



PREPARING FOR MEMBERSHIP

INFORMATION SHEET No. 13

ADDITIONAL CUSTOMS-APPROVED TREATMENT OR USE FACILITIES

1. Goods under the free zone or free warehouse arrangements are treated as if they were outside the EC customs territory. Consequently, no import duties and commercial policy measures are applied to non-Community goods, and Community goods can already benefit from measures attached to export, such as export refunds (Art. 166 CC).
2. The advantages of using the Free Zone arrangements are mainly :
 - To suspend the payment of customs duties, VAT and excise duties
 - To suspend the application of commercial policy measures (such as import licences)
 - To store import goods in transit until they are re-exported
 - To store and prepare import goods for the subsequent marketing stage (e.g. packaging)
 - To make goods benefit from measures attached to export
3. Pre-financed Community agricultural goods and Community goods subject to export refunds can be stored, processed or placed in a victualling warehouse within a free zone or free warehouse (Art. 179 CC, Art. 810 CCIP).
4. The Customs Code differentiates between
 - Free warehouses which are premises approved by the customs authorities (Art. 167 CC, Art. 800 CCIP)

- Control type I free zones which are part of the EC customs territory and in which the controls are principally based on the existence and supervision of a fence and the entry/exit points (Art. 168 CC, Arts 799, 805 CCIP)
 - Control type II free zones which are part of the EC Customs territory and in which customs checks and formalities are principally carried out on the basis of the provisions for the customs warehousing procedure (Art. 168a CC, Arts 799, 813 CCIP).
5. The area of a free zone and the premises of a free warehouse can be used for the processing or use of non-Community goods under inward processing, processing under customs control or temporary importation. In such cases the rules of the relevant customs procedure apply.

In a free zone or free warehouse it is also possible to release goods for free circulation (including under the end-use provisions), to destroy them under customs control or to abandon them to the Government (Art. 173 CC).

6. Goods are entered for the arrangements by
- means of a customs declaration in the case of a control type II free zone (Art. 168a CC), or
 - being placed in a control type I free zone or a free warehouse (Arts 169, 170 (1) CC).

Where a customs procedure is discharged or measures attached to export (repayment/remission of import duties, export refunds) are to be applied, customs formalities must be fulfilled at entry in a control type I free zone or a free warehouse (Art. 170 (2) CC).

7. Usual forms of handling that can be authorised in a customs warehouse may be performed in a control type I free zone or a free warehouse without prior authorisation (Art. 173 (b), 174 CC). However, all activities, including storage, transfer, working or processing, must be entered in the stock records (Art. 176 (1) CC). Transshipments and short-term storage are or — in the case of a control type II free zone — may be exempted from record keeping requirements.
8. Where goods have been used or consumed in a control type I free zone or a free warehouse in an unauthorised manner, a customs debt is incurred (Art. 205 CC). This includes the disappearance of goods that cannot be explained to the satisfaction of the customs authorities.
9. The free zone/free warehouse arrangements end when non-Community goods are assigned a new customs-approved treatment or use, such as re-exportation or release for free circulation (Art. 177 CC). If Community goods are brought into another part of the EC customs territory, it is sufficient to prove their status (Art. 180 CC). Such proof is not necessary for Community goods leaving a control type II free zone.

10. Non-Community goods leaving the EC customs territory (including from a free zone or free warehouse) do this under the provisions for re-exportation (Art. 182 CC). This requires

- a customs declaration for goods which have previously been placed under customs warehousing, inward processing (suspension system), processing under customs control, or temporary importation;
- a prior notification in the other cases; for goods leaving a free zone or free warehouse that have not been unloaded or which are transhipped, this requirement is waived (Art. 811 CCIP) or may be waived for control type II free zones (Art. 814 CCIP).

Where a customs declaration is required the rules for the export procedure apply (Art. 841 CCIP).

11. Where re-export restrictions apply to non-Community goods, the relevant formalities (e.g. presentation of an export licence) must be fulfilled (Art. 182 (2) CC).

12. In order to avoid the need to pay import duties (and VAT and excise duties) or to dispose of goods subject to an import prohibition, non-Community goods can be destroyed under customs supervision (Art. 182 CC). Any remaining waste or scrap is subject to the import duties applicable to it on release for free circulation.

The destruction must be notified in advance.

13. Instead of destroying non-Community goods, the importer can also abandon them to the Government where national legislation provides for this (Art. 182 CC).

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)

<http://customs.business-line.com> (Malta Customs Web site)

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