

# C4T Customs Special Procedures

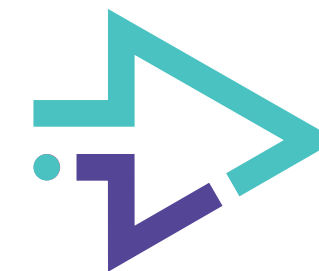
5 ways to save on import duty



## In this Paper

To gain and maintain a competitive advantage in today's global marketplace, finding ways to cut costs and gain efficiencies is a constant boardroom topic. Customs Special Procedures offer cost-saving opportunities that are designed to promote cross-border trade by allowing companies to store, process, repair, or temporarily use goods and receive suspension or even relief from customs duties.

Customs Special Procedures can help companies save or delay customs duty costs on imported goods, resulting in a positive impact on their economy. For companies dealing with processing, distribution, and other manufacturing industries subject to high duty rates, using Customs Special Procedures can prove to be highly beneficial. The savings present significant value to the companies but realising the benefits of Customs Special Procedures involves many initial hurdles to obtain the authorisations and, subsequently, to maintain a clear overview of the stock records.



**This e-Book will familiarise you with the different types of Customs Special Procedures available in both the EU and UK, the high-level requirements for using them, and how implementing an automated customs solution will give you a competitive advantage, without putting an undue burden on your organisation.**

# 5 ways to minimise customs import duty

- Customs Warehousing**  
Goods are exempt from duties and taxes until they leave the warehouse
- Inward Processing**  
Raw materials imported for manufacturing, processing, or repair are not subject to duties
- Outward Processing**  
Goods temporarily exported for manufacturing process, or repair are not subject to duties
- Temporary Admission**  
Relief from import duty for goods brought into a country for less than 24 months
- Returned Goods Relief**  
Relief from duty costs for goods re-imported into the EU



Subject to certain requirements and conditions relevant to each procedure described in the eBook. Companies must apply for an authorisation to use Special Procedures.

# Customs Warehousing

Customs Warehousing (CWH) allows you to store **imported goods from third countries in a warehouse** operated by either customs authorities or a private entity that holds a customs warehouse license. **These goods are exempt from duties**, taxes, and other customs charges indefinitely until they leave the warehouse and are released into free circulation. If the goods are re-exported out of the EU or UK, no VAT or import duty is payable.

**A Customs Warehouse can be used to store goods:**

- that are liable to customs duties, excise duties or import VAT
- where documents such as licenses are not available when you import your goods
- were originally imported to a special procedure and being warehoused before being re-exported
- on which duty is not yet due, but import VAT is and have been released to free circulation (duty paid)
- in the UK, free circulation, which are the subject of a claim under the Rejected Imports Arrangements

## Types of Customs Warehousing



### Public Warehouse

For businesses who want to store goods belonging to other people also known as depositors



### Private Warehouse

For businesses that want to store their own goods. The warehouse authorisation holder and depositor is the same person

In order to use customs warehousing, companies will need:

- An authorisation from customs authorities for each storage location.
- Detailed reporting on the real-time status of every item that is stored under the customs warehousing special procedure.
- A declaration tied to the customs warehousing procedure for any movement of goods.

**Housing stock records in CAS allows organisations to show customs authorities complete visibility into administrative stock movements and their respective storage location(s). Traders can easily provide reports required by customs authorities, saving administrative time and ensuring goods are handled in the most economically efficient way, providing the required audit trail.**

# Inward Processing

Inward Processing (IP) provides relief from import duties and taxes on raw materials used for the processing or repair of goods that will then be re-exported or released into free circulation as finished or semi-finished products.

Goods imported under IP are not subject to customs duty or VAT upon import. When a trader obtains an authorisation to use IP, they can elect one of two options once the goods are released into free circulation or re-exported:

-  **Pay duties**  
on only the raw materials at the rate and customs value applicable at the time of acceptance of the import declaration
-  **Calculate import duty and VAT**  
according to the rate and customs value of the finished products

Each authorisation is linked to a single company site and specifies the time frame, or discharge period, in which goods must be processed before they are released or re-exported. Since the discharge period is limited and the duties avoided are based on materials that have been imported, careful stock records must be kept and submitted to customs authorities for customs controls and audits.

Importers can take advantage of Inward Processing automation through a SaaS solution like CAS. Administration, managing stocks and writing off goods according to Material Lists and Formulas is automated within CAS, and goods can be released into free circulation, put into another Customs Regime or an export declaration can be created.

## **Benefits include:**

- + Cost savings**
- + Better inventory management**
- + Flexibility in production processes**

**Inward Processing (IP) can result in significant savings for companies that source materials from all over the world to make products for export.**



# Outward Processing

Outward Processing (OP) provides duty relief on goods that are temporarily exported for processing or repair, then re-imported as processed products and released for free circulation in the UK or EU. After processing, the finished product is returned to the same country where Outward Processing is claimed, covered by an import customs declaration.

Using this Special Procedure, companies do not have to pay duty on the original value of the raw materials that were exported; they must only be paid on the value added abroad.

## Benefits include:

- + Duty suspension
- + Duty exemption
- + Duty calculation on value addition
- + Tariff quota utilisation



An authorisation must be obtained to use Outward Processing and, in certain cases, this authorisation may be obtained retrospectively, the administrative requirements to use the procedure must still be met. Outward Processing also allows for goods to be exported from one EU Member State and the processed products to be re-imported into another Member State—an arrangement referred to as triangulation.

Under the EU-UK Trade Cooperation Agreement (TCA), goods that are exported to the UK for repair purposes only can then be re-imported to the EU with no duty or VAT payable.

**Outward Processing is beneficial for companies with manufacturing facilities outside the EU or UK customs territory.**

**Realise significant duty costs savings by avoiding or minimising import duties that would have been applicable if the goods were produced domestically.**



# Temporary Admission



Temporary Admission allows goods to be brought into a country temporarily, with total or partial relief from import duty. Provided the entity holding the Temporary Admission authorisation is established outside the EU or UK customs territories, they can get total relief from import duty on goods and means of transport.

**Temporary Admission is often used for events like trade shows, art exhibits, or music festivals.**

- Beneficial for businesses that ship goods internationally for short-term use. Import duties are totally or partially suspended for that period until the goods are returned.
- Samples, rentals, exhibits, equipment, and other items not intended for sale and which will return to their originating country do not incur customs duty.

Temporary Admission can be used under the following conditions:

- Goods may not undergo change other than normal depreciation.
- Upon re-export, the goods can be clearly identified as those originally imported.
- Customs requirements are met upon import and re-export.
- A guarantee is provided (repaid when the goods are re-exported).

**The maximum time frame for Temporary Admission is typically 24 months, however, depending on the projected use of goods, it may be much shorter, and is stipulated in the authorisation.**

**When goods are imported under Temporary Admission in CAS, the automated customs declaration will include the necessary details and documentation to identify the goods and their purpose of entry.**

# 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, then re-exported back into the EU are not eligible for preferential treatment, as they do not have UK origin. However, under the RGR, the EU allows Union goods to be re-imported into the EU without payment of customs duty and value-added tax (VAT).

RGR allows traders to re-import goods into the EU without payment of customs duty and import VAT.

- The goods must have been originally exported from the EU and returned to the Union territory within a period of three years.
- The goods must be returned in the same state in which they were exported.
- VAT relief is only allowed if the person that re-imports the goods is the same person who originally exported them.
- The goods must have been in free circulation at the time of export.



**When the goods are reimported, proof that the re-imported goods are those which were exported from the EU must be attached to the outside of the parcel and marked 'Customs Documents'.**

**Proof can be provided in one of two ways:**



An original or certified photocopy of the export declaration. Copies must be authenticated by the authorities in the EU Member State



The returned goods information sheet (form INF3) issued by the competent authorities in the exporting EU Member State and stamped by customs.

Proof that the goods have not been altered, e.g. by way of your inventory system or other means of tracking the import/storage/re-export from the UK of those goods, must also be provided.



# Conclusion



While the use of Customs Special Procedures can result in significant economic benefits for companies participating in cross-border trade, many have historically determined that the complex administrative requirements outweigh the benefits. However, by using an automated, cloud-based software like CAS to manage Customs Special Procedures, organisations can recognise significant duty savings without the need for additional resource.

The CAS Special Procedures module allows companies to implement and manage even the most complex Customs Special Procedures, producing an audit trail for customs authorities with the required reports and declarations available at the touch of a button. Used in tandem with the CAS Declarations module, it tracks and documents details such as stock movements, adjustments, and losses per authorisation and storage location, satisfying the administrative requirements of customs authorities. This brings Customs Special Procedures into reach for many companies that otherwise struggle to implement them. The advanced automation and customs logic built into CAS makes it possible to manage all customs operations in-house, without having to add resources.

With best practices built in, for example first in first out (FIFO) when checking inventory for raw materials in the case of Inward Processing, and the selection of bonded stock before free stock when using Customs Warehousing, CAS automatically makes the most financially sound decision about what inventory to use first, allowing companies to make strategic decisions, resulting in further cost savings.



## 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 support services for their organisation’s highest strategic benefit.



**CAS helps us support our rapidly expanding export operations. We are realising significant improvements in the time-critical export shipment process.**

Carman Wallays, Procurement  
& Logistics Director, Agristo



## Get in touch

**We’d love to hear from you.**

For more information or to contact us, visit our website or email: [info@customs4trade.com](mailto:info@customs4trade.com)

### Belgium

Motstraat 30  
2800 Mechelen  
Belgium

### United Kingdom

Office F4, CT3 Building  
Wigan Investment Centre, Waterside  
Drive Wigan WN3 5BA

