



Ruling Number:	R23/24-0071
Applicant:	[REDACTED]
Goods:	New tyres, of rubber: LT265/60R20 121/118S 10PR Adventuro AT3 Owl GT Radial
Composition:	Rubber, nylon, polyester, steel, mesh
Form:	Complete
Tariff Heading(s) in contention	40.11 New pneumatic tyres, of rubber:
Applicant's opinion	4011.90 90 00L
Findings:	Disagree with Applicant 4011.20.18 09F

INTRODUCTION

- 1 The Applicant, [REDACTED] has applied for a Customs Ruling on a tariff classification under section 333(1)(a) of the Customs and Excise Act 2018.
- 2 The goods are new pneumatic tyres of rubber; namely LT265/60R20 121/118S 10PR Adventuro AT3 Owl GTI radial tyres (hereinafter referred to as "the goods").
- 3 In support of their application, the Applicant has provided:
 - Completed application form.
 - Information about goods.

APPLICANT'S SUBMISSION

- 4 The Applicant's opinion is that the goods are classified under tariff item 4011.90 90 00L.

5 The Applicant also states:

“LT stands for Light Truck therefore it could fall under 401120. With rim as 508mm it’s excluded from 40112012 light truck rim less than 495mm. Next tariff code under 401120 would be 4011201809F truck tyre. This is not a truck tyre therefore it’s excluded from 4011201809F.

It is an all-terrain tyre for 4WD and SUV. All-terrain tyre is deemed to be off-road under tariff 4011909000L. SUV car tyre is classified under 401110911E other passenger car tyre. Both have equal merit consideration and it’s expected that the one that occurs last in numerical order would be selected therefore tariff classification should fall under 4011909000L other pneumatic tyre.”

THE GOODS

6 The goods are new pneumatic tyres, of rubber; namely LT265/60R20 121/118S 10PR Adventuro AT3 Owl GT Radial.

7 The codes on this tyre have the following meanings:

- ‘LT’ stands for ‘light truck’.
- 265 – this is the width of the tyre, including the outer edge of the sidewalls in millimetres.
- 60 is the tyre profile or ratio of the width to sidewall height.
- R – stands for it being a radial tyre.
- 20 is the rim diameter in inches. This equates to 508 millimetres.
- The 121/118S refers to the load and speed indices – i.e. the load capacity or maximum weight a tyre can carry and how fast the tyre can go with a full load and the right amount of air. The ‘S’ stands for this tyre’s maximum speed, which is 180km/h.

8 The information provided by the Applicant which appears to have been extracted from the GT Radial website¹ states the following about the goods:

“The Adventuro AT3 All-Terrain tyre has been developed to meet the needs of SUV / light truck drivers who desire the look and performance needed for on- and off-road driving.

Adventuro AT3 has been designed to blend an all-terrain tread design with a comfortable ride for SUV and pickup trucks while providing off-road capability in mud, sand, snow and over rocks.

FEATURES & BENEFITS

- *Two longitudinal grooves cross through angled lateral grooves evacuate water efficiently, improve wet performance.*
- *Special compound with reinforced filler improves tread wear resistance and improve tire lifetime.*

¹ <https://www.gtradial.co.nz/page/4wd/>

- *Interlocked tread blocks improve pattern stiffness, which delivers excellent handling stability.*
- *Innovative design of shoulder blocks work as a fork to bite the road surface, which improve off-road capability in mud and snow.*
- *S-shaped central rib provide excellent grips on soft surface.*
- *Interlaced grooves and sipes provides excellent handling on and grips off road in mud and desert.*
- *3D grooves with chamfered edges provide stones ejection function, deliver consistent off-road capability.*
- *Innovative sidewall design help improve wear-resistance and puncture-resistance. Rim protector prevents wheel from damage.”*

9 An image of the goods is shown below:



10 Open-source research² states that:

“The GT Adventuro AT3 blends an all-terrain tread design with comfortable on road driving and dependable off road capabilities.

The Adventuro AT3 All-Terrain tyre has been developed to meet the needs of SUV/Ute drivers who desire the look and performance needed for on- and off-road driving. It has been designed to blend an all-terrain tread design with a comfortable ride for SUV and pickup trucks while providing off-road capability in mud, sand, snow and over rocks....”

THE TARIFF

11 New Zealand is a signatory to the International Convention on the Harmonized Commodity Description and Coding System (“the Harmonized System Convention”). The Working Tariff of New Zealand (the Tariff) implements this convention.

- The Tariff is divided into two parts. All imported goods must be classified, and the first part of the Tariff (Part I) is used for this classification. The second part of the Tariff (Part II) sets out if there are any concessions applicable to the goods.

² <https://www.offroadingnow.co.nz/products/gt-radial-adventuro-at3>

- 12 Goods are classified within the Tariff in accordance with the General Rules for Interpretation of the Tariff (GRI). GRI 1 states that classification is determined according to the headings and any relative Section Notes or Chapter Notes. GRI 6 states that classification of goods in the subheadings, items and statistical keys of a heading is determined according to the terms of those subheadings, items and statistical keys and any related Subheading Notes or New Zealand Notes.

LEGAL NOTES

- 13 There are no applicable Legal Notes.

EXPLANATORY NOTES

- 14 There are no applicable Explanatory Notes.

CLASSIFICATION RULES

- 15 Goods are classified within the Tariff in accordance with the General Rules for Interpretation of the Tariff (GRI).
- 16 There are six rules of interpretation, however for this ruling only GRI 1, 3(a) and 6 are applicable.
- 17 GRI 1 provides that, for legal purposes, classification shall be determined according to the terms of the headings and any relative Section Notes or Chapter Notes.
- 18 GRI 3 provides that there are three methods for classifying goods which fall under two or more headings.
- The first method is 3(a) which provides for most specific heading being preferred to one of a more general description. However, if the headings each refer to part only of the materials or substances contained in the goods, then those headings are to be regarded as equally specific.
 - The second method is 3(b) includes the provision for goods consisting of mixtures or composite goods consisting of different materials. In these cases, the goods are to be classified as if they consisted of the material or component which gives them their essential character.
 - The third method is 3(c) which states that if the goods cannot be classified under 3(a) or 3(b) then they are to be classified in the heading which occurs last in numerical order among those which are equally merit consideration.
- 19 GRI 6 provides that the classification of goods in the subheadings, items and statistical keys of a heading shall be determined according to the terms of those subheadings, items and statistical keys and any related Subheading Notes or New Zealand Notes.

CLASSIFICATION OF GOODS

- 20 The goods are new pneumatic tyres, of rubber; namely LT265/60R20 121/118S 10PR Adventuro AT3 Owl GT Radial.

21 The first rule of tariff classification interpretation (GRI 1) provides that classification shall be determined according to the terms of the headings. The only heading under consideration is:

- Heading 40.11

New pneumatic tyres, of rubber:

Heading 40.11

22 Tariff heading 40.11 is divided into three tariff subheadings, three tariff items with statistical key codes and two tariff items without statistical key codes at the one-dash level:

- | | |
|----------------|---|
| 4011.10 | - Of a kind used on motor cars (including station wagons and racing cars): |
| 4011.20 | - Of a kind used on buses or lorries: |
| 4011.30.00 00K | - Of a kind used on aircraft |
| 4011.40.00 00C | - Of a kind used on motorcycles |
| 4011.50.00 00G | - Of a kind used on bicycles |
| 4011.70.00 | - Of a kind used on agricultural or forestry vehicles and machines |
| 4011.80.00 | - Of a kind used on construction, mining or industrial handling vehicles and machines |
| 4011.90 | - Other: |

23 These tyres are not of a kind used on aircraft, motorcycles, bicycles, agricultural, forestry, construction, or mining vehicles.

24 This leaves 'of a kind used on' motorcars, buses or lorries and other.

25 These tyres are described as being all-terrain and therefore can be fitted to a 4WD (four-wheel drive) or SUV. However, they are marked with an 'LT' which means 'light truck'.

26 Open-source research³ states that this means it is a tyre compatible with 4x4 vehicles and light trucks and can carry and tow heavy loads. This is different from a 'P' or 'passenger' code which covers cars, SUVs and smaller pickup trucks.

27 Information already provided and available on the Customs website⁴ has advised that SUV tyres are classified under tariff item 4011.10.09 and ute tyres are classified under tariff subheading 4011.20 which comes under the heading of 'of a kind used on buses or lorries'.

³ <https://www.tyroola.co.nz/guides/what-do-the-numbers-on-tyres-mean/>

⁴ <https://www.customs.govt.nz/about-us/news/important-notices/fee-for-regulated-tyres-under-the-waste-minimisation-tyres-regulations-2023/>

- 28 These tyres are described as being able to be fitted to an SUV and the website information has classified SUV tyres as being 'of a kind used on motorcars'. However, these tyres are marked with an 'LT' or light truck. Therefore, we must consider whether these tyres fall under the subheading 'of a kind used on buses or lorries' and whether a 'lorry' is the same as a 'light truck'.
- 29 There is no definition within the Working Tariff, or supporting Explanatory Notes that describes a lorry. However, open-source research⁵ states that 'truck' and 'lorry' are interchangeable terms.
- 30 As a result, the subheading 'of a kind used on buses or lorries' is an option that needs to be considered for this ruling.
- 31 While it has now been determined that 'of a kind used on' motorcars, and buses or lorries are viable options, we are also considering the 'other' option as this is whether the Applicant considers that these goods are classified.
- 32 Therefore, we now have three classifications that these tyres can fall under. As a result, we must look to the General Rules of Interpretation (GRIs) for assistance.
- GRI 2 provides for goods that are in component form, mixtures and combinations of materials or substances.
 - GRI 3 provides that there are three methods for classifying goods which fall under two or more headings.
 - The first method is 3(a) which provides for most specific heading being preferred to one of a more general description. However, if the headings each refer to part only of the materials or substances contained in the goods, then those headings are to be regarded as equally specific.
 - The second method is 3(b) includes the provision for goods consisting of mixtures or composite goods consisting of different materials. In these cases, the goods are to be classified as if they consisted of the material or component which gives them their essential character.
 - The third method is 3(c) which states that if the goods cannot be classified under 3(a) or 3(b) then they are to be classified in the heading which occurs last in numerical order among those which are equally merit consideration.
- 33 As these goods are not in component form nor are they mixtures of materials, the goods cannot be classified using GRI Rule 2.
- 34 Under GRI 3(a) goods are classified using the most specific heading being preferred to one of a more general description. However, if the headings each refer to part only of the materials or substances contained in the goods, then those headings are to be regarded as equally specific.
- 35 Tariff item 4011.10 covers tyres 'Of a kind used on motor cars' - therefore this is a specific heading. Tariff subheading 4011.20 covers 'Of a kind used on buses or lorries' so again this is a specific heading. Tariff subheading 4011.90 cover 'Other' tyres – therefore this is not a specific heading.

⁵ <https://www.autotrader.co.uk/trucks/content/what-s-the-difference-between-a-truck-and-a-lorry?refresh=true> and <https://en.wikipedia.org/wiki/Truck#:~:text=Truck%20is%20used%20in%20American,%2C%20Malaysia%2C%20Singapore%20and%20India> (both accessed 15/03/2024)

- 36 As we still have two specific headings, we need to look at the second method – 3(b) which provides for goods that are mixtures or composites. This is not the case here, so we must move onto 3(c) which states when two headings that have equal merit for consideration, the goods are to be classified in the heading that occurs last in numerical order.
- 37 The first question to ask is whether 4011.10 and 4011.20 have equal merit.
- 38 These tyres have an ‘LT’ or light truck rating. Open-source research⁶ states that:
“Light truck (LT) and passenger (P) tires are not interchangeable. Each type differs in its design, construction and intended applications. The automotive manufacturer took all of this into consideration when it specified the original equipment (OE) tires that came with your vehicle.”
- 39 As these are ‘LT’ tyres and are not designed to be used on a passenger vehicle, in my opinion, these tyres are classified under tariff subheading 4011.20 – ‘Of a kind used on buses or lorries’.
- 40 Tariff subheading 4011.20 is divided into two unnumbered tariff subheadings at the two-dash level:
- - For use in the assembly of motor vehicles as may be determined by the Minister in accordance with Section 14 of this Act:
 - - Other:
- 41 These tyres will not be used in the assembly of motor vehicles; therefore, the goods fall under the ‘other’ unnumbered tariff subheading.
- 42 This tariff subheading is divided into two tariff items at the three-dash level:
- | | |
|------------|--|
| 4011.20.12 | - - - Internal rim of less than 495 mm |
| 4011.20.18 | - - - Other |
- 43 These tyres have an internal rim of 508mm. As a result, the goods fall under tariff item 4011.20.18.
- 44 This tariff item is divided into two numbered statistical key codes at the five-dot level:
- | | |
|-----|----------------------|
| 01L | Bias ply |
| 09F | Radial ply |
- 45 These tyre types are radial ply, so therefore they fall under statistical key code 09F.

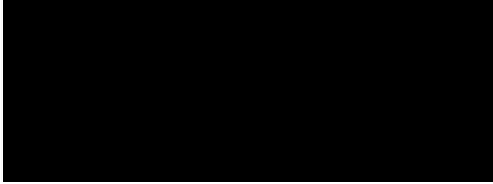
⁶ [https://www.synchrony.com/blog/automotive/light-truck-tires-vs-passenger-car-tires.html#:~:text=Light%20truck%20\(LT\)%20and%20passenger,that%20came%20with%20your%20vehicle](https://www.synchrony.com/blog/automotive/light-truck-tires-vs-passenger-car-tires.html#:~:text=Light%20truck%20(LT)%20and%20passenger,that%20came%20with%20your%20vehicle). (accessed 13/03/2024)

DECISION

46 The LT265/60R20 121/118S 10PR Adventuro AT3 Owl GTI Radial new pneumatic tyre, of rubber, is classified with Tariff item 4011.20.18 09F by application of GRIs 1, 3 and 6 in the Working Tariff Document of New Zealand.

Peer reviewed by:

Signature:



SCO – Valuation, Origin and Classification

Date: 19 March 2024

Signature:



SCO – Valuation, Origin and Classification

Date: 19 March 2024
