

Minutes of the JCCC Duty Liability Sub-Group meeting

Date of Meeting: Thursday 15 March 2018

Location: Room 15/18-19

Alexander House Southend on Sea.

Attendees:

Lorenzo Rossetti (LR)
Gavin Roberts (GR)
Walter Anzer (WA)
Corinne Nabavi (CN)
Barbara Scott (BS)
Pawell Jarza (PJ)
Ian Worth (IW)
Keith Aldred (KA)
Howard Levene (HL)
Mark Emerson (ME)
Michael Alexander (MA)
Ronnie Bennet (RB)

Valerie Smith (VS) (*Chair*)
Lisa Cureton-Burgess (LCB) (*Minutes*)
John Mitchell (JM)
Steve Lamprell (SL)
Beth Earwicker (BE)
David Knight (DK)
Dave Morgan (DM)
Oliver Johnson
Steven Rae

Apologies:

Apologies were received in advance from,

Andy Miller
Emma Ormond
Gordon Tutt
Martin Meacock
Bob Ellison

Previous minutes – Action points

The minutes of the previous meeting of October 17 were agreed.

Action Points:

AP	Action Raised	Action Taken	Owner	Status
Valuation	Circulate the list of questions that were presented to the Commission to members again	List circulated	JM	Discharged
Origin	Art 2.5 Clause for drawback, to be examined by SL who will then report back	Email sent to CN	SL	Discharged
ADD	To circulate ADD 2233 notice	Notice circulated	SL	Discharged
Classification	GR to send email of thanks to Beth	Email received	GR	Discharged

Valuation

JM began by advising the group that the EU Customs Expert Group for Valuation had not met since the last JCCC Duty Liability Sub Group meeting. The next meeting is the 12-13th April but to date we have not seen the agenda and therefore have not seen any new documents.

Since the JCCC met we have to received the documents, including a revised copy of the Valuation compendium as per the action point below

JM acknowledged IW's comments regarding Art 128 which which we will take on board.

The version of the revised Valuation compendium which was shared at the last meeting had a few gaps in subject matter. Version 2 should plug those gaps hopefully including royalties and earlier sales. **AP JM** to circulate Version 2 via LCB

JM went on to invite group members to let him have any comments on Version 2 via LCB. He will forward them to the Commission

JM said that he will expand his copy list as requested and include new documents **AP JM** to circulate documents to members for feedback.

BS asked about the authorization and simplifications form for valuation **JM** said we have a form now which the Unit of Expertise are revising. We expect it to be published around early to mid-April **AP JM** to circulate the current version to the members asking for quick feedback.

BS asked if it will include transfer pricing. **JM AP** to check

LR asked about special procedures simplifications **VS** said that we have a new policy team headed up by Tinu Fagbayi who lead on special procedure policy matters. **VS** asked **LR** to email the question through LCB so we can forward it on to the Special Procedures team AP

Binding Valuation Questionnaire

JM advised the group that the questionnaire has been published and encouraged interested group members to complete it. The deadline for completion is 1 June. The questionnaire can be accessed via the Europa website.

JM said that BS had concerns regarding deadlines for contracts in the transitional period for earlier sales, HMRC plan to publish a related CIP by the end of April.

Definition of Proper Sales

JM said the last guidance was from 2016 and referred to art 128. The use or definition of the word “proper” by the Commission isn’t particularly clear.

AP JM to look into the guidance

Hamamatsu

JM advised that Valuation policy have had many comments from group members already. He expects it will be on the agenda of the next Customs Expert Group meeting. HMRC are not envisaging any changes.

The UK does not yet have a formal position HMRC will produce CIP if needed.

JM asked **MA** to email his questions and any concerns via LCB

Origin

SL advised that there had been an EU Customs Expert group (Origin Sector) meeting on 22nd March ‘18. He briefly talked group members through some of the key developments as shown in the PowerPoint update which had been circulated to members before the meeting as usual.

Pan Euro Med (PEM) - The Commission is continuing to work with the PEM countries to amend the Convention as it is now 20 years old. The Commission is looking for a consensus but some countries still have concerns over textiles and sugar.

The Commission has presented 3 different options:

- O1 – Revision (the preferred option);
- O2 – Retain the status quo; or
- O3 – A two-speed or transitional application of the revised rules among willing countries pending finalisation of the review of the Convention.

Option 3 would require a “critical mass” of countries willing to accept alternative Rules of Origin (RoO). There would have to be acceptance of those continuing to use the traditional RoO; not ideal.

Used cars - The proof of origin for used cars continues to be discussed with the Commission stating that they continue to see this being down to the manufacturer.

GSP – At the time of the meeting 18 beneficiary countries had failed to comply with the requirements to implement REX, meaning that imports from these countries could no longer access preference. However, the countries remain as beneficiaries of GSP and remain in the TARIC preference group which has caused some confusion. This will be picked up at the next Customs Expert Group meeting so we will know more after that. **AP SL** to consider the issue of a Customs Information Paper to make importers aware of the position.

REX

The Commission is to amend the implementing provisions for the UCC to reflect the fact that REX now applies to countries outside of GSP, e.g. Canada.

KA reported issues with the system requirements, i.e. the inclusion of the invoice number in Box 44 against the REX document code.

AP KA to write in formally with the issues and problems to SL

MA enquired as to whether there will be GSP with Vietnam after Brexit? **VS** informed the meeting that colleagues and DIT trade policy group are looking at the status of individual agreements.

BS asked if there was any guidance on what evidential requirements would protect importers claiming preference? **SL** stated that there is no set guidance and that it is down to the importer to take all the steps they feel are necessary to satisfy themselves that the origin of the goods is correct.

Tariff

DM The first release of the new Customs Declaration Service (CDS) is due to launch in early August 2018. Work is underway to produce a CDS version of Tariff Volume 3 guidance to be published in readiness for the launch. We expect to make the draft guidance widely available. We have started to feed out draft information to key CDS stakeholders including Software Houses and CSPs Feedback has been invited with a deadline 13 April.

VS said that following receipt of the feedback more work will need to be done on the draft. Time is short if we are to get CDS Volume 3 published and distributed in late July but we are confident that this will be achieved.

DM we are working collaboratively with key stakeholders including the Software Houses and CSPs but also the wider trade audience. HMRC has established CDS external readiness teams looking at making sure the guidance information reaches all those that need it at the right time and supporting the trade generally.

MA what help will be out there for other businesses? **VS** the initial focus has been on the provision of technical guidance and information. We anticipate that there will be more engagement going forward via external readiness but do not have the detailed plans to share with the group today.

AP DM to update members on the external readiness updates/plans

VS reminded the group that key stakeholders had already received dummy tariff data files. She invited members to provide the CDS Programme with technical feedback on the tariff data and any issues with it.

DK said there is a new version due mid-April, **LR** is there a spec available? **DK** will make the Taric user guide available

AP LR to feed back any questions from group members to the CDS Programme.

Classification

BE Invited any questions from group members regarding the Classification 'sector' reports which had been circulated in advance of the meeting as usual? **IW** inquired about the classification treatment of electric cars and a new tariff code, **AP BE** will look into it.

BE referred group members to the recent Combined Nomenclature Explanatory Note guidance on mobile phone cases. She said that TCS will perform a review of current BTI's to identify if the products in question have closures or not. Any BTI's found to be inconsistent with the CNEN will need to be revoked.

BS spoke about portable interactive devices for children commenting that a note will soon come out saying they need to be portable which is stating the obvious **AP BE** to check with David Harris.

HL asked if there is a definition of "for children" for classification purposes? **BE** said no but in general if an article performs all the functions of the standard product then it's not considered to be a toy for children. For example a "toy torch" would be expected to have limited use. However, if it was of robust manufacture and provided a good light source it would be classified as a torch rather than a toy. TCS consider goods on a case by case

BS asked about a camera for drones and CNENS, **AP BE** to follow up with David Harris

BE spoke about the ongoing issue with starch in pet food. Group members would recall that a new CNEN had come out in January replacing the 5% starch content requirement and putting it back to the original 0.5%. The UK believed that a repayment of customs duty can be retrospective in this circumstance. However the legal wording does not make this very clear. **BE** advised those caught up by this issue to submit a refund claim for consideration.

AP BE to circulate the new BTI system draft which we hope will deliver an improved digital system for both TCS staff and customers.

AOB

IW had a question relating to Alternative Dispute Resolution (ADR) saying that he has been informed his case cannot be heard due to the relationship with HMRC and EU auditors, does this mean an end of ADR for our customers?

VS said she cannot comment on the specific case, but said that it certainly doesn't mean the end of ADR. ADR is an alternative process to an appeal and may be useful if there is a misunderstanding about the good in question Suitability of a case for ADR is assessed on a case by case basis, The HMRC ADR team are independent of the decision maker and work with the parties involved to facilitate the process. ADR is an option for consideration as is the review and appeals process. **VS** said she would be happy to talk to **IW** about his case after the meeting.

Meeting closed 14:30

Next Meeting:

26 Sept 2018
 @11:00
 Southend

Reference	Action Point(s)	Owner
Valuation	revised Valuation compendium to circulate Version 2	JM
Valuation	To find out if the authorization and simplifications form will include transfer pricing.	JM
Valuation	To look into guidance of the Definition of Proper Sales	JM
Preference	To consider issuing a CIP	SL
Preference	To write to SL with issues regarding REX	KA
Tariff	update members on the external readiness updates/plans	DM
Tariff	To feed back any questions from group members to the CDS Programme.	LR
Classification	Electronic portable devices update	BE
Classification	Cameras for drones update	BE
Classification	Electric cars update	BE