# Impact Analysis Report / RFC-Proposal

**Section 1: Meta-data**

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| **RFC ID** | **RFC\_NCTS-P6\_0275** (JIRA: UCCNCTSP6-174) |
| **Related Incident ID** | **N/A** |
| **RFC Initiator / Organization** | **NA-CH** |
| **CI** | **NCTS-P6 (DDNTA-6.3.0-v1.00 – CSE-v60.4.4)** |
| **Type of Change** | **Standard**  **Emergency** |
| **Nature of Change** | Justification for Evolutive   |  | | --- | | Change triggered by a possible evolution of the requirements, based on on-going discussions within EU-CTC Working Group | |
| **RFC Source** | |  |  | | --- | --- | | **Legal & Policy Change**  **Organisational Changes** | **Business Change**  **IT Change** | |
| **Review by Business User recommended?** | **Yes  No** |

***Change Summary***

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| **NCTS-P6 (DDNTA-6.3.0-v1.00- CSE-v60.4.4):** **Harmonised System (HS) code: managing the special case of chapters 98 and 99.** |
| In NCTS-P5, after the end of the Transitional Period, the D.G. ‘Commodity Code’ (incl. the required D.I. ‘Harmonised System sub-heading code’) become “Required”, in all cases except for TIR declarations not following export procedures. **The same optionality applied in NCTS-P6, for both Opt-In and Opt-Out NAs.**  The Harmonised System (HS[[1]](#endnote-1)) is defined by the WCO in 97 chapters[[2]](#endnote-2), with additional chapters 98 and 99, which are reserved for national use only.  Currently in NCTS-P5 and NCTS-P6, the validation of the HS code is based on CL152 (which contains the codes defined by EU/TARIC, including chapters 98 and 99).  A mechanism is introduced in DDNTA **to offer the possibility to manage additional restrictions**, to avoid possible issues with some non-EU countries. The CTC countries that would be not interested in using or would not recognise the additional HS chapters 98-99 defined by the EU will only receive declarations with the 1-97 chapters (The R0996 proposed for NCTS-P5 is adapted for NCTS-P6 (using the CL297), for business continuity reason). |

**Section 2: Problem statement**

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| In NCTS-P5 after the end of the Transitional Period - in **DDNTA-5.15.2-v2.00** (based on CSE-v51.8.6) - the C0153 defines that the Data Group ‘Commodity Code’ will be “Required” in most cases, **except** for the case when the declaration type equals to ‘TIR’ AND the movement is NOT an *Export Followed by Transit* procedure.  **Extract from CD001C:**    The **wording of C0153** that will be activated after the TP is the following:    Additionally, for the classification of goods at international level, the Harmonised Commodity Description and Coding System (Harmonised System) is applied. The Harmonised System is defined by the WCO in 97 chapters. Chapters 98 and 99 are reserved for national use. Chapter 98 comprises special classification provisions, and chapter 99 contains temporary modifications pursuant to a parties' national legislation.  In the EU, further refined instruments are used like the combined nomenclature and the TARIC (Integrated Tariff of the European Union). The latter is the reference database used for the classification of goods and for the application of the relevant measures. The TARIC includes a total of 99 chapters, whereby chapters 98 and 99 are specific and applicable in EU countries (with some other countries being aligned to it)[[3]](#endnote-3).  The communication of information related to these two additional chapters (98 and 99) can occur among EU Member States (and between the EU and the UK or any other country that applies the codes and the rules defined in TARIC). For non-EU countries like the other contracting parties of the transit Convention, these additional chapters are either unknown or could be used with different meanings.  In NCTS-P5, the code list **CL152** is used for the validation of the HS code in the transit declaration, and it currently includes all the codes used by EU and some CTC countries (including chapters 98 and 99).  The values below are an example from CL152 (available in CS/RD2 PROD):   |  |  | | --- | --- | | **HS code \*** | **Description** | | 040900 | See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=en&Taric=040900>  See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=es&Taric=040900>  See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=fr&Taric=040900>  See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=it&Taric=040900>  See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=de&Taric=040900>  etc … | | 041000 | See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=en&Taric=041000>  etc … | | 050100 | See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=en&Taric=050100>  etc … | | 051000 | See <http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=en&Taric=051000>  etc … |   **\*Note**: **Descriptions are available in all EU languages in CS/RD2** (and more languages can be added)**.**  The immediate use of chapters 98 and 99 (as defined by the EU) under the common transit procedure may cause issues for some non-EU countries.  While the (best) **long-term solution** is the definition of the Chapters 98 and 99 that are common to all CTC Contracting Parties, there is a need to anticipate for a **short-term solution**. Therefore, a **new Rule** should be added **as agreed by EU-CTC Working Group** (see <https://circabc.europa.eu/ui/group/fac511f0-681d-41af-b678-7d743f529c8f/library/4961e847-d29c-4869-83b2-4518472eec57/details>). Assuming that the solution is applied also in NCTS-P5, there would be no need for a BRT in NCTS-P6 (i.e. no need to de-activate the new rule for Common Domain messages, no need for Transitional Period for this). |

**Section 3: Description of proposed solution**

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| **DDNTA-6.3.0-v1.0.0 (based on** **CSE-v60.4.4**, shall be corrected as follows (addition of **text highlighted in yellow** – removal of ~~text with strikethrough~~ ):  The rule **R0996 defined in RFC\_NCTS\_0274 for NCTS-P5,** will be re-used in NCTS-P6 (with a correction applied for CL233 replaced by CL297):  **Technical Description:**  **IF the first two (2) characters of /\*/CustomsOfficeOfDeparture/referenceNumber is in SET CL297 OR the first two (2) characters of /\*/CustomsOfficeOfDestinationDeclared/referenceNumber is in SET CL297**  **THEN the D.I. ‘Harmonized System sub-heading code’ values starting with “98” or “99” shall not be used.**  **NOTE: In that case, other equivalent HS Codes from Chapters ‘01’ and ‘97’ shall be used. C0153 remains applicable.**  **Functional Description:**  **IF the first two characters of <CUSTOMS OFFICE OF DEPARTURE.Reference number> is in SET CL297 (CountryCodeHS6Without9899) OR the first two characters of <CUSTOMS OFFICE OF DESTINATION (DECLARED).Reference number> is in SET CL297 (CountryCodeHS6Without9899)**  **THEN the D.I. ‘Harmonized System sub-heading code’ values starting with “98” or “99” shall not be used.**  **NOTE: In that case, other equivalent HS Codes from Chapters ‘01’ and ‘97’ shall be used. C0153 remains applicable.**  *NOTE: Chapters 98 and 99 are applicable as ICS2-CR has an interface to TARIC. Thus, all participating NAs in ICS2 as well as all Opt-in NAs in the NCTS-P6 should utilize the same codes to maintain uniformity between ICS2 and NCTS.*  The codelist **CL297** will be made applicable also to NCTS-P6. **As soon as the long-term solution can be applied by all** (i.e. chapters 98 and 99 can be used by all CTC countries), the list of countries that do not follow the regulations (as defined in TARIC) of the HS Codes for chapters ‘98’ and ‘99’ **(CL297)** **will become empty**.   * **R0996** will be attached to the messages: CD001C, CD003C, CD018C, CD038C, CD050C, CD115C, CD160C, CD165C, CDA13D, CDA15D, CC013C, CCA13D, CCA15D, CC015C, CC017C, CC029C, CCA29D, CC043C and CC044C as illustrated below:     **Extract from CC015C:**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | ---------------COMMODITY CODE | | | | | | Harmonized System sub-heading code | R | an6 | CL152 | **R0996** | | Combined nomenclature code | D | an2 |  | C0821  R0060 |   **Appendix K - Validation of R0996**  **For the external domain messages**   |  |  |  | | --- | --- | --- | | **TMS Path** | **Validated by Sender** | **Validated by Recipient** | | **Consignment/HouseConsignment/ConsignmentItem/Commodity/**  **CommodityCode/harmonizedSystemSubHeadingCode** | **!** | **!** |   **For the common domain messages**   |  |  |  | | --- | --- | --- | | **TMS Path** | **Validated by Sender** | **Validated by Recipient** | | **Consignment/HouseConsignment/ConsignmentItem/Commodity/**  **CommodityCode/harmonizedSystemSubHeadingCode** | **R** | **SR** |   **IMPACT ASSESSMENT:**    This RFC-Proposal has no business continuity issues. It describes a minor change (introduction of a new Rule) that is applicable for **both Opt-In and Opt-Out NAs**. It can be deployed in a flexible way.  **Proposed** date of applicability in Operations (**T-Ops**):   Start of P6 operations (at earliest 01.03.2025, at latest 01.09.2025)  **Proposed** date of applicability in CT (**T-CT**):                     Start of CT campaign (provisionally on 01.12.2024)  **Expected** date of approval by ECCG (**T-CAB**):                  Together with DDNTA-6.4.0  **Risk in case of non-implementation:**  If not implementing the proposed change, possible issues with the classification of Consignment Items may occur.  **Impacted messages:**   * Common Domain: CD001C (ex-CD001D), CD003C (ex-CD003D), CD018C(ex-CD018D), CD038C(ex-CD038D), CD050C(ex-CD050D), CD115C(ex-CD115D), CD160C(ex-CD160D), CD165C(ex-CD165D), CDA13C(ex-CDA13D) and CDA15C(ex-CDA15D). * External Domain: CC013C(ex-CC013D), CCA13D, CC015C(ex-CC015D), CCA15D, CC017C(ex-CC017C), CC029C(ex-CC029D), CCA29D, CC043C(ex-CC043D) and CC044C(ex-CC044D).   **Impacted Rules, Conditions & BRTs etc.:**   * R0996   **Impacted CI Artefacts:**   * DDNTA-6.3.0-v1.00 (Main Document): No. * Functional Specifications NCTS-P6 (FSS/BPM): 7.10.0: No. * **CSE-v60.4.4: Yes.** * **DDNTA-6.3.0-v1.00 (Appendices ‘D’, ‘K’, ‘P’, ‘Q2’): Yes.** * **NCTS-P6 DMP-6.3.0-v1.00 Package: Yes.** * CTP-6.2.0-v1.00:No. * **TRP-6.2.0-v1.01: Yes.** * DDCOM-21-3.0-v1.00: No. * ieCA/TED 2.0.0.0: No. * ICS2-CR-CTS-1.1.0-v1.01: No. * **ICS2-CR-CRP-1.1.0-v1.00: Yes.** * CS/MIS2\_DATA: No. * CS/RD2\_DATA: No. * UCC IA/DA Annex B: No. |

**Impact on CI artefacts**

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| **CSE-v60.4.4** | Cosmetic  Low  Medium  High  Very High  Short description   |  | | --- | | **Addition of rule R0996 as described in Section 3.** | |
| **DDNTA-6.3.0-v1.00 (Appendices)** | Cosmetic  Low  Medium  High  Very High  Short description   |  | | --- | | **Appendices ‘D’, ‘K’, ‘P’, ‘Q2’ to be updated as described in Section 3.** | |
| **DMP-6.3.0-v1.00 Package** | Cosmetic  Low  Medium  High  Very High  Short description   |  | | --- | | **Updates in DMP Package (Rule R0996 shall be applied in messages: CDA13D and CDA15D), as described in Section 3.** | |
| **ICS2-CR-CRP-1.1.0-v1.00** | Cosmetic  Low  Medium  High  Very High  Short description   |  | | --- | | **New Rule R0996, as described in Section 3.** | |
| **TRP-6.2.0-v1.01** | Cosmetic Low  Medium  High  Very High   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Draft impact on CTP/TRP during the DDNA IAR/RFC proposal:**   |  |  |  | | --- | --- | --- | | **Update TC (Partially Passed or Failed if NA not aligned):** | **No** | None | | **Deleted Test Cases:** | **No** | None | | **New Test Cases:** | **Yes** | TFE-R0996\_1 | | **Updated Drools:** | **Yes** | Updates in **Rules.drl** file | | **Other:** | **Yes** | Updates in Reference Data. | | |

**Estimated impact on National Project**

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| None  Cosmetic  Low  Medium  High  Very High  Short description   |  | | --- | | Impact to be assessed by each NA. The introduction of the new rule R0996 has an immediate impact on all NTAs (Opt- In and Opt Out). Common Domain messages (CD001C, CD003C, CD018C, CD038C, CD050C, CD115C, CD160C, CD165C, CDA13D, CDA15D) must be modified to avoid some rejections. | |

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| **Document History** | | | |
| **Version** | **Status** | **Date** | ***Comment*** |
| v0.10 | Draft by SOFTDEV | 12/04/2024 | *Draft by SOFTDEV* |
| v0.11 | Commented draft | 20/06/2024 | *Comment by DG TAXUD IT (tds) without TC.* |
| v0.20 | SfR to DG TAXUD | 26/06/2024 | *Version implementing DG TAXUD’s comments* |
| v1.00 | SfA to DG TAXUD | 15/07/2024 | *Final Version implementing DG TAXUD’s comments* |
| v1.01 | SfI to NAs | 30/07/2024 | *With extra corrections applied.*  *This RFC may need to be rolled back if the EU-CTC WG would not confirm to apply this drafted change, applied by anticipation in DDNTA-6.4.0-v1.00.* |
| v1.02 | SfA-NPM\_IMPL = **NOT IMPLEMENTED** | 18/12/2024 | *Watermark and Document history (status) updated for info \_ Part of RFC-List.42 \_ Included in DDNTA-6.4.0-v1.02 but changes reverted back in DDNTA-6.4.0-v2.00.*  *Avoiding confusion at technical level, in absence of decision by EU-CTC WG at the time of publishing to ECCG the DDNTA-6.4.0-v2.00.* |

1. The HS Nomenclature 2022 edition : <https://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs-nomenclature-2022-edition/hs-nomenclature-2022-edition.aspx> [↑](#endnote-ref-1)
2. HS celebrated 30 years in 2018 : <https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/activities-and-programmes/30-years-hs/hs-compendium.pdf> [↑](#endnote-ref-2)
3. Chapter 98 & 99 in TARIC:

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   | SECTION XXI | | WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES |
   | CHAPTER 97 | WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES | | |

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   | **CHAPTER 98** | [COMPLETE INDUSTRIAL PLANT](https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&Taric=9800000000&Expand=true&Area=&SimDate=20240520&GoodsText=&OrderNum=&StartPub=&EndPub=&Regulation=&LastSelectedCode=) |

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   | **CHAPTER 99** | [SPECIAL COMBINED NOMENCLATURE CODES](https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&Taric=9900000000&Expand=true&Area=&SimDate=20240520&GoodsText=&OrderNum=&StartPub=&EndPub=&Regulation=&LastSelectedCode=) |

   [↑](#endnote-ref-3)