

Instruction Manual

on

Inward Processing

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This Manual provides a guide to the interpretation of the law governing Inward Processing. This is set out in Council Regulation (EC) No. 2913/92 (the Customs Code) and Commission Regulation (EC) No. 2454/93 (the Implementing Provisions) and the Instruction should be read in conjunction with these regulations.

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Definitions

In the context of this Notice:

- (i) “Main Compensating Products” means the main product resulting from the processing operations;
- (ii) “Secondary Compensating Products” means any product, other than the main product, resulting from the processing operations;
- (iii) “goods in the unaltered state” means goods in the same condition as when they were placed under the IP procedure;
- (iv) “import duties” means
 - Customs duties;
 - charges having equivalent effect to Customs duties;
 - import charges provided for under the common agricultural policy or under specific arrangements applicable to certain goods resulting from the processing of agricultural products;
- (v) “import goods” means the non-Community goods which have been placed under an IP arrangement;
- (vi) “processing operations” means anything from repacking and sorting to the most complicated manufacture;
- (vii) “usual forms of handling” means such handling operations as are needed to ensure preservation of goods or to improve packaging or marketable quality and which, under Community rules, may be carried out in Customs warehouses and free zones. A list of such handling operations is contained in annex 72 to the Implementing Provisions;
- (viii) “release for free circulation” means released on to the community market for sale and consumption in the Community;
- (ix) “Customs approved treatment or use” means any use to which goods are put which is approved by Customs e.g. re-export, entry into warehouse or free zone, destruction, release for free circulation, entry to another Inward Processing Procedure etc;
- (x) “Customs Code” refers to EU Council Regulation 2913/92 establishing the Community Customs Code;
- (xi) “Implementing Provisions” refers to EU Commission Regulation 2454/93 laying down provisions for the implementation of Council Regulation 2913/92 establishing the Community Customs Code;
- (xii) “CAP” common agricultural policy.

1. Introduction

1.1 What is Inward Processing

Inward Processing (IP) is one of a number of procedures provided for in EU legislation, which are referred to collectively as customs procedures with economic impact. It allows goods to be imported into the EU for processing without payment of import duties, provided that the products, which result from the processing, are re-exported. The processing that may be carried out can range from repacking or sorting of goods to the most complicated manufacturing.

1.2 How Inward Processing Works.

There are two methods by which relief can be availed of under IP:

- the suspension system, under which the import duties payable are suspended at importation, security being provided in the form of a bond to cover the unpaid duty,

or

- the drawback system, where the import duties are paid at importation and reclaimed on subsequent export of the processed goods.

In order to qualify for IP suspension the trader must have the intention to export at least some or all of the processed goods.

The suspension system will suit traders who plan to export some or all of their processed goods outside the EU, whereas the drawback system will suit traders who do not know how much of their processed goods will be exported if any.

The drawback system may not be used where:

- (i) The import goods are subject to quantitative import restrictions,
- (ii) The import goods might qualify for preferential tariff arrangements within quotas or allocated ceilings,
- (iii) The import goods are subject to presentation of an import or export licence in the framework of the Common Agricultural Policy,
- (iv) At the time of importation of the import goods or at the time of exportation of the compensating products an export refund is determined for the compensating products,
- (v) At the time of exportation of the compensating products these products are subject to presentation of a licence referred to at (iii) above,
- (vi) Goods are for export under prior export equivalence (see para.7.3);
- (vii) Where goods for use in IP are placed in a customs warehouse or a free zone.

2. Application for authorisation

(Customs Code Articles 85 to 87 and 116 to 117; Implementing Provisions, Articles 497 to 508 and Annex 67).

2.1 Application Procedure

Application forms are available on the Revenue website at www.revenue.ie under “Tax and Duty” or can be obtained from Economic Procedures Section in Nenagh. All applications, including those for renewal or amendment of existing authorisations, must be submitted in writing by the trader to that section.

The section will then carry out the following steps:

- check that all of the necessary information to process the application has been supplied by the trader;
- forward a copy of the application to the relevant Region/LCD with a request for a report on the suitability of the trader to use IP. A standard template for the report is provided – see Appendix I;
- if approval on economic grounds is required, send a copy of the application to the Dept. of Enterprise, Trade and Employment for consideration.

2.2 Region/LCD Report on New Applications

On receiving a copy of the application from Economic Procedures Section, the Region/LCD should contact the trader and arrange a meeting to examine such matters as the premises where the processing will be carried out and the accounting procedures used and also to explain to the trader the obligations which must be fulfilled by anyone availing of IP. The importance of observing the authorised limits for quantities and values and the time limit for re-exportation should be clearly pointed out during this meeting. It should be established that the trader has a copy of the [Trader Guidelines on Inward Processing](#) or has access to them on the Revenue website at www.revenue.ie. Where the trader is a company, a senior executive in charge should be consulted to ensure that management are aware of their obligations.

The report should then be completed including a recommendation as to whether or not the authorisation should be granted. Additional notes may be attached if required. In complex cases, the finalisation of the report may involve an additional visit to the trader. Details of visits may be recorded on CRS. Completed reports are to be sent to Economic Procedures Section as soon as possible and, in this regard, it should be borne in mind that an authorisation must generally issue within 30 days of receipt of the application.

2.3 Security

(Customs Code, Articles 88 and 189 to 200)

Where the suspension system is sought, an authorisation will not be issued until appropriate security has been provided. Normally, security is provided in the form of a bond issued by a bank or insurance company.

The purpose of a bond is to secure duties suspended on goods imported under an IP authorisation and to ensure compliance by the trader with the conditions attached to the authorisation. A separate bond is required for deferred payment of duty or other charges on compensating products, which are:

- (i) released for free circulation on a general basis.
or
- (ii) exported to countries with which the EU has preferential trade agreements and to which the “No Drawback” rule applies (see para. 10)

The amount secured by the bond, referred to as the bond penalty, is calculated on the basis of the average rate of duty on imports during the average stock turnover period. The following is an example of a bond calculation:

| | |
|---|--------------|
| <u>Annual imports:-</u> | €500,000 |
| Turnover period: - | Seven months |
| Imports during turnover period taken as seven twelfths of annual imports: - | €291,667 |
| Duty @ 9.0% on €291,667: - | €26,250 |
| Bond penalty: - | €27,000 |

Bond penalties should be rounded up to the nearest thousand euros and a minimum penalty of €7,000 should be applied in all cases.

While the bond is being arranged, the trader must provide a cover note, which is a document issued by an insurance company or bank securing the duty at risk on an interim basis until the bond is ready. There is a strict legal wording for cover notes and this is available from Economic Procedures Section.

In the case of an authorisation involving CAP goods, an average rate of duty cannot be used. Instead the value of annual imports of goods chargeable at each separate rate of ad-valorem duty and the quantity of annual imports of goods chargeable at each specific rate are to be used in conjunction with the average stock turnover period.

2.4 Single Authorisation

(Article 500 Implementing Provisions)

A single authorisation may be issued which will allow goods to be entered to IP in more than one Member State. An application for a single authorisation on the standard application form is generally submitted in the Member State where the trader's main accounts are held.

All applications for single authorisations in Ireland should be made to Economic Procedures Section, and will be referred to the relevant Region/LCD for a recommendation. The Region/LCD should complete a report on the application as at 2.2. Care should be taken to ensure that transfer arrangements between the different traders mentioned in the application are satisfactory to the Region/LCD. The Region/LCD should ensure that any controls required at a local level in any other Member State are clearly established at this stage. On receipt of a positive recommendation from the Region/LCD, Economic Procedures Section prepares a draft authorisation which is immediately copied to the authorities in the Member States in which processing will be carried out. This draft will include the controls required by the Region/LCD. Economic Procedures Section issues the authorisation on receipt of agreement by the other Member States or after 30 days if no objections are received. Responsibility for control of the authorisation rests with the Irish Administration. Bills of discharge and duty payments for processing in all of the Member States involved must be returned to the Region/LCD in which the trader is located unless otherwise agreed with Economic Procedures Section.

In the case of applications for single authorisations in other Member States, the draft authorisation is forwarded by the Member State to Economic Procedures Section. This draft is forwarded to the Region/LCD where the Irish trader is based. This draft should be examined in a timely fashion as the authorisation may be issued by the other Member State if no objection is received within 30 days. The Region/LCD should contact the trader and arrange a meeting to examine such matters as the premises where the procedure will be carried out, the accounting procedures used and to explain to the trader their obligations with regard to this IP authorisation. The Region/LCD may, if they consider it necessary, require that security be put in place with separate conditions agreed in respect of the Irish trader. However, responsibility for control of the authorisation rests with the issuing

Member State. The Region/LCD should liaise with the issuing Member State through Economic Procedures Section regarding any necessary controls. On receipt of a positive recommendation from the Region/LCD, Economic Procedures Section will inform the Member State that Ireland has no objection to the issuing of the authorisation.

It is vitally important that direct contact between Revenue and any other administration involved in controlling a single authorisation be initiated at the beginning and maintained throughout the lifetime of the authorisation. Proper control cannot be achieved without this cornerstone being in place. This applies equally to Irish controlled authorisations and those controlled from other member states.

2.5 Integrated Authorisation

(Implementing Provisions, Annex 67)

An integrated authorisation may be issued where a trader requires goods to be processed under more than one customs procedure e.g. IP and Processing under Customs Control. The trader must apply on the standard application form to Economic Procedures Section in the normal way and the Region/LCD will be requested to confirm that the goods under each procedure can be tracked at all times and that goods are discharged through the correct procedure. The trader must indicate in the application what goods will be entered to each procedure and this information will be specified on the authorisation. Where goods are discharged from both PCC and IP it may be necessary (for statistical purposes) for Economic Procedures Section to issue a second authorisation number to facilitate this process.

2.6 Retrospective authorisation

(Article 508 Implementing Provisions)

A retrospective authorisation may be issued in exceptional circumstances. The period of retrospection, either for a new authorisation or amendment to an existing authorisation, may not extend beyond one year before the date that the application for authorisation or amendment was lodged. Certain CAP goods which are subject to three or six month authorisations can only receive retrospection for three or six months. Such retrospective authorisations are only possible where:

- i) there is no attempted deception or negligence involved;
- ii) the trader's accounts show that the conditions of the procedure can be met and;
- iii) the situation of the import goods can be regularised including the invalidation of the relevant declarations.

All requests for retrospective authorisation should be made to Economic Procedures Unit, and will be referred to the relevant Region/LCD for recommendation.

2.7 Simplified Authorisation

(Article 497 Implementing provisions)

Traders who only occasionally enter goods to IP may opt for a simplified authorisation in place of the standard authorisation. Under this arrangement, lodgement of the declaration entering the goods constitutes an application. To facilitate the efficient operation of this system, a special form is available which should be completed and lodged with the import SAD – see Appendix II. Copies of the form are available from Economic Procedures Section or from the Revenue website.

The simplified authorisation may not be used where equivalence is involved, where sensitive goods included in Annex 73 to the Implementing Provisions are concerned, or where processing will take place in more than one Member State. In order to enter goods to IP under this simplified system, the full amount of duty must be paid on deposit. The deposit will be refunded when the goods have been properly discharged from the procedure. In order to ensure adequate control of the system, a copy of the import SAD accompanied by the form referred to above must be submitted to the

Region/LCD within two days of the goods having been entered. Where this is not done, applications for the simplified authorisation should be refused.

3. Issue of the Authorisation

3.1 Issue of a new Authorisation

When Economic Procedures Section has received all necessary reports and documentation, an authorisation, based on the model in Annex 67 of the Implementing Provisions, is drawn up. Authorisations are generally valid for a period of three years from the date of receipt of the application. For certain CAP goods the authorisation will only be valid for a three or six month period (see para. 11 or contact Economic Procedures Section for details of these products). Before the authorisation can issue, the Region/LCD must obtain a cover note (see para. 2.3) from the trader and send it to Economic Procedures Section. Following acceptance of the cover note, Economic Procedures Section will send the original authorisation to the Region/LCD for delivery to the trader and a copy for the trader file in the Region/LCD. The Region/LCD must deliver the authorisation to the trader by hand. Before receiving the authorisation the trader must accept and sign a standard set of conditions – see Appendix III -, which specify the trader's responsibilities regarding the use of the authorisation. A signed copy of the conditions must be returned to Economic Procedures Section, while the Region/LCD should retain a copy in the trader file. In the case of newly authorised traders, when commercial activity begins, Regions/LCD should check to ensure that the quantities and values being declared for each tariff classification code are in accordance with the authorisation.

3.2 Renewal of an authorisation

Economic Procedures Section maintains a database of all current authorisations. The section sends each authorised trader a renewal letter three months in advance of the expiry of the authorisation. When an application for renewal is received in Economic Procedures Section, it is checked for any changes from the previous authorisation, and if there are none, a renewed authorisation is issued directly to the trader. If there are any changes from the previous authorisation, the Region/LCD will be requested to examine the renewal application and provide a recommendation as to whether or not the renewal should be granted. In those circumstances the Region/LCD will also be requested to review the bond penalty.

3.3 Amendment to an authorisation

All requests for amendments to current authorisations must be submitted to Economic Procedures Section. The section will forward the request to the Region/LCD for a recommendation and a request to review the bond penalty. If the Region/LCD recommend the amendment, Economic Procedures Section will issue the amended authorisation direct to the trader and a copy to the Region/LCD.

4. Entry of goods to the procedure

(Customs Code, Articles 58 to 76; Implementing Provisions, Articles 198 to 224 and Articles 260 to 276, Article 499 and Annex 38).

4.1 How are goods entered to IP

When entering goods to IP, the trader is required to do the following:

- The appropriate procedure code should be inserted in Box 37 – first two digits will be 51 for suspension;
- For goods entered to drawback, the customs duties must be paid with the entry or deferred through the AEP deferred payment system. The appropriate procedure code should be inserted in Box 37 - first two digits will be 41;

- The authorisation number should be inserted in Box 44. A hard copy of the authorisation need not be produced with each entry unless requested by a Revenue official;
- The invoice numbers or range of numbers should be inserted in Box 44;
- An invoice showing the total value and quantity of goods in the consignment must be available and retained by the trader;
- In the case of goods imported through the parcel post the words “Imported under inward processing suspension” must form part of the sender’s declaration affixed to the parcel;
- Where the goods imported for IP are liable to ad-valorem duty and it is intended to place some or all of the goods on the Community market, the import declaration must be supported by the appropriate valuation declaration form.

Traders must retain copies of the import SADs and supporting documentation in their records for a period of three years from the end of the year in which the goods to which they relate are released from the procedure.

4.2 Automatic verification through AEP

Part of the recent redevelopment of the AEP system included introducing an automatic verification process for authorised IP traders. This process verifies a trader’s ability to use a procedure code by cross-referencing their data against authorisation data stored in CRS. Any deviation from the data included on a trader’s authorisation will result in AEP rejecting the entry. It is vital therefore that Economic Procedures Section are immediately made aware of any amendment needed to an authorisation.

5. Discharge of goods from the procedure

(Articles 520 to 521 Implementing Provisions)

5.1 How are goods discharged from IP

The discharge of goods from IP is regarded as complete when all conditions for use of the procedure have been complied with and the compensating products or goods in the unaltered state are:

- Exported from the Community;
- Transferred to another customs procedure or to another operator authorised to use one of those procedures e.g. Customs Warehousing, Processing Under Customs Control (PCC), Temporary Importation;
- Transferred to another Member State to be entered to another customs procedure in that Member State;
- Transferred to a customs approved use such as export shops, armed forces, embassies, ships stores;
- Used for the first time in the manufacture, repair, modification or conversion of civil aircraft or spacecraft or parts thereof or related equipment;
- Released for free circulation in the Community with payment of duty, import VAT and compensatory interest (suspension goods);
- Destroyed under customs supervision;
- Abandoned to the exchequer.

When goods are exported after IP the procedure code 3151 must be inserted in box 37. The method of discharge should be identified in the standard conditions (Appendix III), as should the method of verification (commercial documentation, SAD, modified SAD or T1).

5.2 Bill of discharge

A bill of discharge must be lodged in the Region/LCD by a trader using IP Suspension within 30 days of the expiry of the period for discharge. In the case of IP Drawback, the claim for repayment or remission of duties must be received within 6 months of the expiry of the period of discharge. The Region/LCD in consultation with Economic Procedures Unit may extend these periods in special circumstances.

On receipt of the bill of discharge, the Region/LCD should examine the details, which it contains to confirm that it is broadly in keeping with the trader's level of activity e.g. comparison with previous bills of discharge and by reference to the records of transactions in AEP. The results of this examination should be noted on the bill of discharge before recording and filing.

The Bill of Discharge should contain the following details:

- the authorisation reference number;
- the quantity of each type of import goods in respect of which discharge, repayment or remission is claimed;
- the CN code of the import goods;
- the customs value and rate of customs duties due on the import goods;
- the particulars of the declarations entering the import goods to IP;
- the established rate of yield;
- the quantity of the compensating product;
- the value of the compensating product;
- the customs approved treatment or use assigned to the compensating products as well as particulars of the relevant declarations or other documents used to discharge the goods or products from IP;
- the amount of customs duty or compensatory interest to be paid on any import goods released for free circulation.

Failure to return Bills of Discharge or to return them on time should be taken up immediately by the Region/LCD with the trader. The bill of discharge is designed to be a summary report rather than a single entry transaction and there is scope to have it as detailed or as general as deemed necessary. There is no strict timeframe for how often they are required (subject to submission within 30 days of expiry of period of discharge), so content and frequency can vary from trader to trader.

5.3 Monitoring/Checking of authorisations

Checking of authorisations ensures compliance on the part of these authorised traders. It is a matter for each Regional Office/LCD to ensure consistency in relation to this checking, having regard to risk strategy rather than resources.

There are several aspects to an authorisation, which must be monitored by the Region/LCD. These include:

- Ensuring that the terms and conditions are being adhered to,
- Ensuring that the quantities and values as identified in the authorisation are not exceeded or likely to be exceeded. This should involve monitoring of bills of discharge on a regular basis. If quantities or values are exceeded, this may result in customs debts arising.

- Ensuring that only tariff codes included on the authorisation are used. The automatic verification process in AEP should restrict importations to those on the authorisation. However, movements from warehousing into Inward Processing can take place outside of AEP using commercial documentation under local clearance, so checking of tariff number eligibility should continue.
- Ensuring that code 00100 is not used incorrectly in box 44 of the AEP entry. This code is only to be used in respect of a simplified authorisation.
- Ensuring that an authorised trader is subject to ordinary compliance checks at least once every six months. These compliance checks should not take place as a result of risk profiling or strategy but should be over and above any risk related visits. The level of detail that these compliance checks involve can be decided by the Region/LCD but should involve at least the four points above.
- Ensuring that all authorised traders are audited on a regular basis. The fact that these traders are visited for compliance checks on a regular basis should not exclude them from any audit program being undertaken by the Region/LCD. The Region/LCD should ensure that every authorised trader is audited at least once during the lifetime of an authorisation (The maximum term for an authorisation is three years).

5.4 Proof of exportation

The Region/LCD can verify that the export formalities have been carried out from the export declaration data available in AEP.

There is provision for the application of a simplified export procedure under which the export declaration may be replaced by a commercial or administrative document. Any applications for approval to operate under the simplified export procedure must be approved by the Region/LCD in advance.

5.5 Destruction

In any case where it is claimed IP goods have been destroyed by accident or force majeure, the trader must report the incident to the Region/LCD. If the Region/LCD are satisfied with the facts as presented by the trader it may be accepted that the procedure has been discharged.

If a trader plans to destroy goods under official supervision, the Region/LCD must be informed in advance and given the following details:

- the type of goods concerned;
- the amount of duties or other charges liable;
- the reason for destruction;
- the method of destruction;

If the Region/LCD is satisfied that the destruction is justified, and there are no environmental concerns, it may be accepted that the procedure has been discharged on completion of the destruction. There is no relief under IP Drawback for destruction of goods.

6. Release of IP goods to Free Circulation

6.1 Request for release

Requests from traders for release of IP goods to free circulation are dealt with by the Region/LCD. Where the trader intends releasing goods to free circulation on a regular basis, a deferred payment

arrangement for the duty liability should be put in place. Otherwise the trader must make an application on each occasion and pay the duty before the goods leave his/her premises.

6.2 How is the duty calculated

The duty to be charged is that appropriate to the imported goods at the rate or amount applicable on the date of acceptance of the entry for the goods to IP and on the value for customs purposes applicable on that date. Where the goods have been subjected to a process that could have been carried out under the Processing under Customs Control (PCC) procedure, the rules of PCC may be applied (see PCC instructions).

6.3 Payment of duty

(Customs Code articles 121 and 122, Implementing Provisions article 518)

Form 1034 - Appendix IV - must be submitted by the trader to the Region/LCD with all duty and compensatory interest payments at the time of release. If the trader has a deferred payment arrangement, all duties on goods released in a particular month must reach the Region/LCD on or before the fifteenth day of the following month. Compensatory interest is to be shown separately from other duties payable - see para. 6.7. As compensatory interest receipts are not Community Own Resources, they are to be brought to account as receipts other than duties (R.O.D.). Each form 1034 must contain the following:

- the authorisation number;
- reference to the deferred payment arrangement if relevant;
- a declaration that it accounts for all of the goods released for free circulation.

The form must be accompanied by a summary account of the goods released for free circulation.

6.4 Arrears

The Region/LCD is responsible for the on-going receipt of duty payments. The Region/LCD should pursue outstanding bills of discharge (para. 5.2) and/or payments (para. 6.3) as considered appropriate. In the event of continued failure by the trader to submit timely and correct bills of discharge and or timely payments Economic Procedures Section should be contacted with a view to withdrawing the authorisation or informing the trader that, for all future entries, duty must be paid on deposit pending compliance with the conditions of the authorisation. The CRS notes may also be updated at this stage.

6.5 Reduced rates of duty on Secondary Compensating Products (SCP)

(Customs Code, Articles 121 and 122; Implementing Provisions, Articles 496(L) and 548 and Annex 75)

Secondary compensating products (SCPs) are compensating products other than the main compensating products, which are a necessary by-product of the processing operation, and include scrap, waste, residues and rejects.

There is provision for certain SCPs specified in the Implementing Provisions to be charged with duty as follows:

- (i) in accordance with the tariff heading, rate of duty and value applicable to the compensating products at the time they are placed in free circulation or, alternatively,
- (ii) at the request of the trader, on the basis of the duty which would have applied to the imported goods at the time they were placed under IP. This is referred to as the "own rate" but can only be considered if the main compensating products (MCPs) have been exported from the Community

The IP authorisation must state whether any SCPs produced are eligible for an own rate. The list of SCPs to which own rates of duty can be applied are set out in Annex 75 of the Implementing Provisions.

Own rates can be used in the case of both IP Suspension and Drawback. If an own rate applies, relief will be based on the difference between the duty rate of the imported goods and the duty rate of the SCP calculated on the value of the SCP. The quantity of SCPs on which relief can be claimed depends on the quantity of MCPs that are exported e.g. if 90% of the MCP is exported, the own rate, if applicable, can be used for up to 90% of the SCP released for free circulation.

6.6 Use of INF1 Form

(Article 523, Annex 71 Implementing Provisions)

An INF1 form is a prescribed document used for determining the amounts of customs duty, compensatory interest and any other charges due where compensating products or goods in the unaltered state are released for free circulation in a Member State other than the one in which the IP authorisation was issued.

If an Irish trader wishes to release IP goods for free circulation, which were entered to IP in another Member State, a completed form INF1 must be presented to the Region/LCD together with Form 1034. The INF1 must be endorsed by customs in the other Member State. Similarly, if an IP trader in Ireland is sending goods to another Member State for subsequent release to free circulation, the trader must present the Region/LCD with an INF1 for endorsement and forward it with the goods. Member State authorities may agree other methods of exchange of information.

6.7 Compensatory Interest

(Customs Code article 214(3), Implementing Provisions article 519)

Goods entered under the IP suspension system which are subsequently released for free circulation, either in the form of compensating products or in the unaltered state, may incur a compensatory interest charge. The amount of interest charged is calculated on the basis of the duty payable, the interest rate applicable and the chargeable period - see examples at Appendix V.

The rate of compensatory interest used is the three-month money market interest rate published in the Monthly Bulletin of the European Central Bank which is available on the EC Commission website or at www.ecb.int. The rate applied is that which was in force two months prior to the month in which the customs debt was incurred.

Interest is charged on a calendar month basis starting from the first day of the month following the month in which the goods were entered to IP and ending on the last day of the month in which they are released for free circulation. Periods of less than one month and amounts of interest not exceeding 20 Euro per customs debt incurred may be disregarded.

Where the number of import goods and/or compensating products makes it economically impracticable to calculate interest on the above basis it may be calculated on the basis of stock rotation periods. The stock rotation period is the average length of time it takes to process imported raw materials into a compensating product and to sell this product. The rotation periods are calculated on the basis of the ratio of the cost of average stock of raw materials necessary for the manufacture of compensating products to the cost of annual turnover (i.e. cost of goods sold). This ratio multiplied by 12 and rounded up to the nearest whole number gives the number of months on which compensatory interest is payable.

In summary, the calculation of the chargeable period using this aggregation method is as follows:

$$\frac{\text{Value of average stocks of raw materials (cost price)}}{\text{Value of Annual Turnover (cost of goods sold)}} \quad \times 12$$

The value of the average stock of raw materials includes both Community and non-Community materials. In certain cases, particularly where two or more Member States are involved in the processing operation, the trader may submit to the Region/LCD proposals for alternative methods of calculation of, and accounting for, compensatory interest.

7. Equivalence

(Customs Code, Articles 114(2)(e) and 115; Implementing Provisions, Articles 496(h), 541, 543 and 545, and Annex 74)

7.1 What is equivalence

Equivalence is a facility within IP that allows traders to use identical Community goods in place of import goods for processing and export, when approved to do so. The equivalent goods must fall within the same subheading of the Common Customs Tariff, be of the same commercial quality and have the same technical characteristics as the import goods. Equivalent goods may be at a more advanced stage of manufacture than the import goods provided the essential part of the processing is carried out by or on behalf of the trader. Equivalence can be granted either for specific products or for all products covered by an authorisation. It cannot be used with the simplified authorisation arrangement.

7.2 Application for equivalence

Applications to use equivalence are normally made at the time of the application for IP on the standard application form. Applications for equivalence can also be dealt with by way of amendment to a current authorisation (see para. 3.3). Any application for equivalence must include the following:

- the nature, quantity and value of the compensating products in respect of which the application is made;
- the nature, tariff subheading, commercial quality and quantity of the goods being imported;
- any information necessary to establish the relationship between the goods exported and the replacement import goods.

Any trader who is issued with an authorisation, which provides for the use of equivalence must sign a specific set of conditions (see Appendix VI). Economic Procedures Section will issue a copy of these conditions to the Region/LCD with the authorisation (see para. 3.1).

7.3 Prior exportation

This is an arrangement which allows the trader to manufacture products from equivalent goods and export the products before the import of the replacement goods i.e. export before import. It cannot be used in conjunction with IP Drawback. Prior exportation cannot be used unless specifically provided for in the trader's authorisation.

7.4 Special equivalence rules for agricultural goods

The use of equivalence in respect of specified agricultural goods i.e. rice, wheat, sugar, live animals and meat, maize, olive oil and milk and milk products, is subject to specific restrictions. Economic Procedures Section will notify the Region/LCD of any special arrangements necessary in such instances.

7.5 Information Form INF5

(Implementing Provisions, Article 523 and Annex 71)

An INF5 form is a prescribed document used for the exchange of information between Member States where compensating products manufactured from equivalent goods are exported from one Member State (e.g. Ireland) prior to the import of the replacement goods to a different Member State (e.g. France). This is known as triangular traffic. The Member State authorities concerned may agree other methods of exchange of information.

8. Transfers

(Implementing Provisions, Articles 511 - 514 and Annex 68)

8.1 Applications for transfer

IP goods may be transferred between different traders, locations and Member States without discharge from the IP procedure. Application for any transfer arrangements are normally made at the time of application for IP on the standard application form or can be dealt with by way of amendment to a current authorisation (see para. 3.3). Economic Procedures Section will request the Region/LCD to make a recommendation regarding the proposed transfer arrangements and will then include this in the trader's authorisation.

8.2 Transfer from the point of entry

Transfer of the goods from the point of entry to the premises of the trader or operator is covered by the entry declaration and the liability is covered by the trader's bond.

8.3 Transfer to the point of exit

Transfer of the goods from the trader's premises to the point of exit with a view to re-exportation following processing is covered by the export declaration and the liability is covered by the trader's bond. The procedure is not discharged until the goods or products have actually left the customs territory of the Community.

8.4 Transfer to an approved operator

An operator is someone who processes IP goods in their own premises on behalf of the authorised trader. The goods may be transferred to the operator's premises for processing without any customs formalities provided they are returned to the trader. The trader retains responsibility for the goods at all times and all movements of the goods must be recorded in the trader's accounts.

If the operator is located in another Member State, Economic Procedures Section will contact the customs authorities in that Member State and, if they are in agreement, the trader's authorisation will be amended to a Single Authorisation (see para. 2.4).

8.5 Transfer to another IP trader

An authorised trader may discharge the procedure by transferring the goods to another authorised trader. Responsibility for the transferred goods will only pass to the second trader when possession is taken of the goods and they are entered in the trader's accounts.

For transfers of this type, the trader must use one of the methods set down in Annex 68 of the Implementing Provisions Commission Regulation (EEC No. 2454/93 (OJ L253 of 11/10/93)).

8.6 Transfer of Annex 44C goods

Any goods listed in Annex 44C of the Implementing Provisions (goods involving greater risk of fraud) must be transferred using the Transit system.

9. IP Drawback

9.1 Claims for repayment of duty

All claims for repayment of duties under IP drawback are processed by the Region/LCD. Claims should be submitted by traders on form 1033 (Appendix VII). Claims may be accepted from an approved trader in another Member State in respect of customs duty paid in Ireland on imported goods, which have been transferred to the other Member State. Such claims must be accompanied by a Form INF7 endorsed by the customs authorities in that Member State. Alternatively, the authorities in the two states may agree on some other method of exchanging information. If there are any doubts regarding the authenticity of an INF7, Economic Procedures Section may be contacted with a view to having the form verified by the issuing authority.

9.2 Processing of claims

The following checks should be carried out on all claims received:

- that the claim is properly completed;
- that the level of claim is broadly in accordance with previous claims;
- that the level of trade appears to generally support the claim and that due regard has been taken of the rates of yield and of losses.

If satisfied following these checks, the claim may be certified for repayment. A number of claims should be selected for detailed examination. These should include the first number of claims from a trader recently approved for the procedure. Following this, the number of claims selected for examination may be varied up or down in line with the level of risk or any other factors which the Region/LCD consider significant.

10. The “No Drawback” rule (Customs Code, Article 216)

Certain Preferential Trade Agreements concluded between the EU and third countries include a provision known as the “No Drawback” rule. Under this provision goods do not qualify for preferential tariff treatment on entry to the agreement country where materials used in their manufacture have benefited from “a drawback (refund) of customs duty or exemption from customs duty of whatever kind”. Therefore, a Movement Certificate EUR1 or Invoice Declaration may not be issued for goods containing any materials which have benefited from duty suspension under IP.

The “No Drawback” rule currently applies to the following countries:

- Algeria
- Chile
- Croatia
- Egypt
- Faroe Islands
- Iceland
- Israel
- Jordan
- Lebanon
- Liechtenstein
- Macedonia (F.Y.R.)
- Mexico
- Morocco
- Norway
- Palestinian Authority of the West Bank & the Gaza Strip
- Switzerland
- Syria
- Tunisia
- Turkey

11. CAP Goods

The use of non-community CAP goods in IP is restricted. All goods in this category must undergo an economic test in the Department of Agriculture and Food before authorisation can be granted. Economic Procedures Section submits all relevant cases to the Department. Regions/LCD may consider that, given the sensitivity of these goods within the EU market, additional monitoring of these authorisations is necessary. The following are the broad headings of the goods concerned:

- cereals
- rice
- sugar
- olive oil
- milk and milk products
- wines
- meat
- certain alcohols
- goods for which export refunds are fixed
- eggs
- fishery products

The period of validity of the authorisation in respect of such goods will generally not exceed 6 months, and will not exceed 3 months for milk and milk products. The period of discharge will also be restricted in these cases. Details of the restrictions and periods of validity are available from Economic Procedures Section.

APPENDIX I

Report on Inward Processing

TO BE PROVIDED IN ACCORDANCE WITH

Article 86 of Council Regulation 2913/92

(To be completed and returned to Economic Procedures Section, Customs Division, St. Conlon's Road, Nenagh, Co. Tipperary.)

FILE REFERENCE: _____

Name and Address of Trader:

Registered Address:
(if different)

Company Registration No.:

TAN No.: _____

VAT Registration No.: _____

Does the Trader hold a VAT 13(b) Authorisation? _____

Is the Trader in possession of notice: Inward Processing Guidelines for Traders? __

Date of Visit(s): _____

(1) Name and Address of Operator(s):

Vat No.: _____

(2) (a) Are fiscal goods involved? _____

(b) Are warehoused goods involved? _____

(c) Are CAP goods involved? _____

If so, state tariff headings of the
Compensating product. _____

(3) Is trader already under audit? _____

If so, in what context? _____

(4) Do bona fide arrangements for processing exist? _____

(5) What is the nature of the processing operations? _____

(6) Are the accounts satisfactory? _____
(see note 1)

(7) What approved means of identification is proposed? _____

(8) Where will the processing be carried out? _____

(9) Is equivalence envisaged? _____

If so, are the arrangements satisfactory? _____

What are the equivalent goods? _____

(10) Is triangulation envisaged? _____

If so, name the importer authorised to enter the goods? _____

Place where goods are to be imported: _____

Customs authority empowered to check on import goods: _____

(11) Is separate storage of goods for “Inward Processing” necessary? _____

If so, are the arrangements satisfactory? _____

(12) Are you in agreement with the “rate of yield” as stated on Annex 2 of the trader’s application form? _____

If not, please agree rates of yield and report to Economic Procedures Section accordingly.
(see note 2)

(13) What time period is required to process and re-export the goods?

(14) Does the trader have a satisfactory record in complying with Customs requirements? _____

(15) What proportion of the compensating products are expected to be:

(a) Diverted to the home market (EU)? _____

(b) Exported to preferential trade agreement countries where the “No Drawback” rule applies?

(c) Exported to other non-EU countries? _____

(16) Will the company require a deferred payment arrangement?

(17) Will the company be releasing goods for free circulation on a general basis without customs formalities? _____

(18) If the suspension system is to be used, what is the amount of the bond penalty recommended? _____

Is cover note proposed as temporary security pending execution of the bond? _____

Name of approved Guarantee Society: _____

(19) Does the trader intend to enter goods or products for the procedure pending issue of the authorisation? _____

If so, has s/he been informed of the need to declare such goods for the procedure and to pay the duty on deposit until such time as their authorisation may issue? _____

(20) What is the current address for each of the following responsible Revenue offices:

(a) Supervising Revenue office:

(b) Office(s) of entry for the procedure:

(c) Office(s) of discharge:

(21) Are there any special control arrangements envisaged?

(Please give details)

(22) At entry to or discharge from the arrangements, are the goods transferring to or from other authorisation holders?

If so, which procedure under Annex 68 is envisaged?

(Please tick as appropriate)

A - Normal procedure (3 SAD copies) _____

B1 - Simplified Procedure (3 SAD copies) _____

B2 - Other (Commercial Documents) _____

(23) Simplified Procedures.

Entry for the Procedure:

Should the trader be authorised to enter goods for the procedure using:

Note: This generally only applies in conjunction with transfer.

(Please tick as appropriate)

(a) Incomplete SAD _____

(b) Commercial Documents _____

Under article 513, where goods are transferred between two holders, the second holder must have local clearance. In this case is a local clearance procedure required?

If yes, please state if it should be with or without presentation?

Discharge from the Procedure:

Should the trader be authorised to discharge goods for the procedure using:

Note: This generally only applies in conjunction with transfer.

(Please tick as appropriate)

(a) Incomplete SAD _____

(b) Commercial Documents _____

Under article 513, where goods are transferred between two holders, the second holder must have local clearance. In this case is a local clearance procedure required?

If yes, please state if it should be with or without presentation?

(24) Has the trader been approved for any other simplified procedures?

If so, please give details:

(25) Has the trader given ten-digit codes for the goods to be processed and compensating products? _____

The trader should be encouraged to obtain BTI.

(26) Has the trader provided an undertaking allowing Revenue right of entry to any transferee's premises? _____

If not, please request undertaking.

(27) Are there any other observations relevant to this application which have come to light as a result of enquiries carried out? _____

(28) Recommendation:

**NAME
(BLOCK CAPITALS)**

SIGNATURE



REGION/LCD STAMP

Note 1

(Implementing Provisions, Articles 515 and 516)

All inward processors must keep accounts showing the quantity of all the goods:

- (a) imported,
- (b) used in manufacture,
- (c) exported after having undergone the process of manufacture, the quantity of the manufactured goods also being given,
- (d) destroyed or otherwise accounted for by waste,
- (e) remaining on hand at the end of each quarter or other period in respect of which bills of discharge referenced to the inward processor's accounting system are made up,
- (f) exported in the unaltered state,
- (g) transferred to other authorised inward processors.

The accounts should show the information contained in the boxes of the minimum list as indicated in Annex 37 of the Customs Code Implementing Provisions. They should also show the particulars of the declarations or other documents used for entry to, or discharge from, the procedure. They should also demonstrate the nature of processing, rate of yield, location of goods for process including storage, commercial or technical descriptions of the goods to enable identification and any information considered necessary to enable customs to monitor the operation of the arrangements. Where equivalence is used, the accounts should facilitate the monitoring of the procedure in this regard.

Where feasible in the case of (a) and (c), particulars of each consignment are to be shown separately and each import and export consignment is to be numbered in a separate consecutive series.

Where import goods are discharged from inward processing in the form of compensating products or as goods in the unaltered state by means other than direct exportation from the Community the accounts must show the quantities and method of disposal in each case.

Where goods imported under inward processing are processed together with duty paid goods, the dual stocks should, where possible, be physically segregated. Where this is not possible a system of accounting segregation, which ensures that the import goods can be tracked in the inward processors' accounts from the import stage through processing to exportation, may be authorised.

Where an inward processor has been authorised to release goods for free circulation on a case-by-case or general basis the accounts must be kept in sufficient detail to enable the verification of the tariff rates, values and quantities of imported goods incorporated in the compensating products.

Where the inward processor is authorised to release goods for free circulation on a case by case basis only the inward processor's own system of accounts may be adapted to incorporate the required information.

Where release for free circulation on a general basis has been authorised, inward processors will normally be obliged to enter a deferred payment arrangement.

There is provision to waive the requirement for some of the above and this may be done where it is agreed that it is unnecessary for the supervision of the arrangements. The traders CRS notes should have a record of any such agreement.

Note 2

(Implementing Provisions, Article 517 to 518)

The rate of yield is defined as the quantity of compensating products obtained from the processing of a given quantity of import goods. The Region/LCD, in agreeing the rate of yield with the trader, should be guided by the processing schedules provided and by reference to the actual conditions under which the processing, leading to production of the compensating products, will be carried out. Standard rates of yield have been prescribed for specified compensating products obtained from certain agricultural products. These rates and the products covered are set out in Annex 69 of the Implementing Provisions and must be used irrespective of the rate actually achieved. In any case of doubt regarding the rate of yield, sampling of the compensating product to confirm composition should be considered. Economic Procedures Section may be contacted for further information or advice in this regard.

APPENDIX II

Inward Processing (I.P.) / Processing under Customs Control (PCC)

Application for Simplified Procedure – Commission Reg. No. 2454/93 as amended by Articles 497 (3) and 499 of Commission Regulation 993/2001.

1. Name or Business Name and Address:

(a) of the applicant/Declarant/Operator _____

VAT No.: _____ Tan No: _____

2. System applied for: (please tick as appropriate)

I.P. Suspension I.P. Drawback
 PCC

3. Goods to Be Processed:

Trade or technical description: _____

Tariff Code Number: _____

Quantity and Value: _____

4. Processed Goods:

Trade or technical description: _____

Tariff Code Number: _____

5. Suggested method of identifying the import goods in the finished products:

6. Economic Conditions Code: _____

7. Nature/Place of Processing Operation: _____

8. Estimated Rate of Yield: _____

9. Estimated period for discharge (processing and re-export or placing for Free Circulation): _____

10. Proposed Office of discharge: _____

11. Proposed Transfer Formalities: _____

12. Entry Reference Number: _____

13. Declaration:

I undertake to comply with the conditions of Inward Processing Relief or Processing under Customs Control as laid down in Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code and Commission Regulation (EEC) No.2454/93 as amended by Commission regulation 993/01 which lays down provisions for its implementation.

Signed: _____ Status in Company _____

Copies of these conditions and guidelines for Inward Processors are available on request from Economic Procedures Section, Revenue Commissioners, St Conlon's Road, Nenagh, Co. Tipperary, Tel: 067 63204/63462 or on the Revenue website at www.revenue.ie

FOR OFFICIAL USE ONLY

This declaration and 2 copies should be presented to customs at the point of entry

**Original: Trader
Copy 1: Import station
Copy 2: Region/LCD**

| |
|---------------|
| Signed: _____ |
| Date: _____ |

Goods imported? Yes/No

Appendix III

ANNEX A TO INWARD PROCESSING AUTHORISATION

GENERAL CONDITIONS TO BE OBSERVED BY PERSONS AUTHORISED TO ENGAGE IN AN INWARD PROCESSING ARRANGEMENT UNDER THE SUSPENSION SYSTEM.

1. The authorisation is issued by the Revenue Commissioners and may be revoked for non-compliance with Community legislation governing Inward Processing.
2. Where necessary the authorisation is issued in accordance with a recommendation made by the Department of Enterprise, Trade and Employment and remains in effect only as long as that recommendation continues.
3. Goods imported or otherwise received under the arrangement or compensating products derived from such goods

* may not be placed on the Community market except with the prior permission of the Revenue Commissioners

* may be placed on the Community market, subject to the conditions below and provided this does not contravene Community Inward Processing provisions relating to release for free circulation.

(* To be deleted as appropriate by a local Revenue Official)

4. Acceptance of these conditions does not relieve the Authorisation holder from compliance with the law and regulations for the time being in force relating to Inward Processing or to the importation, transshipment, exportation, warehousing or entry for free circulation of goods including the submission of Intrastat and/or VIES declarations.
5. The Authorisation holder is responsible for ensuring that the tariff code numbers quoted on the Authorisation are correct.
6. The Authorisation holder is agreeable to the transmission by the Revenue Commissioners of statistical information relating to goods imported under the arrangement to the E.U. Commission.
7. The Authorisation must be available in support of the customs entry or other declaration placing goods under the arrangement. It must be produced at any time (if so required) for inspection by any Officer of the Revenue Commissioners.
8. Each consignment of goods imported under inward processing (suspension) must be entered in the Automated Entry Processing (AEP) system, in accordance with the AEP Trader Guide (unless permission has been obtained from AEP Bureau to use the Fallback procedure). The appropriate procedure code (first two digits 51) must be inserted in box 37. The Authorisation number must be quoted in box 44. The entry must bear a declaration that the goods entered thereon are being imported for the purpose of undergoing a process of manufacture in accordance with an Authorisation issued by the Revenue Commissioners. The entry must be supported by an invoice(s), in duplicate, showing the total value and quantity of goods in the consignment.
9. In the case of goods imported through the parcel post, the words "Imported under I.P. suspension" must form part of the sender's declaration affixed to the parcel.
10. Accounts must be kept at the premises of the Authorisation holder showing the quantity of all the goods: -
 - a. imported or otherwise received under the arrangement,
 - b. used in manufacture,
 - c. exported outside the Community after having undergone the process of manufacture, the quantity of the compensating products concerned being also given,
 - d. placed on the Community market by permission of the Revenue Commissioners,
 - e. destroyed under customs supervision, or otherwise accounted for as waste,
 - f. transferred to other approved regimes,

- g. remaining on hands at the end of any approved period as mentioned in condition.

The accounts must contain adequate detail to enable each transaction to be traced and checked against inward and outward movements of materials approved under the arrangement.

In the case of (a), particulars of each consignment received must be recorded under a unique sequential reference and include the internal materials control references allocated by the trader. The records must include the import SAD reference for imports and other recognised references for other receipts.

In the case of (c), particulars of each dispatch of compensating products must be recorded under a unique sequential reference number and include the business commercial reference numbers. The records must include the export SAD reference for goods for export and other recognised references for other deliveries and transfers.

In the case of (d), where any of the imported goods are liable to excise duties, separate accounts must be kept in respect of the quantities placed on the home market and the market of other Member States.

11. Schedules, to be known as Processing Schedules, must be provided to the local Revenue office showing, in respect of each type and size of product to be manufactured, the quantity of each description of goods imported under the arrangement, which is required to complete the finished product, or a specified number of such products. **In the manufacture of the products in question no departure may be made from a Processing Schedule unless prior notice of the change has been given to the local Revenue Official and a new Schedule has been furnished to him/her and has been approved.**
12. The Authorisation holder must notify their local Revenue Office of any material change in the rate of yield impacting on duty liability.
13. The accounts referred to in the condition 10 must be kept accessible to and open for inspection by any Revenue Official, and such officials must be afforded every facility for satisfying themselves as to their accuracy. These accounts, including details required on bills of discharge may be subject to review by a Revenue Audit and the authorisation holder may be requested to present a new accounting system.
14. Samples of the goods imported and of the compensating products in which they are used must be provided to any Revenue Official if so requested.
15. In respect of each period of ___ months, commencing from the first day of each quarter, a summary of the accounts required under condition 10 must be furnished in the form of a Bill of Discharge / balanced statement to the relevant Revenue Office within ten days from the termination of such period, and each such return must be certified by the Secretary or by a duly authorised official to be a full and true account of all transactions related to the arrangement which took place during the period in question.
16. The goods imported or otherwise received without payment of import duties under the arrangement, either in the unaltered state or in the form of compensating products, must be
 - (i) exported outside the Community, the goods being produced, before exportation, to a Revenue Official for examination either at the importer's premises (subject to payment of the appropriate charges for the Official's attendance) or at the Export Station, duty or other like charge being paid on any goods attracting such charges which have been incorporated in the compensating products being exported to certain countries outside the Community (e.g. EFTA countries);
 - (ii) placed on the Community market by permission of the Revenue Commissioners, duty, levy or other like charge being paid on any goods attracting such charges.
17. Where goods/compensating products are exported/dispatched in accordance with condition 16(i) or (ii), a SAD entry must be made to the AEP system in accordance with the AEP Trader Guide (unless permission has been obtained from AEP Bureau to use the Fallback procedure). The appropriate procedure code (last two digits 51) must be inserted in box 37. The Authorisation number must be quoted in box 44 together with the invoice/serial number of the

export consignment as shown in the Authorisation holder's accounts. The entry must be supported by the export documents required by the regulations.

18. Dutiable goods not used in manufacture, and also any waste material resulting from the manufacturing operations, must be exported, destroyed without delay in the presence of a Revenue Official or otherwise accounted for to the satisfaction of the Revenue Commissioners and any duty or other like charge due on exportation or otherwise must be paid thereon.
19. Duty must be paid on demand on any dutiable goods, which at any time are not shown to have been exported under these conditions or not to have been otherwise accounted for to the satisfaction of the Revenue Commissioners.
20. Subject to condition 3 above, before any goods or compensating products are placed on the Community Market:
import duty must be paid, unless at the time of placing on the Community market an arrangement for deferred payment of such duties has been approved: where such deferred payment has been approved, duty and compensatory interest due in respect of diversions made in a particular month must be paid on or before the fifteenth day of the following month; and where the goods are subject to commercial policy measures, the appropriate quota licence/ import authorisation issued by the Department of Enterprise, Trade and Employment or Agriculture and Food must be produced.
21. The authorisation holder is responsible for ensuring that they comply with the provisions for the time being in force in the relevant member state(s) in relation to the payment of Value Added Tax.
22. Where the placing of goods or products on the Community Market is permitted under condition 3, the Authorisation holder must co-operate fully with Revenue in all necessary enquiries undertaken in relation to the customs valuation of goods imported under the arrangement and, in particular, a valuation declaration form (C&E G563, or alternative as appropriate) must be completed at the time of entry of the goods concerned to the arrangement. Where the declared value is not accepted, pending investigation and adjustment as found necessary, compensating products or goods in the unaltered state may not, in any circumstances, be placed on the Community market except on payment of a deposit sufficient to cover the proper amount of duty payable thereon.
23. Where the authorisation issued provides for use of a local clearance procedure under Item 14 (a), such procedure provides strictly for the receipt of Inward Processing goods/products from other authorisation holders and does not provide for the receipt of other goods at the authorisation holder's premises. The trader is obliged to notify their local Revenue Office of the receipt of Inward Processing goods from other authorisation holders and to enter such in their Inward Processing records.
24. A general bond in an adequate penalty must be entered into or alternative security acceptable to Revenue provided to secure the suspended duty and for the due observance of these conditions.
25. All necessary assistance and co-operation must be provided to any Revenue Official in taking stock of goods held under the arrangement and in establishing agreement between official stock records and the records of the Authorisation holder.
26. Revenue reserves the right to vary or add to the conditions set out above.

I/We.....(Name in block letters) hereby certify that the conditions (1) to (26) set out above are accepted and undertake that they will be complied with.

Signed*: _____

Designation of Signatory:

on behalf of: _____

(Name of holder of Authorisation)

Date: _____

*When the Authorisation is issued to an individual the signatory should be that individual. In the case of a limited company the signatory should be the Secretary or Managing Director or General Manager, and in the case of any other trading entity, the owner or partner. A responsible official other than those mentioned may also sign provided he/she is duly authorised in writing to accept liability.

In the case of a non-resident individual, limited company or other trading entity the signatory should be the lawfully appointed Attorney of the holder of the Authorisation, resident in the State.

APPENDIX IV

INWARD PROCESSING RETURN AND PERIODIC PAYMENT

Form 1034

| | | | | | | |
|---|---------------------|---------------------------|--------------------------------|------|------------------------------------|----|
| 8. Inward Processor | VAT No. | 1. DECLARATION DIV. | A. No. and Date | | | |
| | | Collection | | | | |
| | | Station | | | | |
| Period to which payment relates | | | | | | |
| 31. Description of goods | 32. Item No. | 33. Commodity Code | 34. Country origin Code | | 47. CALCULATION OF TAXES | |
| | | | 37. Procedure | | | |
| | | | 38. Net mass (kg) | | | |
| | | | 41. Supplementary units | | | |
| | | | 46. Statistical value | | | |
| | | Type | Tax base | Rate | Amount | MP |
| | | | | | | |
| 31. Description of goods | 32. Item No. | 33. Commodity Code | 34. Country origin Code | | 47. CALCULATION OF TAXES | |
| | | | 37. Procedure | | | |
| | | | 38. Net mass (kg) | | | |
| | | | 41. Supplementary units | | | |
| | | | 46. Statistical value | | | |
| | | Type | Tax base | Rate | Amount | MP |
| | | | | | | |
| 31. Description of goods | 32. Item No. | 33. Commodity Code | 34. Country origin Code | | 47. CALCULATION OF TAXES | |
| | | | 37. Procedure | | | |
| | | | 38. Net mass (kg) | | | |
| | | | 41. Supplementary units | | | |
| | | | 46. Statistical value | | | |
| | | Type | Tax base | Rate | Amount | MP |
| | | | | | | |
| 31. Description of goods | 32. Item No. | 33. Commodity Code | 34. Country origin Code | | 47. CALCULATION OF TAXES | |
| | | | 37. Procedure | | | |
| | | | 38. Net mass (kg) | | | |
| | | | 41. Supplementary units | | | |
| | | | 46. Statistical value | | | |
| | | Type | Tax base | Rate | Amount | MP |
| | | | | | | |
| 31. Description of goods | 32. Item No. | 33. Commodity Code | 34. Country origin Code | | 47. CALCULATION OF TAXES | |
| | | | 37. Procedure | | | |
| | | | 38. Net mass (kg) | | | |
| | | | 41. Supplementary units | | | |
| | | | 46. Statistical value | | | |
| | | Type | Tax base | Rate | Amount | MP |
| | | | | | | |
| I hereby declare that the above particulars are a true and complete account of the charges (Duty, E.F.T.A. Levy or Compensatory Levy as appropriate) payable on the goods diverted from inward processing during the stated period and I request that the attached summary(ies) of accounts be accepted as the basis of change. | | | | | TOTAL | |
| Signature..... | | | | | FOR OFFICIAL USE | |
| Designation..... | | | | | | |
| Date 20..... | | | | | | |
| | | | | | Payment received and records noted | |
| | | | | | Cashier | |

APPENDIX V
Compensatory interest
(Article 519)

Illustrative examples

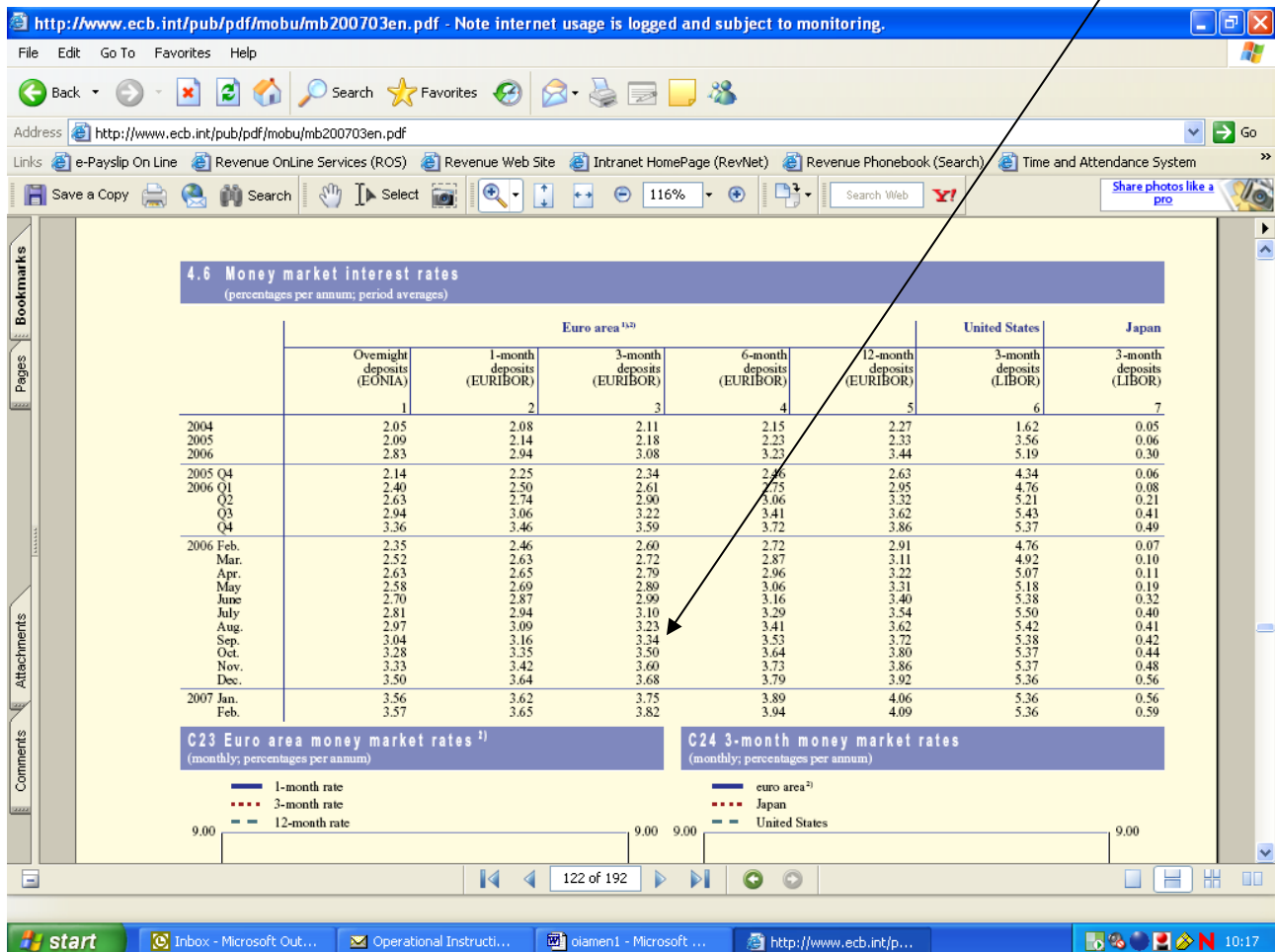
1st example:

On 1st July 2006 import goods are placed under the arrangements. Customs debt is incurred on 27 March 2007. The first operation took place in a Member State being part of the €-zone.

Which interest rate applies with regard to the compensatory interest?

March 2007 is the month in which the customs debt is incurred. The applicable rate is that applicable two months before March 2007 (see Article 519 (2), second sub-paragraph). Therefore the interest rate of January 2007 applies which is the 3-month money market interest rate for the €-zone published for this month in the statistical annex of the Monthly Bulletin of the European Central Bank.

The European Central Bank internet address is: <http://www.ecb.int/>). The Monthly Bulletins are available in the Publications section of this website. The relevant table in the Monthly Bulletin can be accessed by clicking on “Euro Area Stat” and going to table 4.6 under the heading “Financial Markets”. Column 3 of the “Money market interest rates” table applies for this calculation. The interest rate for January 2007 is 3.75%.



2nd. Example:

On 1st July 2006 import goods are placed under the arrangements. Customs debt is incurred on 27 February 2007. First operation took place in a Member State not being part of the “€-zone” (Denmark).

Which interest rate applies with regard to the compensatory interest?

February 2007 is the month in which the customs debt is incurred. The applicable rate is that applicable two months before February 2007 (see Article 519 (2), second sub-paragraph). Therefore the interest rate of December 2006 applies which is the 3-month money market interest rate applicable in the other Member States not being part of the €-zone published for this month in the statistical annex of the Monthly Bulletin of the European Central Bank.

The European Central Bank internet address is: <http://www.ecb.int/>). The Monthly Bulletins are available in the Publications section of this website. The relevant table in the Monthly Bulletin can be accessed by clicking on “Euro Area Stat” and going to table 9.1. The “Economic and Financial developments” table applies for this calculation. The interest rate for January 2007 is 3.84%.

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 in other EU Member States
(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

| | Bulgaria | Czech Republic | Denmark | Estonia | Cyprus | Latvia | Lithuania | Hungary | Malta | Poland | Romania | Slovakia | Sweden | United Kingdom |
|--|----------|----------------|---------|---------|--------|--------|-----------|---------|-------|--------|---------|----------|--------|----------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| HICP | | | | | | | | | | | | | | |
| 2005 | 6.0 | 1.6 | 1.7 | 4.1 | 2.0 | 6.9 | 2.7 | 3.5 | 2.5 | 2.2 | 9.1 | 2.8 | 0.8 | 2.1 |
| 2006 | 7.4 | 2.1 | 1.9 | 4.4 | 2.2 | 6.6 | 3.8 | 4.0 | 2.6 | 1.3 | 6.6 | 4.3 | 1.5 | 2.3 |
| 2006 Q2 | 8.6 | 2.5 | 2.0 | 4.5 | 2.6 | 6.5 | 3.6 | 2.7 | 3.4 | 1.4 | 7.2 | 4.6 | 1.9 | 2.2 |
| Q3 | 6.7 | 2.4 | 1.8 | 4.4 | 2.6 | 6.6 | 4.0 | 4.6 | 3.2 | 1.5 | 5.9 | 4.8 | 1.5 | 2.4 |
| Q4 | 5.7 | 1.1 | 1.6 | 4.5 | 1.5 | 6.2 | 4.2 | 6.4 | 1.1 | 1.3 | 4.8 | 3.5 | 1.4 | 2.7 |
| 2006 Sep | 5.4 | 2.2 | 1.5 | 3.8 | 2.2 | 5.9 | 3.3 | 5.9 | 3.1 | 1.4 | 5.5 | 4.5 | 1.2 | 2.4 |
| Oct. | 5.2 | 0.8 | 1.4 | 3.8 | 1.7 | 5.6 | 3.7 | 6.3 | 1.7 | 1.1 | 4.8 | 3.1 | 1.2 | 2.4 |
| Nov. | 5.9 | 1.0 | 1.8 | 4.7 | 1.3 | 6.3 | 4.4 | 6.4 | 0.9 | 1.3 | 4.7 | 3.7 | 1.5 | 2.7 |
| Dec. | 6.1 | 1.5 | 1.7 | 5.1 | 1.5 | 6.8 | 4.5 | 6.6 | 0.8 | 1.4 | 4.9 | 3.7 | 1.4 | 3.0 |
| 2007 Jan. | 6.9 | 1.4 | 1.8 | 5.0 | 1.4 | 7.1 | 4.0 | 8.4 | 1.2 | 1.7 | 4.1 | 2.2 | 1.6 | 2.7 |
| General government deficit (surplus (+)) as a % of GDP | | | | | | | | | | | | | | |
| 2003 | 0.3 | -6.6 | 1.1 | 2.0 | -6.3 | -1.2 | -1.3 | -7.2 | -10.0 | -4.7 | -1.5 | -3.7 | 0.1 | -3.3 |
| 2004 | 2.7 | -2.9 | 2.7 | 2.3 | -4.1 | -0.9 | -1.5 | -6.5 | -5.0 | -3.9 | -1.5 | -3.0 | 1.8 | -3.2 |
| 2005 | 2.4 | -3.6 | 4.9 | 2.3 | -2.3 | 0.1 | -0.5 | -7.8 | -3.2 | -2.5 | -1.5 | -3.1 | 3.0 | -3.3 |
| General government gross debt as a % of GDP | | | | | | | | | | | | | | |
| 2003 | 46.0 | 30.1 | 44.4 | 5.7 | 69.1 | 14.4 | 21.2 | 58.0 | 70.2 | 43.9 | 21.5 | 42.7 | 51.8 | 38.9 |
| 2004 | 38.4 | 30.7 | 42.6 | 5.2 | 70.3 | 14.5 | 19.4 | 59.4 | 74.9 | 41.8 | 18.8 | 41.6 | 50.5 | 40.4 |
| 2005 | 29.8 | 30.4 | 35.9 | 4.5 | 69.2 | 12.1 | 18.7 | 61.7 | 74.2 | 42.0 | 15.9 | 34.5 | 50.4 | 42.4 |
| Long-term government bond yield as a % per annum, period average | | | | | | | | | | | | | | |
| 2006 Aug. | 4.66 | 3.85 | 3.93 | - | 4.28 | 4.36 | 4.28 | 7.49 | 4.34 | 5.62 | 7.41 | 5.13 | 3.84 | 4.49 |
| Sep. | 4.40 | 3.90 | 3.79 | - | 4.28 | 4.38 | 4.28 | 7.58 | 4.34 | 5.48 | 7.49 | 4.79 | 3.70 | 4.44 |
| Oct. | 4.26 | 3.89 | 3.88 | - | 4.26 | 4.55 | 4.28 | 7.47 | 4.34 | 5.40 | 7.56 | 4.42 | 3.73 | 4.51 |
| Nov. | 4.38 | 3.78 | 3.78 | - | 4.26 | 4.95 | 4.28 | 7.01 | 4.34 | 5.20 | 7.56 | 4.25 | 3.62 | 4.45 |
| Dec. | 4.18 | 3.68 | 3.78 | - | 4.26 | 4.90 | 4.28 | 6.81 | 4.33 | 5.14 | 7.42 | 4.15 | 3.65 | 4.54 |
| 2007 Jan. | 4.27 | 3.84 | 4.00 | - | 4.36 | 4.92 | 4.28 | 6.96 | 4.34 | 5.17 | 7.39 | 4.25 | 3.90 | 4.94 |
| 3-month interest rate as a % per annum, period average | | | | | | | | | | | | | | |
| 2006 Aug. | - | 2.56 | 3.33 | 3.32 | 3.21 | 5.07 | 3.27 | 7.11 | 3.69 | 4.19 | 8.72 | 4.93 | 2.70 | 4.94 |
| Sep. | 3.40 | 2.49 | 3.45 | 3.40 | 3.39 | 4.84 | 3.38 | 7.88 | 3.65 | 4.21 | 8.66 | 4.95 | 2.83 | 5.03 |
| Oct. | 3.50 | 2.65 | 3.61 | 3.57 | 3.62 | 4.97 | 3.53 | 8.20 | 3.62 | 4.21 | 8.62 | 5.02 | 2.96 | 5.13 |
| Nov. | - | 2.64 | 3.72 | 3.66 | 3.80 | 4.36 | 3.61 | - | 3.90 | 4.20 | 8.71 | 4.94 | 3.08 | 5.23 |
| Dec. | - | 2.56 | 3.84 | 3.81 | 3.76 | 4.21 | 3.72 | 8.20 | 3.90 | 4.20 | 8.19 | 4.82 | 3.21 | 5.29 |
| 2007 Jan. | - | 2.58 | 3.92 | 3.90 | 3.82 | 3.82 | 3.79 | 8.15 | 3.85 | 4.20 | 6.69 | 4.50 | 3.35 | 5.49 |

Appendix VI

CONDITIONS TO BE OBSERVED BY PERSONS AUTHORISED TO OPERATE EQUIVALENCE

1. In these conditions

"import goods" means the non-Community goods placed under inward processing,

"equivalent goods" means the equivalent Community goods which, under the equivalent compensation arrangement, replace the import goods,

"equivalent compensating products" means the compensating products processed from equivalent goods.

2. The conditions accepted by you in relation to Inward Processing Authorisation No. _____ apply.
3. Importation of import goods and exportation of equivalent compensating products may be carried out only by the holder of the inward processing Authorisation.
4. A separate account must be kept showing disposal of the import goods and exportation of the equivalent compensating products.
5. A deposit in an amount sufficient to cover the potential duty outstanding at any time on import goods put on the Community market under the arrangement, prior to the exportation of the equivalent compensating products, must be lodged with the local Revenue office.
6. A time limit of ____ months for completion of the arrangement applies commencing

* on the date of the placing of the import goods on the Community Market.

* on the date of the export of the equivalent compensating products under the arrangement.

7. A SAD export declaration must be presented to Revenue or an appropriate entry must be made to the AEP system in respect of each consignment of equivalent compensating products exported under the arrangement.
8. Where the Revenue Commissioners so request the export and import transactions must be carried out at the same customs office.
9. The time when equivalent compensation/prior exportation is considered to have taken place will be determined by a Revenue Official in accordance with the relevant EU legislative provisions.
10. Samples of the equivalent compensating products, of the equivalent goods from which processed, and of the import goods must be supplied free of charge on demand by a Revenue Official.
11. The account referred to in condition 4 must be kept accessible to and open to inspection by any Revenue Official and such Official must be afforded every facility for satisfying themselves as to its accuracy.
12. These conditions apply to an equivalent compensation/prior exportation (*) arrangement relating to products imported under an inward processing arrangement.
13. Adherence to these conditions does not remove the obligation from the authorisation holder to comply with EU law and regulations governing Inward Processing.
14. The Revenue Commissioners reserve the right to vary or to add to the conditions set out above.

* Delete as appropriate

I/We.....(Name in block letters) hereby certify that the conditions (1) to (14) set out above are accepted and undertake that they will be complied with.

Signed*: _____

Designation of Signatory:

on behalf of: _____

(Name of holder of Authorisation)

Date: _____

When the Authorisation is issued to an individual the signatory should be that individual. In the case of a limited company the signatory should be the Secretary or Managing Director, and in the case of any other trading entity, the owner or partner. A responsible official other than those mentioned may also sign provided he/she is duly authorised in writing to accept liability.

In the case of a non-resident individual, limited company or other trading entity the signatory should be the lawfully appointed Attorney of the holder of the Authorisation, resident in the State.

APPENDIX VII

**CLAIM FOR REPAYMENT OF CUSTOMS DUTY PAID ON THE IMPORTATION OF
GOODS
UNDER INWARD PROCESSING DRAWBACK ARRANGEMENTS.**

ARTICLE 128, COUNCIL REGULATION (EEC) No. 2913 / 92.

SECTION A

Compensating Products Disposed Of As Follows During The Period.....

- (i) exported outside the customs territory of the Community (quote SAD references).....
.....
- (ii) placed under Customs control procedure (specify and quote references)
.....

| Type of compensating product | Quantity | Value | Rate of Yield |
|------------------------------|----------|-------|---------------|
| | | | |
| | | | |
| | | | |

| <u>SECTION B</u> <u>Import goods incorporated in compensating products disposed of as specified in Section A.</u> | | | | | Amount of refund claimed € |
|--|-----------------|--------------|---------------------------------|--------------|-------------------------------------|
| Type of import goods | Tariff code no. | Quantity | Customs value | Rate of duty | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| <p>NOTE The import goods incorporated in compensating products may be deemed to include the losses and waste arising from the manufacture of such compensating products provided that such losses and waste do not exceed the limits laid down under the approved rate of yield and provided also that the waste has no commercial value.</p> | | | | | |
| <p><u>SECTION C</u> <u>Recalculation of duties on secondary compensating products which remain within the Community. (This applies only to products covered by Article 122 (a) of Council Regulation (EEC) No. 2913 / 92; if in doubt consult your local Revenue Official.)</u></p> | | | | | |
| | | Import goods | Secondary compensating products | | |
| Type of goods | | | | | |
| Tariff code number | | | | | |

| | | | |
|-----------------|------|-----|--|
| Quantity | | | |
| Value | | | |
| Rate of duty | | | |
| Duty | Paid | Due | |
| | | | Gross refund claimed |
| | | | |
| No. 1033 | | | Total amount of customs duty for which repayment is claims |

SECTION D

Evidence of duty payments on import goods specified in Section B and C (0verleaf).

Customs entry/warrant no(s) and date(s)
.....
.....

DECLARATION

| | |
|--|--|
| Name and full address of person or company claiming refund | Inward Processing Authorisation Number |
| | |

I declare that the particulars set out herein and in any worksheets attached are true and complete and I hereby claim repayment of duty amounting to

Signature:

Status in company:

Date:

WARNING: There are heavy penalties for making false declarations

The claim, in duplicate, must be lodged with Revenue within six months of the compensating products being disposed of in accordance with Section A. Where necessary separate worksheets may be attached to this form; each work sheet should be signed and dated by the signatory above.

I have examined the claim and certify that the following amount of drawback

..... Euros and cents

€ is due to be repaid to

Discrepancies between amount claimed and amount endorsed - give particulars if applicable
.....
.....

Official Records noted.

Certifying Officer's Signature Date

Official stamp.....

Satisfied. Transmitted to Accountant General for payment accordingly.

Countersignature Date

Form No. 1033