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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Customs
Customs Tariff

CUSTOMS EXPERT GROUP
Tariff and Statistical Nomenclature Section
TARIC Sector

Flash report of the 4th meeting of the Customs Expert Group – TARIC sub-section
(CEG/NOM/029)

Please find herewith, the flash report of the 4th meeting of the Tariff and Statistical Nomenclature Section (TARIC Sector) of the Customs Expert Group, held in Brussels on 31 October 2019.

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c.c. Delegates of the Tariff and Statistical Nomenclature Section (TARIC) of the Customs Expert Group.
TAXUD A4

FLASH REPORT
4th meeting of the Customs Expert Group – TARIC sub-section
(CEG/NOM/029)
on 31 October 2019 - from 09:30 to 18:30,
in Brussels, Borschette Centre, Froissart street

1. ADOPTION OF THE AGENDA

The agenda was adopted after some AOB items are added.

2. ADOPTION OF THE MINUTES OF THE MEETING OF THE CUSTOMS EXPERT GROUP OF 23 NOVEMBER 2018 ARES(2019)3873722 - 18/06/2019

The minutes of the meeting of November 2018 were adopted, with two minor comments from the Member States.

3. TDI MATTERS, QUESTIONS AND ANSWERS FROM DG TRADE

3.1. Questions concerning regulation 2019/1131 - Customs tool

The Commission made a presentation about the implementation of Regulation (EU) 2019/1131 ‘customs tool’.

Answering questions received from MS, COM clarified that reporting of the exports intended for Exclusives Economic Zones or Continental shelves should be sent as part of the 14(6) report. If this becomes too cumbersome, reporting could possibly be sent separately (preferably by e-mail to the 14(6) mailbox). The bottom line is that COM should receive monthly the same data that it receives via the 14(6) report. The Guidelines will be updated later once COM will have a clearer picture of how the system can best work.

3.2. Reporting into 14(6) declaration data related both to TDI¹ and to safeguard measures

A MS asked which declaration data DG TRADE will expect from Member States where the TDI duty has been amended, in case exhausted quota.

COM explained that, if the tariff quota is exhausted and the imports are subject to both TDI and to safeguard measures, the TDI duty is reduced according to Regulation (EU) 2019/1382. As the reduced duty is integrated into the TARIC, the reporting process should be unaltered.

3.3. TDI duties, additional duties on steel, steel quotas

Answering a request of a MS, COM explained that is not necessary to publish the “amended” TDI duties in the Official Journal, as these duties are published in Annex 2 of Commission Implementing Regulation (EU) 2019/1382.

¹ Trade Defence Instruments. In this context, anti-dumping and anti-subsidies measures.

3.4. TDI on exclusive economic zones and continental shelves

COM confirmed that there would be no TARIC integration of Regulation 2019/1131 on the customs tool.

However, COM agreed to integrate a footnote on HS heading 9931 explaining that the mentioned heading cannot be used for export when the goods are subject to a TDI measure.

3.5. Meaning in the TDI legislation of “goods consigned from”

A MS asked COM if a simple “passing through another country” event should have an effect on the determination of the country from which the goods were initially dispatched.

The question of the "consigned from" in the context of TDI is complex and has been discussed several times in the past. The wording “the consignment of the product subject to measures via third countries" is referred to in article 13 (1) of the basic Anti-Dumping Regulation. Similar concepts exist such as the reference to the "country of consignment" in external trade statistics and the reference to the "country of dispatch/export" in customs legislation. In customs legislation, the "country of consignment/dispatch/export" is "the country from which the goods were initially dispatched to the importing Member State, without any halt or legal operation not inherent in their transport having occurred in an intermediate country". These guidelines could be used to interpret the term "consigned from”.

However, it is the responsibility of each Member State to examine the facts of each case, as they are best placed to assess them on a case-by-case basis. When a Commission investigation finds circumvention via transshipment through a third country, the duty is extended to imports from that country, irrespective of the shipping route, except those imports manufactured by those exporting producers that came forward, were investigated, and were exempted because they were found not to be circumventing the duties.

4. PROGRESS REPORTS BY THE MEMBER STATES AND THE CANDIDATE COUNTRIES

Two MS made presentations on their national tariff systems that now are lined up with the requirements of the UCC legislation.

5. CREDIBILITY CHECKS – STATE OF PLAY

COM gave a presentation on proposed changes in the integration into the TARIC of the credibility checks measures.

Currently, the one measure type combines two types of credibility checks: legal and physical. Legal measures are strictly bound to the legislation and could be changed only according to the legislation amendments. Physical measures are linked to a general legislation. Creation of new measure types corresponding to the legal credibility checks and referring to one data element only would facilitate the management of data in TARIC and tariff systems and will minimize implementing costs thanks to the re-use of existing algorithms.

Moreover, this will facilitate further the automated reporting process via Surveillance 3.

6. ANY OTHER BUSINESS (AOB)

6.1. Chapter 99 – creation of new TARIC codes

During the TARIC Committee of November 2018, the proposal was discussed to create TARIC subdivisions for CN code 9919 00 00. COM published the draft of the new structure on CIRCABC. As there were no objections to it, the new structure will enter into force on 01 January 2020.

One MS requested the integration of the third country duty rate for all the codes of Chapter 99 where this measure is missing.

COM is not in favour of integrating the measures, as the codes under HS subheading 9930 should be used in export and re-export declarations for ship supplies that are not subject to the rules of the Directive 2008/118/EC concerning the general arrangements for excise duty and repealing Directive 92/12/EEC; while the codes under HS subheading 9031 are used by the Member States when reporting to the Commission (Eurostat) what goods were delivered to offshore installations.

The discussion remains open as regards the declaration of subheading 9931 for goods returning from a drilling platform to the EU customs territory.

6.2. Safeguard measures against imports of certain steel products

One MS proposed the integration of a TARIC footnote on TDI measures where the rate has been amended according to Regulation 2019/1382. That would spare companies and colleagues from having to find out why the duty rate in TARIC is not in accordance with the various TDI regulations. The MS also asked about the application of steel safeguard measures in case of case of *pro rata* allocation of the related tariff quota

COM agreed with this proposal. The footnote has been integrated and linked to the TDI measures where the duty is influenced by the "no double imposition clause" from the safeguard regulation.

COM made a presentation regarding the new steel safeguard regulation. It was stressed that if a concerned global quota is exhausted on a certain day, the TDI measure will be closed on the day before and reopened on the exhaustion date with the amended TDI duty. No quota return will be considered as having an impact on the TDI measure.

6.3. Integration of phytosanitary controls

COM described the status of the integration into the TARIC of phytosanitary controls.

COM services are cooperating to compile the correlation table between the products mentioned in Regulation (EU) 2017/625 and their CN codes. It was also confirmed that in TARIC the existing certificate codes would not change. The only

modification is the update of the description of each certificate with the name of the new CHED certificate, and with a start date of 14 December 2019.

Furthermore there will be also an update of the footnotes linked to the TARIC measures with the new EU legislation concerning the CHEDs.

COM will soon publish a working document describing this integration.

Several MS expressed particular interest in this integration and the wish to have advanced information about its timetable, because the existing national integration will have to be discontinued.

6.4. Brexit (no-deal scenario)

One MS suggest to discuss the TARIC readiness in case of BREXIT.

COM explained any discussion is premature until the terms of the BREXIT are officially agreed.

6.5. TARIC certificate for the IOSS (Import-One-Stop-Shop) number

As of 1st of January 2021 the IOSS (Import-One-Stop-Shop) number will have to be declared for low-value customs declarations.

COM explained that in the current draft of the Annex B to UCC – IA there is no specific data element for the IOSS certificate code. Only its number can be declared.

Nevertheless, since there was a general agreement to introduce a transitional period that allows MS to use the Transitional Delegated Act (TDA) requirements, COM acknowledges that the creation of a new code in TARIC for the IOSS number is justified.

It was stressed that this is limited to Member States that work on the basis of the UCC-TDA.

6.6. Description of the TARIC certificates

Some MS asked if COM has the intention to update the descriptions of TARIC certificates in the way that people with less experience in customs matters could understand them better.

COM is not in favour of a general review of the descriptions of the TARIC certificates, because this would introduce further redundancy with the footnotes. Textual explanations do not belong in a certificate description but in footnotes, where they are already included. Importers and exporters are not expected to be experts in EU legislation but they should have sufficient awareness of it to make sense of the certificate descriptions, or entrust the customs declaration to people who have this knowledge. If more extensive explanations should be made available in the TARIC, they will be included in footnotes.

However, COM is open for improving the description of the TARIC certificates where this would be needed and the MS are invited to send their suggestions via CIRCABC.

6.7. Impact of the current review cycle of Annex B to the Regulation 2015/2447 (UCC – IA)

COM made a presentation regarding the potential impact on TARIC in the draft of Annex B to UCC – IA would be adopted in the proposed form.

Annex B defines the formats, codes and, if applicable, the structure of the data elements, applicable in relation with the data requirements for declarations, notifications and proof of the customs status of Union goods as provided for in Annex B to the UCC-DA.

Planned modifications to Annex B of UCC-IA are described in document EQC 146-DIH 18-009 (Rev. 2.1.). The document has been made available to the Member States for reviewing and commenting.

After a first review of document EQC 146, it was found that some of the proposed modifications of the Data Elements (D.E.) might have an impact on the TARIC data and on its use in the customs clearance systems of the Member States.

The new proposed formats and structure for authorisations - customs decisions – (“D.E. class/sub class Authorisation number”) will likely have an impact on the usage of TARIC certificates C626 - BTI, C627- BOI, D019, N990 and C990 – end use authorisations.

In the TARIC database, certificates are defined as Document type: a1+ an3. Since only the decision reference number is going to be declared in the new structure the certificates will no longer be linked to the declaration of BTI, BOI or end use.

A possible consequence would be that all currently existing TARIC measures integrated with certificates for authorisations (D019, N990 and C990) as part of the measures conditions will have to be closed and reopened without the related conditions. This will lessen the benefit of the TARIC data on the concerned declarations

Further analysis of document EQC 146 will be necessary for a full impact assessment.

6.8. Centralised electronic system for the exchange of information between the authorities of the Member States, import licences for cultural goods and importer statements

Regulation (EU) 2019/880 of the European Parliament and of the Council of 17 April 2019 on the introduction and the import of cultural goods was published in June (OJ L 151, 7.6.2019).

COM is in the process of preparing its implementing act. In addition, COM has to develop a centralised electronic system for storage and exchange of information between the authorities of the Member States, regarding import licences and importer statements. This must be operational by 2025. As the system is still at an early stage of technical specifications, there are no further details available.

Moreover, DG TAXUD will prepare a working document explaining the integration of Regulation (EU) 2019/880 into the TARIC.

6.9. Violation of business rules in transmissions

One MS reported a violation of business rules occurring when processing transmissions. A proposed solution was to include all the business rules in the TARIC (BRX)-system or to avoid sending multiple updates, or insert and delete, of the same data in the same TARIC transmission.

COM explained that all the TARIC validation rules are applied when manipulating the data in the central TARIC. If a validation rule is violated in the TARIC transmission file, it can be because of a software defect. In such case, this has to be corrected. However, in the specific case mentioned, the problem stems from the fact that the logic of the TARIC 3 transmissions files is that the consistency of the TARIC data is guaranteed at the level of the file itself. This issue was discussed in previous CEG-TARIC meetings and it was decided not to change this logic because it was in line with the specifications of TARIC 3 but also because some Member States asked not to change anything since they had developed systems that were built on this logic.

At this stage, a possible solution for the impacted Member State is indeed to disable the validation rule to be able to upload the whole file and then enable the rules again.

At national level, another solution would be to upload the file in a temporary non-validated space, reorder the actions according to the expected logic and then upload it in the national database with the validations rules active.

Currently, there is nothing more that TAXUD can suggest to solve this situation.

6.10. Integration of the supplementary unit “Watt” for control of prices

One MS requested the integration of supplementary unit “Watt” for TARIC code 8541 40 90 00. This would facilitate the control of prices needed to establish the correct customs value of the imported goods.

COM answered that there is no legal base currently to integrate such a measure alone. However, it will study the possibility to integrate a supplementary unit measure together with a credibility check measure, and keep the MS informed.

6.11. REX system for overseas countries and territories

COM announced that the overseas countries and territories intend to apply the REX system from 1st January 2020. One Ms asked if there is any plan to use country groups to distinguish between a transitional period and full application of the REX system.

COM answered it is likely that some overseas countries and territories would not be ready with the REX system on 01 January 2020. In that case, COM would have to create two country groups, one for the countries that are ready and another one for the countries that are not yet ready.

Another question concerned the proofs of origin, if each agreement will have its own TARIC-certificate codes or is it planned to use uniform codes.

The creation of new TARIC certificates as proof of origin depends on the specificities of the coming agreements. If COM can limit to generic proofs of origins, it will do so.

List of participating authorities

DELEGATIONS	ADMINISTRATION
AUSTRIA	Bundesministerium für Finanzen
BELGIUM	Ministerië van financiën, douane en accijnzen
BULGARIA	Bulgarian customs agency
CROATIA	Croatian Customs directorate
CYPRUS	Department of customs and excises
CZECH REPUBLIC	General Directorate of Customs
DENMARK	Told og Skatteministeriet
ESTONIA	Estonian tax and customs board
FINLAND	National board of customs, Finland
FRANCE	Direction générale des douanes et droits individuels
GERMANY	Bundesministerium der Finanzen
GREECE	Independent Authority for Public Revenue – Directorate of Tariff Issues.
HUNGARY	Hungarian tax and customs administration
IRELAND	Office of the Revenue, Irish Tax and Customs
ITALY	Agenzia Dogane
LATVIA	Latvian National Board of Customs
LITHUANIA	Lithuanian customs department under the ministry of finance
LUXEMBOURG	Adm douanes et accises
MALTA	Maltese Customs Administration
NETHERLANDS	Belastingdienst Douane
PORTUGAL	Autoridade Aduaneira
ROMANIA	Romanian Customs Authority
SLOVENIA	Customs administration of the Republic of Slovenia
SPAIN	Departamento de informática tributaria
SWEDEN	Tullverket
COMMISSION	TAXUD/A/4 TAXUD/A/2 TAXUD/A/5 TRADE/H/4