

## Customs Procedures. Import & Export Procedures

**Objectives.** The main objectives of this Learning Unit are to:

- Understand the role and **functioning of customs**, the services of a **customs agent**, analyze different customs procedures, methods of **goods classification** and learn to complete the **SAD** document.
- Become familiar with **import procedures in the European Union** and analyze the existing **customs procedures**

**In this unit you will:**

- Learn about the various Customs procedures in International Marketing.
- Learn and understand the process of importing goods into the European Union.

**This will be achieved by:**

- Outlining what customs are, the customs procedure and the functions of customs.
- Learning how to dispatch goods for free circulation and for consumption. Learning about VAT on imported goods.
- Learning about the origin of goods and examining the importance of the certificate of origin.
- Learning about customs valuation and the classification of goods with particular attention to the harmonisation system.
- Learning the role and functions of the customs agent.

### Learning Unit Summary

In this Learning Unit we will study the functioning of the customs authorities, customs procedures and the various duties imposed by these. In order to place goods under a certain customs procedure, it is necessary to establish their country of destination and customs classification. To classify goods means to assign them a classification code in accordance with the existing regulations. Customs duty is determined by the classification code and customs tariffs applied. On the basis of the Combined Nomenclature and customs duty, the European Union has established the Integrated Tariff of the Community (TARIC), which provides a further classification

under the Combined Nomenclature, which is necessary to determine goods subject to special treatment.

Also, we are going to study the process of importing goods into the European Union. You will learn how to dispatch goods for free circulation and for consumption. We will also go through all the stages from the moment goods arrive at the port of entry till they are ready for sale. We will study the main customs procedures as well.

**Dumping** is the practice of selling a product in a foreign market at an unfairly low price (a price which is lower than the cost in the home market, or which is lower than the cost of production) in order to gain a competitive advantage over other suppliers. Dumping is considered an unfair trade practice under the GATT and World Trade Organisation agreements. It is regulated by national governments through the imposition of anti-dumping duties, in some cases calculated to equal the difference between the product's price in the importing and the exporting country.

**Anti-dumping duty** is charged on goods in order to counteract their unusually low price in the market. It is a national trade protection measure and was designed to prevent dumping and unfair competition.

The **Community Customs Code** contains the general customs rules and procedures applicable in connection with trade between the EU and third countries. These procedures are called "customs procedures with economic impact", which can be as follows:

**Release for Free Circulation** →

**External / Internal Transit** →

**Customs Warehousing** →

**Processing under Customs Control** →

**Inward / Outward Processing** →

Temporary Importation →

Export →

### **Inspection Control**

When goods arrive into the EU, in order to be imported they are **inspected and checked by the customs authorities** until a relevant customs procedure for these goods is established.

The goods may be taken to be stored in a customs warehouse without payment of import duties or being re-exported. The party responsible for taking the goods through the customs is the **carrier**.

## Summary Declaration

When the goods arrive to the EU, they must be taken to the customs authorities for **inspection**. This is done by **presenting a declaration** which contains all necessary information for the identification of the goods.

The **person responsible for the carriage** of the goods must present the declaration before the end of the following working day from the date of arrival. Without the declaration, the goods cannot be cleared, unless under an express authorisation.

## Single Administrative Document (SAD)

The SAD is the declaration form prescribed in the European Union for declaring goods for any of the customs procedures. The declaration **must be made by the importer/exporter or his/her agent**. It **must be signed by the declarant**, contain all the information necessary for customs and be accompanied by all the documents required for the customs procedure for which the goods are declared. SAD sets may be obtained from any Collector, Customs and Excise.

The SAD is used to record import and export details for trade with countries outside the EU. It is also required for import from and export to non-fiscal areas of the EU (Canary Islands, the Channel Islands, the French Overseas Departments, Mount Athos and the Aland Islands).

With the information declared in the SAD, the customs authorities calculate the amount of duty to be paid, enter it in the accounts and communicate it to the declarant. The declarant's obligation to pay the customs duties imposed is called **customs debt**.

The entry in the accounts must take place within 2 days from the date the goods have been authorised for release.

When a declaration is signed and lodged with a customs office, the declarant or his/her representative is responsible for:

- a) **The accuracy of the information given in the declaration;**
- b) The authenticity of any documents attached;
- c) Compliance with all the obligations relating to the placing of the goods in question under the procedure concerned.

EUROPEAN COMMUNITY					1. DECLARATION				A. Office of Dispatch/ Export		
3	2. Consignor/Exporter No				3. Forms		4. Loading lists		7. Reference number		
					5. Items		6. Total packages				
8. Consignee No				9. Person responsible for financial statement No				10. Country first destin.		11. Trading country	13. CAP
								14. Declarant/Representative No		15. Country of dispatch/export	
18. Identity and nationality of means of transport at departure				19 Ctr	20. Delivery terms						
21. Identity and nationality of active means of transport crossing the border				22. Currency and total amount invoiced		23. Exchange rate		24. Nature of transac.			
25. Mode of transport at the border		26. Inland mode of transport		27. Place of loading		28. Financial and banking data					
3		29. Office of exit		30. Location of goods							

31 Packages and description of goods	Marks and numbers- Container No- Number and kind				32 Item No	33. Commodity code					
						34. Country origin code		35. Gross mass (kg)			
						37. Procedure		38. Net mass (kg)		37. Quota	
						40. Summary declaration/previous document					
44. Additional information/ documents produced/ cert. authoriz					41. Supplementary Units	A.I. Code					
						46. Statistical value					
47 Calculation of taxes	Type	Tax base	Rate	Amount	MP	48. Deferred payment		49. Identification of warehouse			
						B. Accounting Details					
	Total										

## VAT

Value Added Tax (VAT) is a system of taxing products on the amount of value added at each stage of their production as well as at the time of purchase by the ultimate consumer.

VAT is chargeable on imported goods in addition to any customs and excise duties to which the goods may be liable. Since the completion of the Single European Market on 1 January 1993, VAT is no longer payable on the goods traded between EU member states.

As a general rule, imported goods are liable to VAT at the same rate as applies to the sale within the member state of similar goods. The standard rate of VAT in Ireland is 20 %. There is also a special rate of 4 % on livestock, greyhounds and hire of horses.

Payment of VAT can be deferred with the approval of the Revenue Commissioners and with payment guarantees provided.

## **FREE ZONES**

A free zone is a designated part of the customs territory of the Community in which non-Community goods are considered for customs purposes as being outside the Community. Therefore, customs duties, VAT and restrictions are not applied to or imposed on the goods placed in free zones. Community goods may be stored in a free zone where Community legislation permits.

There are currently two free zones in Ireland, namely Shannon Free Zone and Ringaskiddy Free Port. Free zones accept goods of all types, quantity, country of origin or destination. Almost all countries in the world have free zones.

In a free zone goods can be loaded, unloaded, transhipped, stored and handled. Free zones offer fiscal advantages: suspension of customs duties, VAT and other duties, no quantity or quality restrictions are applied, etc. The provisions governing the free zone procedure are based on the Community Customs Code and Implementing Provisions.

Non-Community goods placed in a free zone may undergo certain operations which include the usual forms of handling intended to preserve them, improve their appearance or marketable quality, or prepare them for distribution or resale. These operations are subject to Community rules.

Community goods which are covered by the Common Agricultural Policy may undergo only those forms of handling allowed in the regulations.

Applications for licences to carry on a trade, business or manufacture within the free zone should be made to the Department of Enterprise, Trade and Employment (zone) or the Department of the Marine and Natural Resources (port). Additionally, where manufacturing or processing takes place, the appropriate authorisation is required from Customs (e.g. Inward Processing, Processing under Customs Control).