

## CHAPTER 13

### TARIFF QUOTAS

#### 13.1 Introduction

In this chapter we are going to have a look at **Tariff Quotas**. Tariff quotas are not to be confused with the quotas that we covered in the chapter on import licences. **That type of quota limits the amount of products that can be imported.** The types of tariff quotas that we're going to look at **allow goods to be imported at a preferential rate of duty.** The word 'duty' in this context includes agricultural levies but not excise duty. In a nutshell, these are the good quotas and the import licences are the bad quotas!

#### 13.2 Tariff Quotas

Tariff quotas are an **EU wide measure** and allow **imports of specific goods from specific countries** to be imported at **lower rates of duty**. Quotas are quite often granted for **limited periods of time** and generally cover a **limited number of imports**. The limits can be expressed by factors such as the weight, volume or value of a product. To find out if your goods qualify for a quota you need to look at volume 2 of the Tariff. Quotas are classification code specific so you need to make sure that your goods are classified correctly.

If a quota is available then a **tariff quota serial number** or **TQSN** will be given for that classification code. Most quotas are administered by a division of Customs called the '**Central Tariff Quota Unit**' or **CTQU**. Sometimes a TQSN is not given and in this case the **Rural Payments Agency** or **RPA** may administer the quota. The RPA administer quotas relating to agricultural goods.

Although the Tariff provides details on quotas, as it is usually updated on a monthly basis, it may not be up to date. If we want to know the current position we should check the EU Commission's website. This is regularly updated.

#### 13.3 Legislation

When a new quota is available the details are published in an **EU regulation** or **decision**. The legal basis for implementing quotas is Article 308a of the Implementing Regs. When a tariff quota is introduced the legislation will specify the following:

[Art 308a  
2454/93](#)

- the full **description** of the goods along with its **classification code**,
- the **maximum quantity** of goods that can be imported under the quota,
- the **period** for which the quota will be available,
- the **countries** from which the quota operates if only specific countries are eligible,
- any **documents** that are needed to claim a quota, and
- the **order number** of the quota.

When a new tariff quota is introduced the European Commission will **not allow amounts to be drawn from that quota until at least 11 working days** have passed following the publication in the relevant legislation.

[Art 308\(9\)  
2454/93](#)

#### 13.4 How the quota system works

We've already said that Customs' Central Tariff Quota Unit administers quotas in the UK. They will know how much quota is available from the relevant EU regulation or decision. Their job is to see how many claims are being made against the quota to ensure that it is not exceeded. To do this they need information about importer's claiming the quota. They find this out from **Entry Processing Units** or **EPU**s. EPU's are where import declarations or C88s are processed. **If an importer has claimed a quota he will have given details on the C88**, for instance by quoting the Tariff Quota Serial Number. We will cover this process in a bit more detail in a minute.

The EPU sends details to the CTQU of the number of quota claims that have been made. The **CTQU then transmits the information to the European Commission on a daily basis** and monitors the levels of quota being claimed. **The Commission will allocate quotas in full to each member state where they are able to, or if a quota is over subscribed then they will issue them pro rata.** Once the CTQU has received information back from the Commission it will inform the EPU's of the levels of quota remaining.

[Art 308a\(7\)  
2454/93](#)

This is done under the basis of three headings.

An **'open quota'** means that it is unlikely that the quota will be used up for a significant period of time so the **reduced duty rate will automatically be granted** when the importer completes their C88.

A **'critical quota'** is where **90% of the volume has been used** so the quota is nearing exhaustion. The CTQU may use another method to determine critical status. Where a quota has gone to critical status Customs **will require the importer to provide security** in the event that the full rate of duty will become due. This can be in the form of a bank guarantee or a cash deposit etc.

[Art 308\(c\)  
2454/93](#)

The final type of quota is an **'exhausted quota'**, and this means that the quota has been fully utilised and therefore **no claims will be accepted** by the EPU's. In this case the importer will be charged the full duty rate.

#### 13.5 Claiming quota

##### Illustration 1

Imagine that you are an importer and are importing t-shirts from an overseas country into the UK. You've checked the tariff and there is a tariff quota available for your particular product from the country you import from. How do you make your claim?

We already know that when you import products you have to complete an import declaration or C88. **Box 39 of the C88 is used to claim a tariff quota.** In that box you **insert the tariff quota serial number.** Acceptance of the C88 declaration constitutes application for the quota.

Now what would happen if you haven't complied with all the rules of this particular quota? For example, what if you haven't received a certificate of origin for the goods and this quota requires you to have one? In this case the **declaration is incomplete** and it could jeopardise the claim. Where this happens a **provisional application** can be made and the C88 would be completed in the same way. After the declaration has been processed, Customs will send a form to you, and you will return the form to Customs once the required documents have arrived.

A provisional application constitutes a '**belated claim**', and if the tariff quota is exhausted before the documents are received, then unfortunately the claim will be refused and the full rate of duty will have to be paid. **Security for the full rate must be provided for incomplete claims.**

Customs will carry out post clearance checks to ensure that claims made are valid. For instance, whether the goods have been imported under the correct classification code and therefore entitled to a reduced duty rate.

### 13.6 Retrospective claims

Claims for quota can be made retrospectively if the importer did not realise that the quota was available at the time of import. This results in a reclaim of duty being made by him. The claim is made on a **Form C285**. Relief will be given according to the amount that was available under the quota at the time the goods were originally entered to free circulation. A reclaim can only be made for overpaid duties for the **last three years**.

[Art 256\(3\)  
2454/93](#)

### 13.7 Preference and Tariff Quotas

One final point we will consider with respect to tariff quotas is whether they are always beneficial to claim. Although a tariff quota may be available it may not give such a reduced rate as that obtainable under preference arrangements, for example under **GSP**. Remember we looked at this in an earlier chapter. The **GSP allows imports from certain countries to be made at preferential rates of duty.**

#### Illustration 2

Imagine a product that incurs a full duty rate of 15%, a preferential rate of 5%, when imported from a **GSP** country, and a quota rate of 9%. In this scenario if you import from a **GSP** beneficiary country, it would be more beneficial to not claim the tariff quota, but instead to make sure that you satisfy the rules for claiming the preferential rate of 5%. And remember that when **claiming preference, you usually don't have a maximum limit** on the number that you can import. Under a tariff quota you usually do!

**Example 1**

On the screen there are eight words. These eight words slot into the blanks in the paragraph below.

levies    critical    excise    CTQU    open    agricultural    exhausted    duties

Tariff Quotas allow imports of products at reduced rates of duty. The types of duties include \_\_\_\_\_ but do not include \_\_\_\_\_. An \_\_\_\_\_ quota does not require security. If a quota is \_\_\_\_\_, security needs to be provided. If a quota is \_\_\_\_\_ claims will not be accepted. In the UK, the \_\_\_\_\_ administers quotas.

**Answer 1**

Tariff Quotas allow imports of products at reduced rates of duty. The types of duties include agricultural levies but do not include excise duties. An open quota does not require security. If a quota is critical, security needs to be provided. If a quota is exhausted claims will not be accepted. In the UK, the CTQU administers quotas.