

## **Customs procedure in free zones**

### **BASIC PROVISIONS**

#### **Legal basis**

Treatment of goods when taken in and placed in a free zone and when carried out from a free zone, as well as while the goods are in a free zone, is regulated by:

- a) provisions of articles 191 to 296 of the Customs Law ("Official Gazette RS", no. 18/10), (hereinafter: the Law),
- a) Provisions of articles 524 to 560 of the Regulation on customs-approved treatment of goods ("Official Gazette RS", no. 93/10), (hereinafter: Regulation)
- b) Provisions of the Law on Free Zones ("Official Gazette RS", no. 62/06).

The Law on Free Zones sets conditions for determining the area and operation of a free zone, activities which can be performed only in a free zone, conditions for performing such activities and conditions for termination of a free zone as well as an establishment, legal status and authority of a free zone Management.

Provision of article 191 of the Customs Law provides that a free zone is a part of customs territory of the Republic of Serbia or areas which are on that territory and are separated from other parts of customs territory. The following applies in a Free Zone:

- a) Foreign goods, from the aspect of paying import duties and application of trade policy measures are not considered being in a customs territory of the Republic of Serbia under condition the goods are not in free circulation and are not in some other customs procedure or used or consumed in a free zone under other conditions and not under conditions which are prescribed by customs regulations:
- b) Domestic goods intended for export which, when put in a Free Zone, fulfil conditions determined in special regulations, measures which apply for export of goods shall apply.

#### ***Trade policy measures***

Trade policy measures do not apply to goods which are taken in a free zone or while the goods are still in a free zone, unless the goods in a free zone are for sale.

During the intake of foreign goods into customs territory, in order to store it in a free zone, trade policy measures apply (e.g. import licence when the goods are entering customs territory).

Trade policy measures are also applied during the export of the goods i.e. when domestic goods from a free zone are exported from the customs territory of the Republic of Serbia. Such goods are subject to customs control.

#### ***Free zones and customs control***

Free zone area must be enclosed in accordance with the customs authority's instructions, in a way which enables customs authority to conduct customs control and prevents illegal

taking of any goods in and out of a free zone. The area outside the fence must have adequate customs control and this area can be entered with an approval from the authorised supervising customs authority.

For conducting customs control of free zones and goods placed therein, customs authority who is territorially competent is determined taking into consideration the location of the free zone in question (hereinafter: supervising customs authority).

Customs authority determines the place of entrance and exit for each free zone.

The area of free zone and immediate access to those areas, including their entrance and exit, as well as the goods, vehicles and persons entering or leaving the area are under customs control.

Customs authority may inspect the goods and conduct other measures of customs control on goods entering, exiting or staying in a free zone.

Customs authority occasionally conducts control over taking goods in and out, in accordance with the criteria established by the system for analysis and risk assessment i.e. whenever he/she suspects non-compliance with customs regulations on operations in a free zone.

Access to free zone may be forbidden for persons who are suspected of not complying with prescribed conditions.

### **FREE ZONE USER**

Free zone user may be a founder of a zone, company for management of a zone as well as other domestic and foreign legal and natural persons who conduct commercial operations in a free zone based on a contract on use of a free zone, concluded with the founder of a free zone.

If a user of a free zone is a foreign company, they have to have an authorised representative who will, for and on his behalf, before customs authorities, perform customs operations provided by the customs regulations with regard to the goods taken into a free zone (in practice it is usually a founder of a zone or indirect representative).

The founder of a free zone is obliged to inform supervising customs authority about a concluded contract on the use of a free zone and of any termination of such contract. Notice must contain the name of a free zone, number and date of concluded contract, as well as a name, identification number and a registered business activity of the user of a zone.

The founder of a free zone is obliged to keep records of all contracts concerning users in a free zone which are to be available in every moment to supervising and other control customs authorities.

In accordance with the Law on Free Zones, in a free zone, the user may produce and provide services in accordance with regulations, without endangering the environment, public health, material goods and safety of the country. The goods forbidden for import or export cannot be imported into or exported from a free zone.

For the construction of a building in a free zone the approval from customs authority is necessary.

The user of a zone who is about to stop operations in a free zone or one activity in a free zone must immediately inform customs authority and submit final data on records on goods for control and confirmation of customs-approved procedure or usage of the remaining quantities of goods.

The user of a zone is obliged to do everything in order to secure that the employees in a free zone comply with the implementation of measures of customs authority and control.

## **APPROVAL OF RECORDS ON GOODS IN A FREE ZONE AND OTHER APPROVALS**

### ***Records of goods***

For the sake of customs control, the user of a zone must properly keep records on taking the goods into a free zone and taking the goods out of a free zone, as well as on usage and changes of the goods.

Information on goods are entered into records as soon as the goods enter the premises of those persons. Records must enable customs authority to identify the goods and must contain information on movement of goods.

If reloading of goods is performed within a free zone, the documents regarding the reload must be presented to customs authority. Short-term storage of goods, due to reload, will be considered an integral part of reload.

### ***Request for approval of records of goods in a free zone***

Before starting activities, the user of a zone is obliged to submit to authorised customhouse a request for approval of a form and content of records on foreign goods in a free zone. If a user intends to bring domestic goods into a free zone, he is obliged to submit written request for approval of form and content of records on domestic goods in a free zone.

Request for issuing approval on keeping records is submitted in two copies to customs authority according to the location of a free zone.

In a request, the user makes a detailed description of activities he intends to perform in a free zone.

The request must contain the following information:

- a) Detailed information on records which are or will be kept on goods,
- b) Type and customs status of the goods (domestic/foreign) which will be the subject of mentioned activities,
- c) When possible, customs procedure within which those activities will be performed,
- d) Other information which customs authority needs in order to provide proper implementation of regulations on performing business activities in a free zone in order to enable conduct of customs supervision over user's business activities in a free zone.

Contract on usage of a free zone concluded with the founder of a zone is attached to this request in two copies, one original and one copy.

Forms for request for approval of form and content of keeping records on goods in a free zone are annexed to these Instructions:

- a) Annex 1 – Form of a request for approval of form and content of keeping records on foreign goods in a free zone
- b) Annex 2 – Form of a request for approval of form and content of keeping records on domestic goods in a free zone

The user of a zone is obliged to keep records on goods in a free zone which, according to article 541 of the Procedure, must contain as least two of the following:

- a) information on identification numbers, number and type of packaging, quantity of goods, usual commercial description (name) of goods and an identification mark of a container, if needed;
- b) information which enables the control of goods in every moment and especially its location, customs-approved treatment or use of goods determined after its placement in a free zone and its re-entrance to the remaining part of customs territory of the Republic of Serbia,
- c) information on transport document used when taking the goods in and out,
- d) information on customs status of the goods (if they are foreign or domestic) and, if necessary, data on confirmation of customs status of the goods which were released for free circulation in a zone,
- e) information on usual procedures with goods, which have a goal to preserve the goods, improve its appearance or prepare them for market, i.e. further sale
- f) Special labels in a case the goods were previously subject of production activities within the procedure of active refinement or in a procedure of temporary import, if taking of the goods into a free zone ends the relevant procedure, such as:
  - Active refinement through storage, according to article 316 of the Procedure, for received products or goods in unchanged condition the note "U-I goods" is written and if the goods are also subject to the application of special trade policy measures, a note "Trade measures" is written as well,
  - Active refinement through reimbursement, according to article 317 of the Procedure, for received products a note "U-I goods /system of reimbursement" is written,
  - For temporary import, according to article 350 of the Procedure, a note "PU goods" is written,
- g) information on goods which were released for free circulation or placed into a procedure of temporary import are not subjected to payment of import duties or to trade policy measures and whose use or intent must be controlled (JCI number of the goods in procedure).

Supervising customs authority may allow that some of the mentioned information does not have to be recorded if they are not necessary for conducting customs control, i.e. when they do not affect supervising or control over free zone.

Records are kept chronologically, based on information in documents which follow the goods when taking the goods in/out of a zone.

Supervising customs authority may, for keeping records in a free zone, accept the user of a zone's bookkeeping records, if such records contain all necessary data which provide clear insight to the goods' actual condition at every moment.

If due to specificity of customs procedures which will be conducted in a free zone more information must be entered into a record, the user is obliged to fill them in.

The user of a zone must keep the records on domestic goods in a free zone in the same manner.

If the user of a zone establishes that the actual condition of the goods and the condition in the records do not concur, he is obliged to inform supervising customs authority about it.

If supervising customs authority confirms that customs debt occurred thereby, he is obliged to take all necessary steps to calculate and charge the debt.

The user of a free zone may transfer the goods he took into a free zone to other user. Both users must record such transfer and takeover in their records. The user which transfers the goods to other user is obliged to inform customs authority without further delay about it by submitting appropriate documents (contract, bill and similar).

### ***Approval of stock records in a free zone***

Upon the receipt of request, authorised customs authority to which request has been submitted, submits the request to supervising customs authority for preliminary control and opinion regarding suggested manner of keeping records.

If the supervising customs authority, in a preliminary control, confirms that the form and manner of taking records suggested by the user of a zone, enable the implementation of customs supervision over taking the goods in and out of a free zone and doing business in a zone, it submits a written opinion to authorised customs authority to which the request had been submitted. The customs authority in question will reach a decision after that by which it approves the form and content of a record in a free zone.

An example of the solution is given in annexes of the Instructions herein as follows:

- a) Annex 3 – for approval of form and content of records for foreign goods
- b) Annex 4 – for approval of form and content of records for domestic goods

If the user of a zone is a foreign person, the decision on approval of form and content of records on goods in a free zone must contain information on his authorised representative and type of agency.

Customs authority will approve keeping records only for those persons who offer all necessary guarantees for business operations in a free zone in accordance with customs regulations.

### ***Amendment or supplement in keeping stock records in a free zone***

User of a zone can request, on his own initiative or at the request of the customs authority, to amend or supplement approval on keeping records.

If, during customs supervision, the supervisory customs authority determines that the approved manner of keeping records does not enable, or no longer enables efficient implementation of measures of customs supervision of users' business operations in a free zone, he will request from the user, in writing with a deadline appropriate to the circumstances, to suggest appropriate amendments or supplements to the manner of keeping records. After that, the customs authority will deliver the submitted amendments and supplements on keeping records on goods to the customs authority in charge for appropriate amendments or supplements to the decision on approval of form and content of keeping records in a free zone.

If the user does not submit appropriate amendments or supplements to the manner of keeping records in due time, or the customs authority determines major irregularities in the manner of keeping records on several occasions, or determines that there is a lack or disappearance of goods to which the records relate, the customs authority will revoke the approval on keeping records.

In case of revocation of approval on keeping records the user can no longer perform activities to which the revoked approval of records relates to. Existing stocks of goods are treated as if the goods were delivered or re-delivered to the customs territory of the Republic of Serbia and the user of a zone has to designate the customs-approved treatment of goods or its use in an appropriate deadline determined in the decision which revokes the approved keeping of records.

Procedure for amendment, supplementation or revocation of the decision on approval of form and content of keeping records off stocks of goods in a free zone can be initiated by the user of a zone as well. Besides the supervisory custom authority, this procedure can be initiated ex officio by other customs authorities performing control.

The above mentioned manner of conduct will be taken in situation when the customs authority determines other severe or recurring infringements of customs regulations.

User of a zone who desists with his business or with specific activities in a free zone has to notify the appropriate custom authority without delay, within 30 days, and submit final information on records of goods for control.

## **INTAKE AND STORAGE OF GOODS IN A FREE ZONE**

### ***Storage of goods in a free zone***

If the goods stored in a free zone present a danger by and of itself, or can be damaging to other goods, or need to be stored in special conditions for any other reasons, the supervisory customs authority can request that it be stored in facilities specially equipped for its storage. Customs supervision over goods taken in or out of a free zone is conducted based on the information on the user of a free zone, type and quantity of goods and number of packages. All goods taken to a free zone and taken of a free zone have to be reported to the customs authority in charge, said authority checks submitted documentation and means of transport, and encumbers the user for the intake of goods to a free zone or exonerates him for the outtake of goods from a free zone. Supervisory customs authority can on its own estimate and analysis of the risk perform a control of goods.

In accordance with article 195 section 2 of the Law, goods taken into a free zone is delivered to the customs authority and is subject to prescribed customs formalities only in following cases:

- 1) when it was placed in the customs procedure which ends when it enters a free zone. In this case appropriate documents are submitted with the goods and appropriate simplifications for termination of the individual customs procedure are applied. If the procedure of active refinement or temporary import finishes with the transit procedure for refined or temporarily imported goods, following which a procedure of intake of goods in a free zone commences with the intent of subsequent export from the customs territory of Republic of Serbia, customs authorities control whether information with respect to goods which, by placing it in free circulation or in the

process of temporary import, is not subject to import duties or measures of trade policy, and whose use or intended use have to be controlled and entered into records;

- 2) if the goods are stored in a free zone based on a decision of the customs authority to approve reimbursement or release from customs debt with respect to those goods;
- 3) domestic goods intended for export, which meet conditions envisaged in separate regulations when stored in a free zone.

Customs authority can request, on occasion of intake of goods into a free zone, that goods for which there is an obligation of paying export duties or to which other measures of trade policy apply be declared, especially if there are no other means of ensuring proper supervision with respect to compliance with regulations on paying export duties, or other measure of trade policy.

Storage of goods in a free zone is not temporally limited. Special storage deadlines can be prescribed for domestic goods intended for export which meet conditions prescribed in other regulations by storage in a free zone.

On the occasion of intake of goods into a free zone for performing activities or construction of facilities in a zone itself, calculation and payment of customs and other import duties are not performed.

Both domestic and foreign goods can be taken in and stored in a free zone.

### ***Intake and storage of foreign goods into a free zone***

Foreign goods intended for intake to a free zone are placed in the procedure of transit in the discharge customhouse based on the JCI for transit procedure or TIR carnet, when the goods in question are transported with the application of that document, or ATA carnet, when it is used as a document in the transit procedure. Foreign goods are taken and stored in a free zone based on the customs declaration used for intake of goods in a free zone (C7), which is filled in accordance with articles 11, 12 and 13 of the Rulebook on Form, Contents, Means of Submission and Filling of the Declaration and Other Forms in the Customs Procedure (Official Gazette of the Republic of Serbia No.29/10, 84/10 100/10, 56/11 and 66/11).

In case when the intake of goods into a free zone ends procedures of active refinement or temporary import, the declaration and records of goods have to contain appropriate labels depending on the situation (U-I goods, Trade measures, U-I goods/reimbursement system or PU goods), necessary for tracking the movement of goods and eventual charging of the customs debt or for the application of article 156 of the Law, which prescribes the conditions and manner of reimbursement or release from import duties. These labels are placed because by intake in a zone the goods in question are not exported from the customs territory. If the goods, which were in procedure of active refinement in the postponement system or in the procedure of temporary import, are taken to the territory of Republic of Serbia, they will be subject to payment of customs debt and interests, calculated in accordance with regulation for the procedure in question. If the goods taken to the territory of the Republic of Serbia have been in the procedure of active refinement in the

reimbursement system, paid customs will not be reimbursed, and if the paid duties have already been reimbursed, they will have to be charged again in the amount reimbursed. We would like to point out that with respect to goods delivered by customs officers, who supervise a free zone, a process of temporary storage can be implemented until the customs-approved treatment of goods or its use are designated in accordance with article 75 through 78 of the Law. The procedure of temporary storage can be implemented without submission of a concise declaration, based on the transit document in accordance with which the goods were designated to a free zone.

### ***Intake and storage of domestic goods in a free zone***

Domestic goods are taken in and stored in a free zone based on:

- 1) the invoice, when domestic goods stored in a free zone have been bought by the user of a free zone in other areas of the Republic of Serbia from third persons,
- 2) the delivery note, when the user of a free zone stores his own goods from other customs territories in the Republic of Serbia in a zone,
- 3) the customs declaration for intake of goods in a free zone, if the goods in question are intended for export and by being stored in a zone meet conditions prescribed by other regulations (goods for which export subsidies are in place). These goods have to be declared for exported and exported within 3 months from the date of intake to a free zone, in accordance with article 549 of the Regulation.

Domestic goods referred to in sections 1) and 2) can be taken into a free zone for use in production processes and for consumption in a zone (food products, office materials etc.)

Invoice or delivery note based on which domestic goods are taken into a free zone are submitted in 2 copies and have to contain all information necessary for keeping records on goods in a free zone. Customs officer in charge places the date of intake to a free zone on the submitted document and verifies this with his signature (with citing the official code) and official stamp. After verification the customs officer in charge keeps one copy of the document for official records and deposits it in a special registry in accordance with the date of verification, and returns the other copy to the declarant, or his representative. This verification serves as proof of intake of goods to a free zone to the taxpayer.

Domestic goods which are not intended for production or consumption in a free zone can be stored in a free zone only if this does not hinder customs oversight over business conduct in a free zone and if this is approved by a decision on approval of keeping records on goods.

### ***Intake of domestic goods intended for export***

Domestic goods intended for export can be taken into a free zone only in exceptional circumstances, as the basic rule is that goods intended for export should be taxed for export and taken out of the customs territory of the Republic of Serbia, whereby the export is complete when the goods in question physically leave the customs territory of Republic of Serbia. By intake of goods intended for export into a free zone, export has not taken place

since a free zone is considered as territory of the Republic of Serbia. However, goods intended for export can be taken into a free zone if there are separate regulations with respect to its storage in a free zone, and all measures and regulations which would normally apply to goods if they were exported in the regular procedure still apply in this case. Goods to which various export subsidies can be applied after export can be taken in and stored in a free zone. Subsidies can be used for these goods as soon as it is taken to a free zone, before the actual export is complete, i.e. before the goods in question actually leave the territory of the Republic of Serbia.

Goods intended for export are taken into a free zone by submitting a customs declaration for intake of goods to a free zone (type of document C7 – intake of goods to a free zone with the procedure code “76”), on that occasion the second partition of section 37 is labelled with “23” for the national procedure from the Code Listing. These goods must be entered in the records of the user of a zone immediately, in addition to other necessary information the date of intake in a free zone is recorded, as well as the information on the customs declaration which was used to intake the goods to a free zone. The date is necessary because goods intended for export must be exported within three months since the date of its intake. When the goods are exported from a free zone a JCI for the export procedure is submitted, the JCI is filled in accordance with articles 8, 9 and 10 of the Rulebook. All documents necessary for the export of goods in question have to be submitted with the export declaration.

If the goods in question are not exported within three months, and subsidies have been used, the subsidies in question have to be reimbursed.

If domestic goods which are subject to paying export duties are stored in a free zone, the customs authority in charge will require that those goods be separately registered.

Domestic goods intended for export which are subject to measures of agricultural policy can be placed in one of the procedures or its use can be approved of if by taking it to a free zone it meets conditions prescribed for export of those goods.

If the mentioned goods are returned to the other parts of the customs territory of Republic of Serbia or if none of the approved treatments or uses has been allowed within the deadline prescribed in accordance with article 196 sections 2 of the Law, the customs authority will take measures in accordance with regulations with respect to non-compliance with prescribed treatment or use.

### ***Confirmation of intake of goods to a free zone***

If reimbursement of the paid customs debt or release from obligation of payment of a yet unpaid customs debt can be requested based on intake of goods to a free zone, or if benefits related to domestic goods in question can be requested upon its intake to a free zone, the supervising customs authority will, on the user’s request, confirm the intake of goods (which is different form confirmation of outtake of goods from the customs territory of the Republic of Serbia) by a note on the back of the submitted declaration which was used to store goods in a free zone (e.g. “Intake to a free zone”, number and date taken from the registry, official code and signature of the customs officer and validation with the official stamp).

### ***Confirmation on the customs status of goods***

When goods are taken or returned from the territory of a free zone to another part of the customs territory of the Republic of Serbia, upon request from the interested party, customs authority will confirm whether goods stored in a free zone are domestic or foreign goods. User of a free zone needs to prove the status of domestic goods if foreign goods were placed in free circulation in a free zone, and when goods are placed in free circulation after procedure of active refinement or procedure of refinement under customs control.

When the status of goods as either domestic or foreign cannot be proven, the goods in question will be considered as:

- a) domestic goods for the purpose of paying export duties, receiving export permits (certificates) and implementation of prescribed trade measures with respect to exports
- b) foreign goods in all other cases.

## **TREATMENT OF GOODS IN A FREE ZONE**

### **Conditions for performing economic activities in a free zone**

Customs authority has to be notified in advance on performance of economic activities in a free zone, these are performed under customs supervision, under conditions prescribed by the Law.

Depending on the type of goods or demands of customs supervision, customs authority can introduce measures of banning or limiting the performance of economic activities in a free zone.

Customs authority approves performance of economic activities in a free zone to persons who provide necessary guarantees that implementation of customs supervision and control has been enabled.

### ***Treatment of goods in a free zone***

While they are in a free zone, foreign goods can be:

- a) released for free circulation under conditions prescribed for that procedure and in accordance with article 203 of the Law, which prescribes the manner of determining customs value of goods and calculation of customs debt.;
- b) submitted to usual manner of treatment for the preservation of goods, improvement of its looks or quality, or its preparation for the market or further sale, without special permission;
- c) placed into a procedure of active refinement, according to conditions which are regulatory for such procedure;
- d) placed into a processing procedure under customs control, according to conditions which are regulatory for such procedure;
- e) placed into a procedure of temporary import, according to conditions which are regulatory for such procedure;

- f) conceded to the state in accordance with article 209 of the Law;
- g) destroyed, under the condition that a person in charge provides all necessary information about the goods to supervising customs authority.

If the goods were placed in a procedure of active refinement, processing under customs control or temporary import procedure, supervising customs authority can adjust control measures to the conditions of work and implementing measures of customs supervision in free zones.

A user must record every treatment of the goods in a free zone without further delay and such treatment of goods must be recognizable in such records. The records of the user must correspond to the actual condition of the goods.

Supervising customs authority performs customs supervision and control in a zone in approved records, according to his/her analysis and risk estimation, i.e. whenever he/she considers those actions necessary.

### ***Releasing goods for free circulation***

If foreign goods placed in a free zone are released for free circulation, the user of a zone submits customs declaration for placing goods to free circulation, while implementing measures of trade policy, completing other actions regarding the goods and payment of customs debt to which they are submitted, when, in accordance with article 104 of the Law, foreign goods receives the status of domestic goods.

### ***The procedure of active refinement in a free zone***

The user of a zone who intends to perform active refinement in a free zone in a system of delay (or organizes active refinement) must receive approval for active refinement from the supervising customs authority before starting production activities.

The procedure of active refinement in a free zone is the same as in any other part of customs territory of the Republic of Serbia.

The procedure of active refinement in a free zone may begin with declaring the goods based on bookkeeping documents (records of a user of a zone). This means that after issuing an approval for the procedure of active refinement it is not necessary to submit declaration (C5) for this procedure but approved records of the user of a zone is used for tracking this procedure. Number of approval is entered into aforementioned records as well as into C7 according to which goods are taken into a free zone.

Customs authority will not approve the use of mentioned simplification if the user of a zone does not provide necessary guarantees for correct procedure conduct.

Customs authority may also refuse to issue the approval to persons who are performing production activities within the procedure of active refinement or processing under customs control only temporary.

Exceptionally, the user may ask for implementation of regular procedure for the start of the procedure of active refinement.

Regardless of the goods being in the procedure of active refinement, based on bookkeeping records, or in the regular procedure, an approval from customhouse in charge must be obtained before starting this procedure.

The user of a zone is obliged to keep records on the procedure of active refinement. Customs authority may approve the existing bookkeeping records of the user to be used for the records if they contain all necessary data.

These records must contain the following information and enable supervision over procedure:

- information from declaration by which the goods are placed into customs procedure
- information from declaration by which it is customs-approved that the goods are treated or used for the procedure completion,
- date and appropriate information on other customs documents and all other documents which relate to the beginning and the end of procedure.,
- type of production activities, manner of treatment or procedure completion,
- normative of use or, if needed, of method for its calculation
- information which enables tracking of the goods, including their place and information on any displacement,
- trade or technical description needed for establishing unification of the goods

and

- information which enables tracking movements in the procedure of active refinement which is conducted with the use of unified goods.

Customs authority may approve for some of information not to be recorded if it does not hinder control and supervision of the procedures for the goods which are being processed or used.

The records must contain information on approval.

When the goods, which are already in a free zone and for which free zone records are kept, is placed in a procedure of active refinement, such records will be considered appropriate if they contain all necessary information for active refinement procedure as well as if it allows customhouse to implement supervising measures over the procedure.

It is necessary to write a note, in approved records on the goods in a free zone, that the goods were recorded in appropriate records for such procedure due to the commencement of active refinement procedure.

In accordance with article 556 of the Procedure, the procedure of active refinement will end with recording the goods in the records on the goods in a free zone in which it is necessary to write a note "U-I-roba", as well as "Trgovinske mere" if the goods are not subjected to the implementation of special measures of trade policy.

Recording the procedure of active refinement must allow customs authority to check, at any time, the goods' or product's condition for which the procedure commenced in a free zone.

### ***Performing some production activities outside a zone***

If the user performs part of his production activities within the procedure of active refinement inside a free zone and part in some other part of customs territory of the

Republic of Serbia or in some other free zone, it is necessary to submit a request and bring an approval for the complete procedure of active refinement. This approval must contain all production activities necessary for the production of products in a zone or some other part of customs territory, as well as information on users (companies) which will conduct certain phases of the procedure. In this case, approval for active refinement should define obligation of a zone user, as a holder of such approval, to keep records on movement of the goods, including recording transfer of the goods between users within one approval in a way which enables supervision and tracking of temporary removal from a free zone and return of the goods to a free zone.

The user of a zone is obliged to submit collateral which secures payment of the customs debt which might arise during the temporary removal of the foreign goods from a free zone. Upon receiving the approval for the procedure of active refinement, during the removal of the goods from a free zone to some other part of customs territory, the user submits to customs authority a request for temporary removal from a free zone in order to perform certain production phases. Upon receiving the approval for temporary removal, the user of a free zone temporarily removes the goods with the Declaration for temporary removal of goods from a free zone (Annex 5) which is submitted in two copies of which one is returned to user and customs authority keeps the other and also keeps special records in Control List about goods which are temporarily removed from a free zone (Annex 6). During the return, i. e. re-entrance of the final products to a free zone, certified copy of a Declaration for temporary removal of goods from a free zone which followed the goods during the removal is submitted with an invoice, or some other commercial document.

Customs authority will manually keep and control the Control List and Declaration until appropriate program in CIS is created.

The user of a free zone might, for good reason, successively return final products to a free zone based on an invoice or other commercial document issued by a company which performed refinement out of a free zone. In that case, a number of a Declaration for temporary removal of goods from a free zone is written on each invoice or other commercial document by which goods are returned to free zone. Users of a free zone are obliged to keep records on successive return of temporarily removed goods. At the last return, a user must enclose with an invoice or some other commercial document a certified copy of a Declaration for temporary removal of goods from a free zone and specification of goods which were successively returned in a manner described in a declaration, for comprehensive settlement of temporary removal and return of goods, i.e. for discharge of a Declaration in a Control List on goods temporarily removed from a free zone.

If a user of a zone temporarily takes the goods from a zone to other parts of the territory of the Republic of Serbia for testing, attesting and advertising presentation, the procedure is the same as when the goods are removed to other part of the territory of the Republic of Serbia for production activities.

### ***Other customs procedures in a free zone***

The user of a zone who intends to process the goods under customs control in a zone, must previously (before starting production activities) receive an approval for the procedure of processing under customs control from the customs authority. The processing procedure

under customs control in a free zone is conducted in the same manner as in any other part of customs territory of the Republic of Serbia.

The procedure of temporary import in a free zone, with full or partial exemption from import duties, is conducted in the same manner as in any other part of customs territory of the Republic of Serbia.

### ***Usual treatments of goods***

Foreign goods which are placed in a free zone might, without any special approval from customs authority, undergo the usual treatments from Annex 24 of the Regulation, which are necessary for goods' preservation, improvement of their appearance or market quality or to be prepared for market or further sale. The user of a zone should inform customs authority about the usual treatment of the goods before it commences.

If the approval for usual treatment of the goods is not contained in an approval for approving form and content of the foreign goods' stock records, the user of a zone might submit written request for each intended treatment of the goods to customs authority.

Information or request of a user of a zone for treatment of the goods in a free zone must contain at least this information: user of a zone, document according to which the goods were placed in a free zone, type (description), and quantity and customs value of the goods which will be treated, date or period of the treatment.

Domestic goods for import which are included in special measures of agriculture politics might be treated in a free zone only in a way which is particularly allowed for these goods. These procedures may be taken over without previous approval.

### ***Transfer and destruction of goods placed in a free zone***

When ceding goods to the state or destroying foreign goods which are placed in a free zone, the same rules apply, which are used when mentioned customs-approved treatment or use are conducted in other part of customs territory of the Republic of Serbia.

### ***Guarantee for Customs Debt***

Guarantee for Customs Debt is not deposited for foreign goods placed in a free zone, and for foreign goods which were submitted to active refinement, temporary import of processing under customs control in a zone, considering that a zone is under customs authority, except in a case when the goods are temporarily removed from a free zone.

## **REMOVAL OF GOODS FROM A FREE ZONE**

The user of a zone is obliged to enter data about the goods which is removed from a free zone, i.e. from the area where activities regarding the goods are performed, into approved records without further delay.

The goods which are leaving a free zone might be:

- 1) exported or re-exported from the customs territory of the Republic of Serbia, or
- 2) taken into another part of the customs territory of the Republic of Serbia.

In both situations customs declaration for specific customs procedure is submitted.

If the goods are removed from a free zone to be exported or re-exported, the following must be submitted:

- a) export customs declaration C1, when exporting domestic goods from a free zone,
- b) export declaration C3, when re-exporting the goods which discharge the relevant customs procedure with economic effect performed in a free zone,
- c) export declaration C3, when re-exporting or exporting goods which were placed in a relevant customs procedure with economic effect which was performed in another part of the customs territory of the Republic of Serbia and which, after that procedure, were placed in a free zone for their later re-export or export. Declaration for re-export of the goods relates to the situation when domestic user of a zone exports foreign goods which were placed in a free zone (re-export procedure).
- d) Transit (TP) declaration if foreign user of a zone takes foreign goods, which were not in any customs procedure, out of a free zone in order to remove goods from the customs territory of the Republic of Serbia.

When the goods leave the customs territory of the Republic of Serbia from a free zone, customs authorities control the implementation of regulations with respect to export, passive refinement, re-export, procedures with storage or procedures of internal transit, as well as implementation of regulations with respect to goods which are leaving the customs territory of the Republic of Serbia

Foreign goods taken from a free zone to another part of the customs territory of the Republic of Serbia can be, upon submission of the prescribed declaration:

- a) placed in free circulation,
- b) placed in the procedure of active refinement,
- c) placed in the procedure of processing under customs supervision,
- d) placed in the procedure of temporary import,
- e) placed in the procedure customs storage,
- f) placed in the procedure of transit,
- g) ceded to the State,
- h) destroyed under customs supervision.

If domestic goods which were stored in a free zone are taken from a free zone to another part of the customs territory an invoice (if the user of a free zone is selling the goods to a buyer in the remaining part of the territory of the Republic of Serbia), or a delivery note is submitted (if own goods are taken out), this is recorded as return of domestic goods.

In case domestic goods which were intended for export are taken from a free zone to another part of the customs territory, and the procedure of export has not been completed, it is necessary to annul the declaration (is it was submitted), along with all financial and other benefits user of a free zone made use of by storing goods in a free zone. If the export declaration was not submitted it is necessary to discharge the declaration (C7) which was the basis for intake of goods in a free zone.

***Removal of goods from a free zone for shipping to another zone or another internal customs office***

Foreign goods stored in a free zone can:

- a) be shipped to another free zone, in this case the goods are shipped and stored in another free zone with a transit declaration, or
- b) be shipped, on basis of a transit declaration, to the customs office in charge of implementation of the appropriate customs procedure for which the goods are intended. Declaration for the requested customs procedure is submitted to the customs office in which the goods were delivered, with implementation of regulations for the requested procedure.

## **CUSTOM DEBT WITH RESPECT TO GOODS IN A FREE ZONE**

### ***Customs debt which is constituted by accepting the declaration for release in free circulation***

A customs debt is constituted for foreign goods which are subject to payment of import duties, which are, after being stored in a free zone, placed in free circulation or in the procedure of temporary import with partial exemption from paying import duties, whether in a free zone or in other parts of the customs territory of the Republic of Serbia. For these goods a declaration for the requested procedure should be submitted, and procedures and rules for that procedure should be implemented.

Obligation of paying customs for goods which are placed in circulation in another part of the territory of the Republic of Serbia from a free zone is constituted on the day those goods move from a free zone to the territory of Republic of Serbia, whereby the amount of customs and other import duties are determined with respect to the state of goods and regulations which applied on the day the customs declaration was accepted in accordance with regulations of the Customs Law. Customs value is determined based on the actually paid price or price which is to be paid.

If foreign goods from a free zone, with respect to which the customs debt was created, were subject to usual forms of treatment, user of the free zone (the declarant) can, if such treatment was approved by the customs authority, in accordance with article 203 section 3 of the Customs Law, request that the height of the customs debt be determined based on type of goods, customs value and quantity, as if it were not subject to usual form of treatment.

If the mentioned customs value of goods is determined on the actually paid price, or price which is to be paid, which encompasses costs of storage and maintenance of goods during its stay in a free zone, such expenses are not incorporated in the customs value of goods, if they are listed separately in the invoice.

### ***Customs debt which is constituted by placing goods in free circulation after the procedure of active refinement and temporary import***

If the intake of goods to another part of the customs territory of Republic of Serbia constitutes a customs debt for a product which was created in production in a free zone, or

in the process of active refinement, the amount of debt will be determined base of the value of imported goods contained in the created product.

On the occasion goods are placed in free circulation a JCI is submitted, filled in accordance with articles 12 and 13 of the mentioned Rulebook, with the difference that it states the tariff label of the created product and value of goods contained in the created product. If production made use of foreign intermediate goods classified in a single tariff label, the rate of customs duties for those materials is entered in section 47 (calculation of duties). If production made use of foreign intermediate goods classified in different tariff labels with different custom rates, the total amount of duties (not custom rates) to be paid for processed foreign intermediate goods, calculated with the use of appropriate customs rates for each of those materials, is entered in section 47. In accordance with article 106 of the Customs Law, if the created product contains foreign intermediate goods which are classified in several tariff labels, the customs authority can, at the declarant's request, allow the custom to be calculated based on classification in the tariff label of the intermediate goods for which the customs rate is the highest, in that case the customs rate for those intermediate goods is entered in section 47.

If foreign goods, which were in the process of active refinement or temporary import prior to their intake to a free zone, are placed in free circulation after their storage to the free one, in the free zone or in another part of the customs territory of Republic of Serbia, those goods are subject to payment of customs a debt and compensatory interest in accordance with article 285 of the Regulation, as it was prescribed for the associated procedure, since those goods were not exported by their intake to a free zone.

If the create product or goods in their unchanged state, which were in the process of active refinement in the reimbursement system, are not exported after their intake to a free zone, or are placed in free circulation, the amount of import duties which were reimbursed or release, will be considered the amount of customs debt.

***Customs debt which is constituted by illegal  
disposal of goods in the zone***

Customs debt is created by consuming of using foreign goods in the free zone under conditions which differ from those prescribed in positive regulations.

Also, is foreign goods disappear in a free zone, and the user cannot present an acceptable explanation, it is considered that those goods were consumed or used in contravention of positive regulations, and a customs debt is constituted for those goods.

Customs debt is constituted at the moment goods are consumed or used for the first time in contraventions of positive regulations.

These explanations shall apply from 01.02.2012

(Act of the Customs Administration No. 148-03-030-06-8/2011 from 26.12.2011)

**Request for approving the form and content of records on foreign goods in a free zone**

1. Name, seat, address and TIN of the zone user:
2. Free zone:
3. Space in the free zone:
4. Contract on using the free zone (number and date):
5. Actions that the zone user intends to perform with the goods in the zone:
  - a) Permission of the authorized customs authority for the process of active refinement (number and date):
  - b) Permission of the authorized customs authority for the process of processing under customs control (number and date):
  - c) Actions the user intends to take with goods outside of the free zone area (list the actions, name, seat and TIN of the person that will perform those actions):
6. Other information on goods that is introduced into the free zone:
7. Customs procedures that will be used for performing the stated actions:
8. Documents based on which goods will be introduced into the free zone:
9. Intended forms of using the goods:
10. Intended temporary removal of goods from the free zone:

Attached:

1. The proposed form and content of record keeping,
2. Contract on using the free zone made with the zone founder.

Signature

Date: \_\_\_\_\_ seal here

\_\_\_\_\_  
(Name of the authorized person)

**Request for approving the form and content of records on domestic goods in a free zone**

1. Name, seat, address and TIN of the zone user:
2. Free zone:
3. Space in the free zone:
4. Contract on using the free zone (number and date):
5. Actions that the zone user intends to perform with goods in the zone:
6. Goods on which certain incentive measures apply due to its storing in the free zone:
7. Other information on goods that is introduced into the free zone:
8. Customs procedures that will be used for performing the stated actions:
9. Documents based on which goods will be introduced into the free zone:
10. Intended forms of using the goods:
11. Intended temporary movement of goods:

Attached:

1. The proposed form and content of record keeping,
2. Contract on using the free zone made with the zone founder.

Signature

Date: \_\_\_\_\_ seal here

\_\_\_\_\_  
(Name of the authorized person)

REPUBLIC OF SERBIA  
MINISTRY OF FINANCE  
CUSTOMS ADMINISTRATION  
CUSTOMHOUSE \_\_\_\_\_

Number: \_\_\_\_\_

\_\_\_\_\_. 2012.

Customhouse \_\_\_\_\_, acting per request of company \_\_\_\_\_ from \_\_\_\_\_, for approving the form and content of record keeping for foreign goods in a free zone, authorized based on Article 252, Section 2, Subsection 7 and Article 253 of the Customs Law (RS Official Gazette, no. 73/03, ... and 18/10) and Article 192 of the Law on General Administrative Procedure, makes a

### DECISION

**On approving** the form and content of records on foreign goods in a free zone, submitted by company \_\_\_\_\_ from \_\_\_\_\_, user of the Free zone \_\_\_\_\_, according to the form and content of the record that is in the annex of this decision and is an integral part of it.

Customs procedures that will be performed in the free zone are:

- 1) \_\_\_\_\_, code: \_\_\_\_\_
- 2) \_\_\_\_\_, code: \_\_\_\_\_
- 3) \_\_\_\_\_, code: \_\_\_\_\_

Free zone user, while operating in the free zone, is obliged to abide by all of the existing customs and other regulations that apply to goods that is the subject of its operations.

### Explanation

Company \_\_\_\_\_ from \_\_\_\_\_ has submitted, as a user of the Free zone \_\_\_\_\_, in \_\_\_\_\_, based on the contract no. \_\_\_\_\_ from \_\_\_\_\_ concluded with the zone founder \_\_\_\_\_, a request for approving the form and content of records on foreign goods in the free zone.

Also submitted with the request are: Contract on using the free zone concluded with the zone founder, detailed description of actions that will be performed in the free zone and the proposed form and content on record keeping.

Customhouse \_\_\_\_\_, has reviewed the request and the annexes and determined that the proposed form and content of the records fulfil the conditions from Article 201 of the Customs Law (RS Official Gazette, no. 18/10) and Articles 529 to 534 and Article 541 of the Regulation on customs-approved treatment of goods (RS Official Gazette, no. 29/10).

Based on the aforementioned, a decision is made as in the body of the decision.

In accordance with the Article 532 of the Regulation on customs-approved treatment of goods, customhouse may amend, supplement or annul this decision.

An appeal against this decision may be filed to the Appeals Commission of the Customs Administration in Belgrade within 15 days of the day of delivering the decision. The appeal is delivered via this customhouse.

The appeal does not postpone the execution of the decision in accordance with Article 12, Paragraph 2 of the Customs Law.

DELIVERED TO:

Declarant

CI Free zone

Archive

CHIEF OF CUSTOMHOUSE

REPUBLIC OF SERBIA  
MINISTRY OF FINANCE  
CUSTOMS ADMINISTRATION  
CUSTOMHOUSE \_\_\_\_\_

Number: \_\_\_\_\_

\_\_\_\_\_. 2012.

\_\_\_\_\_

Customhouse \_\_\_\_\_, acting per request of company \_\_\_\_\_ from \_\_\_\_\_, for approving the form and content of keeping records on foreign goods in a free zone, authorized based on Article 252, Section 2, Subsection 7 and Article 253 of the Customs Law (RS Official Gazette, no. 73/03, ... and 18/10) and Article 192 of the Law on General Administrative Procedure, makes a

### DECISION

**On approving** the form and content of records on domestic goods in a free zone, submitted by company \_\_\_\_\_ from \_\_\_\_\_, user of the Free zone \_\_\_\_\_, according to the form and content of the records that is in the annex of this decision and is an integral part of it.

Customs procedures that will be performed in the free zone are:

- 1) \_\_\_\_\_, code: \_\_\_\_\_
- 2) \_\_\_\_\_, code: \_\_\_\_\_
- 3) \_\_\_\_\_, code: \_\_\_\_\_

Free zone user, while operating in the free zone, is obliged to abide by all of the existing customs and other regulations that apply to goods that is the subject of its operations.

### Explanation

Company \_\_\_\_\_ from \_\_\_\_\_ has submitted, as a user of the Free zone \_\_\_\_\_, in \_\_\_\_\_, based on the contract no. \_\_\_\_\_ from \_\_\_\_\_ concluded with the zone founder \_\_\_\_\_, a request for approving the form and content on record on foreign goods in the free zone.

Also submitted with the request are: Contract on using the free zone concluded with the zone founder, detailed description of actions that will be performed in the free zone and the proposed form and content on record keeping.

Customhouse \_\_\_\_\_, has reviewed the request and the annexes and determined that the proposed form and content of the record fulfils the conditions from Article 201 of the Customs Law (RS Official Gazette, no. 18/10) and Articles 529 to 534 and Article 541 of the Regulation on customs-approved treatment of goods (RS Official Gazette, no. 29/10).

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DELIVERED TO:

Declarant

CI Free zone

Archive

CHIEF OF CUSTOMHOUSE

**DECLARATION FOR TEMPORARY REMOVAL OF GOODS FROM A FREE ZONE**

1. Free zone user

A. Customhouse

2. Recipient of goods outside the free zone

3. Purpose of temporary removal

4. Number of approval

5. Deadline of return

6. Collateral

7. Previous document

8. Submitted documents and additional information

**INFORMATION ON GOODS**

9.  
No.

10.  
Trade name of goods

11.  
Number and type  
of package

12.  
Unit of  
measurement

13.  
Amount

14.  
Value

B. Notes

15. Place and date

Signature and name of document declarant

## Instruction for filling out the declaration for temporary removal of goods from a free zone

Declaration for temporary removal of goods from a free zone is a document used in case a free zone user, in accordance with provisions of Article 17 of the Law on free Zones (RS Official Gazette, no. 62/06), temporarily removes the goods that have been placed in the process of active refinement in the free zone, from the free zone to another part of the territory of Serbia in order to perform a part of production procedures outside of the zone, as well as in the case when goods are temporarily moved to another part of the territory of Serbia due to examination, certification and marketing presentation.

The codes that are entered into certain columns are given in the Listing of codes for filling out documents in customs procedures, which is an integral part of the Rulebook on form, content, manner of submitting and completing declaration and other forms used in the customs procedure (RS Official Gazette, no.29/10, ... and 66/11).

Columns marked with numbers are filled out the following way:

Column 1 (Free zone user):

- first row (upper right corner) – TIN of the free zone user. If a person has no TIN, the adequate code from the Listing of codes is entered;
- second row – name of the free zone user;
- third row – seat, permanent and temporary residence and address of the free zone user;

Column 2 (Recipient of goods outside the free zone):

- first row (upper right corner) – TIN of the recipient of goods outside the free zone. If a person has no TIN, the adequate code from the Listing of codes is entered;
- second row – name of the recipient of goods outside the free zone;
- third row – seat, permanent and temporary residence and address of the recipient of goods outside the free zone;

Column 3 (Purpose of temporary removal) contains the reason the goods are temporarily moved outside the free zone.

Column 4 (Number of approval) contains, separated by a slash, the code of the customs authority that granted the temporary removal of goods outside the free zone, number of approval and date the approval was made.

Column 5 (Deadline of return) contains the deadline in which the temporarily removed goods have to be returned to the free zone.

Column 6 (Collateral) contains, separated by slashes, code of the customs authority that accepted the collateral, number of collateral, year of collateral and code of the type of collateral from the Listing of codes.

Column 7 (Previous document) contains, separated by slashes, code of the customs office, i.e. customs unit from the Listing of codes, code of the type of the previous document from the Listing of codes, number of the previous document, year of accepting the previous document and the number of heading of the goods from the previous document based on which the goods were reported.

Column 8 (Submitted documents and additional information) contains data on the type and identification of submitted documents, as well as other data that could not have been entered into other columns.

Column 9 (Number) contains the number.

Column 10 (Trade name of goods) contains the usual trade name of goods.

Column 11 (Number and type of package) contains, separated by slashes, the total number, type and codes of packages.

Column 12 (Unit of measurement) contains the code of the regulated unit of measurement from the Listing of codes. If the contracted unit of measurement is not regulated and listed in the Listing of codes, it is converted into an adequate unit of measurement from the Listing of codes.

Column 13 (Amount) contains the amount of goods in the unit of measurement from column 12, rounded up to 2 decimal places.

Column 14 (Value) contains the value of goods, rounded up to 2 decimal places.

Column 15 (Place and date – signature and name of document declarant) contains the place and date of submitting the declaration for temporary removal of goods from a free zone and TIN of the declarant. If the declarant is a natural entity, he or she enters their name and last name, and verifies it with their signature. If the declarant is a legal entity, he or she affixes their official seal. If the declarant is a customs agent, he or she affixes the official seal.

Columns marked with capital letters are filled out the following way:

Column A (Customhouse):

- first row contains the name of the customs office, i.e. customs unit that supervises the free zone;
- second row, separated with slashes, contains the code of the customs office, i.e. customs unit from the Listing of codes, number from the Control List of goods that are temporarily removed from the free zone and the date of submission of the declaration for temporary removal of goods from a free zone;
- third row, separated with slashes, contains the time of submission and official number of the authorized customs officer.

Column B (Notes) contains the data that could not have been entered into other columns.