

DUTY SUSPENSION: OBTAINING THE TEMPORARY REMOVAL OF CUSTOMS DUTIES IN THE EUROPEAN UNION



Importing goods into the European Union (EU) generally requires the payment of customs duties. More than \$30 billion in customs duties are paid in the EU each year. A high proportion of this concerns imported raw materials further processed into finished goods by manufacturing industries in the EU. Not all these duties need to be paid. Proactive operators may obtain the temporary removal of customs duties on products that enter into their manufacturing processes in the EU.

Companies manufacturing goods in the EU often have to import their supplies because they cannot obtain them in the EU, or not in sufficient quantities. Companies in this position can take advantage of the EU's duty suspension procedure to obtain the temporary removal of conventional customs duties. This procedure is meant to support manufacturing activities in the EU by making it cheaper to source raw materials that cannot be found domestically.

The duties can be suspended for years, and often for as long as suspension applications are made and no domestic industry strongly opposes them. The suspension can be full, or be granted for a given quota.

Our team has exceptional experience in obtaining such suspensions, thereby creating significant duty savings which go straight to our clients' bottom line profits. We achieve this through a detailed audit and implementation program that we individually tailor to the specific procurement requirements of our clients, and by assisting them in the suspension procedure handled by the national customs authorities and the European Commission.

How does it work?

The input required from our clients is limited. We aim at interrupting normal business as little as possible.

The first step of the process is an initial assessment of the potential cost savings that can be achieved. This requires an audit and analysis of a company's import records and the identification of specific opportunities for cost savings, which is performed by our team or by our clients with our assistance. This takes no more than a few days.

Based on this audit, we advise on whether the company can take advantage of existing suspensions and unused quotas to claim back custom duty payments (retroactive recovery).

If no existing suspension is available, we apply on behalf of our clients for the adoption of new suspensions (future cost savings), starting with products that are imported in large quantities, and/or attract the highest customs duties. These are indeed products where savings will be the highest. Once procedures and routines have been established within the company for these products, it is easier to make further applications for other products, with less management time and legal costs involved.

Our team is well versed in obtaining suspensions, thereby creating significant duty savings which go straight to our clients' bottom line profits

Other means of recovering customs duties

While performing our duty suspension audits, we often identify other means of saving import duties. For instance, there can be savings through customs reclassification, which apply to future imports, but also past ones (reimbursement procedure). Reclassifications are primarily available for complex or unusual products prone to misclassification, and/or for products subject to constant developments rendering existing classifications obsolete.

Through the better understanding of our clients' processes that the duty suspension audits bring, we also advise on the customs procedures available to reduce the overall duty exposure of our clients' supply chains. We achieve this through the implementation of inward or outward processing procedures, or the storage of goods meant to be re-exported in bonded customs warehouses. Our aim is to decrease to the extent possible through all of the above actions the total duty exposure of our clients, thereby achieving substantial cost savings.

Attractive legal costs structure

In most cases, our duty suspension projects are handled on a partial contingency fee basis. An initial low fixed fee is agreed upon to finance the preliminary screening and exploratory work needed to identify specific duty suspension opportunities. Once these opportunities have been identified, actual remuneration for the remaining legal work takes the form of a contingency fee arrangement for an agreed percentage of the actual duty savings, past and future, made by our clients as a result of our efforts. Structured this way, we share the risk with the client and the bulk of the legal charges are paid out of returned revenues or future cost savings.

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Contacts

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