

## Special Procedures (other than transit) Course takeaways

This is a quick and handy summary of the most relevant course information.

### 1 Learning objectives

By the end of this 90-minute course, you have learned about:

- what special procedures are;
- the horizontal provisions applicable to all special procedures;
- the special procedure storage: customs warehousing and free zone;
- the special procedure specific use: temporary admission and end-use;
- the special procedure processing: inward processing and outward processing.

### 2 The special procedures

The Union Customs Code (UCC) foresees some special procedures with the aim to promote international competitiveness and improve export opportunities.

The UCC distinguishes between 4 main categories of special procedures as follows:

- Transit : internal and external transit;
- Storage: customs warehousing and free zone;
- Specific use: temporary admission and end-use;
- Processing: inward and outward processing.

This course relates only to the special procedures storage, specific-use and processing. Transit is dealt with in a separate course.

### 3 General provisions

Placing and discharging goods under a special procedure involves the following stages:

	Authorisation for a Special Procedure	Placing goods under a Special Procedure	Customs supervision	Discharge of the Special Procedure
Customs warehousing				
Free zone				
Temporary admission				
End use				
Inward processing				
Outward processing				

In case an authorisation for a special procedure may adversely affect the interest of Union producers, the economic conditions have to be examined at Union level and a conclusion will be drawn by the Expert Group established by the European Commission.

The Customs Authority may grant an authorisation with retroactive effect up to one year under certain conditions.

Except for free zone, goods placed under a special procedure:

- must be covered by a guarantee;
- may be moved without further customs formalities, such as free circulation or transit.

The Customs Authority may authorise the use of equivalent goods under all special procedures. Equivalent goods are Union goods, which are stored, used or processed instead of the non-Union goods placed under a special procedure. Under the outward processing procedure, equivalent goods are non-Union goods, which are processed instead of Union goods.

## 4 Storage procedures

### 4.1 Customs warehousing

Customs warehousing can benefit economic operators who import goods because it offers a storage facility that delays duty and/or import VAT payments until the goods leave the customs warehousing procedure or enter another customs procedure.

There is no limit to the duration for which goods remain under a storage procedure.

There are 4 types of customs warehouses:

- public customs warehouse type I;
- public customs warehouse type II;
- public customs warehouse type III;
- private customs warehouse.

### 4.2 Free zone

Free zones are special enclosed areas within the customs territory of the Union.

Goods placed within these areas are considered to be under the free zone procedure and are, therefore, free of import duties, VAT and other import charges.

Persons, goods and means of transport entering or leaving free zones may be subject to customs controls.

To take the goods out of the free zone you either have to follow:

- the (re-)export formalities when taking the goods out of the customs territory of the Union, or
- the formalities regarding entering goods into the customs territory the Union when bringing the goods to another part in the customs territory the Union.

## 5 Specific use

### 5.1 Temporary admission

The purpose of temporary admission is to:

- Allow, for a limited period, the use (but not processing) of non-Union goods in the customs territory of the Union, which are intended for re-export;
- grant a total or partial relief, so that they are free from other charges such as VAT, excise duties and no commercial policy measures are applied on them.

The maximum limit for which goods can be placed under temporary admission is 2 years (24 months).

For each month or fraction of a month that the goods remain under the temporary admission procedure, the amount of import duty is 3% of the import duty due had

the goods been released for free circulation. This amount has to be paid when the procedure has been discharged.

## **5.2 End-use**

End-use means use or processing of specific non-Union goods released for free circulation in a specific way within a specific period to grant a duty exemption or a lower duty for a specific end-use (e.g. processing of fish into food preparation).

If these conditions are not met, the normal duty becomes payable.

Where goods are suitable for repeated use, customs supervision will continue for a period not exceeding 2 years after the date of their first use.

The information on the goods to which end-use procedure can be applied is available in TARIC. Other special provisions are only specified in the Council Regulation (EEC) No 2658/87 of 23 July 1987.

## **6 Processing procedure**

### **6.1 Inward processing**

Inward processing means to import non-Union goods into the customs territory of the Union and to process these goods under duty and tax suspension with a view to:

- re-export the processed products (and thus avoid duty);
- release the processed products for free circulation (and thus pay lower duty depending on the calculation method);
- release the waste of the processed products (and thus pay lower duty depending on the customs duty rate).

Under this procedure, the non-Union goods remain non-Union goods.

The Customs Authority specifies the period within which the inward processing is to be discharged.

### **6.2 Outward processing**

Outward processing means to take Union goods outside the customs territory of the Union and to process these goods with a view to benefit from a lower, or no duty when the goods are released for free circulation on re-importation into the customs territory of the Union. These duties are calculated on the added value of the processed goods, that is, the processing costs and not the value of the processed product.

No duty is due on re-importation where it is established to the satisfaction of the customs authorities that goods have been repaired free of charge, either because of a contractual or statutory obligation arising from a guarantee or because of a manufacturing or material defect, they shall be granted total relief from import duty.

Under this procedure, the Union goods keep the proof of Union status while being processed.

The Customs Authority specifies the period within which the outward processing procedure is to be discharged.

There are 3 types of situations in which outward processing apply to repaired goods:

- Goods repaired free of charge;
- Standard exchange system;
- Prior import of replacement product.

### **6.3 Standard exchange of information**

- INF stands for standardised exchange of information, which is the exchange of information between customs authorities for goods placed under different processing procedures (inward and outward processing).
- An electronic system will be used for the exchange of such information between customs authorities.
- This information can be provided by either the holder of the procedure or the concerned customs office.

*Remember, this is a quick and handy summary of the most relevant course information. Only the European Union legislation published in the Official Journal of the European Union is deemed authentic. The Commission accepts no responsibility or liability whatsoever with regard to the training.*