



HM Revenue & Customs

Status of Extra Territorial Offices of Exchange (ETOES) and the UK Universal Service Provider (USP)

Customs Information Paper 47 (2016)

Who should read:	ETOES authorised to operate within the UK
What is it about:	Guidance about the legal status of ETOES within the UK and clarification of the roles of ETOES and the USP (in the UK Royal Mail Group)
When effective:	1 July 2016.
Extant until/ Expires	Ongoing.

1. Reason for the issue of this Customs Information Paper (CIP)

This CIP is issued in response to requests to clarify the status (and approved activities) of Extra Territorial Offices of Exchange (ETOES) operating within the UK.

Based on legal advice obtained, it is concluded that the UPU forms CN22 and CN23 (used in place of a formal customs declaration) may be used only by the Universal Service Provider (Royal Mail Group) in the UK and not by ETOEs operating in the UK.

This applies to both export from and import into the UK by ETOES.

There is one exception to this rule which is for goods carried by ETOEs transiting the UK (that is, not for delivery in the UK). This exception is explained in paragraph 4 below.

2. Definition of a Universal Service Provider

The Royal Mail Group (RMG) is the Universal Service Provider (USP) in the UK.

The classification of a USP is set out in the Postal Services Act 2011 Section 30(1) (a).

Currently, only RMG are authorised to act as a USP in the UK.

Whilst an ETOE may be a USP in its own state, they are considered to be commercial entities when operating in the territory of another state and, in that sense, are restricted in their operations in the UK. Anything contrary to this would undermine the law surrounding the special status of the own state's USP.

The Postal Packets (Revenue and Customs) Regulations 2011 set out the form that a customs declaration must take for a USP (Regulation 17) and a non-USP (Regulation 18).

3. Legal basis and status of a USP

Section 31 of the Postal Services Act (2011) provides a description of the minimum requirements for the services of a USP in the UK. There is currently only one USP in the UK providing this universal postal service – the Royal Mail Group.

The minimum requirements to be met by a USP include:

- at least one delivery of letters Monday to Saturday to the home or premises of every individual in the UK or delivery to identifiable points as OFCOM approve
- at least one delivery of other postal packets Monday to Friday (this includes delivery of packets posted outside the UK)
- at least one collection of letters Monday to Saturday from every access point in the UK used to receive postal packets for onward transmission in connection with the provision of a USP
- at least one collection of other postal packets Monday to Friday from every access point (include their onwards transmission to places outside the United Kingdom)
- a service of conveying postal packets from one place to another by post (including the incidental services of receiving, collecting, sorting and delivering them) in accordance with a public tariff which is uniform throughout the United Kingdom.

In return for the provision of the requirements of a universal service the USP, operating in its own state, is allowed certain advantages. For example, the Universal Postal Convention sets out the rules surrounding the form a customs declaration may take for foreign postal packets carried by a USP. These forms (namely CN22 and CN23) are used by the USP *in place of a* “formal” customs declaration. In the UK, formal customs declarations must be submitted electronically to the CHIEF (Customs Handling of Import and Export Freight) system.

UK National law (Regulation 17) sets out clearly that it is the UK USP only that may use the CN22 and CN23. (See Annex for text of Regulation 17).

4. Legal basis and status of ETOEs operating in the UK

Service providers are either USPs or non-USPs.

Whilst Regulation 17 sets out the provisions that a USP must comply with when exporting postal packets (including its use of the CN22 and CN23 documents) Regulation 18 makes corresponding provisions for non-USPs.

The Explanatory Notes to the Regulations specifically explain that: *'Regulation 17 provides that foreign postal packets posted to or from a place outside the customs territory and carried by a universal service provider are to be accompanied by a customs declaration in the form prescribed by the Universal Postal Convention. Regulation 18 makes corresponding provision in relation to postal packets for export not carried by a universal service provider'*.

Therefore ETOES operating in the UK must clear their letters/packages at import and export as “freight” using formal customs declarations to CHIEF even if they are organisations that are USPs in their own host nation. They may not use CN22 and CN23 documents which are reserved for the use of the national USP under Regulation 17.

A table outlining the options available is in the Annex to this CIP

5. Goods carried by ETOES transiting the UK

There is one exception to this and that is for goods brought into the UK by an ETOE which are purely transiting the UK for onward transmission to an Office of Exchange in another state (where the ETOE is the USP).

These consignments may be brought in under CN22 or CN23 and also the yellow transit labels may be used to move the goods through the UK for onward transmission. Any letters/packages for delivery here in the UK will need to be cleared as freight through CHIEF.

6. Contacts

Further information can be found on the [GOV.UK](https://www.gov.uk).

Issued on the 27 July 2016 by Customs Directorate, HMRC.

Your Charter explains what you can expect from us and what we expect from you. For more information go to: [Your Charter](#)

ANNEX

Extracts from the Postal Packets (Revenue and Customs) Regulations 2011

Regulation 17 sets out the form which a customs declaration must take for a USP (i.e. a CN22 or CN23).

Regulation 17

All foreign postal packets carried by a universal service provider-
(a) posted to the United Kingdom from a place outside the customs territory, or
(b) posted in the United Kingdom to a place outside the customs territory,
must be accompanied by a customs declaration in form CN22 or CN23 as appropriate, completed accurately and in full.

Regulation 18 confirms that non-USP postal providers must provide customs declarations upon the postage of a foreign postal packet.

Regulation 18

- (1) Except where regulation 17 applies, every postal packet containing goods to be exported by post without payment of any duty to which they are subject, or on drawback or repayment of such duty, must—*
- (a) be accompanied by a customs declaration fully stating the nature, quantity and value of the goods which it contains or of which it consists and such other particulars as the Commissioners or the postal operator concerned may require,*
 - (b) have affixed to its outer cover in the form and manner required by the Commissioners a label printed with the words “Exported by Post under Revenue and Customs control” or be distinguished in such other manner as the Commissioners may require.*
- (2) Where the requirements of paragraph (b) have been fulfilled, the postal operator concerned must endorse a certificate of posting on the appropriate document and give it to the sender.*

Customs procedure⇒ Postal operator⇩	Import	Export of free circulation goods	Export of duty suspensive goods/goods under customs control
USP	Import using CN22/CN23 (PPR2011, S17)	Export using CN22/CN23 (PPR2011, S17)	Export using CN22/CN23 (PPR2011, S17)
Non-USP	Cannot import using CN22/CN23 must use a formal customs declaration (No legal provision to allow use of postal documents PPR2011, S18)	Cannot export using CN22/CN23 must use a formal customs declaration (No legal provision to allow use of postal documents PPR2011, S18)	Cannot export using CN22/CN23 must use a formal customs declaration(No legal provision to allow use of postal documents PPR2011, S18)

*PPR-Postal Packets Regulations 2011