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## Need to prepare for HS 2007 changes by 1 January 2007!

The passage of the “HS 2007” Bills through Parliament on 19 October 2006 represents the “green light” to the implementation of significant changes to import and export practice from 1 January 2007.

The changes are being made by Customs to accommodate changes from the third review of the Harmonised Commodity Description and Coding System by the WCO.

The changes will have a number of consequences some of which are summarised as follows.

- There will be approximately 1200 amendments to the schedules to the *Customs Tariff Act* 1995. This will have an impact on a number of tariff classifications used for imports. Further, existing tariff advices, tariff precedents, origin rulings and tariff concession orders which are affected by the changes to the tariff classifications will be rendered void and will all need to be replaced. Customs ACN's numbered 2006/44 and 2006/45 provide some additional information as to how this will be managed by Customs and industry.
- Amendments to the *Customs Act* 1901 will be made to enable the CEO of Customs to revoke approximately 700 tariff concession orders which will no longer have application and replace them with approximately 1200 new tariff concession orders. There will be a provision for appeal against those revocations and determinations.
- As the AHECC provisions will change this will have an impact on classification of goods for export purposes.

- Those parties trading overseas will also need to be aware that there will be equivalent changes to classifications in many other countries. For example, those exporters who are responsible for the customs entries for their goods in the country of export may need to review the classifications used for those goods at the country of export.
- Customs will be conducting information sessions in November to provide information regarding these sessions. The CBFCA will also be involved in the provision of these information sessions.
- I will be addressing the legal framework for the changes and some recommended amendments to practice during the forthcoming CBFCFA member forums in each of Sydney (8 November), Adelaide (9 November), Brisbane (22 November) and Perth (6 December 2006).

The result is that there are likely to be significant changes to import and export reporting practices by 1 January 2007. Customs will not be providing a moratorium against liability for use of expired tariff classifications, tariff advices or tariff concession orders (indeed such incorrect usage is the focus of the new Customs Cargo Compliance Program). The onus will be on importers, exporters and their service providers to ensure that they are fully acquainted with the changes and have made appropriate changes to their practices. Declarations using ‘out of date’ or ‘superseded’ information may be rejected by Customs. Ultimately, parties need to make every possible endeavour to ensure that they have properly accommodated the changes, failing which their goods may be delayed and they may be exposed to audit and penalty action.