



Briefing paper: Transit

The procedure under which EU goods and non-EU goods may be moved from one point to another within the customs territory of the EU, and outside of the EU customs territory, without any change in their customs status. The goods in transit do not attract any customs duty, VAT and excise duty.

Customs duty liability

The cornerstones of Customs:

- Tariff classification
- Customs valuation
- Origin

are used to determine customs duty liability. The adherence to the cornerstones and to the customs processes and procedures constitute customs compliance.

Reducing your customs duty liability

It is possible, dependant on the economic activity in question, to reduce your customs duty liability through the application, authorisation and use of a number of Customs Special Procedures (CSP).

Categories of Customs Special Procedures

Transit

- External
- Internal

Processing

- Inward Processing (IP)
- Outward Processing (OP)

Specific Use

- Temporary Admission (TA)
- End Use (EnU)

Storage

- Customs Warehousing (CW)
- Free Zones

Customs Transit

It is one of the four categories of CSP and is used to facilitate the movement of goods between two points within the EU, via another EU member state, or between two or more different customs territories.

Different Customs transit scenarios

- By entering and consecutively leaving the EU.
- By leaving and consecutively re-entering the EU.

- By entering the EU and continuing the movement until a specific point in the EU.
- By placing the goods under an export procedure and consecutively under a transit procedure.

Common Transit

The common transit procedure is used for the movement of goods between the EU member states, the European Free Trade Association (EFTA) countries, Turkey, the former Yugoslav Republic of Macedonia and Serbia. The rules are effectively identical to those of Union Transit.

There are two categories of Common transit procedures, T1 and T2, which reflect the different status of the goods being moved.

External transit procedure (T1) is generally applicable to non-EU goods. The procedure allows for non-EU goods to be moved from one point to another within the EU so that customs duties and other charges are suspended.

Internal transport procedure (T2) is generally applicable to EU goods. The procedure allows an economic operator's goods to temporarily leave and re-enter the EU while maintaining the EU status of the goods.

Union Transit

This procedure is used for customs transit operations between the EU member states and Andorra and San Marino.

It is generally applicable to the movement of non-EU goods for which customs duties and other charges, at import are at stake, and of EU goods, which, between their point of departure and point of destination in the EU, have to pass through the territory of a third country.

Other Types of Transit

ATA Carnet Convention

The ‘*Admission Temporaire / Temporary Admission*’ or ATA Customs document used for the temporary exportation, transit and temporary admission of goods for specific purposes.

It allows for goods to be used in one or more country without the payment of customs duties and other charges on the condition that they leave in the same state as they were in at entry, within a specific time.

TIR Convention

The ‘*Transports Internationaux Routiers, International Road Transport*’ or TIR system is the international customs transit system with the widest geographical coverage.

As other customs transit procedures, the TIR procedure enables goods to move under customs control across international borders without the payment of the duties and taxes that would normally be due at importation (or exportation). A condition of the TIR procedure is that the movement of the goods must include transport by road.

Postal system

An economic operator is not required to file a customs declaration for postal consignments that enter, leave or are transported, as long as they are ‘*under the responsibility of the postal service*’.

NATO From 302

The Union Customs Code (UCC) prescribes special forms for the transport of military goods of the North Atlantic Treaty Organisation (NATO) countries across the territory of NATO partner countries.

Rhine manifest procedure

Established to facilitate the movement of goods on the Rhine and its associated tributaries.

It can be used as a Union transit document where appropriate.

New Computerised Transit System (NCTS)

The NCTS is mandatory for the majority of transit movements within the EU and common transit countries. Paper transit documents are only accepted from private travellers (*with goods in excess of allowance*) and during the fall back business continuity procedure.

Each national administration has developed its own NCTS processing system and these systems are connected through a central domain in Brussels, to all other EU member states and Common Transit countries.

The NCTS is a separate system from Customs Handling of Import and Export Freight (CHIEF) and therefore separate declarations for transit are required.

Guarantee types

A guarantee must be provided to secure any potential customs debt.

Individual guarantee

- Covers a single operation.
- A cash deposit, by guarantor.
- Cover the full amount of the potential customs debt.

Comprehensive guarantee (simplification)

- Covers several operations.
- Calculate as the potential debt of one week’s operations (*reference amount*).
- Guarantee level 100% of potential debt or reduced to 50% or 30% or guarantee waiver (*depending on meeting specific criteria*).
- Guarantee furnished by guarantor.

Simplifications

There are a number of simplification available to you, if you meet certain criteria. The simplifications are:

- Use of a comprehensive guarantee or guarantee waiver.
- Use of a special loading list.
- Use of seals of a special type.
- Authorised consignor / consignee status.
- Authorised issuer.
- Use of port inventory systems based on transfers within temporary storage.

Time to act

If you are moving or intending to transit goods in the EU and in Europe, you should be cognisant of your compliance.

Please contact one of our Indirect Tax specialists for further information:

Karen Robb
Partner
T +44 (0) 207 728 2556
E Karen.Robb@uk.gt.com

Riaan de Lange
Manager
T +44 (0) 207 728 2041
E Riaan.V.De.Lange@uk.gt.com