



HM Revenue
& Customs

Future of the Tariff Classification Helpline

Consultation document

Publication date: 26 November 2014

Closing date for comments: 18 February 2015

Subject of this consultation:	The Government has published this consultation on how HMRC supports customers who need help when classifying goods for import or export purposes
Scope of this consultation:	This consultation is the opportunity to inform changes to the provision of tariff classification advice currently provided by the HMRC Tariff Classification Helpline. Feedback received will inform our decision about future provision of help. HMRC will pilot the use of a structured email format for classification enquiries during the consultation period.
Who should read this:	Anyone can send us views on the changes, but HMRC would particularly like to hear from importers, exporters, agents and customs consultants who may be directly affected by changes to the Helpline service provision.
Duration:	The consultation period starts on 26 November 2014 and will end on 18 February 2015.
Lead official:	Valerie Smith, HM Revenue & Customs, Customs Directorate, 10th Floor South East, Alexander House, 21 Victoria Avenue, Southend on Sea, Essex SS99 1AA
How to respond or enquire about this consultation:	<p>Please send responses to this consultation by email to:</p> <p>lisa.cureton-burgess@hmrc.gsi.gov.uk or by post to:</p> <p>Lisa Cureton-Burgess, Customs Directorate, HMRC, 10th Floor South East, Alexander House, 21 Victoria Avenue, Southend on Sea, Essex SS99 1AA</p> <p>These contact points are purely for responses to this consultation. Customers should not send any other information relating to their own or their clients affairs with HMRC to these contact points.</p>
Additional ways to be involved:	As this is a largely technical issue this will be a purely written exercise. The consultation will be raised at the Joint Customs Consultation Committee.
After the consultation:	A summary of the responses will be published at the end of February or early March 2015. We will look closely at the feedback and the results of the pilot service. Once we have assessed the findings we will make the decision about future provision of classification support by the end of March 2015.
Getting to this stage:	This is the first consultation on this topic. It follows an informal consultation via the Joint Customs Consultative Committee Duty Liability Sub Group in 2013.
Previous engagement:	HMRC previously consulted stakeholders who represent the trade as members of the Joint Customs Consultative Committee Duty Liability Sub Group in 2013.

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1. Executive Summary

HMRC is reviewing the need for the Tariff Classification helpline service. The telephone service no longer fits with HMRC's Digital Strategy so we need to explore options for providing future support for business customers that is sustainable for HMRC and which provides extra help for those customers who need it.

HMRC recently carried out an informal consultation to give us a better understanding of customers who need extra help when classifying their goods. The results are helping us to design future support for those customers, so we can better target support at people who need help the most.

Through this consultation we are proposing to

- ask businesses how they use the other, non-helpline based, support available to them;
- ask business customers if the current Helpline limited opening hours meet their needs and if not, why not;
- pilot a new approach with the use of a structured email format for classification enquiries. The customer will be asked to email the key information we need to advise about the classification of the goods. A specialist classification officer will telephone the customer in reply and give the advice;
- identify any other options for providing or improving the support available.

We want to gather as much feedback as we can from people and organisations who use the Helpline and are interested in the changes. We would welcome views on:

- the impact of the change and, specifically, the proposal to close the Helpline, on particular groups of customers;
- the impact of a new email enquiry service including any feedback on the pilot;
- how we can best support customers who don't need extra help to resolve their queries, but who occasionally use our Helpline, to use our online services instead;
- how the additional emphasis on self help will work in practice;
- any suggestions for alternative options for providing classification help.

NB If you are a small business operating in the international trade area and not using a customs agent or representative please tell us.

2. What is Tariff Classification

Tariff classification is the basis for determining customs duty, export refunds and the application of other related legal provisions when importing or exporting goods. Importers, exporters or their representatives are required to self assess the correct tariff classification of the goods. In the event of incorrect tariff classification, customs back duty demands and penalties may apply.

If after using the available guidance and resources customers need further assistance with determining the correct classification of specific goods they can telephone the Classification Helpline. This is a service for business customers although some calls are received from individuals. The purpose of the Helpline is to provide assistance after the business customer has attempted to self assess the classification. Callers are given verbal non binding advice to help them determine the classification of specific goods. Enquiries are limited to three products per call. The helpline answers around 100,000 calls per year.

3. When people need help

HMRC currently provides additional help to assist business customers to classify goods in two key ways:

1. we issue written legally binding tariff information (BTI) on application – this gives legal certainty to businesses with regard to the tariff classification of goods. This is important as tariff classification is the basis for determining customs duties, export refunds and the application of other related legal provisions eg import/export certificates;
2. We offer verbal advice via the Classification Helpline – although this is not binding.

Businesses can also seek assistance with their classification through a number of providers of paid help. These include customs practitioner and consultancy services.

Why we need to change

HMRC needs to be more efficient and operate within tight financial constraints. As a department we are making changes to the support services that we provide to ensure that we are using our resources as efficiently as possible. For example, we have recently replaced enquiry centres and introduced a new tailored support service for customers who need extra help to meet their tax obligations.

As part of this, we are reviewing the ongoing need for the Classification helpline including possible closure of the service. The provision of telephone help no longer fits with HMRC's Digital Strategy. The Digital Strategy sets out how we will redesign our digital services to make them straightforward and convenient so that all those who can use them prefer to do so.

We need to explore options for providing efficient future support for business customers and in a way which provides extra help for those customers who need it. Increasing the use of digital services will make it simpler, quicker and easier to access tariff information. It will also allow HMRC to focus compliance activity and expertise on those determined to avoid their responsibilities.

The majority of users of the helpline are digitally enabled so should be using our online service (UK Trade Tariff and classification guides) to self assess the classification of their goods. But many choose not to. As a result some calls to the helpline are of low value as the caller does not have enough information about the goods to enable HMRC to give classification advice. We want to encourage those who should use our digital tools for information and support to do so. We will work with our customers to understand their needs so that we can further improve our services to help them classify goods correctly first time.

Current Tariff Classification aids

It is the importer or exporters legal responsibility to ensure that their goods are classified correctly. We know that tariff classification can be complicated and that some of our customers want help to find the correct commodity code. The need for help will vary from customer to customer.

A variety of classification aids and resources are available to customers. These include classification guidance, explanatory notes and opinions. Authoritative classification aids include:

- Harmonised System Explanatory Notes (HSEN);
- Harmonised System Classification Opinions; and
- Combined Nomenclature Explanatory Notes (CNEN).

The HSEs and Opinions are available to buy from the World Customs Organisation website. The CNENs are available on the EU Europa website.

To make it as easy as possible for people to access tariff information, HMRC now provides the UK Trade Tariff free online, complete with search engine and classification guides, on the GOV.UK website. Tariff information is also available in different formats including the printed paper Tariff published by TSO Limited. The printed paper Tariff will be published as usual in 2015. From 2016 it may be replaced as part of HMRC's CHIEF Replacement Programme.

Q1 How do you currently use the existing Classification Helpline service provision? What works well and what doesn't?

Q2 Are there any factors we need to take into account when identifying customers who need extra help?

4. Email Pilot

We would welcome any suggestions for alternative options for how we provide extra Classification help for those business customers who need it.

In parallel with this consultation we will pilot one alternative approach by introducing the use of a structured email format for incoming classification enquiries.

Customers will be asked to provide information in a simple, structured format and email it to classification.pilot@hmrc.gsi.gov.uk. This will encourage the customer to provide the full range of information we need to give them classification advice. The information required to deal with the enquiry is set out in the annex to this document.

A specialist classification officer will telephone the customer in reply and give the advice. This should be quicker and more efficient as more information about the goods is provided upfront.

To enable us to assess the impact of this alternative approach, the helpline will be closed for incoming telephone enquiries for the duration of the pilot which will start on Monday 1 December 2014 and end on Friday 30 January 2015.

Q3 Have you used the pilot email service? What works well and what doesn't? How could we improve the proposed new service?

Q4 What do you think are the main benefits and disadvantages of the new approach?

Q5 Have you suggestions for alternative options for how we provide extra Classification help for those business customers who need it?

5. Assessment of Impacts

Summary of Impacts

Exchequer impact	This measure is expected to have no impact on the Exchequer as it will not change how much tax people pay.
Economic impact	This measure is not expected to have any significant impact on the economy.
Impact on individuals and households	This measure is expected to have negligible impact on individuals and householders.
Equalities impacts	This measure is expected not to change the current impact on any of the equality groups.
Impact on businesses and Civil Society Organisations	<p>Business customers who currently use the Classification Helpline and need extra help will be directed to use our online services or other resources. If the pilot is adopted, customers will be directed to use our new email enquiry service where they are unable to self-assess.</p> <p>This measure is expected to have no impact on civil society organisations. These are public but non-Governmental funded organisations such as trade unions, co-operatives, voluntary and community sector organisations.</p>
Impact on HMRC or other public sector delivery organisations	The cost of these changes to HMRC will depend on the outcome of the consultation.
Other impacts	Other impacts have been considered and none have been identified.

Q6 *Are there any impacts that we have not identified?*

6. Summary of Consultation Questions

1. How do you currently use the existing Classification Helpline service provision? What works well and what doesn't?
2. Are there any factors we need to take into account when identifying customers who need extra help?
3. Have you used the email pilot service? What works well and what doesn't? How could we improve the proposed new service?
4. What do you think are the main benefits and disadvantages of the new approach?
5. Have you suggestions for alternative options for how we provide extra Classification help for those business customers who need it?
6. Are there any impacts that we have not identified?

7. The Consultation Process

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stages 1 and 2 of the process. The purpose of the consultation is to seek views on the policy design and any suitable possible alternatives and a framework for implementation of a specific proposal.

How to respond

A summary of the questions in this consultation is included at chapter 6.

Responses should be sent by 18 February 2015, by e-mail to lisa.cureton-burgess@hmrc.gsi.gov.uk or by post to:

Lisa Cureton-Burgess, Customs Directorate, HMRC, 10th Floor South East, Alexander House, 21 Victoria Avenue, Southend on Sea, Essex SS99 1AA

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from [HMRC Inside Government](#). All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public

authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC).

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Consultation Principles

This consultation is being run in accordance with the Government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>.

If you have any comments or complaints about the consultation process please contact:

Oliver Toop, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk

Please do not send responses to the consultation to this address.

Annex TARIFF CLASSIFICATION ENQUIRY (ONE ITEM ONLY)

Please email the information below to: classification.pilot@hmrc.gsi.gov.uk

Please note that this service is for UK based customers only; we are unable to contact any number outside of the UK

*mandatory information to be provided

* COMPANY NAME (if applicable)	
* CONTACT NAME:	
* CONTACT NUMBER: (Please provide a direct contact number, no switchboards)	
<p>*Please highlight the option which best describes your item:</p> <p><input type="checkbox"/> AGRICULTURAL/CHEMICAL/TEXTILES/CERAMICS (including food, drink, plastics, cosmetics, sports equipment, games, toys, clothing, shoes)</p> <p><input type="checkbox"/> ELECTRICAL/MECHANICAL/MISCELLANEOUS (including vehicles, optical & measuring devices, machinery, musical instruments, metal, furniture, lighting, paper, printed matter, straw, glass, wood, jewellery)</p>	
<p>*GOODS DESCRIPTION: Please include a DETAILED description of the product, this MUST include:</p> <ul style="list-style-type: none"> • WHAT THE PRODUCT IS/WHAT IT IS USED FOR • HOW THE PRODUCT WORKS/FUNCTIONS • WHAT THE PRODUCT IS MADE OF, IF MADE OF MORE THAN ONE MATERIAL PLEASE EXPLAIN <p>Please see additional guidance below** (PLEASE DO NOT INCLUDE A WEBLINK TO THE PRODUCT OR ATTACH PHOTOS, THIS WILL NOT BE ACCEPTED)</p> <p>[[</p>	
ENVISAGED CODE (please look at our website www.gov.uk/trade-tariff to assist you with this)	

**Footwear – include type (shoe, boot etc), upper material, outer sole material, heel height

**Food – composition and % of ingredients and manufacturing process e.g., fresh, frozen, preserved, or dried etc

**Chemical – include Cas No, liquid/powder/solid including % of ingredients

**Textiles – material composition, how it is constructed (knitted/woven)

**Vehicles – Age, engine type (petrol or diesel), engine size, new or used. If over 30 years old, original condition? Everyday use?

Two attempts will be made to contact you within two working days of receipt of your email