

CLARIFICATION ON THE APPROVAL TO OPERATE A CUSTOMS STORAGE FACILITY AND THE PROCEDURE OF CUSTOMS STORAGE

1. Subject

This clarification describes, in more detail, the procedure upon submission of a request to issue an approval for operating a CSF (hereinafter: CSF), declaration of goods for customs storage, measures of customs supervision over the goods, keeping records on the goods, customary form of treatment of goods in procedure of customs storage, discharge and other questions with respect to operation of a customs storage, and procedure of customs storage and shutting down of a customs storage.

2. Legal Basis

The procedure of customs storage is regulated by:

- a)** Stipulations of articles 110-117 and 128-142 of the Customs Law (Official Gazette of the Republic of Serbia No. 18/10),
- b)** Stipulations of articles 263-299 of the Regulation on Customs-Approved treatment of goods (Official Gazette of the Republic of Serbia No. 93/10).

3. Area of a Customs Storage Facility

CSF is an area, room which is under customs supervision. CSF can be a single building, one or more rooms inside of a building, which are functionally separate from other rooms, secluded open area, a silo, a pool, or other similar facilities for storage of goods.

Customs office cannot grant an approval for simultaneous use of an area for several customs storages. Namely, one storage area cannot be granted permission for housing several customs storages, however, the same building can be granted a permit for housing several customs storages if the storages are clearly divided so that no goods can be mixed.

Rooms and areas approved for use as customs storages have to be clearly marked as customs storages, with the name of the operator of the customs storage and the type of customs storage.

4. Goods Placed Into Customs Storage

CSF enables the storage of:

- **Foreign goods** for which there are **no obligations for payment of import duties or obligations from measures of trade policy** during the application of this procedure;
- **Domestic goods intended for export, which become the object of measures applied to the export of those goods** by placing them into a customs warehouse facility.

When there are justified economic reasons, and there are no obstacles to carrying out appropriate customs supervision, the customs office can approve:

1. Placing the domestic goods which are not intended for export,
2. Processing foreign goods in the area of a CSF as a part of the process of inward processing, in accordance with rules for carrying out that procedure, and
3. Processing foreign goods in the area of a CSF as a part of the procedure of processing under customs control in accordance with conditions for carrying out that procedure.

In abovementioned cases, the procedure of customs storing is not implemented over the goods in question and the competent customs office can request that the prescribed records be kept over the goods in question.

II. CATEGORIES AND TYPES OF CUSTOMS STORAGE FACILITIES

5. Categories of Customs Storage Facilities

The following are categories of the customs storage:

- a) Public storage facility**, which is a customs storage that can be used by any person for the purposes of storing goods accepted by the operator of the CSF, the mentioned acceptance has to be proven by the user of the storage facility when placing goods in the CSF;
- b) Private storage**, which is intended for storing goods of the operator of the storage facility. Owner of the facility is liable in case of private storage facilities, he is at the same time the user of the storage facility, but does not have to be the owner of the goods.

6. Types of Customs Storage Facilities and Duties of Operators and Users Thereof

Customs storage facilities can be public – types A, B, and F and private - types C, D and E.

Public CSF can be the following, with respect to the type:

- a) Type A** – liability lies with the operator of the CSF, the operator has to make sure that the goods are not excluded from customs supervision for as long as it is in the process of customs storage, and that all obligations derived from the procedure of storing goods and from the approval for operation of customs storage are met. Also, this type of customs storage is available to all who wish to place their goods which are under customs supervision. Operator of the type A customs storage is liable for keeping business records on goods in storage.

Type A customs storage can be granted an approval storage and keeping of provisions for supply of ships and airplanes in international transport and for platforms for drilling and extraction of oil in international waters.

- b) Type B** – where each individual user is liable to ensure the goods are not excluded from customs supervision for as long as they are in the process of customs storage. For all obligations derived from this procedure (in accordance

with the declaration for the procedure of custom storage) and from the approval the user is liable.

Customs office keeps documents with respect to goods in storage; because of this it is not necessary for the operator or user of the CSF to keep those documents, i.e. the customs office holds and keeps customs declarations for placement of goods in the procedure.

Relocation of goods is not permitted if the place of discharge or delivery of goods is a type B customs storage. Namely, goods for which the procedure with storage was approved (e.g. procedure of inward processing, procedure of customs storing in any other type of CSF) cannot, during or after the procedure, be transported from the place they are at, to a type B CSF.

Type B CSF cannot be granted an approval for storage and keeping of provisions for supply of boats and airplanes in international transport.

- c) Type F –This facility is run by the customs office.** With respect to this type of CSF, the user is liable for all obligations, and the customs office is liable only in case of loss or damage of goods caused by negligence. All interested persons can store goods in this type of CSF, the records are kept in accordance with the relevant customs regulations.

Private CSF can be the following with respect to its type:

- a) Type D –** is private CSF with which the goods are released for free circulation based on bookkeeping reports, which have to have information on customs value and quantity of goods determined at the moment the goods were placed in the procedure of customs storing. Bearing in mind the above stated, at the moment of storage, type, category, tariff number and origin of goods need to be known, because those are the determining facts for the release of goods into free circulations based on bookkeeping documents.

It should be mentioned that provisions of article 141.3 of the Customs Law (hereinafter: CL) prescribe that if the import goods are placed in free circulations in accordance with article 101.3 of the CL (bookkeeping document) with the aim of application of article 251 of CL (rules applied to calculation of customs debt), the type, custom value and quantity of goods will be accepted as they were at the moment the goods were placed in the procedure of customs storing.

The provisions of the section 3 of this article of CL are applied if the value of goods at the moment they were placed in the procedure of customs storing are accepted and the customs value, unless the declarant requests that the customs value determined at the moment the debt was created, be accepted.

In this CSF, the operator of the storage facility is liable for keeping business records of goods in storage.

Approval for this type of CSF requires for the applicant to provide approval for implementation of the simplified procedure of placing goods into free circulation based on a bookkeeping document, for the goods which will be subject to storage procedure. Request for approval for the mentioned simplified procedure can be submitted to the same customs office at the same time as the request for approval to operate the type D CSF.

- b) Type E** - it is not necessary for the goods to be stored in the place approved as a CSF, with the approval for this type of storage determining the application of regulations which refer to Type D CSF (with respect to methods for collection of duties).

This type of storage is opened for the purpose of storing goods which cannot be stored in approved CSFs because of their type (e.g. live animals), sensitivity (e.g. medicines which require special storage conditions) or dimensions. It is opened for purposes of storing specific shipments and **the procedure for opening this type of storage is urgent.**

The operator of this type of CSF is liable for keeping business records of goods.

- c) Type C** – is a private CSF for which provisions regulating CSF of types D and E are not applicable. Accordingly, this type of storage is a private CSF in which the operator of the storage is at the same time its user, but does not have to be the owner of the goods stored.

Type C CSF can be granted an approval for storage and keeping of provisions for supply of boats and airplanes in an international transport.

For this type of CSF the operator of the storage is liable for keeping business records on stored goods.

III. CONDITIONS FOR AND PROCEDURE OF GRANTING AN APPROVAL FOR OPERATING A CUSTOMS STORAGE FACILITY

7. Request for Operating a Customs Storage Facility

Person who wants to operate CSF has to submit a request in writing to the customs office, the request has to contain all information necessary for granting an approval, with an explanation of the economic need to store the goods.

Request for approval to operate a CSF is submitted to the customs office (customs house) which is competent with respect to the location of the proposed facilities of the CSF or with respect to the main bookkeeping of the applicant is kept.

For opening and management of a CSF applicant submits to the competent customs office, alongside the written request, the following:

- 1) proof of registration in the business register;
- 2) proof of VAT and number/numbers of accounts in a commercial bank;
- 3) proof of legal basis for use of facilities, or areas intended for the CSF (ownership, lease, etc.);
- 4) sketch and technical description of rooms or facilities intended for the CSF;
- 5) use permit for the facilities/rooms
- 6) document from the competent authority certifying the all special conditions are met, if special conditions are prescribed for the storage of certain goods;
- 7) statement certifying that technical conditions, are met, i.e. a statement that the CSF, open or closed part thereof, is technically capable of implementing measures of customs supervision and control (ramp for

inspection, spot lights, measuring scale and other appropriate equipment and adjacent facilities);

- 8) statement certifying that facilities and inventory necessary for the work of an authorized customs officer have been secured;
- 9) statement certifying that the applicant is also capable of meeting special conditions for operating a CSF, if this is, bearing in mind the type and character of goods to be stored in the CSF, necessary for customs control and supervision (e.g. for control of stocks of goods in liquid or bulk – possession of an adequate device for flow measurement or for measurement of quantities or mass of goods, which meets all conditions with respect to metric compatibility);
- 10) proposed form and content of records;
- 11) guarantees from a bank as form of collateral.

Besides the previously stated evidence, applicant who intends to store goods delivered for purposes of a certain contract **will submit the contract in question** to the competent customs office.

If the customs office estimates that the information submitted in the request is not complete or sufficient for granting an approval it may ask that the applicant submit additional data or information.

8. Economic Viability for Operation of a Customs Storage Facility

When deciding whether to grant an approval, the customs office will especially take care of the economic viability of opening a storage, which implies the estimated volume of traffic, type and estimated value of goods (which is not the same as customs value), turnover ratio, size of the storage facility compared with the type and character of goods intended for storage, periodical or very rare discharge of the procedure of customs storing. There is no economic viability in case of storage of small quantities of goods for long periods (e.g. three months or more) or larger quantities occasionally, which is checked in the control of operation of the CSF.

When evaluating the economic viability a difference should be made between public and private CSFs. **With respect to public CSFs**, one should submit proof with respect to expected turnover (contracts/preliminary agreements), based on which an estimate of the economic viability is possible when deciding on the request for operation of a CSF. **With respect to private CSFs**, there have to be sufficient advantages for the operator of the CSF. Advantage for operation of this type of CSF can be the need to have sufficient supplies for unhindered production process, or renewal of activities, difficulties in obtaining goods, large transport expenses etc.

When dealing with the storage of good which requires, due to its character, special conditions for storage and keeping (e.g. dangerous materials, weapons and similar) it can be considered that there is economic viability, which is estimated on a case to case basis.

When determining the economic viability of operating a CSF one should take into consideration the physical capabilities and costs the competent customs office will have for implementation of customs supervision, time it will take for the competent customs authorities to conduct supervision and control of CSFs, number and type of prescribed controls (on terrain and control of documentation), and the resources necessary for these purposes (personnel, vehicles and other). These are affected by the type of CSF, system of keeping records on stored goods and reliability of the system, type and extent of control (control of paperwork or physical control, partial or complete control, e.g. electronic record keeping is more efficient and provides possibilities of monitoring customs supervision more by controlling paperwork than by conducting physical controls).

Also, for application of article 112 section 1 subsection 2 of the CL (approval of procedure with economic effects if the customs office has the possibility of conducting supervision and controls over the authorized procedure), when checking whether the administrative costs for procedures of customs storage are disproportional in relation to the economic needs, the customs office will, among other, consider the type of CSF and the procedure which can be implemented in it.

9. Bank Guarantees

Customhouse Commission, composed of three members, is formed by a decision of the head of the customhouse, determines whether conditions enumerated in section 7, subsection 1) through 10) of this Clarification are met, and **composes minutes on its findings** in three copies, two of which are kept by the customs office, while the third is delivered to the applicant. After that, in each specific case, a business analysis of the CSF in question should be conducted for the previous period, for the purpose of determination of the amount of the guarantees form of collateral. With respect to the stated, **an estimate of the amount of guarantees has to be made** according to the expected or usual amount of stored goods and estimates of its value, i.e. duties to be paid for those goods, for the average period of the time the goods were stored in the procedure of customs storing, or in accordance with expected turnover ratio.

In addition, the Commission has to suggest the amount of guarantee, in accordance with customs and other duties foreign goods stored in the CSF could be subject to for the average time the goods are kept in storage (estimate of the guarantee is calculated with expected quantities of goods in storage and its estimated value, time of storage and turnover ratio) in a specific CSF, **this is formulated in a separate proposal** in three copies, one of which is delivered to the applicant.

When the Commission calculates the amount of bank guarantees, applicant submits the guarantee, issued in the prescribed form, to the competent authority of the Customs Administration, which will, without delay, record and enter the guarantee to the ISCS and deliver it to the Commission officially. The Commission, in turn, delivers the complete case file to the Department for Customs-Administrative Procedures in the customhouse for the decision.

Exceptionally, bearing in mind the stipulation of article 115 of the CL, if it is determined, after the completed control, that business operations in the previous period (two years prior to the date the request was submitted) were completely in

accordance with customs and other regulations, operator of the CSF can be released from the duty of submitting bank guarantees.

If the CSF was not operational in the previous period, bank guarantee is mandatory, and the amount of guarantee will depend on the expected estimated amount of goods in storage.

Holder of the approval has the duty to notify the supervising customs office on the enlargement of estimated quantities of goods in storage, during the time the CSF is operational, and acquire additional guarantee or increase the amount of existing ones.

Amount of guarantee is periodically checked in accordance with inventory of goods or on other occasions when the supervising customs office considers it necessary, in which case, if it is estimated that the amount of guarantees is no longer sufficient, the operator of the CSF is invited to submit additional guarantee or increase the existing one in the prescribed deadline.

Since the guarantee is submitted for a prescribed period of time, holder of the approval has to submit, before the mentioned period expires, new guarantees or proof of extension of existing ones along with a copy of the accepted guarantee to the competent customs office.

10. Records of Goods

Goods stored in a CSF are recorded in a storage inventory book or files with information from the storage inventory book, while this type of records can be kept with electronic data processing methods.

Records of goods in storage in the CSF are kept:

- a) for CSFs type A, C, D and E - by the operator of the CSF,
- b) in CSF type F - by the customs office in charge of carrying out customs supervision over that CSF, records will be kept in accordance with customs regulations instead of records of goods in stock,
- c) In CSF type B - instead of records on goods in storage, supervising customs office holds and keeps customs declarations on placement of goods under the procedure of customs storing, alongside declaration with which the procedure of customs storing is discharged.

Customs office can release the operator from the duty of keeping records when the liability prescribed in article 131 section 1 and 2 of the CL (not to store goods in a CSF without customs supervision and the responsibility for meeting obligation which stem from the procedure of customs storing of goods) lies solely with the user of the CSF and when the goods are stored in the CSF based on a written declaration in the regular procedure or based on some of the trade or official documents submitted with the request for placing goods into the customs procedure (simplified procedure).

Goods which are placed in the customs storage procedure have to be recorded as soon as they enter the CSF.

For purposes of proper implementation of and supervision over the procedure of customs storing records must contain the following information as the minimum:

- a) information from the declarations with which the goods were placed in the customs procedure;
- b) information from the declarations with which the customs-allowed treatment or use of goods were determined for purposes of ending the procedure;
- c) date and other appropriate information on other custom documents and all other documents which relate to the beginning and end of the procedure;
- d) type of production activities, type of treatment or temporary use;
- e) information which enables tracking of goods, including information on its location and any transport;
- f) trade and technical descriptions necessary for determination of identity of goods.

Customs office can approve for some of the above mentioned information not to be recorded, if this does not have a detrimental impact on control or supervision over the procedure for the goods in store.

Customs office which grants the approval for operating the CSF can accept existing bookkeeping records from the operator of the CSF, if these records have information necessary for the customs authorities to conduct supervision and control of the procedure of customs storing.

Records must be kept in a manner which enables, at all times, clear insight to the current state of goods in the procedure of customs storing. Operator of the CSF is obligated to deliver the current state of goods as determined by an inventory to the customs office in the deadline it prescribes.

Supervising customs office can make a request for an inventory of all, or parts of, goods placed in the procedure of customs storing. Within the deadlines prescribed in the approval, holder of the CSF has the duty of carrying out an inventory of goods in storage and delivering it to the competent customs office for control. Regardless of the stated, the competent customs office can, when it finds it necessary for proper business operations of the CSF in question, require that an inventory be taken for all or part of goods, in which case the operator of the CSF is obligated to deliver the required inventory in the deadline prescribed by the customs office in question.

It can be determined in the approval that an inventory of goods in the CSF has to be in accordance with the regular bookkeeping inventory of goods in storage taken by the CSF operator. However, the supervising customs office and other control customs authorities can at any time conduct **an unannounced control of the CSF, which should be done at least two times per year**, whereby a complete control of goods in storage and made changes can be carried out.

In case the goods are subject to regular treatment, customs value of goods in records is entered before the mentioned treatment is carried out.

Bookkeeping records on goods have to contain appropriate information on temporary storage or shared storage of goods.

If the CSF was granted approval for temporary storage of goods, the operator of the CSF has to keep separate records on goods in temporary storage, as prescribed by regulations on temporary storage, and entry into records of goods is done simultaneously with the acceptance of the declaration for temporary storage.

When evaluating the system for keeping records, one should pay attention to the level of computerization and data protection in a manner which, in case of

subsequent justified corrections, leaves initially entered data visible, and to the relation of that system to other actions with respect to goods (issuing an order, issuing transport documents, invoicing, transfer to the appropriate processing procedures and other), to which end the operator of the CSF should submit documents.

If, during operation of the CSF, supervising customs office determines that records accepted in the process of issuing an approval for operating CSF is not sufficient for conducting proper supervision and control, operator of the CSF can be asked to implement appropriate changes and supplement the records in question.

Entry of data from records on ending the customs procedure is carried out, at the latest, at the time the goods in question leave the CSF of storage rooms of the operator.

11. Approval for operating a customs storage facility

Article 130 of the CL prescribes that an approval from the customs office is necessary for operating a CSF, unless the customs office is the operator of the CSF, i.e. unless it is a type F CSF. Approval can be granted only to persons with the residence in the Republic of Serbia.

Approval, or an explained decision on rejection of a request for issuing an approval, has to be delivered to the applicant **within 60 days**, counting from the day the request was submitted or the day the customs office determined that the requested additional information or data that was missing were delivered to it. The mentioned deadline is not applicable in case of a unique approval, unless it was granted in accordance with article 268 of the Regulation (regular notification).

Approval comes into effect from the day it was granted or the date determined in the approval.

Approval for operating a CSF does not determine the term for which the approval will apply.

In the approval, customs office determines rooms or other places which are technically equipped i.e. have the permit of use as customs storage of either private or public character of type A, B, C, D, and E. Customs office can also allow the use of CSF for temporary storage of goods as a CSF or its operation as a type F CSF.

Customs office cannot approve a single area to be used for multiple CSFs simultaneously.

When stored goods are, in and of themselves, a danger, or there is a likelihood that they will damage other goods or require special conditions for other reasons, customs office states in the approval that those goods can be stored only in specially equipped facilities.

Approval for procedure of customs storing can be granted, only if the regular procedures of treatment or inward processing or processing under customs control are not predominant over storage of goods.

Approval for operating a CSF, or the decision, if it is a type F CSF, shall determine the ID number of the CSF, which will later be entered into Section 49 of the JCI,

and which consists of a code designating the competent customs office, letter marking indicating the type of CSF and the ordinal number of the case containing four figures (e.g. 11569/A/0001).

An approval on a prescribed form is not necessary for storing goods in a type F CSF, instead a decision on opening is brought by the Head of Customs Administration.

Approval will not be granted if the facilities of the CSF of storages are used for other purposes of retail sale of goods.

Exceptionally, facilities of the CSF are allowed to sell goods in retail in cases goods are sold with the release from customs duties:

- a) passengers in passenger transport with foreign countries;
- b) diplomatic or consular staff who has the right to be released from custom duties by that virtue;
- c) members of international organizations;
- d) army or member of foreign armed forces, in accordance with concluded agreements.

With respect to the previously stated, approval for operating CSF has to contain all information of the CSF in question, its character, type, whether it will carry out retail sale of goods in accordance with prescribed conditions, whether it will supply ships, airplanes, duty free shops and similar and with what goods, foreign or domestic, and all other data necessary for appropriate implementation of the customs storage procedure.

Also, part of the CSF intended for temporary storage of goods has to be physically separate from the area in which the goods in the customs storage procedure are stored. **Operator of the CSF has to keep records of goods in temporary storage separately from the records of goods in the procedure of customs storing.**

Customs storage has to be clearly marked by a sign which reads "CUSTOMS STORAGE FACILITY", with the name of the operator of the CSF, marking the CSF and its working hours. Customs office can determine that every entrance into the CSF has to be under direct customs supervision, including the right of the customs office to retain keys to the CSF.

Holder of the approval has to notify the customs office about all facts which arise after the approval has been granted which have an impact on its further application or content.

Rights and obligation of the operator of the CSF can be, with the consent of the customs office, transferred to a third party which meets all conditions for the appropriate procedure.

Customs office which originally granted the approval decides on the expansion, contraction or relocation of the CSF, change of the approved type of goods which can be stored in the CSF and other amendments and supplements of the approval for operating a CSF.

12. Termination and annulment of the approval

If the procedure of control of operations in an open CSF determines that one of the conditions from article 15 of the CL is met, approval on the operation of a CSF can be terminated, within the meaning of the provisions of this article.

Customs office can also apply article 14 of the CL when the existence of conditions referred to in that article is determined.

13. Deadline for storing goods

Goods can be in the procedure of customs storing for an unlimited amount of time.

In exceptional cases, a customs office may determine a deadline for goods storage period (customs office determines a deadline for goods storage period in every specific case, taking into account the type of goods and special conditions for its storage – drugs, easily perishable goods, food products with expiry date, etc.).

14. Customs value of stored goods

If there is a customs debt for import goods in the procedure of customs storing, the storing and maintenance expenses that occur during the storing time will not be included in the customs value of goods provided that those expenses are shown separately from the actually paid price, i.e. the price that is to be paid for those goods.

If import goods were the subject of usual procedures in accordance with Article 138 of the Customs Law, the type, customs value and amount of goods at the time the customs debt occurred will be accepted during the determination of import duties per declarant's request, in accordance with Article 261 of the Customs Law, as if the goods were not subject to usual procedures.

If import goods were released for free circulation in accordance with Article 101, Section 1, Subsection 3 of the Customs Law, with the aim of implementation of Article 251 of the Customs Law, the type, customs value and amount of goods, as it was at the time the goods were placed in procedure of customs storing, will be accepted.

Provisions of Section 3, Article 141 of the Customs Law are applied if the value of goods at the moment of placing goods in procedure of customs storing was accepted as the customs value, unless the declarant demands that the customs value determined at the moment the customs debt occurred be accepted.

15. Placing goods in the procedure of customs storing

Only the goods that are stated in the approval can be stored in a CSF. Goods need to be stored in such a way to enable easy control of the supply of goods and to identify the customs status of every type of goods. If goods that are dangerous by its nature or can damage other goods are stored, or if goods require special care due to other reasons, the CSF operator has to provide the required conditions.

Foreign goods are reported for the procedure of customs storing by submitting a customs declaration C7 to the authorized customs office stated in the approval. JCI is filled out in accordance with Articles 11-13 of the Rulebook on form,

content, way of submission and filling in the declaration and other forms in customs procedure (Official Gazette RS, No. 29/2010, 84/2010 and 100/2010). Alongside the customs declaration C7 for storage of foreign goods, without influence on special regulations, **the following documents have to be submitted:**

- for a CSF **type D**, invoice and other trade documents based on which the customs value of goods was reported, as well as the declaration on the customs value of goods if needed, based on Article 127 of this Regulation, filled out in accordance with conditions of that article,

- **for CSF types other than type D:** no documents need to be submitted. However, in accordance with Article 172, Section 2 of the Regulation, Article 170, Section 2 of the Regulation is applied on those reports, i.e. a customhouse can demand that when submitting a declaration the transport documents or documents regarding the previous customs procedure are also submitted (invoice, CMR, proforma invoice and such). Also, when one type of goods is submitted in two or several shipments, it can be demanded that a list of shipments or an equivalent document that states the exact content of individual shipments is submitted.

In cases of placing foreign goods in a CSF type A, when the user is not the operator of that CSF, the customs declaration C7 is submitted with the consent of the CSF operator on accepting the goods storage and debt collateral from a guarantee placed for the CSF, whose appearance and content is provided in Annex 1 of this instruction.

In case of storage of foreign goods owned by a foreign entity, the customs declaration C7 **is always submitted with a representation agreement** in the CSF type C, concluded between the CSF type C operator and the foreign entity that owns the goods, in which it is visible that the CSF operator is authorized to perform the sale of goods on behalf of the foreign entity. **Information on the contract is entered in section 44 of the customs declaration C7.**

Customs declaration C7 is subject to risk analysis, depending on which measures and controls are deemed necessary by the supervisory customs office in each specific case, with the aim of identification of goods and regularity of procedure.

Domestic goods (not intended for export) is stored in a CSF (regardless of the type) based on a commercial document (e.g. dispatch notes, invoices and such) or records kept by the CSF operators, which enable customs supervision of goods and where it has to be noted that they are regarding domestic goods (e.g. with a sticker 'domestic goods').

16. Filling out a customs application

The customs application for placing in and a discharge of procedure of customs storing is submitted and filled out in accordance with the Rulebook on submitting and filling out customs applications, including the specificities stated in this instruction.

Section 8 of the customs declaration C7 for placing foreign goods in a CSF type C is filled out with information on the holder of an approval for operating a CSF. In the procedure of customs storing in public CSFs, this field is filled out with information on the user (depositor) of goods.

Description of goods in section 31 of the customs declaration C7 has to be clear enough and complete, i.e. it has to contain all the data on the goods to enable its identification depending on goods: type, model, serial number for equipment or technical goods, type and content of material, dimension, state of goods (new, used, damaged etc.), type and weight of packaging and other data needed for sorting the goods out per customs and other tariffs, debt collection, implementation of measures of trade politics and other valid regulations when placing the goods in other customs-approved procedure or use after the procedure of customs storing or in the case of potential debt collection when the goods are still in the procedure of customs storing.

Customs declaration C7 can have several headings, depending on the type of goods that are the subject of that declaration. Section 31 of the application can be filled out with information on a broader assortment of goods of the same type that has the same unit of measurement, as much as it is possible to fill out this field with information on those goods that enables its identification (e.g. men's leather shoes, brand ..., 100 pieces, men's shoes with rubber soles and leather ..., 300 pieces, children's shoes made of ..., brand ..., pieces; washing machine, brand ..., 20 pieces, household refrigerator, brand ..., liters ..., pieces).

The procedure of customs storing is discharged when some other approved procedure or use is determined for foreign goods, such as:

1. re-export of goods,
2. releasing goods for free circulation,
3. placing goods under a procedure with an economic effect,
4. storing in a free zone or a free warehouse,
5. destruction of goods under customs supervision,
6. handing goods over to the customs office,
7. transit procedure.

17. Keeping records of goods

All goods placed under the procedure of customs storing, except in the CSF of B type is registered in records immediately after entry in a CSF.

Keeping records regarding discharge of the customs storing procedure (or temporary storing) is performed no later than on occasion of goods leaving the CSF. Pursuant to the Article 286 of the Regulation, discharged in the records are the import goods in question, which were declared per oldest customs application C7 or other customs document, in order for the number of customs applications to be as low and records as transparent as possible, on which the data must correspond with the data from the section 40 of the customs application with which the procedure of customs storing is discharged. **The implementation of the stated cannot lead to the reduction of customs debt.**

18. Regular handling procedures for goods

The foreign goods placed in the procedure of customs storing can be subject to regular use which is required for keeping the goods, improving its appearance, or quality, that is a preparation for market or further sales. This procedure cannot be prevailing in relation to the procedure of customs storing.

Regular use includes the activities prescribed in Annex 24 of the Regulation.

ANNEX 24

LIST OF REGULAR MANNERS OF HANDLING IN THE CUSTOMS STORAGE FACILITY AND FREE ZONE

Unless otherwise defined, none of the following forms of handling must lead to change of the 8-digit tariff code of the customs tariff under which the goods are registered.

Regular handling procedures, stated below are not allowed if, in opinion of customs authorities, such activities can increase the risk of fraud:

1. ventilation, spreading, drying, removal of dust, simple cleaning operations, repair of the packaging, elementary repairs of damages which appeared during transport or storing until these are only simple operations, applying and removing protection layer for transport;
 2. reconstruction of goods after transport;
 3. inventory, sampling, sorting, sieving, mechanical filtering and weighing of goods;
 4. removal of damaged or infected components;
 5. preservation by pasteurization, sterilization, radiation or adding of preservative;
 6. protection from parasites;
 7. protection from rust;
 8. protection:
 - by simple raising of temperature, without further treatment or process of distillation;
 - by simple lowering of temperature;
- Even if it leads to the change of the 8-digit tariff code of the customs tariff.
9. electrostatic protection, straightening and ironing of textile;
 10. the protection includes:
 - removal of fruit petiole and/or pits, cutting and breaking dried fruit or vegetables, rehydration of fruits, or
 - dehydration of fruits, even if it results in the change of the 8-digit tariff code of the customs tariff.
 11. desalinization, cleaning and putting together raw leather;
 12. adding goods or adding or replacement of substituting components, as long as those additional or replacement goods are relatively limited, or intended to provide compliance with technical standards, not changing the nature, nor improving the effects of the original goods, even if it results in the change of the 8-digit CT code for added or replaced goods;
 13. diluting or concentrating fluid, without the process of further treatment or distillation, even if it results in the change of the 8-digit CT code;

14. mixing the same kind of goods of different quality, in order to get equal quality, or the quality required by the buyer, without changing the nature of goods;
15. dividing or cutting the goods if only simple operations are included
16. Packing, unpacking, change of packaging, outpouring and simple moving to boxes, even if it does not result in the change of the 8-digit tariff code of the customs tariff, fixing, removal or replacement of marks, seals, price labels and other similar marks for differentiation;
17. testing, adjusting, regulating and commencing of machines, devices and vehicles, particularly for control of fulfillment of technical standards if only simple operations are in question.
18. Adjusting the profile of pipes in order for the goods to be prepared for certain markets.
19. Any way of handling, except the above stated, which is meant to improve the appearance or market quality of the imported goods, or to have it prepared for distribution or reselling, under condition that those operations do not change the nature or improve the use of the original goods. When the expenses appear due to usual handling, such expenses or increased value are not considered in regular calculation of import duty if the declarant provided satisfactory evidence for those expenses. However, when calculating import duties, the customs value, the nature and the origin of goods which are not from the Republic of Serbia and are used on those operations, are considered.

Domestic goods from the Article 128, section 1, sub-section 2 of the Customs Law placed in procedure of customs storing, which is protected through measures of the agricultural policy, can be subject only to the ways of handling which are particularly designated for those goods.

These operations are carried out under customs supervision, with prior approval of the customs office.

Every regular handling of goods must not result in change of the 8-digit tariff code, unless otherwise specified for certain way of handling and it must not be fraudulent.

Regular handling must be with prior approval, which, on request of the operator of the customs storage facility, may be contained in the very approval of operating the customs storage facility, in which case, the operator of the customs storage facility must, before carrying out regular handling procedures, inform the export customs office in writing. In the case of public customs storage facility, the notification may be enclosed, also, by the user of the goods, in which case, the user must notify the operator of the customs storage facility, in order to be able to put it in records.

If carrying out regular handling procedures was not approved with an approval for opening of the customs storage facility, for every regular handling operation, the operator of the customs storage facility submits to the supervising customs office a request in writing. In the case of public customs storage facility, the request can be submitted, also, by the user of the goods, in which case, the

user must notify the operator of the customs storage facility, in order to be able to put it in records.

19. Temporary relocation of goods

The goods may be temporarily relocated from the customs storage facility for period no longer than three months. This period, in justified cases (testing, display at fairs, exhibitions, demonstrations) may be extended if special conditions require that. The request for the approval of regular procedure or temporary relocation of goods from the customs storage facility is submitted to the supervising customs office separately for each case. The approvals for regular use or temporary relocation of goods from customs storage facility can be stated in the approval for realization of the procedure of customs storing. The supervising customs office, should, in that case, be informed in a way it has chosen, before regular usage or temporary relocation.

20. Transfer of goods from one customs storage facility to other

The customs office may approve that the goods which have been placed in customs storing procedure be transferred from one customs storage to other.

The customs office decides in the approval whether and under what conditions can goods or products be moved in the process of customs storage between different places or rooms of different users of approval without procedure termination.

The customs office also decides on record-keeping.

Moving is not possible if the place of dispatch or delivery of goods is a CSF type B.

The procedure of customs storing can be discharged by placing foreign goods in the same procedure in another CSF by the same user, with the following situations possible:

a) for discharge of the procedure of customs storing by placing foreign goods in another CSF in cases when there is the same supervisory customs office for both CSFs (the one in which goods are stored and the one to which the goods are moved), a new customs declaration C7 is submitted for the same user (procedure code 7171), in which section 44 is filled out with data on the identification number of the CSF from which goods are moved (e.g. 11569/A/0056).

b) for discharge of the procedure of customs storing by placing foreign goods in another CSF in cases when the supervisory customs office for CSF that is discharged and CSF to which goods are moved are different offices, the transit TR declaration is submitted in the supervisory customs office for customs storing that is discharged. According to that declaration, the goods in the transit procedure are directed to the supervisory customs body for the CSF where the goods will be stored. By accepting the TR declaration, the procedure of customs storing is

finished for the CSF from which the goods are moved. Upon the arrival of goods from the TR declaration, a new C7 customs declaration is submitted for the same user (procedure code 7100) in the supervisory customs office for the CSF to which the goods are moved. In the TR declaration and the new C7 declaration, the section 44 is filled out with data on the identification number of the CSF from which the goods are moved (e.g. 11569/A/0058).

In the stated cases, the operator of the CSF from which the goods are moved has to have in his records a copy of the customs application on discharge of the customs procedure in that CSF.

Owner of goods cannot be changed when goods are moved from one CSF to another. The owner of goods stays the same and the procedure of customs storing continues with the same data on goods and the user (receiver of goods), but in another storage because of conditions, price of storing and such.

21. Joint storage

In accordance with Article 136 of the Customs Law, when there are justified economic reasons and no obstacles for implementing customs supervision, a customs office can approve storing of domestic goods in a CSF, except for goods stated in Article 128, Section 1, Subsection 2 of this law (domestic goods intended for export that are subject to measures applied for export of those goods).

Also in accordance with Article 298 of the Regulation of customs-allowed treatment of goods, domestic goods (not intended for export) and foreign goods that are placed in the procedure of customs storing can be placed in the same storage space if there is an economic need for that and if customs supervision is not compromised, i.e. the customs status of all types of goods can be identified at any moment. Joint storage has to be approved in an approval and the operator of a CSF has to keep separate records on domestic goods (type, description and amount of goods, time of storing in and removal from the CSF and such) from the records on foreign goods in the procedure of customs storing. In this case, domestic goods cannot be mixed with foreign goods that are in the process of customs storing.

However, joint storage of domestic and foreign goods into a CSF can be permitted even if it is not possible at any moment to determine the customs status of all types of goods. The goods that are stored together have to have the same tariff label and the same commercial and technical properties. Domestic agricultural products are excluded from such an approval.

When the same type of goods in joint storage from this article is applied for another customs-approved procedure or intention, it can be considered as domestic or foreign, per request of the user, provided that the original amounts of both types of goods are respected before the joint storage. However, implementation of this does not lead to giving the customs status to a larger amount of goods than the real amount that is placed in a CSF or in an operator's storage, when goods are taken out in order to be declared for customs-approved procedure or use.

22. Control of CSFs

The authorized customs office performs customs supervision through customs declarations and their records in ISCS, as well as through performing inspections in the storage.

During the inspection of CSFs, it should particularly be inspected:

- a) whether all the customs declarations or other customs documents for entry of goods in the process of customs storage and discharge of that process are entered into the records,
- b) whether declarations were made for all the discharges of goods from the CSF that are listed in the records,
- c) whether data on goods and other data entered into records match the data from customs declarations or other documents from point a),
- d) whether the state of goods' stocks determined during the record-keeping or inspection matches the stocks entered into the records and data from customs declarations or other documents from point a),
- e) whether the collateral amount is sufficient, considering the stocks of the stored goods and movement of those stocks during the time a CSF is used,
- f) whether other conditions using a CSF and proper implementation of procedure depends on are being fulfilled and abided by.

Supervision customs office and other authorized control body performs the inspection of a CSF through customs declarations and their records in the information system, as well as by performing control inspections of the record-keeping of stocks and by inspecting the state of the CSF. Minutes is made on the CSF inspection, which is signed by the customs officials who performed the inspection and the CSF operator or his authorized representative, in whose presence inspection is done, who gets a copy of the minutes.

23. Domestic goods protected by measures of agricultural politics

Domestic goods from Article 128, Section 1, Subsection 2) of this law (domestic goods intended for export), which is protected by measures of agricultural politics and is placed in the procedure of customs storing, has to be exported or some other procedure or use envisaged in a special regulation has to be determined for it.

24. Using approvals and resolving requests

In accordance with provisions of Article 660 of the Regulation on customs-approved procedure with goods, CSFs opened according to regulations that stop being valid when this regulation starts being effective, can keep operating as CSFs in accordance with provisions of this regulation, provided that the CSF operator obtains a solution on founding and coordinates its operations with provisions of this regulation within 3 months from the date of the start of implementation of this regulation. **Related to that, for operators of existing CSFs there is the**

obligation of submitting a new request and all the necessary documents from Subsection 7 and implementation of the procedure in the same way determined by this clarification.

If a CSF operator does not obtain an approval from the customs office for operating a CSF, the PREVIOUSLY ISSUED APPROVAL (based on the old Customs Law) stops being valid, about which a special decision will be made, primarily in accordance with Article 15 of the Customs Law, not excluding the implementation of Article 14 of the same law. In that case, CSF operator is obliged to determine other customs-approved procedures within 15 days for the goods that are in the procedure of customs storing.

The form Annex 1 – Consent for acceptance of storage of goods – is an integral part of this notice.

(Customs Administration Act 148-03-030-5/2011 of February 14, 2011)

Data on the operator of customs storage facility type A:

Name:

Seat and address:

VAT number

**CONSENT
FOR ACCEPTING STORAGE OF GOODS**

.....
.....

(data on the depositor for whom the consent is issued)

Consent is issued for accepting the storage of goods in our customs storage facility type A, identification number of storage facility:, whose use was approved by the Approval of the Customs Administration, no. dated and for providing customs duties for the stored goods from the collateral we have submitted for the customs storage facility in question.

This consent is issued for the period from to

With this consent we are also obliged that in the case of cancellation of this consent before the expiry of the period for which the consent is issued, we will immediately inform the authorized customs office for the customs storage facility in question about that.

Place:

Number:

Date:

Signature of an authorized person

stamp here
(full name and surname)

CONSENT EXTENSION:

This consent is extended for the period:
from to

Place:

Number:

Date:

Signature of an authorized person

stamp here
(full name and surname)