

Transit procedures

Overview

Custom transit procedures facilitate movement of both EU and non-EU goods between EU and EFTA States by removing border formalities and the requirement to pay tax or undertake compliance at every frontier. There are two similar procedures. The Community Transit System applies to goods not in free circulation transiting other member states or travelling between member states via non EU/EFTA countries. The Common Transit System applies where goods travel to or through EU and EFTA States.

Certain goods are exempt, including consignments covered by TIR or ATA conventions, postal consignments, movements by rail under simplified procedure.

The objective of the transit procedures is to ensure goods are not diverted into a domestic market without proper accounting for custom duty due. A person is appointed who is responsible to ensure that transit formalities are carried out correctly and that the goods are correctly presented to customs in the country of destination. This person must take out a guarantee to cover potential loss to HMRC.

The New Computerised Transit System (NCTS) must be used for all community/common transit declarations except for private travellers and for some authorised simplifications. Any potential taxes and duties must be guaranteed. The NCTS enables transfer of information electronically between the exporter, freight forwarders and custom offices within the EU.

The NCT System is compulsory for traders who transit in goods across the EU. Under the system, a declaration must be transmitted to customs. The consignment is assigned a unique reference number. This is printed on the transit accompanying document (TAD) as a number and bar code. This must accompany the goods. When the TAD is presented at the customs office of exit, it sends back a message to the

office of departure discharging the movement and liabilities in relation to the transit guarantee.

Traders who are approved as "Authorised Economic Operators" can use certain simplifications such as guarantee waivers and approval to start NCTS movements at their own premises and end movements without having to produce the goods to customs.

Procedure

When a community or common transit declaration is entered, an electronic message is sent to HMRC. Goods moving under community or common transit must be accompanied by a Transit Accompanying Document . The TAD can be printed out at a Customs office or, if authorised, on the trader's own premises. When goods arrive at the destination country, the TAD is presented to customs at the office of destination so they can inform the NCTS that the goods have arrived.

There is a simplified procedure for outgoing goods under community transit. In this case, when a transit declaration is entered onto the NCTS, a message is sent to customs office of departure. A movement reference number is required to identify the movement. An anticipated arrival record is sent from the office of departure to the destination custom office.

The simplified NCTS procedure allows consignors to declare goods to community transit representing them at the customs office of departure. This allows automatic release of goods. They may print out the TAD at the consignors premises. They may remove goods under custom control directly from their authorised location and approved facility such as a warehouse, designated export place or temporary storage facility.

There is a simplified procedure for inbound goods. Goods can be received directly onto premises or other authorised location without requirement to present the goods and TAD to custom at the office of destination.

TIR System

If a journey begins outside the European Union, the Transport International Routers (TIR) procedure can be used for movements to and from countries that are contracting parties to the TIR Convention. The goods must travel by road in approved vehicles and containers under custom seal accompanied by a TIR carnet document. The importer or his freight forwarder must be authorised to use the TIR. Potential taxes and duties on the goods must be guaranteed.

The TIR procedure is similar to the Community Transit System. Approved vehicles and containers must be used. The vehicles must be secure, suitable for sealing and have permanent identification marks. The vehicles must contain and display the commonly seen TIR plates. A guarantee must be taken out.

If goods are entered under the TIR System, a carnet must be obtained from the granting authority. This is the Road Haulage Association in the UK. This TIR carnet is evidence that the carrier has a basic criteria of financial standing and knowledge of the TIR System. The carnet must be presented to the customs office of departure transit and destination. Once the journey is completed, the guarantee is returned to the guaranteeing authority.

Since 1993, the EU has been a single territory for the TIR convention. Therefore TIR carnets are not used for movements between EU Member States. If the journey is routed through a non-EU State or there is a split delivery to destinations within or outside the EU, a TIR carnet may be used.

Certain goods are prohibited from using this system. Broadly speaking they are excisable alcohol and tobacco goods.

ATA Carnets

The ATA Carnet is an international document used under International Conventions between countries. The Carnet enables goods to be temporarily taken in and out of the EU for certain temporary purposes, without having to complete custom declarations and formalities which would usually be required. They are not mandatory but are convenient in that they simplify customs clearance. Security needs to be lodged in each country, through which the goods pass.

An ATA Carnet must be applied for in advance. Security must be lodged at the highest amount of duty and tax that would have to be paid on the journey at any point. The way Carnets are issued vary from country to country. The application requires explanation as to what it is going to be used for, details of the main holder and the route.

Sixty one countries recognise ATA Carnets. They can only be used where they are recognised by the originating destination and intermediate countries. Export and transit procedures will apply where ATA Carnet goods which are brought into a non-convention country.

Goods which are covered by the ATA Carnet and leave the EU for a third non EU country must have a Carnet every time they cross the frontier of a signatory country. It must be shown when the goods first leave the country of export. Custom officers will certify the document, endorse and remove the exportation voucher and stamp the counterfoil.

The Carnet must be presented to customs at the port or airport of arrival. Customs then endorse the importation voucher and stamp the counterfoil. If goods are imported into the UK from a third country or the goods are included in a passengers baggage, the Carnet must be presented at the red channel in the airport or ferry port.

If goods are to be released into circulation or are used or sold in another EU country it is necessary to explain why this is the case, complete the normal customs declaration and pay the import duties and VAT. It may be necessary to pay compensatory interest so that one does not get an advantage over competitors who have paid duty at the time of import. There are restrictions, prohibitions and licensing

controls that apply to certain imported goods in the UK. These also apply to temporarily imported goods.

Qualifying Goods

The following are some of the categories of goods that may be imported under the ATA carnet procedure:-

- goods for display at exhibition fair meetings;
- professional equipment for broadcasting;
- samples;
- advertising films;
- printed and developed film for promotional purposes;
- media with sound recorded dubbing or reproduction;
- certain advertising or publicity articles;
- media reels for carrying data;
- production equipment on temporary loan;
- goods for cultural purposes;
- personal effects;
- welfare materials for sea farers;
- sports goods for contests, demonstrations and training;
- tourism publicity material.

Live animals can be moved under an ATA Carnet if they are imported for training, breeding, weighing, medical purposes, grazing, rescue operations, are used for police dogs etc.

The following are not permitted into the UK under ATA Carnet:

- consumable and perishable goods
- goods for sale or auction
- goods temporarily imported for processing or repair
- goods imported or exported by post educational or scientific materials
- packaging materials, containers and pallets

- means of transport imported for use in the UK (such as cars etc)
- goods subject to an export refund or CAP refund
- alcoholic beverages, tobacco goods and fuel

This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances. This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.

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