

## **EU IMPORTS AND CUSTOMS**

### **Top 5 issues you should keep in mind**

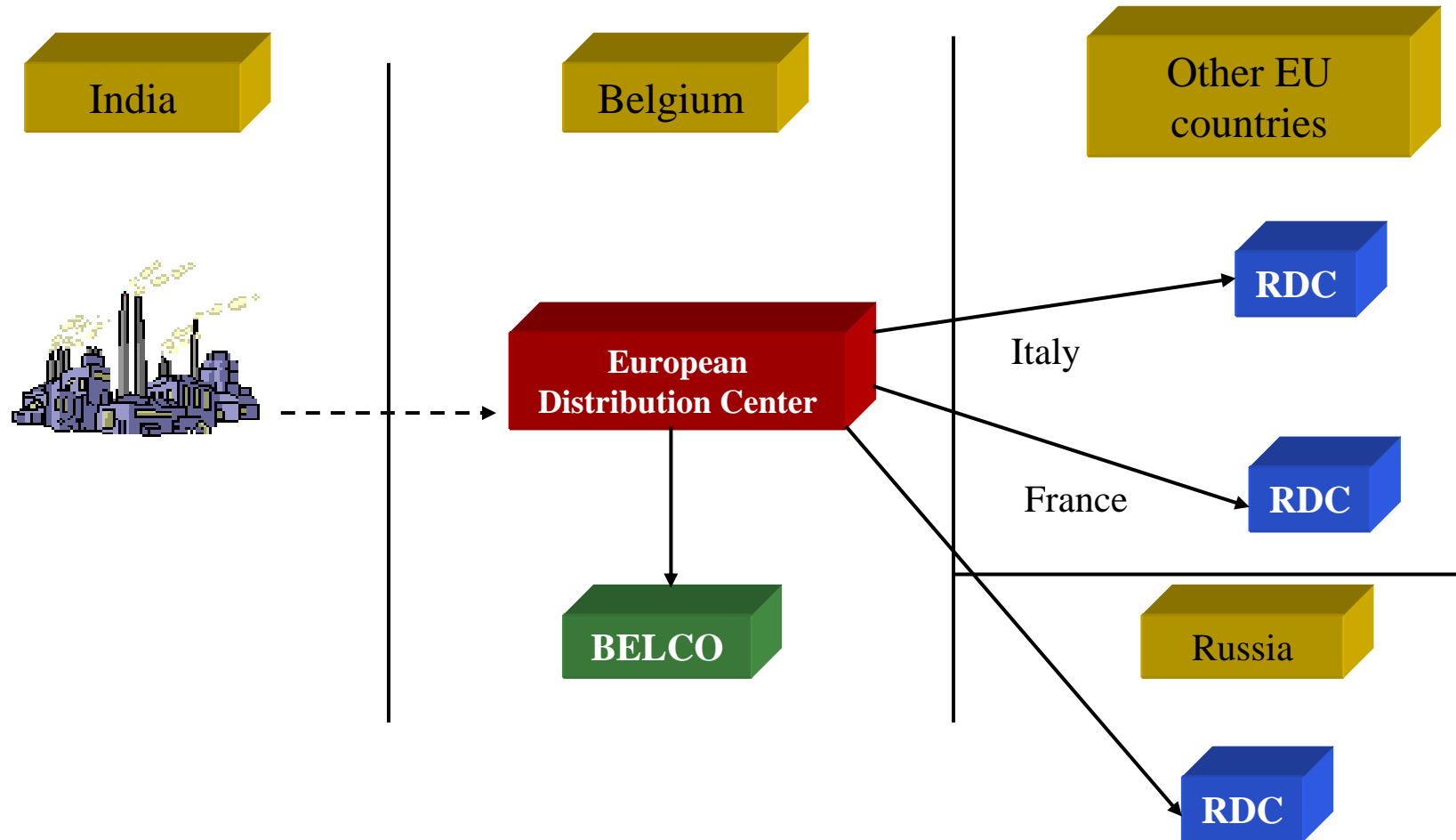
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# EU IMPORTS AND CUSTOMS

- Top 5 issues you should keep in mind



# EU IMPORTS AND CUSTOMS

- **Top 5 issues you should keep in mind**
  1. EU as one customs Union
  2. International Trade
    - Are there any trade barriers or preferential regimes applicable?
  3. Customs clearance: 4 key issues
    - Classification
    - Origin
    - Valuation
    - Suspension regimes
  4. EU VAT principles
  5. Improvement of Customs environment



# EU IMPORTS AND CUSTOMS

## 1. Customs – EU as one Customs Union

- No customs duties on trade between Member States
- No internal trade barriers
- Common external tariff and harmonised trade measures

# EU IMPORTS AND CUSTOMS

## 2. International Trade: are there any Trade barriers or preferential regimes applicable?

- Most common barrier : anti-dumping and anti-subsidy measures
- Exporter check-list:
  - **Step 1:** Establish product classification and duty rate
  - **Step 2:** Check the origin criteria
  - **Step 3:** Check the consignment conditions
  - **Step 4:** Prepare in advance documentary evidence
  - **Step 5:** Ship product and submit documents to customs authorities or importer in the EU

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## 3. Customs clearance: 4 key issues

### (i) Establish product classification and duty rate

- Classification in the Combined Nomenclature determines EU tariff
- Possible to obtain EU-wide binding rulings on classification  
(**Binding Tariff Information**)

### (ii) Origin & Departure

- Different treatment of products according to the country in which they were made (for example because of FTA or anti-dumping duty between country of origin and the EU)
- Importers may ask for EU-wide binding rulings on the origin of their products  
(**Binding Origin Information**)

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## 3. Customs clearance: 4 key issues



### (iii) Customs valuation

- Customs authorities challenge more and more the declared custom value
- Basic principle: taxable base equals the transaction value
- Point of attention: payments linked to the imported goods (e.g. royalties)
- **EU wide** rulings on customs valuation are currently not possible. National valuation ruling procedures exist in some EU countries.

# EU IMPORTS AND CUSTOMS

## 3. Customs clearance: 4 key issues

### (iii) Customs valuation

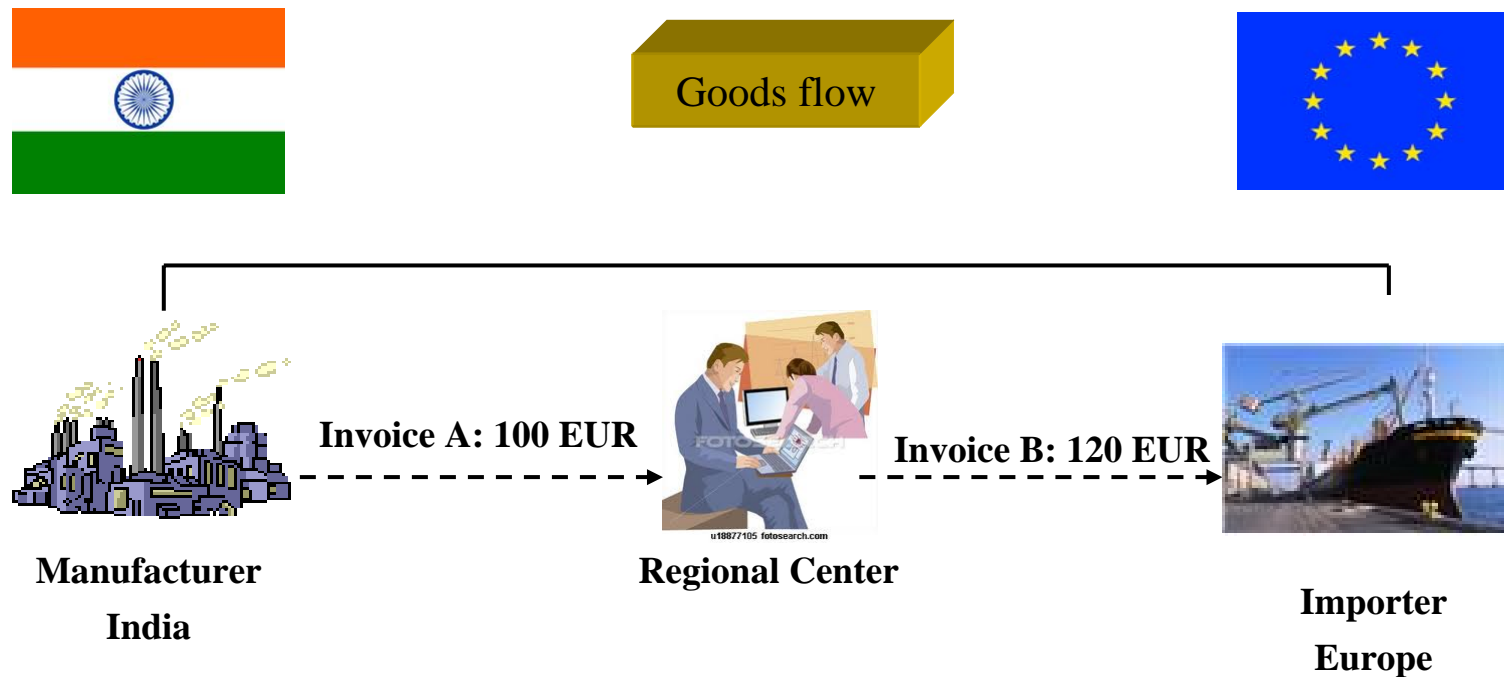
- Improvement of customs burden:  
**Examples:**
  - Use of bonded warehouse regime
  - Application of “First sale for export” regime
  - Unbundling of non-dutible elements from the transaction price
- Point of attention: transfer pricing and customs valuation
  - ↳ Corporate tax versus customs duties



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## 3. Customs clearance: 4 key issues

- Example for customs valuation



In the scenario above, given the appropriate conditions, the customs authority in some jurisdictions will consider determining the dutiable value based on the lower value *Invoice A*

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## 3. Customs clearance: 4 key issues

### (iv) Suspension regimes



Warehousing, transit, inward processing relief,  
temporary importation, etc....

- Advantage:
  - Deferral of import duties
  - Avoidance of duties for export of goods with a final  $\neq$  EU destination
- Disadvantage:
  - More compliance

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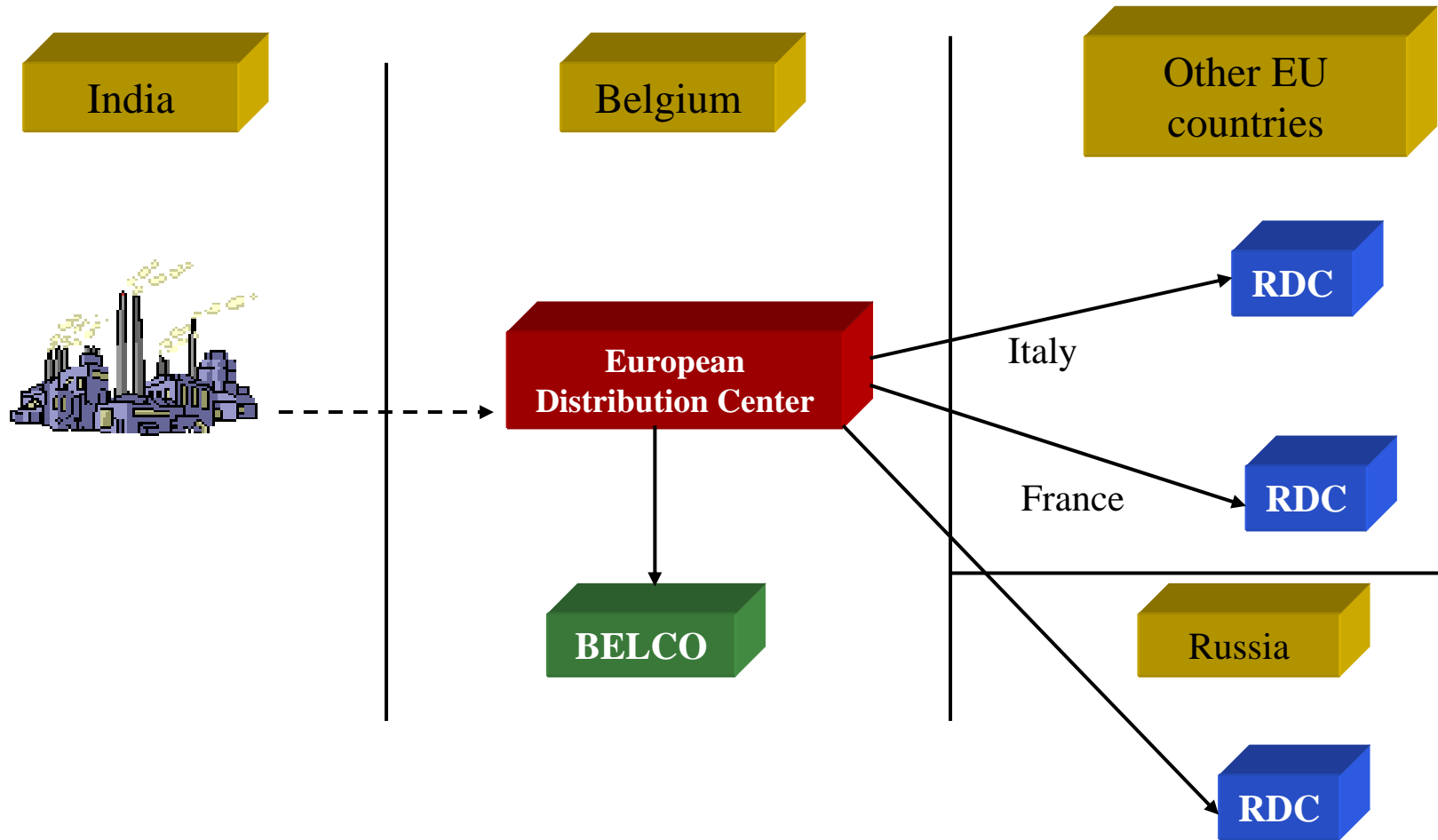
## 4. EU VAT Principles

- **General outline**

- VAT is due:
  - Supply of goods
  - Supply of services
  - Importation of goods
- Right to deduct input VAT paid on the importation or purchase of goods and services
- **Cost saving opportunities: avoid pre-financing of VAT**  
via: reverse charge mechanism, application of exemptions

# EU IMPORTS AND CUSTOMS

## 4. EU VAT principles



# EU IMPORTS AND CUSTOMS

## 5. Improvement of customs environment

- **Authorised Economic Operator (AEO)**
- **Pre-arrival & pre-departure information**
- **Single European Authorisations**
  - **One stop shop/Single window**



Thank you!

