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Instructions on authorisation Inward processing

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Instruction for holder of authorisation for the inward processing procedure

These customer instructions may be subject to changes. The holder of the authorisation is responsible for compliance with the requirements of the customs legislation of the EU.

A holder of the authorisation for inward processing is an operator, to whom Customs grants an authorisation to bring goods into the customs territory of the Union for processing without the application of customs duties, other charges or trade policy measures. Inward processing functions are the manufacture of goods, repair of goods, restoration, refurbishing, destruction and any other processing of goods.

The authorisation for inward processing is granted to a business or a person established in the Union who carries out the processing or arranges for it to be carried out by someone else.

These instructions replace the previous authorisation conditions published as an attachment to the authorisation for inward processing.

The granting of the authorisation requires that:

- the applicant is established within the territory of the Union, or
 - in justified occasional cases, the authorisation can also be granted to an applicant established outside the territory of the Union
- a valid guarantee is in force
- the economic conditions are fulfilled
- the business has not committed any serious infringements of customs or tax legislation
- the business keeps sufficient records, which allow for customs controls
- the applicant presents a bill of discharge

The holder of the authorisation commits to informing Customs if any changes in the operation occur that affect the use of the authorisation. The authorisation cannot be used, until an amount of guarantee that corresponds to the authorisation has been lodged, and the reference data has been added to the authorisation for inward processing.

Placing goods under the procedure

The number of the authorisation for inward processing, the date in accordance with section 13 of the authorisation and the supervising customs office, should be added as additional information to the customs declaration regarding the procedure.

Transfer of rights and obligations

Goods placed under the inward processing procedure as well as the rights and obligations regarding the goods, can totally or partially be transferred to another operator. The transferee does not need to have

their own authorisation for inward processing, but they have to meet all the prescribed requirements for the procedure. A transfer of rights and obligations has to be applied for in advance from the Customs Authorisation Centre and entered into the authorisation holder's authorisation. Separate instructions on the transfer of rights and obligations will be drafted.

Accounts

The holder of the authorisation is required to keep records, based on which the customs authorities can supervise and control that the goods in question have been used for the planned activity prescribed in the authorisation. The records must be archived for at least three years from the end of the year when the customs supervision of the goods ends.

The records shall contain at least the following:

- (a) the MRN or, where it does not exist, any other number or code identifying the customs declarations by means of which the goods are placed under inward processing and, where the procedure has been discharged for another customs procedure, they have been exported out of the Union or destroyed without leaving waste, or abandoned to the State, information about the manner in which the procedure was discharged;
- (b) data that unequivocally allows the identification of customs documents other than customs declarations, any other documents relevant to the placing of goods under the special procedure and any other documents relevant to the corresponding discharge of the procedure;
- (c) particulars of marks, identifying numbers, number and kind of packages, the quantity and usual commercial or technical description of the goods and, where relevant, the identification marks of the container necessary to identify the goods;
- (d) location of goods and particulars of any movement of goods;
- (e) customs status of the goods;
- (f) Particulars of usual forms of handling and, where applicable, the new tariff classification resulting from the handling;
- (g) when Article 86(1) is implemented, the cost of warehousing or usual form of handling;
- (h) the rate of yield or its method of calculation, where appropriate;
- (i) particulars enabling customs supervision and controls of the use of equivalent goods;
- (j) where accounting segregation is required, information about type of goods, customs status and, where appropriate, origin of the goods;
- (k) where appropriate, particulars of any transfer of rights and obligations regarding goods to another person;
- (l) where the records are not part of the main accounts for customs purposes, a reference to those main accounts for customs purposes;

Customs may waive the requirement for some of the above information, so the holder of the authorisation must adhere to any possible specifying instructions from Customs.

Equivalent goods

The holder of an authorisation for inward processing can use equivalent goods, if this is permitted in the authorisation for inward processing. There are some restrictions regarding the use of equivalent goods in accordance with Article 169 of the Delegated Regulation. Equivalent goods may not be subject anti-dumping or countervailing duty/safeguard duty.

Bill of discharge

The holder of the authorisation must present the bill of discharge to the supervising customs office within 30 days after the expiry of the time limit for discharge. The bill of discharge shall contain the following particulars, unless otherwise determined by the supervising customs office:

- (a) Reference particulars of the authorisation;
- (b) the quantity of each type of goods which were placed under the special procedure in respect of which discharge is claimed;
- (c) the CN code of the goods which were placed under the special procedure;
- (d) the rate of import duties to which the goods which were placed under the special procedure are liable and, where applicable, their customs value;
- (e) the particulars of the customs declarations placing goods under the special procedure;
- (f) the type and quantity of the processed products or the goods placed under the procedure and particulars of the subsequent customs declaration or any other document relating to the discharge of the procedure;
- (g) h) the CN code and customs value of the processed products if the value scale method is used for the purpose of discharge;
- (h) the rate of yield;
the amount of import duty to be paid. If the amount involves the implementation of Article 175(4), this must be mentioned;
- (i) the periods for discharge.

Staying under customs supervision and customs debt

Goods placed under the inward processing procedure stay under customs supervision until they are placed under the following customs procedure, or they have been exported or destroyed under customs supervision. The customs supervision of waste and scrap from the destruction of goods ends, when they have been assigned to their prescribed customs-approved treatment or use.

If goods have not been placed under a subsequent customs procedure within the time limit for the prescribed procedure, moved to another holder of a procedure, destroyed under customs supervision or exported out of the customs territory of the Union, the holder of the procedure must report this to the supervising customs office. A customs debt is incurred for such goods according to Article 79 of the Union Customs Code. Article 80 of the Union Customs Code is implemented when determining the customs debt.

Prohibition of drawback

A certificate of origin cannot be given or drafted for non-originating goods placed under a procedure or products manufactured from them, if there is a prohibition of drawback regarding a free trade agreement or some other preferential tariff agreement between the Union and the exporting country. If a certificate of origin is given, unlevied import duties have to be paid. A customs debt upon import is incurred, when the re-export declaration is accepted.

Applicable legislation: Union Customs Code (Regulation (EU) No 952/2013 of the European Parliament and of the Council), Articles 22-28, 77-80 and 210-225
 Commission Implementing Regulation (EU) 2015/2447, Articles 15, 259 and 264-269
 Commission Delegated Regulation (EU) 2015/2446, Articles 15-18, 161, 166-169, 172-175, 178-180 and 239-240
 The Transitional Delegated Act (EU) 2016/341, Articles 22 and 55