

Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (repealed)

PART II

CUSTOMS-APPROVED TREATMENT OR USE

TITLE III

CUSTOMS PROCEDURES WITH ECONOMIC IMPACT

CHAPTER 3

Inward processing

Section 1

General provisions

Article 549

For the purposes of this Chapter:

- (a) *main compensating products* means: the compensating products for the production of which the use of the inward processing procedure was authorized;
- (b) *secondary compensating products* means: compensating products other than the main compensating products which are a necessary by-product of the processing operation;
- (c) *losses* means: the proportion of the import goods destroyed and lost during the processing operation, in particular by evaporation, desiccation, venting as gas or leaching;
- (d) *quantitative scale method* means: calculation of the proportion of import goods incorporated in the various compensating products by reference to the quantity of the import goods;
- (e) *value scale method* means: calculation of the proportion of import goods incorporated in the various compensating products by reference to the value of the compensating products;
- (f) *operators* means: persons who carry out all or part of the processing operations;
- (g) *equivalent compensation* means: the system which, in accordance with Article 115 (1) (a) of the Code, allows the compensating products to be obtained from equivalent goods, which must fulfil the conditions laid down in Article 569 (1);
- (h) *prior exportation* means: the system which, in accordance with Article 115 (1) (b) of the Code, allows compensating products obtained from equivalent goods to be

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exported from the customs territory of the Community before the import goods are entered for the procedure using the suspension system;

- (i) *triangular traffic* means: the system whereby the import goods are entered for the procedure in the Community at a customs office other than the one at which the prior exportation of the compensating products took place;
- (j) *period for re-exportation* means: the time by which the products must have been assigned to one of the customs-approved treatments provided for under Article 89 of the Code;
- (k) *monthly aggregation* means: application of the second subparagraph of Article 118 (2) of the Code in respect of periods for re-exportation which begin to run during a given calendar month;
- (l) *quarterly aggregation* means: application of the second subparagraph of Article 118 (2) of the Code in respect of periods for re-exportation which begin to run during a given quarter.

Article 550

The goods referred to in Article 114 (2) (d) of the Code which can be used as production accessories are listed in Annex 74.

Section 2

Authorizing use of the procedure — normal procedure

Article 551

1 An authorization to use the suspension system shall be granted only where the applicant has the actual intention of re-exporting the main compensating products from the customs territory of the Community. In that case use of the suspension system may be authorized for all the goods to be processed.

2 An authorization for use of the drawback system shall be granted only in the cases referred to in Article 124 of the Code, where opportunities exist for export of the main compensating products from the customs territory of the Community.

3 Where the conditions for use of both systems are fulfilled, the applicant may request that the authorization be for either the suspension system or the drawback system.

Article 552

1 The economic conditions laid down in Article 117 (c) of the Code shall be considered fulfilled *inter alia* where:

- a the processing consists of one of the following, referred to by the appropriate code:
 - (i) operations carried out under a job-processing contract concluded with a person established in a third country. 'Job processing' means any processing of import goods directly or indirectly placed at the disposal of the holder of the authorization which is carried out according to the specifications and on behalf of a principal established outside the customs territory, generally against payment of processing costs alone (code 6201);
 - (ii) operations involving goods of a non-commercial nature (code 6202);

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- (iii) repairs, including overhaul and adjustments (code 6301);
- (iv) usual forms of handling intended to preserve goods, improve their appearance or marketable quality or prepare them for distribution or resale (code 6302);
- (v) operations in which the value of each type of goods, by eight-digit CN code, imported under the authorization does not exceed ECU 200 000 per applicant and per calendar year, irrespective of the number of operators carrying out the processing operation.

However, the value limit for goods and products listed in Annex 75 shall be ECU 100 000. The said value shall be the customs value of the goods estimated on the basis of the particulars known and the documents presented at the time when the application is lodged.

This paragraph may be waived in respect of particular import goods in accordance with the Committee procedure (code 6400);

- b no goods comparable to the goods to be processed are produced in the Community (code 6101);

‘Comparable goods’ means goods falling within the same eight-digit CN code, being of the same commercial quality and having the same technical characteristics, having regard to the compensating products to be obtained;

- c comparable goods as defined in paragraph (b) are not produced in the Community in sufficient quantity (code 6102);
- d comparable goods as defined in paragraph (b) cannot be made available to the applicant within a suitable time by producers established in the Community. Such goods shall be considered unavailable within a ‘suitable time’ where producers established in the Community cannot make them available to the operator in time for the proposed commercial operation to be carried out, despite a request having been made to them in good time (code 6103);
- e comparable goods as defined in paragraph (b) are produced in the Community but cannot be used for one of the following reasons:
 - (i) their price would make the proposed commercial operation uneconomic (code 6104).

In deciding whether the price of comparable goods produced in the Community would make the proposed commercial operation uneconomic, it shall be necessary to take account *inter alia* of the impact that the use of Community-produced goods would have on the cost price of the compensating product and hence on the disposal of the product on the third-country market, having regard to:

- the price before duty of the goods for processing and the price of comparable goods produced in the Community less domestic taxes refunded or refundable on export, including any refunds or other amounts applying under the common agricultural policy.

Conditions of sale, in particular payment terms, and proposed delivery terms for the Community goods shall also be taken into account when comparing prices,

- the price obtainable for the compensating products on the third-country market, as ascertained from commercial correspondence or other information;

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- (ii) they do not have the quality or characteristics necessary for the operator to produce the required compensating products (code 6105);
 - (iii) they do not conform to the expressly stated requirements of the third-country purchaser of the compensating products (code 6106);
 - (iv) the compensating products must be obtained from import goods in order to comply with provisions concerning the protection of industrial or commercial property rights (code 6107);
- f the applicant for an authorization in respect of a particular type of goods to be entered for the procedure within a given period:
- (i) during the period in question, obtains 80 % of his total requirements for such goods incorporated in the compensating products in the customs territory of the Community in the form of comparable goods, as defined in paragraph (b), produced in the Community; to make use of this provision, the applicant must supply the customs authorities with supporting documents which enable the said authorities to satisfy itself that the intended purchase of Community goods may be reasonably carried out. Such supporting documents, to be annexed to the application, may take the form, for example, of copies of commercial or administrative documents which refer to purchases made in an earlier reference period, or orders or intended purchases for the period under consideration.

Without prejudice to Article 87 (2) of the Code, the customs authorities shall, where appropriate, check that the percentage is correct at the end of the period in question (code 7001);
 - (ii) is trying to guard against real supply problems, proven to the satisfaction of the customs authorities, for that type of goods, and the proportion of supplies of goods produced in the Community is lower than the percentage indicated in paragraph (i) (code 7002);
 - (iii) satisfies the customs authorities that he is taking the necessary steps to obtain goods for processing in the Community, but has met with no response from Community producers (code 7003);
 - (iv) is building civil aircraft for delivery to airline companies (code 7004);
 - (v) is carrying out repair, modification or conversion of civil aircraft (code 7005).

2 Paragraph 1 (f) (i) shall not apply to goods listed in Annex II to the Treaty.

3 The applicant shall indicate in his application the reasons for which the economic conditions are considered to be fulfilled within the meaning of paragraph 1.

Article 553

1 In exceptional circumstances, where the applicant considers the economic conditions to be fulfilled for reasons other than those listed in Article 552, he shall state the said reasons in his application (code 8000).

2 Where the customs authorities consider that the economic conditions are fulfilled in cases other than those provided for in Article 552, the authorization shall be granted for a limited period, which may not exceed nine months.

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The particulars of the application concerning economic conditions shall be communicated to the Commission within a month of the issue of the authorization. The Commission shall inform the other Member States thereof.

The customs authorities may, at the request of the holder of the authorization, extend the period of validity of the latter where relevant provisions have not been adopted in good time in accordance with the Committee procedure.

3 Where the customs authorities consider that consultation at Community level is advisable in order to ensure that the economic conditions enabling an authorization to be issued are fulfilled, the Member State of the authorities shall submit the case to the Commission, which shall inform the other Member States thereof.

If the customs authorities do not consider it advisable to issue an authorization before consultation has taken place at Community level, they shall communicate particulars of the application as soon as possible.

If the customs authorities consider the authorization can be issued before the consultation, paragraph 2 may be applied *mutatis mutandis*.

Article 554

In assessing the economic conditions, the following shall not in themselves be taken as grounds for granting the authorization:

- (a) the fact that the Community producer of comparable goods which could be used to carry out the processing operations is an undertaking in competition with the person applying to use the procedure;
- (b) the fact that the goods are produced in the Community by a single undertaking.

Article 555

1 The application shall be made in conformity with Article 497 and in accordance with the specimen in Annex 67/B, and presented by the person to whom the authorization may be granted under Articles 86, 116 and 117 of the Code.

2

- a The application shall be presented to the customs authorities designated by the Member State where the processing operation is to be carried out.
- b Where it is expected that successive processing operations will be carried out by or on behalf of the applicant in different Member States, application for a single authorization may be made.

In this case, the application, which shall include all particulars of the sequence of operations and the exact places where they will be carried out, shall be presented to the customs authorities of the Member State where the first such operation will be carried out.

3 Where processing is to be carried out under a job-processing contract between two persons established in the Community, the application shall be lodged by or on behalf of the principal.

4 For the purposes of the second sentence of Article 117 (a) of the Code, 'imports of a non-commercial nature' means imports of goods referred to in Article 1(6).

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Article 556

1 Without prejudice to Article 568, the authorization shall be issued by the authorities to which the application was presented under Article 555 (2) and shall be made out in conformity with Article 500 and in accordance with the specimen in Annex 68/B.

By way of derogation from Article 500 (3) and in duly substantiated exceptional cases, the customs authorities may issue a retroactive authorization. However, the retrospective effect of such authorization may not go back beyond the time when the application was lodged.

2 Where Article 555 (2) (b) applies, the authorization may not be issued without the agreement of the customs authorities designated by the Member States in which the places indicated in the application are located. The following procedure shall apply:

- a the customs authorities to which the application was presented, after satisfying themselves that the economic conditions can be considered fulfilled in respect of the planned operation, shall communicate the application and the draft authorization to the customs authorities of the other Member States concerned; the said draft shall include at least the rate of yield, the approved methods of identification, the customs offices referred to at point 12 of the specimen authorization in Annex 68/B, any simplified procedures used for entry for the procedure, transfer or discharge and the rules to be observed *inter alia* as regards notification to the supervising office;
- b the customs authorities having received notification shall transmit any objections as soon as possible, and in any case within two months of the date of communication of the application and draft authorization;
- c the customs authorities referred to in subparagraph (a), after taking the necessary steps to ensure payment of the customs debt which may be incurred in respect of the import goods, may issue the authorization if they have received no information concerning the existence of objections to the draft authorization within the period referred to in subparagraph (b);
- d the Member State issuing the authorization shall send a copy thereof to all the Member States referred to above.

Authorizations issued in this way shall be valid only in the Member States referred to above.

The Member States shall communicate to the Commission the names and addresses of the customs authorities designated to receive the application and the draft authorization mentioned in subparagraph (a). The Commission shall inform the other Member States accordingly.

3 To ensure correct application of the provisions governing the procedure, the customs authorities may require the holder for the purposes of facilitating controls, to keep or ensure the keeping of stock records, hereafter called 'inward processing records' which indicate the quantities of import goods entered for the procedure and of compensating products obtained, and all particulars needed for the monitoring of the operations and the correct calculation of any import duties which may be payable.

The 'inward processing records' shall be made available to the supervising customs office to enable it to carry out the checks necessary for the proper implementation of the procedure. Where the processing operations are being carried out in two or more establishments, the stock records shall at all times show the information pertaining to the implementation of the procedure in each establishment.

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Where the records kept by the holder for commercial purposes allow supervision of the procedure they shall be recognized by the customs authorities as valid 'inward processing records' within the meaning of the preceding subparagraph.

Article 557

Where Article 556 (2) does not apply and compensating products are to be obtained from other compensating products obtained under an authorization already issued, the person carrying out the further processing operations or having them carried out must submit a fresh application conforming to Annex 67/B, giving reference particulars of the authorization already issued. In this case the economic conditions shall be considered fulfilled and shall not be assessed again (code 6303).

Article 558

1 The period of validity of the authorization shall be set by the customs authorities having regard to the economic conditions and the specific needs of the applicant.

Where the period of validity exceeds two years, the conditions on the basis of which it was issued shall be reviewed periodically at intervals specified in the authorization.

2 By way of derogation from paragraph 1, the period of validity of an authorization to use the procedure in respect of products referred to in Article 560 (2) shall not exceed three months.

Article 559

1 When issuing the authorization the designated customs authorities shall specify the period within which the compensating products must be re-exported in accordance with Article 118 of the Code, taking into account the time required to carry out the processing operations as indicated in the authorization for a given quantity of goods, the quantity of import goods authorized for the procedure, and the time required to assign the compensating products to a customs-approved treatment or use.

2 Where the circumstances so warrant, the period specified for re-exportation may be extended even when that originally set has expired.

Article 560

1 Without prejudice to paragraph 2, in the case of agricultural products of the kind referred to in Article 1 of Council Regulation (EEC) No 565/80 which are to be re-exported in the form of processed products or goods within the meaning of Article 2 (b) or (c) of that Regulation, the period for re-exportation shall not exceed six months.

2 In the case of products referred to in Article 1 of Council Regulation (EEC) No 804/68⁽¹⁾ which are intended for the manufacture of products referred to in that Article or goods referred to in the Annex to the said Regulation, the period for re-exportation shall not exceed four months.

Article 561

1 In the case of prior exportation the customs authorities shall specify the period referred to in Article 118 (3) of the Code taking account of the time required for the procurement and transport to the Community of the import goods.

2 The period referred to in paragraph 1 shall not exceed:
— three months in the case of goods subject to a price-regulating mechanism,

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- the period of validity of the import licence issued in accordance with Commission Regulation (EEC) No 2630/81⁽²⁾ in the case of raw sugar falling within CN code 1701 11 or 1701 12,
- six months in the case of all other goods. This period may, however, be extended where the holder of the authorization submits a reasoned request, provided that the total period does not exceed twelve months. Where the circumstances so warrant the extension may be allowed even after the original period has expired.

Article 562

1 The periods referred to in Articles 559 and 560 shall run from the date of acceptance of the declaration entering the goods for the procedure or, under the drawback system, of the declaration for release for free circulation.

2 The periods specified in accordance with Article 561 shall run from the date of acceptance of the export declaration.

Article 563

1 Monthly or quarterly aggregation shall be authorized by the customs authorities duly empowered by the Member State where the authorization is applied for, where the import goods are expected to be entered for the procedure for processing and re-exportation in the form of compensating products on a regular basis, so that the period for re-exportation will be more or less constant.

2 In the case of monthly aggregation, all periods for re-exportation beginning to run in a given month shall expire on the last day of the calendar month during which the period for re-exportation relating to the final entry for the procedure in the month in question would expire.

3 In the case of quarterly aggregation, all periods for re-exportation beginning to run in a given quarter shall expire on the last day of the quarter during which the period for re-exportation relating to the final entry for the procedure in the quarter in question would expire.

4 Monthly or quarterly aggregation shall be applied having regard to the examples in Annex 76.

Article 564

1 Where monthly aggregation is authorized for the agricultural products referred to in Article 560 (1), the periods for re-exportation referred to in Article 563 (2) shall expire no later than the last day of the fifth calendar month following that for which aggregation was authorized.

2 Where monthly aggregation is authorized for the agricultural products referred to in Article 560 (2), the periods for re-exportation shall expire no later than the last day of the fourth month following that for which aggregation was authorized.

3 Where quarterly aggregation is authorized for the agricultural products referred to in Article 560 (1), the periods for re-exportation referred to in Article 563 (3) shall expire no later than the last day of the quarter following that for which aggregation was authorized.

4 Quarterly aggregation shall not be authorized for the products referred to in Article 560 (2).

Article 565

The periods referred to in Articles 563 and 564 shall run from the date of acceptance of the declaration entering the goods for the procedure.

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Article 566

1 Subject to Article 567, the rate of yield as defined in Article 114 (2) (e) of the Code or the method of determining such rate referred to in Article 119 of the Code shall as far as possible be set on the basis of production data and shall be identifiable in the records of the operator's undertaking.

2 The rate, or method of determining the rate, shall be set in accordance with paragraph 1 and shall be subject to retrospective verification by the customs authorities.

Article 567

1 The standard rates of yield referred to in paragraph 2 shall apply only to import goods of sound, genuine and merchantable quality which conform to any standard quality laid down in Community legislation.

2 The standard rates of yield shown in column 5 of Annex 77 shall apply to inward processing operations carried out on the import goods listed in column 1 of that Annex which result in the production of the compensating products listed in columns 3 and 4.

Section 3

Authorizing use of the procedure — simplified procedure

Article 568

1 This Article shall apply where processing operations are to take place in a single Member State, except in cases where the equivalent compensation system is to be used.

2 Where the simplified procedures for entry for the procedure laid down in Article 76 of the Code are not applied, and in the cases referred to in Article 552 (1) (a), any customs office empowered by the customs authorities to grant authorizations using the simplified procedure shall allow the lodging of the declaration of entry for the procedure, under the suspension system, or the declaration for release for free circulation, under the drawback system, to constitute an application for authorization.

In this case acceptance of the declaration shall constitute the authorization, the said acceptance remaining in any event subject to the conditions governing the granting of the authorization.

3 Declarations presented under paragraph 2 shall be accompanied by a document made out by the declarant containing the following information, as necessary, unless such information can be entered in box 44 of the form used for the declaration itself:

- a where the person applying to use the procedure is not the same as the declarant, the name or business name and address of the applicant;
- b where the operator is not the same as the applicant or declarant, the name or business name and address of the operator;
- c the nature of the processing operation;
- d the trade and/or technical description of the compensating products;
- e the estimated rate of yield or, where appropriate, the method by which that rate is to be determined;
- f the estimated period for re-exportation;
- g the place where it is intended to carry out the processing operation.

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Article 498 shall apply *mutatis mutandis*.

4 Article 502 shall apply *mutatis mutandis*.

Section 4

Equivalent compensation and prior exportation

Subsection 1

Equivalent compensation under the suspension system and the drawback system

Article 569

1 Without prejudice to paragraph 2 and Article 570 (2), where use is to be made of equivalent compensation, the equivalent goods must fall within the same eight-digit subheading of the CN code, be of the same commercial quality and have the same technical characteristics as the import goods.

2 Special provisions, set out in Annex 78, shall apply in respect of the goods referred to in that Annex.

3 Use of equivalent compensation shall be possible only where it has been requested by the person concerned in the application and where the authorization specifies the factors referred to in paragraph 1 common to the equivalent goods and the import goods, and the means by which these may be checked.

4 Where the authorization provides for use of equivalent compensation, the specific measures to be taken in order to ensure compliance with the provisions applying to that system shall be indicated in the authorization.

5 Where the authorization does not specify use of equivalent compensation but the holder of the authorization wishes to use that system, the said holder shall apply for the authorization initially granted to be modified. The application shall be made out in accordance with Article 497.

Article 570

1 Where the circumstances so warrant, the customs authorities may allow the equivalent goods to be at a more advanced stage of manufacture than the import goods, provided that the essential part of the processing to which the said equivalent goods are subjected is carried out in the undertaking of the holder of the authorization or in the undertaking where the operation is being carried out on his behalf.

2 The person concerned shall in every case make it possible for the customs authorities to identify the factors referred to in Article 569 (1) before he can use the equivalent compensation system.

Article 571

1 In the case of equivalent compensation without prior exportation, the change in customs status of the import goods and the equivalent goods, referred to in Article 115 (3) of the Code, shall take place at the time of acceptance of the declaration discharging the procedure. However, where the holder of the authorization puts the import goods on the Community market either in the unaltered state or in the form of compensating products before the procedure has

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been discharged, the change in customs status of the import goods and the equivalent goods shall take place at the time the goods are put on the market.

2 The change in customs status referred to in paragraph 1 shall not alter the origin of the exported goods.

3 In the event of the total destruction or irretrievable loss of goods in the unaltered state or compensating products the proportion of import goods destroyed or lost shall be calculated by reference to the proportion of import goods in stocks of goods of the same kind held by the holder of the authorization at the time when the destruction or loss occurred, unless he can produce evidence of the actual quantity of import goods destroyed or lost.

Subsection 2

Prior exportation under the suspension system

Article 572

1 Where equivalent compensation is used under the suspension system, Article 569, 570 and 571 (2) and (3) shall apply *mutatis mutandis*.

2 In the case of prior exportation, the change in customs status referred to in Article 115 (3) of the Code shall take place:

- in respect of the exported compensating products, at the time of acceptance of the export declaration and on condition that the import goods are entered for the procedure,
- in respect of the import goods and equivalent goods, at the time of release of the import goods declared for the procedure.

Section 5

Provisions applying to the suspension system

Subsection 1

Entry of goods for the procedure

Article 573

1 The procedures governing the entry of goods for the inward processing procedure (suspension system) shall also apply to import goods, under the equivalent compensation system whether with prior exportation or not.

2 Without prejudice to Article 570 (2), equivalent goods used under the equivalent compensation system, whether with prior exportation or not, shall not be subject to the procedures for entry of goods for the procedure.

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(a)

Normal procedure

Article 574

1 Except where Article 568 applies, the declaration entering import goods for the inward processing procedure (suspension system) shall be lodged at one of the offices of entry for the procedure specified in the authorization.

2 Where Article 568 applies, the declaration referred to in paragraph 1 shall be lodged at a duly empowered customs office.

Article 575

1 The declaration referred to in Article 574 shall be made in accordance with Articles 198 to 252.

2 Without prejudice to the application of Article 568, the description of the goods given in the declaration referred to in paragraph 1 shall correspond to the specifications in the authorization.

Where the equivalent compensation system is used, the particulars in the declaration shall be sufficiently detailed to make it possible to identify the particulars referred to in Article 569 (1).

3 For the purposes of Article 62 (2) of the Code, the documents to accompany the declaration shall be those provided for in Article 220; where the triangular traffic system is used the declaration shall also be accompanied by the INF sheet, except where Article 605 applies, in accordance with Article 604.

(b)

Simplified procedures

Article 576

1 The simplified procedures provided for in Article 76 of the Code shall apply in accordance with Articles 275 and 276.

2 The customs authorities shall withhold authorization to use the local clearance procedure provided for in Article 276, from persons whose stock records, as referred to in Article 556 (3), cannot be established.

3 The supplementary declaration referred to in Article 76 (2) of the Code shall be supplied within the stipulated period and in any case no later than the time when the bill of discharge is lodged.

Subsection 2

Discharge of the procedure

Article 577

1 Pursuant to Article 89 of the Code, the inward processing procedure (**suspension system**) shall be discharged in respect of the import goods when the compensating products or

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goods in the unaltered state have been declared for another customs-approved treatment or use and all other conditions for use of the procedure have been complied with.

Where Article 115 (1) (b) of the Code applies, the procedure shall be discharged when the customs authorities have accepted the declaration in respect of the non-Community goods.

2 For the purposes of discharging the inward processing procedure, the following shall be treated as export from the customs territory of the Community:

- a the delivery of compensating products to persons in third countries who are eligible for relief pursuant to either the Vienna Convention of 18 April 1961 on Diplomatic Relations, the Vienna Convention of 24 April 1963 on Consular Relations or other consular conventions, or the New York Convention of 16 December 1969 on Special Missions;
- b the delivery of compensating products to the armed forces of third countries stationed in the territory of a Member State, in accordance with Article 136 of Council Regulation (EEC) No 918/83;
- c the delivery of civil aircraft to airline companies established in the customs territory of the Community;
- d the repair, modification or conversion of civil aircraft carried out under the inward processing procedure.

3 Discharge of the procedure shall be carried out according either to the quantities of import goods corresponding to the compensating products assigned to one of the treatments or uses referred to in paragraph 1 or paragraph 2 or to the quantities of goods in the unaltered state assigned to such a treatment or use.

Article 578

The declaration to assign compensating products or goods in the unaltered state to one of the customs-approved treatments or uses shall contain all particulars necessary for discharge of the procedure.

Article 579

1 When the nature and/or technical characteristics of the import goods have been altered as a result of unforeseeable circumstances or *force majeure* so that it becomes impossible to obtain the compensating products for which an inward processing authorization (suspension system) has been issued, the holder of the authorization shall inform the supervising customs office of what has happened.

2 Article 571 (3) shall apply *mutatis mutandis*.

3 In cases where the alteration in question may affect the continuation in force or the substance of the authorization, paragraphs 1 and 2 shall be without prejudice to Articles 9 and 87 (2) of the Code.

4 This Article shall apply *mutatis mutandis* to compensating products.

Article 580

1 The conditions for the release for free circulation of goods in the unaltered state or main compensating products shall be deemed to be fulfilled where the person concerned declares that he is unable to assign those products or goods to a customs-approved treatment or use under which import duties would not be payable.

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2 The customs authorities may authorize release for free circulation on a general basis. They shall do so only if this does not contravene other Community provisions relating to release for free circulation.

3 Import goods may be put on the Community market in the form either of compensating products or of goods in the unaltered state without the formalities for release for free circulation being completed at the time of their being put on the market.

For the purposes of paragraph 4 only, goods put on the market in such a manner shall not be considered to have been assigned one of the treatments or uses referred to in Article 89 of the Code.

4 Import goods, whether in the form of compensating products or of goods in the unaltered state, which are covered by a general authorization for release for free circulation and which, upon expiry of the period for re-exportation (having due regard to Article 561), have not been assigned to any of the customs-approved treatments or uses referred to in Article 89 of the Code shall be considered to have been released for free circulation, and the declaration for release for free circulation shall be considered to have been lodged and accepted and release granted upon expiry of the said period.

5 Goods put on the market in accordance with paragraph 3 shall be considered to be Community goods forthwith.

Article 581

Without prejudice to use of the simplified procedures, any compensating products or goods in the unaltered state to be assigned to a customs-approved treatment or use shall be presented to the office of destination in order to undergo the customs formalities specified for the treatment or use in question under the general provisions applicable.

However, the supervising office may allow the products or goods concerned to be presented at a customs office other than that referred to in the first subparagraph.

(a)

Normal procedures

Article 582

1 Except where Article 568 is applied, the declaration discharging the inward processing procedure (suspension system) shall be lodged at one of the offices of discharge specified in the authorization.

2 Where Article 568 is applied, the declaration referred to in paragraph 1 shall be lodged with the customs office which issued the authorization.

3 However, the supervising office may allow the declaration referred to in paragraph 1 to be presented at a customs office other than those referred to in paragraphs 1 and 2.

Article 583

1 The declaration referred to in Article 582 shall be made in accordance with the provisions laid down for the customs-approved treatment or use concerned.

2 The description of the compensating products or goods in the unaltered state in the declaration referred to in paragraph 1 shall correspond to the specifications in the authorization.

Status: Point in time view as at 02/07/1993.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

3 For the purposes of Article 62 (2) of the Code, the documents to accompany the discharge declaration shall be those whose production is necessary for placing the goods under the procedure requested, as provided for in Articles 218 to 221.

(b)

Simplified procedures

Article 584

The simplified procedures provided for in Article 76 of the Code shall apply in accordance with Article 278.

(c)

Provisions concerning application of charges

Article 585

1 Where the import goods are olive oils falling within headings 1509 or 1510 of the combined nomenclature and their release for free circulation either in the unaltered state or in the form of compensating products falling within CN codes 1509 90 00 or 1510 00 90 has been authorized, the agricultural levy to be charged shall be:

— the agricultural levy indicated on the import licence issued under the tendering procedure, subject to the provisions of Article 4 (2) of Commission Regulation (EEC) No 3136/78 of 28 December 1978⁽³⁾,

or

— the last minimum agricultural levy fixed by the Commission before the date of acceptance of the declaration for free circulation, when the licence referred to in Article 6 of the said Regulation has been presented or when the quantity released for free circulation does not exceed 100 kilograms.

2 Paragraph 1 shall also apply where the import goods are olives falling within CN code 0709 90 39 or 0711 20 90 and the release for free circulation of compensating products falling within tariff CN code 1509 90 00 or 1510 00 90 has been authorized.

Article 586

In the event of the release for free circulation of goods in the unaltered state or compensating products in a Member State other than the one in which the goods were entered for the procedure, the said Member State shall collect the import duties which are mentioned on information sheet INF 1 provided for in Article 611, in accordance with the corresponding indications.

Article 587

1 Where the compensating products are released for free circulation and the customs debt is calculated on the basis of the items of charge appropriate to the import goods, in accordance with Article 121 of the Code, boxes 15, 16, 34, 41 and 42 of the declaration shall refer to the goods in the unaltered state.

2 The particulars referred to in paragraph 1 need not be supplied where information sheet INF 1 referred to in Article 611 or another document containing the same particulars as the INF 1 sheet accompanies the declaration for release for free circulation.

*Status: Point in time view as at 02/07/1993.**Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)*

Article 588

1 The list of compensating products and processing operations to which the first indent of Article 122 (a) of the Code applies is in Annex 79.

For the purposes of this Article, destruction of compensating products other than those to which the first indent of Article 122 (a) of the Code applies shall be treated as export from the customs territory of the Community.

2 The date to be used for determining import duties on the compensating products referred to in paragraph 1 shall be that on which the declaration for release for free circulation is accepted.

3 The supervising office may allow the first indent of Article 122 (a) of the Code to be applied to waste, scrap, residues, offcuts and rejects other than those in the list referred to in paragraph 1.

Each Member State shall notify the Commission every six months of cases in which this paragraph has been applied.

Article 589

1 Where a customs debt is incurred in respect of compensating products or goods in the unaltered state, compensatory interest shall be paid on the import duty applicable.

2 Paragraph 1 shall not apply:

- where a customs debt is incurred pursuant to Article 216 of the Code,
- where waste and scrap resulting from destruction under Article 182 of the Code is released for free circulation,
- where the secondary compensating products referred to in Annex 79 are released for free circulation, provided they are in proportion to exported quantities of main compensating products,
- where compensatory interest calculated in accordance with paragraph 4 does not exceed ECU 20 per declaration for free circulation,
- where the holder of the authorization requests release for free circulation and supplies proof that particular circumstances not arising from any negligence or deception on his part make it impossible or uneconomic to carry out the export operation under the conditions he had anticipated and duly substantiated when applying for the authorization.

3 The request for consideration of a case under the terms of the fifth indent of paragraph 2 shall be submitted to the customs authorities indicated by the Member State which issued the authorization. It shall be admissible only if accompanied by all the supporting documents needed for a full examination of the case.

Where a customs authorities receive a request relating to compensatory interest on a sum of ECU 3 000 or less per bill of discharge and finds that the grounds supporting the request indicate a situation of the kind provided for in the fifth indent of paragraph 2, they shall waive application of paragraph 1. In this case the supporting documents shall be kept for three years by the customs authorities.

In all other cases, where they intend to grant the request they shall forward the said request to the Commission with the file containing the material needed for a full examination of the case. Release granted by the customs authorities for entry for free circulation of compensating products or goods in the unaltered state may be made

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subject to the provision of a security, the amount of which shall be determined in accordance with paragraph 4.

The Commission shall notify the Member State concerned immediately it receives the file. The Member State which forwarded the request shall waive application of paragraph 1 if the Commission has failed to inform it of any objections within two months of the date of acknowledgement of receipt.

The Commission shall inform the Member States of requests received and the action taken on them.

4

- a The annual interest rates shall be set by the Commission on the basis of the arithmetical average of representative short-term rates for each Member State in the same six-month period of the previous year.

They shall apply to all customs debts incurred in the course of a six-month period.

The rate applied shall be that for the Member State where the inward processing operations, or the first such operation, took place or should have taken place.

Rates shall be published in the L series of the *Official Journal of the European Communities* at least one month before they become applicable.

- b Interest shall be applied per calendar month for the period running from the first day of the month following the month in which the import goods in respect of which the procedure is discharged were first entered for the procedure to the last day of the month in which the customs debt is incurred.

In order to simplify determination of the period to be taken into account for the application of compensatory interest, particularly in the case of operations in which the number of import goods and/or compensating products makes it economically impracticable to apply the normal provisions, the customs authorities, at the request of the person concerned, may allow the period for application of interest to be based on turnover periods of stocks of goods used to obtain the compensating products.

The stock turnover period should be taken to mean the average time from the moment the goods to be used for obtaining the compensating products enter the factory until the moment they leave the factory. This period shall be determined from the ratio at cost price of the value of the average stock of goods necessary for obtaining the compensating products to the annual turnover.

The figure obtained, multiplied by 12 and rounded up to the next whole number, shall constitute the number of months on which compensatory interest shall be applicable.

The simplification mentioned above shall be accorded by the customs authorities only on condition that the stock turnover period can be verified.

The period to take into account for the application of compensatory interest shall not be less than one month.

- c The amount of interest shall be calculated on the basis of the import duties, the interest rate referred to in (a) above and the period referred to in (b) above.

Article 590

1 In specific cases, particularly in the case of processing operations involving two or more Member States, simplified methods may be used at the request of the persons concerned for the calculation and accounting of compensatory interest.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

2 When the Member States concerned have satisfied themselves that the proposed procedures can be implemented, they shall communicate them to the Commission and the Commission shall inform the other Member States. The procedures communicated to the Commission may be applied unless the Commission notifies the Member States concerned, within two months of the date of receipt of the draft, of any objections to such application.

Article 591

1 The proportion of import goods incorporated in compensating products shall be calculated when necessary in order to determine the import duties to be charged. Such calculation shall not be effected when, *inter alia*, the amount of the debt is determined solely on the basis of Article 122 of the Code.

2 The calculations shall be effected in accordance with the methods referred to in Articles 592 to 594 or by any other method giving the results.

Article 592

The quantitative scale method (compensating products) shall be used where one kind of compensating product only is derived from the inward processing operations. In that case the quantity of import goods corresponding to the quantity of compensating products in respect of which a customs debt is incurred shall be calculated by applying to the total quantity of the said goods a coefficient corresponding to the ratio of the quantity of compensating products in respect of which a customs debt is incurred to the total quantity of compensating products.

Article 593

1 The quantitative scale method (import goods) shall be applied where all elements of the import goods are found in each compensating product.

In deciding whether this method shall apply, losses shall not be taken into account.

The quantity of import goods used in the manufacture of each compensating product shall be determined by successively applying to the total quantity of import goods a coefficient corresponding to the ratio of the quantity of the said goods found in each type of compensating product to the total quantity of the goods found in the compensating products as a whole.

The quantity of import goods corresponding to the quantity of compensating products in respect of which a customs debt is incurred shall be determined by applying the coefficient arrived at by the method indicated in Article 592 to the quantity of import goods used in the manufacture of the said product calculated in accordance with the third subparagraph.

2 By way of derogation from paragraph 1, the quantitative scale method (import goods) shall also apply to operations in which durum wheat is processed to obtain 'couscous' meal, groats and other meal.

Article 594

1 Where Articles 592 and 593 do not apply, the value scale method shall be applied in all cases. However, with the agreement of the holder of the authorization and for the purposes of simplification, the customs authorities may apply the quantitative scale method (import goods) instead of the value scale method where either method would give similar results.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

2 In order to determine the quantity of import goods used in the manufacture of each type of compensating product, successive coefficients corresponding to the ratio of the value of each compensating product to the total value of those products, calculated in accordance with paragraph 3, shall be applied to the total quantity of import goods.

3 Pursuant to Article 36 (1) of the Code, the value of each of the different compensating products to be used for applying the value scale shall be:

- the recent selling price in the Community of identical or similar products, provided that this has not been influenced by the relationship between buyer and seller, or, where this is not known,
- the recent ex-works price in the Community, provided that this has not been influenced by the relationship between buyer and seller.

Where the value cannot be ascertained under the first subparagraph it shall be determined by the supervising customs office using any reasonable method.

4 The quantity of import goods corresponding to the quantity of compensating products in respect of which a customs debt is incurred shall be calculated by applying the coefficient arrived at by the method indicated in Article 592 to the quantity of import goods used in the manufacture of the products in question, calculated in accordance with paragraph 2.

(d)

Bill of discharge

Article 595

1 Without prejudice to Article 596 (3), the holder of the authorization shall supply the supervising office with a bill of discharge.

2 The bill of discharge shall contain *inter alia* the following particulars:

- a reference particulars of the authorization;
- b the quantity of each type of import goods and reference particulars of the declarations entering them for the procedure;
- c the combined nomenclature code of the import goods;
- d the customs value of the import goods and the rate of import duties to which they are liable;
- e the rate of yield established;
- f the nature and quantity of the compensating products and the customs-approved treatment or use to which they are assigned, together with reference particulars of the declarations assigning the said products to a customs-approved treatment or use;
- g the value of the compensating products if the value scale method is used for the purposes of discharge;
- h the amount of import duties to be paid on the quantity of import goods considered to be released for free circulation under Article 580 (3);
- i the import goods entered for the procedure under the triangular traffic system.

3 Where simplified procedures are used for entry for the procedure or discharge of the procedure, the declarations and documents in question shall be those provided for in Article 76 (3) of the Code. The bill of discharge shall also show the quantity of goods considered to be released for free circulation pursuant to Article 580.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

Article 596

1 The bill of discharge shall be supplied within 30 days of the expiry of the time limit for re-exportation, calculated, where appropriate, in accordance with Article 565. Where monthly or quarterly aggregation is used, a bill of discharge shall be presented for each month or quarter.

2 Without prejudice to paragraph 3 and Article 597 (4), where the prior exportation system is used the bill of discharge shall be supplied within 30 days of the expiry of the period fixed in accordance with Article 561.

3 The supervising office may itself make out the bill of discharge subject to the same time limits referred to in paragraphs 1 and 2. This fact shall be indicated in the authorization.

Article 597

1 Import duties on import goods, whether in the form of compensating products or of goods in the unaltered state considered to have been released for free circulation in accordance with Article 580 (3), shall be paid at the latest on presentation of the bill of discharge, which may be based on a summary declaration.

2 Where identification of other items of charge relating to the import goods is necessary in order to determine the amount of import duties, the bill of discharge shall in addition show such items and, where appropriate, the proportion of the import goods incorporated in the compensating products, established in accordance with Articles 592 to 594.

3 The holder of the authorization shall make available to the supervising office any document relating to goods considered to have been released for free circulation in accordance with Article 580 (3) whose production is necessary for the correct application of the provisions governing the release of goods for free circulation.

4 The supervising office may agree that:

- a the bill of discharge referred to in Article 595 (1) should be made out by computer or in any other form that the said office shall stipulate;
- b the bill of discharge should be made out on the declaration entering the goods for the procedure.

Article 598

The supervising office shall annotate the bill of discharge on the basis of the verification which has been carried out, informing the holder of the authorization if necessary of the result of that verification, and shall keep the bill of discharge and related documents for at least three calendar years from the end of the year in which the bill was drawn up. However, the said customs office may decide that documents relating to the bill of discharge shall be kept by the holder of the authorization. In that case the said documents shall be kept for the same period.

Article 599

1 Where import goods have been entered for the procedure by virtue of a single authorization but under several declarations, the compensating products or goods in the unaltered state assigned to a customs-approved treatment or use shall be considered to have been obtained from the import goods entered for the procedure under the earliest of the declarations.

2 Where the holder of the authorization can show the specific import goods from which the compensating products or goods in the unaltered state referred to in paragraph 1 were obtained, paragraph 1 shall not apply.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

Subsection 3

Triangular traffic

Article 600

The customs authorities referred to in Article 556 may allow triangular traffic only as part of the prior exportation system.

Article 601

1 For triangular traffic the information sheet referred to as 'information sheet INF 5' shall be used.

2 Information sheet INF 5 shall be made out on a form corresponding to the model and indications in Annex 81, in one original and three copies which must be presented together at the customs office where the export formalities are carried out.

Information sheet INF 5 shall be made out in respect of the quantity of import goods corresponding to the quantity of compensating products exported. Where it is planned to import the goods in successive consignments, more than one INF 5 sheet may be made out.

3 In the event of theft, loss or destruction of information sheet INF 5, the importer may ask the customs office which endorsed it for a duplicate to be issued. The said office shall comply with this request provided it can be shown that the import goods in respect of which the duplicate is requested have not been entered for the procedure.

The original and copies of the information sheet INF 5 so issued shall bear one of the following indications:

- DUPLICADO,
- DUPLIKAT,
- DUPLIKAT,
- ΑΝΤΙΓΡΑΦΟ,
- DUPLICATE,
- DUPLICATA,
- DUPLICATO,
- DUPLICAAT,
- SEGUNDA VIA.

Article 602

1 When the export declaration in respect of the compensating products is presented at the customs office where the export formalities are carried out, an INF 5 sheet made out in accordance with Article 601 (2) shall be presented.

2 Where the compensating products leave the customs territory of the Community via the customs office where the export declaration is accepted, the said office shall endorse boxes 9 and 10 of the INF 5 sheet, retain copy No 1 and return the original and the other copies to the declarant.

Where that customs office is not the supervising customs office, it shall endorse copy 1 and send it to the supervising office.

3 Where the compensating products leave the customs territory of the Community via a customs office other than the customs office where the export declaration is accepted, they

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shall be carried from the customs territory of the Community under the external Community transit procedure.

The box reserved for the description of the goods on the transit document shall contain one of the indications referred to in Article 610 (1) plus the letters EX-IM.

In cases provided for by this paragraph the customs office where the export declaration is accepted shall complete box 9, entering particulars of the T1 document and the symbol T1. The customs office of exit shall complete box 10, send copy 1 to the supervising office and return the original and the other copies to the declarant.

4 The compensating products referred to in paragraph 3 may not be assigned to any treatment or use other than direct export to a third country.

Article 603

The import goods may be entered for the procedure at a customs office of entry other than that originally specified, where the change is allowed by the supervising office or by the customs office where the entry formalities are actually carried out, which in that event shall notify the change to the supervising office.

Article 604

1 The declaration entering import goods for the procedure must be accompanied by the original and copy 2 and 3 of information sheet INF 5.

2 The customs office where the declaration of entry is presented shall note on the original and copies 2 and 3 of information sheet INF 5 the quantity of import goods entered for the procedure and the date of acceptance of the declaration. It shall send copy 3 to the supervising office without delay, returning the original to the declarant and retaining copy 2.

3 On receipt of copy 3 the supervising office shall notify the holder of the authorization without delay of the quantity of import goods entered for the procedure and the date of such entry.

Article 605

Where the office of entry for the procedure and the office where the export formalities are carried out are in the same Member State, the customs authorities may stipulate other procedures.

Subsection 4

Specific commercial policy measures

Article 606

Where the application for authorization relates to goods subject to the commercial policy measures referred to in Article 607 (1) (a) it shall not be necessary to present any licence, authorization or other similar document at the time when the application is submitted.

Article 607

1 Where Community acts provide for specific commercial policy measures on:
a release of goods for free circulation, the said measures shall not apply on entry of the goods for the inward processing procedure nor for such time as they remain under the procedure;

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

- b goods brought into the customs territory of the Community, the said measures shall apply when the import goods are entered for the inward processing procedure.
- 2 Non-Community goods, even where they are not liable to import duties, may also be entered for the procedure using the suspension system:
- a with a view to waiver of commercial policy measures applying to the release of the goods for free circulation;
- b with a view to waiver of commercial policy measures applying to export of the goods in the unaltered state or the compensating products, without prejudice to commercial policy measures applying to the export of products originating in the Community.
- 3 Where paragraph 1 (a) or paragraph 2 applies, it shall not be necessary to present any licence, authorization or other related document at the time of entry for the procedure.

Article 608

Subject to the applicable provisions, the re-export of non-Community goods entered for the procedure shall not give rise to the application of the commercial policy measures laid down for exports of the goods in the unaltered state or compensating products, without prejudice to commercial policy measures applying to the export of products originating in the Community.

Article 609

- 1 The release for free circulation of import goods in the form either of goods in the unaltered state or of compensating products other than secondary compensating products listed in Annex 79 shall be subject to the application by the customs authorities of any commercial policy measures in force for the import goods at the time when the declaration for release for free circulation was accepted.
- 2 Where release for free circulation is requested in a Member State other than the one in which the import goods were entered for the procedure, it shall be subject to application of any commercial policy measures in force in the Member State where the goods were entered for the procedure at the time when the declaration for release for free circulation is accepted.

Subsection 5

Administrative cooperation

Article 610

- 1 Where the compensating products or goods in the unaltered state are placed in a free zone or free warehouse or entered for one of the suspensive procedures, enabling the inward processing procedure to be discharged, the box reserved for the description of goods on the document used for the said customs-approved treatment or use or, where simplified procedures are used, on the commercial document or records used, shall, in addition to the information laid down for the procedure in question, contain one of the following indications:
- Mercancías PA/S,
 - A.F./S-varer,
 - A.V./S-Waren,
 - Εμπορεύματα ET/A,
 - I.P./S. goods,
 - Marchandises PA/S,

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- Merci PA/S,
- AV/S-goederen,
- Mercadorias AA/S.

2 Where import goods entered for the procedure using the suspension system are subject to specific commercial policy measures and such measures continue to be applicable at the time when the goods, either in the unaltered state or in the form of compensating products, are placed under a customs procedure or in a free zone or free warehouse, the indication referred to in paragraph 1 shall be supplemented by one of the following:

- Política comercial,
- Handelspolitik,
- Handelspolitik,
- Εμπορική πολιτική,
- Commercial policy,
- Politique commerciale,
- Politica commerciale,
- Handelspolitiek,
- Política comercial.

3 The office of discharge shall satisfy itself that the indications referred to in paragraph 1 and paragraph 2 have been entered as appropriate on any documents issued to replace or discharge the documents referred to in those paragraphs.

Article 611

1 The information sheet referred to as the INF 1 sheet shall comprise an original and two copies made out on a form conforming to the specimen and provisions in Annex 82.

- 2 The INF 1 sheet referred to in paragraph 1 shall be used for:
- a fixing the amount of the security referred to in Article 88 of the Code;
 - b the release for free circulation of compensating products or goods in the unaltered state at a customs office other than an office of discharge.

Article 612

Where the INF 1 sheet is used for the purposes of Article 611 (2) (a), an appropriate indication must be entered in box 2.

Article 613

1 Under Article 611 (2) (b), where the release for free circulation of all or part of the compensating products or goods in the unaltered state is requested, the customs authorities responsible for accepting the declaration, using the INF 1 sheet endorsed by them, shall ask the supervising customs office to indicate:

- in box 9 (a), the amount of import duties to be levied under Article 121 or 128 (4) of the Code,
- in box 9 (b), the amount of compensatory interest to be levied under Article 589,
- the quantity, CN code and origin of the import goods used in the manufacture of the compensating products released for free circulation.

The amount of import duties shall also reflect any difference between:

- the amount of import duties determined by the application of Article 121 of the Code or the amount of import duties repaid or remitted, and

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

— the amount of import duties already recorded or to be repaid or remitted.

2 Where the declaration for release for free circulation relates to products or goods referred to in Article 610 (2) and the commercial policy measures are to be applied in the Member State where use of the procedure was authorized, the customs authorities responsible for accepting the said declaration, using the INF 1 sheet endorsed by them, shall ask the supervising office to indicate whether the commercial policy measures in force for goods entered for the inward processing procedure have in fact been applied.

3 The original and one copy of the INF 1 sheet shall be sent to the supervising office and a copy shall be kept by the authorities which endorsed the sheet.

4 Where the INF 1 sheet is used for the application of commercial policy measures, the supervising office receiving it shall notify the holder of the authorization of the request.

5 The supervising office to which the INF 1 sheet is sent shall supply the information requested in boxes 8, 9 and 10 of the sheet, endorse it, retain the copy and return the original. However, it shall not be obliged to supply such information beyond the expiry of the period for which it is required to keep records.

6 For the purpose of calculating the amount referred to in paragraph 1 and for that purpose only, the products to which the INF 1 sheet refers shall be considered to have been released for free circulation on the date on which box 2 was endorsed.

Article 614

Should release for free circulation be requested where an INF 1 sheet has been made out under Article 612, the same INF 1 sheet may be used, provided it contains:

- in box 9 (a) the amount of import duties payable on the import goods pursuant to Article 121 (1) or 128 (4) of the Code, and
- in box 11, the date when the import goods concerned were first entered for the procedure.

In the absence of such information, a new INF 1 sheet shall be endorsed in accordance with Article 613.

Article 615

1 The holder of the authorization may ask for an INF 1 sheet to be endorsed when the compensating products or goods are transferred to a second holder or to the plant of a second approved operator.

2 In that case, the supervising office shall provide the indications referred to in Article 614.

Subsection 6

Transfer of goods

Article 616

1 Without prejudice to Articles 617 to 623 when products or goods are to be moved within the customs territory of the Community, either under a transfer of authorization or under a single authorization, the products or goods concerned shall be transported in accordance with the provisions concerning external transit.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

2 The Community external transit document or the document treated as the external transit document shall carry the endorsements referred to in Article 610.

3 If permission is given for the use of such transfer procedures, they shall be set out in the authorization. They shall replace the movement procedures of the external transit arrangements. In the case of a transfer of products or goods from the holder of one authorization to the holder of a second authorization, both of these authorizations shall stipulate the procedures of transfer.

Permission for the use of the procedures in question may be given only if the holder of the authorization keeps or has kept for him the inward processing records referred to in Article 556 (3).

(a)

Provisions governing transfers of goods or products using a single authorization

Article 617

The customs authorities shall permit compensating products or goods in the unaltered state to be transferred without customs formalities and without termination of the inward processing procedure from the plant of one operator to the plant of another operator, with a view to further processing, provided the transfer is entered in the inward processing records.

Article 618

The holder of the authorization shall retain responsibility for transferred goods or products.

(b)

Provisions governing transfers of goods or products from the holder of an authorization to the holder of another

Article 619

The customs authorities shall permit compensating products or goods in the unaltered state to be transferred from the holder of one authorization to the holder of another authorization, provided the transfer is recorded in the inward processing records of the first holder in accordance with the procedure described in Annex 83.

Article 620

1 Responsibility for transferred goods or products shall pass to the holder of the second authorization at the time at which he takes delivery of the said goods or products and enters them in his inward processing records.

2 Such entry in the inward processing records shall have the effect of placing the goods or products under the procedure again in the name of the holder of the second authorization.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

(c)

General provisions

Article 621

1 Provided the proper conduct of operations is not thereby affected, the customs authorities, on other conditions they shall lay down, shall permit:

- a the carriage of import goods, without customs formalities, from the office of entry for the procedure to the operator's plant, and of compensating products or goods in the unaltered state from the operator's plant to the office of discharge;
- b advance authentication of the forms referred to in Annex 83 or completion by the operator of the forms referred to in Annex 83, which shall be stamped by him using a special metal stamp approved by the authority;
- c completion of the formalities using a computerized system, provided the said system is such as to guarantee the proper implementation of the provisions of this Chapter.

2 Where paragraph 1 (a) is applied, the supervising office must be informed by the office of entry for the procedure that the import goods have been entered for the procedure and by the office of discharge that the compensating products or goods in the unaltered state have been exported, by dispatching extra copies of the declaration made to that effect and the accompanying documents.

Article 622

The holder of the authorization shall be responsible for providing the customs authorities with advance notification of the transfers to be carried out in the form and manner which the said authorities shall determine.

Article 623

1 Where the transfer procedures referred to in this subsection are applied, the provisions of Article 580 regarding goods considered to have been released for free circulation may be applied on presentation of the bill of discharge, provided that other Community provisions concerning release for free circulation do not prevent this.

2 The supervising office shall inform the office or offices of entry for the procedure of the discharges granted, giving reference particulars of the declarations of entry for the procedure that it has accepted.

Section 6

Provisions applicable to the drawback system

Subsection 1

Release for free circulation under the drawback system

Article 624

The procedures laid down for release for free circulation under the drawback system shall apply to import goods, including import goods under the equivalent compensation system without prior exportation (special release for free circulation without application of import duties).

Status: Point in time view as at 02/07/1993.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

(a)

Normal procedure

Article 625

1 Except where Article 568 applies, the declaration for release for free circulation under the drawback system shall be lodged at one of the offices of entry for the procedure specified in the authorization.

2 Where Article 568 applies, the declaration referred to in paragraph 1 shall be lodged at one of the duly empowered customs offices.

Article 626

1 The declaration referred to in Article 625 shall be made in accordance with Articles 198 to 252.

2 Article 575 (2) and (3) shall apply.

(b)

Simplified procedures

Article 627

1 The simplified procedures provided for in Article 76 of the Code for release for free circulation under the drawback system shall apply in accordance with Articles 275 and 276.

2 Article 576 (2) shall apply.

3 The supplementary declaration referred to in Article 76 (2) of the Code shall be supplied within the time limit laid down, and in any case no later than the time when the repayment claim is lodged.

Subsection 2

Repayment or remission of duties

Article 628

The cases referred to in Article 577 (2) shall be treated as equivalent to the export of compensating products from the Community.

Article 629

The declaration or application to assign compensating products to one of the customs-approved treatments or uses referred to in Article 128 of the Code shall contain all the particulars necessary to support a repayment claim.

Article 630

Without prejudice to the use of the simplified procedures, any compensating product which is to be assigned to one of the accepted customs-approved treatments or uses shall be presented to the office of discharge and undergo the customs formalities specified for the treatment or use in question in accordance with the general provisions applicable.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

Article 631

1 Except where Article 568 applies, the declaration assigning the compensating products to one of the customs-approved treatments or uses referred to in Article 128 of the Code shall be lodged at one of the offices of discharge specified in the authorization.

2 Where Article 568 applies, the declaration referred to in paragraph 1 shall be lodged at the office which issued the authorization.

3 However, the supervising office may allow the declaration referred to in paragraph 1 to be presented to a customs office other than those referred to in paragraphs 1 and 2.

Article 632

1 The declaration referred to in Article 631 shall be made in accordance with the provisions laid down for the customs-approved treatment or use concerned.

2 Article 583 (2) and (3) shall apply.

Article 633

The simplified procedures provided for in Article 76 of the Code for discharge of the procedure shall apply in accordance with Article 278.

Article 634

1 The proportion of import goods incorporated in compensating products shall be calculated when necessary in order to determine the import duties to be repaid or remitted. Such calculation shall not be effected when all the compensating products are assigned to one of the treatments or uses referred to in Article 128 of the Code.

2 The calculation shall be effected in accordance with the methods referred to in Articles 635 to 637 or by any other method giving the same results.

Article 635

The quantitative scale method (compensating products) shall be used where one kind of compensating product only is obtained from the inward processing operations. In that case the quantity of import goods corresponding to the quantity of compensating products for which repayment or remission may be claimed shall be calculated by applying to the whole amount of the said goods a coefficient corresponding to the ratio of the quantity of compensating products for which repayment or remission may be claimed to the total quantity of compensating products.

Article 636

The quantitative scale method (import goods) shall be applied where all elements of the goods released for free circulation are found in each compensating product.

In deciding whether this method shall apply, losses shall not be taken into account.

The quantity of import goods under the drawback system used in the manufacture of each compensating product shall be determined by successively applying to the total quantity of import goods a coefficient corresponding to the ratio of the quantity of the said goods found in each type of compensating product to the total quantity of the goods found in the compensating products as a whole.

The quantity of import goods under the drawback system corresponding to the quantity of compensating products for which repayment or remission may be claimed shall be

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determined by applying the coefficient arrived at by the method indicated in Article 635 to the quantity of import goods used in the manufacture of the said product calculated in accordance with the third subparagraph.

Article 637

1 Where Articles 635 and 636 cannot be applied, the value scale method shall be used. However, with the agreement of the holder of the authorization and for the purposes of simplification, the customs authorities may apply the quantitative scale method (import goods) instead of the value scale method where either method would give similar results.

2 In order to determine the quantity of import goods used in the manufacture of each type of compensating product, successive coefficients corresponding to the ratio between the comparable value of each compensating product, calculated in accordance with paragraph 3, shall be applied to the total quantity of import goods.

3 Article 594 (3) shall apply.

4 The quantity of import goods corresponding to the quantity of compensating products for which repayment or remission may be claimed shall be calculated by applying the coefficient arrived at by the method indicated in Article 635 to the quantity of import goods used in the manufacture of the products in question, calculated in accordance with paragraph 2.

Article 638

1 The repayment or remission of import duties shall be subject to the lodging by the holder of the authorization of a claim, hereinafter referred to as the 'repayment claim/IP', with the supervising office. The claim shall be submitted in duplicate.

2 Subject to paragraph 4, where an authorization was issued under Article 556 (2), the repayment claim/IP may be submitted only to the supervising office in the Member State which issued the authorization.

3 Where Article 557 is applied, repayment may be claimed only by a single holder.

4 In specific cases, following a written request from the persons concerned, where two or more Member States involved in processing operations are prepared to allow repayment claims/IP to be submitted to the customs authorities of a Member State other than the one specified in paragraph 2, they shall first communicate the requests to the Commission, together with a draft of the procedures planned to ensure that the claim referred to in Article 640 is correctly made out. The Commission shall inform the other Member States accordingly. The procedures communicated by the Commission may be applied unless the Commission notifies the Member States concerned, within two months of the date of receipt of the draft, of any objections to such application.

Article 639

1 The period referred to in Article 128 (3) of the Code within which the repayment claim/IP shall be lodged shall be a maximum of six months from the date on which the compensating products were assigned one of the customs-approved treatments or uses referred to in Article 128(1) of the Code.

2 Where special circumstances so warrant, the customs authorities may extend the period referred to in paragraph 1 even after it has expired.

Article 640

1 The repayment claim/IP shall contain *inter alia* the following particulars:

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

- a reference particulars of the authorization;
- b the quantity of each type of import goods in respect of which repayment or remission is claimed;
- c the CN code of the import goods;
- d the customs value of the import goods and the rate of import duties to which they are liable as ascertained by the customs authorities on the date of acceptance of the declaration for release for free circulation under the drawback system;
- e the date of release for free circulation of the import goods under the drawback system;
- f reference to the declarations under which the import goods were released for free circulation under the drawback system;
- g the type and quantity of the compensating products and the customs-approved treatment or use to which they are to be assigned;
- h the value of the compensating products if the value scale method is used for the purpose of discharge;
- i the rate of yield fixed;
- j reference to the declarations under which the compensating products were entered for one of the customs-approved treatments or uses referred to in Article 128 of the Code;
- k the amount of import duties to be repaid or remitted and any compensatory interest collected, taking into account *inter alia* the import duties on other compensating products.

2 Where the simplified procedures relating to the formalities for release for free circulation under the drawback system and to export have been applied, the declarations and documents shall be those referred to in Article 76 (3) of the Code.

Article 641

1 Where the supervising office decides that the declarations referred to in Article 640 (1) (f) and (j) and such other documents as the said office shall stipulate should be kept by the holder of the authorization, the said declarations and documents shall be made available to that office.

2 However, where Article 646 applies, the claim shall be accompanied by the originals of the INF 7 sheets, duly endorsed.

Article 642

1 The supervising office may allow claims to omit some of the particulars referred to in Article 640 (1) where these do not affect calculation of the amount to be repaid or remitted.

2 The supervising office may allow the repayment claim /IP referred to in Article 640 (1) to be made out by computer or in such other form as the said office shall stipulate.

Article 643

The supervising office shall annotate the repayment claim /IP on the basis of the verification carried out and shall inform the holder of the authorization of the result of that verification; it shall keep the claim and related documents for at least three calendar years from the end of the year in which it takes a decision on the claim.

However, the supervising office may decide that documents relating to the claim should be kept by the holder of the authorization. In that case, the said documents shall be kept for the same period.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

Subsection 3

Administrative cooperation

Article 644

1 Where compensating products under the drawback system are placed under one of the customs-approved treatments or uses referred to in the second indent of Article 128 (1) of the Code, thus allowing repayment, the box reserved for the description of the goods on the document used for the procedure or in the free zone or free warehouse shall contain one of the following indications:

- Mercancías PA/R,
- A.F./R-varer,
- A.V./R.-Waren,
- Εμπορεύματα ET/E,
- I.P./D. goods,
- Marchandises PA/R,
- Merci PA/R,
- AV/T-goederen,
- Mercadorias AA/D.

2 The office of discharge shall satisfy itself that the indications referred to in paragraph 1 are entered on any document issued to replace or discharge the documents referred to in that paragraph.

Article 645

Where the compensating products obtained from inward processing operations under the drawback system are consigned to another supervising office in the same or another Member State under the external Community transit procedure, which may constitute justification for a request for repayment, and are the subject of a new inward processing application, the duly empowered customs authorities responsible for issuing the new authorization, either with the suspension system or with the drawback system, shall use the INF 1 sheet referred to in Article 611 to determine the amount of any import duties to be levied or the amount of the customs debt liable to be incurred.

Article 646

1 The information sheet known as the INF 7 sheet shall comprise an original and one copy on a form conforming to the specimen and provisions in Annex 84.

2 The INF 7 sheet referred to in paragraph 1 shall be used where the compensating products obtained from processing operations under the drawback system are transferred, without a repayment claim being lodged, to a supervising office other than the one where release for free circulation took place and are assigned there, either in the unaltered state or after further duly authorized processing, to one of the customs-approved treatments or uses permitting repayment or remission, in accordance with Article 128 (1) of the Code. The customs office where the products were assigned such treatment or use shall where necessary, at the request of the person concerned, issue the information sheet INF 7.

Article 647

1 The information sheet shall be presented by the person concerned at the same time as the customs declaration used to assign the customs-approved treatment or use applied for.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

2 The office where the declaration referred to in paragraph 1 was presented shall endorse the information sheet INF 7, return the original and one copy to the holder and retain the other copy.

Section 7

Exchange of information with the Commission

Article 648

1 The Member States shall communicate to the Commission:

- a in respect of each authorization where the value of the import goods per operator and per calendar year exceeds the limits set in Article 552 (1) (a) (v), the particulars indicated in Annex 85; such particulars need not be communicated where the inward processing authorization has been issued on the basis of one or more of the economic conditions referred to by the following codes: 6106, 6107, 6201, 6202, 6301, 6302, 6303, 7004 or 7005.

However, in respect of the products referred to in Article 560 (2), the particulars must be supplied for every authorization granted, irrespective of the value of the products or the code used to refer to the economic conditions;

- b in respect of each application for an authorization rejected because the economic conditions are not considered to be fulfilled, the particulars indicated in Annex 86;
- c particulars of cases in which the standard rates of yield referred to in Article 567 have not been applied because although the inward processing operations concern the import goods listed in Column 1 of Annex 77 the compensating products obtained are not those referred to in Columns 3 or 4 at the same stage of manufacture.

2 The particulars referred to in paragraph 1 (a) and (b) shall be communicated during the month following that in which the authorization was issued or the application was rejected, as the case may be. They shall be circulated by the Commission to the other Member States and shall be examined by the Committee in cases where this is judged necessary.

Article 649

1 The Member States shall communicate to the Commission:

- a the list of customs authorities to which applications for authorization are to be presented, except under Article 568;
- b the list of customs offices empowered to accept declarations entering goods for the procedure under the suspension system or declarations for release for free circulation under the drawback system, pursuant to Article 568.

2 The information referred to in paragraph 1 shall be communicated two months before the entry into application of this Regulation, and subsequently during the month following that in which a Member State changes the jurisdiction of customs offices.

3 For the benefit of traders the Commission will publish the information in the C Series of the *Official Journal of the European Communities*.

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EEC) No 2454/93 (repealed), CHAPTER 3. (See end of Document for details)

- (1) OJ No L 148, 28. 6. 1968, p. 13.
- (2) OJ No L 258, 11. 9. 1981, p. 16.
- (3) OJ No L 370, 30. 12. 1978, p. 72.

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