

# TSS User Guides

## How to use Incoterms® 2020



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HM Revenue  
& Customs



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If there are any words or acronyms in this document that are unfamiliar, please visit the [Jargon Buster](#) or use the search tool on the [Northern Ireland Customs & Trade Academy \(NICTA\) website](#) to find a definition.

The UK left the EU, and the transition period after EU exit ended on 31 December 2020. Knowing the essentials about Incoterms® 2020 and goods movement will help ensure your business continues to trade seamlessly between Great Britain (GB) and Northern Ireland (NI)

In every trade transaction there is a seller and a buyer of goods who will need to agree terms to arrange who pays for the goods to be delivered, insures the goods during transportation and is responsible for any associated administration.

Incoterms® 2020 are an internationally recognised format for commercial terms agreed between buyer and seller. You may already be using Incoterms® 2020 if you move goods between Great Britain and Northern Ireland.

## 1 What are Incoterms® 2020?

International Commercial Terms – or Incoterms® 2020 for short – are standardised arrangements for trade transactions that are contained in your sales contract and commercial invoice.

Incoterms® 2020 are published by the International Chamber of Commerce and updated every decade, with the most recent version released in 2020.

They are used by traders around the world because they provide a user-friendly definition of who is responsible for which element of any trade transaction. When agreeing a sales contract with a seller or a buyer, you will negotiate which Incoterm® 2020 to use in your transaction terms.

If any party want the Incoterms® 2020 rules to apply to their contract, the safest way to ensure this is to make that intention clear in their contract, through words such as:

[the Incoterms® rule chosen] [named port, designated place or location] [Incoterms® 2020]

Example: DDP Belfast Incoterms® 2020

## 2 Why do you need to know about Incoterms® 2020

You may already use Incoterms® 2020 when moving goods between GB and NI, establishing who is responsible for the transportation of the goods and insuring them.

Goods movements between GB and NI now require declarations to HMRC and your use of Incoterms® 2020 also needs to cover who is responsible for completing import declarations. Import declarations are required to move goods and to inform customs authorities of goods



movements. They are usually lodged by a business or an agent acting on their behalf, with the support of the free-to-use digital Trader Support Service (TSS) if they choose to use it.

If goods are 'at risk' of moving through NI into Ireland – which remains a member of the EU – tariffs may also need to be paid.

### 3 Who needs to know about Incoterms® 2020?

Incoterms® 2020 are of relevance to multiple parts of an organisation and can help to keep everyone on the same page, if properly understood.

- **The import department** will use Incoterms® 2020 to provide correct instructions to a carrier moving goods on the company's behalf
- **Sales departments** will include Incoterms® 2020 on quotations to customers to indicate the type of sale and how goods will be delivered
- **Procurement** will use a specific Incoterm® 2020 in contracts to establish cost/risk responsibilities
- **Accounting** will accept or reject freight invoices based on the Incoterms® 2020 attached to a purchase order
- **Finance** will look at the Incoterms® 2020 included on a purchase order to assess what additional costs need to be included in the 'Landed Cost' – i.e., the total cost of purchasing goods and transporting them from the country of origin to the country in which they will be sold

### 4 The eleven Incoterms® 2020

There are eleven Incoterms® 2020 that set out the seller or buyer's obligations, risks and costs for the delivery of goods, presented within the TSS Portal.

Of the eleven rules, there are seven for any mode(s) of transport and four for sea or land or inland waterway transport.

The seven Incoterms® 2020 rules for any mode(s) of transport are:

- **EXW – Ex Works** (insert named place of delivery)
- **FCA – Free Carrier** (insert named place of delivery)
- **CPT – Carriage Paid To** (insert named place of destination)
- **CIP – Carriage and Insurance Paid To** (insert named place of destination)
- **DAP – Delivered at Place** (insert named place of destination)
- **DPU – Delivered at Place Unloaded** (insert named place of destination)



- **DDP – Delivered Duty Paid** (insert named place of destination)

**Note:** the **DPU** Incoterm replaces the old **DAT**, with additional requirements for the seller to unload the goods from the arriving means of transport.

The four Incoterms® 2020 rules for sea and inland waterway transport are:

- **FAS – Free Alongside Ship** (insert named port of loading)
- **FOB – Free on Board** (insert named port of loading)
- **CFR – Cost and Freight** (insert named port of destination)
- **CIF – Cost Insurance and Freight** (insert named port of destination)

## 5 Which Incoterms® 2020 are commonly used for RoRo movement from GB to NI?

If you are selling or buying goods from GB to NI, you are most likely to use the following Incoterms® 2020: Ex Works (EXW), Delivered at Place (DAP) or Delivered Duty Paid (DDP).

- **Ex Works (EXW):** Buyers in NI arrange transport to the destination and ensure the Entry Summary Declarations and import declarations are completed, paying any duty that may apply (if the goods are 'at risk'). The risks transfer from sellers to buyers at the sellers' warehouses, offices or wherever the goods are being collected from.
- **Delivered at Place (DAP):** Sellers in GB arrange transport to the destination contracted by buyers in NI and ensure the Entry Summary Declarations are completed. They pay all involved costs, including freight and insurance to the destination. NI buyers are responsible for ensuring the import declarations are completed and paying any duty that may apply (if the goods are 'at risk'). Risk transfers from sellers to buyers when goods are ready for unloading at the agreed address / named place of destination.
- **Delivered Duty Paid (DDP):** Sellers in GB will arrange transport to the destination and ensure the Entry Summary Declarations and import declarations are completed, paying any duty that may apply (if the goods are 'at risk'). Risk transfers from sellers to buyers when goods are ready for unloading at the agreed address / named place of destination. We strongly advise the sellers to agree with buyers that who should be acting as Importers of record in the import declarations and do not assume that sellers must be the importers in all cases when this term is used.

**Note:** When using DDP, the invoice price/value being declared is duty inclusive. The invoice amount per item line must include customs duty (including any secured duty), definitive anti-dumping duty, definitive countervailing duty and retaliatory duty. For more information on customs value, please visit [GOV.UK](https://www.gov.uk).

## 6 Can I still use Incoterms® 2010 after 1 January 2020?

Yes, all contracts using any Incoterms® are valid if they are agreed upon by all parties to the transaction, and correctly identified on the export-related documents.

Although the ICC recommends using Incoterms® 2020 from 1 January 2020, parties to a sales contract can agree to use any version of Incoterms® after 2020. They need to clearly specify the chosen version of Incoterms® being used (i.e., Incoterms® 2010, Incoterms® 2020, or any earlier version).

If you wish to use any other version of Incoterms® and the option is not listed under the **INCOTERM** field, select the last option: 'Delivery terms other than those listed above'.

Invoices and Goods	
Customs Warehouse Identifier	Supervising Customs Office
<input type="text"/>	<input type="text"/>
Exchange Rate	*INCOTERM
<input type="text"/>	<input type="text" value="Delivery terms other than those listed above"/>

## 7 Negotiating Incoterms® 2020

When negotiating a sales contract, the sender and receiver need to agree which Incoterm® 2020 will be used. The most appropriate term will depend on the size of the firms involved and their experience handling freight movements.

For instance, if you are a larger company in GB sending goods to a smaller NI buyer, you will have more experience handling goods movements procedures and will have access to more cost-effective transport. In this situation the parties may decide to use DDP, and the sender/supplier would take on the responsibility for delivering the goods, ensuring declarations are completed.

Conversely, if you are a large NI buyer receiving goods from a small firm in GB, you will likely have greater capacity to handle this freight movement. In this instance, you may want to use EXW as this term denotes that the receiver is taking on more of the risks, costs, and obligations.

When two smaller and less experienced firms trade with each other, it is less clear who should take on more responsibility. In this scenario, you will need to negotiate with your counterpart regarding which term you will use.



## 8 I need to know more

The latest version of the Incoterms® 2020 rules is now published by the International Chamber of Commerce (ICC) and protected by copyright. The revised rules reflect the latest developments in commercial transactions. For further information on the Incoterms® 2020 rules, please visit the [ICC website](#).

The NI Customs & Trade Academy ([NICTA](#)) provides traders that have registered with TSS with short courses on all aspects of GB-NI trade. If you have not registered for TSS you can do so [here](#).

There are additional guides available on [NICTA](#) to support you with trade into and out of NI:

- [Registration: Step-by-step guide using TSS](#)
- [A Beginner's Guide for importing goods to Northern Ireland](#)
- [How to use the TSS Portal](#)

You can also consult the [TSS Contact Centre](#) for support on 0800 060 8888.

## 9 Changes to guidance and policy

Last updated **August 2023**.

**August 2023:** Minor update to format, not related to content.

**May 2023:** Updated to reflect continuous improvement activities.

**February 2023:** Updated to include most commonly used Incoterms® and introduction of section (6).

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