

Dear Colleagues

I would be grateful for your views on a proposal that the UK has sent to the European Commission regarding the tariff treatment of certain set top boxes; a copy of the letter is attached.

The Commission have drafted a CN Explanatory Note (TAXUD/667/2006), which includes the classification of set top boxes (STB's) that comprise a microprocessor, a video tuner, and an incorporated modem enabling access to the Internet. The proposal recommends that to be classified under CN code 8528 12 91, such STB's "must enable the user to access the Internet by accessing any IP address". The UK favours a more flexible approach; the UK considers that CN code 8528 12 91 should also cover STB's that can access selected Internet sites, or that have the ability to download Internet firmware or software post importation.

With regard to STB's that incorporate a hard disc drive, the UK is of the view that the principal function of these products is their ability to access the Internet, as per "standard" STB's. The UK favours classification of these products under CN Code 8528 12 91 in accordance with Note 3 to Section XV1.

If the Commission proposal is adopted as drafted, the UK has proposed that a duty suspension is adopted in respect of "standard" STB's and STB's incorporating a hard drive.

The UK proposal is contained in the attached letter; I would be grateful if you could advise me if;

- 1) You support the UK classification position?
- 2) You support the UK proposal for a duty suspension?

Kind regards
David Harris