

**REPORT OF THE PROJECT GROUP ON
SINGLE AUTHORISATION FOR SIMPLIFIED PROCEDURES
(SASP)**

September 2007

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INTRODUCTION

A Single Authorisation is an authorisation granted in one Member State (the Supervising Member State) permitting the use, in all participating Member States, of the simplified declaration procedure (SDP), the local clearance procedure (LCP), customs procedures with economic impact (CPEI), end-use or any combination thereof. Such an authorisation is a trade facilitation measure that allows an economic operator to conduct his customs business from the Member State where he is established, irrespective of the Member State in which the goods are located at the time of their release.

The essential benefits of Single Authorisations are;

Business perspective:

- Ability to route goods direct to the point of consumption;
- Improved communication with customs (one single customs administration, one single language);
- Reduction of costs through savings in centralisation (reduction of customs transactions and of the need to use representatives in customs matters);
- Reduction in transit times and costs;
- Improved compliance;
- Improved risk management;
- Competitiveness of European business in the global marketplace.

Customs Perspective

- Reduction in cost through savings in centralisation;
- Reduced cost due to reallocation of staff to critical areas;
- Improved risk management;
- Improved monitoring of compliance;
- Improved communication with trade through dedicated resource to liaise with authorisation holders;
- Increased co-operation between customs authorities within the EU.

Single Authorisations for CPEI and end use are already common and are provided for in the legislation (CCIP Article 500 and 291 respectively). However, the legislation is silent on the possibility of single authorisations for the use of the simplified declaration

procedures provided for in CCC Article 76. Some Member States believe that, although not specifically provided for, it is possible to operate such authorisations under the current rules and, with the support and encouragement from the Commission have been operating pilot authorisations for more than 10 years – the Single European Authorisation (SEA) pilot.

Initial progress with the pilot SEA was slow because arrangements between participating Member States had to be negotiated bilaterally. Particular problems from the outset have been:

- The allocation of collection costs i.e. the 25% of Own Resources collected that Member States are allowed to retain;
- Accounting for VAT on imports;
- The collection of statistical information;
- Practical control issues.

Over time pragmatic solutions have been found, albeit on an ad hoc basis. With the experience gained the Commission and the Member States involved felt that the time was right to make specific provisions in the legislation, to attempt to standardise procedures where possible and to resolve the Collection Costs issue. With the advent of the Modernised Customs Code and the introduction of Centralised Clearance on the horizon, the need for this became more pressing.

To cater for this need, the Commission set up the Customs 2007 Project Group on SEA in 2005 to evaluate experiences of the SEA pilot and to develop workable solutions. This group reported at a Seminar in Vienna in January 2006. It was evident from the working group's findings that much more work was needed. Accordingly the Commission set up the current Customs 2007 Project Group on Single Authorisation for simplified procedures in 2006.

I. OBJECTIVE OF THE PROJECT GROUP

The terms of reference of the group set out the following objectives:

- To define user requirements for an Information and Communication System to handle Single Authorisations:
 - Exchange of information between customs administration during the application/issuing process;
 - Single Authorisation database (all customs procedures);
 - The control of the procedure.

- To define which electronic tool, between those in development, that will support:
 - The application/issuing process for Single Authorisations;
 - The access to the system used for the granting AEO status.
- To contribute to the work of the Project Group on Customs Code Implementing Provisions, drafting of implementing provisions for centralised clearance under the modernised Customs Code, considering the future implementation of AIS/ICS AES/ECS.
- To improve the SASP Guidelines:
 - harmonisation of conditions and criteria;
 - Standard control plan;
 - VAT, statistic, excise – solutions to overcome practical problems;
 - National prohibitions and restrictions.
- To improve the Administrative Arrangement to replace the ad hoc bilateral agreements on the sharing of collection costs.
- To draft an option paper on the Collection Costs issue;
- To contribute to the realisations of training, monitoring and twinning actions.

II. PARTICIPANTS

The Commission, Austria, Belgium, Denmark, Estonia, France, Germany, Portugal, Spain, Sweden, United Kingdom, experts from AmCham EU, BUSINESSEUROPE, CLECAT, Ikea, Toyota, MIC,

Experts on Excise, Statistics, Audit and Tax

III. METHODOLOGY

The whole group contributed to the elaboration of the following documents:

- TAXUD/1409/2006 – draft legislative proposal amending Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code;

- TAXUD/1663/2006 – Single Authorisation user requirements

For the other tasks the Project Group was divided into two sub-groups as follows.

- Sub-Group A worked on:
 - Harmonisation of conditions and criteria (guidelines);
 - Standard control plan (guidelines);
 - National prohibitions and restrictions (guidelines);
 - Issuing process under the modernised CC (CCIP for MCC);
- Sub-group B worked on:
 - VAT/statistics/excise (guidelines);
 - Improvement of Administrative Arrangements;
 - An option paper about collection costs;
- In addition Plenary Sessions were structured so that
 - Sub-groups reported on the progress made in the areas that they had been tasked to address.
 - Documents TAXUD/1409/2006, TAXUD/1284/2005, TAXUD/1285/2005, TAXUD/1419/2006 and TAXUD/1663/2006 were reviewed and proposals for amendment made.

Each sub-group conducted a detailed examination of the issues allocated to them. Experts on VAT, Excise and audit controls from the participating Member States and from Eurostat were invited to join the groups; these proved invaluable in progressing the work. Detailed reports on VAT, Statistics and Excise matters were drawn up and are listed in the Outputs section that follows. Further work on the collection costs option paper produced by the previous project group, specifically an analysis of the administrative tasks required of the supervising and participating Member States was undertaken. This enabled the group to make a recommendation on the ratio to split collection costs as set out in the Administrative Arrangement referred to below.

The main work of the plenary group was to develop proposals for amendments to the CCIP specifically providing for single authorisations for the use of the simplified declaration and the local clearance procedure and to integrate the current CPEI provisions therein.

IV. OUTPUT

1. Document TAXUD/1409/2006, Rev. 7 – Single Authorisation for Simplified Procedures - Commission Regulation (EC) No xxxx amending Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code.
2. Document TAXUD/1284/2005 Rev. 2 – SASP Guidelines containing detailed operational guidance standardizing procedures wherever possible.
3. Document TAXUD/1285/2005, Rev 1 – SASP – Collection costs. A paper addressing the need for a single solution across the EU, setting out options for sharing collection costs and providing an analysis to support the group's recommendation for a 50:50 ratio.
4. Document TAXUD/1419/2006, Rev. 1 – SASP – Administrative Arrangement to replace current ad hoc bilateral agreements.
5. Document TAXUD/1663/2006, Rev. 1 – SASP – User Requirements for an IT infrastructure to support the authorisation process and a Single Authorisation database.
6. Report on accounting for VAT on imports.
7. Report on Excise matters.
8. Report on statistical issues and proposals for provisions in a forthcoming new Statistics Regulation from Eurostat.
9. Report of the Project Group to the Customs Code Committee.

V. RECOMMENDATIONS

A. LEGISLATION

GENERAL

That the Member States adopt the legislative proposal to amend the CCIP based on the document TAXUD/1409/2006 at the earliest opportunity.

COLLECTION COSTS

In the long term the own resources legislation in Council Regulation 1150/2000 and Council Decision 597/2000 should be amended to provide an equitable [split] (amount ?) of the collection costs that the Member States are allowed to retain in case of centralised clearance.

VAT

Ask the VAT Unit of DG TAXUD and MS VAT One Stop Shop (OSS) negotiators to take account of the import VAT SASP needs when progressing discussions on the development of a VAT OSS Business to Business model.

EXCISE

In order to improve the quality of the clearance of excise goods customs and excise procedures should be combined. Therefore there is a need to work together on that subject, perhaps in a project group composed of excise and customs experts.

STATISTICS

For the new Statistics Regulation Boxes 15a and 17a should become mandatory boxes on the SAD.

B. CUSTOMS BEST PRACTICE

COLLECTION COSTS

Member States accept Document TAXUD/1285/2005.

ADMINISTRATIVE ARRANGEMENT

Member States adopt the Document TAXUD/1419/2006.

VAT

Short Term (6-12 months)

- Catalogue and schedule MSs import VAT requirements so there is a clear, simple but comprehensive listing of all the individual rules and requirements. This should prove to be a useful reference document for both SASP operators and customs or tax administrations involved in preparing or approving SASP authorisations.
- Identify and list all the import VAT requirements for which there is, or appears to be, different MSs interpretation or approach.

Medium Term (1-2 years)

- Identify and propose a recommended EU wide interpretation or approach on all SASP import VAT requirements.
- Seek MSs agreement (particularly from those who are actively involved in approving SASP authorisations) to their adopting a common approach to interpreting import VAT provisions when approving SASP authorisations (e.g.

that VAT to be accounted for at the time of import and paid under duty deferment arrangements).

Long Term (3 years +)

Specific draft recommendations

To help implement the short and middle term strategies, we would make the following draft specific recommendations in respect of future SASP authorisations:

- Import VAT declarations, whether for standard or simplified procedures, should be made using an electronic SAD;
- Agree a standard period during which import VAT declarations should be submitted;
- Allow import VAT declarations to be submitted by either the actual owner and/or importer of the goods, or anyone granted power of attorney by the owner (e.g. a fiscal representative);
- VAT to be paid and accounted for at the time the goods are imported under postponed accounting¹/duty deferment arrangements;
- Agreement on:
 - which Member State has responsibility for issuing the evidence of payment of import VAT;
 - a certified copy of SAD to provide the necessary proof of payment of import VAT.

EXCISE

Although the excise movement procedures are possible to be combined with the simplified procedures and even the e-AAD and the simplified SAD are combinable, it does not seem to be likely that a merger between these procedures will be possible in the near future. It is considered that there is a pressing need to work together on that subject, perhaps in a project group composed of excise and customs experts.

STATISTICS

Single authorisation for simplified procedures (and Centralised Customs Clearance when the modernised Customs code is implemented) make it necessary to redefine the importing and exporting Member State for statistical purposes because the carrying out of Customs formalities is disassociated from the location of the goods. Neither the supervising Member State nor the participating Member State are suitable territories to

¹ Postponed accounting – Article 211 EC VAT Directive (EC/2006/112)

allocate imports or export in statistics. However, the Member State of final destination for imports and the Member State of actual export enable to allocate the trade in closer connection to the economic impact of a Member State with a better use for Balance of Payments and National Accounts.

PROHIBITIONS AND RESTRICTIONS

Member States may impose restrictions or prohibitions for reasons of health, public morality, security etc. Examples of goods subject to prohibitions and restrictions include controlled drugs (cocaine and heroin, etc.), explosives, and endangered species subject to conservation controls (import and export permits are required for the species subject to control). Various EU Directives and Regulations as well as national legislation cover these goods. It is considered that work should be done to harmonise such prohibitions and restrictions at the earliest possible time.

GUIDELINES

Member States adopt Document TAXUD/1284/2005.

USER REQUIREMENTS

The Member States adopt Document TAXUD/1663/2006, Rev. 2.

C. TRADE

1. Under SASP, and in the future Centralised Clearance, that a trader should be able to account for all customs duties and taxes on goods where this is required, at the point where their authorising office for the SASP is located.
2. The trader should be permitted to account to customs for all goods where this is required on a periodic basis, with a minimum of 30 days. It is possible that the accounting could be carried out as part of, or in conjunction with, the normal VAT return for the company concerned.
3. The trader should be permitted to make payment of any customs duties or VAT where this is required, on a periodic basis such as by the 15th of the month following that in which the trader accounted to customs for the goods.
4. The trader should not have the responsibility to transmit the statistical information for compiling national statistics which mitigates against the benefits of centralisation.
5. The European Commission and the national administrations for customs and tax should work together to implement a single automated system in the EU to include:
 - That access in one country in the EU, at the point where their single authorisation or AEO certification had been granted, would automatically

allow a trader to complete a customs declaration for any customs procedure taking place in the 27 MSs, in one single MS. This means that VAT rates by Commodity Code would have to be available for all 27 countries.

- That routed the required data from the point where the customs declaration was submitted to the final country of destination of the goods for their information.
- That routed the amount of VAT due to the final destination country involved in the transaction.
- That all transactions and payments would be controlled by the authorising Member State.

VI. FUTURE WORK

1. Presentation of the work of the project group at a C2007 Seminar for all Member States.
2. A Seminar and training actions to:
 - generate a better understanding of the amendment to CCIP proposed by the Customs 2007 PG and of the costs/benefits associated to the use of single authorisations for simplified procedures;
 - widen the use of single authorisation for simplified procedures which will allow both customs administrations and business to obtain experience and expertise to apply centralised customs clearance when it comes into force.
3. Monitoring and twinning actions in order to attain the knowledge and practical experience concerning the application of SASP in those Member States which already use these in the context of the existing pilot projects.
4. The User Requirements set out in Document TAXUD/1663/2006 needs to be taken forward by the E-Customs Group.
5. The User Requirements for the exchange of data relating to declaration within AIS and AES needs to be developed for the automation of SASP and to form the basis for Centralised Clearance.
6. Establishment of a project group composed of excise and customs experts to examine the issue of lack of harmonisation between Customs and Excise procedures.

7. The SASP Guidelines will need to be further developed and explained with best practice after the AEO provisions have become applicable and the use of SASP among Member States becomes more prevalent. Without the practical experience of AEO and the facilitation it will provide for customs simplifications it is difficult to provide definitive guidance at this stage. The expansion of SASP across Member States together with the divergences between type, size and logistical structure of applicants will affect best practice which will need to be incorporated into future guidelines.

VII. CONCLUSIONS

In an effort to facilitate trade the Project Group has made good progress in formulating Implementing Provisions and Guidelines. However, it is clear from the recommendations produced by the Project Group that much remains to be done in the areas of VAT, Excise and Own Resources/collection costs. It cannot be overstressed how important it is to resolve the issues of

1. The sharing of collection costs without which Centralised Clearance will not happen.
2. For Trade, the ability to make a single payment for Import VAT and customs duties in and to transmit statistical data to, one Member State for imports and exports into and from the entire EU.
3. The need for User Requirements to be prepared for the exchange of data for declarations within AIS and AES, which are required for the purposes of the automation of SASP, and which will form the basis for Centralised Clearance eventually.

With this in mind, the Project Groups feels that it is essential that a Seminar should take place at the earliest possible time, to provide a forum where the Commission, Member States and trade could:

- learn about the results that came from the Project Group;
- comment on the results of the Project Group;
- discuss what more needs to be done to move towards the goal of centralised clearance;
- make concrete proposals as to how the goal of centralised clearance can be achieved.

The involvement of Commission, Member States and Trade in this Project Group allowed for a clear understanding of the different perspectives of the participants, and is to be encouraged as a model for future Project groups.

