

The New Customs Code of the Eurasian Economic Union – Important Aspects

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The New Customs Code of the Eurasian Economic Union (1/3)

- 26th December 2016: the Customs Code of the Customs Union (EAEU CC) is signed by Russia, Kazakhstan, Armenia and Kyrgyzstan
- 11th April 2017: the EAEU CC is signed by Belarus
- April 2017: decision on the synchronization of the EAEU CC ratification process in the EAEU countries in order to accelerate the process
- 1st January 2018: planned entry into force of the EAEU CC having received final approvals of national parliaments

The New Customs Code of the Eurasian Economic Union (2/3)

- Parallel ratification by the national parliaments until end of 2017
 - Russia 26/10/2017
 - Belarus 25/10/2017
 - Kazakhstan 08/11/2017
 - Armenia and Kirgizstan are on the way
- Adoption & harmonization of local legislation on local level after ratification
- Alignment of national legislations is expected to be accomplished by mid 2018 – is this realistic?

The New Customs Code of the Eurasian Economic Union (3/3)

– Structure

- 9 sections
- 61 chapters
- 465 articles
- 1,200 pages !
- 300 references to the national legislation



EAEU CC: Main Goals

- Unify and codify over 20 international treaties of the EAEU related to the key issues of customs regulation
- Modernize and accelerate customs procedures
- Facilitate interaction between businesses and customs authorities
- Make customs procedures more transparent and easier for the business

EAEU CC: Key Changes (1/2)

- Electronic document management - Priority of digital technologies
- Automation of declaration process - Automatic registration and release of customs declaration
- Simplification of customs declaring procedures - No need to present confirming documents mentioned in the customs declaration
- “One window” principle
- Improved AEO status

EAEU CC: Key Changes (2/2)

- Oral explanations are taken into consideration
- Normative time for customs declaration release is decreased to 4 hours
- Temporary storage time increased up to 4 months
- Possibility to apply for the preliminary decisions on customs value
- Declarant is responsible for the definition of the customs tariff
- Temporary admission is valid within the EAEU
- Free choice of place of customs clearance but only within the country of residence (EU – everywhere)

EAEU CC: Key Changes in Detail

- **Electronic document management**
- Automation of declaration process
- Simplification of customs declaring procedures
- One-stop-shop principle
- Improved AEO status

Electronic document management

— BEFORE the EAEU CC:

- Electronic declaration in Russia, but not in all member countries
- Tax authorities require paper declaration with stamps to proof export



— AFTER the EAEU CC:

- Overall implementation of electronic declaration
- Paper documents serve only as duplicates for the electronic ones



EAEU CC: Key Changes in Detail

- Electronic document management
- **Automation of declaration process**
- Simplification of customs declaring procedures
- One-stop-shop principle
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Automation of declaration process

— BEFORE the EAEU CC:

- Customs declarations are to be checked by a customs inspector
- Maximum time for
 - registration or refusal in registration of the customs declaration: 2 working hours
 - release of goods upon registration of the customs declaration: 1 working day

— AFTER the EAEU CC:

- Automatic registration of declaration, verification and release of goods by the information system
- Any direct interactions between the importers and the customs officers are excluded
- Reduction of maximum time for
 - registration or refusal in registration of the customs declaration (1 working hour)
 - release of goods upon registration of the customs declaration (4 working hours)

EAEU CC: Key Changes in Detail

- Electronic document management
- Automation of declaration process
- **Simplification of customs declaring procedures**
- One-stop-shop principle
- Improved AEO status

Simplification of customs declaring procedures

- BEFORE the EAEU CC:
 - Full set of documents confirming the declared data is to be provided with each declaration
- AFTER the EAEU CC:
 - Submission of declaration on goods is allowed without providing the customs authorities with the documents confirming the declared data. However, the declarant should have them for the customs clearance
 - These documents can be required and checked within the course of the risk controlling system

EAEU CC: Key Changes in Detail

- Electronic document management
- Automation of declaration process
- Simplification of customs declaring procedures
- **“One window” principle**
- Improved AEO status

“One window” principle

- BEFORE the EAEU CC:
 - No one-stop-shop system for different customs procedures
- AFTER the EAEU CC:
 - Creation of a one-stop-shop system for economic operators
 - Allows to perform customs operations without providing customs authorities with the documents necessary for the above operations if these documents or any other necessary information can be received by the customs authorities independently, from information systems of customs authorities or from those of state bodies of member states

EAEU CC: Key Changes in Detail

- Electronic document management
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- **Improved AEO status**

Improved AEO status - Definition

- Authorized Economic Operator (AEO):
a special category of economic operators who
can use simplified procedures for customs
operations



Improved AEO status - Availability

BEFORE the EAEU CC:

- AEO status is available only to the declarant (manufacturers of goods and (or) exporters of goods)

AFTER the EAEU CC:

- AEO status available to: importers/exporters, customs brokers, bonded warehouses, freight forwarders and carriers

Improved AEO status - Types of AEO

BEFORE the EAEU CC:

- Only one type of AEO

AFTER the EAEU CC:

- AEOs are classified into three groups that define the amount of their privileges

Improved AEO status - Requirements (1/3)

Before:

- Min 1 year of international trade activity
- Guarantee for the payment of customs duties
- No failure paying customs duties and taxes
- No debts in terms of customs duties and taxes
- No customs offences committed 1 year prior to the application or economic crimes committed by the customs department or top management of the company
- An inventory system that meets the customs regulations requirements

Improved AEO status - Requirements (2/3)

For new type 1:

- Min 3 years of international trade activity (2 years for customs carriers)
- Guarantee of the performance of an AEO's duties
- No failure paying customs duties and taxes
- No debts in terms of customs duties and taxes
- No customs offences committed 1 year prior to the application
- No crimes related to customs committed by the top management and shareholders of the company
- An inventory system that meets the customs regulations requirements

Improved AEO status - Requirements (3/3)

- For new type 2 and 3:
 - Financial solvency and reliability requirement. Evaluation is based on a point system where the points are earned by achieving financial solvency indicators (are recalculated annually)
 - Specific requirements for warehouses: structures, premises and open areas in which goods will temporarily be stored and customs controls will be carried out
 - Property (or lease) of structures, premises and open areas
- For new type 3: Being a type 1 or 2 for at least 2 years

Improved AEO status - Simplifications (1/3)

BEFORE the EAEU CC:

- Temporary storage and carrying out customs operations of release of goods in the warehouse, on open sites and other authorized territories of the AEO
- Release of goods before submission of the customs declaration
- Other special simplifications envisaged in the customs legislation of the Customs Union

Improved AEO status - Simplifications (2/3)

AFTER the EAEU CC:

- New simplifications for new type 1
 - Priority for customs operations
 - Release from the obligation to provide security of customs payments
 - Priority passage in case customs controls are needed
 - Self-sealing
 - No obligations in terms of choice for the route of transportation
 - Priority for participation in various pilot projects performed by customs authorities
 - In most cases possibility for the carriers to operate without asking for the authorization from customs authorities
 - Release of goods before registering a customs declaration

Improved AEO status - Simplifications (3/3)

AFTER the EAEU CC:

- New simplifications for new type 2
 - Customs procedures in the other customs authority of the same country
 - Priority passage in case customs controls are needed
 - Specified use of the means of identification
 - Release from the obligation to provide security of customs payments
 - Temporary storage of goods belonging to other AEOs in the w/h, on open sites and other territories of the AEO
 - Delivery and carrying out customs operations of release of goods in the w/h, on the open sites and other territories of the AEO
 - Release of goods before registering a customs declaration
- New type 3 status includes all the available simplifications



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