals to stay on top of their processes. Next to the EU framework to be followed, there is the interpretation of the different member states who can decrease or increase the tax rates within the EU framework or add materials to the list of excise products and, if it was not complex enough, regional customs offices can have different processes to adhere to.



On top of this, managing a **tax/excise warehouse** offers the advantage of suspending customs duties on stored goods until they are either released for consumption or exported. However, it comes with a number of requirements. It needs a meticulous tracking system for all stock movements of your excise goods. How and when did the goods come into the tax/excise warehouse, what happened to the stock in the meantime, and how and when were they removed from the warehouse? What is the composition of the goods if there is any processing or blending going on? Such rigorous tracking ensures transparency and accountability for audits, representing a significant administrative challenge.

With data scattered per country, in different systems, compliance can be challenging. If you don't manage to comply with these complex requirements, the consequences of non-compliance are severe, including enormous fines and penalties with audits that can go back to check on your administration for the past three to six years.

### **Varying excise duty rates**

Excise duty rates **vary widely by product type, composition, and country**, creating a complicated landscape for businesses engaged in cross-border trade. Even within the European Union, a standardised approach to excise duty rates is notably absent. Success in managing these challenges depends on an understanding of the varying rates associated with different products and jurisdictions and finding a way to apply them correctly.

### **Heavy (pre)payments**

One of the significant financial challenges in dealing with excise goods is the requirement for heavy (pre)payments of excise duties. Businesses importing excise goods must often make large upfront payments upon import, well before any revenue is generated. This **upfront financial burden** can significantly impact a business's cash flow, restricting its financial flexibility. Effective financial planning and strategic considerations are essential to manage these obligations without compromising business operations.

While these challenges may seem daunting, solutions exist to overcome them and mitigate the complexities of managing excise goods in international trade.



# Overcoming excise complexities

By understanding and addressing the challenges head-on, businesses can enhance their excise management approach and ensure a smoother journey through the world of excise goods.

In excise management, ensuring compliance is a very important concern. We will guide you through the role of automation and dedicated solutions in streamlining excise operations and guaranteeing compliance.

The Excise Movement and Control System (EMCS) can be a maze of compliance requirements, demanding attention to detail every time you create an excise movement. And with this comes a lot of manual work. **Automation brings advantages to navigating this complexity**, automating the lodging of customs declarations and the registration of excise movements. By incorporating software solutions with EMCS, businesses can reduce the risk of errors, increase the speed of administration, and ensure compliance with legal standards.

Ensuring compliance with widely varying excise duty rates **demands real-time adaptability**. A dedicated software solution seamlessly incorporates the selection of and updates on duty rates, guaranteeing the use of accurate rates that vary depending on the specific product and jurisdiction. This integration to compliance streamlines operations and guarantees precision in calculations, reinforcing a proactive approach with the complex web of excise duty rates.



As the financial burden of (pre)payments can pose a challenge to compliance and financial stability, automation in financial processes, facilitated by software solutions, offers insights into duty payment schedules. This helps in **managing cash flow effectively** and promotes compliance by ensuring timely and accurate financial transactions related to excise duties.

Furthermore, implementing a tax or excise warehouse can provide an advantage in terms of cost savings and cash flow management. By leveraging tax/excise warehousing, businesses have the opportunity to **suspend customs duties on stored goods** until they are released for sale or export. This strategic approach allows for deferred duty payments, easing the immediate financial impact and providing businesses with greater flexibility in managing their cash flow. Optimising cash flow by deferring excise duties allows businesses to allocate resources where they are needed most, without the burden of big upfront payments. This can be particularly beneficial for businesses facing seasonal fluctuations, unexpected expenses, or those seeking to invest in growth opportunities.

Additionally, the **cost-saving benefits** associated with tax/excise warehousing can contribute to overall financial stability, further enhancing the resilience of businesses dealing with excise goods. However, as the administration of a tax/excise warehouse and the reporting requirements, depending on the type of product and the jurisdiction you're in, can become very complex, it's almost impossible to manage this manually in spreadsheets. The complexity of tax/excise warehousing pushes organisations to look for software solutions dedicated to managing excise operations.

A robust software solution doesn't operate in isolation but **integrates seamlessly into broader business operations**. This integration enhances compliance by connecting excise management with other crucial processes such as customs administration and inventory management, providing you with an easy overview of both excise and customs processes. Combining automation and software solutions is a powerful way to strengthen and future-proof compliance with excise regulations, providing you one single source of truth. By leveraging these tools, businesses simplify operational complexities and strengthen their commitment to comply.





# An automated solution – excise functionality features

So what about that software solution? Let's dive into our **customs management solution**, CAS, that places compliance at the forefront, empowering businesses to navigate the excise landscape with confidence and precision.

CAS is designed to swiftly and accurately manage regional and global customs and trade compliance. With a **digital-first approach**, it is made to help businesses stay ahead in the ongoing digitisation of customs and excise processes. As a robust Software as a Service (SaaS) solution, CAS evolves with continuous updates and feature enhancements, ensuring customers benefit from the latest advancements in legislation and compliance regulations.

Excitingly, CAS has expanded its capabilities to specifically tackle excise challenges. It goes beyond the conventional customs management tools, offering a **comprehensive solution for businesses dealing with excise goods**. Let's explore how CAS can revolutionise your operations in multiple countries, providing you with the tools needed to navigate and excel in the complexities of excise management.

CAS brings a **three-tiered excise functionality** to meet the specific needs of your business. Moreover, it allows you to manage the different types of authorisations, such as Registered Consignor, Registered Consignee, Authorised Warehouse Keeper, and enables automation based on the requirements of each of those.







## 1. Self-assessed duties calculation:

When your goods are released into free circulation, CAS steps in to calculate the self-assessed duties for excise. The results are visualised in the user interface, providing at a glance clarity and transparency in duty assessment. CAS also captures this information in its reporting functionality and Insights dashboards, giving you visibility into the suspended duties currently in the tax/excise warehouse or the evolution of paid and suspended duties over time.

## 2. Automated movement registration in EMCS:

For businesses moving excise goods within the EU or the UK, CAS registers these movements in the Excise Movement and Control System (EMCS) based on your data. This integration can be **effortlessly combined with your customs declarations**, paving the way for full automation. If needed, we can apply the **four-eyes principle**, where your data is being validated and checked by two people to make sure everything is on point. CAS takes care of both excise and customs declarations, minimising the need for manual, complex, and time-consuming processes. Imagine having one dataset that covers the full flow. One message sent to CAS takes care of both customs declarations and excise administration in EMCS. This results in what we call ‘single message, double filing’.

With one message, we can even do for example the processing of an outgoing EMCS movement and export customs declaration, and in case of a subsequent import, the import customs declaration and the incoming EMCS movement.



### 3. Financial advantages with tax/excise warehouse functionality:

CAS' tax/excise warehouse functionality allows you to import and/or produce excise goods with the suspension or complete relief of excise duties and VAT. By strategically utilising tax/excise warehousing, you can defer excise duties until your goods are consumed, **significantly optimising cash flow and eliminating the burden** of upfront financing.

CAS takes care of all administration, providing **visibility into every aspect**, including stock statuses, processing and blending, and applied duties, and executes all excise movements and customs declarations that need to be made. The tool's capabilities extend to producing the required reports and dashboards seamlessly, providing you with an audit trail. Details such as keeping track of stock, stock records, and movements per authorisation and storage location are carefully tracked and documented by CAS. The advantage of operating a tax/excise warehouse goes beyond immediate financial impact, empowering businesses to streamline operations and make informed decisions on strategic investments and unforeseen challenges.



To recap, CAS' excise feature advantages are the following:



### **Streamlined compliance**

CAS simplifies your excise journey by integrating excise functionality into your customs administration. No more juggling multiple systems. With this, CAS allows businesses to concentrate on core activities while staying aligned with the latest legislation. Providing flexible integration options, including APIs for digital precision, but also Excel file uploads, and manual data entry, CAS can manage diverse ways of working. It's a solution designed to make excise management compliant, efficient, and adaptable to the needs of your business.



### **Automated operations and reporting**

Say goodbye to complexity and hello to efficiency! CAS simplifies and streamlines your excise management process. From keeping track of excise movements to visualising self-assessed excise duties and creating the required reports that can be different per product category, CAS facilitates automation in managing your excise goods.

By automating the tracking process, CAS provides real-time insights into the movement of excise goods. This ensures accuracy but also empowers businesses to maintain control over their inventory, enhancing operational efficiency in the process. Moreover, CAS takes the calculation of self-assessed excise duties to a new level by presenting them in a user-friendly interface. This visual representation transforms complex duty assessments into clear and comprehensible insights. Recognising the diverse reporting needs of businesses, CAS offers reports tailored to different product categories and jurisdictions in whatever format is required by the local customs authorities. Whether it's duty assessments, compliance metrics, or product-specific analyses, CAS empowers businesses to generate reports aligned with their unique requirements. These reports can be used for the periodic reporting needs that can differ significantly between jurisdictions and to easily present to customs during an audit. This centralised information provides valuable insights for informed decision-making, minimises manual efforts, reduces the risk of errors, and accelerates processes. This increase in efficiency saves time and contributes to overall operational excellence, allowing businesses to focus on strategic initiatives and growth.



### Cash flow optimisations

By deferring excise duties until goods are consumed, businesses can hit pause on the immediate financial impact of these duties.

The advantage of enhanced financial planning is amplified with CAS. With a more predictable and stable cash flow, businesses can implement robust financial strategies, ensuring they are well-prepared for various scenarios. CAS's excise management goes beyond deferring duties; it becomes a key enabler for sustainable growth and financial resilience by offering comprehensive visibility and control over crucial financial aspects.

In essence, CAS could be your go-to tool for excise management, offering a simplified, centralised, automated solution to elevate your operations.



# Conclusion

This white paper has explored the nature and importance of excise goods, uncovering the complexities customs professionals face and providing solutions to overcome these challenges.

Excise duties support economic and social goals, such as revenue generation and public health promotion. However, managing excise goods in international trade involves significant challenges.

Despite these hurdles, businesses can optimise their excise management through automation and dedicated software solutions. Our customs management solution, CAS, integrates excise functionality into customs administration, offering a streamlined and efficient approach. Key functionality includes self-assessed duties calculation, automated movement registration in the Excise Movement and Control System (EMCS), and tax/excise warehouse functionality. These tools enable businesses to automate operations, ensure compliance, optimise cash flow, and enhance financial planning.

Implementing a robust software solution simplifies operations and reinforces compliance. By leveraging these advanced tools, businesses can future-proof their excise management processes, ensuring accuracy, efficiency, and financial resilience. Are you ready to discover a comprehensive, centralised, and automated solution that empowers businesses to navigate the complexities of excise management with confidence and precision?



## 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.



**“We found we had to feed some additional data into CAS, running a few satellite apps in our ERP system, we could easily modify and add additional fields to send to the ECS platform for Data Integration (X4Connect) to map into CAS.”**

Joland Beerens,  
The Vita Group

## Get in touch

**We’d love to hear from you.**

For more information or to contact us, visit our website or email: [gtm@customs4trade.com](mailto:gtm@customs4trade.com)

### **Belgium**

Motstraat 30  
2800 Mechelen  
Belgium

### **United Kingdom**

Office F4, CT3 Building  
Wigan Investment Centre, Waterside  
Drive Wigan WN3 5BA

