



Customs Special Procedures, Save Money and Stay Compliant

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Your host for today



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Customs Special Procedures

Presenter

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AGENDA



- **Introductions**
- **UK customs special procedures**
- **UK customs warehousing**
- **UK excise warehousing**
- **Open Forum – Q & A session**



UK customs special procedures



What are special procedures?

To promote economic activity, many countries offer the possibility of suspending or drawing back customs duties by means of Special Procedures. These cost-saving customs and excise authorisations are universal, but they can have different names in different countries worldwide.

The main universal Special Procedures are:

- Customs or Bonded Warehousing,
- Inward Processing (IP),
- Outward Processing (OP),
- Temporary Admission,
- End Use.



What are special procedures? (i)

A **Customs or Bonded Warehouse (CW)** is a building or other secured area in which dutiable goods may be stored, manipulated, or undergo manufacturing operations without payment of duty. It may be managed by the state or by a private enterprise. In the latter case, a customs bonded warehouse must be registered with the government.

Customs warehousing allows the owner to hold imported non-UK goods in the UK and choose when to pay the duties or whether to re-export the goods.

The amount of working or processing allowed on goods held in warehouses is essentially limited to keeping them preserved with a view toward subsequent distribution. However, it is possible to process goods under inward processing or processing under customs control on the premises of a customs warehouse.



What are special procedures? (ii)

Inward Processing (IP) means that non-UK goods are imported in order to be used in the customs territory of the UK in one or more processing operations, for instance, for the purposes of manufacturing or repair. When imported, such goods are not subject to:

- Import duty
- Other taxes related to their import, such as VAT and/or excises
- Commercial policy measures

After the processing operations, the processed products can be either re-exported or released for free circulation in the UK; the latter would imply the obligation to pay import duty and taxes as well as the application of commercial policy measures.

In addition, it is possible to store processed products under customs warehousing or in a free zone.

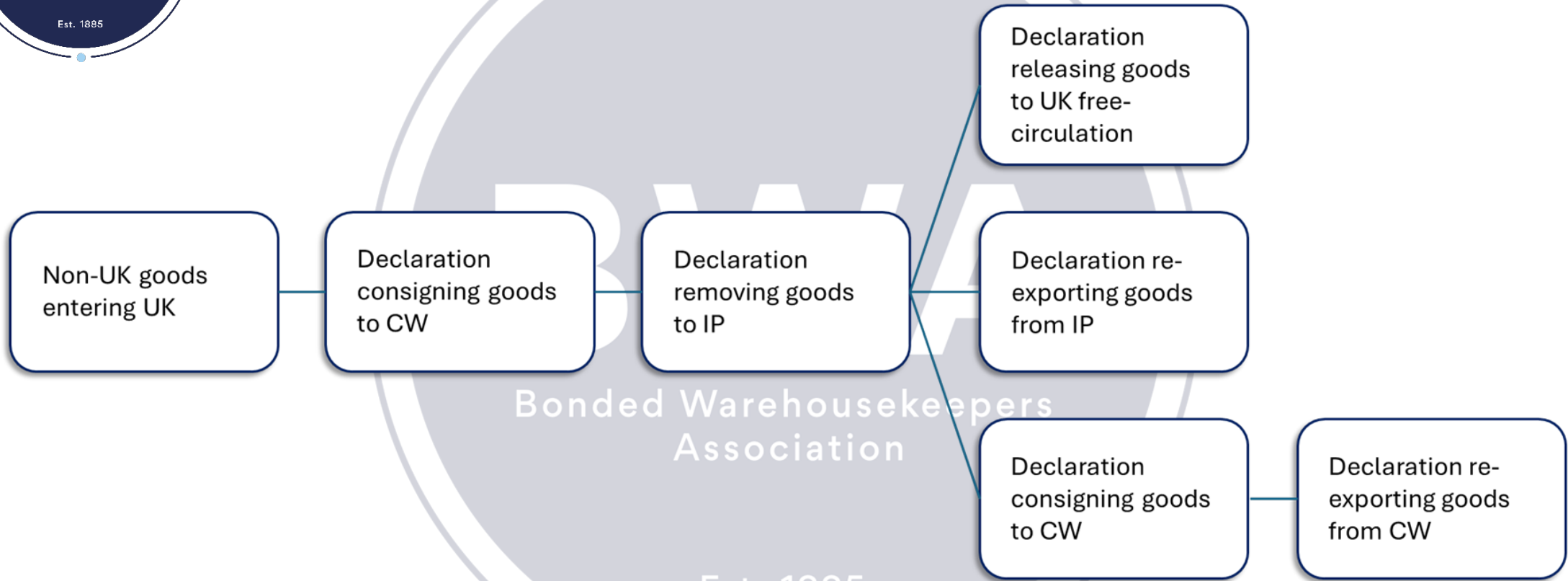


What are special procedures? (iii)

An authorisation from the customs authorities is required for the use of the inward processing procedure. The customs authorities must specify the period within which the inward processing procedure is to be discharged. Such authorisation can also allow businesses to export UK products which have already been processed in return for the import of an equivalent quantity of non-UK raw materials.

If the processed products are released for free circulation, the concerned business can apply to pay duty at the rate and customs value applicable to the imported goods at the time of acceptance of their customs declaration. Otherwise, the duty and import VAT will be calculated according to the rate and customs value of the processed products at the time they are released for free circulation.

Inward processing is often used in conjunction with customs warehousing, as the following slide demonstrates.





What are special procedures? (v)

Outward Processing (OP) is the opposite of inward processing. It allows UK goods to be processed abroad and, when they come back into the UK to be put into free circulation, duty must be paid only on the value added abroad. Without such a system, duty would have to be paid on the goods produced in the UK as well as on the value added abroad.

Temporary Admission allows goods to be brought into a country temporarily, typically for less than 24 months, with total or partial relief from import duty. This Special Procedure is often used for events like trade shows, art exhibits, or music festivals.

End Use relief reduces or eliminates customs duty on certain imported goods which meet defined criteria and are put to a specific use within a set period of time. This Special Procedure only applies to certain tariff codes, such as goods in the aerospace, shipbuilding, and defence industries.



Why use special procedures?

Special Procedures can help companies save customs duty costs on imported goods, resulting in a positive impact on their bottom line.

These savings can represent significant value to the companies that use Special Procedures.

The savings are generated in two ways:

- Deferment of frontier duties and VAT
- Protection of origin when re-exporting under UK customs control
 - Transit arrangements
 - Non-manipulation certification.



Authorisations and guarantees

Authorisation Process

- Customs warehousing (SP2) – 60 days
- Inward Processing (SP3) – 30 days
- Outward Processing (SP4) – 30 days
- Temporary Admission (SP5) – 30 days
- End Use (SP1) – 30 days

Customs Comprehensive Guarantee (CCG)

- CCG1 – 120 days
- CCG1F – Used to apply to reduce the amount of guarantee required



UK customs warehousing



UK customs warehousing

What is customs warehousing?

Customs warehousing is one of five UK customs special procedures and can be used to store goods:

- That are liable to customs duties, excise duties or import VAT
- Goods are consigned to the CW at the frontier (CPC 7100000)
- Goods remain under UK customs control while stored in the CW
- Delayed import declarations via CDW's through CDS into UK free circulation
- Goods can be re-exported from the CW under UK customs control (CPC 3171000)
- That have been released to UK free circulation (duty paid).



Types of customs warehouse

There are 2 types of customs warehouse where you can store goods.

Public warehouse

This is a warehouse operated by a business whose purpose is to store other people's goods. They are the warehousekeeper and you are the depositor.

Private warehouse

This is a warehouse operated by you to store your own goods. You are the warehousekeeper and the depositor.

You do not need to be authorised by HMRC to be a depositor in a public or private customs warehouse but, if you operate a private customs warehouse, you will need to be authorised as the warehousekeeper.



UK excise warehousing



What is excise warehousing?

An excise warehouse is a premises authorised by HMRC to receive and store goods that are liable for excise duty without having to pay the duty.

The duty is suspended for the period that the goods are stored inside the approved warehouse.





How does excise warehousing work?

You must be authorised by HMRC to either operate or utilise a UK excise warehouse:

- Excise warehousekeeper
- Registered owner
- Duty representative
- Registered consignor

The premises must be approved by HMRC:

- General Storage and Distribution warehouse
- Trade Facility warehouse
- Motor and Heating Fuels warehouse

Operations within the warehouse must be approved by HMRC:

- Bulk goods
- Goods already bottled and packaged.



Why use excise warehousing?

With an excise warehouse, you can benefit from holding duty-suspended stock in your warehouse until you need it.

Only once the stock needs to leave the warehouse will you have to account for the duty and VAT to HMRC.





Questions?

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Upcoming Webinar

**ARE SUPPLIERS' DECLARATIONS SUFFICIENT FOR
PROVING THE ORIGIN OF YOUR EXPORT GOODS?**

18TH APRIL 2024



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Upcoming Events



INTERNATIONAL TRADE TRAINING WORKSHOP

**INCOTERMS
2020®**

VIRTUAL TRAINING
09:30 - 12:30PM
17TH APRIL 2024



INTERNATIONAL TRADE TRAINING WORKSHOP

**METHODS OF PAYMENT
AND LETTERS OF CREDIT**

VIRTUAL TRAINING
09:30 - 15:30PM
23RD APRIL 2024



INTERNATIONAL TRADE TRAINING WORKSHOP

**INTRODUCTION TO
CUSTOMS DECLARATIONS IN CDS**

VIRTUAL TRAINING
09:30 - 15:30PM
24TH APRIL 2024

Thank you



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