

Comparison report on change of HMRC service for advice on tariff classification – 23 July 2015

This report compares the AAT response to the HMRC consultation document “Future of the Tariff Classification Helpline” published on 26 November 2014 with the summary of responses document published by HMRC in July 2015.

Customs duty is usually due when goods are imported into the EU. The rate of customs duty is based mainly on the tariff classification of the goods being imported, although the rate can sometimes be affected by where the goods originate from. Tariff classification is the term used for identifying each specific category of goods. Two examples are sports footwear with outer soles of rubber or plastics, which have a commodity code of 6404110000, and slippers with outer soles of rubber or plastics, which have a commodity code of 6404191000.

It should usually be easy to distinguish sports footwear from slippers but there are some goods that it may be difficult to classify correctly. Getting the tariff classification wrong could result in the wrong amount of customs duty being paid and lead to customs back duty demands. HMRC has helped in relation to tariff classification by providing verbal non-binding advice via a tariff classification telephone helpline.

The consultation document published on 26 November 2014 stated that 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.” A trial of a structured email service for tariff classification advice took place in parallel with the consultation. The consultation asked for responses to the following 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?

HMRC received a total of 40 written responses from a range of interested parties including the Association of Accounting Technicians (AAT), representative bodies for freight agents and customs practitioners, businesses engaged in international trade, individual members of the public, and a representative from a disability group. In accordance with HMRC expectations, AAT did not answer all of the questions, and the summary of responses document indicated that other respondents answered the questions most relevant to their own experience.

AAT commented that closure of the telephone classification helpline service may result in an increase in classification errors but suggested that this potential disadvantage may not necessarily arise if taxpayers who require assistance from HMRC receive it in a timely fashion. Other respondents also appear to have concerns that closure of the telephone classification helpline service may result in an increase in classification errors. Concerns listed in the summary of responses document include the comment that the ability to talk to a classifier is sometimes the only way to find the correct code.

HMRC has announced that from 1 September 2015 the tariff classification telephone helpline will close and that requests for classification advice should be made by email to: classification.enquiries@hmrc.gsi.gov.uk