



Customs duty and import VAT exemptions and other measures in the movement of goods resulting from the COVID-19 pandemic

1 Background

For several months now, SARS-CoV-2 has been rapidly spreading throughout the world. As a result, some products are currently in particularly high demand. Supermarket shelves are quite often empty. Doctors, hospitals and pharmacies urgently require large quantities of protective medical equipment such as masks, but there is also a lack of disinfectants and ventilators. In addition, the price of the equipment still available is rising. One reason for this is the cancellation of numerous passenger flights. Usually about half of the air cargo of this type is carried in the cargo hold of passenger planes. This lost capacity is resulting in bottlenecks and rising freight rates. In response, the EU has adopted a number of measures to ensure that urgently needed goods nevertheless get to where they are required quickly and at the lowest possible cost.

2 Relief from customs duties and import VAT

By means of [Decision \(EU\) 2020/491](#), the Commission has ordered relief from customs duties and import VAT for goods needed to combat the effects of the COVID-19 outbreak. The Member States are free to individually determine what these goods are and in what quantities they can be imported duty free. The Commission has thus interpreted the exception to the fundamental principles of the Customs Union, as laid down in Article 76 of Regulation (EC) 1186/2009 (Council Regulation on Exemption from Customs Duty), very broadly in favour of the Member States. In this particular situation, Member States should thus be able to exempt all of the items they require from duty. According to the Commission, this includes personal protective equipment (PPE; e.g. face protection, protective clothing and gloves), test kits and medical



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equipment such as ventilators. However, the following conditions, among others, must be met by the relevant goods in order for them to be exempted:

- The items are imported by or on behalf of governmental organizations or organizations recognized by the government.
- The articles are intended exclusively for a preferential purpose. This is the free distribution to persons who are ill with, threatened by, or involved in the fight against COVID-19. It is irrelevant whether the items are transferred to these persons directly or whether the organisations make the items available while retaining ownership.
- The restrictions on duty exemptions for the benefit of disaster victims (Articles 75, 78, 79, 80 of Council Regulation (EC) 1186/2009 (Reliefs from Customs Duty) must be complied with.

The relief applies retroactively to all imports dating from 30.01.2020 onwards that meet the above-mentioned conditions. This relief is, for the time being, in force until 31.07.2020. The organisations concerned may apply for repayment of duties already paid within a period of three years.

3 Measures relating to the cross-border movement of goods

Export restrictions for personal protective equipment

Also to address the lack of PPE, the export of certain PPE is subject to authorisation ([Regulation \(EU\) 2020/402](#)). In Germany this is issued by the Federal Office of Economics and Export Control (BAFA).

Simplifications in air freight transport

Any national air traffic restrictions, such as night flight bans must be suspended for cargo aircraft. All competent aviation authorities should grant additional traffic rights for freight traffic, also when it is carried by passenger aircraft. Further information can be found [here](#).

Measures taken regarding land transport

For land transport, so-called "green lanes", also known as "priority lanes", must be created at the borders of the Trans-European Transport Network. The process of crossing internal borders by goods vehicles via "green lanes" should not exceed 15 minutes. In addition, Member States are to temporarily suspend all road access restrictions such as night and Sunday driving bans. There should also be no compulsory quarantine measures, linked to the crossing of borders, for personnel involved in freight transport. With regard to health checks, the Member States should coordinate so that such checks are only carried out on one side of the border. More information can be found [here](#).

Strengthening exports

Due to the fundamental prohibition of state aid, state insurers are not permitted to grant short-term export credit insurance. This applies if the country to which the export is made is one of the countries with marketable risks. The Commission has now declared all countries, in which the economic and political risks were previously considered marketable, as non-marketable risks up until the end of 2020 ([Communication from the Commission 2020/C 101 I/01](#)). As a result, public insurers are now allowed to provide short-term credit insurance for all exports.

It is to be expected that both German and European legislators will adapt the regulations to the changing situation. Therefore, the current developments must continuously be monitored in order to facilitate quick reaction times and flexibly.