UCC requires a high level of guarantees when handling non-Union goods

The Union Customs Code at a glance

By introduction of new regulations due to the Union Customs Code (UCC), in most cases when handling non-Union goods, i.e. goods not released for free circulation within the European Union, a guarantee is required. In this regard the calculation rules for guarantees to be provided have also changed. For customs procedures where guarantees had already been required in the past, a higher amount of potential import duties may now need to be covered. However, the UCC also provides the opportunity to reduce such guarantees.

What's new?
In principle, current regulations require guarantees when applying special customs procedures (e.g. transit procedure T1, customs warehouse procedure with partial guarantee for goods which are transferred into free circulation, etc.).

In future, the requirement to provide a guarantee will be extended and the amount to be covered raised. The most significant change is that the guarantee to be provided for goods in a temporary admission or a customs suspension regime has to be paid on the total amount of import duties payable if the corresponding goods would be transferred into free circulation. As a consequence, this results in a significant capital lockup and an increase of financing costs related to bank guarantees.

Under the UCC rules, there are four alternatives to lower the guarantee amount. A status as an Authorized Economic Operator (AEO) shall, e.g., lead to a reduction of 30% of the regular guarantee. Also a reduction down to 0% is possible if certain conditions are met.

Economic operators being required to provide a guarantee are obliged to monitor the exploitation / usage of the guarantee. Opportunities are given by the use of a single comprehensive guarantee for all special procedures.

The Union Customs Code

The UCC entails a number of new regulations in the field of customs law, which are intended to simplify, streamline and expedite customs processes. However, they are rather complex and the required implementation measures are hardly manageable for the parties involved. The new regulations will be effective 1 May 2016.

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Who is affected?

The new rules affect all companies who have to provide guarantees for handling non-Union goods.

What has to be done?

There is an immediate need for action for affected companies:

► Review of guarantees in place
► Implementation of a monitoring system to ensure sufficient provision of guarantee
► Evaluation of the possibilities to reduce guarantees