

Regulation (EC) No 450/2008 of the European Parliament and
of the Council of 23 April 2008 laying down the Community
Customs Code (Modernised Customs Code) (repealed)

TITLE VII

SPECIAL PROCEDURES

CHAPTER 5

Processing

Section 1

General provisions

Article 167

Rate of yield

Except where a rate of yield has been specified in Community legislation governing specific fields, the customs authorities shall set either the rate of yield or average rate of yield of the processing operation or where appropriate, the method of determining such rate.

The rate of yield or average rate of yield shall be determined on the basis of the actual circumstances in which processing operations are, or are to be, carried out. That rate may be adjusted, where appropriate, in accordance with Articles 18 and 19.

Section 2

Inward processing

Article 168

Scope

1 Without prejudice to Article 142, under the inward-processing procedure non-Community goods may be used in the customs territory of the Community in one or more processing operations without such goods being subject to any of the following:

- a import duties;
- b other charges as provided for under other relevant provisions in force;
- c commercial policy measures, insofar as they do not prohibit the entry or exit of goods into or from the customs territory of the Community.

Status: Point in time view as at 23/04/2008.

Changes to legislation: There are currently no known outstanding effects for the Regulation (EC) No 450/2008 of the European Parliament and of the Council (repealed), CHAPTER 5. (See end of Document for details)

2 The inward-processing procedure may be used in cases other than repair and destruction only where, without prejudice to the use of production accessories, the goods placed under the procedure can be identified in the processed products.

In the case referred to in Article 142, the procedure may be used where compliance with the conditions laid down in respect of equivalent goods can be verified.

3 In addition to paragraphs 1 and 2, the inward-processing procedure may also be used for the following goods:

- a goods intended to undergo operations to ensure their compliance with technical requirements for their release for free circulation;
- b goods which have to undergo usual forms of handling in accordance with Article 141.

Article 169

Period for discharge

1 The customs authorities shall specify the period within which the inward-processing procedure is to be discharged, in accordance with Article 138.

That period shall run from the date on which the non-Community goods are placed under the procedure and shall take account of the time required to carry out the processing operations and to discharge the procedure.

2 The customs authorities may grant an extension, of reasonable duration, of the period specified pursuant to paragraph 1, on submission of a duly justified request by the holder of the authorisation.

The authorisation may specify that a period which commences in the course of a calendar month, quarter or semester shall end on the last day of a subsequent calendar month, quarter or semester respectively.

3 In cases of prior exportation in accordance with Article 142(2)(b), the customs authorities shall specify the period within which the non-Community goods must be declared for the procedure. That period shall run from the date of acceptance of the export declaration relating to the processed products obtained from the corresponding equivalent goods.

Article 170

Temporary re-export for further processing

Subject to authorisation by the customs authorities, some or all of the goods placed under the inward-processing procedure, or the processed products, may be temporarily re-exported for the purpose of further processing outside the customs territory of the Community, in accordance with the conditions laid down for the outward-processing procedure.

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Section 3

Outward processing

Article 171

Scope

1 Under the outward-processing procedure Community goods may be temporarily exported from the customs territory of the Community in order to undergo processing operations. The processed products resulting from those goods may be released for free circulation with total or partial relief from import duties at the request of the holder of the authorisation or any other person established in the customs territory of the Community provided that that person has obtained the consent of the holder of the authorisation and the conditions of the authorisation are fulfilled.

2 Outward processing shall not be allowed for the following Community goods:

- a goods the export of which gives rise to repayment or remission of import duties;
- b goods which, prior to exportation, were released for free circulation under a duty exemption or at a reduced rate of duty by virtue of their end-use, for as long as the purposes of such end-use have not been fulfilled, unless those goods have to undergo repair operations;
- c goods the export of which gives rise to the granting of export refunds;
- d goods in respect of which a financial advantage other than refunds referred to in point (c) is granted under the common agricultural policy by virtue of the exportation of those goods.

3 In cases not covered by Articles 172 and 173 and where *ad valorem* duties are involved, the amount of the import duty shall be calculated on the basis of the cost of the processing operation undertaken outside the customs territory of the Community.

The measures designed to amend non-essential elements of this Regulation, by supplementing it, laying down the rules for such calculation and the rules where specific duties are involved, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 184(4).

4 The customs authorities shall specify the period within which goods temporarily exported must be reimported into the customs territory of the Community in the form of processed products, and placed under release for free circulation, in order to be able to benefit from total or partial relief from import duties. They may, extend that period, for a reasonable duration, on submission of a duly justified request by the holder of the authorisation.

Article 172

Goods repaired free of charge

1 Where it is established to the satisfaction of the customs authorities that goods have been repaired free of charge, either because of a contractual or statutory obligation arising from a guarantee or because of a manufacturing or material defect, they shall be granted total relief from import duties.

2 Paragraph 1 shall not apply where account was taken of the manufacturing or material defect at the time when the goods in question were first released for free circulation.

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Article 173

Standard exchange system

1 Under the standard exchange system an imported product, hereinafter referred to as a 'replacement product', may, in accordance with paragraphs 2 to 5, replace a processed product.

2 The customs authorities shall authorise the standard exchange system to be used where the processing operation involves the repair of defective Community goods other than those subject to measures laid down under the common agricultural policy or to the specific arrangements applicable to certain goods resulting from the processing of agricultural products.

3 Replacement products shall have the same eight-digit Combined Nomenclature code, the same commercial quality and the same technical characteristics as the defective goods had the latter undergone repair.

4 Where the defective goods have been used before export, the replacement products must also have been used.

The customs authorities shall, however, waive the requirement set out in the first subparagraph if the replacement product has been supplied free of charge, either because of a contractual or statutory obligation arising from a guarantee or because of a material or manufacturing defect.

5 The provisions which would be applicable to the processed products shall apply to the replacement products.

Article 174

Prior importation of replacement products

1 The customs authorities shall, under the conditions they lay down, and at the request of the person concerned, authorise replacement products to be imported before the defective goods are exported.

In the event of such prior importation of a replacement product, a guarantee shall be provided covering the amount of the import duty that would be payable should the defective goods not be exported in accordance with paragraph 2.

2 The defective goods shall be exported within a period of two months from the date of acceptance by the customs authorities of the declaration for the release for free circulation of the replacement products.

3 Where, in exceptional circumstances, the defective goods cannot be exported within the period referred to in paragraph 2, the customs authorities may, at the duly justified request of the person concerned, extend that period for a reasonable duration.

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