

Minutes of the JCCC Duty Liability Sub-Group meeting

Date of Meeting: Wednesday 18 May 2016

Location: Room 15.18/19, Alexander House Southend on Sea

Attendees:

Lorenzo Rossetti (LR)
Gavin Roberts (GR)
Bob Ellison (BE1)
Michael Alexander (MA)
Emma Ormond (EO)
Howard Levene (HL)
Gordon Tutt (GT)
Arne Mielkin (AM)
Ronnie Bennett (RB)
Ian Worth (IW)

Valerie Smith (VS) (*Chair*)
Lisa Cureton-Burgess (LCB) (*Minutes*)
Beth Earwicker (BE)
Sue Hill (SH)
Hazel Batter (HB)
John Mitchell (JM)
Peter Knights (PK)
Syed Moinuddin(SM)

Apologies:

Apologies were received in advance from,

Phil Challen
Robert Windsor
Andy Miller
Keith Aldred
Walter Anzer
Corinne Nabavi
Barbara Scott
Denise Valin
Mike Hodge
Mark Emerson

Previous minutes – Action points

The minutes of the previous meeting of February 16 were agreed.

Action Points:

AP no.	Action Raised	Action Taken	Owner	Status
1	Circulate Commission guidance on Valuation	Circulated to members	LCB	Discharged
2	Contact Caroline re her UCC guidance	Circulated to members	LCB	Discharged

Origin

WTO Trade Facilitation Agreement (WTO TFA)

SM gave an update on the current ratification of the WTO Trade Facilitation Agreement which was agreed in Bali in December 2013. Over 70% of the provisions in the agreement are related to customs procedures and raising the global customs baseline which is therefore of interest to importers and exporters. The agreement enters into force once 2/3rds of the 163 WTO Members have [ratified](#). Currently 85 members have ratified the agreement with the ambition to reach the critical number of 109 as soon as possible. The latest position can be found on the WTO [website](#)

HMRC has been given £3m by DFID over three years to support less developed and developing countries implementing the WTO TFA. HMRC will be working through a ground breaking partnership with the World Customs Organisation and UN Conference for Trade and Development to undertake in country customs capacity building assistance.

SM would like to receive information on countries from the trade where goods are being held up or delayed at the border.

Trade Agreements

The European Commission (EC) negotiates trade agreements with third countries on behalf of the 28 Member States. HMRC provides customs expertise on the customs related articles in trade agreements such as customs and trade facilitation, rules of origin and customs cooperation. BIS is the lead department in the UK in promoting the interests of HMRC and UK businesses with the EC.

The EU is negotiating with the US on the Transatlantic Trade and Investment partnership (TTIP) agreement. The 14th round of negotiations is taking place in mid-July 2016 and a readout will be available on the [website](#) There is a strong political will to reach a deal by the end of this year, particularly given the timing of the upcoming US presidential elections.

International benchmarking studies

Governments around the world use international benchmarking studies to validate their approach to trade facilitation in the country and as a tool to compare their position with their peers. The UK government has said that it wants to be ranked in the top 5 global rankings and first in Europe in the Ease of Doing Business rankings by 2020. The World Bank in 2015, revised its methodology on the Trading across Borders indicator which led to the UK falling to 36th place from 15th in the old methodology.

We have engaged with the World Bank to understand this change in methodology. The World Bank is seeking to update the list of contributors and if you are interested in participating in the annual 15 mins online survey, can you please provide your contact details to **SM**

SM has provided links to the main international benchmarking studies with an interest in measuring the customs service.

World Bank

Ease of Doing Business

Trade across Borders <http://www.doingbusiness.org/rankings>

Logistics Performance Index

<http://ipi.worldbank.org/international/global>

World Economic Forum

Global Competitiveness Report Burden of Customs Procedures within the “Goods market” efficiency pillar

http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

Global Enabling Trade Report Border Administration sub index

http://www3.weforum.org/docs/WEF_GlobalEnablingTrade_Report_2014.pdf

IMD

World Competitiveness Yearbook

Customs Authorities” –sub index

<http://www.imd.org/uupload/imd.website/wcc/scoreboard.pdf>

KF updated the members regarding the latest position on the EU’s New GSP Scheme, EPA & Free Trade Agreement Negotiations, & the Pan-Euro-Med Regional Convention. An update presentation pack was distributed prior the meeting. **KF** said that GSP+ might be introduced again to Sri Lanka **AP KF** to inform members of any update.

KS gave a brief update on Rex, he said that if members have any questions to send them to **LCB** and **KF** will put together a note on Rex to distribute to members.

Valuation

HB thanked the members for their patience with the delay in replying to questions that have been recently raised, she said that they have been quite challenging in the context of the practicalities of the UCC. She said that implementation of the UCC will be phased in from 1 May 2016 to 31 December 2020. She said that she would welcome feedback from members for what you need from them going forward. The main debate with regards to Valuation has been the withdrawal of earlier sales, especially in relation to sales in/out of warehouse and the changes to royalties and license fees.

A CIP has been published 34 (2016) on earlier sales/royalties and public notice 252 on GOV.UK has also been updated to reflect UCC references, it will be updated again as our practical understanding develops further.

JM added that we still require feedback from the trade to send to the Commission for possible additional guidance. Discussions around the table on different types of scenarios regarding royalties was interesting so **JM** encouraged the members to forward any ideas or scenarios to LCB so he could present them to the Commission.

All simplifications under Article 73 of code 952/213 will require an authorisation to be in place. This will cover amounts referred to in Article 70(2) and Article 71 (additions) and Article 72 (Exclusions).

For example, additions for royalty payment, tooling costs, freight & insurance cost, transfer price cases will just need an arrangement between HMRC (UoE) and importer or their representative.

Policy are working with the Valuation Unit of Expertise on how this will operate under Article 71 Delegated Regulation 2015/2446. Checks will be made by the UoE on validity of the simplification before the authorisation is registered and a simple form is being considered by the UoE. It is not intended that HMRC will reopen all existing Article 156a agreements but an Authorisation will be required once it requires renewal.

For royalty cases an Authorisation will be needed for all new cases (not all current royalty uplifts unless the royalty agreement changes)

There will be no pressure put on importers to have a Valuation Authorisation in place by due date.

Classification

BE said that there has been no change in the volume of BTI applications received since 1 May. She reminded everyone that BTI's were now only valid for 3 years. TCS diaries were up due to unplanned building closures but we are confident they will be reduced within the next couple of weeks.

There is new Commission guidance covering the BTI system and its operation which will be published in the OJ's in the C series so not legally binding but will help to ensure uniform application across Europe.

The Commission are going to be trialling a pilot scheme which will see the creation of groups being of classification experts sourced from Members States to help issue decisions on technical products. It is hoped this will provide a quicker method of addressing complex or contentious classification disputes rather than wait for the next committee meeting to be held. Only 14 countries have signed up for the trial and initially they will be covering Chapters 84 & 85. The UK have nominated David Harris as our representative David has been accepted and will be part of the first trial.

BE highlighted that Germany (the largest issuing MS) were not taking part it is thought that they may have declined due to lack of resources. This led to one of the sub group members advising that Germany were currently taking 9 months to issue BTI's which potentially could have a knock on effect in the UK if importers apply here instead because they want a decision issued quickly

Members spoke about the length of time it was taking some Members States to issue duty refunds. The Netherlands were highlighted as one of the MS who took months to issue, **BE** stated she would try and ask the NL representative why the process takes so long when she attends her meeting in June.

Members spoke highly regarding the new TCS email SERVICE for classification advice. They said it's more professional and the advice they are given is thorough with the right people replying to the right query.

BE said that as part of implementation of the UCC there will be a revised BTI application form. The boxes for the applicant and the holder will change and applicants will have to have an EORI number.

GR raised a question concerning the Explanatory note concerning cameras. **AP BE** to speak to David Harris for an update (David Harris has already contacted **GR** action discharged).

The group asked for calendar dates showing of all future EU Committee meetings and a list of extant EU regulations **AP BE** to supply both lists. Discharged **BE** has issued them to members.

Tariff

VS informed the group that HMRC extended the contract with TSO Ltd for the 2017 printed Tariff.

We have also awarded a contract with a new external supplier for an "off the shelf" Tariff Service. This is part of the Customs Declaration Service programme. Work to "on board" the product in the HMRC environment has started.

AOB

GR asked if the old C285 forms could still be used. **BE AP** to speak to the Repayments Team. Discharged old versions can be used until the updated version has been issued.

Meeting closed 14:30

Next Meeting:

28 October HMT Horse Guards Road London.

Reference	Action Point(s)	Owner
Preference	To inform members of any update regarding GSP+ for Sri Lanka.	KF