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Practical Guide to SAP® GTS

Part 2: Preference and Customs Management

- ▶ Best practices for leveraging SAP GTS for trade compliance
- ▶ Improve ROI with self-filing, broker models, and free trade agreements
- ▶ Fundamentals of preference implementation and system set up
- ▶ Includes overview of new Fiori Apps and UX developments

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2 Customs management

Companies need to have a process to manage importing goods into their country and the declarations that go along with importing. To improve efficiency, reduce costs in your compliance process, and avoid delays in customs clearance, you can automate your import declarations using functionality in SAP GTS.

Depending on the country, there may be multiple declarations required. For example, US Customs and Border Protection (*CBP*) has a rule as of January 26, 2009 called Importer Security Filing (*ISF*) and Additional Carrier Requirement. Under this rule, before any goods arrive by vessel into the US, the Importer Security Filing (*ISF*) needs to be submitted electronically, in advance, by the importer or the agent (licensed customs broker) to the *CBP*. This requirement only applies to cargo arriving in the US by ocean vessel, not to other modes of transportation. The *ISF* importer or its agent must provide eight data elements no later than 24 hours before the cargo is loaded on a vessel destined to the US. This declaration is required in addition to the standard customs import declaration, which applies to all modes.

ISF data elements are seller, buyer, importer of record number, consignee number, manufacturer (or supplier), ship-to party, country of origin, and the commodity's Harmonized Tariff Schedule of the United States (*HTSUS*) number. Two additional data elements—container stuffing location and consolidator—must be submitted as early as possible and no later than 24 hours prior to the ship's arrival at a US port.

CBP may issue liquidation of \$5,000 per violation for the submission of an inaccurate, incomplete, or untimely filing. If goods for which an *ISF* has not been filed arrive in the US, the *CBP* can withhold the release or transfer of the cargo, refuse the unloading of the merchandise, or seize it if it is illegally unloaded. Additional noncompliant cargo could be subject to “do not load” orders at origin or further inspection on arrival.

From an import point of view, companies use different approaches to meet these requirements. We will discuss the import processes setup using SAP ERP Central Component (*SAP ECC*) and *SAP GTS* and the key configuration setup for building a robust solution, data, and process

to support the requirement. We will also provide details on building an automated interface with your brokers for import declarations.

Types of customs declarations



Import filing to customs is performed in different stages, such as cargo manifest, entry summary, automated clearinghouse (ACH) authorization for duty payments, and the daily and monthly statement. For shipments that are sent on vessels, US Customs and Border Protection has also mandated that the notification 24 hours prior to cargo being set aboard be sent. These are called *10 plus 2* critical data elements. Upon the arrival or prior to the arrival of the goods, the products are declared to the customs authorities in two formats: CF 3461 (entry or immediate delivery) and CF 7501 (entry summary). With CF 3461, you are notifying the customs of the goods that are arriving, and with CF 7501, you are declaring the goods with values for appropriate duty and other fee payments.

We will first provide a quick overview of the logistics integration and the process overview of import management. Import processes are triggered based on your incoming schedule, which could trigger based on the vendor purchase order. Let's take the example of a purchase order logged in an SAP ECC system with the US as the country of destination. Go to either transaction ME22N (CHANGE PURCHASE ORDER) or ME23N (DISPLAY PURCHASE ORDER) to see a purchase order with product GTS-N2 (see Figure 2.1).

From the DISPLAY/CHANGE PURCHASE ORDER screen, click on the CONDITIONS tab to see the screen in Figure 2.2 and the PARTNERS tab to see the screen in Figure 2.3. These screens provide the document data details that trigger the creation of a customs declaration document in SAP GTS: the purchase order, net value, and the statistical value. This chapter will review how to configure the communication between SAP ECC and SAP GTS, as well as tips for managing the SAP GTS Customs Declarations.

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Header

Item	S	Item	A	Material	Short Text	PO Quantity	O...	C Deliv. Date	Net Price	Curr...	Per	O...	Matl Group	Plnt	Stor. Location
10				GTS-N2	Forklift Truck	1	PC	10.02.2014	33.000,00	USD	1	PC	Metal proce...	New York	

Item: [10] GTS-N2, Forklift Truck

Material Data | **Quantities/Weights** | Delivery Schedule | Delivery | Invoice | Conditions | Texts | Delivery Address | Confirmations | Import | Condition...

PO Quantity: 1 PC | Order Unit <-> Ord. Price Unit: 1 PC <-> 1 PC
 PO Qty in SKU: 1 PC | Order Unit <-> SKU: 1 PC <-> 1 PC

Net Weight: 2.100 KG /1 PC | Net weight: 2.100 KG /Item
 Gross Weight: 2.100 KG /1 PC | Gross weight: 2.100 KG /Item
 Volume: 0,000 /1 PC | Volume: 0,000 /Item
 Points: 0,000 /1 PC | Points: 0,000 /Item

Figure 2.1: Purchase order with product

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Header

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10				GTS-N2	Forklift Truck	1	PC	10.02.2014	33.000,00	USD	1	PC	Metal proce...	New York	

Item: [10] GTS-N2, Forklift Truck

Material Data | Quantities/Weights | Delivery Schedule | **Delivery** | Invoice | Conditions | Texts | Delivery Address | Confirmations | Import | Condition...

Qty: 1 PC | Net: 33.000,00 USD

Pricing Elements

N.	CnTy	Name	Amount	Crcy	per	U...	Condition value	Curr.	Status	Num...	OUn	CCon...	Un	Condition value	Cdc...	Stat
1	PBXX	Gross Price	33.000,00	USD		1 PC	33.000,00	USD			1 PC		1 PC	0,00		<input type="checkbox"/>
		Net Incl. disc.	33.000,00	USD		1 PC	33.000,00	USD			1 PC		1 PC	0,00		<input type="checkbox"/>
		Net Incl. tax	33.000,00	USD		1 PC	33.000,00	USD			1 PC		1 PC	0,00		<input type="checkbox"/>
2	SKTD	Cash Discount	0,000	%			0,00	USD			0		0	0,00		<input checked="" type="checkbox"/>
		Actual Price	33.000,00	USD		1 PC	33.000,00	USD			1 PC		1 PC	0,00		<input type="checkbox"/>
		Border crossing	0,00	USD		1 PC	0,00	USD			1 PC		1 PC	0,00		<input checked="" type="checkbox"/>

Condition rec. | Analysis | Update

Figure 2.2: Purchase conditions

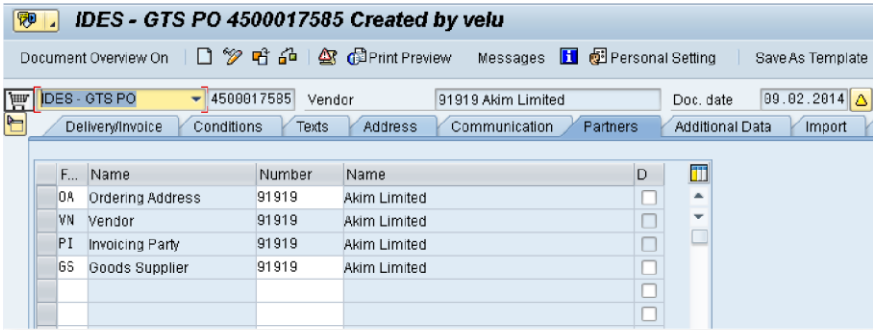


Figure 2.3: Partners in PO

2.1 Customs declarations overview

2.1.1 Imports

SAP GTS has a document called a *customs declaration*. While they can be created manually in SAP GTS, the typical source is from purchase orders in SAP ECC.

As a purchase order is saved in SAP ECC (transaction ME21N), the information is automatically transferred to SAP GTS, and an equivalent customs declaration document is created in the system.

In SAP GTS, you can view these customs documents in transaction /SAPSL/MENU_LEGAL, otherwise known as the SAP GTS Cockpit. From here, head to CUSTOMS MANAGEMENT • IMPORT.

Figure 2.4 displays this screen, which allows you to generate the customs declaration worklist. Click EXECUTE (📄) next to ENTER CUSTOMS DECLARATION PRIOR TO GOODS RECEIPT.

This brings up the report shown in Figure 2.5. The report allows you to display the purchase orders that were logged into SAP ECC.

Customs Management: Import

Export Special Customs Procedures Classification Master Data System Monitoring

Import Transit Presentation Pre-Declaration Periodic Declaration Tax Statement

Display Customs Declarations

Display Import Documents

Display Customs Bills of Lading

Display Unassigned Customs Bills of Lading

Display Documents for Customs Declarations

Logistics Documents

Processes with Inbound Delivery Reference	Logistics Documents in Worklists
Worklist: Customs Decl. after Goods Receipt	Completed Transactions
Assigned Logistics Documents	Manual Postprocessing for Quantity Changes

Enter and Process Customs Declarations

Foreign Trade Organization

Enter Customs Declaration

Enter Customs Declaration **Import**

Enter Declaration

Process Customs Declaration

Enter and Maintain Customs Bills of Lading

Enter Customs Bill of Lading

Maintain Customs Bill of Lading

Figure 2.4: Customs management: import

Enter Declaration Prior to Goods Receipt

Organization

Foreign Trade Org. Unit

Legal Unit

Purchase Orders Inb. Deliveries Customs Bills of Lad

FS Document Reference

Purchasing Document to

Logical System to

Partners

Vendor

Goods Supplier

Document Created on

Purchase Order to

Figure 2.5: Review and prepare customs declarations prior to goods receipt

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