



# Special Procedures

## (Processing and Temporary Admission)

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**UCC**  
SIMPLICITY SERVICE SPEED  
A MODERN FRAMEWORK  
FOR CUSTOMS AND TRADE

Taxation and  
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## Preface

- ❑ Since 1 May 2016, the revised Union Customs Code led to more streamlined and simplified customs procedures.
- ❑ Customs legislation was redesigned towards a more customer-oriented approach with more flexible economic tools for the companies, and a more competitive system compared to the former one.



Enhancement of competitiveness and efficiency of the customs processes.



## Special procedures

The 'special procedures' are a specific category of customs procedures

Companies are given a possibility to choose which customs operations suit them best by meeting their commercial needs. For instance, postponing or avoiding the application of duties and VAT on imports after the goods have arrived in the EU customs territory



## Legal framework

□ Rules are laid down in:

**Title VII of UCC** (Regulation EU No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code), Articles 210-262

Other complementary and implementing provisions in articles 201-243 of DA Commission Delegated Regulation (EU) No 2446/2015 of 28 July 2015) and articles 322-325 IA (Commission Implementing Regulation (EU) No 2447/2015 of 24 November 2015)

## Type of special procedures

- The goods may be placed under any of the following categories of special procedures (Article 211 UCC) :
  - **Transit**, which shall comprise external and internal transit;
  - **Storage**, which shall comprise customs warehousing and free zones;
  - **Specific use**, which shall comprise temporary admission and end-use;
  - **Processing**, which shall comprise inward and outward processing



# Processing procedures

- Effective tools supporting the so-called “*processing trade*”.
- *Processing trade* is the method through which companies source intermediate inputs from various countries (i.e. raw materials, semi-manufactured etc.), assemble them and obtain processed products that later are put in consumption in/sold to third markets

## INWARD PROCESSING

- non-Union goods are used in one or more processing operations carried out in the customs territory of the Union, without such goods being subject to:
  - import duty
  - other charges
  - and commercial policy measures.
- the IP can be used also for the purposes of:
  - repairs
  - goods' compliance with technical requirements for their release for free circulation
  - standard forms of handling for goods (Article 220 UCC).

# Objectives

Businesses have possibility to process goods imported from outside the customs territory of the Union even before they decide, according to logistical, commercial or other conditions, whether to sell the finished products within or outside the EU

European Union Figure 1- basic scheme how the IP operates:





## Follow up

After the processing operations the products which still bear the non-Union status are:

1) **Re-exported**

or

2) **Released for free circulation** in the EU with obligation to pay import duty and taxes, as well as the application of commercial policy measures.

or

3) **Stored** (customs warehousing or in a free zone).



# Requirements

**Authorisation** from the customs authorities is granted to:

- Company established in the Union customs territory
- Providing a guarantee to cover cases when customs debts may be incurred on goods placed under IP
- Ensuring proper conduct of the operations.

Additionally :

(a) Customs may exercise supervision without introducing disproportionate administrative arrangements;

(b) Essential interests of Union producers would not be adversely affected by an authorization for a processing procedure (**economic conditions**)

## Discharge of procedure

Inward processing procedure has to be discharged, either by placing goods under another customs procedure, or by means of destruction/abandonment or their exit from the customs territory of the EU

If processed products are released **for free circulation**, the economic operator can require to pay the duties:

- at the rate and customs value applicable to the goods at the time when placed under IP (Article 86-3 UCC).
- Alternatively, duties are paid according to the rate and customs value of the processed products at the time they are released for free circulation (Article 85 UCC).



# OUTWARD PROCESSING

- Union goods are temporarily exported from the customs territory of the Union in order to undergo processing operations abroad
- Processed products can be re-imported and released for free circulation with total or partial relief from import duty or marketed outside EU.



## Relief from duties

- **Total relief from import duties**

If goods were exported to be repaired free of charge because of a contractual obligation or because of a manufacturing or material defect

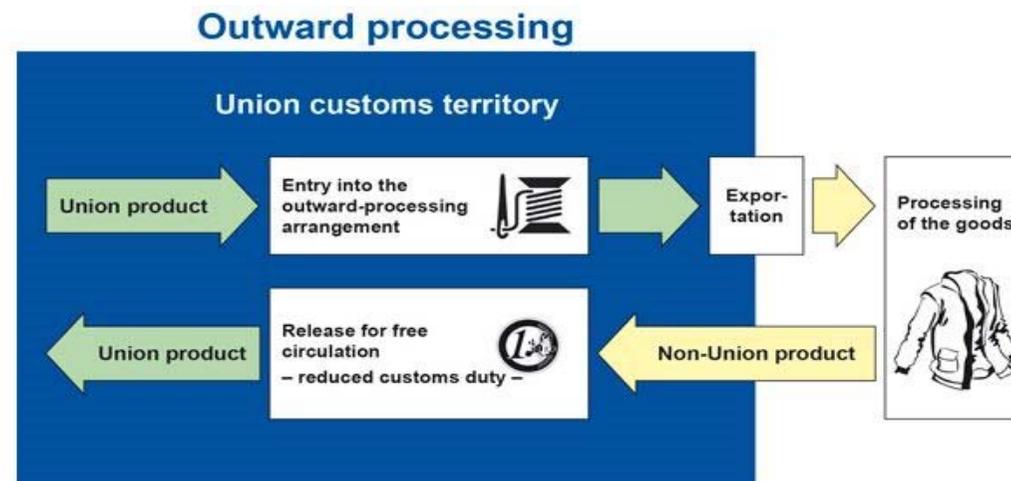
- **Partial relief from import duties**

In the other cases of OP, the import duties are calculated only on the value resulting from the processing operation undertaken outside the customs territory of the Union (i.e on **added value** created on the goods having Union status)

# Objectives

- OP gives businesses the possibility to take advantage of benefits such as lower labor costs or specific technical expertise in non-EU countries

Figure 2- basic scheme how the OP operates:





# Requirements

As for the IP, the customs authorities shall **authorize** the use of the outward processing procedure specifying the period within which to discharge the outward processing procedure.

## TEMPORARY ADMISSION

- Non-Union goods intended for re-export may be subject to specific use in the customs territory of the Union, without being subject to:
  - Import duties
  - other charges
  - and commercial policy measures. insofar as they do not prohibit the entry or exit of goods into or from the customs territory of the Union
- It is also possible:
  - repairs and maintenance operations including revisions and fine-tuning or measures intended to preserve goods or ensure their compatibility with the technical requirements necessary to allow their use under the scheme for free circulation



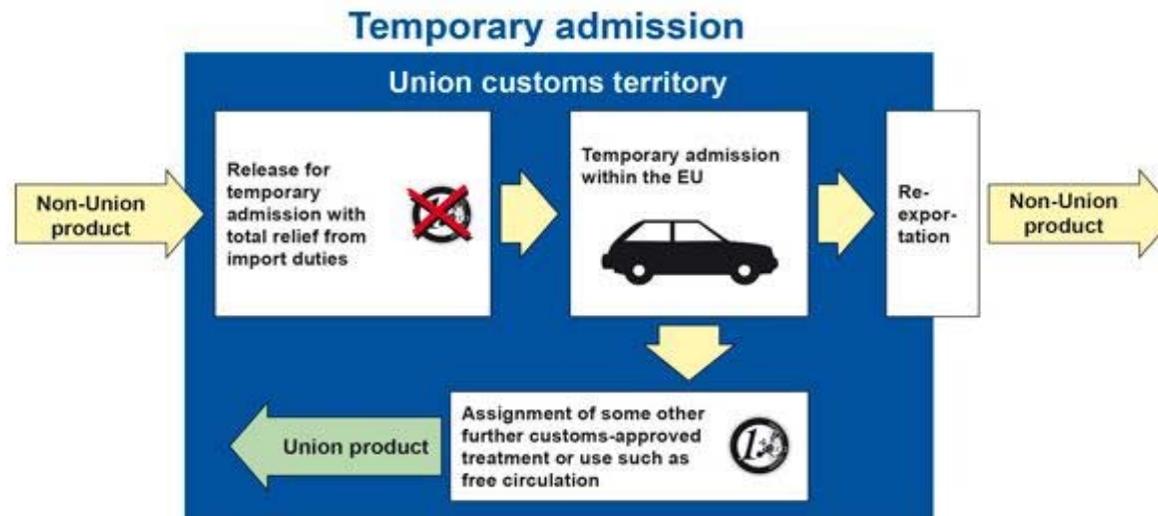
## Objectives (1)

TA aims at facilitating the use within the Union of certain types of goods like, amongst other, means of transport, personal effects and those intended for the attempted sale or presentation in exhibitions and trade fairs.

In some cases, the completion of the traditional customs formalities is not required by the EU legislation (e.g. temporary admission of means of transport), an oral declaration or made by means of any other act is sufficient.

## Objectives (2)

Figure 3 - Temporary Admission basic scheme:





# Requirements

Temporary admission requires **Customs Authorization**

The goods brought into the EU must be re-exported at the end of the period indicated in the authorization not exceeding, in general, twenty-four months unless extensions are motivated by exceptional circumstances

Unlike the inward processing procedure, during the established timeframe goods may not undergo changes, with the exception of their normal depreciation/devaluation because of their use



## Legal basis

- Deriving from WCO ATA/Istanbul Conventions on temporary admission of goods
- Key elements and rules included in the EU legislation:

### **Council decision (93/329/EEC) 15/3/1993**

accepts the Convention on Temporary Admission and the Annexes thereto, together with the reservations, on behalf of the European Economic Community

**Recital (47) of DA** recalls that the Union is a contracting party to the Convention on temporary admission, including any subsequent amendments thereof (Istanbul Convention). Therefore, the requirements of specific use under temporary admission which allow the temporary use of non-Union goods in the customs territory of the Union with total or partial relief from import duty have to be in line with that Convention”.



## Relief from duties

- **Total relief from import duties**

Cases where a total exemption from customs duties applies are listed in Arts 209 to 216 and Arts 219 to 236 of the DA

- **Partial relief from import duties**

In the other cases a partial relief occurs. The amount due in such cases equals to 3 per cent of the duty calculated for each month or fraction of month during which the goods remained bound to the scheme, without exceeding the duties that would have been collected if the goods considered had been released for free circulation.



## Carnet ATA

- ATA carnet is an international customs document established by the above-mentioned WCO Convention on the ATA Carnet for the Temporary Admission of Goods of 1961
- It is characterized by a reliable guaranteeing system (managed by the Chamber International through an international chain of National guaranteeing associations) covering the potential duties that may incur because of any failed re-exportation of the goods

- Carnets can be used for three main categories of goods:
  - Commercial samples;
  - Goods for presentation or use at trade fairs, shows, exhibitions or similar events;
  - Professional equipment (which is solely for use by, or under the personal supervision of the holder or his nominated representative).
- ATA Carnet is currently in use in 87 countries.
- An increase of use might occur from an ongoing project aimed at creating an electronic ATA carnet system.

## IP and OP in EU

<b>DECLARANT</b>	<b>EU28</b>
<b>Value</b>	<b>bn EUR</b>
<b>PRODUCT</b>	<b>TOTAL</b>
<b>Partner</b>	<b>Extra-EU</b>

Flow	Statistical Procedure / Reference Period	2010	2011	2012	2013	2014	2015	2016	2017	2018 01-10
<b>import</b>	<b>INWARD PROCESSING</b>	58,5	66,3	75,8	69,9	66,2	79,3	75,0	77,1	68,5
<b>Export</b>	<b>OUTWARD PROCESSING</b>	11,2	12,7	13,4	13,2	13,9	14,6	14,7	14,1	12,0

(a) (Source Eurostat-COMEXT)



**Thanks for your attention !**