

The Union Customs Code



ERA Summer course on WTO and EU

Trade Law

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Yves Melin

Today's programme

- Review of some basic principles (origin, classification, valuation, procedures). EU customs law in its EU and international context
- Overview of the new Union Customs Code (UCC)
- Customs Decisions, BTI, BOI, AEO, rights of the defence
- Classification
- Origin
- Valuation
- Case study

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Review of some basic principles. EU customs law in its EU and international context



GENERAL PRESENTATION OF THE EU'S CUSTOMS SYSTEM

- **What is the purpose of the EU's customs system?**
- Sources and players
- Calculation of the duties levied
- Why complying with customs rules matters

What is the purpose of the EU's customs system? (1)

- Primary objectives: **levy customs duties at the applicable rate on all imported products + security**
- But also:
 - Levy trade defence duties (anti-dumping, anti-subsides, safeguards)
 - Manage quotas when quotas apply
- Incidentally:
 - Control compliance with restrictions and bans applying on the placing of certain products on the market (REACH, WEEE, RoHS, wood products, etc.)
 - Export restrictions/bans (export controls)

What is the purpose of the EU's customs system? (2)

Why have rules at the EU level, and not at Member State level?

- Implementation of the EU's common market:
 - no duty is levied when goods cross the borders between two member states,
 - the rules must be the same for goods crossing the external border to avoid distortions and forum shopping
 - Need to harmonise
- Comply with international rules (WTO, bilateral agreements) aimed at promoting free trade and the elimination or reduction of duties
- While making it possible to pursue the objectives of the customs system, including the levying of duties

GENERAL PRESENTATION OF THE EU'S CUSTOMS SYSTEM

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Sources and players (1)

- One set of rules harmonized at the level of the EU
 - The Union Customs Code
 - And its implementing Regulations, the Delegated Act and the Implementing Act
- Implementing legislations adopted by each of the EU's 28 Member States

Sources and players (2)

- Enforcing authorities: the 28 customs administrations of the EU's Member States
- Coordination through customs committees meeting regularly in Brussels, chaired by the Commission
- Customs duties are EU money (so called “own resources”). If Member States do not collect them properly, the EU will sue them

Sources and players (3)

- International harmonisation:
 - Very high degree of harmonisation for classification (World Customs Organisation – WCO)
 - High degree of harmonisation for rules of preferential origin (bilateral agreements)
 - Low for non-preferential origin (World Trade Organisation - WTO)

Sources and players (4)

- In cases of disputes:
 - Appeal before the customs administration
 - Litigation before national courts
 - Questions asked by the national Court to the Court of Justice of the EU, through the preliminary reference procedure – ensures that the EU rules are interpreted and applied in the same way throughout the EU

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- **Calculation of the duties levied**
- Why complying with customs rules matters

Calculation of the duties levied (1)

- How much duty is levied upon importation depends on three things:
 - What product is imported → classification
 - The origin of the product → rule of origin
 - The value of the product (for ad valorem duties - %) → valuation rules

Calculation of the duties levied (2)

- Duties are due when goods are released for free circulation into the territory of the EU
 - First entry into the EU, when goods are declared. Duties are paid and the other customs formalities are complied with
 - Release for free circulation is only one of the customs treatment that applies to imported products.
 - Alternatives: temporary importation, customs warehousing, inward processing relief, etc.

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Why complying with customs rules matters (1)

- Declaring a wrong classification and/or a wrong origin may mean that the wrong duty percentage is applied → too high, or too low
- If the valuation is wrong, the percentage of duty will be applied on the wrong value:
 - The value needs to be the transaction value, possibly after adjustment
 - Careful about transfer prices between related companies
- Near-objective liability with customs: unescapable

Why complying with customs rules matters (2)

- What if the duties paid are too low because of mistaken classification, origin or valuation?
 - The difference can be recovered by customs up to three years after the release for free circulation
 - Penalties may apply (up to 10 times the evaded duty)
 - Contractual liability towards customers, in particular if a certain origin is certified or guaranteed

Why complying with customs rules matters (3)

- What if the duties paid are too high because of mistaken classification, origin or valuation?
 - Difficult to claim the difference back, impossible after three years.
 - Products are more expensive than they could be
 - loss of market and profit
 - Contractual liability: customers may try to get the money back from the operator responsible for the mistake

Why complying with customs rules matters (3)

- How can a company limit this risk?
 - Customs due diligence: do you classify your products properly, do you declare the right origin and value?
 - When possible, disclaim or limit liability in contract with customers, and shift liability in contracts with suppliers
 - Binding Tariff Information (BTI) and Binding Origin Information (BOI) procedures, Customs Decisions on any other aspects

Questions or Comments?

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- **Overview of the new Union Customs Code (UCC)**
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Overview of the Union Customs Code



The Union Customs Code

- Union Customs Code (UCC) Entered into force on 1 May 2016. Replaces the Community Customs Code (CCC)
- What is the UCC about?
 - Creating a **paperless customs environment** through the standardization, computerization and automation of processes: data input by operators, exchange of data between authorities, data communicated to operators. This is still **work in progress**.
 - **Simplifying the life of operators**, through the new paperless environment and the simplification and harmonization of customs rules and procedures
 - **Increasing security** through better **data interchange** and by restricting access to simplified procedures to **operators achieving a higher level of compliance**
 - **Ancillary objective: protect the EU's revenue**

The Union Customs Code

- What is the UCC made of?
 - Union Customs Code (10.10.2013) – Regulation of the European Parliament and of the Council
 - Commission Delegated Regulation (29.12.2015)
 - Commission Implementing Regulation (29.12.2015)
 - Transitional Commission Delegated Regulation (15.3.2015)
 - Commission Decision establishing the Work Programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code (15.4.2016)
 - Four corrigenda (29.10.2013, 2.4.2016, 16.4.2016, 11.5.2016)
 - One proposed amendment (goods that have temporarily left the customs territory of the Union by sea or air)
- Guidance documents
- **A lot remains the same.** But some things changed.



TAXATION AND CUSTOMS UNION

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There are currently some technical problems with this website and some links may be broken. We are working to resolve the problem.

UCC - Guidance documents

[General Guidance on Customs Decisions](#)[Data Integration and Harmonisation \(DIH\)](#)[Authorised Economic Operators \(AEO\)](#)[Binding Tariff Information](#)[Valuation](#)[Debts and Guarantees](#)[Import and Entry](#)[Simplifications](#)[Transit and Customs](#)[Special Procedures](#)[Export](#)

These guidance documents are of an explanatory and illustrative nature. Customs legislation takes precedence over the content of these documents and should always be consulted. The authentic texts of the EU legal acts are those published in the Official Journal of the European Union. There may also be national instructions.

Transitional period

- A lot of regulatory activities in the few months leading to May 2016, with an acceleration in the few weeks before
- It's been known for a while that the IT infrastructure needed to bring about the main changes introduced by the UCC (paperless environment) will not be ready.
- Transitional period until the end of 2020 (at least)

Transitional period (continued)

- To permit the upgrade / rolling out of the **IT systems** needed to implement the computerization and automation provisions of the Code when they are not yet operational (they are operational nowhere).
- Adjust the **substantive provisions** of the code (the conditions and criteria, the use of new forms, etc.) anytime procedures rely on IT systems that are not operational.
- Until the new systems are operational, what exists remains
- The ultimate deadline is December 2020. But expect further delays

The changes – Simplification of Special Procedures

- Reduction in the number of procedures available (e.g., PCC and IP-drawback disappear, no more Type-D warehouses), and where possible use of similar rules and procedures
- Equivalence now possible for all processing under special procedures. Some exceptions apply
- Existing authorizations must be reviewed before May 2019

The changes – Authorized Economic Operators

- Most of the **simplifications** introduced by the UCC are available only to authorized economic operators (AEO), or operators complying with many of the requirements to become AEO
 - E.g.: Simplified declaration (SD), Entry in the declarant's records (EIDR), Centralised clearance (CC), Self-assessment (SA)
- Huge incentive for operators to become AEO

The changes – Guarantees

- Mandatory guarantees
 - For potential debts: e.g., goods imported under Inward Processing or in customs warehouses
 - Or actual debts: e.g., payment of duties delayed through the use of a duty deferment account.
- Largely waved for AEO (comprehensive guarantee with a reduced amount)

The changes – Customs valuation

- Various changes, all resulting in **an increase in the customs value and customs debt**
- The value will be the value of the sale “occurring immediately before the goods are brought into the customs territory of the Union” (Last Sale for Export rule (**LSFE**)). First Sale for Export rule (FSFE) is abolished
- **Royalties and license fees** will more often be dutiable: any time the goods cannot be purchased by the buyer without payment of the royalties or licence fees to a licensor (usually the case)
- Trademark royalties exception: gone
- Valuation of goods brought into bonded warehouses

The Changes – Origin

- Non-preferential origin: more binding list rules
- Preferential origin:
 - Long Term Supplier Declarations will be valid for two years.
 - For GSP preferential origin, statements on commercial documents available for approved operators (similar to EU-Korea FTA) (system starting in 2017~2020)

The Changes

- BTI binding on economic operators, and valid for 3 years
- Right to be heard formalized
- New: definition of exporter

Complexity to achieve simplicity



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Customs Decisions



The various customs decisions

- New category: customs decisions relating to the application of the customs legislation
- Binding Tariff Information (BTI)
- Binding Origin Information (BOI)
- Authorised Economic Operators (AEO)
- Applicable to all decisions: the right to be heard

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Customs Decisions

- Procedure formalised by the UCC (UCC Articles 22-29, DA Articles 11-18)
- Valid throughout the EU (UCC Article 26), binding on customs and the applying operators
- Valid until reassessed. Reassessment can result in the decision being amended, revoked or annulled. It can be suspended during the reassessment
- Similar to the procedure that already existed for binding tariff information (BTI) and binding origin information (BOI)

Customs Decisions (continued)

- “the application must contains all the information required in order for the customs authorities to be able to take the decision” (UCC art. 22(2)).
- The applying operator must normally be located in the EU and registered with the customs
- The application cannot concern a decision with the same purpose annulled or revoked in the previous 12 months because of a failure of the applicant

Customs Decisions (continued)

- **Admissibility:** the conditions of acceptance of the application must be reviewed within 30 days of receipt.
- **Date of acceptance:** when all information necessary to take the decision has been provided
- **Decision on the merits** must be taken 120 days from the date of acceptance of the application. This deadline can be extended

The various customs decisions

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Binding Information (UCC Articles 33-37)

- A Binding Information is a decision issued by a customs administration that is binding on all Member States' customs administration and on the holder of the decision
- Objectives: ensure legal certainty for economic operators when calculating the price of import or export transactions and to facilitate the work of the customs services as well as to secure a more uniform application of the Common Customs Tariff

Binding Information (continued)

- Binding Tariff Information (BTI): how to classify a product
- Binding Origin Information (BOI): whether certain operations confer preferential or non-preferential origin

Binding Information (continued)

- Must relate to an actual transaction
- Cannot relate to goods (BTI) or circumstances determining the acquisition of origin (BOI) already covered by another BTI/BOI application
- Must be filed with the customs authority of the Member State where the applicant is established, or the MS where the BTI/BOI is to be used

Binding Information (continued)

- Binding on the customs authorities and the economic operator (new)
- Customs inform the operator of whether the application can be accepted (within 30 days)
- Decision within 120 days following the acceptance. Can be extended at the request of the Commission (15 months)
- BTI reference number must be on the import declaration
- Until IT systems are in place: paper forms

Binding Information (continued)

- Valid for 3 years. Possibly extended by 6 months
- Can be revoked earlier if change in EU or WTO/WCO law
- The BTI/BOI will remain valid for an additional 6 months in respect of binding contracts which were based upon the BTI/BOI and were concluded before it ceased to be valid or was revoked. Based on an application made by the BTI/BOI holder

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Authorised Economic Operators (AEO)

Recital 24 UCC:

Compliant and trustworthy economic operators should enjoy the status of 'authorised economic operator' subject to the granting of an authorisation for customs simplifications or an authorisation for security and safety, or both.

Depending on the type of authorisation granted, authorised economic operators should be able to take maximum advantage of widespread use of customs simplifications or benefit from facilitations relating to security and safety. They should also be given more favourable treatment in respect of customs controls, such as fewer physical and document-based controls.

Authorised Economic Operators (AEO) (Continued)

- AEO is an authorisation (no longer a certificate)
- AEO certificates valid on 1 May 2016 will be reassessed, at the latest on 1 May 2019
- Two types of AEO: customs simplifications and security & safety. Both can be held at the same time.
- AEO is not mandatory, but is necessary to benefit from most of the simplifications permitted by the UCC

Authorised Economic Operators (AEO) (Continued)

- Requirements (UCC Article 39):
 - absence of any serious infringement or repeated infringements of customs legislation and taxation rules; absence of serious criminal offence relating to economic activity
 - Demonstration of a high level of control of the operations and of the flow of goods, by means of a system of managing commercial and transport records, which allows appropriate customs controls
 - financial solvency, good financial standing
 - practical standards of competence or professional qualifications directly related to the activity carried out
 - appropriate security and safety standards

Authorised Economic Operators (AEO) (Continued)

- Procedure (DA Article 26):
 - a self-assessment questionnaire is submitted by the applicant
 - one single application covering all permanent business establishments in the customs territory of the Union of an operator
 - Before the customs authority of the place where the applicant's main accounts for customs purposes are held or accessible and where at least part of the activities to be covered by the decisions are to be carried out
 - Deadlines: same as for decisions
 - AEO authorisation can be suspended (DA Article 30) or revoked (IA Article 32)

Authorised Economic Operators (AEO) (Continued)

- The following facilitations and benefits are reserved to AEOs:
 - Moving goods in Temporary Storage between different member states.
 - Centralised clearance (no yet available)
 - Entry in Declarants Records (EIDR): No need to present the goods when making declarations in the company's records
 - Self-assessments (not yet available)
 - Maximum reduction of guarantees for customs duties payable.

Authorised Economic Operators (AEO) (Continued)

- UCC Article 148: Authorisation for the operation of **temporary storage facilities**

5. The customs authorities may authorize the holder of the authorisation to move goods in temporary storage between different temporary storage facilities under the condition that such movements would not increase the risk of fraud, as follows:

(a) such movement takes place under the responsibility of one customs authority;

*(b) such movement is covered by only one authorisation, **issued to an authorised economic operator for customs simplifications;***

.....

Authorised Economic Operators (AEO) (Continued)

- UCC Article 179 : **Centralised clearance**

1. The customs authorities may, upon application, authorise a person to lodge at a customs office responsible for the place where such person is established, a customs declaration for goods which are presented to customs at another customs office.....

.....
2. The applicant for the authorisation referred to in paragraph 1 shall be an authorised economic operator for customs simplifications.

Authorised Economic Operators (AEO) (Continued)

- UCC Article 185: **Self-assessment**

1. Customs authorities may, upon application, authorise an economic operator to carry out certain customs formalities which are to be carried out by the customs authorities, to determine the amount of import and export duty payable, and to perform certain controls under customs supervision.

*2. The applicant for the authorisation referred to in paragraph 1 **shall be an authorised economic operator for customs simplifications.***

Authorised Economic Operators (AEO) (Continued)

- UCC Article 95: **Comprehensive guarantee**

.....

3. *Where a comprehensive guarantee is to be provided for customs debts and other charges which have been incurred, **an authorised economic operator for customs simplification** shall, upon application, be authorised to use a comprehensive guarantee with a reduced amount.*

4. *The comprehensive guarantee with a reduced amount referred to in paragraph 3 shall be equivalent to the provision of a guarantee.*

.....

Authorised Economic Operators (AEO) (Continued)

Beyond, AEO makes access to several procedures easier: “Only once” principle: if the requirements to benefit from a simplification are also requirements to be an AEO, customs will not examine those requirements again (UCC Article 35(5))

Ex 1: use of equivalent goods (UCC Article 223)

An authorised economic operator for customs simplifications shall be deemed to fulfil the condition that the proper conduct of the procedure is ensured, insofar as the activity pertaining to the use of equivalent goods for the procedure concerned is taken into account in the authorisation referred to in point (a) of Article 38(2).

Authorised Economic Operators (AEO) (Continued)

Ex 2: Record-keeping special procedure (UCC Article 214)

1. Except for the transit procedure, or where otherwise provided, the holder of the authorisation, the holder of the procedure, and all persons carrying on an activity involving the storage, working or processing of goods, or the sale or purchase of goods in free zones, shall keep appropriate records in a form approved by the customs authorities. The records shall contain the information and the particulars which enable the customs authorities to supervise the procedure concerned, in particular with regard to identification of the goods placed under that procedure, their customs status and their movements.

2. An authorised economic operator for customs simplifications shall be deemed to comply with the obligation laid down in paragraph 1 insofar as his or her records are appropriate for the purpose of the special procedure concerned.

Authorised Economic Operators (AEO) (Continued)

- Conclusion:
 - Becoming an AEO is not mandatory, but significantly facilitates the operations of international trade
 - Non AEO operators will become the focus of customs authorities
 - AEO should quickly become a must

The various customs decisions

- New category: customs decisions relating to the application of the customs legislation
- Binding Tariff Information (BTI)
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- **Applicable to all decisions: the right to be heard**

Right to be heard

- UCC Article 22(6): “Before taking a decision which would adversely affect the applicant, the customs authorities shall communicate the grounds on which they intend to base their decision to the applicant, who shall be given the opportunity to express his or her point of view within a period prescribed from the date on which he or she receives that communication or is deemed to have received it. Following the expiry of that period, the applicant shall be notified, in the appropriate form, of the decision.”

Right to be heard (continued)

- Normal period for the operator to express point of view: 30 days (DA Article 8).
- Right to have access to the documents and information on which the customs authorities intend to base their decision (IA Article 8)

Questions or Comments?

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Classification

HS HIERARCHY FOR HEADING 9001   Click the red bullet (*) to copy HS number to your Windows clipboard (IE only).

Heading	SS	Article Description	UQ	General	Special	Column 2
9001		Optical fibers and optical fiber bundles; optical fiber cables other than those of heading 8544; sheets and plates of polarizing material; lenses (including contact lenses), prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked:				
9001.10.00		Optical fibers, optical fiber bundles and cables				
	30	Optical fibers: For transmission of voice, data or video communications *	m	6.7%	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	65%
	50	Other: Plastic optical fibers *	m	6.7%	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	65%
	70	Other *	m	6.7%	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	65%
	75	Optical fiber bundles and cables: Plastic optical fiber bundles and cables *	Fiber m	6.7%	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	65%
	85	Other *	Fiber m	6.7%	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	65%



HOW TO CLASSIFY

1. Build up your classification file
 - The EU's TARIC
 - Interpretation notes

2. Analyse
 - General rules for the interpretation of the TARIC - Objective characteristics

3. Check and validate
 - Binding Tariff Information

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The EU's TARIC (1)

- Nomenclature made of 10-digit numbers describing all goods
- All products are covered, and are sorted per category and sub categories
- The first 6 digits are harmonise at the level of the WCO: harmonised system, or HS.
 - Nearly all countries apply the HS
 - Covers almost 100% of world trade
 - Example: 3920.20 (film of plastic not reinforced, laminated, supported or otherwise combined with other materials than plastics; not self-adhesive, of polymers of propylene)

The EU's TARIC (2)

- The following 2 digits are subdivision added by the EU in its combined nomenclature (CN Regulation). If there is no subdivision: 00
 - example: 3919.90.**00**
- Les last 2 digits are special subdivisions created for other regulations (anti-dumping, duty suspension, etc.)
 - example: 3920.62.19.**01**
- Sometimes, 4 digits are added at the end to identify company-specific measures, such as anti-dumping duties.
 - example: 3920.62.19.01 **A999**

The EU's TARIC (3)

- You will find the TARIC database by
 - searching TARIC in Google,
 - or here
http://ec.europa.eu/taxation_customs/common/databases/index_en.htm, click on TARIC
 - Legal source: [Council Regulation \(EEC\) No 2658/87](#) of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff

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Interpretation notes (1)

- Section and Chapter notes of the Harmonised System (WCO).
- Heading notes of the HS
 - Available at www.wco.org (for a charge)
- Explanatory notes of the EU: initially included in Regulation (EEC) No 2658/87 (Tariff). Latest version available is in [EU Official Journal C 76 of 4 March 2015](#).

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Analyse - General rules for the interpretation of the TARIC (1)

- Six general rules for the interpretation. Annex I, Title I, Section I of the Tariff (Reg 2658/87)
- The decisive criterion for the customs classification of goods must be their objective characteristics and properties, as defined by the wording of the headings of the Common Customs Tariff and the notes to the sections or chapters
- The terms of the headings and the notes carry equal weight. The terms of the heading provide the core concept, which is supplemented and clarified by the notes to the sections and chapters.

Analyse - General rules for the interpretation of the TARIC (2)

- The titles of sections, chapters and sub-chapters are provided for ease of reference only and may be relied upon only as an aid.
 - The same is true for explanatory notes and classification opinions on the Harmonised System and on the Combined Nomenclature
- no binding force, but important aid when interpreting the terms of headings

Analyse - General rules for the interpretation of the TARIC (3)

- Classification must proceed step by step from the general to the particular taking each level one after the other : first heading (4 digits), then subheading (6 digits), then combined nomenclature (8 and 10 digits)

Analyse - General rules for the interpretation of the TARIC (4)

- Composite goods:
 - the heading which provides the most specific description shall be preferred to headings providing a more general description.
 - when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods ... , those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods

Analyse - General rules for the interpretation of the TARIC (5)

- Composite goods (continued):
 - mixtures, composite goods consisting of different materials or made up of different components ... shall be classified as if they consisted of the material or component which gives them their essential character;
 - Otherwise: classified under the heading which occurs last in numerical order among those which equally merit consideration.

Analyse - General rules for the interpretation of the TARIC (5)

- Composite goods (continued):
 - "The factor which determines essential character will vary as between different kinds of goods. It may, for example, be determined by the nature of the material or component, its bulk, quantity, weight or value, or by the role of a constituent material in relation to the use of the goods." Explanatory note (VIII) to the General Rules

HOW TO CLASSIFY

1. Build up your classification file
 - The EU's TARIC
 - Interpretation notes

2. Analyse
 - General rules for the interpretation of the TARIC - Objective characteristics

3. Check and validate
 - **Binding Tariff Information (reference)**

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Origin



THE ORIGIN OF GOODS

- Different types of origin
 - Non-preferential origin
 - Preferential origin
- What are origin rules for?
- Non-preferential origin
 - Wholly obtained goods.
 - For other products: General rule of Article 24
 - Anti-circumvention rules of Article 25
 - Specific rules: textile products, solar panels, etc.
 - Non-binding list rules
- Preferential origin

Non-preferential origin (Article 60 UCC)

Article 60

Acquisition of origin

1. Goods wholly obtained in a single country or territory shall be regarded as having their origin in that country or territory.
2. Goods the production of which involves more than one country or territory shall be deemed to originate in the country or territory where they underwent their last, substantial, economically-justified processing or working, in an undertaking equipped for that purpose, resulting in the manufacture of a new product or representing an important stage of manufacture.

Non-preferential origin

- Purpose:
 - Determine whether trade defence measures may apply (anti-dumping and countervailing duties)
 - Origin marking requirements
 - Quotas, government procurement and trade statistics
- Need to determine each time what is a “substantial transformation etc.”

Non-preferential origin

- To simplify origin determination: Binding list rules in Annex 22-01 DA.
- The UCC increases the number of binding list rules
- For headings not covered by Annex 22-01: non-binding list rules posted on the Commission's [website](#). Based on the unilateral position which the EU expressed in the context of the WTO programme for the harmonization of non –pref. rules of origin

Non-preferential origin

- In *Heko* (Case C-260/08), the ECJ has reaffirmed that:
 - Processing or working is substantial only if the product resulting therefrom has its own **properties and composition of its own, which it did not possess before that process or operation.** (Case 49/76 *Gesellschaft für Überseehandel*; Case 93/83 *Zentrag*)(para 29)
 - **List-rules published on the European Commission website are not legally binding, they can be utilized as an indication of the accomplishment of the last substantial transformation to the extent they do not alter the significance of [UCC Article 60]**

Non-preferential origin (Article 60 UCC)

■ Minimal operations never conferring origin (DA Article 34):

The following shall not be considered as substantial, economically justified processing or working for the purposes of conferring origin:

- (a) operations to ensure the preservation of products in good condition during transport and storage (ventilation, spreading out, drying, removal of damaged parts and similar operations) or operations facilitating shipment or transport;
- (b) simple operations consisting of the removal of dust, sifting or screening, sorting, classifying, matching, washing, cutting up;
- (c) changes of packing and the breaking-up and assembly of consignments, the simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards, and all other simple packaging operations;
- (d) putting up of goods in sets or ensembles or putting up for sale;
- (e) affixing of marks, labels or other similar distinguishing signs on products or their packaging;
- (f) simple assembly of parts of products to constitute a complete product;
- (g) **disassembly or change of use;**
- (h) a combination of two or more operations specified in points (a) to (g).

Preferential origin (UCC Article 64)

- Purpose: reduce the duty rate applicable to products originating in the territory of certain countries
- Contained in a web of bilateral or multilateral agreements (EU-Korea FTA, etc.), or in Regulations granting unilateral concessions (GSP, etc.) → many different rules
 - <http://ec.europa.eu/trade/policy/countries-and-regions/agreements/>
- Drafted along similar lines
- Only one way to find out which rules apply: check the list rules annexed to each FTA (Free Trade Agreement)

Preferential origin

- Common features of all preferential rules of origin:
 - List rules
 - Cumulation rules
 - List of minimal operation considered insufficient to confer origin
 - General tolerance rule: maximum quantities of non-originating material that can be used.
 - Rules of evidence: how to demonstrate preferential origin

Today's programme

- Review of some basic principles (origin, classification, valuation, procedures). EU customs law in its EU and international context
- Overview of the new Union Customs Code (UCC)
- Customs Decisions, BTI, BOI, AEO, rights of the defence
- Classification
- Origin
- **Valuation**
- Case study

Valuation

