Customs & Global Trade
4 February 2015

Newsflash

Is your supply chain UCC-proof already?

As readers may know, a very exciting period regarding European customs law is on the horizon.

On 10 October 2013, the Regulation (EU) No 952/2013 of 9 October 2013 laying down the Union Customs Code was published in the European Official Journal (OJ L 269, 10 October 2013, p. 1 – Corrigendum OJ L 287, 29 October 2013). Its substantive provisions will only apply from 1 May 2016, once the UCC-related Commission acts (Delegated and Implementing Acts) are adopted and in force and this no later than 1 May 2016. Time is therefore limited for adapting to this new legislation.

Many changes will take place, affecting all internationally oriented businesses.

For the organisation of a supply chain, the impact of two major changes cannot be underestimated:

- Customs Valuation: ##The 'first sale for export' principle will be abolished.
- Less strict criteria will be applied to include royalty payments in the customs value
- Customs Procedures:

The UCC mentions only 3 types of warehousing:

- Public customs warehouse type I
- Public customs warehouse type II
- Private customs warehouse

The possibility of determining the nature, customs value and quantity of goods at the time of their placing under the arrangements in the customs bonded warehouse as it exists today under type D (instead of the moment of release for free circulation) is no longer foreseen.

What does it mean for you?

Many supply chains are favouring the ‘first sale for export’ principle and customs warehousing (e.g. under type D).

A revision of the supply chain needs to be considered. The changes will not only have an impact from a customs technical perspective, but will also have major financial consequences.

What to do?

In order to assess whether companies could be affected, it is essential to review the supply chain processes. Due to the aforementioned amendments, companies should further reassess the impact of the changes on their financials.

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