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**SINGLE EUROPEAN AUTHORISATION (SEA)**

This document has been drafted by the

Customs 2007 Project Group on Single European Authorisation.

## **OVERVIEW**

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## 1 INTRODUCTION

The Project Group on Single European Authorisation (SEA) has been given a mandate to examine a common approach, in order to encourage the use of single authorisations under the current Council Regulation (EEC) No 2913/92,<sup>1</sup> not only for customs procedures with economic impact and end-use but also at import and at export, including cases in which a customs procedure with economic impact is followed by release for free circulation.

Centralized clearance is already the normal procedure in respect of exports under the current Customs Code (CC), given that the export declaration must normally be lodged at the customs office responsible for the place where the exporter is established.

As regards imports, centralized clearance, which allows payment of import duties at the customs office responsible for the place where the trader is established, is only possible where the local clearance procedure is authorised.

Under the current CC a number of customs authorities have, on the basis of agreement with each other, authorised centralized clearance involving entry of goods in another Member State (MS), notably for inward processing, customs warehousing and, less frequently, for release for free circulation. However, these arrangements between Member States are difficult and take a long time to be implemented, as they require long negotiations and considerable compromise between Member States, in order to find the best way of overcoming practical and legal difficulties.

In order to remove barriers to the use of single authorisations for free circulation, it is necessary to find common solutions by developing identical rules and arrangements to address those issues which delay the granting of such authorisations and are the reason why some MS refuse to adopt such administrative arrangements.

The Project Group has worked on the following issues:

- to draft a proposal amending the Customs Code Implementing Provisions (CCIP) Commission Regulation (EEC) No. 2454/93<sup>2</sup>, introducing a definition of single authorisation for simplified procedures as well as the relevant application/authorisation consultation procedure;
- to create an application/authorisation form for simplified procedures, to be used both when only one (national authorisation) and more than one (single authorisation) Member State is involved;
- to draft a joint understanding on co-operation, to cover the exchange of information, the supervision of the procedure, the way of sharing the national part of own resources, etc;
- to draft guidance regarding guarantees, the control plan, VAT, statistics, prohibitions and restrictions, disputes and appeals, irregularities, the transfer of the perception costs (national share of own resources) to help the Member States to solve problems arising, particularly where different national laws apply at release for free circulation.

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<sup>1</sup> OJ No. L 302 from 19 October 1992, pg 1.

<sup>2</sup> OJ No. L 253 from 11 October 1993, pg 1.

With regard to risk analysis and audit-based controls, it is necessary to consider the work developed under the Customs 2007 programme, taking these results into account during the authorisation process and subsequent controls.

In order to keep MS informed as to the work carried out and to prepare any legal changes that might be necessary, the activities of the Project Group and the results obtained will be discussed in the Customs Code Committee – Section for General Customs Rules – and, in so far as electronic procedures are connected, in the Electronic Customs Group.

A seminar will be held on 26<sup>th</sup>- 27<sup>th</sup> January 2006, in Vienna, Austria to inform customs administrations and traders about the implementation of SEA and to discuss ways and means to improve the current situation.

## 2. DEFINITION OF "SINGLE AUTHORISATION"

The term "single authorisation" means that more than one customs administration is involved in the application of such an authorisation, but does not necessarily mean that a simplified procedure has been granted.

The expression "Single European Authorisation" is usually associated with both the involvement of more than one customs administrations and authorisation for the use of simplified procedures, usually the local clearance procedure and, in a few cases, the simplified declaration procedure.

When the modernised Customs Code enters into force, it is the intention of the Commission to have the simplified declaration and local clearance procedures merged into one simplified declaration procedure, which combines the philosophies of both procedures.

The current Customs Code Implementing Provisions CCIP define "single authorisation" for end use in Article 291 (2) (a), and "single authorisation" for customs procedures with economic impact in Article 496 (c) CCIP.

The Project Group has considered inserting one more definition of "single authorisation" for simplified procedures into Article 253 (4), but it was considered inappropriate to have three definitions for "single authorisation", albeit for different types of procedures which, however, may be combined (e.g. end-use and local clearance).

In this context, the following definition of "single authorisation" in Art. 1 No 12 CCIP, which includes simplified procedures, customs procedures with economic impact and end-use, has been proposed:

*"Single authorisation means an authorisation involving more than one customs administration, for the use of:*

- simplified procedures according to the Article 76 (1) (c) of the CC, or
- customs procedures with economic impact, or
- end use, or
- any combination of the above procedures."

This solution provides a simple and clear definition of single authorisation, although it requires the deletion of the existing definitions of "single authorisation" for customs procedures with economic impact (Article 496 (c) CCIP) and end-use (Article 291 (2) (a) CCIP), as well as the amending of all Articles of the CCIP which refer to these Articles.

The Commission is of the opinion that, alternatively, the two existing provisions could be maintained and a new one created in Art. 253 CCIP in order to cover the missing cases.

### 3. APPLICATION/ISSUING PROCEDURE

#### 3.1 General criteria for application

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.

#### 3.2 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 judged again. However, according to the Article 64 (2) CC, an AEO established outside the Community can not apply for a single authorisation for simplified procedures under Art. 76 (1) (c) CC.

It should be possible for a single entity to apply for a single authorisation on behalf of a group of companies. This single entity must take the responsibility (making declarations, providing a guarantee, keeping records) and act as a single contact point for the authorising administration. 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.

#### 3.3 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 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.

### **3.4 How to apply?**

The application for a single authorisation for customs procedures with economic impact and end-use shall be made using the form or the corresponding electronic format set out in Annex 67 CCIP, including cases in which the goods are placed under the relevant procedure through a simplified procedure.

The application for a single authorisation for simplified procedures at import (i.e. free circulation) and/or at export shall be made using the form, or the corresponding electronic format, set out in Annex 67a CCIP (see Annex III of this document), including cases in which release for free circulation or export takes place after the use of a customs procedure with economic impact or end-use.

### **3.5 General conditions and criteria for application**

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

Where the applicant is an authorised economic operator, the conditions and criteria already considered when the AEO status was granted will not be judged again.

### **3.6 Information requirements**

The minimum information required to grant an authorisation is that contained in Annex 67 or 67a.

Member States may request any additional information they consider necessary in order to be able to grant the authorisation, and/or (continuous) access to applicants computer systems.

## **4. ISSUING PROCESS**

The issuing process will be described in a new Article 263a CCIP (see Annex II of this document).

National contact points for single authorisations will be established in each MS.

Where a single authorisation is applied for, the competent customs authorities (issuing customs authorities) verify compliance with the criteria to qualify for the authorisation.

After having verified that the applicant qualifies for the authorisation, a copy of the application and the first draft of the authorisation must be sent to the other customs authorities concerned (contact point(s) in the participating MS), in the language of the issuing Member State and in a translation accepted by the participating Member State.

The customs authorities of the participating MS shall notify the customs authorities of the issuing MS in writing of any objections, with reasons, 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<sup>3</sup>.

The issuing customs authorities shall send a copy of the granted authorisation to all competent customs authorities concerned.

Initially, CIRCA will be used to distribute the data-set of Single Authorisation to all MS's national contact points; the data-set regarding single authorisations, during the CIRCA phase, should contain the following information:

1	Member State where application is lodged	ISO Code
2	Date of receipt of application	Date
3	Date of end of 30 days information period	Date
4	Name of the applicant/holder of the single authorisation	Text
5	Address	Text
6	ZIP Code	Text
7	Location	Text
8	Country	ISO Code
9	National number of the authorisation	alphanumeric
10	Date of the authorisation	Date
11	Period of validation of the authorisation (if applicable)	Dates
12	VAT No	alphanumeric
13	Trader Identification No	alphanumeric
14	Commercial/Legal Registry No	alphanumeric
15	Type of representation	Text
16	Simplified procedure/customs procedure with economic impact/end use requested	Text
17	Type of single authorisation requested	Code

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<sup>3</sup> The Commission considers that an authorisation can be granted if the competent customs authorities of the participating MS, after having been consulted under the scope of the consultation procedure, do not answer or make any remarks regarding the draft authorisation. This Project Group considers that any authorisation issued in these circumstances is completely useless, because the other Member State will simply refuse to release goods until they have been declared and all duties have been paid in this Member State.

18	No of Authorised Economic Operator, if applicable	Code
19	Place where main accounts are kept	ISO-Code
20	Place where records are kept	ISO Code
21	Member State(s) where customs related activities are carried out	ISO Code(s)
22	Type of goods	CN Code(s)
23	Estimated total quantity per month	
24	Estimated total amount per month	
25	Authorised location of goods/Customs office	Text
26	Customs office of import/export	Text
27	Supervising office (if applicable)	Text
28	Type of simplified declaration	Code

The holder of the authorisation has the obligation to notify immediately all changes affecting compliance with the criteria or the content of the authorisation.

A more efficient system of data exchange is being developed, in tandem with other projects, such as the AEO scheme.

## 5 GUARANTEE

Where a guarantee is required under the customs rules, the guarantee will cover customs duties; 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, as required. The supervising office may be asked to supply information to assist this process.

## 6 GUIDANCE – Doc. TAXUD/1284/2005

Guidance regarding a standard joint understanding on co-operation, the control plan, VAT, statistics, prohibitions and restrictions, disputes and appeals has been drafted by the Project Group.

## 7 THE NATIONAL SHARE OF OWN RESOURCES – Doc. TAXUD/1285/2005

At present, two solutions are in practice when issuing single authorisation to use simplified procedures:



- either "status quo" solution - Each Member State involved in the authorisation receives the collection costs attributed to all the goods that are physically located in their Member State when they are released for free circulation,
- or 50/50 solution - The supervising Member State retains all of the collection costs attributed to all the goods that are physically located in their Member State when they are released for free circulation. It also retains 50% of the collection costs attributed to all the goods that are physically located in the participating Member State when they are released for free circulation and the participating Member State(s) receive(s) the remainder.

The Commission is urging Member States to agree a single approach. If this to be achieved it will require political agreement and, if possible, appropriate legal provisions.

This Project Group agrees that a single solution should be found quickly, as prolonged negotiations may delay the issuing of the authorisation or even result in a refusal to participate in single authorisation to use simplified procedures.

A document explaining the current situation and suggesting measures to solve the existing problems has been drafted by the Project Group.

## 8 ISSUES NEEDING FURTHER STUDY

Apart from discussion on the details of the legal provisions, the following issues need further consideration:

- What type of electronic system is needed for an efficient exchange of information during the authorisation process and, possibly, afterwards, taking into account that similar requirements may exist for granting AEO status?
- How can information be exchanged during the application/authorisation process?

## **ANNEX I**

CCIP  
PART I  
GENERAL IMPLEMENTING PROVISIONS  
TITLE I  
GENERAL  
CHAPTER I  
*Definitions*  
Article 1

1.....

2.....

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11. ....

12. "Single Authorisation" means an authorisation involving more than one customs administrations, for the use of:

- simplified procedures according to the Article 76 (1) (c) of the CC, or
- customs procedures with economic impact, or
- end use, or
- any combination of the above procedures." <sup>4</sup>

*Art. 291 (2) (a) and 496 (c) must then be deleted; any Article mentioned in these two Articles must be amended.*

**TITLE IX**  
**Simplified Procedures**  
**CHAPTER I**  
**General Provisions**  
**Article 253**

1.....

2.....

3.....

4. Application for authorisation of the simplified declaration and the local clearance procedures shall be made using the form or the corresponding electronic format set out in Annex 67 or Annex 67a.

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<sup>4</sup> The Commission thinks that this could be avoided by inserting a new definition for simplified procedures in Title IX – "Simplified Procedures", "General Provisions", Article 253, Nr 4, and maintaining the existing definitions of "single authorisation" for customs procedures with economic impact and for end use.

## **ANNEX II**

CCIP  
PART I  
GENERAL IMPLEMENTING PROVISIONS  
TITLE IX  
**Simplified Procedures**  
CHAPTER III  
*Local clearance procedure*  
Article 263a

1. 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.
2. 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.

3. 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.

*The Commission proposes the following wording of Article 263 a:*

**CCIP**  
**PART I**  
**GENERAL IMPLEMENTING PROVISIONS**  
**TITLE IX**  
**Simplified Procedures**  
**CHAPTER III**  
*Local clearance procedure*  
**Article 263a**

- 1 Where a single authorisation for simplified procedures is applied for, the application shall be submitted to the customs authorities designated for the place where applicant's main accounts, including all documentation and records, are kept or are accessible, enabling and facilitating pre-audits and audit-based controls by the customs authorities, both in the granting and the supervision of the authorisation.
2. Where a single authorisation is applied for and the applicant has been granted the status of authorised economic operator, the authorisation shall be granted as soon as the necessary information exchange has been arranged between the customs authorities involved.
3. In other cases, the customs authorities referred to in paragraph 1 shall verify that the applicant qualifies for the authorisation and shall send the application and the draft authorisation to the other customs authorities concerned within one month after reception of the application, unless the application is incomplete.
4. The customs authorities of the Member State(s) concerned shall notify any objections 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.
5. The customs authorities referred to in paragraph 1 shall, provided that they have received no objections, issue the authorisation within 30 days following the period laid down in paragraph 2. They shall send a copy of the authorisation to all customs authorities concerned.

## **ANNEX III**

Proposal for Annex 67a CCIP: Application for authorisation to use simplified procedures: sent separately as an Excel document.

Proposal for Annex 67b CCIP – Authorisation to use simplified procedures: sent separately as an Excel document.

Explanatory notes to the different boxes of Annexes 67a and 67b – sent separately as a Word document.