

# Customs Procedure Codes – CPC

## Administrative Notes

### Introduction

As a result of the implementation of the Value Added Tax – VAT on 1<sup>st</sup> November 2010, it has become necessary for the Customs Procedure Codes (CPC's) to be reviewed and re-administered. Some CPC's has become obsolete, while others have to be reconfigured and re-administered with the repeal of Consumption Tax.

During the review it became evident that many of the CPC's were being applied incorrectly and inconsistently in some occasions. We see it necessary to discontinue this practice with a view of creating a more transparent and consistent procedure as it relates to these CPC's. It also has proven to have subtle effects on our statistical records.

The purpose of this document is to highlight the major changes to the CPC's and the way in which they are going to be administered and also to harmonize the process between the two (2) Islands as of the effective date.

### Notes

1. These are the Customs Procedure Codes (CPC's) effective immediately.
2. Please take note that some CPC's have been removed, some have been added and some have been modified or re-located.
3. The Customs Procedure Codes have been edited to indicate where VAT is payable and where it is not and in some cases the Customs Service Charge applicable is also indicated in brackets at the end of the descriptions:

Ø VAT payable – VAT

Ø VAT not payable – No VAT

4. All CPC's, except where specifically instructed, will calculate Value Added Tax (VAT) based on Duty & Taxes payable. Duty & Taxes Payable refers to duty and/or taxes that should have been paid in absence of an exemption or concession. For example, if Import Duty was for whatever reason waived, VAT will be calculated based on the CIF, Import Duty, Customs Service Charge and any other tax or levy applicable.

5. The following CPC's will calculate Value Added Tax (VAT) based on CIF and the applied taxes and/or levies; i.e. if the taxes were exempted they will not be used in the tax base to calculate VAT:
  - Ø C401 - Goods Subject to CARICOM Area Origin Treatment.
  - Ø C403 - Goods Entered with Purposes Concerned with Tourism.
  - Ø C406 - Goods Entered for Educational and Cultural Purposes.
  - Ø C4061 - Goods Entered by Private Schools/Universities - 6% CSC Payable.
  - Ø C4064 - Goods Entered by Musicians - Import Duty Exempted Only.
  - Ø C408 - Goods Entered for Government & Governmental Purposes.
  - Ø C409 - Goods Entered for Military Purposes.
  - Ø C414 - Goods Entered for Mining & Quarrying.
  - Ø C415 - Goods Entered for Statutory Bodies.
  - Ø C416 - Goods Entered for Other Approved Purposes.
  - Ø C417 - Computers, Parts & Accessories.
  - Ø C420 - Goods Under Fiscal Incentive Legislation.
  - Ø C427 - Goods For Use Under Hotel Aids Act.
  - Ø C4271 - Goods For Use Under Hotel Aids Act.
  - Ø C4272 - Goods For Use Under Hotel Aids Act, Fully Exempted.
  - Ø C4301 - Goods Entered for use by Churches – 6% CSC Payable.
  - Ø C434 - Goods Entered Under Sporting Goods Agreement.
  - Ø And their Corresponding Ex Private Warehouse CPC's
  
6. Government Departments and entities will commence paying VAT as of 1<sup>st</sup> January 2011 using the regular CPC of *C408 - Goods entered for Government and Governmental Purposes*.
  
7. Statutory bodies such as The St. Christopher Air & Sea Port Authority, Social Security, ZIZ, etc. will pay 6% Customs Service Charge and VAT using *C415 - Goods entered for Statutory Bodies*.
  
8. Factories or Manufacturers that qualify as Enclave are exempted from VAT on their Imports and would use the CPC *C4201 - Goods entered under Fiscal Incentives Legislation Enclave*. Those that do not qualify as Enclave shall use CPC *C420 - Goods entered under Fiscal Incentives Legislation* where VAT shall be applied.
  
9. *C4302 – Goods Entered for use by Churches (Sacraments)* applies 6% Customs Service Charge only and No VAT. This CPC is to be used **ONLY** for those item that the Church has been exempted from Import Duty & VAT by their relevant Acts and/or Regulations. Items such as the Offertory Envelopes, Sacramental Wine, Wafers & Wafer Bread. All other imports where exemptions or concession are given will be applied under *C4301 - Goods Entered for use by Churches 6% CSC only*.

10. The Eastern Caribbean Central Bank has been exempted from VAT and shall use the CPC C422 - *Goods under Government Agreement or Other Government Legislation*, however the personnel would be charged VAT using the CPC C4221 - *Goods under Government Agreement or Other Government Legislation (Personnel)*.
11. 12% Customs Service Charge will be charged on the following CPC's where VAT has been exempted:
  - Ø C429 - Cars for Returning Nationals.
  - Ø C431 - Vehicles for use by Farmers.
  - Ø C436 - Outboard Motors for Fishermen.
  - Ø And their corresponding Ex Private Warehouse CPC's.
12. Embassies, Diplomatic Mission, International Organizations and Personnel such as the Taiwanese, Cuban, Venezuelan, OAS, etc. who were exempted from all Duties & Taxes prior to the implementation of VAT are also exempted from VAT and the applicable CPC is C410 – *Goods entered for Diplomatic Missions, International Organizations and Personnel*.
13. C407 - *Goods Entered for use in Health Purposes - Chronic Diseases* will be used to apply VAT exemption on the Medications that are deemed to be classified as those listed in the VAT Act or Regulation. The applicable Duty and/or Taxes will still be applied here; Only VAT will be exempted under this CPC.
14. C424 - *Goods Granted Relief From Import Duty and Taxes; 12 % CSC only* and C4241 - *Goods Granted Relief From Import Duty and Taxes; 6 % CSC ONLY* will be used for those entities that have been granted relief of all other taxes for the purpose of Approved Construction Projects and shall only be in effect for a period of eighteen (18) months after the implementation of VAT (1<sup>st</sup> November 2010). No VAT shall be applied until the expiration of this measure on 1<sup>st</sup> May 2012. This Measure ONLY applies to Construction Material and **NOT** the Furnishings.
15. C495 - *Goods Granted Relief of Import Duty 6% CSC Payable C101 Form* will apply VAT for those goods or entities that were previously paying only the Customs Service Charge at 6% and now the VAT. Please note this CPC is only for those entities or goods that are not categorized under a specific CPC outlined in this document or so instructed by the management.
16. C4272 - *Goods for use under Hotel Aids Act, Fully Exempted* and C4712 – *Goods Ex Private Warehouse for Use Under the Hotels Aids Act, Fully Exempted* will not attract VAT or any other Taxes. This CPC is to be used for hotels that have been granted relief of all Duties and Taxes including VAT.

17. *C4271 - Goods for use under Hotel Aids Act and C4711 - Goods Ex Private Warehouse for Use Under the Hotels Aids Act* will attract VAT but not any other Taxes. This CPC is to be used for hotels that have been granted relief of all Duties and Taxes excluding VAT.
18. *C427 - Goods for use under Hotel Aids Act and C471 - Goods Ex Private Warehouse for Use Under the Hotels Aids Act, 6% CSC Payable* will attract VAT and Customs Service Charge at a rate of 6%.
19. *C4362 - Outboard/Inboard Motors for Fishermen up to 129 hp Outboard & 350 hp Inboard and C4771 - Outboard/Inboard Motors Ex Private Warehouse for Fishermen up to 129 hp Outboard & 350 hp Inboard* have been created to apply the exemptions of VAT as outlined by the regulations.
20. *C416 - Goods Entered for Approved Purpose* and its corresponding Ex Private Warehouse CPC will be applied to those goods that has not been categorized specifically under its own CPC but exempted under the Customs Tariff Act No. # 22 of 1974 in conjunction with the List of Conditional Duty Exemptions located at the back of the Common External Tariff.

***PLEASE MAKE EVERY EFFORT TO USE THE APPROPRIATE CUSTOMS PROCEDURE CODE (CPC) TO APPLY THE RELEVANT DUTY AND TAXES. THEY ARE USED FOR STATISTICAL PURPOSES ALSO AND USING THEM INCORRECTLY ADVERSELY AFFECTS THIS ANALYTICAL PROCESS.***

## **REFERENCE INFORMATION**

### **Statutory Bodies (C415) include and may not be limited to:**

- ü St. Christopher Air & Sea Port Authority.
- ü St. Christopher Social Security.
- ü National Housing Corporation – NHC.
- ü Solid Waste Management Corporation.
- ü St. Kitts & Nevis Development Bank.
- ü ZIZ Broadcasting Corporation.
- ü Nevis Electricity Company - NEVLEC
- ü Nevis Air and Seaports Authority - NASPA
- ü Nevis Housing & Land Development

### **Embassies, Diplomatic Mission, International Organizations and Personnel (C410) include and may not be limited to:**

- ü Governor General
- ü Taiwanese Embassy
- ü Taiwan Technical Mission
- ü Venezuelan Embassy
- ü Cuban Embassy
- ü Diplomatic Ambassadors

### **Factories Categorized as Enclave (C4201) includes and may not be limited to:**

- ü Kajola-Kristada
- ü Lutron Liamigua
- ü Harrowe Servo Control
- ü St. Kitts Brush Company
- ü JARO Electronics
- ü Electrofab
- ü Universal Technologies (Nevis)