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ADVANCE TARIFF RULING:

**A GUIDE TO IMPORTERS AND EXPORTERS ON
THE CLASSIFICATION OF MACHINES OR
A COMBINATION OF MACHINES.**

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1. INTRODUCTION

Zambia is a contracting party to the International Convention on the Harmonized Commodity Description and Coding System. The Convention contains an annex which is the Harmonized Commodity Description and Coding System (HS). This HS which has been domesticated in Zambia is called the National Tariff Book is applied in assigning codes to the products that are imported or exported based on the classification rules that are contained in this coding system. The National Tariff Book is differentiated from the HS by the existence of tariff rates that correspond to each eight – digit code and description of goods.

The National Tariff Book is a multipurpose numerical coding system intended to describe and classify (assign codes) goods that are traded. The National tariff Book consists of:

1. Six General Rules of Interpretation (GRI's);
2. Additional Zambian Rules;
3. Section and Chapter Notes;
4. Heading and subheading Descriptions Subheading Notes; and
5. Tariff rates.

The six general interpretive rules (GRI's) and the additional Zambian rules govern classification in goods in Zambia. These rules provide a professional methodical approach to classifying goods and ensuring that products are assigned a single correct classification number. Any misclassification of goods can lead to either under or over collection and also wrong statistics being collected. The wrong statistics collected can subsequently lead to wrong policy decisions being made by government.

2. ADVANCE TARIFF RULING (ATR)

An advance ruling is defined as a written classification decision made by Customs on goods intended to be imported or exported pursuant to Section 84 of the Customs & Excise Act, CAP 322 of the Laws of Zambia. This decision sets forth a transparent and formal process for treatment of goods with regards to the goods' tariff classification.

2.1. Benefits of ATR

Advance Tariff Rulings enhances predictability and transparency of import and export transactions. It also enables importers and exporters to financially plan in cases where duties and taxes are applicable.

3. LEGAL FRAMEWORK.

The legal basis for the classification of goods generally are the General Interpretation Rules of the Harmonized Description and Coding System and the Zambian Additional Rules. These Rules are found in the National Tariff Book which has schedules that are an integral part of the Customs and Excise Act, CAP 322 of the Laws of Zambia.

In addition, the Explanatory Notes to the HS have a legal force in Zambia and are therefore legally binding because there are stated as forming part of the reference materials in the Rule 3 of the Zambia's Additional Rules.

4. MISCONCEPTIONS OF ADVANCE TARIFF RULING

A good number of applicants for an ATR have a misconception that an ATR is a tool for granting rebate on an importation. This is not true because an ATR is simple a Trade facilitation tool to enable classification to be done prior to the importation of goods. This misconception has led to a number of unnecessary appeals which can now be avoided with this guide.

5. FREQUENTLY IMPORTED INDIVIDUAL MACHINES AND A COMBINATION OF MACHINES THAT ARE MISCLASSIFIED.

It must be noted that some individual machines and combinations of machines are in most cases misclassified because of the misconceptions alluded to above. It must be noted that the rules of classification limit the coverage of the individual machines and combinations of machines to be classified on a particular tariff heading despite that from a commercial or economic standpoint, a plant or system may be marketed, ordered and presented (delivered) as a complete installation utilizable solely for one specific purpose.

5.1.Examples

The following are the examples of individual machines and combination of machines that are mostly misclassified on a single tariff heading:

No.	Description Of Goods	HS Code
1	Irrigation System	8424.82.00
2	Milling Plant	8437.80.00
3	Beverage making Plant	8438.10.00
4	Poultry system	8436.20.00

5	Fish feed production line	8436.10.00
6	Oil Pressing System	8479.20.00

6. CLASSIFICATION OPINION ON SOME OF THE FREQUENTLY MISCLASSIFIED INDIVIDUAL MACHINES AND A COMBINATION OF MACHINES.

It is important to note that from a commercial or economic standpoint, a plant or system may be marketed, ordered and presented (delivered) as a complete installation utilizable solely for one specific purpose. Therefore, it is only logical to classify the whole in the single heading appropriate to that function, as a functional unit. However, the classification of goods in the context of Customs is based on the rules and therefore it may not be possible to classify all the components of a plant or system in one single heading.

6.1. General Example

A shipment of an irrigation system that consists of pump house equipment (groundwater pumps, motors, controllers, flow meters, etc.) and filtration equipment (screen filters, sand filtration units, hollow fibre micro-filtration units, etc.) consists of at least two functional units – the groundwater pump house equipment (8413) and the filtration equipment (8421).

Although the equipment groups may be used sequentially, the pump house equipment does not directly contribute to the action of filtration and vice-versa. The two groups of equipment perform different clearly defined functions, each covered by a heading in Chapter 84.

6.2. Specific Examples.

The following are examples of how some of the most frequently misclassified individual machines and combination of machines or components are classified:

6.2.1. Irrigation System

Main Function: Artificial application of water to the soil through various systems of tubes, pumps, and sprays.

Principal Components

No.	Description of Goods	HS Code
1	<p>A. Centre Pivot Irrigation System (this includes:</p> <ul style="list-style-type: none"> ▪ motors, gaskets for the Centre pivot ▪ underground distribution pipes that carries water from the control station to the irrigation zone, ▪ control station (mesh filters, fertilizer injectors, metering valves, non-return valves, pressure regulators, pressure gauges air vents etc), <p>B. Surface network for a drip liner irrigation system</p>	8424.82.00

Auxiliary Machines/Components

No.	Description of Goods	HS Code
1.	Pipes made from plastic material prior to the control station	3917
2	Thread tape roll PTFE	3919.90.00
3	Plastic Mixing and Stock Tanks for fertigation unit	3925.10.00
3	Supporting poles of wood	4421.99.00
4	Suction and discharge fittings at the reservoir	7304
5	Pipes made from steel material prior to the control station	7304
6	Steel Mixing and Stock Tanks for fertigation unit	7309.00.00
6	Pump (uptake of water from the reservoir/underground to control station)	8413
7	Side channel blowers for fertigation unit	8414.59.00
8	Base Plate for pump	8503
10	Transformer	8504
11	electrical motor for pump	8504
12	Variable speed drive (VSD) for pump	8504
13	Uninterrupted Power Supply (UPS)	8504.40.00
15	Electric cables from the transformer to the irrigation system	8544

6.2.2. Grain Milling Plant

Main Function: Milling of grain into flour

Principal Components

No.	Description of Goods	HS Code
1	Machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables (i.e. dust Collectors, pre - cleaners, sediment chambers, rota shaker Graders, centrifugal fan, gravity grading de-stoner, cyclone separators, magnetic separator, grain screener, cyclone dischargers, De-stoner flow hopper, Sediment Chambers, brushing machine, blowers and cyclone dischargers)	8437.10.00
2	Milling Machinery (machines for mixing grain in pre-determined quantities, grain scouring machines, grinding and crushing machinery, machinery for sorting or separation of flour from sharps or middlings etc.	8437.80.00

Auxiliary Components

No.	Description of Goods	HS Code
1	Steel housing and supporting structures	7308
2	Silos fitted with mechanical or thermal equipment	8479.89.00
3	Silos not fitted with mechanical or thermal equipment.	7309.00.00
3	Packing machines (i.e. machinery for filling, closing, sealing, or labelling bags)	8422
4	Weighbridge	8423
5	Bucket Elevator	8428.32.00
6	Screw Conveyor	8428.39.00
7	Dryer for agricultural products	8419.34.00
8	Pre-batching Bin, Pre-grinding bin, Transfer Bin, Granular Material Receiving & Rail, Finished Production Bin.	7309.00.00
9	Air filter, Air recycling aspirator	8421.39.00
10	Centrifugal dryers	8421

6.2.3. Production line for aerated beverages, fruit juices and mineral water,

Main Function:

Principal Components

No.	Description of Goods	HS Code
1	Machinery for the manufacture of beverages	8438.80.00

Auxiliary Machines/Components

No.	Description of Goods	HS Codes
1	Packing machines (i.e. machinery for filling, closing, sealing, or labelling bottles)	8422.30.00.
2	Bottle bottom Cooling system and hot water preparation system.	8419.89.00
3	Water treatment system	8421.21.00
4	Additive dissolving and blending systems	8479.82.00
5	Compressed air preparation system	8414.80.00
6	Chillers	8418.69.00
7	Labelling machines including those that also print, cut and gum the labels	8422.30.00
8	Machinery for aerating beverages	8422.30.00
9	Machinery for cleaning or drying bottles or other containers	8422.20.00

6.2.4. Poultry System

Main Function: Filling the feeding troughs, cleaning the floors, collecting eggs, separating chicks and vaccinating.

Principal Components

No.	Description of Goods	HS Code
1	Rearing units, laying units, sexing and vaccination equipment	8436.29.00.

Auxiliary Components

No.	Description of Goods	HS Codes
1	Conveyor	8428.20.00
2	Feed trolley	8716.20.00
3	Feed silo	8479.89.00
4	Fans	8414.59.00
5	Mechanical Curtain	6303.99.00
6	Pumps	8413.81.00
7	Feed silo weighing system	8423

6.2.5. Crushing Plant

Main Function – Crushing Ores and other earth materials

Principal components

No.	Description of Goods	HS Code
1	Crushing or grinding machines (i.e Jaw crusher, impact crusher)	8474.20.00

Auxiliary Components

No.	Description of Goods	HS code
1	Steel housing and supports	7304.80.00
2	Vibration Feeder	8428.33.00
3	Belt conveyor machine	8428.33.00
4	V-Belts	4010.
5	Liner plate parts	8474.90.00
6	Sorting, screening, separating or washing machines	8474.10.00

6.2.6. Oil Pressing System

Main Function – pressing oil from fruits such as avocado

Principal components

No.	Description of Goods	HS Code
1	Oil pressing System	8479.20.00

Auxiliary Components

S/N	Goods description	HS Code
1	Oil Reservoir	7309.00.00
2	Bottling and Labelling line	8422.30.00
3	Dryer(25kg)	8419.39.00
4	Destoner	8437.10.00
5	Washing Machine	8451.40.00

6.2.7. Fish Feed Production Line

Main Function — To manufacture fish feed

Principal components

No.	Description of Goods	HS Code
1	Feed extruder	8436.10.00
2	Feed mixer	8436.10.00

Auxiliary components

No.	Description of Goods	HS Code
1	Screw elevator	8428
2	Storage bin made from steel	7309
3	Conveyor	8428
4	Drying machines	8419.34.00
5	Packing machines (i.e. machinery for filling, closing, sealing, or labelling bottles)	8422

Please note that the list of the isolated items in each example is not exhaustive as machines and combination of machines normally differ in the way there are presented to customs and this usually depends on the contract of sale. Therefore, the isolated items maybe more or less than what has been presented in this guide.

7. TARIFF CLASSIFICATION TREATMENT OF INDIVIDUAL MACHINES AND A COMBINATIONS OF MACHINES NOT ACCOMPANIED BY AN ATR.

For individual machines and combinations of machines that are imported without an Advance Tariff Ruling, the officers at the port of entry may determine the classification of such goods in accordance with the rules of classification. The classification can be one tariff subheading or as parts of such machines. However, they may not be in a position to classify such goods on one tariff subheading when imported in multiple consignments because the importer needs authority to classify goods on one tariff subheading when imported in multiple consignments.

Therefore, it is good practice that importers of machines that are imported in multiple consignments do apply for an Advance Tariff ruling in good time to avoid inconvenience arising from classification disputes on such goods and resulting clearance delays.

8. CONCLUSION

Please note the following:

- a) Advance Tariff Ruling is a trade facilitation tool and not a tool for granting a rebate on imported goods; **Importers may consider relief under the investments rebates obtained on recommendation by the Director General of the Zambia Development Agency to the Minister of Finance.**
- b) Individual machines and a combination of machines may be presented in a different manner from the examples above and classification may be slightly different or the same depending on how they are presented to Customs.
- c) The examples of classification opinions given are not legally binding but are meant to be a guide only to avoid misconceptions that all components of the individual machines and components of machines that are intended to be imported for assembly into a plant or system are to be classified on one single tariff code.

For clarifications on this guide or any matters related to Classification contact:

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