

JCCC Customs Newsletter 40

Issues in the Customs and International Trade area

September 2013

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1: The Customs Newsletter

Welcome to Issue 40 of the Customs Newsletter. This newsletter covers June to September 2013.

The aim of this newsletter is to inform importers and exporters of changes in the procedures for movement of goods across borders.

If there is an article you would like to see please send requests to jccc.secretariat@hmrc.gsi.gov.uk

2: Reports from EU/International meetings

Customs Code Committee Tariff & Statistical Nomenclature Section (Tariff Classification)

Mechanical/Miscellaneous Sector
113th Meeting (20 to 21 June 2013)

The minutes of this meeting have been published and are available on the www.europa.eu website.

Details of this meeting were provided in the last newsletter.

Ten topics were submitted for voting at the meeting, and draft Commission Regulations were adopted by the Committee. The Commission Regulations have all been published in the Official Journal (OJ), and have entered into force;

Plastic Toy Figurine; Classification in code 9503 00 95.
Commission Regulation 711/2013 published on 25 July 2013 (OJ L 200/16)

Grooved Pipes; Classification in code 7326 30 77.
Commission Regulation 707/2013 published on 25 July 2013 (OJ L 200/8)

LED Modules; Classification in code 9405 40 99.
Commission Regulation 708/2013 published on 25 July 2013 (OJ L 200/10)

Handset for Aircraft Seats; Classification in code 8537 10 99.
Commission Regulation 705/2013 published on 25 July 2013 (OJ L 200/4)

Traffic Message Channel Receiver; Classification in code 8517 69 39.
Commission Regulation 710/2013 published on 25 July 2013 (OJ L 200/14)

Printed Circuit Board; Classification in code 8537 10 91.
Commission Regulation 706/2013 published on 25 July 2013 (OJ L 200/6)

Unit Assembly; Classification in code 8537 10 99 (three products).
Commission Regulation 704/2013 published on 25 July 2013 (OJ L 200/1)

Swivel and Fixed Castors; Classification in code 7326 90 98.

Commission Regulation 728/2013 published on 30 July 2013 (OJ L 203/1)

Wheels as parts of Wheelchairs and Rollators; Classification in code 3926 90 97.

Commission Regulation 722/2013 published on 27 July 2013 (OJ L 202/6)

Exhaust Gas temperature Sensor; Classification in code 8533 21 00.

Commission Regulation 709/2013 published on 25 July 2013 (OJ L 200/12)

Real Time Clock Module; Classification in code 9114 90 00.

A Regulation on this product was adopted at a subsequent Customs Code Committee meeting; the Regulation has been published.

Commission Regulation 863/2013 published on 7 September 2013 (OJ L 240/17).

The next meeting took place from 2 to 4 October 2013.

Contact: David Harris 01702 367372

Email: david.harris2@hmrc.gsi.gov.uk

Agriculture/Chemical Sector

There has not been a meeting since the last update, but the following amendments/regulations have been published.

An amendment to the Explanatory Notes to the Combined Nomenclature (Chapter 21), published on the 12/07/2013, Official Journal C200/8 refers.

An amendment to the Explanatory Notes to the Combined Nomenclature (subheading 2402 1000,), concerning 'Cigars, cheroots and cigarillos'. Published on the 24 July 2013, OJ C 210/3 refers.

An amendment to the Explanatory Notes to the Combined Nomenclature (subheading 3907 60 20) concerning the solvent used for measuring the viscosity of poly (ethylene terephthalate) published on the 24 July 2013, OJ C210/2 refers.

The tariff classification of cat litter, composed of bentonite clay or silicon dioxide heading 3824 9097, Commission Implementing Regulation (EU) No 699/2013 was published on the 23 July 2013, Official Journal L198/36 refers.

The tariff classification of a yoghurt drink containing cereal flakes was not discussed at the meeting due the lack of translations into all official languages but was finalized by 'Written Procedures'. Regulation 766/2013 was published on 9 August 2013 in Official Journal L214/3, heading 2202 90 95.

Next meeting:

The next meeting of the Agriculture/Chemical Sector is scheduled for 17 to 18 October.

Contact: Nina Ramsey 01702 265044
Email: nina.ramsey@hmrc.gsi.gov.uk

3: Reports on Projects/Customs Matters

3.1 Low Value Bulking of Imports (LVBI)

Low Value Bulking of Imports (LVBI) is an HM Revenue & Customs (HMRC) concession with origins dating back to 1985, that permits approved operators to aggregate (or 'bulk') goods item level import data on CHIEF (Customs Handling of Import & Export Freight), subject to a range of terms and conditions. It may only be used by persons who have been approved for the scheme by HMRC.

Following completion of a LVBI review, new Terms and Conditions for use of the scheme came into effect on 1 October 2013. These are set out in the annex to Customs Information paper (13) 31. A re-authorisation exercise is being undertaken to ensure that approved (existing and new) operators understand and can meet their obligations under the revised Terms and Conditions.

The CIP also confirms the requirement that goods declared to CPCs 40 00 005, 49 00 005 and 49 00 001 must be declared at item level on CHIEF. This will require the completion of a 10 digit commodity code in box 33 of the declaration.

[CIP \(13\) 60 Low Value Bulking of Imports](#)

3.2 HMRC Tribunal Success – Customs System of Duty Relief

(a) Disabled Goods Relief

HMRC were successful at Tribunal earlier this year with a case involving application of Import VAT on the arrival of a motor cruiser vessel from the Channel Islands.

HMRC had refused the belated application to use Disabled Goods Relief under the CSDR arrangements. The adaptations to the boat necessary for disabled use were made **after** importation. This is contrary to the accepted permissible use of Disabled Goods Relief. The proper use of the Disabled Goods Relief should be clearly intended from the outset, **before** any adapted items are imported. And, any item, including any vehicle or vessel, destined for use by disabled persons must be specially adapted for their use **before** the item is imported.

Customs Directorate also agree with the comments from Tribunal to review and update Notice 371 to ensure comparative clarity with Notice 701/7 on this aspect of the relief, and with that in mind, the pertinent CPCs (Customs

Procedure Codes) related to the relief will also be reviewed and amended within the same timeline.

Anyone considering using Disabled Goods Relief to import specifically adapted items for the personal use of a disabled person is recommended to refer both to Public Notice 371 and to VAT Notice 701/7 as well.

(b) Commercial Samples Relief

HMRC were successful at Tribunal in June this year in a case involving importation of garments by a well-known UK retailer using the Commercial Samples Relief.

HMRC had applied C18 debt recovery action for improper use of Commercial Samples Relief, where on several occasions the imported consignments of garments had not been prepared adequately enough for HMRC to agree the items were indeed proper samples. The UK retailer and their legal representation had then contested the debt application, and consequently this case went to Tribunal.

On the day of the Tribunal, neither the UK retailer nor their legal representation attended or sent representation to participate in the case. Despite that, the case proceeded and the Tribunal found in favour of HMRC, in that the various consignments of goods had **not** been properly prepared and/or presented to be eligible for Commercial Samples Relief. It was not adequate enough to affix easily removed labels to the garments, nor to import garments in just one specific sizing, nor declare the items with 'nominal valuations' to improperly indicate the goods are of 'negligible value'.

The proper emphasis for eligibility to use the relief rests on the fact that the items must be suitably prepared, presented and/or permanently marked prior to importation, so that they are clearly evident as demonstration items used to solicit further orders of that product, and only upon the Customs authority's satisfaction that these goods are Commercial Samples, are they then deemed to be of 'negligible value'.

This result comes amidst a wide-ranging examination of the operation and compliance of Commercial Samples Relief. As a consequence of this case, and from the findings from the various CITE X assurance exercises already undertaken, Notice 367 will be re-drafted to cater specifically for Low-Value Goods only, and a new proper Notice (372) for Commercial Samples Relief will be published, along with the necessary amendments and improvements planned to the CPCs 40 00 C30 and 49 00 C30.

The compliance of Commercial Samples Relief will be further enhanced by excluding private personal imports from the CPCs, clarifications on how to permanently mark or alter goods, methods of presentation, and defining what ineligible goods cannot use the relief. CIPs (Customs Information Papers) will be published and distributed on all this in due course.

3.3 New online service for SMEs

A chance for you to help HMRC shape the design of a new online service for small and medium businesses. To find out more about this new trial, please read on:

HMRC is developing a new online service for small and medium businesses, which will bring together everything businesses need to manage their tax affairs in one place.

From a personalised homepage, businesses will be able to view key information and access online services to manage their tax affairs. This will include filing tax returns, checking and making payments plus viewing important dates for future action.

HMRC is looking for volunteers to take part in a live trial of an early version of this new online service later this autumn. Volunteers will be able to access this service from any internet enabled PC; they will not need any special equipment or expert IT knowledge, just basic internet navigation skills. Volunteers will be asked to give some feedback on their experiences using the new service and this will most likely be done by completing short, occasional surveys during the trial, with the possibility of a slightly longer one at the end. None of the surveys is expected to take more than 5 minutes to complete but this will depend on the amount of narrative comment given.

If you're a frequent user during the trial you will **not** be asked to complete a survey every time you log in, and you will always have the option to choose **not** to complete a survey.

The feedback will be used to help shape the development and design of the new service before it is made available to all small and medium businesses in 22014.

Depending on the progress and outcome of the trial, HMRC may want to get more detailed feedback by either conducting telephone interviews or by contacting interest groups. Volunteers will be given the opportunity to take part in these, but it is **not** a condition of taking part in the trial.

If you would like to take part in this trial, please [register](#) your interest with HMRC by 16 November 2013. At the registration stage you will be asked to give some basic information about your business, such as its nature, and postcode. This information will be used to make sure that a broad representation of small and medium businesses are selected to take part. **Please note:** by registering your interest to take part in the trial you will be giving HMRC permission to contact you **only** to confirm whether or not you have been accepted into the trial and if so, for continuing to receive your feedback about the new service.

4. Changes in Customs

4.1 Alterations to Customs Notices

The following notices were amended between July and September 2013
 These are available on the [HMRC website under Public Notices](#)

Notice	Changes
Notice 199 - Imported goods customs procedures and customs debt	This latest version has been updated with amendments at to the paragraphs on goods in another MS, summary declarations, conditions, disposal repayment and remission and what happens to goods where there is an offense (, 2.3, 3.7, 3.8, 3.9, 4.6, 5.3, 5.4, 5.5, 5.8, 8.5 and 10.2.)
Notice 236 - Customs: Importing returned goods free of duty and tax	Total rewrite of the notice advising on what can be claimed on Customs Duty RGR and VAT RGR
Notice 252 Valuation of imported goods for customs purposes, VAT and trade statistics	Amendments to this Notice include advice on - the treatment post-importation work and changes to the Air Transport Costs percentages to be include in the customs value resulting from Croatia joining the EU on 1 July 2013.
Notice 275 Customs: export procedures	General re-write to improve readability with changes to sections on C21, representation, low value goods, CPCs, CAP and Excise goods, channel islands, and inward processing
Notice 702 Imports	Amendments have been made to paragraphs on repayments (2.6, 2.7), Calculation of import values (3.2), Postal imports (4.3) and c79 (8.6).
Notice 780 Common Agricultural Policy import procedures and special directions for goods	Removal of Croatia in paragraph 5.5.2 updated contact details.
Notice 826 Tariff preferences: imports	Croatia was removed as now part of the EU. Invalid telephone numbers and team names were updated
Notice 827 European Community Preferences: export procedures	This notice has been amended to take account of the new reciprocal preferential trade agreements between the EU: Serbia, Montenegro and Bosnia-Herzegovina. Amongst other changes it includes reference to the New Notice 830: Tariff Preference: New GSP Rules of

	origin and the South Korea Guide and also includes some minor textual amendments, changes of departmental names and contact details as appropriate.
Notice 828 Tariff Preferences: Rules of Origin for various countries	This notice has been amended to take account of the new reciprocal preferential trade agreement which came into force from 1 July 2011 between the EU and South Korea. It amends the 'Wholly Produced' lists at section 4 and includes a new list for South Korea products. It takes account of the reciprocal agreement between the EU and the Cariforum (EPA) States and the Interim Market Access arrangements (MAR) between the EU and certain ACP states. It also takes account of minor changes to the bilateral cumulation, some minor textual amendments to the previous notice (December 2010) and minor additions to the glossary at section 10.

4.2 List of recent Anti-Dumping Measures

Anti-Dumping Duty (ADD) is an import duty charged in addition to normal customs duty and is applied across the whole European Community. It is designed to allow the EC to take action against goods that are sold at less than their normal value.

These measures are posted in full on the HMRC website [Anti Dumping Duty Measures](#). Below is a summary of ADD issued between July and September 2013.

ADD number	Title
1933	Terminating the investigation concerning possible circumvention of anti-dumping measures, imposed on aluminium foil 'jumbo reels', originating in the People's Republic of China and discontinuing the registration of imports of the product
1934	Amends 1904 Imposing a definitive Countervailing Duty on imports of certain organic coated steel products, originating in the People's Republic of China
1935	Change of address of a company, subject to an undertaking and an individual rate of Anti-Dumping Duty, in respect of imports of citric acid, originating in the People's Republic of China.

1936	Continuation of Anti-Dumping Duty (ADD) on imports of ironing boards originating in the People's Republic of China and termination of ADD on imports of ironing boards originating in Ukraine.
1937	Decision concerning the imports of certain citrus fruits (mandarins), originating in the People's Republic of China, which were subject to registration.
1938	Amending definitive Countervailing Duty on imports of certain stainless steel bars and rods, originating in India.
1939	Accepting the undertaking offered by named exporting producers of Crystalline Silicon Photovoltaic Modules and Key Components, originating in or consigned from the People's Republic of China
1940	Amends 1939 Amending the provisional anti-dumping regulation (513/2013).concerning imports of Crystalline Silicon Photovoltaic Modules and Key Components, originating in or consigned from the People's Republic of China
1941	Amends 1939 Amending the provisional anti-dumping regulation (513/2013).concerning imports of Crystalline Silicon Photovoltaic Modules and Key Components, originating in or consigned from the People's Republic of China
1942	Amends 1940 Accepting the undertaking offered by named exporting producers of Crystalline Silicon Photovoltaic Modules and Key Components, originating in or consigned from the People's Republic of China
1943	Termination of the anti-dumping investigation, concerning imports of stainless steel tube and pipe butt-welding fittings, originating in the People's Republic of China and Taiwan.
1944	Repealing Anti-Dumping Duty on imports of certain steel ropes and cables consigned from the Republic of Korea, produced by a new exporter, and making those imports subject to registration during a review of the company.
1945	Repealing the Anti-Dumping Duty, on imports of trichloroisocyanuric acid, originating in the People's Republic of China, produced by a new exporter, and making those imports subject to registration during a review of the company.
1946	Imposing a definitive Countervailing Duty, on imports of certain wire of stainless steel, originating in India.
1947	Clarifying definitive Anti-dumping Duty measures on imports of certain candles, originating in the People's Republic of China.
1848	Extending Anti-Dumping Duty imposed on imports of certain imports of molybdenum wires to imports of molybdenum wire containing by weight at least 97% of molybedum, of which the maximum cross-sectional dimension exceeds 1.35mm but does not exceed 4.00mm, originating in the People's Republic of China.
1949	Continuation of the definitive Anti-Dumping Duty on imports of certain prepared and preserved sweet corn in kernels originating in Thailand
1950	Notice concerning the anti-dumping measures in respect of imports of certain prepared or preserved citrus fruits (mandarins) originating, in the People's Republic of China: change of the name of a company subject to an individual Anti-Dumping Duty rate
1951	Amending a definitive Countervailing Duty on imports of certain polyethylene terephthalate, originating in Pakistan

4.3 List of CIPS issued July - September 2013

[List of Customs Information Papers July to September 2013](#)

No	Title
(13) 43	Valuation of fruit & vegetables - New Customs Procedure Code for use with Standard Import Values
(13) 44	Tariff Preference: Temporary Derogation from Rules of Origin for – Peaches Pears and Pineapples in fruit.
(13) 45	Tariff Preference: changes to the list of GSP beneficiary countries
(13) 46	Tariff Preference – Lifting of trade restrictions between the EU and Myanmar and restoration.
(13) 47	Tariff Preference – Implementation of Free Trade Agreement between EU and Colombia
(13) 48	Customs Duty Repayments
(13) 49	Tariff Preference: Implementation of Reciprocal Preferential Trade Agreement between EU - Central America
(13) 50	Import Control System - ICS
(13) 51	Tariff Preference: Derogation from Rules of Origin-for certain products imported from Colombia eligible for a quota
(13) 52	The EU Commission's position on use of home printed baggage tags by airlines
(13) 53	Anti-dumping duty on Bicycle parts - the de minimis limit
(13) 54	Tariff Preference - Publication of European Commission notice to importers concerning tuna declared as originating in Thailand
(13) 55	Simplified C285 form for use by private individuals
(13) 56	Customs Duty Repayments - new database
(13) 57	New Returned Goods Relief CPC 00 00 061
(13) 58	Route 3 Entry Processing
(13) 59	Clarification on the import of goods using individual bank guarantees (MOP S) as security
(13) 60	Low Value Bulking of Imports (LVBI)

4.4 Export of goods outside the European Union - changes to VAT rules

UK VAT law on zero-rating of certain supplies of goods for export outside the EU changed on 1 October 2013. The change brings UK law in line with EU law. Businesses affected are those who have no business establishment in the UK but who are VAT registered here. Where such businesses purchase goods from a UK VAT registered supplier and arrange for the export of those goods to a non-EU destination, the sale was standard-rated according to UK law. EU law dictates that supplies which fall within these circumstances are zero-rated.

The change will mean that a supply of goods can be zero-rated where:

- the customer is established outside the UK but is VAT registered here
- the customer takes responsibility for exporting the goods to a non-EU destination
- the supplier is able to meet the conditions set out in Notice 703 (Exports of goods from the UK)

Further details are available in [Revenue and Customs Brief 26/13](#) published on the HMRC website.

5. What is it?

Service Availability Web Pages

The [Service Availability Web Pages](#) give a list of online services provided for HMRC and any scheduled downtime expected.

Below is a list of the services covered, it is available at www.hmrc.gov.uk in the right hand corner of the News and updates section.

Alcohol & Tobacco Warehousing Declarations (ATWD)	New Computerised Transit System (NCTS) email
Charities	New Computerised Transit System (NCTS) Web
Child Trust Fund (CTF)	New Computerised Transit System (NCTS) XML
Construction Industry Scheme (CIS)	Notification of Vehicle Arrivals (NOVA)
Corporation Tax (CT)	Online Agent Authorisation
Customs Freight Simplified Procedures (CFSP)	Online End of Year Expenses and Benefits
Customs Handling of Import Export Freight (CHIEF)	Pay As You Earn (PAYE)
Duty Deferment Electronic Statements (DDES)	Pension Schemes
Duty Stamps	Rebated Oils Enquiry Services
EC Sales List (ECSL)	Registered dealers in controlled oil (RDCO) Electronic returns
Electronic Binding Tariff Information (eBTI)	Reverse Charge Sales List (RCSL)
EU VAT Refunds	Secure Electronic Transfer (SET)
Excise Movement and Control System (EMCS)	Self Assessment (SA)
Import Control System (ICS)	Shared Workspace
Intrastat (IS2)	Self Assessment (SA)
Machine Games Duty (MGD)	Stamp Taxes
National Export System (NES) email	Tied Oils Enquiry Service
National Export System (NES) Web	VAT Online
National Export System (NES) XML (Schema)	VAT On e-Services (VOES)

6. Hints for micro businesses

A micro-business is one that meets two of the three following criterion:

- balance sheet total: £316,000
- net turnover: £632,000
- average number of employees during the financial year of 10 (or fewer)

There are approximately 1.56 million micro-businesses in the UK.

Business Manager, Jo Swinson has confirmed that [measures](#) to reduce the accounting red tape for micro-businesses will come into force as soon as possible and will apply to financial years ending on, or after, 30 September 2013.

1. Alternative Dispute Resolution: now part of HMRC business

Alternative Dispute Resolution (ADR) for Small and Medium Enterprises (SMEs) and individuals became part of normal business on 2 September 2013. [ADR](#) is aimed at providing a quick and fair way of resolving both VAT and direct taxes disputes in compliance checks. The best time to apply for ADR is after all relevant facts have been established and progress is deadlocked. For more information please go to our [FAQ's](#) and [FAQ's Cymraeg](#).

2. Tax Return Catch Up: years up to 2011-2012

Do you want to bring your tax affairs up to date quickly? If we have sent you a Self Assessment tax return or notice to complete a tax return for any year up to 2011-12 and you have not yet taken any action. Join this [campaign](#) to get the best terms available.

3. Record Keeping and Simpler Income Tax: Apps and Tax help

A quick reminder that some of the record keeping [software](#) and apps now include cash basis and simplified expenses specifications. Many of these are free. You may also wish to take a look at our Tax [help](#) guidance on keeping records. The introduction of [cash basis](#) and [simplified expenses](#) makes it easier and quicker for many small businesses to keep records and file their tax returns.

4. RTI issues: missed deadlines and student loan borrowers' employments ceased incorrectly

Although more than 1.6 million employers PAYE schemes, covering over 40 million individual records, are successfully making PAYE real time submissions some employers have failed to follow the new processes. Letters were sent out in September to those who have not yet made the transition. If you have been contacted please act [now](#).

A small number of student loan borrowers' employments were erroneously 'ceased' on our systems leading to employees receiving letters from the Student Loan Company (SLC) if any of your employees have been affected please ask them to follow this [guidance](#).

7. Did you know?

You can find out which currency has been used most frequently for invoicing UK import and export trade with countries outside the EU by on our [trade statistics website](#).
www.uktradeinfo.com