



PREPARING FOR MEMBERSHIP

INFORMATION SHEET No. 16

CUSTOMS CHARGES

The Common Customs Tariff (CCT) provides for the following duty assessment criteria:

- ◆ **AD-VALOREM DUTIES** are based on the customs value of the goods established according to Arts 28-36 CC. Duty is charged as a percentage of the customs value (CIF value).
- ◆ **SPECIFIC DUTIES** are assessed on the basis of individual properties of the article such as its weight
- ◆ **VALUE THRESHOLDS** are normally used in order to subject cheap products to a higher duty than more expensive ones, such as, orange juice which is subject to an additional duty if its value does not exceed €30 per 100 kg net weight.
- ◆ **SEASONAL DUTIES** for certain agricultural goods in order to protect Community producers at a time when their products are harvested and marketed, such as, potatoes for which the duties are higher from 16 May to 30 June than in another periods of the year.
- ◆ **MIXED OR ALTERNATIVE DUTIES** are a combination of the above-mentioned types of duty in order to avoid inherent disadvantages in a specific type of duty, such as, beef which pays an ad-valorem plus a specific duty based on weight.
- ◆ **DUTIES WITH A FAVOURABLE TARIFF TREATMENT** which require the presentation of a certificate or authorisation, such as, goods which originate in a certain country require a certificate of origin or an invoice declaration.
- ◆ **DUTIES WHICH REQUIRE THE FULFILMENT OF CERTAIN CONDITIONS** to qualify for the granting of a favourable tariff treatment, such as, making goods unfit for human consumption.

NORMAL AND FAVOURABLE TARIFF TREATMENT

Arts 20 and 21 CC distinguish between normal and favourable tariff treatment. The latter is only granted at the declarant's request and/or provided certain conditions are fulfilled, such as, the presentation of a certificate.

CONVENTIONAL AND AUTONOMOUS DUTIES: The normal duty for a specific article is either that agreed (bound) under the World Trade Organization WTO (this is called conventional duty) or, where a lower duty is set in Regulation (EEC) No 2658/87 (on the tariff and statistical nomenclature and on the Common Customs Tariff), the autonomous duty. The autonomous agricultural duties are in most cases fixed in specific regulations based on the relevant market organization for the product.

Temporary reductions of the normal duty (autonomous rates) are called tariff suspensions or, where the amount benefiting from this measure is limited, tariff quotas. Autonomous tariff suspensions and tariff quotas are granted upon a request submitted by a Member State.

AGRICULTURAL DUTIES are duties laid down under the Common Agricultural Policy (CAP) or under specific arrangements applicable to certain processed agricultural products. Decisions based on wrong information or not complying with the customs rules must be annulled, revoked or amended, unless they are void (Arts 8-10 CC).

THE COMBINED NOMENCLATURE (REG. (EEC) 2658/87) provides for suspension of customs duties on goods intended for incorporation in sea-going ships (such as construction, repair, etc) and for incorporation in drilling or production platforms.

TARIFF SUSPENSIONS refer to duties which are lowered temporarily.

TARIFF QUOTA refers to a certain period during which only a limited amount of goods can benefit from duty suspensions. Tariff suspensions are given only to satisfy the needs of Community producers or consumers; tariff quotas are used to fulfil WTO commitments of the Community or to limit preferential access to the Community to a specific quantity/amount.

PROCEDURE FOR AUTONOMOUS TARIFF SUSPENSIONS

- A request is made through the Member State concerned by the producer requiring the duty suspended goods.
- The duty foregone exceeds a minimum threshold of €20,000 per year.
- The product will undergo sufficient processing.
- Identical or equivalent goods are not produced in the Community or in countries benefiting from EU tariff preferences.
- Competition between the goods produced from the imported material and identical or equivalent Community products is not distorted.
- The importer has not concluded an exclusive contract with the supplier.
- The necessary details, such as, precise description of the goods and lack of Community availability, are to be provided within the set deadline.

PROCEDURE FOR FIRST-COME, FIRST-SERVED TARIFF QUOTAS (ARTS 308A – 308C CCIP)

- The goods are presented to customs and the declaration for release for free circulation is lodged, together with a request for the application of the tariff quota.
- If the request concerns a tariff quota requiring the presentation of a document, such as, certificate of origin, this document must be presented to customs (Art. 256 CCIP).
- If the tariff quota is not yet exhausted, customs informs the EC Commission via the national quota management office of the requested quantity.
- The Commission takes into consideration the order of the dates on which the declaration for release for free circulation was accepted and if the quota is not exhausted informs the national quota management office.
- Once the customs office has received this information, the duty is collected or in the case of duty exemption duty-free treatment is granted.

The state of exhaustion of such tariff quotas can be viewed at: <http://europa.eu.int/comm/taxation.customs/dds/en/home/htm>

PROCEDURE FOR TARIFF QUOTAS BY LICENCES

The licencing procedure is only used for certain agricultural products.

- Importers or exporters present a licence application to the appropriate national agricultural administration.
- They submit any required documents, such as, proof of importation or exportation of the like products during the reference period.
- The national agricultural administration submits to the EC Commission the requested quantities for which the required proof has been submitted.
- The Commission decides generally by means of a regulation to what extent the requests can be satisfied.
- Applicants have a right of appeal against such a regulation.
- The national agricultural administration issues import or export licences normally against the provision of a security.
- The security is released once the goods are released for free circulation or exported.

Kindly refer to the Ministry for Rural Development and the Environment for more details on Tariff quotas managed by licences.

TARIFF PREFERENCES

Tariff preferences are either set out in agreements with individual countries or groups of countries or are granted autonomously on the basis of a Council regulation towards individual countries or group of countries. Preferential duties are only granted if the goods originate in the country or group of countries concerned. The use of Community components or sometimes third country components is permitted. However, in the latter case, the duties must be collected before the certificate of origin is issued (no drawback rule – Europe Agreements and not Association Agreements). Malta and Cyprus have an Association Agreement and third country components are allowed under different conditions. As a matter of fact, the Community has concluded preferential agreements with almost a hundred countries and these agreements contain the applicable rules on origin. The Community also grants autonomous preferences to more than 150 countries or territories.

For imports of certain goods from countries in a Customs Union with the EU (Turkey, Andorra and San Marino) it is sufficient to prove that the goods concerned have been in free circulation in these countries.

ANTI-DUMPING, COUNTERVAILING AND RETALIATION DUTIES

- **ANTI-DUMPING DUTIES** are imposed when third country exporters sell the goods in the EU below their normal value (dumping) and this creates serious injury for Community producers.
- **COUNTERVAILING DUTIES** are imposed when third country exporters receive subsidies to produce the goods and this causes serious injury to Community producers.
- **RETALIATION DUTIES** are imposed on goods originating from a country that does not honour its international commitments and therefore a duty equivalent to the lost advantage is imposed on these goods.

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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