

Customs & Trade Updates

Coverage: Customs, Trade Agreements & Export Controls

Client & Subscribers Information

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Useful Documents for your work from Customs Manager Ltd

Download our CDS Presentation to ACITA

This week, we presented a 30-minute summary of how CDS works. If you were unable to attend, we attach the presentation to this update.

Download our Brexit Presentation to ODASCE

This week, we presented an update on Brexit to the French Customs Association ODASCE. Please find attached our paper and our presentation (in French and English)

Cette semaine, nous avons présenté une mise à jour sur le Brexit à l'Association des douanes françaises ODASCE. Veuillez trouver ci-joint notre article et notre présentation (en français et en anglais)

United Kingdom

We looked through the updates on www.legislation.co.uk, and the updates to the GOV.uk website and drew information from various websites and subscriptions.

Classification: Cat toys - HMRC recoups tax from importer

The times reported that between 2016 and 2019, twenty shipping containers of cat products were imported by Cozy Pet. The firm that sells pet supplies has been fined £35,000 for failing to pay import tax on cat scratchers and playpens. Cozy Pet, an online retailer with a warehouse in Norwich, has been involved in a four-year legal battle with HM Revenue & Customs over whether the Chinese-origin products it sells should be subject to import duty. The controversy revolves upon the material composition of cat toys. Cozy Pet said that import tariffs were not necessary since its cat trees and scratchers were mostly made of wood and its playpens were predominantly made of metal. Due to the fabric connected to the scratching posts, HMRC determined that they should be classified as textiles; thus, Cozy Pet should pay a 12% customs duty. Due to the meshing that holds the playpens together, the tax collector said that the playpens were made of iron or steel wire and were thus liable to a 2.7% tax. Between 2016 and 2019, Cozy Pet imported twenty containers of cat products, including twenty thousand trees, scratchers, and playpens. Scratchers range in price from £20 to £55, while playpens may cost up to £100. The co-owners of Cozy Pet, explained that a cat could see the wood of the scratching post but not the fabric. He presented the judge at a tax tribunal of the first tier in central London with photographs taken from under the scratcher. "The cat is looking upward and can see the base, the wood, and a little quantity of fabric above it," the owner said. "The cat seems to be disinterested in the fluffy fabric. It is a tiny piece for the aesthetic benefit of its owners." The purpose of the cloth, according to Judge Heidi Poon,

was to distract a pet from the owner's other soft furnishings. "Would cat trees and scratchers fulfil their declared goal of attracting cats away from furniture if they were constructed of basic wood without opulent fabric covering?" she questioned in a recent ruling. She said that metal, steel, and wire were all components of the playpens and that, for tax purposes, a single component could not be excluded. Poon did reduce the tax on one of the company's cat scratchers, a single-column "basic" cat scratcher, to 6.3% after learning that the material used was sisal. As the cloth is woven as opposed to knitted, a lower tax rate is applicable. The Owner, whose tax bill will be cut by a few thousand dollars as a consequence, plans to challenge the ruling. He estimates that the legal battle has cost him more than \$25,000 in attorney bills and many hours of study. [Read the article](#)

CDS explained in Icons (FUNNY!)

Paul Sims has made a great effort to reflect on his thoughts on how CDS works:



UK Cabinet Border Bulletin 14 October 2022

Attached in mailing for subscribers and current clients.

HMRC corrects erroneous press report on CDS

HMRC has written to JCCC members after a trade media report concerning CDS technical difficulties was false and deceptive. We wanted to inform you that CDS is running effectively and returning inventory messages to Community Service Providers. One Community Service Provider had a problem that impacted a few messages, but they worked with them to find the source and fix their system. We're actively monitoring products movement and there are no major concerns. HMRC has never advised importers to cease using CDS, and declarants may only utilise CHIEF with HMRC's consent. HMRC will keep us updated on the transfer of imports from CHIEF to CDS and our export plans. [Read article here](#)

Extension of Customs Declaration Service license waiver document code

Imports and export of certain commodities can take place under the Customs Declaration Service waiver 999L, which has been extended to import and export tariff measures and commodity codes for:

- Attestation — Measure type 352
- Export Restriction — Measure type 476
- Export Authorisation — Measure type 473
- Cultural Goods — Measure type 735
- FGAS — Measure type 724
- Dual Use — Measure type 478
- Pre Cursor Chemicals — Measure type 358
- HSE Imports — Measure type 359
- Health and Safety Executive Import Licensing — Measure type 351
- Export Home Office Drugs — Measure type 354
- Import Control Waste — Measure type 755
- Torture and Repression — Measure type 708
- Exports Control Military — Measure type 766

See the UK Trade Tariff for the full duty rate, unit of quantity, preferences, quotas, footnotes and VAT rate. Please get in touch for more information.

<https://www.gov.uk/guidance/extension-of-customs-declaration-service-license-waiver-document-code-tariff-stop-press-notice-13>

“No Sanction” Code added to CDS

The Reference Codes (National) of the Customs Declaration Service (CDS) has a new code. Document Code 9022 has been added, it stands for “No Sanctions Apply”. No Status Code is required. Find a list of codes for the relevant document codes, document status codes and details to be declared (for example, licences and certificates) in Data Element 2/3 (Appendix 5A) here:

<https://www.gov.uk/guidance/data-element-23-documents-and-other-reference-codes-national-of-the-customs-declaration-service-cds>

Updates to the UK Sanction List

Find out which people, entities and ships are designated or specified under regulations made under the Sanctions and Anti-Money Laundering Act 2018, and why. Added 8 designations under the Iran (Human Rights) regime and made 3 amendments under the Mali sanctions regime

<https://www.gov.uk/government/publications/the-uk-sanctions-list>

Galvanised Tubes included in ADD on welded tubed and pipes

The Trade Remedies Authority (TRA) proposes to change its original decision to re-include galvanized tubes in goods covered by the measure, as it has since been established that this product is produced within the UK. The rationale for this is explained in a report on the TRA's public file. Galvanised tubes (non-threaded WTP plated or coated with zinc) are used for a range of purposes including construction uses such as scaffolding poles. If implemented, the change would mean that imports of this product would be subject to a tariff imposed at the border, along with other types of welded tubes and pipes covered by this measure.

<https://www.gov.uk/government/news/tra-announces-interim-conclusions-on-welded-tubes-reconsideration>

UK AEO List updated

Check if a business holds Authorised Economic Operator status. Use this list to see if a business holds Authorised Economic Operator status with HMRC. The list of Authorised Economic Operators has been updated: <https://www.gov.uk/government/publications/check-if-a-business-holds-authorised-economic-operator-status>

Clearing goods entering, leaving or transiting the UK guide now in Welsh, too!

The guidance on get your goods cleared by the National Clearance Hub when moving goods into, out of, or through the UK is now available in Cymraeg. <https://www.gov.uk/guidance/national-clearance-hub-for-goods-entering-leaving-or-transiting-the-eu>

European Union

We looked through the following updates of the European Union as published in the Official Journal of the EU.

14/10/2022	L268	C395 C396
13/10/2022	L266 L267	C393 C394
12/10/2022	L265	C391 C392
11/10/2022	L264	C390
10/10/2022	L263	C388 C389

We also subscribe to news updates from DG TAXUD and DG TRADE as well as receiving other newsletters and subscriptions to get a comprehensive picture.

EU Transit Update

[Council Decision \(EU\) 2022/1932 of 29 September 2022 on the position to be taken on behalf of the European Union within the EU-CTC Joint Committee established by the Convention of 20 May 1987 on common transit procedure as regards amendments to that Convention](#)

EU Sanctions Update

Nicaragua

- [Council Regulation \(EU\) 2022/1934 of 13 October 2022 amending Regulation \(EU\) 2019/1716 concerning restrictive measures in view of the situation in Nicaragua](#)
- [Council Implementing Regulation \(EU\) 2022/1935 of 13 October 2022 implementing Regulation \(EU\) 2019/1716 concerning restrictive measures in view of the situation in Nicaragua](#)
- [Council Decision \(CFSP\) 2022/1943 of 13 October 2022 amending Decision \(CFSP\) 2019/1720 concerning restrictive measures in view of the situation in Nicaragua](#)

Chemical weapons

- [Council Implementing Regulation \(EU\) 2022/1936 of 13 October 2022 implementing Regulation \(EU\) 2018/1542 concerning restrictive measures against the proliferation and use of chemical weapons](#)
- [Council Decision \(CFSP\) 2022/1944 of 13 October 2022 amending Decision \(CFSP\) 2018/1544 concerning restrictive measures against the proliferation and use of chemical weapons](#)

EU Trade

EU exports under Free Trade Agreements surpass €1 trillion. EU trade deals mean increased exports, more stable economic relations and secure access to resources, a new report out today shows.

WTO Panel rules against Colombia's anti-dumping duties on frozen fries in line with EU's claims. The EU welcomes the World Trade Organization (WTO) ruling that confirms that the anti-dumping duties imposed by Colombia on frozen fries from Belgium, Germany and the Netherlands are in breach of WTO rules and unfairly restrict access to the Colombian market for European producers.

EU and Japan start negotiations to include rules on cross-border data flows in their Economic Partnership Agreement. The two sides have agreed to take this relationship to the next level, by launching negotiations on including rules on data flows in our Economic Partnership Agreement (EPA).

United States

We looked through the updates of the US Federal Register, CBP, BIS, OFAC and others. We focus, in particular, on U.S. Export Controls as these are applied extraterritorially.

Impact on U.S. sanctions and export controls on Russia

Commerce, Treasury, State release joint alert outlining the impact of U.S. sanctions and export controls implemented in response to Russia's ongoing invasion of Ukraine on the Russian military-industrial complex. SEE ATTACHED DOCUMENT

Summary: In reaction to Russia's unlawful war, the following steps were taken: OFAC, BIS, and the Department of State, together with our international partners, have implemented an unprecedented range of sanctions and export restrictions in response to Russia's aggression on Ukraine.

Since February 2022, OFAC and the Department of State have: Worked with partners and allies to freeze about \$300 billion worth of assets of the Central Bank of the Russian Federation, reducing the capacity of the central bank to help the war effort and alleviate the effects of sanctions.

Sanctioned Russia's top financial institutions and banned transactions with banks representing 80% of the assets of the Russian banking system.

Approximately 1,500 new and 750 revised sanctions lists were issued, including:

- Joint Stock Company Mikron, Russia's biggest producer and exporter of microelectronics.
- Tactical Missiles Corporation JSC, a Russian state-owned company that manufactures missiles for use by the Russian Armed Forces in Ukraine.
- Non-Russian enterprises that have offered substantial assistance to Russian defense procurement companies.

[Press Release](#)

New Export Controls on Advanced Computing and Semiconductor Manufacturing Items to China

Commerce Implements New Export Controls on Advanced Computing and Semiconductor Manufacturing Items to the People's Republic of China (PRC). SEE ATTACHED DOCUMENT

Summary: The Department of Commerce Implements New Export Controls on High-Tech Computing and Semiconductor Manufacturing Goods Destined for the People's Republic of China. The export restrictions established in today's two laws limit the PRC's capacity to

acquire sophisticated computing chips, create and operate supercomputers, and manufacture innovative semiconductors. Thea D. Rozman Kendler, assistant secretary of commerce for export administration, said that the PRC has invested much in building supercomputing capabilities. The Bureau of Industry and Security (BIS) has revised its approach to Republic of China export regulations (PRC). BIS addressed two essential aspects of U.S. national security and foreign policy.

Certain sophisticated computing semiconductor chips, transactions for supercomputer end-uses, and transactions involving certain firms on the Entity List are subject to stringent export restrictions. Memory chips with non-planar transistor layouts (i.e., FinFET or GAAFET) of 16nm or 14nm or less; and DRAM memory chips of 18nm half-pitch or fewer are examples of semiconductor manufacturing products. The regulation also impacts the ability of U.S. people to assist the development or manufacture of integrated circuits at specific "fabrication facilities" situated in the People's Republic of China without a licence. A Temporary General License (TGL) will reduce the short-term effect on the semiconductor supply chain by authorising restricted production operations for products intended for use outside the PRC. Export Enforcement has released a policy paper titled "Foreign Government Prevention of End-Use Checks."

The regulation stipulates that parties must be added to the Unverified List 60 days after checks are requested, but the inactivity of the host government prohibits their completion. When there is a persistent lack of cooperation by a host government to expedite completion of the checks, an extra 60-day procedure is necessary. The regulation is effective as of October 7, 2022.

[Press Release](#)

Enforcement of Antiboycott Rules

The U.S. Bureau of Industry and Security is revising its enforcement approach against boycotts. The modification will guarantee that appropriate punishments are imposed depending on the severity of the offence. Over the last ten years, the Office of Antiboycott Compliance (OAC) has initiated more than fifty boycott lawsuits. Category A infractions will begin with the maximum penalty, while Category B offences will have their penalties enhanced. "No admit/no deny" agreements have two significant disadvantages: First, no confessions were made in these instances, and second, firms have less motivation to correct their errors.

[Press Release](#)

Note that this update is only a summary. It is not expected to be comprehensive. Please refer to the legal text and official publication. We would be delighted to assist you.

About this update

Free Version

Following or visiting our Linked In Page means you get to download the free version of this update every week – just to say thank you for following us. However, please note that this version does not include live links or supportive documents.

Subscription

Subscribers receive this update with live links and additional supporting documentation as part of their subscription. If you are interested in a subscription, it only costs approx. 1 GBP/ US\$ / € per day to contribute to the costs of making this update. Please email info@customsmanager.org for details.

Helpline

Subscribers can add a helpline for their questions to the subscription. It allows you to write to us with any questions you may have regarding this update or customs and global trade matters and it only costs approx. 1 GBP/ US\$ / € per day, in addition, to contributing to the costs of running a helpline. Please email info@customsmanager.org for details.

Current Clients

Current clients with a live contract will receive this update at no charge to say thank you for selecting us and entrusting us to support you for your work.

Where to find more help and support

- For online support, join our educational [live webinars](#), subscribe to insightful short [Twitter updates](#) and informative [YouTube videos](#), and stop by at our expert blog page, updated weekly: <https://www.customsmanager.org/customs-global-trade-blog>
- We also offer a resources hub that covers a lot of topics, videocasts and step by steps guidance: <https://www.customsmanager.org/> -> Resources
- There are regular customs and global trade update sessions to discuss what is coming up: <https://www.customsmanager.org/customs-and-global-trade-update>
- Join our wide range of [LIVE](#) or [online training courses](#) on the customs and global trade topics that matter to you
- Subscribe to our [free newsletter](#) to never miss an important update on our social media channels and expert blogs and get a round-up on all the important changes, law updates and guidance modifications for the EU and the UK).
- You can also call our helpline on **079146450183**. The first call is free, after this, we charge a moderate fee to get instant expert support. You can access it at <https://www.customsmanager.org/expert-helpline-blog-training-exclusive-briefings>

If you know of a business who would also find e-mails or customs and global trade blog entries helpful, please forward it on, or suggest they register to receive them directly to their inbox [register to get these updates directly to their inbox](#).

About Customs Manager Ltd.

Working with us means having a [Customs Advisor](#), [Global Trade Expert](#) and [Export Controls Consultant](#), on speed-dial. If you are looking for a [customs consultant UK and EU](#), let us help you trade effectively, efficiently and, of course, compliantly, wherever you want to go in the world.

Need to stay up-to-date with changing customs and global trade rules? We monitor legislation so our clients don't have to. Learn about all changes in our fresh [expert blog](#), [join exclusive briefings](#) and ask any questions 24/7 through to the [VIP hotline](#). Or sign up to our no-charge, insightful [newsletter](#).

Entrust us with your training needs and help us to upskill you and your teams in English, German, French and Spanish. We offer [pubic and private live, in-house](#) and [on-demand \(study from anywhere and anytime\)](#) courses.

To complete our support for globally trading businesses, we are also a [UK Customs Broker](#). We act as a [customs clearance agent](#) on behalf of many EU and UK businesses, assisting with customs documentation and all other formalities to ensure the customs clearance of our goods. Whether you're seeking a long-term partner to look after your [customs clearance](#) or require support for a one-off shipment, please don't hesitate to get in touch to discuss your requirements.

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