

About public customs warehouses in simple terms

What benefits are offered by customs warehousing?

- Customs goods deposited into the public customs warehouse are exempted from payment of taxes and commercial policy measures (from obtainment of various authorizations).

Who can deposit goods into the customs warehouse?

- Goods can be deposited into the public customs warehouse by the owner of goods, who could be a legal entity established either outside or inside the Community.

For instance:

- A Chinese partner transports his goods into the customs warehouse in order to sell them within the territory of the EU or in any neighbouring third country subsequently, when he finds a buyer to purchase the goods.
- If the customs goods are delivered from China to the order placed by a party from the EU, and the latter finds a buyer for the goods later on.
- He does only stockpiling so as to be able to serve his customers without interruption.

What kinds of goods can be deposited into the customs warehouse?

- No other than the goods that are not released for free circulation in the EU. Basically industrial products can be stored in the warehouse, but perishable foodstuffs, weapons, precious metals and pharmaceuticals cannot. They can only be stored in a warehouse specifically established for such a purpose.

How long can goods be deposited into the customs warehouse for?

- Goods can be stored in the customs warehouse for an indefinite period. Naturally, during the storage the operator of the warehouse will charge the fee of storing and manipulation to the owner of the goods.

Who has the disposal of customs goods?

- **The goods are disposed of by the owner without exception. Since the owner and value of the goods in the warehouse of the goods may change even several times due to various tactical transactions (change in the ownership and value must be entered into the stock-book of the warehouse after invoicing the sales and purchase); it is always the registered owner who can decide on the destiny of the customs goods.**

What kind of procedure is required for the goods to be discharged from the customs warehouse?

- **1./ Release for circulation in Hungary – the goods will remain and be placed on the market in the country**

In such case by the order of the owner the operator of the customs warehouse will declare the goods or a part of the goods for free circulation according to the invoice certifying the sales and purchase to the customs authority. In such a case the customs authority will levy the amount of the customs according to the adequate customs tariff rate on the goods as well as the VAT. Goods can only be discharged from the customs warehouse following the payment of such two amounts.

It is important that in such a case the company requesting for customs clearance (i.e. the buyer) should be a legal person having a Hungarian tax number and registered for VAT number, who will be able to reclaim the amount of the VAT. If he has no Hungarian tax number, then the sales will be more expensive due to the VAT liability (27%).

- **2./ Release for circulation in Hungary – the goods will be placed on the market in another Member State**

It differs from the previous case: the customs authority will levy only the amount of the customs duties, which is to be paid in the given country, but VAT will be payable in the country and in the amount where they are placed on the market. The document certifying the consignment of goods from Hungary and payment of VAT in the consignee country must be presented at the Hungarian customs authority within 30 days.

In such a case it is also practical to be a legal person with a tax number in the given country so that the amount of VAT can be reclaimed.

- **3./ Trans-shipment of the customs goods to a non-EU, so called third country (e.g. Serbia, Russia, Switzerland, Norway)**

According to order of the owner goods, loaded into a motor vehicle or container, are exported under the supervision of the customs authority (furnished with customs security and seal) outside the territory of the EU.

To sum up all this above, when and why is it worth depositing goods into the customs warehouse?

In case goods are deposited in large quantities into the customs warehouse, customs and taxes must only be paid when the goods are sold in full or in part.

Customs goods may be transported to another EU Member State or to a third country.

During the storage in the customs warehouse the owner of the goods may change even several times.

The value of the goods may also change several times while stored in the warehouse (in general, it increases).

The goods are under continuous supervision of the customs authority and security; professional treatment of the goods, admission for storage and discharge from the warehouse are guaranteed.