



HM Government

UK TRANSITION



# Trader Support Service

## ***TSS How-To Guides***

**An overview of tariff classification**

**Published: January 2021**

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***The UK has left the EU, and the transition period after EU exit ended on 31 December 2020. knowing the essentials about tariff classification will help ensure your business continues to trade seamlessly between Great Britain and Northern Ireland.***



Tariff codes are used by authorities around the world to classify and track goods movements.

Businesses moving goods from Great Britain to Northern Ireland are required to complete declarations. To do this, you will need to classify your goods in order to find the appropriate tariff code that applies to your product.

**REMEMBER:**

GB and NI traders need to know the UK tariff classification of their products to complete declarations.

## **1. What is a tariff code?**

The tariff code is a vital part of a goods movement declaration.

Tariff codes classify goods for country-to-country movement so traders or their freight forwarders can:

- fill in declarations and other paperwork
- check if there's duty or VAT to pay
- identify if there are any restrictions or other measures that apply

Tariff codes within declarations also help Customs authorities in the UK and worldwide:

- know what goods are being moved and how
- identify controlled goods (e.g. alcoholic beverages, plants or medicines under licence)

**REMEMBER...**

It is vital to get the correct tariff code classification for your product – this guide will explain how. Use of correct tariff codes prevents delays in goods arriving at their destination and incorrect duty payments.

## 2. How to classify your goods

To ensure you use the correct tariff code for your product, you need to understand how goods are classified. You will need a 10-digit code for imports, and an 8-digit code for exports (for which the final 2-digits are not required).

### 2.1 Global rules

The General Interpretative Rules (GIRs) provide the global legal methodology for classifying goods. Six GIRs are set out by the WCO in the Harmonized System (see *box, right*).

A full list of the text of the GIRs is to be found in point 6, a summary of each rule is as follows:

- **GIR 1** – General Interpretative Rule 1 is the Harmonized System’s foremost rule of classification. It specifies the elements that can legally be used to classify products
- For legal purposes classification is determined by the terms of the headings, the Section or Chapter Notes where relevant, and, if necessary and allowable, the other GIRs below.
- **GIR 2** – covers articles which are incomplete or unfinished, which have the essential character of the complete or finished article, and the Rule also covers materials and substances.
- **GIR 3** – covers goods which may be covered by two or more headings, or which are in the form of composite goods or sets put up for retail sale.
- **GIR 4** – rarely used, this rule covers goods where it is not possible to classify by applying any of the above GIRs.
- **GIR 5** – covers goods in the form of containers designed to hold specific items – for example, camera cases, and packing materials and packing containers.
- **GIR 6** – for legal purposes, classification is determined by the terms of the subheadings (6-digit level, or more) and any related subheading Notes.

#### WHAT IS...

The **Harmonized System (HS)** nomenclature structure classifies commodities into six-digit codes and forms the uniform rules of classification. It is overseen by the **World Customs Organisation (WCO)** is the intergovernmental organisation overseeing rules and security in international trade.

#### REMEMBER...

If you classify your goods correctly, you’ll know what rate of duty and import VAT you should pay. You’ll also know if the duty is suspended, if you need a licence to move your goods or if anti-dumping duties or tariff quotas apply.

## How to read 'The Tariff' (Harmonized System)



The Tariff is divided into 21 Sections, with each Section covering a particular type, class or range of goods. Each Section comprises:

- Chapters (2-digits)
- Headings (4-digits)
- Subheadings (6 or 8 digits)

Additional digits are also used to apply further measures in relation to specific products and circumstances – e.g. products subject to a temporary duty suspension or preferential arrangement will have additional information in a code up to 10 digits long. If no further measures apply, the ninth and tenth digits will be “00”.

An additional 4-digit code is also sometimes required – e.g. for products subject to excise or anti-dumping duties.

Within the Sections and Chapters are legally binding Notes which provide information about products that are included in and excluded from the Section/Chapter.

The texts of Headings and Subheadings are legally binding (*see examples below*).

### Examples of Tariff Chapters, Headings and Subheadings

#### Section I – “Live Animals; Animal Products”

Chapters 01 to 05

- Chapter 01 “Live Animals”
- Chapter 05 “Products of animal origin, not specified elsewhere or included”
  - Heading 0101 “Live horses, asses, mules and hinnies”
  - Heading 0501 “Human hair, unworked, whether or not washed or scoured; waste of human hair”
    - Subheading 0501 00 00 00: “Human hair, unworked, whether or not washed or scoured; waste of human hair”

#### Section IV – “Products of the Chemical and Allied Industries”

## Chapters 28 to 38

- Chapter 28 “Inorganic chemicals; organic or inorganic compounds of precious metals, or rare earth metals, of radioactive elements or of isotopes.
- Chapter 38 “Miscellaneous Chemical Products”
  - Heading 2801 “Fluorine, chlorine, bromine and iodine”
  - Heading 3801 “Miscellaneous chemical products”
    - Subheading 3801 20: “Colloidal or semi-colloidal graphite”
      - 3801 20 10 00: “Colloidal graphite in suspension in oil; semi-colloidal graphite”
      - 3801 20 90 00: “Other”

## Section XI – “Textile and Textile Articles”

### Chapters 50 to 63

- Chapter 50 “Silk”
- Chapter 63 “Other made-up textile articles; sets; worn clothing and worn textile articles; rags”
  - Heading 5001 “Silkworm cocoons suitable for reeling”
  - Heading 6301 “Blankets and travelling rugs”
    - Subheading 630120: “Blankets (other than electric blankets) and travelling rugs, of wool or of fine animal hair”,
      - 6301 20 10 00: “Knitted or crocheted”
      - 6301 20 90 “Other”
        - 6301 20 90 10 “Hand-made”
        - 6301 20 90 90 “Other”

## Section XVI – “Machinery and Mechanical Appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles”

### Chapters 84 and 85

- Chapter 84 “Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof”
- Chapter 85 “Electrical machinery and equipment and parts thereof; sound recording and reproducing, television image and sound recorders and reproducers, and parts and accessories of such articles”
  - Heading 8471 “Automatic data-processing machines and units thereof; magnetic or optical readers, machinery for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included”

- Heading 8471 includes computers such as laptops, tablets and desktops, and units of computers such as keyboards. These are classified within subheadings 8471 30 to 8471 80 as either Automatic data-processing (ADP) machines or units of ADP machines.

Magnetic or optical readers, machinery for transcribing data, etc. are classified in subheading 8471 90.

Many products have a microprocessor or work in conjunction with a computer but perform a specific function other than data processing. These products are excluded from heading 8471 and are classified in the heading which covers the products' function which, in many cases, will be within Chapter 85.

- Heading 8543 "Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this chapter"
  - Subheading 854310: "Signal Generators"
    - 8543 10 00 00

## Section XVII – "Vehicles, Aircraft, Vessels and Associated Transport Equipment"

Chapters 86 to 89

- Chapter 87 "Bicycles and other cycles (including delivery tricycles), not motorised"
- Chapter 88 "Aircraft, spacecraft, and parts thereof"
  - Heading 8712 "Bicycles and other cycles (including delivery tricycles), not motorised"
  - Heading 8802 "Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) and suborbital and spacecraft launch vehicles"
    - Subheading 8802 11: "Helicopters", "of an unladen weight not exceeding 2000kg",
      - 8802 11 00 10 "For civil use"
      - 8802 11 00 90 "Other"

## 2.2 The UK Global Tariff

The UK Global Tariff is an extension of the Harmonized System.

It will replace the EU Common European Tariff, which is currently applied on imports into the UK.

The final UK Global Tariff will be published in due course and will contain all the 10-digit tariff codes and associated measures that traders will need to know. As of 1 January 2021, codes in the UK Global Tariff are the same as in the Common European Tariff.

The first version of the UK Global Tariff was published last year and includes the UK's 'Most Favoured Nation' tariff schedule (see *box, right*) which will come into force on 1 January 2021.

The cornerstone of UK's newly independent trade policy, the UK Global Tariff is being designed to be tailored to the needs of the UK economy.

### WHAT IS...

The '**Most Favoured Nation**' or MFN rates are the tariffs that countries promise to impose on imports from other members of the World Trade Organisation, unless the country is part of a preferential trade agreement. In effect, MFN rates are the highest (most restrictive) that WTO members charge one another.

## 3. Where do I find my tariff code?

There are a large number of tariff codes and for some products finding the appropriate code may be straightforward. For others, it may take more investigation.

The 'Trade Tariff' tool [here](#) will help you classify the goods you are currently importing or exporting.

You must accurately describe your item to search within the tool. The tool will then guide you through the process.

If you are having difficulty in finding the appropriate tariff code for your goods, a series of Classification Guides have been published covering 'hard to classify' goods which may help. You can find these [here](#).

If you have tried to find the appropriate tariff code for your goods but have not been successful, you may wish to [contact HMRC's tariff classification service](#) by email for advice.

### Applying for a Binding Tariff Information (BTI) ruling

A Binding Tariff Information (BTI) decision is used by companies to obtain legal certainty on the tariff classification of their goods.

If you require a legally binding ruling, for goods you are importing into or exporting from Northern Ireland, you can apply for a BTI [here](#).

The BTI will have legal force with EU Customs authorities, giving you certainty of treatment when moving your goods. BTIs are legally valid for three years unless your products or relevant rules change in that time.



## 4. How is a tariff code made up?

**Digits 1-6:** This is the Harmonized System (**HS**) code comprising the heading and subheading. The HS operates under the control of the World Customs Organization (WCO). This 6-digit code is the same for all 183 WCO member countries

**Digits 7-10:** Set at the national level to identify what goods are entering or leaving a country, what duty needs to be paid and whether any restrictions or other measures apply

### WHAT IS...

*...the difference between commodity code and tariff code?*

The commodity code is the full 10-digit code. The tariff code comprises several elements including four-digit headings as well as the 10-digit commodity code.

## 5. Classification examples

### 1. Cordless infra-red TV remote-controls

A Belfast business buys cordless infra-red TV remote-controls from a distributor in Leeds.

Electrical goods are mostly classified in Chapter 85 which includes “Electrical machinery and equipment”.

The business thinks that the remote-controls fall under heading 8537 which includes Boards, panels, desks etc. for electric control or for the distribution of electricity.

Chapter 85 falls under Section XVI, which includes “Machinery and mechanical appliances; Electrical equipment”.

There are Notes to Section XVI, which include goods of Chapter 85, but none that apply to this product.

Chapter 85 includes “Electrical machinery and equipment and parts thereof”. There are Notes to Chapter 85, including Note 8 which states: “Heading 85.37 does not include cordless infrared devices for the remote-control of television receivers or other electrical equipment (heading 85.43)”.

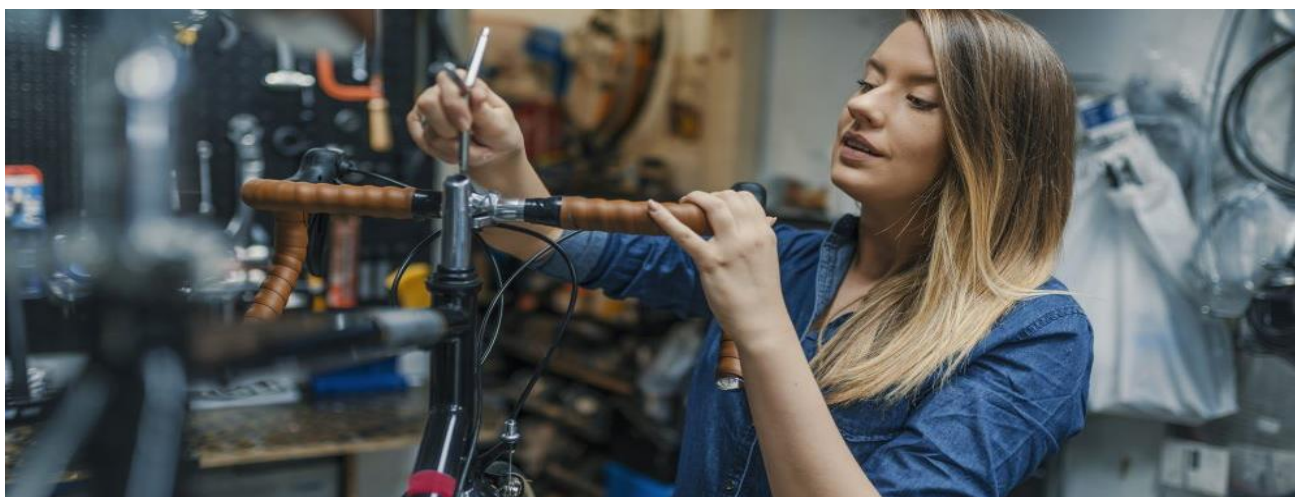
Heading 8543 covers “Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter.”

Some subheadings cover specific products:

- 8543 10 00 00 – “Particle accelerators”
- 8543 20 00 00 – “Signal generators”
- 8543 30 40 00 & 8543 30 70 00 – “Machines and apparatus for electroplating, electrolysis or electrophoresis”

The final group of subheadings cover:

- 8543 70 “Other machines and apparatus,
- 8543 70 03 00 “Cordless infra-red remote-control devices for video game consoles”, this subheading only covers devices specifically designed for use with video game consoles.
- 8543 70 90 99 “Other”, as no other subheading covers the goods, the infra-red remote-controls for a TV are classified under this code.



## 2. Children's bicycle

A bicycle shop based in Newry, County Down intends to buy a child's bicycle (i.e. a bicycle of a simple design, for example, with no gears or chain drive, not intended to be ridden on public roads) from a distributor in Great Britain.

Heading 8712 covers "Bicycles and other cycles (including delivery tricycles), not motorised".

Chapter 87 falls under Section XVII "Vehicles, Aircraft, Vessels and Associated Transport Equipment".

There are Notes to Section XVII, which include goods of Chapter 87, including Note 1 to Section XVII states "1. This Section does not cover articles of heading 95.03 or 95.08, or bobsleighs, toboggans or the like of heading 95.06."

### Notes to Chapter 87

Chapter 87 is entitled "Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof". There are Notes to Chapter 87, including Note 4 which states "Heading 87.12 includes all children's bicycles. Other children's cycles fall in heading 95.03."

Heading 9503 includes "Tricycles, scooters, pedal cars and similar wheeled toys".

Chapter 95 falls under Section XX "Miscellaneous Manufactured Articles". There are no Notes to Section XX.

Chapter 95 is entitled "Toys, games and sports requisites; parts and accessories thereof".

### Notes to Chapter 95

There are Notes to Chapter 95, including Note 1 which states "This Chapter does not cover... (o) Children's bicycles (heading 87.12)".

There appears to be a conflict here as Note 1 to Section XVII excludes goods of heading 9503 from the Section. However, Note 4 to Chapter 87 includes children's bicycles in heading 8712, and Note 1(o) to Chapter 95 excludes children's bicycles to heading 8712.

The Chapter Notes confirm that a children's bicycle is classified in heading 8712. Therefore, the goods do not meet the terms of heading 9503 and so the exclusion in Note 1 to Section XVII does

not apply. The Notes confirm that other children's cycles, such as tricycles, are classified in heading 9503.

The appropriate subheading within heading 8712 will depend on the characteristics of the bicycle e.g. does it include ball bearings?

## 6. The General Interpretative Rules (GIRs)

**Source: World Customs Organization ([wcoomd.org](http://wcoomd.org))**

**GIR 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.

**GIR 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.

**GIR 2(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.

**GIR 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 affected as follows:

**GIR 3(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.

**GIR 3(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.

**GIR 3(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.

**GIR 4** – Goods which cannot be classified in accordance with the above Rules shall be classified under the heading appropriate to the goods to which they are most akin.

**GIR 5** – In addition to the foregoing provisions, the following Rules shall apply in respect of the goods referred to therein:

**GIR 5(a)** – Camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain a specific article or set of articles, suitable for long-term use and presented with the articles for which they are intended, shall be classified with such articles when of a kind normally sold therewith.

This Rule does not, however, apply to containers which give the whole its essential character.

**GIR 5(b)** – Subject to the provisions of Rule 5(a) above, packing materials and packing containers presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods.

However, this provision is not binding when such packing materials or packing containers are clearly suitable for repetitive use.

**GIR 6** – For legal purposes, the classification of goods in the subheadings of a heading shall be determined according to the terms of those subheadings and any related Subheading Notes and, *mutatis mutandis*, to the above Rules, on the understanding that only subheadings at the same level are comparable.

For the purposes of this Rule the relative Section and Chapter Notes also apply, unless the context otherwise requires.

## **7. I need to know more ...**

The NI Customs & Trade Academy (NICTA) is now providing Trader Support Service registrants with short courses and guides on all aspects of new trading.

In case you have not registered for the free-to-use TSS, you can do so [here](#).

***For more TSS How-To Guides please see [here](#).***