



KMLZ Customs Law NEWSLETTER

Customs law – What 2016 will bring

1. The Union Customs Code and its implementing acts

The legal basis for customs clearance within the EU will change completely in 2016. As of 01.05.2016 (Regulation (EU) No 952/2013 "UCC") will form the basis of the EU's customs regulations. The UCC regulations will be supplemented by the Commission Delegated Regulation (EU) 2015/2446 and the Commission Implementing Regulation (EU) 2015/2447. Both acts were published by the EU on 29.12.2015.

The Commission Delegated Regulation (EU) 2015/2446 specifies the UCC requirements. The Commission Implementing Regulation (EU) 2015/2447 helps to implement and consistently apply the UCC provisions in the member states. The hitherto Customs Code and the Customs Code Implementing Regulation will expire and be repealed.

With the UCC, the EU is aiming to simplify the customs clearance procedure and to assist the customs authorities

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2016 will be a challenging year for all companies in the import and export business. The legal situation, as regards customs clearance, will change fundamentally. As of 01.05.2016, the Union Customs Code, the Delegated Regulation and the Implementing Regulation will form the basis for import and export processing in the EU. These implementing acts will replace the Customs Code and the Customs Code Implementing Regulation.

In addition to this, 2016 will bring further changes to customs law. These changes have partially applied since the beginning of the year. The KMLZ Customs Law Newsletter provides you with an overview of the main changes in customs law in 2016.

to facilitate better risk analysis. The rather old regulatory structure of the customs law will be adjusted to conform with legal developments. This will result in considerable changes to the present customs law and its application. These changes include:

- Introduction of communication between the customs authorities and economic operators by means of electronic data processing, as a general principle.
- Creation of further simplifications for approved economic operators.
- Restructuring of the customs procedures (including abolition of inward processing as a refund procedure and free warehouses, standardization of the customs procedure provisions).
- Revised version of the regulation as regards the emergence and expiry of customs debts (including implementation of generous "opportunities for a cure" for customs debts due to negligence).



- Amendment of the regulation as regards guarantees.
- Amendment of the regulation as regards temporary storage (including extension of storage deadlines, implementation of storage facility subject to approval and the need to furnish a guarantee).

According to the UCC, customs clearance will basically be carried out by means of electronic data processing. Both the EU Commission and the customs authorities of the member states have not yet finished their work on the required IT systems. These IT systems will be available by 31.12.2020. Until that date, transitional rules will apply to ensure communication between the customs authorities and iteconomic operators. The EU Commission's draft of the regulation, as regards the transitional rules, already exists (C(2015)9248 final).

Taxable persons operating in the import and export business are required to adjust their procedures as regards the handling of customs law related issues to comply with the new legal requirements. They should make preparations at an early stage in order to benefit from the new possibilities the UCC is offering and to remain capable of functioning at the time of transition on 01.05.2016.

We will inform you of changes and amendments introduced by UCC in separate newsletters.

2. Customs Tariff – Amendments as of 01.01.2016

The Customs Tariff amendments entered into force on 01.01.2016.

The Combined Nomenclature (Annex 1 to the Regulation (EEC No 2658/87) has been updated. By Regulation (EU) 2015/1754 of 06.10.2015, the EU made some changes to adjust the goods catalogue to include technical and economical developments and to specify certain positions.

As of 01.01.2016, the EU suspended the autonomous duties for 110 goods. By Regulation (EU) 2015/2449 of 14.12.2015, the Regulation (EU) 1387/2013 was amended accordingly. The EU also eliminated 41 goods from Annex I and cancelled the existing duty suspension. The description of a further 45 goods was adjusted accordingly.

Taxable persons using the duty suspension when importing goods should check if the suspensions continue to exist. If no duty suspension has been claimed to date, it might be worth looking at the newly implemented suspensions. New duty suspensions were, in particular, implemented for palm oil, aluminium products, lithium-ion batteries, cameras, LCD and OELD modules and products made of ceramic. In addition, customs exemptions for a large number of organic chemical products, in terms of chapter 29 CN, chemical industry products (chapter 38 CN), in particular, additives and catalysts, and for sheets of plastic have been introduced.

By Regulation (EU) 2015/2448, the EU revised existing tariff quotas and amended Regulation (EU) No 1388/2013 regarding quotas and suspensions accordingly.

3. Reduced import duties for information technology goods

It is expected that in 2016 import duties for a large number of high-tech goods will be reduced and/or eliminated worldwide. In July 2015 important economic WTO members, amongst others, the EU, USA, China, Japan and Korea, agreed to extend the existing agreement as regards the trade in information technology goods. On 16.12.2015 the WTO members agreed on the extension and the time schedule for its implementation.

The duty for about 200 types of products will be abolished. These products include semiconductors, digital and video cameras, medical technology products, video games devic-



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es and e-readers. According to the WTO, the volume of annual trade in these goods amounts to 1.3 trillion dollars. For 65% of the products concerned, the tariffs will be abolished by July 2016. The tariff dismantling schedule for the remaining products will take place in four steps over three years. It is planned that in 2019 almost all the products concerned will be imported without duty.

4. Development trends in foreign trade law

Exporting will have to continue to observe the EU's embargo on Russia (Regulation (EU) Nr. 833/2014) in 2016. Shortly before the end of 2015, the EU decided to extend its economic sanctions until at least 30.06.2016 (Decision (CSFP) 2015/2431 of 21.12.2015).

The list of goods subject to the dual use regulation (Regulation (EC) No 428/2009) has also been revised. The respective regulation (EU) 2015/2420, as regards the amendment of the relevant annexes, entered into force over the holidays, on 25.12.2015.

2016 brings with it significant simplification regarding commercial trade with Iran. It was only recently that the EU abolished trade restrictions, to a large extent. In July 2015 Iran and the E3/EU+3 Group states agreed on a Joint Comprehensive Plan Of Action (JCPOA) according to which Iran undertakes to conduct its nuclear programme in accordance with the requirements of the international community. The international community, in return, undertakes to gradually lift the sanctions that it still has in place. The EU has pub-

lished the regulations (EU) 2015/1861 and (EU) 2015/1862 for this purpose. The regulations regulate the extensive reduction of the restrictive measures against Iran in accordance with regulation (EU) No 267/2012. After the International Atom Energy Agency recently confirmed, in a report, that Iran had met the significant obligations under the JCPOA, the EU declared that the regulations regarding the reduction of the sanctions will apply as of 16 January 2016.

5. Reorganisation of the customs authorities

As of the beginning of the year, the customs authorities are restructuring their organization. The Directorate General of Customs, established on 01.01.2016 and based in Bonn, is now the new Higher Federal Authority. The Directorate General of Customs will coordinate the tasks of the hitherto customs authorities intermediate authorities, the Bundesfinanzdirektionen, as well as the tasks which do not directly fall within the scope of the ministerial core area of the Federal Ministry of Finance's customs department. As a result of the restructuring, decisions are expected to reach the customs offices faster.