

# OUTWARD PROCESSING

## GUIDELINES FOR TRADERS

*NOTE: It should be noted that these guidelines are intended for general information purposes only and do not purport to be a legal document*

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## I INTRODUCTION

### **1. What is Outward Processing?**

Outward Processing (OP) is the term used to describe a duty relief procedure established under Council Regulation (EEC) No. 2913/92 and implementing Commission Regulation 2454/93 (amended). It allows goods to be exported outside the European Union (EU) for processing or repair and then re-imported to the EU with relief granted from import duties on the basis of the content of EU goods in the final product. Outward processing enables businesses to take advantage of cheaper labour costs outside the European Community, while encouraging the use of Community produced raw materials to manufacture the finished products. Goods may be also temporarily exported to undergo processes not available within the Community.

### **2. Definitions**

In the context of this Notice:

- (i) “Community goods” means goods:
  - entirely obtained in the customs territory of the Community, without the addition of goods from third countries or territories which are not part of the customs territory of the Community,
  - from countries or territories not forming part of the customs territory of the Community which have been released for free circulation in a Member State,
  - obtained in the customs territory of the Community either from the goods referred to exclusively in the second indent or from the goods referred to in the first and second indents;
- (ii) “compensating products” means the products resulting from the processing operations;
- (iii) “declaration” means the act whereby a person indicates in either single administrative document (SAD) form or in paperless format, a wish to place goods under a given customs procedure;
- (iv) “import duties” means
  - customs duties
  - charges having equivalent effect to customs duties
  - import charges provided for under the common agricultural policy or under specific arrangements applicable to certain goods resulting from the processing of agricultural products;
- (v) “processing operations” means
  - anything from repacking and sorting to the most complicated manufacture - the repair of goods, including restoring them to their original condition and putting them in order;

- (vi) “temporary export goods” means goods placed under Outward Processing relief arrangements.

### **3. Who can use Outward Processing?**

- (i) Outward Processing is granted only to natural or legal persons established in the Community. You must be the person carrying out the process or arranging for it to be carried out. You must have authorisation to do so.

### **4. Restrictions on the use of Outward Processing**

Outward Processing may not be used for Community goods:

- (a) whose export gives rise to a refund or remission of import duties;
- (b) which, prior to export, were released for free circulation wholly free of import duties by virtue of their use for particular purposes, for as long as the conditions for granting relief continue to apply;
- (c) whose export gives rise to export refunds or other amounts under the common agricultural policy or in respect of which a financial advantage other than these refunds is granted under that policy because of the export of the goods.

## II APPLICATION FOR AUTHORISATION

### **5. Making an Application**

Application forms are available on the Revenue website at [www.revenue.ie](http://www.revenue.ie) under Customs – Businesses & Customs – Economic Procedures – Outward Processing or can be obtained from Economic Procedures Section, Revenue Commissioners, St. Conlon's Road, Nenagh, Co. Tipperary:

A fully completed application, signed by a competent officer of the company, must be submitted to Economic Procedures Section. Applications for authorisation to use Outward Processing, for all processes other than repair or where goods of a non-commercial nature are involved, should be made before exportation of the goods concerned. Authorisations are generally issued for a three year period.

The application should normally be made by the person who is arranging to have the processing operation carried out. However, for goods of Community origin, applications may be considered even where this is not the case. Where triangulation (see para 26) is concerned, application may be made to the country where the goods are exported. However, if you maintain your customs records here you can still apply for Outward Processing here even though the goods may be exported from another Member State. The rate of yield (i.e. the quantity or percentage of compensating products obtained from the processing of a given quantity of temporary export goods) will normally be indicated on the authorisation. The rate of yield will be established from technical data concerning the operation or operations to be performed, where these are available, or where they are not, from data available in the Community relating to operations of the same type. When making application for Outward Processing, traders are invited to supply appropriate details where necessary in order that the rate of yield can be determined. Where circumstances so warrant, the rate of yield may be fixed after the goods have been placed under Outward Processing arrangements, but no later than the time of entering the compensating products for free circulation.

### **6. Simplified Authorisation**

Traders who only occasionally enter goods to OP may opt for a simplified authorisation in place of a standard authorisation. This simplified authorisation procedure may also be used in respect of repairs where the standard exchange system is used. (see para. 27)

The following information should be included in the simplified declaration for Outward Processing:

- (a) Name and address of the applicant, the declarant and the operator.
- (b) Nature of the processing or use of the goods.
- (c) Technical description of the goods and compensating or processed products and means of identifying them.
- (d) Estimated rate of yield or method by which that rate is to be determined.
- (e) Estimated period for discharge.
- (f) Proposed office of discharge.
- (g) Place of processing or use.
- (h) Proposed transfer formalities.

There is a form P02 which may be used for the simplified application for Outward Processing. Use of this form however is not obligatory.

## **7. Integrated Authorisation**

If you need an authorisation to include use of other customs procedures (e.g. IP) as well as OP you can apply for an integrated authorisation.

You will need to specify in your application under which procedure the goods will be entered and under which procedure the compensating products will be discharged.

## **8. Single Community-wide Authorisation**

You may use an authorisation in more than one Member State. This is known as a “Single Community-wide Authorisation” and allows a trader to obtain the benefit of Outward Processing relief in respect of goods exported from several Member States.

The application for this authorisation is submitted to the Member State where the applicant’s main accounts are held and where at least part of the temporary export operations are conducted. Details of the sequence of operations and exact locations at which these are to take place must be included in the application. A copy of the application together with a draft authorisation will be sent to the other Customs administrations involved. Subject to the agreement of the Customs Authorities in the Member States involved, an authorisation will issue within 30 days of the date of receipt.

## **9. Authorisation for Outward Processing of Textiles (OPT).**

Outward Processing of textiles allows fabric of Community origin to be exported for processing into garments, and for the finished products to be re-imported into the EU without the need for a specific import licence. The arrangement applies to textile products and clothing of Chapters 50 – 63 of the Common Customs Tariff which are normally subject to quota or other restriction on importation from countries outside the EU. In order to qualify for Outward Processing of Textiles you must be a manufacturer in the EU, producing garments similar to those you wish to import. You will be required to present, in support of your application, a contract between a third country manufacturer and yourself indicating the processing to be undertaken by the third country manufacturer.

When an application for Outward Processing of Textiles is received, it is referred to the Department of Enterprise, Trade and Employment for their recommendation. If the response is positive the authorisation may be granted.

## **10. Method of identifying export goods on re-importation**

The benefits of Outward Processing can be allowed only where it is possible to identify the exported goods in the imported compensating products. One or more of the following methods may be suitable:

- (a) statement or description of special marks or manufacturer’s numbers;
- (b) affixing of seals, clip marks, or other distinctive marks;

- (c) the taking of samples, illustrations or technical descriptions;
- (d) the carrying out of analyses;
- (f) the provision of supporting documents relating to the Outward Processing transaction (such as contracts, correspondence, invoices) which show that the compensating products are manufactured from the temporarily exported goods. If the Standard Exchange system is being used (see para. 27), the supporting documents should clearly show that the replacement being supplied falls within the same sub-heading of the Common Customs Tariff, is of the same commercial quality and has the same technical characteristics as the exported goods if the latter had undergone repair.

Applicants for Outward Processing facilities are invited to indicate the method(s) that appear most suitable in their particular case. When it issues, the authorisation will specify the method(s) to be used.

Where the nature of the processing operations does not allow it to be established that the compensating products have resulted from the temporary export goods, the authorisation may nevertheless be granted in duly justified cases, provided the applicant can offer sufficient guarantees that the goods used in the processing operations share the same eight-digit CN code, the same commercial quality and the same technical characteristics as the temporary export goods. The authorisation will lay down the conditions for using the arrangements.

## **11. Economic Conditions**

EU legislation provides for an examination of the economic conditions to establish whether carrying out processing outside the Community is likely to cause serious disadvantages for Community processors. However, unless there is evidence that this is likely to be the case, the economic conditions are deemed to be satisfied and an economic test will not normally be required. In cases where the exporter of the goods is not the person arranging for the process to be carried out an economic test will be necessary. Where appropriate, applications for Outward Processing are sent to the Department of Enterprise, Trade & Employment to carry out an economic conditions test.

### III ISSUE OF AUTHORISATION.

#### **12. Visit by Customs**

When the application for Outward Processing is received by the Revenue Commissioners, a copy is sent to the local Revenue Office in the area where the trader is based. An Officer from that Office will visit the trader and discuss the procedure and advise on what records must be kept. In particular the following will be discussed:

- The goods to be processed
- The precise nature of the processing operation
- The rate of yield
- The approved means of identifying the goods in the compensating product
- The time limit for re-importation.

#### **13. Period of validity**

Authorisations are generally valid for a period of three years from the date of receipt of the application.

In the case of a simplified application for OP the period of validity is limited to the time allowed to process and re-import the goods entered.

#### **14. Recommendation**

The Revenue Official who visits your premises will immediately forward a recommendation to Economic Procedures Section on whether the authorisation should be granted

#### **15. Issue of a Prior Authorisation**

In normal circumstances it will take approximately 4 weeks from the date of receipt of an application for an authorisation to issue. A number of factors may cause this period to be extended:

- Application for single community wide authorisation;
- Application for retrospection;
- Completion of the Economic Test;

In the case of a first application for OP the authorisation will be delivered to you by your local Revenue Official. A set of conditions relating to the use of the authorisation will have to be signed by the Secretary or Managing Director in the case of a limited company, or by the owner or partner in the case of other traders.

#### **16. Retrospective Authorisation**

In certain circumstances, it may be possible to obtain a retrospective authorisation, but this will not be allowed as a regular means of approval. Application for retrospective authorisation should be made to Economic Procedures Section, Customs Division, Revenue Commissioners, Nenagh, Co. Tipperary. Proof will have to be provided in the form of records showing export of the goods and

that the exported goods were eligible for relief. Retrospective authorisation may not extend to a period of more than a year before the application is made.

## **17. Amending an Authorisation**

If you wish to add goods to your authorisation or to make any other change you should apply to Economic Procedures Section for the amendment. . This request is treated in the same way as your application. If the amendment is approved, a written notification will be sent directly to you.

## IV Operation of The Procedure

### **18. Export Procedures**

A declaration must be completed in respect of the goods being sent out from the Community. The appropriate procedure code for Outward Processing (first two digits: 21) should be quoted in box 37 of the declaration. The authorisation number and the invoice numbers or range of numbers should be inserted in box 44. Details of any export licences required should also be entered in box 44. A hard copy of the Authorisation need not be produced with each entry unless requested by a Revenue official; an invoice showing the total value and quantity of goods in the consignment must be available and retained by the trader.

The declaration must be presented to Customs in sufficient time to enable any necessary official examination of the goods to be carried out before shipment.

Copies of the import SADs, licences and supporting documentation must be retained for a period of three years from the end of the year in which the goods to which they relate are discharged from the procedure.

### **19. What procedure should be used for goods under an Inward Processing arrangement?**

For goods held under an Inward Processing arrangement, the trader should advise the local Revenue Official in advance of the intended Outward Processing operation. The Inward Processing authorisation number should be added in box 44 of the export declaration and the Inward Processing procedure code ( 41 or 51) in box 37 to reflect the fact that the goods were previously held under an Inward Processing arrangement. If the goods are re-imported to Inward Processing suspension there will be no duty payable on the returned goods. If the goods are re- imported to IP drawback any duty due on the returned goods must be paid at the point of entry and a refund will only be due if and when the finished goods are exported.

### **20. Can goods held under an “End-Use” procedure be entered for the Outward Processing procedure?**

Goods originally imported at a reduced rate of duty {but not a zero rate - see para.4(b)} under an End-Use arrangement may be entered for Outward Processing. You should advise your local Revenue Office in advance of the intended Outward Processing operation. In addition to the details

mentioned at para. 18, the End-Use authorisation number should also be quoted in box 44 of the export declaration.

## **21. Is there a time limit for re-importation of the processed goods?**

There is a time limit within which the compensating products must be re-imported. This time limit will be set by your local Revenue Official having regard to the time required to carry out the processing operation and to transport the goods to and from the processor's premises. If at any stage you need more time you should ask for an extension of the time limit. This may be extended at the discretion of the Revenue Commissioners where circumstances so warrant.

## **22. Re-import Procedure**

An import declaration must be completed. The appropriate procedure code for goods re-imported after Outward Processing (last two digits: 21) should be quoted in box 37 and the authorisation number in box 44 of the form. The declaration should be accompanied by

- an invoice for the compensating products;
- a document setting out the duty relief claimed and how it was calculated;
- an INF2 form if the goods entered the procedure in another Member State.

Documentary evidence may be requested if physical means of identification of the temporarily exported goods in the compensating products is not possible.

## **23. Deferred Payment of Import Duties**

Payment of import duties may be deferred under the deferred payment arrangements. Further information is available from your local Revenue Office.

## **24. Postal Traffic**

At exportation, a declaration as at para.18 should be presented to Customs, along with a certificate of posting, i.e. forms CU116.

On re-importation, the declaration attached to the parcel should bear a conspicuous endorsement "Imported after processing in (name of country): Outward Processing relief claimed". A declaration as at para. 22 must be made in respect of all transactions involving a claim to relief from import duties under Outward Processing arrangements, except in cases where the value of the compensating products in a consignment does not exceed €35.

## **25. What records must be kept?**

Any person claiming duty relief under Outward Processing or Standard Exchange may be required to produce records, documents or other evidence to establish the accuracy of the claim. These records must be retained for a period of three years from the end of the year in which the goods to which they relate are discharged from the procedure and must be available for inspection by any Revenue Official.

These records will need to show:

- what the goods are,
- the quantity and value of the goods,
- the date of exportation,
- what processing took place,
- the date of re-importation,
- that the compensating products are manufactured from the temporarily exported goods.

The records must be kept in such a manner as to permit easy verification of the details of the transactions.

## V SPECIAL ARRANGEMENTS

### **26. Triangular Procedure**

Triangulation is the arrangement by which goods may be exported under Outward Processing arrangements from one Member State and re-imported in the form of compensating products into another Member State. Any application for this arrangement should normally be made at the time of application for Outward Processing. Where triangulation has been approved this fact will be indicated on the Outward Processing authorisation.

An information document (INF-2) will be required as evidence of authorisation to use triangulation. The form INF-2 will be certified by Customs on exportation and the original will be returned to the exporter who should forward it to the importer in the Member State of re-importation. If the customs authorities agree, other means may be used for exchange of information.

### **27. Standard Exchange**

Where the processing operation involves the repair of Community goods, Community legislation on Outward Processing provides for an arrangement called Standard Exchange. Under this arrangement the goods, which are exported for repair, are not, in fact, re-imported in the form of compensating products. Instead replacement goods, equivalent to the compensating products, are imported and given the benefit of Outward Processing relief as if they were the compensating products themselves.

Any application to use the Standard Exchange facility should normally be made at the time of application for Outward Processing. Where a Standard Exchange arrangement has been approved this fact will be indicated on the Outward Processing authorisation. However, where circumstances so warrant, provision also exists to allow use of Standard Exchange even where this is not specifically provided for in the authorisation; application in such cases must be made before the replacement products are imported.

### **28. Conditions governing Standard Exchange**

Standard Exchange relief may be allowed subject to the following conditions:

- (i) the exported goods are not of a kind falling within the common agricultural policy or have not resulted from the processing of agricultural products;
- (ii) the replacement goods must fall within the same sub-heading of the Common Customs Tariff as the exported goods;
- (iii) the replacement goods must be of the same commercial quality and have the same technical characteristics as the exported goods if the latter had undergone the repair in question;
- (iv) where the exported goods were used before export, the replacements must also have been used and may not be new products. However, compliance with this rule is not necessary when the replacement has been supplied free of charge, under guarantee or because of a manufacturing defect and Customs are satisfied as to the facts;
- (v) any customs duty chargeable on the exported goods or on materials used in their manufacture or on parts incorporated in them has been paid and has not been nor will be refunded either wholly or in part (except in cases under Inward Processing relief).

## **29. Standard Exchange with prior importation**

A prior importation arrangement is an extension of a Standard Exchange arrangement where the replacement goods are imported before the exportation of the defective goods intended for repair. Operation of the arrangement is subject to provision of appropriate security (usually a deposit sufficient to cover the potential duty involved) to guarantee the subsequent exportation of the defective goods, which must take place within specified time limits (usually two months).

Application to use the prior importation facility should be made at the time of application for Outward Processing. Where a prior importation arrangement has been approved this fact will be indicated on the Outward Processing authorisation.

## VI. CALCULATING THE DUTY RELIEF

### **30. Calculating the relief on goods temporarily exported for repair**

Outward Processing relief is calculated by simply assessing the import duties on the repaired item, taking the repair costs as the basis for the customs value of the item. This is subject to the proviso that the repair costs represent the only consideration and are not influenced by any links between the authorisation holder and the processor. Repair costs should include loading, transport and insurance costs incurred in moving the compensating products from the processors premises to the Community.

Where an item is repaired free of charge because of contractual or legal reasons arising from a guarantee, or because of a manufacturing fault, the repaired item may be released for free circulation totally free of import duties, provided account was not taken of the fault when the item was originally released for free circulation. Operation of this provision is subject to Customs being satisfied as to the position in any particular case; appropriate documentary evidence from the repairer confirming the circumstances should be produced in support of any claim under this provision.

### **31. Goods exported for further process**

There are two options for calculating duty relief for goods exported for processing under Outward Processing:

- Added value method
- Duty differential method.

The trader generally has the option to decide which method of calculating the duty relief s/he will use. However the added value method may not be used where the temporary export goods are not of Community origin and have been released for Free Circulation at a zero rate of duty.

#### **Added value method**

Under this method duty is charged on the costs of processing the exported goods, and transporting the compensating products back to the EC. The duty rate applicable is the rate which applies to the compensating products. The costs are added to the value of the exported product, thereby coming to the total customs value of the compensating product. Duty is then charged on the difference between the total customs value and the value of the exported product.

#### ***Example:***

Material is exported to produce ladies skirts (compensating product). These skirts are liable to an 11% rate of customs duty. The value of the compensating products is based on materials, cost of process, freight and insurance.

Value of the material exported:	€ 8000
Cost of process:	€ 3000
Freight and insurance (on re-import)	€ 657

Total customs value of the skirts:	€ 11657
Added value on which duty is due:	€ 3657
Duty @ 11%=	€ 402

### **Duty differential method**

Under this method duty relief is based on the hypothetical amount of duty, which would have been due on the exported goods. To use this method you must calculate the import duty on the full customs value of the compensating products and deduct from that figure the import duty which would have been payable on the exported goods, as if they had been imported at the same time and from the same country as the compensating product.

#### ***Example:***

The material exported to make the ladies skirts has a customs duty rate of 9%. The ladies skirts (compensating product) have a duty rate of 11%.

Duty on the value of the compensating product with costs included:

Value of the exported material:	€ 8,000
Cost of process	€ 3,000
Freight and insurance (on re-import	€ 657
Total customs value of the skirts;	€ 11,657
Duty on total customs value of compensating product (@11% (a)	€ 1282

Duty applicable to the goods to be processed:

Value of the material exported	€ 8,000
Duty deductible on that material @ 9% (b)	€ 720
Net duty payable: (a-b)	€ 562

In the case of frequent exports for processing the customs authorities may, on request of the holder, set an average rate of duty applicable to all those operations (aggregated discharge). This rate should be determined for a period not exceeding 12 months. At the end of each period, the customs authorities will make a final calculation. This calculation will include any amount over and above the average rate of duty applied.

### **32. Charges that are not deductible**

In determining the amount to be deducted certain charges may not be taken into account. These charges are anti-dumping duties, compensating duties, monetary compensatory amounts or additional amounts provided for in the various CAP sectors.

### **33. End Use**

Where temporarily exported goods could qualify on release for free circulation for a reduced or zero rate of duty by virtue of a particular end-use, that rate shall be taken into account when calculating the amount to be deducted in accordance with para.31 provided that the goods underwent operations consistent with such an end use in the country where the processing operation, or last such operation, took place.

### **34. Goods qualifying for preferential rates**

If the compensating product qualifies for preferential tariff treatment and similar treatment exists for goods of the same tariff classification as the temporarily exported goods, then the preferential rate must be taken into account when determining the amount to be deducted.

### **35. Inward Processing Goods**

Where goods, originally held under an Inward Processing arrangement, are re-imported after an Outward Processing arrangement they may again be placed under an Inward Processing arrangement provided the Inward Processing authorisation covers the goods in question.

If, in the case of goods re-imported to an Inward Processing (suspension) arrangement, payment of duties subsequently arises on the goods (e.g. on diversion to the Community market) the amounts payable are:

- the import duties on the original imported goods calculated under Inward Processing rules plus
- the import duties on the re-imported goods calculated under Outward Processing rules, as if the temporarily exported goods had been released for free circulation before being exported under Outward Processing, and any compensatory interest due.

### **36. Proportion of temporarily exported goods in the compensating product**

Where part only of the compensating product (derived from the temporarily exported goods) is being re-imported, Community legislation lays down specific rules for determining the quantity of temporarily exported goods which may be taken into account in establishing the amount to be deducted. Further details about the application of these rules in any specific case may be obtained from your local Revenue Office.

### **37. Value of the temporarily exported goods**

The value of the temporarily exported goods should be determined in accordance with normal valuation rules. However, loading, transport and insurance costs incurred in moving the goods to the processor's premises should not be included in the value.

Where the value of the temporarily exported goods cannot be determined in this way it should instead be taken as the difference between the customs value of the compensating products and the processing costs. (Processing costs include loading, transport and insurance costs incurred in moving the compensating products from the processor's premises to the Community).

## VII MISCELLANEOUS

### **38. Value Added Tax**

The Community legislation on Outward Processing does not apply to Value-Added Tax. However, where goods are exported for processing (including repair) outside the State, the VAT payable at re-importation will be assessed having regard to the amount by which the value of the goods has been increased by the processing. In order to avail of this provision care should be taken both at export and re-import to ensure that the goods are declared to Customs with appropriate details of the processing involved.

### **39. Where to get more information**

Further information may be obtained from:-

**Office of the Revenue Commissioners,  
Economic Procedures Section  
Customs Division,  
Government Offices  
Nenagh  
Co. Tipperary.  
Tel. 067-63204/ 63462 E-Mail Address: [revcep@revenue.ie](mailto:revcep@revenue.ie)  
Fax. 067-32373**

The legislation governing the procedure is contained in the following table:

REGULATION	OFFICIAL JOURNAL
Council Regulation (EEC) No. 2913/92	No. L302 of 12 October 1992
as amended by Regulation (EC) No. 2700/2000 of the	No. L311 of 12 December 2000
Commission Regulation (EEC) No. 2454/93	No. L253 of 11 October 1993
as amended by Regulation (EC) No. 993/2001	No. L141 of 28 May 2001

The relevant journals are available from the Government Publications Office, Molesworth St., Dublin 2.

## APPENDIX 1

### OUTWARD PROCESSING AUTHORISATION GENERAL CONDITIONS TO BE OBSERVED BY PERSONS AUTHORISED TO ENGAGE IN OUTWARD PROCESSING AND/OR STANDARD EXCHANGE.

*Note: Where a standard exchange arrangement has been authorised, this fact will be indicated at item 18 on the Authorisation. In such circumstances, references in the conditions below to compensating products should be construed as references to the replacement goods, the conditions applying mutatis mutandis.*

1. The Authorisation is issued by the Revenue Commissioners and may be revoked for non-compliance with Community Legislation governing Outward Processing.
2. Where necessary the Authorisation is issued in accordance with a recommendation made by the Department of Agriculture, Fisheries and Food or the Department of Enterprise, Trade and Employment and remains in effect only as long as that recommendation continues.
3. The Authorisation does not relieve the importer from compliance with the law and regulations for the time being in force relating to the importation, exportation, warehousing or entry for free circulation of goods.
4. The holder of the Authorisation is responsible for ensuring that the tariff code numbers quoted thereon are correct.
5. Each consignment of goods exported under the arrangement must be entered to Customs on the appropriate export declaration (SAD), together with any licence(s) details which may be required or on the Automated Entry Processing (AEP) System completed in accordance with the AEP Trader Guide. In addition to the normal particulars required by the procedure, the export declaration should be endorsed as follows:
  - (a) where the exported goods are in free circulation in the Community -“For Outward Processing”.
  - (b) where the export goods are held under an IP (suspension) arrangement in the Community - "IP goods for Outward Processing". In addition, the invoice/serial number of the export consignment as shown in the Authorisation holder's accounts must be inserted. Care should be taken to ensure that the correct procedure code is inserted in box 37 of the form.
6. Where goods exported under the arrangement are despatched by post, a certificate of posting on Form Cu 116 must be lodged with Customs.
7. The Authorisation details must be input to AEP together with the commercial invoice or other specification of the goods, at the time of exportation.
8. On re-importation, if OP relief is to be granted, it must be possible to establish that the export goods have been incorporated in the compensating products. The method identification to be used is set out at item 12 of the Authorisation and care must be taken that the identification arrangements specified are fulfilled.

9. Each consignment of compensating products must be input to AEP together with the Authorisation details and details of any other requisite documents . In addition to the normal particulars required by the procedure, the import declaration should be endorsed as follows:
- (a) where the compensating products are derived from export goods which were in free circulation in the Community:
    - if entered for free circulation or warehousing "Goods after outward processing"
    - if entered for inward processing: "Goods after outward processing for inward processing";
  - (b) where the exported goods were held under inward processing (suspension) arrangement in the Community:
    - if entered for free circulation or warehousing, to be endorsed "Inward processing goods after outward processing"
    - if entered for inward processing, to be endorsed "Inward processing goods after outward processing for inward processing". Care should be taken to ensure that the correct procedure code is inserted in box 37 of the form.
10. In the case of parcel post importations, parcels containing compensating products resulting from processing operations should have a sender's declaration endorsed "Imported after process in (name of country)"; parcels containing goods which have been repaired or replaced should have a sender's declaration endorsed "OP relief claimed".
11. Any claim that temporarily exported goods have been repaired free of charge, either for contractual or legal reasons arising from a guarantee or because of the existence of a manufacturing fault, must be supported by a copy of the relevant contract or other documentary proof and be available for possible post clearance checks
12. Where ownership of the export goods or compensating products is transferred the outward processing arrangement may continue to apply. However, in such circumstances the compensating products must be declared for free circulation by the holder of the Authorisation or on his/her behalf.
13. All books, documents and accounts relating to any transaction carried out under the Authorisation must be retained by the person engaged in such transaction for a period of at least three years from the date on which the compensating products are imported and must be made available for inspection by any Revenue Official.
14. The Authorisation holder is responsible for ensuring that s/he complies with the provisions for the time being in force, in relation to the payment of Value Added Tax.
15. Samples of goods temporarily exported under the arrangement and of any compensating products deriving there from must be furnished to any Revenue Official on demand by them.
16. Any guarantee considered necessary by the Revenue Commissioners to ensure compliance with outward processing legislation or these conditions, in the form of a general bond or alternative security, must be provided by the holder of the Authorisation if so required.
- 17 The Commissioners reserve the right to vary or add to the conditions set out above.

I/We \_\_\_\_\_

(Name in block letters)

hereby certify that the conditions set out above are accepted and I/we undertake to comply with them.

Signed \* \_\_\_\_\_

Designation of Signatory:

\_\_\_\_\_

on behalf of \_\_\_\_\_

(Name of holder of the Authorisation)

Date: \_\_\_\_\_

- \* In the case of an individual the signatory should be the holder of the Authorisation. In the case of a limited company the signatory should be the Secretary or Managing Director . In the case of other traders the signatory should be the owner, or partner.