



TRADE OBSERVER

The official Customs Bridge monthly update

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Set course for 2022!

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THE HARMONIZED SYSTEM**

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HS 2022: the seventh edition of the Harmonized System

Onward to 2022! The seventh edition of the Harmonized System (HS 2022) comes into effect on January 1, 2022 and brings many changes. Fortunately, Customs Bridge will be happy to guide you through the various changes to come.

Many changes

Indeed, about 350 amendments define new categories of goods and adapt the customs nomenclature to the current trade practices. Also, the Combined Nomenclature (CN8) 2022 establishes the common nomenclature for the whole of the EU for customs declarations, declarations of exchange of goods (DEB) and for compiling foreign trade statistics. Many products are now considered in the customs nomenclature: drones, edible insects, new tobacco products, smartphones, electronic waste, etc.

But why are these changes in the HS necessary? For the most part, these products are of great commercial value, while for others they raise political concerns. For example, HS 2022 includes specific provisions for e-waste to simplify its classification. These provisions are intended to help states meet their commitments under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.



The tools that help

In order to see more clearly in this mishmash of new standards, there is a device to help the European Union to obtain the customs species of your goods. This is the Binding Tariff Information (BTI). This official classification will tell you the nomenclature code to declare for a particular type of goods. This application is free of charge and must be filed electronically with the National Refund and Binding Tariff Information Service (NBRIS). Once issued, the BTI validates the customs classification of your product in all European Union countries.

All BTI's as well as all new applications, once validated, are available in our classification tool on **Customs Bridge**. The new codes will of course also be available in our classification tool which is updated very regularly to provide you with the latest regulations in force.

In 2022: European eyes on the UK

In 2022, there will be movement across the UK in terms of customs novelty. Her Majesty's Revenue and Customs (HMRC) is urging businesses to prepare for the changes. From Jan. 1, 2022, traders will be subject to new Brexit-related controls that go into effect in January.

The "grace" period ends for the British, who will have to implement full customs controls for goods moving between the EU and the UK. However, goods from Ireland and Northern Ireland will be exempt, so our Celtic friends can breathe a sigh of relief. The current customs arrangements for goods moving from Ireland and Northern Ireland to Great Britain will remain unchanged. This extension will last as long as discussions between the UK and the EU on the operation of the Northern Ireland Protocol are ongoing.



Among the notable changes are those on rules of origin. A company that imports food, animal products, plants, etc. from the EU will have to tell the authorities which EU country the goods come from. You will need to be able to prove where the goods were grown, produced or manufactured. But be careful, it may not be the same country where you bought them. It will be mandatory for border posts to check goods moving between the UK and the EU. If your goods have not been cleared through customs, they will not be released (except in Ireland). This means the return of customs declarations. These must be made at the time your courier or forwarder brings the goods to the UK. You may have to pay additional taxes and duties, or you may need an additional license or certificate to bring certain goods into the UK. You may be able to avoid providing a full customs declaration by applying for permission to use simplified declarations for imports. But be aware that the checks required for this can take up to 60 days.

The changes related to the HS 2022 will therefore necessarily be taken into account in order to be able to clear your goods to the UK with peace of mind (see the article on the HS 2022 on this Trade Observer).

The EU's new initiative on customs risk management

The new EU customs risk management initiative was put out for consultation on October 5, 2021 and is expected to be adopted by the Commission in the first quarter of 2022.

This is one of the fastest initiatives given the time between the consultation process and the expected adoption date. There are several reasons for this speed. First, everyone is aware that due to the recent migration crisis, Brexit, and trade wars, customs, border, or tax-related topics are at the forefront, even overshadowing military events such as those in Ethiopia, Syria, Yemen, and Eastern Ukraine. What is this initiative about? First of all, it is a direct consequence of the Customs Union Action Plan adopted on September 28 (link below*), which aims to achieve a more coherent and stronger Customs Union. As we read on, we begin to understand the rush behind the rapid adoption of this text: "Following the need to finance the Covid-19 crisis exit measures, the full collection of customs duties and taxes is more important than ever". Indeed, all tariffs are redirected to the EU budget and could be a way to finance the EU's 400 billion Covid-19 recovery plan. The need for improvement in this area has been highlighted by numerous reports such as COM(2021)9, COM(2018)549, COM(2016)476. Between the lines: This initiative aims to further harmonize customs procedures in each member state of the customs union, but also to ensure that every tax due is correctly collected.



In order to do this, the EU's 2014 plan for customs risk management must be adapted. What will change in concrete terms? First, get ready to revise your Union Customs Code, as changes are clearly planned: "Adaptations and amendments to the Union Customs Code will be identified." Secondly, the pressure on duty collection will increase: "Adopt a low-risk approach where no undeclared or misdeclared goods with financial risks for the EU will cross the border undetected". The crisis of last spring had a considerable impact on national and European budgets. Let's be clear, the EU relies on the collection of taxes and duties to fill this hole in the budget. Harmonization aims at streamlining procedures and ensuring an equal level of control in all member states in order to avoid "customs tourism" consisting in declaring imported goods in the most "convenient" country. Summary: Now more than ever, always ensure that your declaration contains accurate data, including customs classification, origin and value!
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