

Long-Term Supplier's Declaration (LTSD): Customs Law Protection for Long-Term Goods Flows

The long-term supplier's declaration (LTSD) is a customs declaration by which a supplier confirms that the delivered goods, with a preference document, are regarded as goods of EU or partner-country origin. It applies to a large number of deliveries over a defined period, typically up to twelve months, and thus replaces the individual declaration for each consignment. For buyers and supply-chain managers in DACH industry, the LTSD is a central document for using preference advantages in import clearance and mitigating customs risks.

Key facts

- The LTSD confirms the preferential origin of goods for multiple deliveries over a defined period, frequently a maximum of twelve months.
- It is based on the supplier's knowledge (resident or trader knowledge) and requires reliable origin data.
- At customs clearance of the consignment, the declarant must be in possession of a valid LTSD in their capacity as exporter.
- Without a valid LTSD, retrospective customs claims, interest and, where applicable, fines threaten the importing party.
- The validity of the LTSD should be systematically monitored, as expired or incorrect declarations nullify preference claims.
- The content of the LTSD follows the preference rules of the respective agreement (e.g. EU origin rules, the REX system).

Definition: long-term supplier's declaration

The long-term supplier's declaration is a customs origin declaration by which a supplier confirms, for a defined group of goods over a period of time, that its goods fulfil the rules of origin of a preferential agreement. It is typically used within the European preference system (e.g. EU agreements with third countries) and replaces the repeated declaration on individual consignments.

Distinction from the individual declaration

With an individual declaration, origin is confirmed per consignment or per invoice. The LTSD, by contrast, applies to all consignments delivered to a specific consignee during its validity period. This considerably reduces administrative effort, but clearly shifts responsibility for correct origin information to the supplier.

Legal framework

The requirements regarding the content and form of the LTSD arise from the respective preferential

agreements and the associated implementing regulations. Depending on the agreement, minimum particulars such as exporter, consignee, description of goods, type of origin and validity period are mandatory. Since preference rules can change, the specific wording should always be checked against the currently applicable legal sources.

Methods and approach in procurement

Systematic use of the LTSD requires a structured process from request through review to filing and follow-up. Procurement organisations frequently embed this process in standardised supplier requirements.

Requesting from suppliers

The LTSD is typically requested as part of supplier onboarding or at contract conclusion, often in parallel with quality topics such as First Article Inspection (FAI). The supplier should provide precise details of the affected item positions, the origin rule and the validity period. For long-term framework agreements, it is advisable to contractually anchor the obligation to renew the LTSD annually, for example as a component of a price adjustment clause or a compliance commitment.

Reviewing the submitted declaration

The buyer should check points such as the scope of goods, origin rule, validity, correctness of addresses and consistency with the supplier's data catalogue. For complex goods or value chains, a query to the supplier or the involvement of a customs consultant may be sensible. In practice, checklists that systematically compare all preferential minimum particulars against the documents have proven their worth.

Linking with procurement processes

The LTSD should be taken into account as a quality attribute in procurement logistics and supplier performance evaluation. A supplier that repeatedly provides expired or incomplete declarations should accordingly be flagged negatively in the supplier evaluation. This linkage creates incentives for data quality and the punctual re-delivery of documents.

Key KPIs and control metrics

To monitor compliance with customs obligations, a few key figures are used in practice. They help to make weaknesses in preference management visible.

Completeness of origin documents

The share of suppliers with a valid, complete LTSD should be as close as possible to 100 percent. In practice, a target value of at least 98 percent is frequently pursued. Values below this indicate process problems in supplier communication or procurement logistics.

Currency of validity

The share of deliveries processed within the validity period of the LTSD is a key control metric. Values below 100 percent typically lead to retrospective claims and should therefore be monitored continuously.

Error rate in customs declarations

The frequency of retrospective customs corrections or preference rejections as a result of faulty LTSDs

is another indicator. In well-organised companies, this rate usually lies in the single-digit range per thousand consignments. Frequent errors point to poor data quality in the master or article data.

Risks and controls

Incorrect or missing LTSDs can lead to retrospective customs claims and fines. A robust control system significantly minimises these risks.

Typical sources of error

Common problems are expired declarations, non-matching goods descriptions, missing information on the origin rule or an unclear distinction between supplier and exporter. Even with change orders or product redesigns, the origin can change without the LTSD being updated. Such cases should be systematically queried in change processes.

Internal controls and audits

An annual review cycle in which all active LTSDs are checked for validity and completeness has proven its worth in practice. An internal audit or a customs service provider can help identify weaknesses systematically. The documentation should be audit-proof in order to demonstrate the traceability of materials and records during customs audits.

Supplier-side safeguards

Suppliers should be contractually obliged to confirm origin correctly at all times and to notify changes without delay. In addition, an intensified complaint evaluation for errors in origin documents can be provided for. A non-disclosure agreement (NDA) protects the confidential manufacturing and sourcing data that are necessary for determining origin.

Current developments and digitalisation

The handling of LTSDs is increasingly being digitalised. Inventory management and customs systems enable the systematic administration of declarations including expiry dates and reminder functions.

Digital document management

In modern ERP systems or supplier portals, LTSDs are stored centrally in the data catalogue or document management. Automatic reminders before the expiry of validity considerably reduce manual effort. A high level of data quality in the article and supplier master data is a prerequisite for reliable preference calculations.

Linking with supplier management

The LTSD can be integrated into broader supplier management, for example as part of supplier consolidation or innovation management in procurement. Suppliers that provide origin documents reliably and digitally can be weighted as preferred partners. Within procurement cooperation initiatives, a uniform standard for origin declarations can also simplify the exchange between partners.

Impact of changed trade agreements

Geopolitical changes and new or amended trade agreements can affect origin rules and preference requirements at short notice. Procurement organisations should therefore maintain processes to adapt LTSDs quickly to new legal situations. Close coordination with the customs department or external

consultants is particularly important in such transition phases.

Typical metrics

Suppliers with a valid LTSD: typically > 98 %

Share of active suppliers with a complete, valid declaration

Consignments within the validity period: 100 %

Deviations lead to loss of preference

Customs correction rate: often < 1 % of consignments

Indicator of data quality and process maturity

Practical example

A medium-sized mechanical engineering company regularly purchased bought-in parts from several Eastern European countries and used preference advantages on import. A customs audit revealed that around 15 percent of active suppliers could not produce a valid LTSD, which led to retrospective claims. The company responded with structured preference management.

- Introduction of a central document repository in the data catalogue with automatic expiry monitoring
- Anchoring the LTSD obligation in all framework agreements, including a notification obligation in case of origin changes
- Annual review cycle with a checklist for checking the minimum required particulars
- Inclusion of LTSD compliance in supplier performance evaluation

Conclusion

The long-term supplier's declaration is an ostensibly formal document with considerable financial significance. It enables preference advantages, reduces administrative effort and clearly shifts responsibility for origin to the supplier. This requires clean master data, reliable supplier processes and gap-free traceability of documents. Those who integrate LTSDs systematically into procurement logistics, supplier evaluation and customs management minimise customs risks sustainably and strengthen compliance across the entire procurement process.

Frequently asked questions

What is a long-term supplier's declaration?

A long-term supplier's declaration (LTSD) is a customs declaration by which a supplier confirms that goods meet the rules of origin of a preferential agreement over a defined period. It covers multiple deliveries to one consignee and replaces a separate declaration for each consignment. Typical validity periods are up to twelve months.

How long is an LTSD valid?

The validity period is specified in the document itself and in practice is often a maximum of twelve months. After expiry, a new declaration must be in place so that further consignments can be cleared with preferential treatment. It is important that the consignment is exported within the validity period.

Who issues the LTSD?

The LTSD is issued by the supplier or exporter of the goods. They are responsible for the accuracy of the origin information and must be able to provide the necessary evidence of origin. However, the buyer should also check the declaration themselves for completeness and plausibility.

What happens if there is no valid LTSD?

Without a valid LTSD, the preferential tariff rate can generally not be claimed. Retrospective customs claims, interest and, in individual cases, fines may be imposed. For this reason, systematic monitoring of the validity of all active declarations is strongly recommended.

What is the difference between an LTSD and a supplier's declaration?

A supplier's declaration in the strict sense confirms origin for a single delivery or invoice. The long-term supplier's declaration, by contrast, covers many consignments over a period of time. In practice, the LTSD has largely prevailed due to the reduced administrative effort.

Must the LTSD be in digital form?

No, a paper form remains permissible in many contexts, provided the relevant agreement provisions are met. However, digital formats and storage in a document management system significantly facilitate administration, review and record-keeping. Electronic storage with an automatic reminder function is recommended.