



PREPARING FOR MEMBERSHIP

INFORMATION SHEET NO. 05

TREATMENT OF GOODS ENTERING OR LEAVING THE CUSTOMS TERRITORY

HOW DO CUSTOMS AUTHORITIES ENSURE THAT GOODS ENTERING OR LEAVING THE CUSTOMS TERRITORY COMPLY WITH THE CUSTOMS RULES?

1. Goods entering or leaving the customs territory are under customs supervision in order to ensure that duties are collected and other provisions relating to external trade are applied. On importation, Arts 37-57 of the Customs Code also serve the purpose of bridging the time until the goods have received a customs-approved treatment or use or have been identified as Community goods.
2. Customs supervision ends if
 - it has been established that the importation concerns Community goods,
 - non-Community goods have been released for free circulation and no control of the end-use is stipulated,
 - goods placed under the end-use procedure (goods released with suspension of customs charges) have been used according to the prescribed conditions or, where this is not the case, the normal duties have been paid, or the goods have been destroyed or re-exported,
 - goods have been brought out of the customs territory,
 - goods have been placed in a control type I free zone or a free warehouse,
 - goods have been destroyed or irretrievably lost,
 - non-Community goods have been abandoned to the Government where national law makes provision to that effect.

WHICH OBLIGATIONS HAVE TO BE FULFILLED BY THE PERSON BRINGING GOODS INTO OR OUT OF THE CUSTOMS TERRITORY?

3. A person bringing goods into the customs territory is, in principle, obliged to
 - convey them by the specified route to the next customs office,
 - present the goods to customs, and
 - make a summary declaration (e.g. manifest).

4. A person bringing goods out of the customs territory is, in principle, obliged to
 - lodge an export declaration or notify customs,
 - present the goods and a copy of the export declaration or the notification at the customs office of exit from the EC customs territory, and
 - use the specified route from the customs office of exit to the frontier of the customs territory.

WHAT IS THE STATUS OF GOODS THAT HAVE BEEN BROUGHT INTO THE CUSTOMS TERRITORY UNTIL THEY HAVE BEEN ASSIGNED A CUSTOMS-APPROVED TREATMENT OR USE?

5. Until such time as imported goods presented to customs are assigned a customs-approved treatment or use, they have the status of goods in temporary storage.
6. Goods entering the Community under a transit procedure are relieved from most of the general rules governing the bringing of goods into the customs territory, given that specific provisions exist insofar. However once non-Community goods have been presented to customs at the office of destination, they have the status of goods in temporary storage and must be assigned to a customs-approved treatment or use within the stipulated deadline.

WHAT ARE THE CONSEQUENCES OF NON-COMPLIANCE WITH THE RULES GOVERNING THE ENTRY INTO OR EXIT FROM THE CUSTOMS TERRITORY?

7. Where the rules governing entry into or exit from the customs territory are not complied with, a customs debt is normally incurred if the goods are liable to duties. In certain situations, such failures can be redressed under the rules concerning the incurrence of a customs debt or repayment or the remission of duties.

COMMON RULES FOR CUSTOMS PROCEDURES

WHICH OPTIONS EXIST FOR ASSIGNING GOODS A CUSTOMS-APPROVED TREATMENT OR USE?

8. The CC (Customs Code) distinguishes between (Art. 4 (15, 16) CC)
 - customs procedures (release for free circulation, transit, customs warehousing, inward processing, processing under customs control, temporary importation, outward processing, export) and
 - other types of customs-approved treatment or use (entry in a free zone or free warehouse, re-exportation, destruction, abandonment to the Government).
9. For certain customs procedures two further categories exist (Art. 84 (1) CC)
 - suspensive customs procedures (external transit, customs warehousing, inward processing [suspension system], processing under customs control, temporary importation) and
 - customs procedures with economic impact (customs warehousing, inward processing [both suspension and drawback system], processing under customs control, temporary importation, outward processing).

HOW ARE GOODS PLACED UNDER A CUSTOMS PROCEDURE?

10. Goods are placed under a customs procedure by presenting them to customs and lodging a customs declaration in writing (notably on the Single Administrative Document), by data processing techniques, orally and sometimes by the simple act of crossing the frontier (e.g. passing through the green channel signifying 'nothing to declare'). In certain cases the declaration must be accompanied by a document (e.g. proof of origin, value declaration) or authorisation (e.g. inward processing).
11. The CC distinguishes between three types of simplified procedures for customs declarations (Art. 76 CC)
 - the incomplete declaration which does not contain all the particulars required or is not accompanied by all the necessary documents,
 - the simplified declaration for which a commercial or administrative document may be used,
 - the local clearance procedure permitting the goods not to be presented to customs and to be entered for the procedure at the premises of the declarant.

At a later stage, normally a supplementary recapitulative declaration must be presented.

HOW DOES A CUSTOMS PROCEDURE END AND HOW IS IT DISCHARGED?

12. A customs procedure ends when the person concerned has
 - fulfilled his obligations arising from the procedure, or
 - transferred his rights and obligations to another person.

A customs procedure is discharged when the customs authorities are in a position to establish that the procedure has ended correctly, any duties due have been paid and any other required formalities have been fulfilled.

WHAT ARE THE COMMON FEATURES OF CUSTOMS PROCEDURES WITH ECONOMIC IMPACT?

13. Customs procedures with economic impact have the following features in common:
 - an authorisation is required (Art. 85 CC) which is only granted where (Art. 86 CC)
 - the applicant offers every guarantee for the proper conduct of the operation,
 - the customs authorities can supervise and monitor the arrangements without disproportionate administrative effort,
 - the provision of a security may be requested where import duties are suspended (Art. 88 CC),
 - the economic conditions for the use of the procedure must be examined (Arts 100 (2), 117 (c), 133 (e), 147 (2), Art. 148 (c) CC, Art. 578 (b) CCIP (Customs Code Implementing Provisions)), except where they are deemed to be fulfilled (Arts 502, 539, 552, 585 (1), Annexes 73, 76 CCIP),
 - where the procedure involves a suspension of import duties, the import goods or the products resulting from their processing may be assigned any new customs-approved treatment or use available for non-Community goods (Art. 89 (1) CC).

14. Non-Community goods under a customs procedure with economic impact may be transferred (Art. 511 CCIP)
- between different places (e.g. from the entry point to the trader's premises or from there to the exit point), or
 - to the premises of another authorisation holder.
- The transfer of Community goods is not subject to formalities and customs supervision, except where they are placed under the end-use arrangements (Arts 296, 297 CCIP), or declared for export, outward processing or internal transit (Art. 59 (2) CC).
15. The use of a customs procedure with economic impact requires normally the keeping of records in order to facilitate control of the arrangements (Arts 515, 516 CCIP)
16. For certain cases of inward processing standard rates of yield have been laid down (Annex 69 CCIP). In all other cases individual rates of yield must be established for the three processing procedures (Inward Processing, Outward Processing and Processing under Customs Control) (Arts 517, 518 CCIP).
17. Compensatory interest may be charged in certain cases where a customs debt is incurred after inward processing or temporary importation with total relief from import duties (Art. 519 CCIP).
18. Under inward processing (suspension system) and processing under customs control a bill of discharge must be presented after the deadline for ending the procedure with regard to the import goods or processed products concerned (Art. 521 CCIP). Under the inward processing drawback system a repayment or remission claim must be lodged in order to benefit from the procedure.

CAN GOODS BE PLACED UNDER TWO CUSTOMS PROCEDURES AT THE SAME TIME?

19. At any given moment goods can be placed only under **one** customs procedure or other customs-approved treatment or use. Certain customs procedures can however be combined and take effect **consecutively** (e.g. non-Community goods entered for Inward Processing but are temporarily exported (Outward Processing)). Furthermore, when goods are transferred to another person, for a transitional period both holders of the procedure are liable for any customs debt that may be incurred.

NOTE: The operation of the different customs procedures will be treated in subsequent Information Sheets.

http://europa.eu.int/comm/taxation_customs/law_en.htm#customs

http://europa.eu.int/eur-lex/en/consleg/main/1992/en_1992R2913_index.html(for Customs Code)

http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31993R2454&model=guichett (for Customs Code Implementing Provisions)

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