

Client Case Study – Telecoms Industry

Eliminating Import Duty

Background and Problem

The client imports electronic products for use in the telecoms industry. There is an EU initiative to encourage the growth of telecommunications throughout the EU and under certain conditions, goods for use in this industry have a zero rate of import duty. The client naturally wanted to ensure that a particular product, currently being imported, would qualify for such a zero rate of duty.

Actions Taken

An advisor from PCE Systems applied to Customs for a Binding Tariff Information (BTI) agreement on behalf of the client for the product concerned. If granted, this would have enabled the client to import the goods anywhere in the EU with zero duty. Unfortunately, Customs declined on this occasion to grant the BTI, claiming that the product failed to meet certain conditions applicable for the tariff category concerned.

A subsequent formal appeal against the Customs ruling, lodged by PCE Systems, was also rejected, so after some discussion with the client, it was decided to take the case to an independent tribunal. The preparation of the case and its presentation at the tribunal were handled entirely by PCE Systems.

The case involved a certain amount of technical detail, so two advisors took part. One provided the expertise needed for the Customs aspects of the case and handled the preparation and presentation of the case itself. The other acted as an expert witness and provided the necessary background information and the technical analysis of the fit between the product and the tariff. The tribunal took place in October of 2005 and the ruling was issued on the 21st November 2005.

The Result

Despite the citation of six precedents by the solicitor acting on behalf of Revenue and Customs, the tribunal ruled in favour of the importer. Whilst the ruling is a UK one and only has legal force within the UK, Customs now have little choice but to grant the Binding Tariff Information (BTI) agreement originally requested and this is binding throughout the whole of the EU. The client will therefore be able to import the product into anywhere within the EU at a zero duty rate, with an annual saving running into six figures.

The full decision can be read at the following location (decision number c00206):

<http://www.financeandtaxtribunals.gov.uk/aspx/view.aspx?id=1892>