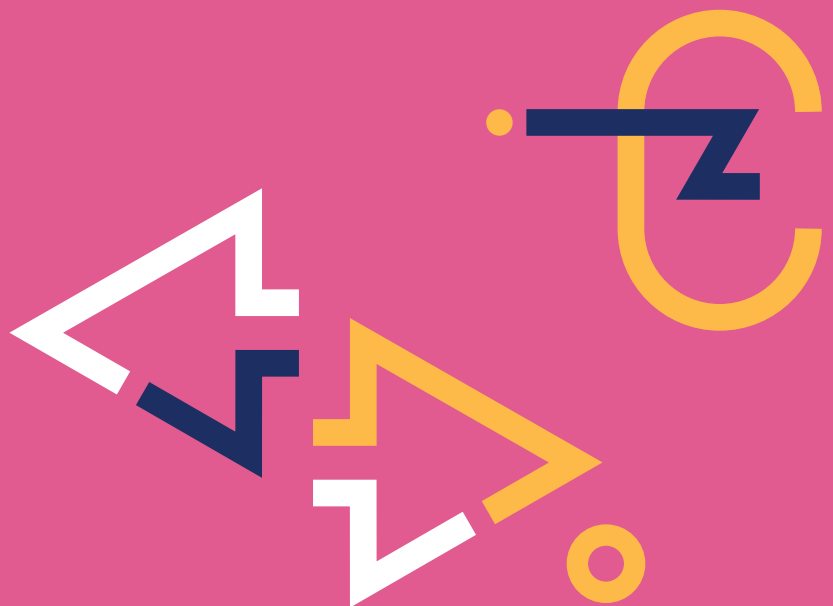


# C4T

White Paper

# Returned Goods Relief

A customs special procedure that provides relief from duties and VAT





# In this Paper

## What is Returned Goods Relief?

Every company is looking into saving costs and gaining efficiencies, especially in these uncertain economic and geopolitical times. Customs formalities, including customs duties, have moved into focus. The additional administration required, and costs incurred can be cumbersome for many businesses, but Returned Goods Relief (RGR) can be hugely beneficial, giving companies a competitive advantage.

Returned Goods Relief provides relief from customs duties and VAT if you're re-importing goods into the UK/EU that have previously been exported from the UK/EU. We will focus on EU-UK trade in this paper, but it's important to mention that RGR applies to reimports from all non-EU or non-UK countries worldwide.

There are a few conditions companies need to adhere to. These conditions, as well as a deep dive into what RGR is and how it works, are the subject of this white paper.



# Key definitions

## What is Returned Goods Relief?

Under the EU-UK Trade and Cooperation Agreement, goods that are shipped from the EU to the UK, stored in the UK, and then re-exported back into the EU are not eligible for preferential treatment, as they do not have UK origin. However, under the Returned Goods Relief procedure, the European Union allows goods that were previously in free circulation in the EU to be re-imported into the EU without payment of customs duty and value-added tax (VAT). This also applies to the UK. According to HMRC, “you can get a relief if you’re re-importing goods into the UK that have previously been exported from the UK”.

## Conditions and legal obligations - Who can take advantage of RGR?

Returned Goods Relief is available to declarants that can provide documentary evidence that the goods adhere to a set of conditions and legal obligations. These include:

### The goods were:

- Originally Union goods that were exported from the customs territory of the Union and returned to Union territory within a period of three years. This period may be shortened or extended depending on special circumstances. E.g., shorter timeframes apply for goods that benefitted from agricultural measures at export.
- Moved from Northern Ireland to Great Britain (England, Scotland, and Wales) and returned to Northern Ireland. exported from the EU to Great Britain and moved into Northern Ireland.
- Exported from Northern Ireland to any country outside the EU and returned to Northern Ireland.

### The goods are returned in the same state in which they were exported. They cannot have been processed abroad, however the following treatments are allowed:

- Treatment necessary for repair or to keep the goods in good condition.
- Handling or treatment which only altered the appearance of the goods.
- Other treatments done to the goods that were later found to be unsuitable for the intended use of the goods.

### The goods were in free circulation at the time of export (which means they are Union goods) unless they were originally declared for Inward Processing or End Use.



If the value of your goods at exportation is increased by the treatment while abroad, you will be liable for duty at re-importation based on outward processing rules. However, if you can provide proof that the treatment was both unforeseen and necessary for the goods to be used as intended at export, full relief will be allowed even if the value of the goods has increased.

Relief on import VAT only applies if the goods are re-imported into the EU by the same economic entity that originally exported the goods out of the EU. This means the exporter and importer must be the same person. Note that goods that are subject to Sanitary and Phyto-Sanitary (SPS) requirements will be treated as an import from a third country upon return to the Union and will be subject to full import formalities, including risk analysis, examination, and presentation of licenses.

### How to prove the origin of your goods

As proving the origin of your goods is crucial in this process, to ensure customs authorities are convinced your goods are truly eligible for RGR, documentation must be attached to the outside of the parcel and marked as “Customs Documents”. Acceptable documents are:

- + An original or a certified copy of the export declaration. Copies of the export declaration must be authenticated by the competent authorities in the exporting country.
- + The returned goods information sheet (form INF3) issued by the competent authorities in the exporting country and stamped by customs. This form may be completed by the competent authorities when the exporter is aware at the time of export that the goods may be re-imported into the EU. Note that an INF3 is only required if the goods are re-imported into another Member State than the one from which they were originally exported.
- + Proof that the goods have not been altered. This must be provided by your inventory system or other means of tracking the import/storage/re-export from the UK of those goods.



In order to qualify for RGR, self-filing of customs declarations is required, and all the data must be tracked in one single system, meaning the process cannot be executed by a customs broker. To take advantage of this opportunity for duty and VAT savings, you will require a digital customs management platform to automate the process and produce the proof customs authorities require to grant relief.

# Advantages of RGR for businesses



## Example:

As an example, a company manufactures umbrellas in France. They export 1000 umbrellas to sell in the UK. Amazingly, the weather is fine in the UK, and it doesn't rain! The French manufacturer decides to export the umbrellas from the UK to Ireland where it has been raining for months. Using Returned Goods Relief, they can claim relief from any import duty in Ireland (4%), as they can prove the goods are returning to the EU.

As we see in the example above, making use of Returned Goods Relief can mitigate paying unnecessary customs duty and VAT on reimported goods. This can account to millions and even billions of euros in duty savings. These savings can make a significant impact on company costs and provide you with a competitive edge.

Leveraging this relief by implementing a duty management system will cancel the implementation cost almost within a very short timeframe, guaranteeing the tracking records and proof that customs authorities require at the same time.



## How does Returned Goods Relief work in practice?

C4T's customs compliance solution, CAS, links the original export declaration to the import declaration, maintaining an audit trail of the movement of goods from the EU to the UK and back to the EU, complete with detailed flows, documentation, and time stamps.

A certified export declaration and proof of exit are also housed in CAS and linked to the declarations, supplying the proof needed to qualify for RGR. As products are linked to the import and export Movement Reference Numbers (MRNs) in CAS they can be traced back, providing an audit trail.

For re-imports to the Republic of Ireland, Irish Revenue has confirmed that the audit trail housed in the CAS Special Procedures module satisfies their requirements to qualify for Returned Goods Relief, as CAS retains a certified copy of the export declaration. Therefore, no INF3 form is required. It is possible that CAS will also satisfy RGR for other EU Member States, however in practice it has only been confirmed by the ROI.

## RGR: the process

The process that is being followed in the RGR procedure consists of seven steps. CAS is connected to the relevant customs system in the respective country for declarations filing.

1. Export declarations are uploaded and processed in CAS for shipments from EU plants to GB
2. CAS immediately produces the import declarations in the UK using the preferential treatment for those goods that are supported by proof of preferential origin
3. INF3 documents are requested from the customs offices of export (if required)
4. The obtained INF3 documents can be uploaded as PDFs in CAS (if required)
5. The INF3 reference number is manually added to the export declarations (if required)
6. For each shipment from GB to the EU, export declarations are processed in CAS. CAS automatically retrieves the export declaration references and INF3 references (if required) and produces the import declarations with the RGR procedure in the EU

CAS was absolutely key to our client meeting the requirements of the Irish Revenue Commissioners around Returned Goods Relief.

We received confirmation from the authorities that the customs audit trail, the electronic access to customs declarations, and the link to batch traceability provided all the documentary proof needed to re-import goods without payment of Customs Duty and VAT.

Ian Cusack, Director International Trade, Logistics & Customs, KPMG LLP (UK)

Returned Goods Relief consists of an easy, seven step process that can be automated to the biggest extent resulting in significant savings of customs duties and VAT. If you are re-importing goods into the EU, that have passed through the UK, consider applying this procedure for your company. Special Procedures are the secret sauce you need to optimise your indirect taxes in the current economic climate.

## About us

Customs4trade NV (C4T) has developed CAS, a collaborative hub, built on the Microsoft Azure platform delivered as a service (SaaS). It is designed to manage regional and worldwide customs and trade compliance quickly and accurately, with a digital-first approach, helping customers stay ahead of the digitisation of customs processes.

CAS provides customers with continual updates and feature enhancements, including the incorporation of any changes to legislation and compliance regulation—along with Azure’s signature accessibility, scalability, and security.

Forward-thinking companies are turning to C4T to help them navigate customs and trade with native-cloud software and managed services for their organisation’s highest strategic benefit.



We knew from our experience working with C4T previously that their knowledge in the customs field is unparalleled, which gave us confidence in their solution

Ellen Spruyt, Business Analyst, Reynaers Aluminium

## Get in touch

We'd love to hear from you.

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