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## **SINGLE EUROPEAN AUTHORISATION ( SEA)**

### **GUIDANCE**

This document has been drafted by the  
Customs 2007 Project Group on Single European Authorisation.

**SINGLE EUROPEAN AUTHORISATION**  
**(SINGLE AUTHORISATION FOR SIMPLIFIED PROCEDURES)**

**GUIDANCE**

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## 1. INTRODUCTION

Single Authorisation for simplified procedures, formally known as Single European Authorisations (SEA), is currently a scheme that enables an economic operator to be authorised in one member state (MS) for all their non-EC import and export freight operations throughout the Community. This enables economic operators to centralise the accounting and payment of customs duties for all transactions in the authorising MS, although the movement of goods may take place in another.

This approach has not proved possible for Value Added Tax (VAT). This is because VAT is a destination-based tax and has to be accounted for in the MS where the goods are 'consumed'.

Similarly, the provision of trade statistics, too, will continue to be based on the physical location of the goods.

The European Commission gave whole-hearted support to the project and, at a conference co-hosted in Brighton with the UK in 1997, called upon the customs administrations of the European Community (EC) and the trade to test the feasibility of SEA on the basis of a twin-track approach by:

- the adoption of pilot projects with individual companies and MSs to assess the practical and administrative issues; and
- the evaluation of the legal issues involved.

In order to conduct the pilot projects some groundwork was needed to ensure there would be adequate safeguards in place to protect the interests of the MSs involved.

Some form of co-operation agreement is required between the customs administrations involved in any pilot projects. This Joint Understanding on Co-operation covers areas that are not provided for in the Customs Code and Implementing provisions.

There is also the issue of the 25% of customs duties that MSs are allowed to retain to cover their collection costs. Customs duties collected in all MSs are termed 'Own Resources' (OR) of the EC and are used to fund its budget. The SEA scenario means that all 25% accrues to the authorising MS in which the duty was paid. This results in the participating MSs, where the goods were physically controlled and declared, losing out. Delicate negotiations have therefore been necessary to arrive at reciprocal arrangements to allow for a fair division of the costs of administration.

There are also national obligations that the economic operators will need to follow. The message is therefore that although a common approach can be agreed in certain areas an economic operator will still have to comply with national rules and regulations in each member state involved in the Single authorisation for simplified procedures.

The Commission set up a working group with a view to encourage the use of Single Authorisations for simplified procedures, devise standard procedures, produce guidelines and make recommendations for changes in the Implementing Provisions, reporting back on progress, or highlighting any significant problems or issues that arise will be handled through the General Rules Committee in Brussels. This forum provides the opportunity for all MSs to have input to the project as it takes shape and develops over the next few years.

For the trade, Single Authorisations for simplified procedures offers the chance to centralise and integrate accounting, logistics and distribution functions with consequent savings in administrative and transaction costs.

A successful outcome is in everyone's interest and will go some way to achieving the EC's 'Customs 2000' objective that "the customs administrations of the MSs may operate as efficiently and effectively as would a single administration".

The following guidance has been produced by the working group to help MS solve problems arising, particularly where different national laws apply.

## **2. SINGLE AUTHORISATION FOR SIMPLIFIED PROCEDURES**

### **2.1. Criteria for application**

Where a single authorisation for simplified procedures is applied for, the conditions and criteria to be fulfilled are the same as those mentioned in Part I, Title IX CCIP (authorisations for simplified procedures at national level).

The criteria already assessed for granting an AEO status for customs simplifications will not be assessed again when granting a single authorisation for simplified procedures.

### **2.2 Application Procedure**

The application for a single authorisation for simplified procedures shall be made in writing, using the common model in the Annex 67a CCIP (see Annex III of this document), or electronically where a MS accepts or prescribes a data processing technique.

The applicant should provide a central point of access to all information required by the customs authority of the issuing MS: e.g. main accounts, customs records and documentation, to allow for the assessment process of the criteria governing the granting of the authorisation. This includes:

- examination of whether or not the company can fulfil its obligations;
- audit of the administration and internal control of the company;
- the carrying out of risk analysis.

The applicant should provide his written consent to the customs authorities for all necessary information exchanges with other Member States involved in the authorisations, both during the issuing procedure and related to the operation of the authorisation.

### **2.3 Who can apply ?**

The application can be made by any person, as defined in Article 4 No 1 CC, who meets the legal requirements and who is established in the EU, in accordance with Article 4 No 2 CC.

Where the applicant is an authorised economic operator, the requirements that were considered when AEO status was granted will not be assessed again. However, according to the Article 64 (2) CC, an AEO established outside the Community cannot apply for a single authorisation for simplified procedures

It is not possible for a group of companies to apply for a single authorisation for simplified procedures. A single entity must apply and take the responsibility as the representative of the others (making declarations, providing a guarantee, keeping

records) and act as a single contact point for the authorising administration. Customs records may need to be made available to the participating member state. All the entities of the group have responsibility in the case of serious irregularities.

The internal responsibility within the group must be laid down in arrangements between the members of the group. This division of responsibility must be made known to the authorising customs authority.

## **2.4 Where to apply ?**

The application for an authorisation shall be submitted to the customs authorities designated for the place where the applicant's main accounts, including all documentation and records, are held, enabling and facilitating pre-audits and audit-based controls by the customs authorities, both in the granting and the supervision of the authorisation.

## **2.5 Issuing Procedure**

Where a single authorisation is applied for, the application shall be submitted to the customs authorities designated for the place where the applicant's main accounts are held enabling customs authorities both in granting and in supervising the authorisation and facilitating pre-audits and audit-based controls.

The customs authorities designated in accordance with paragraph 1, after having verified that the applicant qualifies for the authorisation, shall send the application and the first draft of the authorisation to the other customs authorities concerned (the contact point(s) in the participating MS).

The customs authorities concerned shall acknowledge the date of receipt within 15 days; these customs authorities shall notify any objections or shall communicate their decision(s) to the issuing customs authorities within 30 days of the date on which the draft authorisation was received; if additional time is needed to make a decision, the supervising office shall be informed within the same time limit of 30 days; Where objections are notified within that period and no agreement is reached, the application shall be rejected to the extent to which objections were raised.

An authorisation can only be granted if all competent authorities concerned have given their explicit written or electronic approval. The issuing customs authorities shall send a copy of the agreed authorisation to all competent authorities concerned.

## **2.6 Period of Validity of Authorisation**

The validity is open-ended.



### **3. JOINT UNDERSTANDING ON CO-OPERATION (JUC)**

#### **3.1 Background**

Member States operate Single Authorisation for Simplified procedures under the umbrella of a JUC. This document covers areas that are not provided for in the Customs Code or Implementing Provisions. In particular it sets out the scope for procedures that are included, a provision for the sharing of information and data, how disputes are to be settled and perhaps most importantly how the collection costs are to be shared.

A template JUC is contained in Annex I

## **4. OWN RESOURCES**

### **4.1 Background**

An important issue to consider before participating in a Single Authorisation for simplified procedures is the sharing between Member States of the 25% of traditional own resources (customs duties) that Member States are allowed to retain by way of collection costs when the duties are collected under this procedure.

Under current legislation there is no requirement for Member States (MS) to share these collection costs. However, participation in Single Authorisations for simplified procedures requires joint efforts and this needs to be taken into account when deciding on the share of collection costs between MSs.

The Joint Understanding on Cooperation agreement between the MS involved in the Single authorisations will detail the agreed calculation of the amount of the collection costs to be transferred.

### **4.2 Responsibilities of Authorising Member State**

The Authorising MS customs administration should, where necessary, seek approval for the sharing of collection costs from its Ministry of Finance or other competent national administration.

The office that is responsible for the transfer of the collection costs must be advised of the details about the transfer, including the bank account of the participating MS.

It may be necessary to advise the supervising office about the transfer of the collection costs.

For audit purposes the authorising MS should ensure that a summary document detailing payments made to the participating MS is sent to the appropriate office within the participating MS.

The format and timescale for sending the summary document should be agreed in advance between MSs involved in the Single authorisation.

Subject to agreement between MSs and where practicable it may be necessary to send copies of the customs declarations to the participating MS.

### **4.3 Responsibilities of Participating Member State**

The participating MS customs administration should, where necessary, seek approval for the sharing of collection costs from its Ministry of Finance or other competent national administration.

The content and timetable for sending the summary document should be agreed in advance between MSs involved in the Single authorisation.

The national office designated for the receipt of the summary document should check the details contained within the document and notify the authorising MS of any discrepancies.

Subject to agreement between MSs and where practicable it may be necessary to return certified copies of the customs declarations to the authorising MS.

## **5. IMPORT VAT**

### **5.1 Background**

According to the 6th Directive the Import VAT debt occurs upon importation of goods. The place of importation shall be the member state within the territory of which the goods are located when they are released for free circulation.

### **5.2 Requirement for Import VAT**

The economic operator should make their customs declarations in the supervising Member State (MS). This will include declarations for goods physically released for free circulation in the participating member state.

The economic operator will be required to make Import VAT declarations in the participating MS. The format and timescales for submission of the Import VAT declaration will depend on the requirements of the MS where the goods are physically released to free circulation. This could be a monthly declaration submitted in an electronic or paper format.

Formalities concerning the exchange of information on Import VAT declarations should be agreed between MS participating. The agreed procedures could be included in the joint control plan (see section 7).

Subject to agreement between MSs and where practicable it may be necessary for the participating MS to send copies of the Import VAT declarations to the authorising MS.

The participating MSs requirements for submission of the Import VAT declaration should either be included within the authorisation or as an annex to the authorisation.

## **6. STATISTICS**

### **6.1 Background**

Trade Statistics are required for National as well as EU purposes. The provision of Statistics by the trader must be considered when granting an authorisation under the Single Authorisation scheme. Provision of statistical data to EUROSTAT is the responsibility of the administration of each Member State. Because of the disparate requirements and systems it is not possible to centralise this activity.

The data requirements for EXTRASTAT are not completely harmonised throughout the Community. EXTRASTAT is based on the collection of data on the Import and Export of goods into or out of the EU. There is a requirement for the customs administration to provide EUROSTAT with this Statistical data.

The legal base for third country statistics is Council regulation 1172/95 as implemented by Commission Regulation 1917/2000.

### **6.2 Single Authorisations for Simplified Procedures involving release to free circulation**

The trader should make their Customs Declarations in the supervising MS. This will include declarations for goods physically released for free circulation or export in the participating Member State.

The trader will be required to make statistical declarations in the participating Member State. The format and timescales for submission of the statistical declaration will depend on the requirements of the Member State where the movement of goods has taken place. This could be a monthly declaration submitted in an electronic, CD-Rom or paper format.

The participating Member States requirements for submission of the Statistical declaration should either be included within the Authorisation or as an annex to the authorisation.

### **6.3 Single Authorisation - Customs Procedures with Economic impact**

The trader should make their customs declarations in the supervising Member State. This will include declarations for goods physically located in the participating Member State.

The trader will be required to make statistical declarations in the participating Member State.

There may be a requirement for separate Statistical declarations for goods entered to and then released from a customs procedure for economic impact.

Movements between Member States are, in principle, subject to collection of statistics under the INTRASTAT rules.

The format and timescales for submission of the statistical declaration will depend on the requirements of the Member State where the movement of goods has taken place. This could be a monthly declaration submitted in an electronic, CD-Rom or paper format.

The participating Member State's requirements for submission of the Statistical declaration should either be included within the single authorisation for simplified procedures or as an annex to the authorisation.

## 7. SUPERVISION OF THE AUTHORISATION AND DIVISION OF RESPONSIBILITIES

### 7.1 Background

An important aspect of single authorisations is the division of responsibilities concerning supervision of the authorisations by customs authorities. The primary responsibility lays with the supervising office (the authorising Member State) both in granting the authorisation and in supervising a granted authorisation. The supervising office has to assure that the legal requirements are fulfilled and is responsible for carrying out pre-audits, if necessary, before an authorisation is granted. It is also responsible for carrying out risk analysis and developing a control plan to eliminate these risks after the authorisation has been granted.

The consultation procedure between Member States is agreed on bilateral agreements between the participating Member States.<sup>1</sup> When drafting a control plan the specific wishes and requirements of the participating Member States (for instance regarding national legislation) are taken into account. Depending on risk analysis and the goods which may be placed under the customs procedure, a special notification and procedure for release has to be developed in the framework of the consultation procedure<sup>2</sup>. This special notification and procedure for release has to be arranged in the single authorisation.

This means that, during the consultation procedure, the local office has to inform the supervising customs office about special requirements to be taken into consideration, both in the authorisation and in the control plan, due to national legislation which apply when releasing the goods.

### 7.2. Release of the goods

There are two possibilities for release of the goods:

#### **7.2.1. Release of the goods by the local customs office on basis of notification (in cases where national requirements have to be fulfilled)**

The notifications will be sent by the economic operator to the local customs office(s). The local customs office(s) decide whether the goods can be released immediately or if controls have to be carried out<sup>3</sup>. It is not necessary that the trader has to keep their (main)

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<sup>1</sup> Depending on the JUC, definition SA/SEA and the articles in conjunction with SA/SEA; may be this sentence could be deleted completely

<sup>2</sup> A harmonized notification procedure would be preferable but at present is not available.

<sup>3</sup> For instance when a participating Member State wishes to carry out checks on the level of cadmium in toys, they inform the authorising Member State about this. The supervising authorities will make sure that the company will notify the local customs office that toys are going to be released for free circulation. A procedure will be agreed upon by the Member States about the time when the goods

accounts in every Member State involved in the Single authorisation arrangement, but it may be necessary for their records to be accessible to the customs authorities of the participating Member State(s). If possible the local customs office should inform the supervising office about the intended controls in advance. The local customs office may inform the supervising office about necessary controls with regard to national legislation not included in the control plan.

#### **7.2.2. Release of the goods through central entry of data into the records (all other cases)**

The supervising customs office is responsible for the supervision of the procedure. In general the goods are released immediately after the required data has been entered into the records and, in principle, no notification has to be sent to the local customs office. However, the supervising office may decide, in certain cases, that the economic operator has to send notifications during a specific time period with regard to specific types of goods, and request the local customs office to carry out controls. In this last case the local customs office releases the goods.

In every case the local customs office that carried out the controls has to report the consequent results to the supervising customs office. The transmission of this information has to be regulated in the control plan.

Division of responsibility is contained in Annex III.

### **7.3 Control Plan**

A separate control plan on the basis of these guidelines (see Annex IV) has to be worked out for each individual single authorisation. Such an agreed control plan should contain just the controls absolutely necessary. In exceptional circumstances the local customs offices may carry out further controls, with the results being reported to the supervising office.

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may be considered released for free circulation. In this specific case it can be agreed that the goods may only be released after (individual) approval of the local customs office.



## **8. PROHIBITIONS AND RESTRICTIONS**

### **8.1 Background**

Despite the free circulation of goods within the Community, Member States may impose restrictions or prohibitions for reasons of health, public morality, security etc. Examples of goods subject to Prohibitions and Restrictions (P&R) include Controlled Drugs (cocaine and heroin, etc), Explosives, certain Agricultural products (which can only be imported or exported under licence) and Conservation Controls on Endangered species (which require import and export permits for those species subject to the control).

There are various EU Directives and Regulations as well as National legislation covering these goods.

### **8.2 Import and Export of Goods subject to Prohibitions and Restrictions**

Depending on the Simplified Procedure in operation there may be restrictions on the inclusion of goods subject to P&R control under a single authorisation.

Goods that are not eligible for release at the frontier to free circulation under single authorisation for simplified procedures could, whenever possible, be entered to a customs warehouse and then released to free circulation under a single authorisation arrangement.

Other Government Departments and Agencies are responsible for certain controls of P&R goods in such cases. It is therefore essential that they are consulted before granting a single authorisation.

Member State's must ensure that the agreed customs joint control plan contains specific details on the roles and responsibilities of Member State customs administrations involved in the single authorisation to enable effective control of these goods.

### **8.3 Controls**

Control by the customs administrations means the performance of specific acts such as examining goods and verifying the existence and authenticity of documents.

One Member State cannot be expected to enforce the national P&Rs of another Member State. However, Member States may agree to do so providing satisfactory controls can be set up.

The joint control plan set up for each authorisation should include details on how restricted goods should be controlled. The plan should set out precisely how licenses are to be processed and the timescales for doing so.

It should be noted that the single authorisation holder must be in possession of the appropriate licence before the goods are declared for free circulation.

In some Member States other Government Departments and Agencies will have responsibility for control of certain goods while in other Member States the customs administrations will take the lead.

#### **8.4 Excluded Goods:**

Because of their sensitivity certain high risk goods are excluded from these procedures. An exhaustive list of the goods concerned will be produced in due course.

## **9. GUARANTEES**

### **9.1 Responsibilities**

Where a guarantee is required under the customs rules, the guarantee should cover customs duties and other additional taxes; the supervising authorities are responsible for calculating the amount of guarantee necessary to cover the incurrence of a customs debt.

Each Member State involved in a single authorisation for simplified procedures is responsible for calculating the amount of guarantee to cover national taxes, such as VAT and excise duties.

## **10. IRREGULARITIES**

### **10.1 Background**

Single Authorisations for simplified procedures enable an economic operator to make their customs declarations and pay their customs duty in one authoring MS even though the movement of goods may take place in another MS.

However where an irregularity is discovered at import or export careful consideration needs to be given to the MS competent to deal with the irregularities. The following information provides guidelines for different scenarios.

### **10.2. Type of irregularities**

#### **10.2.1. Irregularities related to the authorisation (Art 204 CCC)**

- the MS competent for granting the authorisation must deal with the irregularity (Art. 8 or 9 CCC)
- the MS where the provisions of the authorisation are applied must deal with irregularities arising from the non-respect of these provisions (e.g. bookkeeping, conditions of storage, processing of goods)

#### **10.2.2. Irregularities related to the declarations for placements or discharge of the arrangement (except irregularities mentioned in point 10.2.4, hereafter) (Art 201 CCC)**

- the Member State where the declaration is lodged must deal with the irregularity according to the Member State legislation

#### **10.2.3. Irregularities occurred when the goods were transferred between storage locations (Art 203 CCC)**

- the legislation of the Member State must be applied where, according to the records of the SA holder or other documents, the goods were dealt with improperly

#### **10.2.4. Irregularities related to the nature or the quantity of the goods being stored (Art 203 CCC)**

- irregular removal or substitution of goods must be dealt with according to the

legislation in the Member State where this irregularity occurs

**10.2.5. Irregularities occurred when goods under the arrangement are declared into free circulation (Art 201 CCC)**

- irregularities (material errors) related to the declaration (e.g. not corresponding with the records of the company) must be dealt with according to the legislation of the Member State which granted the authorization

**10.2.6 Offence action, either criminal or civil** (administrative penalties), does not necessarily follow the above rules. Such action should always be in accordance with the provisions in force i.e. national provisions.

In relation to any irregularity covered under the 10.2.1 to 10.2.4, a copy of the corrected declaration or a report about the irregularity must be sent to the supervising office.

## **11. DISPUTES AND APPEALS**

### **11.1 Background**

Before a single authorisation for simplified procedures is issued, the supervising customs administration is recommended to sign a Joint Understanding of Co-operation with the participating customs administration containing the following clause:

#### *“Dispute Resolution*

*Any dispute arising between the Participants in relation to the implementation or operation of this Understanding or any authorisation subject to its operation will be resolved by negotiation, as much as possible”.*

This clause allows the customs administrations involved to resolve any issues or problems with the operations etc. of a single authorisation through discussion and consensus.

### **11.2 Disputes between single authorisation traders and Customs**

Although no formal dispute procedures are included in single authorisations it is assumed that the single authorisation trader will raise any disputes with the authorising/supervising customs administration. It is the responsibility of the supervising customs administration to resolve the dispute. Should the dispute involve participating customs administrations then the clause mentioned in paragraph 1 above will apply.

### **11.3 Reduction in levels of dispute**

The risk of potential dispute can be extensively reduced during the preparation stage of a single authorisation. While preparing for the implementation of a single authorisation for simplified procedures and prior to granting the authorisation the supervising customs administration should conduct an extensive review of the traders customs procedures, processes, computer systems as well as accounting practices and reports. This review should identify all potential issues of dispute and allow all parties involved to agree on solutions in advance of commencing the single authorisation.

### **11.4 Appeals by Trader in respect of decisions made by the supervising Customs Administration**

Articles 243 - 246 CCC establish the right of appeal. Decisions regarding the operation of a single authorisation are normally made by the supervising customs administration. In those cases it is the appeal system of the supervising Member State that should be applied.

### **11.5. Smuggling of prohibited / restricted goods or unlawful introduction of goods into the Community**

Where prohibited, restricted goods are involved or a customs debt arises under Article 202 CCC then the Member State where the goods are located or where the unlawful introduction is discovered should take responsibility for any investigations or criminal proceedings. In these cases any disputes should be addressed to that Member State and their appeals procedures applied.

## ANNEX I – JOINT UNDERSTANDING ON CO-OPERATION

### **Proposed model for harmonised joint understanding on co-operation concerning single authorisations for the use of simplified procedures**

#### **Joint understanding on Co-operation**

between.....X and Z.....

#### ***Regarding the operation of a single authorisations for the use of simplified procedures involving customs administrations of different Member States***

The Signatories to this Joint Understanding on Co-operation, hereinafter referred to as the "Participants" and "Understanding" respectively;

Considering the further expansion of trade;

Recalling the Council Resolution of 16 June 1994 on the development of administrative co-operation in the implementation and enforcement of Community legislation in the internal market. (O.J. C 179, 01.07.1994);

Convinced that all efforts should be made to implement the action programme for customs in the Community (Customs 2007) which forms a basis for consistent action in improving and rationalising customs procedures whilst protecting the customs territory;

Recalling the Council Resolution of 25 October 1996 on the simplification and rationalisation of the Community's customs regulations and procedures. (O.J. C 332, 07.11.1996);

Recognising that customs procedures need to be highly efficient in the competitive commercial environment of trade;

Convinced that it is necessary to reduce trade costs which are detrimental to competition, growth and employment in the Community;

Noting the conclusion of the Brighton Seminar of 1997 to encourage pilots of Single European Authorisations involving co-operation between customs administrations of Member States;

Whereas Article 1 point 12 of Commission Regulation No. 2454/93 (OJ L 253, 11.10.1993) defines single authorisation across national borders (*for customs procedures...*) following agreement between Member States as to the supervision of the customs procedure;



Whereas Article 250 of Council Regulation No. 2913/92 (O.J. L 302, 19.10.1992) stipulates recognition of the acts and decisions of customs administrations in application of authorisation and supervision of customs procedures across national borders;

Whereas Council Regulation 515/97 (O.J. L 82, 22.03.1997) anticipates mutual assistance between Member States in enforcement of community law;

Whereas in order to safeguard external trade and Community policies and financial interests it is necessary to carry out mutually agreed procedures and controls at every place designated by customs authorities and subsequent controls;

Whereas the customs administrations of X and of the X wishing to develop co-operation for the purposes of pilot schemes of Single European Authorisation have reached the following understanding;

## **1. SCOPE OF THE UNDERSTANDING**

- (i) The Participants recognise that all acts and decisions of the Participant authorising and or assisting in relation to a single authorisation (hereinafter referred to as an "authorisation") will be made in accordance with community law and prevailing practice (so far as the latter is for the time being accepted by both Participants as being in accordance with community law).
- (ii) For the purposes of this Understanding "authorisation" shall include an application for an authorisation unless the context otherwise requires. This Understanding applies to all applications for authorisation and all authorisations granted in accordance with its terms.
- (iii) Co-operation and assistance within the framework of this Understanding will be rendered in accordance with the national law of the Participant and within the competence of the customs administration.
- (iv) The Participants will render each other co-operation and assistance within the framework of this Understanding for the duration of any authorisation.

## **2. GRANTING OF THE AUTHORIZATION**

Approval of an application for authorisation and granting the authorisation will be subject to agreement of the Participants as required.

## **3. EXCHANGE OF INFORMATION**

- (i) The Participants will, for the purposes of this Paragraph, jointly obtain, before the grant of an authorisation, the written consent of the applicant to the disclosure of any information or data for the duration of the application or subsequent authorisation.

- (ii) With the written consent of the applicant (or otherwise in accordance with their national law) the Participants will upon request exchange all information and data, in whatever form recorded, relating to the application or the authorisation and its operation (including for the purpose of verification of individual customs transactions under that authorisation).
- (iii) Sub-paragraphs (i) and (ii) are without prejudice to the operation of any existing arrangements for mutual assistance between the Participants.

#### **4. SUPERVISION OF CUSTOMS PROCEDURE**

- (i) The Participants will agree upon a procedure to ensure supervision of the customs procedure operated under the authorisation.
- (ii) The Participants will designate those customs offices responsible for supervision of the agreed procedure.

#### **5. OWN RESOURCES (*TWO POSSIBLE SOLUTIONS*)**

##### **6.1. *"Status quo" solution – collection costs entirely attributed to the MS where goods are physically released for free circulation***

- i. For the purposes of this paragraph "Community customs duty" shall mean those revenues mentioned in Articles 2(1)(a) and (b) of Council Decision of 29 September 2000 on the system of the European Communities' own resources (2000/597/EC, Euratom) (O.J. L 253, 7.10.2000).
- ii. The authorising Participant will pay and remit to the assisting Participant in accordance with sub-paragraph (iv) an amount defined and calculated in accordance with sub-paragraphs (iii) and (v).
- iii. An amount equal to the percentage by way of collection costs of Community customs duty on goods released to free circulation within the jurisdiction of the assisting Participant, taking place under an authorisation to which this Understanding applies (or such lesser amounts as the Participants agree).
- iv. Payments referred to in sub-paragraph (ii) are to be made in accordance with the timetable specified in Article 10(1) of Council Regulation (EC, Euratom) No.1150/2000 (O.J. L 130, 31.5.2000).
- v. The amount calculated in accordance with sub-paragraph (iii) will be calculated upon the amount of Community customs duty net of deduction permitted by community law and Article 17(2) of Council Regulation (EC, Euratom) No. 1150/2000 (O.J. L130, 31.5.2000).

##### **6.2. *Sharing the collection costs on the basis of 50/50 ratio***

- i. For the purposes of this paragraph "Community customs duty" shall mean those revenues mentioned in Articles 2(1)(a) and (b) of Council Decision of

29 September 2000 on the system of the European Communities' own resources (2000/597/EC, Euratom) (O.J. L 253, 7.10.2000).

- ii. The authorising Participant will pay and remit to the assisting Participant in accordance with sub-paragraph (iv) an amount defined and calculated in accordance with sub-paragraphs (iii) and (v).
- iii. An amount equal to one half of the percentage by way of collection costs of Community customs duty on goods released to free circulation within the jurisdiction of the assisting Participant, taking place under an authorisation to which this Understanding applies (or such lesser amounts as the Participants agree).
- iv. Payments referred to in sub-paragraph (ii) are to be made in accordance with the timetable specified in Article 10(1) of Council Regulation (EEC, Euratom) No.1150/2000 (O.J. L 130, 31.5.2000).
- v. The amount calculated in accordance with sub-paragraph (iii) will be calculated upon the amount of Community customs duty net of deduction permitted by community law and Article 17(2) of Council Regulation (EEC, Euratom) No. 1150/2000 (O.J.L130, 31.5.2000).

## **6. GENERAL REVIEW**

- (i) A meeting will be organised when requested by either Participant, to assess the implementation of this Undertaking or any authorisation.
- (ii) The agenda for these meetings will be set by mutual agreement and may include any subject of mutual interest.

## **7. DISPUTE RESOLUTION**

Any dispute arising between the Participants in relation to the implementation or operation of this Understanding or any authorisation subject to its operation will be resolved by negotiation as most as possible.

## **8. AMENDMENTS TO THIS JOINT UNDERSTANDING**

Any amendments to this Understanding which may be needed shall be made by mutual agreement between the Participants.

## **9. COMMENCEMENT, TERMINATION**

- (i) This Understanding will come into operation when it is signed by the Participants and subject to sub-paragraph (ii) below.
- (ii) This Understanding may be terminated by either of the Participants upon notice in writing. It will cease to operate 6 months after the last authorization signed under it has been revoked.

**Signed in duplicate on .....**

.....

Customs administration of X

.....

Customs administration of Z

## Annex II Internal control plan between the customs administrations of ...and...in the context of a single authorisation

### 11.1. Overview of possible controls

Kind of control	Operating customs office	Main Reason for the control	Further reason
Inspection according to article 68 a) VO (EWG) Nr. 2913/92	local or supervising office	Concrete request from the supervising customs office or initiative from the local office according to national legislation.	Notification of the control results to the supervising customs office
Inspection of the goods according to article 68 b) VO (EWG) Nr. 2913/92	local office	Concrete request from the supervising customs office or initiative from the local office	Notification of the control results to the supervising customs office
Realisation of retrospectively procedure checks in the authorisation holder's or representative's company (customs audit)	Competent customs authority	Concrete request from the supervising customs office or initiative from the local office.	Transmission of the audit results to the supervising office
value added tax (VAT) <b>and other national regulation.</b>	responsible office according to national legislation <b>or maybe service in charge of post release controls</b>	According to national VAT law; concrete request of the responsible office according to national legislation	Demand for additional information by the supervising customs office
Data verification of the supplementary declaration; for instance amount of customs duties	supervising customs office	According the legal defaults and the national internal administrative instructions	In the case of discrepancies which would have an effect on customs duties and would also effect the VAT in the participating Member State , the local offices will be informed

Taking of an inventory	local customs office	Customs audit; Concrete request from the supervising customs office	Taking of an inventory in the storage place in the participating MS; Notification of the control results to the supervising customs office
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I. General arrangements:

- Each request and each answer / notification has to be completed using the annexed form, in the English language. If necessary an additional sheet can be added.
- The procedure's control and necessary arrangements will be executed in direct co-ordination between the two persons indicated below.

II. Contact points

a.) supervising customs office:

Name:

Address:

Official in charge:

Phone number:

Fax number:

email-address:

b.) local customs office:

Name:

Address:

Official in charge:

Phone number:

Fax number:

email-address:

## Annex III – Division of Responsibility

1. AUTHORISING MEMBER STATE	PARTICIPATING MEMBER STATE
<b>Issuing process</b>	
<p>The application for a single authorisation is sent to the responsible customs authorities of the Member State where the main accounts are held.</p> <p>After receiving the application, the competent customs authority examines the criteria for the granting of the authorisation, using its own national procedures. This process may include:</p> <ul style="list-style-type: none"> <li>• verification on whether the obligations with regard to simplified procedures can be fulfilled by the company.</li> <li>• an audit of the management and internal control of the company</li> <li>• risk analysis</li> </ul> <p>When the customs authorities are convinced that the requirements for the granting of a single authorisation have been fulfilled, a draft of the authorisation is made and sent to the contact point(s) in the participating Member State(s) (if necessary in the appropriate translations).</p> <p>The authorisation is granted / refused.</p> <p>A final version of the authorisation is distributed to the Member States concerned in the appropriate translations.</p>	<p>Depending on the circumstances, part of the pre-audit may be carried out in the participating MS, if possible in the form of a joint audit.</p> <p>The customs authorities of the participating MS, after having received the application and the draft authorisation, shall acknowledge the date of receipt within 15 days; these customs authorities shall notify any objections or shall communicate their decision to the issuing customs authorities within 30 days; if more time is needed to make a decision, the supervising office shall be informed of the reasons within the same time limit. During this period of time provisions for VAT, STATS (and national regulations) are made.</p> <p>The final decision is communicated to the supervising Member State.</p>

## Annex IV – Joint Control Program

<b>Joint control program</b>	
<p>The customs authorities of the supervising office, having in consideration:</p> <ul style="list-style-type: none"> <li>• the characteristics of the company (for instance an AEO status);</li> <li>• the goods which are to be imported and</li> <li>• relevant data,</li> </ul> <p>carry out risk analysis. The supervising office then decides the best strategy to reduce or eliminate eventual risks. This strategy is included in a draft control plan for the single authorisation (see annex II for an example of a control plan which includes types of control, division of responsibilities and procedures).</p> <p>In general five types of controls are part of the control plan:</p> <ul style="list-style-type: none"> <li>• audits (administrative controls);</li> <li>• verification of the declaration and other documents;</li> <li>• physical checks of the goods;<sup>4</sup></li> <li>• post release controls;</li> <li>• reassessment of the procedure no later than 3 years after the granting of the authorisation.</li> </ul> <p>The draft control plan is sent to the contact point(s) in the participating Member State(s), if necessary in the appropriate translations.</p> <p>The draft control plan is completed taking account of the suggestions and requests made by the participating Member States. If necessary, some procedures will be inserted in the authorisation.</p> <p>The agreed control program is signed.</p>	<p>The contact point in the participating Member State contacts the local customs office(s) and, if necessary, other competent authorities.</p> <p>The draft control plan will indicate special notifications needed and the clearance procedure.</p> <p>In general, it will indicate the type and the number of controls to be carried out and practical requirements, such as response times.</p> <p>Where required, the local office also informs the supervising office about the necessary controls with regard to national legislation.</p> <p>The customs authorities of the participating</p>

<sup>10</sup> Physical checks of the goods are carried out by the local offices responsible for the place where the goods are located at the time of import / export.



	<p>MS may in exceptional circumstances carry out post release controls.</p> <p>The agreed control program is signed.</p>
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## Physical checks

It must be defined, in the authorisation, where and how the imported goods will be released for free circulation or other customs procedure, taking account that import goods may be released for free circulation or other customs procedure both by the supervising office or by the local customs office.

a.) The holder of the authorisation has to notify the local customs office of the situations foreseen in the authorisation, in principle whenever national requirements have to be fulfilled during a predefined time period.

b.) The supervising office has to decide, together with the local customs offices, the necessary checks to be carried out in order to assure the supervision of the procedure and the release of the goods for free circulation or other customs procedure. It can be decided that the local customs office will be notified about all consignments during a specific time period or with regard to specific types of goods.

According to the control plan the supervising office asks the local customs offices to carry out a number (or percentage) of physical checks on specific subjects. Usually a time limit must be established during which the decision about the need to check the imported goods must be made.<sup>5</sup>

***Only for simplified declaration procedure:***

*In case of simplified declaration procedure a simplified declaration has to be lodged, for each import, at the competent local customs office.*

Local customs offices carry out physical checks taking account of national legislation requirements and the control plan agreed.

Taking account of the control plan agreed, the local customs office, based on the notifications or at the request of the supervising customs office, carries out the physical checks. **However, local customs offices can carry out any type of controls on their own initiative (especially discharge of transit).**

The results of these checks are reported to the supervising customs office. The document in annex 3 can be used both to request a physical check and to report the results of controls carried out.

## Other types of control

<sup>11</sup> When it is necessary that a specific shipment has to be checked, this request can be forwarded to the local customs office directly.

The supervising office verifies the declarations, carries out post clearance controls, audits, re-assessing the entire procedure.

The supervising office should inform the participating member state of any irregularities detected.

Part of the controls will be carried out in the participating MS, if possible in the form of a joint audit, whenever it is considered advisable.

## Annex V - Request of control in the framework of a single authorisation for simplified procedures

**Requesting office/supervising office or local office** (name, adress, officers name, phone, email-adress)

**Kind of control** (description of the content of the control)

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**Result of control:**

**Office which carried out the control** (name, address, officers name, phone, email-adress)

**Result of control**

