

Advanced Customs Tariff Determination Webinar

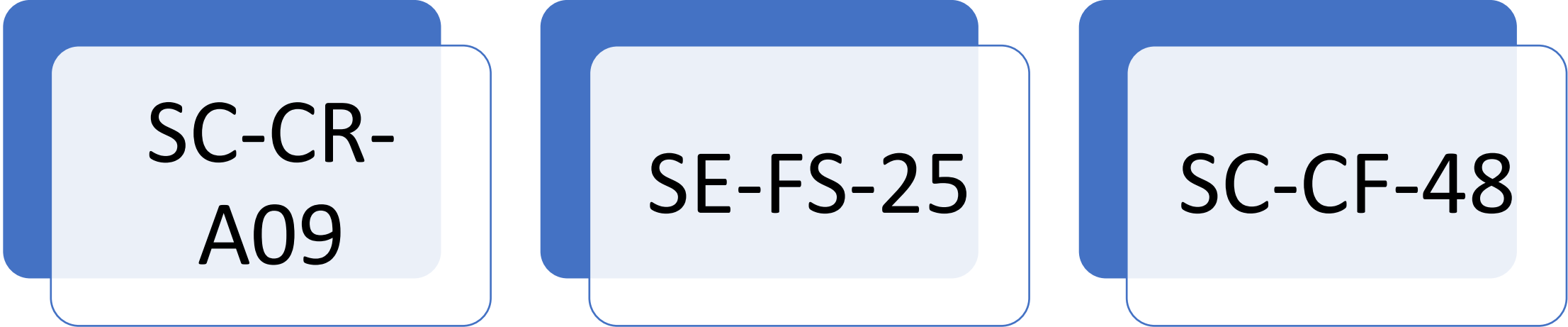
22nd August 2023

Time: 10h00 to 11h00

Presented by: Devlyn Naidoo



Policy and Process



SC-CR-
A09

SE-FS-25

SC-CF-48

Number of HS Codes Recommended Commercial Description of Goods

3

▼

Please enter commercial description of goods

SUBMIT

2D Visualization 3D Visualization Total Result

- SECTION I

LIVE ANIMALS; ANIMAL PRODUCTS
- SECTION II

VEGETABLE PRODUCTS
- SECTION III

ANIMAL OR VEGETABLE FATS AND OILS AND T...
- SECTION IV

PREPARED FOODSTUFFS; BEVERAGES, SPIRITS ...
- SECTION V

MINERAL PRODUCTS
- SECTION VI

PRODUCTS OF THE CHEMICAL OR ALLIED IND...
- SECTION VII

PLASTICS AND ARTICLES THEREOF; RUBBER AN...
- SECTION VIII

RAW HIDES AND SKINS, LEATHER, FURSKINS A...
- SECTION IX

WOOD AND ARTICLES OF WOOD; WOOD CHA...
- SECTION X

PULP OF WOOD OR OF OTHER FIBROUS CELLU...
- SECTION XI

TEXTILES AND TEXTILE ARTICLES
- SECTION XII

FOOTWEAR, HEADGEAR, UMBRELLAS, SUN UM...
- SECTION XIII

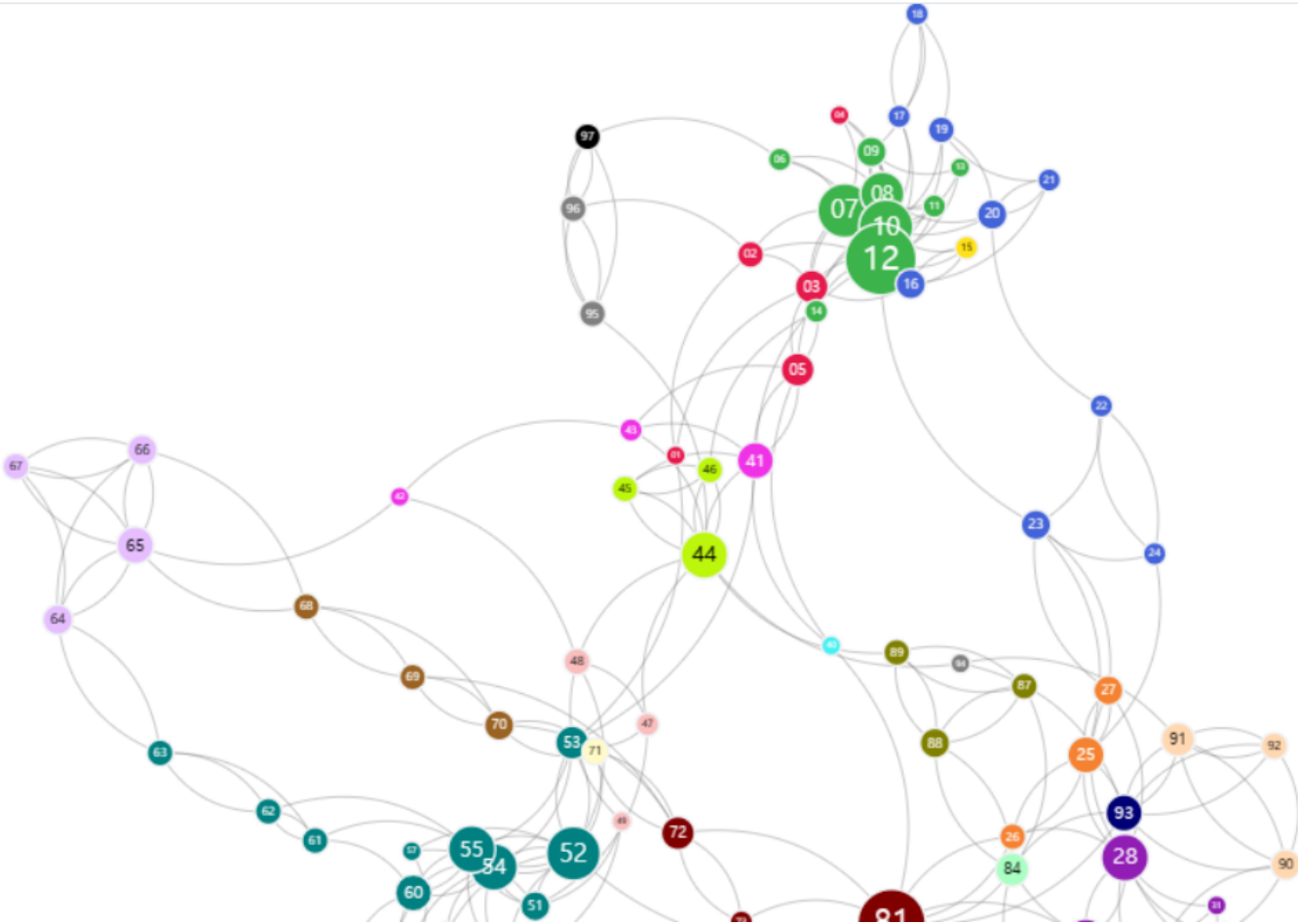
ARTICLES OF STONE, PLASTER, CEMENT, ASBES...
- SECTION XIV

NATURAL OR CULTURED PEARLS, PRECIOUS OR...
- SECTION XV

BASE METALS AND ARTICLES OF BASE METAL
- SECTION XVI

MACHINERY AND MECHANICAL APPLIANCES; E...
- SECTION XVII

VEHICLES, AIRCRAFT, VESSELS AND ASSOCIATE...
- SECTION XVIII



TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Customs and Excise Act No. 91 of 1964: Sections 47(8)(a); 47(9), 101, 101A and 107(2)(b) Tax Administration Act No. 28 of 2011: Sections 215 to 220 and 224
Other Legislation:	Promotion of Administrative Justice Act No. 3 of 2000: Section 3 and 5 Promotion Of Access To Information Act No. 2 of 2000: All Liquor Products Act No. 60 of 1989: Section iv (cc) B
International Instruments:	Harmonised Tariff System: Schedule 1 Part 1 World Customs Organisation Harmonised System Convention: All Kyoto Convention General Annex Chapter 9: Information, Decisions and Rulings supplied by Customs: Standards 9.1 to 9.9

- Classification of goods is a 3 stage process:

Firstly, **ascertain the meaning of the words** used in the headings and relative section as well as the chapter notes, which may be relevant to the classification of the goods concerned.



Secondly, **considers the nature** and characteristics of the goods



Thirdly, **select the heading** which is most appropriate to the goods, taking the relevant headings, as well as the section and chapter notes into consideration. There are explanatory notes to clarify the above in conformity with the above

DA314

Advanced Considerations

Best Practice Recommendations



HS 2022

HS 2022, which is the seventh edition of the Harmonized System (HS) nomenclature, is used worldwide for the uniform classification of goods traded internationally, and has been accepted by all Contracting Parties to the Harmonized System Convention. It shall enter into force on 1 January 2022.

The HS serves as the basis for Customs tariffs and for the compilation of international trade statistics in 211 economies (of which 158 are Contracting Parties to the HS Convention). The new HS2022 edition makes some major changes to the Harmonized System with a total of 351 sets of amendments covering a wide range of goods moving across borders. Here are some of the highlights:

Adaption to current trade through the recognition of new product streams and addressing environmental and social issues of global concern are the major features of the HS 2022 amendments.



THE ROTTERDAM CONVENTION

- The aim of the Rotterdam Convention on the Prior Informed Consent Procedure (PIC) for certain hazardous chemicals and pesticides in international trade is to promote shared responsibility and co-operative efforts among the Parties in the international trade of dangerous chemicals in order to protect human health and the environment from potential harm and to contribute to their environmentally sound use, by facilitating information exchange about their characteristics, by providing for a national decision-making process on their import and export and by disseminating these decisions to Parties.
- These objectives are particularly important for developing countries that may lack capacity in chemicals management.



SIGNIFICANT SHIFT

Visibility will be introduced to a number of high profile product streams in the 2022 Edition to recognise the changing trade patterns. Electrical and electronic waste, commonly referred to as e-waste, is one example of a product class which presents significant policy concerns as well as a high value of trade, hence HS 2022 includes specific provisions for its classification to assist countries in their work under the Basel Convention. New provisions for novel tobacco and nicotine based products resulted from the difficulties of the classification of these products, lack of visibility in trade statistics and the very high monetary value of this trade. Unmanned aerial vehicles (UAVs), commonly referred to as drones, also gain their own specific provisions to simplify the classification of these aircraft. Smartphones will gain their own subheading and Note, which will also clarify and confirm the current heading classification of these multifunctional devices.

Major reconfigurations have been undertaken for the subheadings of heading 70.19 for glass fibres and articles thereof and for heading 84.62 for metal forming machinery. These changes recognize that the current subheadings do not adequately represent the technological advances in these sectors, leaving a lack of trade statistics important to the industries and potential classification difficulties.



Intermediate Assemblies

- One area which is a focus for the future is the classification of multi-purpose intermediate assemblies. However, one very important example of such a product has already been addressed in HS 2022. Flat panel display modules will be classified as a product in their own right which will simplify classification of these modules by removing the need to identify final use. Health and safety has also featured in the changes. The recognition of the dangers of delays in the deployment of tools for the rapid diagnosis of infectious diseases in outbreaks has led to changes to the provisions for such diagnostic kits to simplify classification. New provisions for placebos and clinical trial kits for medical research to enable classification without information on the ingredients in a placebo will assist in facilitating cross-border medical research. Cell cultures and cell therapy are among the product classes that have gained new and specific provisions. On a human security level, a number of new provisions specifically provide for various dual use items. These range from toxins to laboratory equipment.
- Protection of society and the fight against terrorism are increasingly important roles for Customs. Many new subheadings have been created for dual use goods that could be diverted for unauthorized use, such as radioactive materials and biological safety cabinets, as well as for items required for the construction of improvised explosive devices, such as detonators.



Conventions

Goods specifically controlled under various Conventions have also been updated. The HS 2022 Edition introduces new subheadings for specific chemicals controlled under the Chemical Weapons Convention (CWC), for certain hazardous chemicals controlled under the Rotterdam Convention and for certain persistent organic pollutants (POPs) controlled under the Stockholm Convention. Furthermore, at the request of the International Narcotics Control Board (INCB), new subheadings have been introduced for the monitoring and control of fentanyl's and their derivatives as well as two fentanyl precursors. Major changes, including new heading Note 4 to Section VI and new heading 38.27, have been introduced for gases controlled under the Kigali Amendment of the Montreal Protocol.

The changes are not confined to creating new specific provisions for various goods. The amendments also include clarification of texts to ensure uniform application of the nomenclature. For example, there are changes for the clarification and alignment between French and English of the appropriate way to measure wood in the rough for the purposes of subheadings under heading 44.03.

Given the wide scope of the changes, there are many important changes not mentioned in this short introduction. All interested parties are encouraged to read the Recommendation carefully (to be published soon).



Implementation

Implementation

While January 2022 may seem far off, a lot of work needs to be done at WCO, national and regional levels for the timely implementation of the new HS edition. The WCO is currently working on the development of requisite correlation tables between the current 2017 and the new edition of the HS, and on updating the HS publications, such as the Explanatory Notes, the Classification Opinions, the Alphabetical Index and the HS online database.

Customs administrations and regional economic communities have a huge task to ensure timely implementation of the 2022 HS Edition, as required by the HS Convention. They are therefore encouraged to begin the process of preparing for the implementation of HS 2022 in their national Customs tariff or statistical nomenclatures. The WCO will step up its capacity building efforts to assist Members with their implementation.

Correlation
Table HS
2017 – HS
2022 – HS
2027

Revisions

Progressive

Factors in New
Landscape



Presentation on the Harmonized System 2022 Edition

WCO
**Tariff and Trade Affairs
Directorate**



2022 HS Amendments

Quantitative Analysis :

This Recommendation is the tenth to amend the HS under the Article 16 procedure since the Council approved the HS Convention in 1983, though it is only the sixth to make major amendments to the HS.

The Draft Recommendation includes 351 **sets of amendments**, divided as follows :

➤ agricultural sector	77
➤ chemical sector	58
➤ wood sector	38
➤ textile sector	21
➤ base metal sector	27
➤ machinery sector	52
➤ transport sector	22
➤ other sectors	56



Total: 351

Chapter 02	1	Section VI	1	Section XI	3	Section XVI	2
Chapter 03	23	Chapter 28	2	Chapter 55	1	Chapter 84	21
Chapter 04	7	Chapter 29	14	Chapter 56	2	Chapter 85	29
Section I, total:	31	Chapter 30	12	Chapter 57	1	Section XVI, total:	52
		Chapter 32	1	Chapter 58	1		
Chapter 07	5	Chapter 33	1	Chapter 59	4	Section XVII	1
Chapter 08	4	Chapter 34	2	Chapter 61	2	Chapter 87	13
Chapter 10	1	Chapter 36	1	Chapter 62	5	Chapter 88	7
Chapter 12	1	Chapter 37	1	Chapter 63	2	Chapter 89	1
Section II, total:	11	Chapter 38	12	Section XI, total:	21	Section XVII, total:	22
		Section VI, total:	47				
Section III	1			Chapter 68	5	Chapter 90	10
Chapter 15	11	Section VII	1	Chapter 69	4	Chapter 91	1
Section III, total:	12	Chapter 39	3	Chapter 70	5	Section XVIII, total:	11
		Chapter 40	2	Section XIII, total:	14		
Section IV	1	Section VII, total:	6			Chapter 94	12
Chapter 16	7			Chapter 71	3	Chapter 95	5
Chapter 18	1	Chapter 42	1	Section XIV, total:	3	Chapter 96	4
Chapter 19	1	Section VIII, total:	1			Section XX, total:	21
Chapter 20	7			Section XV	5		
Chapter 21	1	Chapter 44	30	Chapter 73	2	Chapter 97	6
Chapter 22	1	Chapter 46	1	Chapter 74	3	Section XXI, total:	6
Chapter 23	1	Section IX, total:	31	Chapter 75	2		
Chapter 24	3			Chapter 76	2		
Section IV, total:	23	Chapter 48	5	Chapter 78	3		
		Chapter 49	2	Chapter 79	1		
Chapter 25	3	Section X, total:	7	Chapter 80	1		
Chapter 27	2			Chapter 81	8		

Separate HS classification of microbial oils



The aim of the proposal is to clarify the classification of microbial oils obtained through fungi fermentation

HS 2022

15.15		Other fixed vegetable or microbial fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified.
	1515.60	- Microbial fats and oils and their fractions
15.16		Animal, or vegetable or microbial fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared.
	1516.30	- Microbial fats and oils and their fractions

Similar amendments for the texts of headings 15.17, 15.18 and 23.06

Separate HS classification for nicotine products and novel tobacco products



HS 2022

24.04 Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body.

- Products intended for inhalation without combustion :

2404.11 -- Containing tobacco or reconstituted tobacco

2404.12 -- Other, containing nicotine

2404.19 -- Other

- Other:

2404.91 -- For oral application

2404.92 -- For transdermal application

2404.99 -- Other



Separate HS classification for nicotine products and novel tobacco products



HS 2022

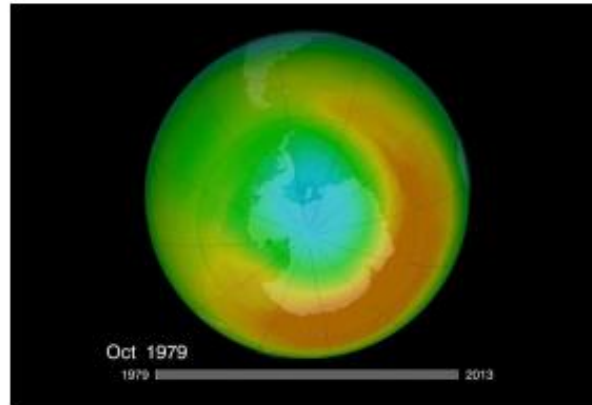
85.43	Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter.
8543.10	- Particle accelerators
8543.20	- Signal generators
8543.30	- Machines and apparatus for electroplating, electrolysis or electrophoresis
8543.40	- Electronic cigarettes and similar personal electric vaporising devices
8543.70	- Other machines and apparatus
8543.90	- Parts



Ozone Depleting Substances



The Amendment to the Nomenclature in respect of substances controlled by virtue of **the Kigali amendment** to Montreal Protocol that deplete the ozone layer (Request by the Ozone Secretariat)



Phase-down of the production and consumption of greenhouse (global warming) gasses

Ozone Depleting Substances



New subheadings for HFCs

- New subheadings for HFCs under heading 29.03 are structured based on the importance in international trade and environment impacts of substance to assist Montreal Protocol Parties in implementing the Kigali Protocol, since Kigali Amendment consumption limits are expressed in CO₂ equivalent (**weight by GWP**)

Subheadings	Substances (GWP values)	GWP ranges
2903.41	HFC-23 (14,800)	14,800
2903.42	HFC-32 (675)	675
2903.43	HFC-41 (92), HFC-152 (53), HFC-152a (124)	53 – 124
2903.44	HFC-125 (3,500), HFC-143a (4,470), HFC-143 (353);	353 – 4,470
2903.45	HFC-134a (1,430), HFC-134 (1,100)	1,100 – 1,430
2903.46	HFC-227ea (3,220), HFC-236cb (1,340), HFC-236ea (1,370), HFC-236fa (4,810)	1,340 – 4,810
2903.47	HFC-245fa (1,030), HFC-245ca (693)	693 – 1,030
2903.48	HFC-365mfc (794), HFC-43-10mee (1,640)	794 – 1,640

Ozone Depleting Substances



New subheadings for mixtures of HFCs

- Although mixture of HFCs are currently classified in heading 38.24, new **Heading 38.27** has been created since there is no enough space under heading 38.24 to create a series of new subheadings for these mixtures
- New subheadings for mixtures of HFCs under heading 38.27 are also **structured based on the importance in international trade and environment impacts** of substance to assist Montreal Protocol Parties in implementing the Kigali Protocol.

Diagnostic Test Kits

(Proposal by Brazil)



Heading 38.22

Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, whether or not put up in the form of kits, other than those of heading 30.06; certified reference materials.

(3822.1) - Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, whether or not put up in the form of kits :

3822.11- - For malaria

3822.12- - For Zika and other diseases transmitted by mosquitoes of the genus Aedes

3822.13- - For blood-grouping

Dual Use Items

e.g., Zirconium (81.09)



8109.21 -- Containing less than 1 **part** hafnium to 500 **parts** zirconium by weight

8109.29 -- Other

Zirconium is characterised by its low hafnium content
New subheading text specifies the ration between hafnium and zirconium only

Zirconium containing 90.0 % by weight of zirconium;
9.9 % by weight of tin; and
0.1 % by weight of hafnium.

The ratio between hafnium and zirconium is 1 part to 900 parts by weight (i.e., less than 1 part to 500 parts by weight)

Dual Use Items

(Proposal by the Secretariat)



e.g., Radiation-harden cameras and high-speed cameras (85.25)

New subheading Notes to Chapter 85

- 1.- Subheading 8525.81 covers only high-speed television cameras, digital cameras and video camera recorders having one or more of the following characteristics :
 - writing speed exceeding 0.5 mm per microsecond;
 - time resolution 50 nanoseconds or less;
 - frame rate exceeding 225,000 frames per second.

8525.81-- High-speed goods as specified in **Subheading Note 1** to this Chapter

FAO

PROPOSAL – Wood briquettes

New subheading 4401.32.

HS 2022

	- Sawdust and wood waste and scrap, agglomerated in logs, briquettes, pellets or similar forms :
4401.31	-- Wood pellets
4401.32	-- Wood briquettes
4401.39	-- Other



New subheading Note 2 to Chapter 44.

Subheading Notes :

- 2.- For the purposes of subheading 4401.32 the expression “wood briquettes” means by products such as cutter shavings, saw dust or chips, of the mechanical wood processing industry, furniture making or other wood transformation activities, which have been agglomerated either directly by compression or by addition of a binder in a proportion not exceeding 3% by weight. Such briquettes are in the form of cubiform, polyhedral or cylindrical units with the minimum cross-sectional dimension greater than 25 mm.

Section VII – Clarification of the classification of “drones”



HS 2022

- Creation of new heading 88.06 separately classifying unmanned aircraft;
- Creation of a new Note 1 to Chapter 88 defining “unmanned aircraft”;
- Creation of a new Subheading Note 2 to Chapter 88 defining the term “maximum take-off weight” under the subheadings of heading 88.06;
- Creation of a new heading 88.07 for parts of goods of heading 88.01, 88.02 or 88.06;
- Deletion of current heading 88.03;
- Amendment of current heading 88.02;
- Creation of a new exclusion Note 1 (p) to Chapter 95 in respect of drones



Amusement Park Equipment

(Proposal by the US)



(HS 2017)

95.08	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses and travelling menageries; travelling theatres.
9508.10	- Travelling circuses and travelling menageries
9508.90	- Other

Amusement park equipment
(e.g. roller coasters, water rides, etc.)



Section VII – Clarification of the classification of “drones”

Creation of new heading 88.06



“88.06 Unmanned aircraft.

- 8806.10 - Designed for the carriage of passengers
 - Other, for remote-controlled flight only :
- 8806.21 -- with maximum take-off weight not more than 250 g
- 8806.22 -- with maximum take-off weight more than 250 g but not more than 7 kg
- 8806.23 -- with maximum take-off weight more than 7 kg but not more than 25 kg
- 8806.24 -- with maximum take-off weight more than 25 kg but not more than 150 kg
- 8806.29 -- Other
 - Other :
- 8806.91 -- with maximum take-off weight not more than 250 g
- 8806.92 -- with maximum take-off weight more than 250 g but not more than 7 kg
- 8806.93 -- with maximum take-off weight more than 7 kg but not more than 25 kg
- 8806.94 -- with maximum take-off weight more than 25 kg but not more than 150 kg
- 8806.99 -- Other”

HS 2022

Amusement Park Equipment

(Proposal by the US)



(HS 2022)

95.08	Travelling circuses and travelling menageries; amusement park rides and water park amusements; fairground amusements, including shooting galleries; travelling theatres.
9508.10	- Travelling circuses and travelling menageries - Amusement park rides and water park amusements :
9508.21	- - Roller coasters
9508.22	- - Carousels, swings and roundabouts
9508.23	- - <u>Dodge'em cars</u>
9508.24	- - Motion simulators and moving theatres
9508.25	- - Water rides
9508.26	- - Water park amusements
9508.29	- - Other
9508.30	- Fairground amusements



Titanium Screws for Medical Application

(Proposal by Colombia)



Clarification of the classification of titanium screws for medical applications (implants) under heading 90.21.



Amendment to Note 2 (a) to Section XV

- 2.- Throughout the Nomenclature, the expression “parts of general use” means :
- (a) Articles of heading 73.07, 73.12, 73.15, 73.17 or 73.18 and similar articles of other base metal, **other than articles specially designed for use exclusively in implants in medical, surgical, dental or veterinary sciences (heading 90.21);**

Application

(Proposal by Colombia)



Amendment to Note 1 (f) to Chapter 90

1.- This Chapter does not cover :

(f) Parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV) or similar goods of plastics (Chapter 39); **however, articles specially designed for use exclusively in implants in medical, surgical, dental or veterinary sciences are to be classified in heading 90.21;**

Modular Building Units, of Steel

(Proposal by China)

Container-based prefabricated buildings



Definition (New 2nd paragraph of Note 4 to Chapter 94)

Prefabricated buildings include "modular building units" of steel, normally presented in the size and shape of a standard shipping container, but substantially or completely pre-fitted internally. Such modular building units are normally designed to be assembled together to form permanent buildings.

New subheading

94.06		Prefabricated buildings.
	9406.10	- Of wood
	9406.20	- Modular building units, of steel
	9406.90	- Other

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TARIFF CODE FOR YOUR
MANAGER ?

Section XXI – Amendment of Chapter 97 in respect of cultural objects



Restructuring of heading 97.06

HS 2017



97.06	9706.00	Antiques of an age exceeding one hundred years.
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HS 2022

97.06	Antiques of an age exceeding 100 years.
9706.10	- Of an age exceeding 250 years
9706.90	- Other

GIR –
GENERAL
NOTE A

A. GENERAL RULES OF
INTERPRETATION

Classification of goods in the
Customs Tariff shall be
governed by the following rules
of interpretation

RULE 1



The titles of Sections, Chapters and sub-Chapters are provided for ease of reference only; for legal



purposes, classification shall be determined according to the terms of the headings and any relative Section



or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the



following provisions :

RULE 2

2. (a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.

(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.

RULE 3

When by application of Rule 2 (b) or for any other reason, goods are, prima facie, classifiable under two or more headings, classification shall be effected as follows :

(a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, 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.

(b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3 (a), shall be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.

(c) When goods cannot be classified by reference to 3 (a) or 3 (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

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MASS FOR DUTY PURPOSES – GENERAL NOTE D

General Note D

1. When goods are dutiable by mass units, assessment shall be based on their legal mass unless otherwise provided.
2. (a) The legal mass of any goods in blocks, lumps, powders, granules, flakes, liquid and similar bulk forms packed in bags, drums or similar containers, with a net mass per container exceeding 5 kg, but excluding goods provided for otherwise in any tariff heading in Schedule No. 1 to the Customs tariff, shall be deemed not to include the mass of such bags, drums or similar containers.

(b) The legal mass of any goods in blocks, lumps, powders, granules, flakes, liquids and similar bulk forms packed in bags, drums or similar containers, with a net mass per container not exceeding 5 kg and any other goods shall be deemed to include the mass of the immediate containers or other wrapping used for packing goods in sets or units or in other marketable quantities but not the mass of cartons or cases or other outer packing in which such sets or units or other marketable quantities are packed for ease of transport or consolidation purposes.
3. The net mass of any goods shall be the actual mass thereof excluding packing material.
4. The gross mass of any goods shall be deemed to include the legal mass and the mass of any outer packing material.
5. The legal mass or the net mass of any goods shall be determined by actual mass measurement or by deducting, in the discretion of the importer or manufacturer, from the gross mass or the legal mass, as the case may be, either the actual deductible tare ascertained by mass measurement or an average deductible tare determined by the customs authority in respect of such goods.

DUAL PURPOSE CODES

Examples Provided

Request Industry Examples

**DA52 – ADR ALTERNATIVE
DISPUTE RESOLUTION**

APPLYING FOR A TDN

All import and export commercial transactions require commodities on Customs declarations to be classified according to an appropriate tariff heading. The tariff classification code is directly linked to the rate of duty payable on that commodity. Classification operates as part of the international Harmonised Commodity and Coding System, under the WCO Harmonised System Convention.

Tariff classification of goods is one of the more complex issues under the Customs and Excise Act. Tariff classification relates to the proper classification of goods within the Harmonized Commodity Description and Coding System (tariff book). The Tariff Book indicates the normal customs duties (Schedule No 1, Part 1), excise duties (Schedule No 1, Part 2A), ad valorem duties (Schedule No 1, Part 2B), anti-dumping duties (Schedule No 2, Part 1) and countervailing duties (Schedule No 2, Part 2) that would be payable on importing goods into South Africa. Tariff classification of goods also determines the necessity for import control permits, the rules of origin obligations, and the applicability of any customs rebate provisions.

The World Customs Organisation (WCO) issued the general rules of interpretation that are used as a guide in the correct classification of goods. It is crucial for an importer to have sufficient knowledge of these rules to ensure the correct classification of imported goods. It is important to ensure that an importer has a proper description of goods before the goods are imported into South Africa as the tariff code identified has to be inserted on the customs declaration. The customs duties and VAT payable will be calculated based on the rate of duty dictated by the specific tariff code. Failure to correctly classify goods within the tariff book could result in either under or over payment of Customs Duties and Value-Added Tax (VAT) on importation.

In cases where the tariff classification of goods is complex, i.e. the goods could easily be classified under two tariff headings or there is no clearly identifiable appropriate tariff heading, it is the duty of the importer to approach the local SARS office and apply for a written tariff determination. If you do not agree with the Tariff, you can follow the dispute process.

RULES OF ORIGIN – PRACTICAL APPLICATION

SC RO 02

APPLICATION

TRADE AGREEMENTS

GUIDELINES FOR CERTIFICATION

The origin of goods is one of the crucial elements for international trade. Recognizing the

various purposes in which the origin of goods plays a vital role, the Customs administrations

around the world must implement rules of origin in an effective and efficient manner.

The WCO Guidelines on Certification of Origin (hereinafter referred to as the Guidelines) offer

practical explanations. The Guidelines aim to provide useful guidance for the Members to

design, develop and achieve robust management of origin-related procedures.

Section I provides general background and definitions to be used throughout the Guidelines.

Section II deals with the certification of origin with regard to preferential rules of origin, which is

used to determine whether a preferential tariff rate is applicable under respective preferential

schemes. Section III covers the certification procedures for non-preferential rules of origin, of

which the scope is stipulated in the WTO Agreement on Rules of Origin.

The Guidelines are non-binding and do not intend to challenge any existing agreement or

legislation of any Member.

LONG TERM SUPPLIER DECLARATION

When you are importing or exporting goods internationally, you have to comply with the different customs regulations. There are several texts controlling trade within the European Union, some of them allowing tariff preferences when the right documents and certificates are available for the traded goods.

One of the mandatory documents needed for the international trade of goods is the long-term supplier declaration. It attests to the origin of the goods and is necessary for the buying companies documentation, being their movement certificate or their invoice declaration.

The issuer and the recipient of the supplier declaration must both have a head office within the EU. Even if the supplier declaration is not legally required, it should still be part of the contract requirements. It is a standard in the documentation best practices and can be checked at anytime by the customs.

Long-term supplier declaration for goods with origins:

Single deliveries can be documented by single supplier declaration but need to be documented again for every new delivery. The long-term supplier declaration is a special form of supplier declaration. It applies to repeated deliveries of a given good from a given company. There are two types of long-term supplier declarations:

Most common type of long-term supplier declaration.

Applies to goods which have been produced or sufficiently treated in the EU or in a country with a most favored nation agreement, thus already complying to origin rules.

The supplier certifying to the buying company the preferential originating status of their goods for a limited period of time (max. 2 years).

Elements Required

A long-term supplier declaration must contain the following elements:

Information about the delivered products

Information about the buying company

Information about the supplying company

Period of the delivery

Warranty, that any modification will be immediately communicated

Information about the cumulation

Cumulation means, that primary material for the production of the delivered goods are originating from a convention state. Depending on the free trade regulation existing between the two trading countries, the origin certificate for the manufacturing process may differ. Nevertheless, these states must be recognized and can be part of the pan european preference zone (EU, EFTA countries and

Validity

Long-term supplier declaration can be valid for a maximum of 2 years. A supplier can issue a retroactive long-term supplier declaration for a maximum of 1 year.

Name _____

Signature _____

Date _____

INTERNATIONAL PRACTICE (UK)

[Use the Trade Tariff tool](#)

[Goods that are difficult to classify](#)

[Getting help from HMRC](#)

[Commodity code in other countries](#)

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CHEMICALS – HS CLASSIFICATION

HS Code is also known as Harmonized System (HS) Commodity Code. It is a system developed by the World Customs Organization (WCO) to help national customs and statistical authorities classify commodities. Each commodity or product will be assigned with a HS code, which is then used by Customs authorities and statistical agencies to monitor and control the import and export of commodities through customs tariffs and the collection of info on international trade. We will summarize the structure of HS Code and show you how to determine HS code for chemicals.

Sch1P2A

Specific Excise Duties on Goods of the Same
Class or Kind

The Structure of the HS Code

- Structure of HS Code
- Most of countries use an **8-digit** or **10-digit** classification system, with the first 6-digit adopting the Harmonized System developed by the WCO and the last 2 or 4 digits representing a further breakdown in commodity classification to meet domestic needs. The Harmonized System (HS) comprises 21 Sections covering 97 Chapters. In each chapter, there are headings, sub-headings and notes for each heading and sub-heading.
- **The structure of an 8-digit or 10-digit HS Code is listed as follows:**
 - First 2 digits: Chapter No. from the Harmonized System
 - Second 2 digits: Heading No. from the Harmonized System
 - Third 2 digits: Sub-heading No. from the Harmonized System
 - Last 2 or 4 digits: Domestic use identification number
- The picture below is a screenshot of the HS codes for some common organic chemical substances listed in Chapter 29 Organic Chemicals.

Subheading	Suf-fix	Article Description
		I. HYDROCARBONS AND THEIR HALOGENATED, SULFONATED, NITRATED OR NITROSATED DERIVATIVES
2901		Acyclic hydrocarbons:
2901.10		Saturated:
2901.10.10	00	Ethane and butane.....
2901.10.30	00	<i>n</i> -Pentane and isopentane.....
		Other:
2901.10.40	00	Derived in whole or in part from petroleum, shale oil or natural gas.....
2901.10.50	00	Other.....
		Unsaturated:
2901.21.00	00	Ethylene.....
2901.22.00	00	Propene (Propylene).....
2901.23.00	00	Butene (Butylene) and isomers thereof.....
2901.24		Buta-1,3-diene and isoprene:
2901.24.10	00	Buta-1,3-diene.....

Note: Different countries might assign different HS codes for the same product. **However, the first 6 digits of a HS code for a product are usually the same** since most of countries have developed their commodity classification system based on the Harmonized System (HS).




HS Code for Chemicals





Chemicals and chemical products are listed in the Section VI of the Harmonized System – Products of the Chemical or Allied Industries.





There are **11** chapters related to chemicals and chemical products (**Chapter 28 to 38**). They are listed as follows:

- Chapter 28 Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes
- Chapter 29 Organic chemicals
- Chapter 30 Pharmaceutical products
- Chapter 31 Fertilisers
- Chapter 32 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks
- Chapter 33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations
- Chapter 34 Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, “dental waxes” and dental preparations with a basis of plaster
- Chapter 35 Albuminoidal substances; modified starches; glues; enzymes
- Chapter 36 Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations
- Chapter 37 Photographic or cinematographic goods
- Chapter 38 Miscellaneous chemical products

AUTOMOTIVE & FUTURISTIC – HS CLASSIFICATION

Description	hs code	Image
Air conditioners	8415.20	
Alternators	8511.50	
Antennas	8529.10	

Bearings, plain shaft type	8483.30	
Belts of rubber	4010.35	
Bodies (including cabs)	8707.10	
Bolts & other fasteners of iron or steel	7318.29	

Bushings (if plain shaft bearings)	8483.90	
Cable, electrical (insulated)	8544.30	
Cable, non-electrical, of steel	7312.10	
Capacitors	8532.22	 00009 19

ADVANCE RULING

Improves Trade Facilitation

Promotes Higher Levels of
Compliance



TRADE AGREEMENTS

AfCFTA

AGOA

EU

EFTA

MERCOSUR

CLASSIFY –
PRACTICAL
EXAMPLE:
CALCULATE TOTAL
DUTIES & TAXES
PAYABLE TO SARS

Classify (Apply GIR)

Calculate

Comment

CHALLENGES & SOLUTIONS

Extensive Data Analysis

Pinpoint the Areas

Target Driven Approach