



CUSTOMS
AGENCY

CUSTOMER INFORMATION FOR CUSTOMS BROKERAGE SERVICES

EWG Customs Agency Zrt.
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I. PURPOSE OF THE CLIENT INFORMATION

The purpose of the Client Information Note is to inform the Principal of the relevant issues relating to the priority areas of customs clearance, based on the technical aspects listed below, and to provide the Principal with the necessary information in the course of customs clearance:

- rules on customs value
- import VAT base
- information on origin
- customs union and/or community status
- classification of goods, tariff classification of goods
- mandatory disclosures

II. RULES ON CUSTOMS VALUE

Customs value is generally the value on the basis of which Customs establishes the customs debt when clearing non-EU goods. The legal determination of the customs value is essential. If a possible subsequent control reveals that the customs value has been incorrectly determined, a customs administrative fine will be imposed or the customs authorities may initiate criminal or infringement proceedings.

In determining the customs value, the provisions of the following legislation shall be taken into account:

- Articles 69-76 of Regulation (EU) No 952/2013 of the European Parliament and of the Council establishing the Union Customs Code (UCC), and
- Commission Implementing Regulation (EU) 2015/2447 laying down detailed rules for the implementation of certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down provisions of the Union Customs Code (OJ L 253, 30.12.2013, p. 1)
- 1994 Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade (WTO Customs Valuation Agreement)

UVK customs valuation requirements:

Article 69: Scope of application

The customs value of goods shall be determined in accordance with Articles 70 and 74 for the purposes of applying the Common Customs Tariff and the non-tariff measures laid down by the provisions of the Union relating to specific fields relating to trade in goods.

Article 70: Method for determining the customs value based on the transaction value

(1) The customs value of goods shall be based primarily on the transaction value, that is to say, the price actually paid or payable, adjusted if necessary, for the goods when sold for export to the customs territory of the Union.

(2) The price actually paid or payable is the full payment made or to be made by the buyer to the seller or by the buyer to a third party for the benefit of the seller for the imported goods and must include any payment made or to be made as a condition of sale of the imported goods.

(3) The transaction value shall be applied if all of the following conditions are met:

(a) there are no restrictions on the buyer's disposal or use of the goods other than one of the following:

- restrictions imposed or required by Union law or public authorities;
- the definition of the geographical area within which the goods may be resold;
- restrictions that do not significantly affect the customs value of the goods;

(b) the sale or the price is not subject to conditions or considerations the value of which cannot be determined in relation to the goods being valued;

(c) the benefit derived from the subsequent resale, transfer or use of the goods by the buyer is not returned to the seller, either directly or indirectly, unless an appropriate adjustment can be made;

d) the buyer and seller have no relationship or the relationship has not affected the price.

Article 71: Elements of transaction value

(1) In determining the customs value under Article 70, the price actually paid or payable for the imported goods shall be added to the price actually paid or payable:

a) the following, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods:

- commission and agent's commission, excluding buying commissions;
- the cost of the means of storage which, for customs purposes, are considered to be the same as the goods in question; and
- the cost of packaging, including both labour and materials;

(b) the value of the following goods and services, duly apportioned, if they are provided directly or indirectly by the buyer free or at a reduced price for use in connection with the production and sale for export of the imported goods, to the extent that such value is not included in the price actually paid or payable:

- materials, parts, components and similar items incorporated in the imported goods;
- tools, press patterns, moulds and similar items used in the manufacture of imported goods;
- materials used in the production of the imported goods; and
- engineering work, development, artwork, designs, plans and sketches carried out outside the EU and necessary for the production of imported goods;

(c) royalties and licence fees relating to the goods being valued which the buyer is obliged to pay, directly or indirectly, as a condition of the sale of the goods being valued, to the extent that such royalties and licence fees have not been included in the price actually paid or payable;

(d) the value of that part of the proceeds of the subsequent resale, transfer or use of the imported goods which accrues directly or indirectly to the seller; and

e) the following costs incurred until the goods reach the customs territory of the Union:

- the cost of transporting and insuring the imported goods; and
- the loading and handling costs of transporting the imported goods.

(2) The addition to the price actually paid or payable in accordance with paragraph 1 shall be made only on the basis of objective and quantifiable data. (3) In determining the customs value, the addition to the price actually paid or payable shall be made only as provided in this Article.

Article 72: Items not to be included in the customs value

None of the following shall be taken into account when determining the customs value pursuant to Article 70:

(a) the cost of transporting the imported goods once they have entered the customs territory of the Union;

(b) the cost of construction, installation, assembly, maintenance or technical assistance of imported goods, such as industrial plant, machinery or equipment, after their entry into the customs territory of the Union;

(c) interest charges under financing agreements concluded by the buyer and relating to the purchase of the imported goods, whether the financial collateral is provided by the seller or by another person, provided that the financing agreement is in writing and, if required, the buyer can prove that the following conditions are met:

- the said goods were actually sold at the price actually paid or declared to be paid; and
- the interest rate indicated does not exceed the level normally applied to such transactions in the country where and at the time the financing is provided;

(d) fees paid for the right to re-manufacture the imported goods within the Union;

e) buying commissions;

(f) import duties or other charges payable on the import or sale of goods in the Union;

(g) payments made by the buyer for the right to market or resell the imported goods, notwithstanding Article 71(1)(c), where such payments are not a condition for the sale of the goods for export to the Union.

Article 73: Simplification

The customs authorities may, upon request, allow the following to be established on the basis of specific criteria, provided that they cannot be quantified at the time of acceptance of the customs declaration:

- (a) the amounts to be included in the customs value of the goods in accordance with Article 70(2); and
- (b) the amounts referred to in Articles 71 and 72.

Article 74: Secondary methods of valuation

(1) Where the customs value of goods cannot be determined under Article 70, paragraph (2)(a) to (d) shall apply, in that order, up to the first point under which the customs value of the goods can be determined. The order of application of points (c) and (d) of paragraph 2 shall be reversed if the declarant so requests.

(2) For the purposes of paragraph (1), the customs value shall be:

(a) the transaction value of identical goods sold for export to the customs territory of the Union and exported at or about the same time as the goods are valued;

(b) the transaction value of similar goods sold for export to the customs territory of the Union and exported at or about the same time as the goods are valued;

(c) the value based on the unit price at which the imported goods, or the largest aggregate quantity of identical or similar imported goods, were sold within the customs territory of the Union to persons not related to the sellers; or

d) the calculated value, which is the sum of:

- the cost or value of materials or other processing used in the manufacture or production of the imported goods;
- an amount equal to the profit and overheads normally incurred by producers of goods of the same type or kind as the goods being valued, produced in the country of export for export to the Union, at the time of sale;
- the cost or value of the items referred to in Article 71(1)(e).

(3) If the customs value cannot be determined under paragraph (1), it shall be determined on the basis of the data available in the customs territory of the Union, using all reasonable means in accordance with the principles and general provisions set out below:

a) the Convention implementing Article VII of the General Agreement on Tariffs and Trade;

b) Article VII of the General Agreement on Tariffs and Trade; c) this Chapter.

VA customs valuation requirements:

Article 127: General provisions

(Article 70(3)(d) of the Customs Code)

(1) For the purposes of this Chapter, two persons shall be deemed to be related if one of the following conditions is met:

a) officers or directors of each other's business;

b) legally recognised partners;

c) are in an employment relationship with each other;

(d) a third party directly or indirectly owns, controls or holds 5% or more of the issued voting shares or interests of both of them;

e) one of them directly or indirectly controls the other;

f) a third party directly or indirectly controls both of them;

(g) together directly or indirectly control a third person;

h) members of the same family.

(2) Persons who are connected with each other in a business relationship in which one is the exclusive agent, distributor or licensee of the other, by whatever name called, shall be deemed to be connected only if they satisfy the conditions referred to in paragraph (1).

(3) For the purposes of subsections (1)(e), (f) and (g), a person controls another person if the former is in a legal or operational position to control the latter.

Article 128: Transaction value

(Article 70(1) of the Customs Code)

(1) The transaction value of goods sold for export to the customs territory of the Union shall be determined on the basis of the sale at the time of acceptance of the customs declaration of the goods immediately prior to their entry into that territory.

(2) Where goods are not sold for export to the customs territory of the Union prior to their entry into that territory, but are sold during temporary storage or during a procedure under which the goods are placed under a special procedure other than inward transit, end-use or outward processing, the transaction value shall be determined on the basis of that sale.

Article 129: Price actually paid or payable

(Article 70(1) and (2) of the Customs Code)

(1) The price actually paid or payable within the meaning of Article 70(1) and (2) of the Code includes any payment made or to be made by the buyer to any of the following persons as a condition of the sale of the imported goods:

a) to the seller;

b) to a third party for the benefit of the seller;

c) a third party related to the seller;

(d) to a third party, if the payment is made to that party in discharge of an obligation of the seller. Payments may be made by means of a letter of credit or negotiable instrument and may be made directly or indirectly.

(2) Activities, including marketing activities, other than those covered by the adjustment provided for in Article 71 of the Code, carried out by the buyer in his own name or by an enterprise connected with the buyer in his own name, shall not be considered as indirect payments to the seller.

Article 130: Price concessions

(Article 70(1) and (2) of the Customs Code)

(1) For the purpose of determining the customs value pursuant to Article 70(1) of the Code, discounts shall be taken into account where the contract of sale provides for the application and the amount of the discounts at the time of acceptance of the customs declaration.

(2) Discounts granted on the basis of early payment (discount) shall be taken into account in respect of goods for which the price has not actually been paid at the time of acceptance of the customs declaration.

(3) No discounts shall be taken into account for contract amendments resulting from the acceptance of a customs declaration.

Article 131: Partial delivery

(Article 70(1) of the Customs Code)

(1) Where goods declared for a customs procedure form part of a consignment of a larger quantity of identical goods purchased in one transaction, the price actually paid or payable shall, for the purposes of Article 70(1) of the Code, be calculated pro rata on the basis of the price for the total quantity purchased.

(2) Proportionality of the price actually paid or payable shall also apply in cases where part of the consignment is lost or where the goods are damaged before release for free circulation.

Article 132 Price adjustment for defective goods

(Article 70(1) of the Customs Code)

The adjustment of the price actually paid or payable by the seller in favour of the buyer may be taken into account for the purpose of determining the customs value under Article 70(1) of the Code if the following conditions are fulfilled:

- (a) the goods were defective when the customs declaration for release for free circulation was accepted;
- (b) the seller has made the adjustment to compensate for the defect in order to fulfil one of the following:
 - (i) a contractual obligation entered into before acceptance of the customs declaration; (ii) a statutory obligation applicable to the goods;
- (c) the adjustment shall be made within a period of one year from the date of acceptance of the customs declaration.

Article 133: Assessment of conditions and quid pro quos

(Article 70(3)(b) of the Customs Code)

Where the sale or price of the imported goods is subject to a condition or consideration the value of which can be determined in respect of the goods to be valued, that value shall be considered to be part of the price actually paid or payable, unless the said condition or consideration is related to one of the following:

- (a) an activity to which Article 129(2) of this Regulation applies;
- (b) a component of the customs value pursuant to Article 71 of the Code.

Article 134: Transactions between connected persons

(Article 70(3)(d) of the Customs Code)

(1) Where the buyer and the seller are in a relationship, the circumstances of the sale shall be examined, if necessary, to determine whether that relationship has not affected the price and the declarant shall be given the opportunity to provide further detailed information on those circumstances, if necessary.

(2) However, the goods shall be valued in accordance with Article 70(1) of the Code if the declarant proves that the declared transaction value closely approximates to one of the following comparative values determined at the same or nearly the same time:

(a) the transaction value of sales of identical or similar goods between unrelated buyers and sellers for export to the customs territory of the Union;

(b) the customs value of identical or similar goods determined in accordance with Article 74(2)(c) of the Code;

(c) the customs value of identical or similar goods determined in accordance with Article 74(2)(d) of the Code.

(3) In determining the value of identical or similar goods under paragraph (2), the following elements shall be taken into account:

a) proven differences between levels of trade;

b) quantitative levels;

(c) the items listed in Article 71(1) of the Code;

(d) costs incurred by the seller in a sale for which he and the buyer are not related, if such costs are not incurred in sales between persons related to the seller.

(4) The comparative values listed in paragraph (2) shall be used at the request of the declarant and shall not replace the declared transaction value.

Article 135: Goods and services used in the manufacture of imported goods

(Article 71(1)(b) of the Customs Code)

(1) Where the buyer provides the goods or services listed in Article 71(1)(b) of the Code to the seller, the value of those goods or services shall be deemed to be equal to their purchase price. The purchase price shall include any payment which the buyer of the goods or services listed in Article 71(1)(b) of the Code must make in order to obtain the goods or services.

If those goods or services are produced by the buyer or a person connected with him, their value is equal to their production cost.

(2) Where the value of goods and services listed in point (b) of Article 71(1) of the Code cannot be determined in accordance with paragraph (1), it shall be determined on the basis of other objective and quantifiable data.

(3) Where the goods listed in Article 71(1)(b) of the Code have been used by the buyer before their delivery, their value shall be adjusted for any depreciation.

(4) The value of the services listed in Article 71(1)(b) of the Code shall include the cost of unsuccessful development activities, if incurred in respect of projects or orders relating to the imported goods.

(5) For the purposes of Article 71(1)(b)(iv) of the Code, the costs of research and preliminary design drafts shall not be included in the customs value.

(6) The value of the goods and services provided, as determined in accordance with paragraphs (1) to (5), shall be apportioned in proportion to the goods imported.

Article 136: Royalties and licence fees

(Article 71(1)(c) of the Customs Code)

(1) Royalties and licence fees shall relate in particular to the imported goods if the rights transferred under the licence or royalty agreement are included in the goods. The method of calculating the amount of the royalty or licence fee is not a determining factor.

(2) Where the method of calculation of the amount of royalty or licence fee is derived from the price of the imported goods, it shall be presumed, in the absence of evidence to the contrary, that the payment of such royalty or licence fee relates to the goods to be valued.

(3) Where the royalties or licence fees relate partly to the goods being valued and partly to other components or constituent parts which are added to the goods after their importation or relate to activities or services after importation, an appropriate adjustment shall be made.

(4) Royalties and licence fees shall be deemed to be payable as a condition of the sale of the imported goods if any of the following conditions are met:

- the seller or a person connected with the seller obliges the buyer to make this payment;
- payment by the buyer is made to fulfil the seller's obligations in accordance with contractual obligations;
- the goods cannot be sold to the buyer or purchased by the buyer without payment of royalties or licence fees to the licensor.

(5) The country of residence of the beneficiary of the royalties or licence fees to be paid is irrelevant.

Article 137: Place of introduction of goods into the customs territory of the Union

(Article 71(1)(e) of the Customs Code)

(1) For the purposes of Article 71(1)(e) of the Code, the place of introduction of goods into the customs territory of the Union:

(a) for goods carried by sea, the port where the goods first enter the customs territory of the Union;

(b) goods carried by sea to one of the French overseas departments forming part of the customs territory of the Union and then carried directly from that port to another part of the customs territory of the Union, or vice versa, the port where the goods first enter the customs territory of the Union, provided that they are unloaded or transhipped there;

(c) for goods carried by sea and then by inland waterway without transhipment, the first port where unloading can take place;

(d) in the case of goods carried by rail, inland waterway or road, the place where the customs office of entry is located; (e) in the case of goods carried by other modes of transport, the place where the goods cross the border of the customs territory of the Union.

(2) For the purposes of point (e) of Article 71(1) of the Code, where goods are brought into the customs territory of the Union and then carried to a destination in another part of that territory through an area outside the customs territory of the Union, the place of introduction of the goods into the customs territory of the Union shall be the place where they were first brought into that territory, provided that the goods are carried directly to the destination by the usual route through that territory.

(3) Paragraph 2 shall also apply where goods have been unloaded, transhipped or temporarily immobilised in areas outside the customs territory of the Union solely for reasons connected with their transport.

(4) Where the conditions laid down in paragraphs (1)(b), (2) and (3) are not fulfilled, the place of introduction of the goods into the customs territory of the Union shall be: (a) in the case of goods carried by sea, the port of unloading; (b) in the case of goods carried by other means of transport, the place specified in paragraph 1(c), (d) or (e) in the part of the customs territory of the Union to which the goods are brought.

Article 138: Transport costs

(Article 71(1)(e) of the Customs Code)

(1) Where goods are carried on by the same means of transport to a point beyond the point of entry of the goods into the customs territory of the Union, the costs of carriage shall be apportioned in proportion to the distance from the place where the goods were brought into the customs territory of the Union within the meaning of Article 137 of this Regulation, unless evidence is submitted to the customs authorities to justify the costs which would have been incurred under the general scale of freight charges for the carriage of goods to the place of entry of the goods into the customs territory of the Union.

(2) The air transport costs, including the costs of express air transport, to be included in the customs value of the goods shall be determined in accordance with Annex 23- 01.

(3) Where carriage is free of charge or is provided by the buyer, the carriage charges to be included in the customs value of the goods shall be calculated in accordance with the freight rates normally applied to the same modes of transport.

Article 139: Charges for postal consignments

(Article 70(1) of the Customs Code)

In respect of goods sent by post, all postal charges made to the place of destination shall be included in the customs value of such goods, except for additional postal charges incurred in the customs territory of the Union. Article 140 Refusal of declared transaction value (Article 70(1) of the Code).

(1) Where the customs authorities have reasonable doubts as to whether the declared transaction value includes the full amount paid or payable within the meaning of Article 70(1) of the Code, they may request additional information from the declarant.

(2) If their doubts cannot be allayed, the customs authorities may decide that the value of the goods cannot be determined in accordance with Article 70(1) of the Code.

Article 140: Rejection of the declared transaction value

(Article 70(1) of the Customs Code)

(1) Where the customs authorities have reasonable doubts as to whether the declared transaction value includes the full amount paid or payable within the meaning of Article 7(1) of the Code, they may request additional information from the declarant.

(2) If their doubts cannot be allayed, the customs authorities may decide that the value of the goods cannot be determined in accordance with Article 70(1) of the Code.

Article 141: Customs value of identical or similar goods

(Article 74(2)(a) and (b) of the Customs Code)

(1) In determining the customs value of imported goods under Article 74(2)(a) or (b) of the Code, the transaction value of the sale of identical or similar goods at the same commercial level and in substantially the same quantity as the goods to be valued shall be taken as the basis.

If no such sales are found, the customs value shall be determined by taking into account the transaction value of sales of identical or similar goods at different levels of trade or in different quantities. This transaction value shall be adjusted to take account of differences in level of trade and/or quantity.

(2) Due to differences in distances and modes of transport, an adjustment shall be made to take account of significant differences in costs and charges between the imported goods and the identical or similar goods in question.

(3) Where there is more than one transaction value for identical or similar goods, the lowest such value shall be used in determining the customs value of the imported goods.

(4) The expression "identical goods" or "like goods", as the case may be, shall not include goods embodying or reflecting engineering, development, art, design, drafts and sketches in respect of which no adjustment has been made under the provisions of Article 71(1)(b)(iv) of the Code because such work was carried out in the Union.

(5) The transaction value of goods produced by another person shall be taken into account only if no transaction value can be found for identical or similar goods produced by the person producing the goods to be valued.

Article 142: Deduction method

(Article 74(2)(c) of the Customs Code)

(1) The unit price to be used for the determination of the customs value for the purposes of Article 74(2)(c) of the Code shall be the price at which the imported goods or the imported identical or similar goods are sold in the Union in the state in which they were imported at the time of importation or at a time at or about the same time as the importation of the goods to be valued.

(2) In the absence of a unit price as referred to in paragraph (1), the unit price to be applied shall be the price at which the imported goods or the imported identical or similar goods are sold in the state in which they were imported into the customs territory of the Union at the earliest date, and in any case within 90 days of importation, of the importation of the goods to be valued.

(3) In the absence of unit prices as referred to in paragraphs 1 and 2, the unit price at which the imported goods are sold in the customs territory of the Union after further working or processing shall be used at the request of the declarant, due account being taken of the value added by such working or processing.

(4) The following sales shall not be taken into account for the purposes of determining the customs value for the purposes of Article 74(2)(c) of the Code: a) sales of goods at a commercial level other than the first commercial level after importation;

b) sale to related persons;

(c) sales to persons who directly or indirectly provide, free of charge or at a reduced price, goods or services listed in Article 71(1)(b) of the Code for use in connection with the manufacture and sale for export of the imported goods;

(d) sales in insufficient quantities to determine the unit price.

(5) In determining the customs value, the following shall be deducted from the unit price determined in accordance with paragraphs (1) to (4):

(a) commissions normally paid or payable by agreement, or customary additions to take account of profits and overheads (including direct or indirect marketing costs of the goods in question), in respect of the sale in the customs territory of the Union of imported goods of the same type or kind belonging to a group of goods produced by a particular industry;

(b) normal transport, insurance and ancillary costs incurred in the customs territory of the Union;

(c) import duties and other charges payable on the import or sale of goods in the customs territory of the Union.

(6) The customs value of certain perishable goods referred to in Annex 23-02 imported under a contract of affreightment may be determined directly on the basis of Article 74(2)(c) of the Code. To this end, Member States shall communicate the unit prices to the Commission, which shall publish the data through the TARIC system in accordance with Article 6 of Council Regulation (EEC) No 2658/87 (1). These unit prices can be used for 14-day periods to determine the customs value of imported goods. Each period starts on a Friday.

Unit prices shall be calculated and published as follows:

(a) after the deductions provided for in paragraph 5, Member States shall inform the Commission of the unit price per 100 kg net of each category of goods. Member States may set flat-rate amounts for the costs referred to in paragraph 5(b), which they shall inform the Commission of;

(b) the reference period for the calculation of unit prices shall be the 14-day period ending on the Thursday preceding the week in which the new unit prices are determined;

(d) Member States shall communicate the unit prices in euro to the Commission by 12.00 noon on the Monday of the week of their publication by the Commission at the latest. If this is a public holiday, the notification shall be made on the working day immediately preceding the public holiday. The unit prices shall only enter into force once this notification has been published by the Commission.

Article 143: Calculated value method

(Article 74(2)(d) of the Customs Code)

(1) For the purposes of Article 74(2)(d) of the Code, the customs authorities may not require or require a person not established in the customs territory of the Union to produce for verification or to give access to any invoice or other record for the purpose of determining the customs value.

(2) The cost or value of the materials and of the manufacture referred to in Article 74(2)(d)(i) of the Code shall include the cost of the items specified in Article 71(1)(a)(ii) and (iii) of the Code. In addition, the proportionate share of the cost of any goods or services as defined in Article 71(1)(b) of the Code which are provided by the buyer directly or indirectly for use in connection with the production of the goods to be valued shall be included. The value of elements as defined in Article 71(1)(b)(iv) of the Code which are provided in the Union shall be included only to the extent that those elements are charged to the producer.

(3) The cost of production includes all expenditure incurred in creating, expanding or substantially improving economic goods. It also includes the costs defined in Article 71(1)(b)(ii) and (iii) of the Code.

(4) The overheads referred to in Article 74(2)(d)(ii) of the Code shall include the direct and indirect costs of the production and sale of goods for export which are not covered by Article 74(2)(d)(i) of the Code.

Article 144: Reserve method

(Article 74(3) of the Customs Code)

(1) When determining the customs value pursuant to Article 74(3) of the Code, reasonable flexibility may be used in applying the methods provided for in Articles 70 and 74(2) of the Code. The value so determined shall be based as far as possible on the customs values previously determined.

(2) If a customs value cannot be determined on the basis of paragraph (1), another appropriate method shall be used. In that case, the customs value cannot be determined on the basis of:

a) the selling price within the customs territory of the Union of goods produced in the customs territory of the Union;

b) a system that uses the higher of two alternative values to determine the customs value;

c) the price of the goods on the domestic market of the exporting country;

(d) the cost of production which differs from the calculated values determined for identical or similar goods in accordance with Article 74(2)(d) of the Code;

e) export prices to third countries;

- f) minimum customs duty rates;
- g) arbitrary or fictitious values.

Article 145: Documents supporting the customs value

(Article 163(1) of the Customs Code) An invoice is required as a supporting document for the declared transaction value.

Article 146: Currency conversion for the purpose of determining the customs value

(Article 53(1)(a) of the Customs Code)

(1) For the purpose of currency conversion for the determination of the customs value in accordance with Article 53(1)(a) of the Code, the following exchange rates shall be used:

(a) for Member States whose currency is the euro, the exchange rate published by the European Central Bank;

(b) for Member States whose currency is not the euro, the exchange rate published by the competent national authority or, where the national authority has designated a private bank to publish the exchange rate, the exchange rate published by that private bank.

(2) The exchange rate to be applied in accordance with paragraph (1) shall be the exchange rate published on the penultimate Wednesday of each month. If no exchange rate is published on that day, the rate applicable shall be the most recently published rate.

(3) The exchange rate is valid for one month from the first day of the following month.

(4) Where no exchange rate has been published as referred to in paragraphs (1) and (2), the exchange rate to be used for the purposes of Article 53(1)(a) of the Code shall be determined by the Member State concerned. The exchange rate shall reflect as closely as possible the value of the currency of the Member State concerned.

III. THE VAT BASE FOR IMPORTS

Of similar importance to the customs value is the determination of the VAT base, which is determined in accordance with the following provisions of Act CXXVII of 2007 on Value Added Tax:

§ 74 (1) In the case of the importation of goods, the taxable amount shall be the customs value of the imported goods as determined in accordance with the customs provisions in force at the time of supply.

(2) By way of derogation from paragraph 1, where a recipient of an employment service, as an importer, imports goods which he has temporarily exported from the territory of the Community for the purpose of carrying out work, without having sold the goods before importation, the taxable amount shall be

(a) the consideration paid or payable for the provision of the services; or

(b) the increase in the value, expressed in money terms, of the imported product resulting from the work carried out, if the consideration referred to in point (a) cannot be established at the latest by the time the

importation is completed or if its value, expressed in money terms, is less than the increase in the value of the product resulting from the work carried out.

§ 75 (1) In the case of the importation of goods, the taxable amount of the imported goods shall include the following, provided that they are not otherwise included in the value determined pursuant to § 74:

(a) taxes, duties, levies, contributions, levies and other compulsory payments arising outside the importing Member State of the Community and levied in connection with the importation of goods, other than the tax itself, as provided for in this Act;

(b) the additional costs incurred within the importing Member State up to the first destination in the Community, in particular: freight or other intermediation costs, packaging, transport and insurance costs.

(2) Where, in addition to the first destination referred to in paragraph 1(b), there is another destination within the Community known at the time of the supply, the taxable amount shall be increased by the additional costs incurred up to the last destination.

(3) For the purposes of this section, the first place of destination shall be the place so indicated on the consignment note or other document accompanying the imported goods. In the absence of such an indication or where it cannot be clearly established, the place of first destination shall be deemed to be the place of first unloading or transshipment in the importing Member State of the Community.

Article 76 In the case of importation of a product, the taxable amount does not include:

(a) a discount granted until performance in respect of early payment of the consideration in relation to the original due date; or

b) a discount on the quantity of the product previously purchased until delivery.

IV. INFORMATION ON ORIGIN

The determination of originating status in export and import customs procedures has the following implications:

Export customs procedures

1. In the case of customs procedures for export, the exporter may request proof of the preferential originating status of goods in order to obtain a more favourable rate of duty than the general rate when importing the goods into the importing country.

2. The Customer must acknowledge that the customs authorities may examine the EUR1/EURMED movement certificate, invoice declaration, origin declaration, origin marking declaration and the legality of the supplier's declaration, which are used to prove the preferential originating status of the goods. If the subsequent verification reveals that the data are false, the exporter or supplier shall pay a customs administrative fine of one per cent of the selling price or, failing this, of the value of the goods as established by the customs authorities, but not less than HUF 50 000 and not more than HUF 1 million per document proving the origin of the goods. In the case of a long-term

supplier's declaration, a customs administrative fine of at least HUF 500,000 and up to a maximum of HUF 1 million per supplier's declaration shall be imposed. failing which, a customs administrative fine of one per cent of the value of the goods, but not less than HUF 100,000 and not more than HUF 1 million in the case of an organisation and up to HUF 100,000 in the case of a natural person, shall be imposed.

Import customs procedure

3. During the import customs procedure, the importer may request the application of a preferential rate of customs duty compared to the general rate, provided that he presents a proof of origin or a document proving the customs union status (EUR1/EURMED, FORM A, invoice declaration, declaration of origin, origin declaration, origin marking declaration, A.TR) in accordance with the relevant Community provisions, preferential agreements or free trade agreements.

4. The Customer shall acknowledge that the movement certificate EUR1/EURMED, the certificate of origin FORM A, the invoice declaration, the declaration of origin, the origin declaration, the origin marking declaration, the A.TR movement certificate may be subject to verification by the customs authorities and, if on subsequent verification the information is found to be incorrect and/or the authenticity of the proof of origin is not confirmed, the difference between the amount of the customs debt established by applying the standard rate of duty and the reduced rate of duty may be payable and an administrative fine may be payable.

V. CUSTOMS UNION AND/OR COMMUNITY STATUS

In relation to the proof of customs union and/or EU status, the Client shall proceed in accordance with the relevant customs union treaty (e.g. Turkey, San Marino, Andorra) or the applicable EU provision.

Supporting documents:

- T2L: document certifying the Community status of goods.
- T2LF: document certifying the Community status of goods brought into or out of a customs territory of the Community where the provisions of Directive 77/388/EEC do not apply.
- T2LSM: document certifying the customs status of goods destined for San Marino in application of Article 2 of Decision 4/92 of the EEC-San Marino Cooperation Committee of 22 December 1992 - A.TR Transport certificate certifying Community/Turkish status in the framework of the EU-Turkey Customs Union Agreement.

Preferential and customs union agreements in force are also displayed on the website of the National Tax and Customs Administration:

<http://nav.gov.hu/nav/vam/vaminformaciok/szarmazas>

VI. CLASSIFICATION OF GOODS, TARIFF CLASSIFICATION OF GOODS

The tariff classification of goods is a prerequisite for the lawful application of customs duties and other EU and national measures. Incorrect classification can result in a customs duty shortfall or overpayment, or in the imposition of a customs administrative fine.

The import and export duties applied by the European Union are based on the Common Customs Tariff.

The Common Customs Tariff includes:

- a) the Combined Nomenclature established by Council Regulation (EEC) No 2658/87;
- (b) any other nomenclature based wholly or partly on the Combined Nomenclature or supplementing it by some subdivision, and which is established by the provisions of the Union relating to special subjects with a view to the application of tariff measures relating to trade in goods;
- (c) the conventional or normal autonomous customs duties applicable to goods covered by the Combined Nomenclature; (d) the preferential tariff measures contained in agreements concluded by the Union with certain countries or territories outside the customs territory of the Union or groups of such countries or territories;
- (e) preferential tariff measures adopted unilaterally by the Union in respect of certain countries or territories outside the customs territory of the Union or groups of such countries or territories;
- (f) autonomous measures providing for a reduction of or exemption from customs duties on certain goods;
- (g) preferential tariff treatment granted to certain goods by reason of their nature or end-use, within the framework of the measures referred to in points (c) to (f) or (h);
- (h) other tariff measures laid down by agricultural, trade or other Union legislation.

The practical application of the Common Customs Tariff is ensured through the TARIC system:

- DG TAXUD: http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp
- NAV: <http://kkk.nav.gov.hu/eles/1/taricweb/>

The tariff classification of goods is helped by the following:

- Explanation of the Harmonised Commodity Description and Coding System,
- Opinions of the Harmonized Commodity Classification Committee of the Customs Cooperation Council.

VII. BINDING DISCLOSURES

A trader may ask the customs authorities for the following types of binding information:

- for classification of goods: binding tariff information (BTI/BTI)
- origin determination: binding origin declaration (BTI/BTI)

The explanations issued in the form of a decision are binding on both the customs authorities and the trader, i.e. they must be used in customs procedures within their period of validity. The identification number of the decisions shall be indicated on the customs declaration during the customs procedure. The Principal shall acknowledge that if he has a BTI/CTI and/or CTI/CIO decision for the goods to be cleared, he shall provide a copy of such decision(s) to the Principal prior to clearance. The consequences of failure to do so shall be borne entirely by the Principal.

This Client Guide is an integral annex to the GTC, the contents of which the Client has read in detail.

Issuing a document

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