

Hungary and the Community Customs Legislation

2010.

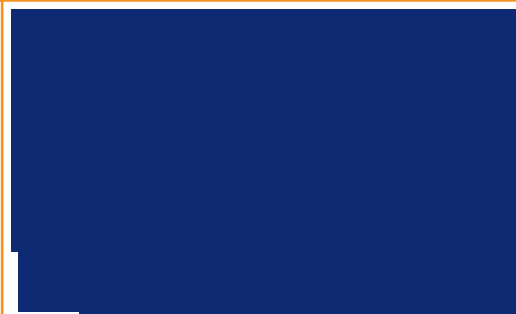


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1. The European Union as a Customs Union

1.1 The Customs Union and the Community Customs Legislation

The 1957 Treaty of Rome, the main treaty that established the European Communities (EC), guarantees the free movement of capital, people, and goods. To guarantee the free movement of goods and to act uniformly against goods imported from third countries required the establishment of a customs union, which has been in operation since 1968. Since this date, commercial transactions amongst member countries are no longer subject to customs duties. Furthermore, based on uniform customs tariffs, goods imported from third countries are subject to the same customs duties in every member state. The harmonization of value-added taxes began as well, but this area falls within the *national competence* of each member state.

As of 1 January 1994, customs controls no longer take place at the EC's internal borders; they are performed only at the external borders of the Community—of goods imported from, or exported to, third countries. Goods produced in any one of the member countries, or goods released for free circulation ("customs cleared") following importation from a third country may be transported into any other member country without customs control; such a transport of goods is not subject to customs control.

However, there are goods (e.g., products subject to excise duty) that—*without taxes having been paid*—can be transported from one member country to another member country only under the supervision of the authorities. Supervision by authorities of these goods follows from excise (or possibly other) regulations and covers the monitoring of tax-free transport between tax warehouses. This supervision, however, is not the (kind of) customs inspection that falls within the scope of Community customs legislation.

One of the essential elements of the customs union is that each member country enforces the same customs regulations. The EC has had its single-structure customs legislation since 1994, containing the rules of procedure for placing goods under customs procedures. The EC set forth uniform rules regarding the conditions for the duty-free customs clearance of goods (Council Regulation 918/83/EEC) in 1983. The European Parliament and the Council accepted the Modernised Customs Code¹, the regulations of which

¹ 450/2008/EC of the European Parliament and of the Council laying down the Community Customs Code (Modernised Customs Code)

must be applied only when the detailed implementation regulations have been adopted (this must happen no later than 2013).

The other essential element of the customs union is that goods imported from third countries are subject to the same customs duties in every member country. The duty payable (and other trade policy measures) is laid down in the Common Customs Tariff (CCT), which is described in detail in section 2.3, titled "Common Customs Tariff."

It follows from the preceding regulations and principles that placing goods imported into the Community's customs territory under customs procedures may be initiated in any of the member countries. If duties are paid in one member country, the goods are released for free circulation and can be transported within the territory of the EU² without customs control (naturally, all value-added taxes must be paid at the point of use). Economic operators take advantage of this opportunity primarily if the goods must stop for logistical reasons (e.g., at a port or at an external customs border) and customs services of suitable quality are provided there.

The Community customs legislation comprises the following regulations:

- Council Regulation 2913/92/EEC establishing the Community Customs Code.
- Council Regulation 2454/93/EEC laying down provisions for the implementation of Council Regulation 2913/92/EEC establishing the Community Customs Code.
- Council Regulation 918/83/EEC setting up a Community system of reliefs from customs duty (duty-free regulation).
- Council Regulation 2658/87/EEC on the tariff and statistical nomenclature and on the Common Customs Tariff.

As mandated by Community customs legislation, the following customs legislation was created in Hungary:

- Act CXXVI of 2003 on the implementation of Community customs legislation (customs legislation).
- Regulation of the Ministry of Finance No 15/2004 (IV.5.) on the detailed rules for the implementation of Community customs legislation.
- Regulation of the Ministry of Finance No 24/2004 (IV.23.) on the implementation of the Act on the Hungarian Customs and Finance Guard.
- Regulation of the Ministry of Finance No 26/2004 (IV. 28.) on the scope of those entitled to duty-free customs clearance.
- Regulation of the Ministry of Finance No 26/2004 (IV.21.) on individual customs regulations related to integrated postal service.

To facilitate orientation within the Community's legal system, the European Council (henceforth called "Council") and the

² The current name of European integration, "European Union," refers primarily to the political nature of the establishment. The majority of the legal documents were completed before the Union was established, so the name "European (Economic) Community" is used here.

Hungarian Customs and Finance Guard's National Executive Command provide a wide range of information online. Appendix 1 is a collection of links that facilitate orientation. It is nearly impossible to have up-to-date knowledge of Community customs legislation without access to the Internet because certain updated important elements of it can be accessed only through the Internet.

Our publication's goal is to provide general information about effective EU customs legislation and its respective relationships. Considering that Community customs legislation spans more than 1,000 pages, it is beyond the scope of this publication, and therefore we recommend that before entering the EU market, you consult with a professional who is familiar with matters related to customs; this will allow you to have an overview of all available possibilities and to choose the one most suitable for you.

1.2. Scope of the Community Customs Legislation and Basic Definitions

Scope in relation to subject matter: The scope of the Community customs legislation embraces the following:

- Trade between the Community and third countries.
- Goods subject to the *Treaty establishing the European Coal and Steel Community*, the *Treaty establishing the European Economic Community*, or the *Treaty establishing the European Atomic Energy Community*.
- Issues (in matters not regulated by European Community law) related to the international transport of goods in territories within the scope of customs legislation (if they are within the customs authority's scope as defined by special legislation).

Territorial scope: The territorial scope of the Community customs legislation is the customs territory³ of the Community.

Customs debt: The obligation of a person to pay export duties (export customs debt) or import duties (import customs debt) imposed on a given good.

³ The customs territory of the Community comprises the following territories: the Kingdom of Belgium; Denmark, except the Faroe Islands and Greenland; The German Federal Republic, except the Island of Heligoland and the territory of Büsingen (the agreement entered into between the German Federal Republic and the Swiss Federation on 23 November 1964); the Kingdom of Spain, except Ceuta and Melilla; the Republic of France (except overseas territories, Saint-Pierre and Miquelon, and Mayotte); the Republic of Greece; Ireland; Republic of Italy (except Livigno and Campione d'Italia), the national waters of Lake Lugano which are between the bank and the political frontier of the area between Ponte Tresa and Porto Ceresio; the Grand Duchy of Luxembourg; the Netherlands in Europe; Republic of Austria; Republic of Portugal; Republic of Finland; Kingdom of Sweden; United Kingdom of Great Britain and Northern Ireland, and the Channel Islands and the Isle of Man; Czech Republic; Republic of Estonia; Republic of Cyprus; Republic of Latvia; Republic of Lithuania; Republic of Hungary; Republic of Malta; Republic of Poland; Republic of Slovenia; Republic of Slovakia; Romania and the Republic of Bulgaria. The following territories shall also be considered to be part of the customs territory of the Community: the territory of the principality of Monaco as defined in the Paris Treaty of 18 May 1963; the territory of the United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia, in Cyprus.

Debtor: Any person liable for payment of a customs debt.

Community goods:

- Goods produced or manufactured in their entirety within the Community's customs territory, and those not containing goods imported from countries or territories that do not form part of the Community's customs territory.
- Goods imported from countries or territories that do not form part of the Community's customs territory; one that has been put into free circulation (customs debt has been paid for the goods; for example, sports clothings imported from China are considered Community goods after they have been released for free circulation).
- Inside the Community's customs territory, goods produced or manufactured exclusively from goods described in paragraph one, or goods produced or manufactured from goods described in paragraphs one and two.



Non-Community good: Goods different from those described in previous section.

Commercial policy measures: Non-tariff measures established within the framework of the common commercial policy related to the importation and exportation of goods. Examples of these measures include surveillance and safeguard measures, quantitative restrictions and contingents, and import and export prohibitions.

Customs administration procedure: All activities performed by customs authorities with a view to ensuring adherence to customs regulations and other provisions. Of all these procedures, the customs clearance (i.e., placing goods under customs procedure) has increased significance.

Customs corridor: A geographical location or area through which goods can be transported across a customs border without special authorisation.

Right of Representation

The customs code allows for any one person to designate a representative to act on his or her behalf at customs authorities, performing activities and taking care of formalities established by customs legislation, which can be either of the following:

- Direct, when the representative acts on behalf and in the interest of another person.
- Indirect, when the representative acts on his own behalf but in the interest of another person.

Regulations regarding representation have special significance within the Community customs legislation because the majority of customs clearance procedures are initiated by use of a representative. The main reason for this is that the principal of the goods is only rarely present from the point of departure to the point of destination; in many cases this person never even has physical access to the goods. Therefore, persons who take part in the logistics process are put in charge of the customs clearance procedure; this is also a matter of trust because this representative can form a detailed picture of the client's commercial processes.

2. Regulations that Determine Customs Duties Due (Payable)

The customs duty payable on non-Community goods can be established based on knowing the **customs value** and the **rate(s) of duty**. The multiplier of these two factors is the amount that the client must pay as duty for the given transaction. While the customs value of non-Community goods can be determined relatively easily (because here the matter is essentially the actual transaction value calculated with the factors affecting the customs value), establishing the rate of duty is only possible by collectively taking into consideration various legislations related to a given non-Community good. Because these rules form a complex system and may change even daily related to a particular customs tariff number, the actual **date of the customs clearance** is one of the principal elements in establishing a precise rate of duty. The other basic information is the **TARIC code**, based on the Common Customs Tariff. This is the reason why it is imperative to know non-Community goods precisely because an exact classification of goods can be performed based only on this knowledge. The third necessary element is determining the **place of origin** because the European Union may order a different treatment method (relaxing or tightening rules) for the same good, depending on where it originates. Because determining the origin is one of the most complex tasks, we will begin the section with it and then continue by providing basic information regarding the customs value and the TARIC.

2.1. The System of Rules of Origin of the European Communities

A large fraction of imports that reach the Union are released for free circulation through the application of **preferential duties**—partly by enforcing **tariff preferences** offered unilaterally by the EU. This broad trade agreement system is applied primarily to European countries outside the Union; the preferential agreement system, however, covers almost the entire world. All the preferential agreements contain requirements related to the abolishment of duties or to the guarantee of preferences related to duties. The first one to mention is the **General System of Preferences** (GSP).

GSP

This system has been in effect since 1971 and can be applied to imports coming **from developing countries**. The conditions for the application of preferential rates of duties guaranteed within the GSP are **unilaterally established** by the EU because reciprocity is not a basic principle here. Although this system allows for giving preferences to all preferential countries and conferring duty-free status on most goods of the least-developed countries, it precludes countries that produce or trade in narcotics or violate workers' rights. The rate of duty preferences guaranteed within the GSP can vary depending on how sensitive non-Community goods are considered to be for the EU's economy.

Rules of Origin

By applying the regulations embodied in the rule of origin it is possible to determine the non-Community good's country of origin (i.e., where it was produced or processed in a specific manner). Preferential treatment (whether unilateral or contractual) may be given only to goods from countries that comply with all requirements established within the preferential rules of origin.

Similar to duties, these customs legislation measures supporting the enforcement of regulations related to international trade can be **preferential** and **non-preferential**.

The terms and conditions for **non-preferential** rules of origin are defined in the customs legislation.

Areas of application:

- Enforcement of anti-dumping and countervailing duties.
- Retaliatory duties.
- Quantitative restrictions and import prohibitions.
- Import supervision system.
- Export-refund statistics.
- Foreign trade statistics.

The goal of applying **preferential** rules of origin is to further **closer economic cooperation** among the contracting countries, or to **advance cooperation** and the **economic progress** of developing countries. A significant part of foreign trade by the member states of the EU is conducted under preferential conditions. As previously mentioned, the rules of preference (GSP)—guaranteed on a basis of autonomy—are defined within the customs legislation; in contrast, the conditions of origin for the contractual preferences are set forth in the **agreements** that define these preferences. To increase the stimulating effects of economic cooperation, a so-called **cumulation** may be applied, which makes it possible for basis materials originating from one or more preferential countries to be calculated into the end-product proportionately (to their country of origin). Depending on how many beneficiary countries the basis materials originate from, we talk of **bilateral**, **regional**, or **full cumulation**. Several documents may be provided to verify the point of origin; depending on what kind of verification the regulations allow to accept, they can be either a "FORM A" or "EUR.1", or invoice declaration.

Particularly because of the complexities of the regulators, and in order to increase legal protection of clients, the system of **"Binding Origin Information (BOI)"** was developed. By using the BOI, the client receives concrete origin information from the customs authority in regard to a particular transaction, which is **valid for three years**. It provides protection for the customs beneficiary from the risk resulting from errors regarding the determination of the origin and from any resulting **negative legal consequences**.

2.2. Customs Value of Goods

The second basic element of determining the duty payable is establishing the customs value, which is based on the regulations established within the so-called **General Agreement on Tariffs and Trade (GATT)**. These regulations have been incorporated into the customs legislation of the Union as well. According to the GATT, the customs value of imported goods is the transaction value, or the price (adjusted for other factors that influence customs value) that has actually been paid (or will be paid) for the goods in the importing country. The customs value is **declared by the client** that requests the customs clearance. In the majority of cases its authenticity must be certified by **providing a purchase receipt**. If the customs authority orders a customs value investigation, a customs guarantee must be provided for the difference between the value declared by the client and the value listed in the customs authority's database. This customs guarantee is held until the customs authority concludes its investigation.

As a special legal instrument, the implementation regulation offers a **simplified determination of customs value**, which means that for goods listed in Appendix 26 of Council Regulation 2454/93/EEC a per-100-kilogram unit value is estab-

lished in the currencies of the member states. This unit value is applied for 14-day periods, beginning on a Friday.

2.3. The Common Customs Tariff (TARIC)

When customs debt accrues, the payable duty as set forth by the law is based on the **Customs Tariff of the European Community**, which also comprises the so-called Combined Nomenclature (CN). This CN, a commodity description and coding system based on international agreements and administered by the World Customs Organization, was announced in the Union by **Council Regulation 2658/87/EEC** on the Tariff and Statistical Nomenclature and on the Common Customs Tariff. In order to enforce this basic norm, every year the European Commission announces the full version of the CN for the following year, by laying down the effective autonomous and contractual rates of duty (for the year 2009, the Commission Regulation 1031/2008 is effective). Among others, the CN contains the **rules for classification**, the **rates of duty**, the **measures** supporting the collection and analysis of foreign trade statistics, and the various **regulations** related to individual goods.

To speed up customs procedures, to increase transparency of related regulations, and to facilitate a simpler application, an **online database** was created in the Union. The so-called Integrated Community Tariff (henceforth: **TARIC**) contains all commercial policy measures of the Union related to tariffs (rate of duty, tariff preferences, market-protection measures). The continuously changing, dynamic database (can) undergo(es) thousands of modifications every day. The TARIC system is available on the Internet in every member country's language.

In addition to measures by the Union, the Hungarian **national TARIC** system (online: <http://kkk.vam.gov.hu/eles/1/tar-icweb>) contains the rate of national taxes. The main benefit of the system is that it follows regulation changes related to individual goods through daily updates. It is important to emphasize, however, that the **TARIC is not a legal source**; it is a summary of measures contained within legal regulations. Thus it cannot be referred to as a legal source. It contains measures related to tariffs; agricultural, commercial, and statistical data collection; and enforcement of prohibitions and restrictions related to the exportation and importation of goods.

Similar to the Binding Origin Information (BOI), the **Binding Tariff Information (BTI)** aids in ensuring the **client's legal protection** and the lawful application of the customs tariff. If the client is not entirely sure of the good's classification, yet wants to engage in long-term trade with the same product, it is highly recommended to use the BTI related to the given product because the decision made by the customs authority published as a tariff decision is valid for **six years**, so it provides the client with legal protection for that period.



2.4. Customs Union Treaties

The EU currently has customs union treaties with three countries: the Republic of Turkey, the Principality of Andorra, and the Principality of San Marino. The customs union treaties do not apply to all goods; for example, they do not apply to agricultural products imported from Turkey, to goods subject to the treaty establishing the ESCS, to agricultural products imported from Andorra, and to iron and steel industry products imported from San Marino.

Regarding customs union treaties, we must differentiate between *Community product* and *Community originating product*. Under the customs union treaties, the following are within the scope of the contract: goods produced in their entirety in one of the contracting countries, goods legally released for free circulation, or one of the two kinds of goods (as mentioned above) produced within the customs territory of the contracting parties. For goods within the scope of the customs union, manufacturing or processing within the customs territory is not a requirement. It is sufficient to release the goods for free circulation as set forth by regulations. *Qualification for originating status is not a requirement*, but the customs legislation status must be confirmed.

Based on a treaty⁴ signed with the Republic of Turkey, providing proof that a given product falls within the scope of a customs union treaty occurs with the “A. TR movement certificate.” For goods that fall within the scope of the customs union treaty with Andorra and San Marino, document “T2L” must be used to prove customs legislation status.

For goods that do not fall under the jurisdiction of the customs union treaty, the agreement that guarantees the preferential

⁴ Council decision 64/732/EEC on the conclusion of the Agreement establishing an Association between the European Economic Community and Turkey, and Council Agreement 64/733/EEC establishing an association between the EEC and Turkey, Decision No 1/2003 of the EC-Turkey Customs Cooperation Committee of 30 January 2003 amending Decision No 1/2001 amending Decision No 1/96 laying down detailed rules for the application of Decision No 1/95 of the EC-Turkey Association Council.

ential treatment between the Community and the above-mentioned country is in effect. For these goods, it is the EUR. 1 movement certificate or the invoice declaration that forms the basis for granting preferential treatment. During the customs procedure, the regulations as applicable to third countries must be adhered to.

Goods that fall within the scope the customs union treaty can enter the EU without conducting a customs procedure (they are considered Community goods). It is important to mention, however, that according to the regulation pertaining to VAT (value-added tax (áfa)) the territory of the preceding countries is *not part* of the VAT zone. Even though when goods are imported there is no requirement to place it under customs procedure (according to the customs legislation), VAT must be paid, as set forth in the VAT legislation. In this process, the same formalities must be followed as during the customs procedure (of course, duties do not have to be paid). The same rules apply to goods exported into these countries.

3. Customs procedures

3.1. Transit

During the transit process, surveillance of goods is transferred from one customs office to another customs office. There are two kinds of processes within the EU:

- external transit procedure
- internal transit procedure

The *external transit procedure* is used to transport **non-Community goods** from one customs office to another (this usually takes place from the Community customs border to the point of destination). The *internal transit procedure* is used to transport **Community goods** between two points of the Community through a third country (e.g., transport from Hungary through Serbia to Greece). The enforcement regulations of the two transit procedures are essentially the same, with only one significant difference: an external transit is followed by a different customs procedure (the “customs clearance” of non-Community goods); whereas at the conclusion of the internal transit procedure and after making a determination that the goods are indeed Community goods, the customs control is terminated.

The above-mentioned external and internal transit procedures can be enforced:

- As defined in the Community customs legislation (this is called the Community transit procedure)
- In accordance with the TIR Convention
- In accordance with the ATA/Istanbul Convention

Implementation of the Community transit procedure

Since 2005, the EU’s Community transit procedure is performed entirely electronically within the framework of the so-called New Computerised Transit System (NCTS). The Community transit procedure must be applied for at the customs office of departure by submitting all shipment information electronically in a predetermined format⁵. For the transit of goods, a customs guarantee must be provided, the method of which must be indicated along with the electronic data. After the receipt of the application and customs guarantee, the customs office of departure prints a so-called Transit Accompanying Document (TAD), which it then returns to the applicant in paper form. The TAD accompanies the shipment all the way to the customs office of destination.

The TAD must be submitted at the customs office of destination, and the goods must be presented. This activity then concludes the transit procedure.

Customs Guarantees in the Community Transit Procedure

1) **Individual guarantee** is valid for a given transit procedure.

It has the following methods in the initiating customs offices:

- **Bank guarantee:** The bank guarantee provided by the principal⁶ is accepted by the customs office of departure. The bank guarantee can be accepted only if provided by a credit institute established in the territory of the European Union.
- **TC 32 Individual guarantee voucher:** With the permission of the customs office, individuals can issue guarantee vouchers in the amount of 7,000EUR, which the principals can use for the transit.
- **Cash:** A bank guarantee provided in the form of cash is accepted by the customs office of departure. The cash must be submitted in the given country’s currency (therefore, in Hungary, only Hungarian Forint [HUF] can be accepted as a guarantee).

Community customs legislation specifically establishes the minimal level of the individual guarantee for sensitive goods⁷.

2) **Comprehensive Guarantee and Exemption from Providing Guarantee** covers several transits. The following methods are in the office of departure:

- TC31 Certificate of Guarantee
- TC33 Guarantee Waiver Certificate

⁵ Registration with the customs authority is required before logging on to the system. Data must be submitted in a particular file format for which software may be specifically purchased or developed in-house according to specifications published by customs.

⁶ Principal: The person responsible for completing a transit procedure (it can be anyone, not just the person transporting the good). According to regulations, this person can be a natural or a legal person.

⁷ Sensitive goods are listed in Appendix 44c of the KV-VHR.

The **TC31 Certificate of Guarantee** can be applied to normal as well as sensitive goods (this is the guarantee method most often used in the EU). The TC31 Certificate of Guarantee must indicate the reference amount to show the scope within which the document can be used. The amount of customs guarantee required for the transit is equal to the amount that must be paid when releasing the goods for free circulation. This amount is established by the customs office of departure based on the principal’s declaration. The amount of the customs guarantee for a transit not yet concluded cannot exceed the reference amount (i.e., the sum of duties of goods released for transit within a one-week period).

An example for the calculation of the reference amount*

Principal company X transports 14 containers laden with various goods every week from Hamburg to Budapest. The customs value of these goods is 3,000,000 HUF/container, their rate of duty is 5%, and their VAT rate is 20%. Duty payable on one container is 150,000 HUF ($3,000,000 \times 0.05$), VAT is 630,000 HUF ($<3,000,000 + 150,000> \times 0.20$), total 780,000 HUF. The reference amount in this case is 10,920,000 HUF ($780,000 \times 14$).

*Reference amount: the sum of duties and non-Community taxes payable for goods placed under transit procedure within a one-week period

A comprehensive guarantee and the exemption from providing a guarantee can be used based on a permit issued by the customs office. Upon initial application the principal must provide a bank guarantee for the reference amount. One year after issuing the permit, if conditions as set forth in the 2454/93/EEC (henceforth: KV-VHR) have been met, the bank guarantee may be decreased to 50% of the reference amount, after two years to 30%, and after three years to 0% (the latter is called a Guarantee Waiver Certificate).

The **TC33 Guarantee Waiver Certificate** cannot be applied to sensitive goods. The TC33 document also indicates the particular reference amount, up to which the customs guarantee for the transit may be used.

The TC32 Individual guarantee voucher and the TC31 and TC33 certificates are electronically recorded by the issuing customs office. When initiating transit, it is important to check at the customs office of departure whether the presented customs guarantee is valid (this check is performed electronically, of course).

Calculating the Amount of the Customs Guarantee

When calculating the amount of the customs guarantee, the customs value of the goods in transit must be considered. When calculating the amount of the customs guarantee, the non-preferential (general) duty and tax rates must be used for the calculation.



Authorised Consignors and Consignees

The *authorised consignor* can initiate the transit at his own site without involving the customs office. To do this, he must log on to the computer system of the customs office (NCTS), from which he will receive permission to initiate transit. Printing the TAD and sealing the means of transport (the authorised consignor identifies the goods with his own seal) takes place at the site of the authorised consignor.

The *authorised consignee* can complete the transit procedure without the physical involvement of the customs office if he has connected to the NCTS. Presenting the transported goods to the authorised consignee has the same legal consequences as presenting it to the customs office. Authorised consignor and authorised consignee permits in Hungary are issued by the regional (central airport) commands.

Transit According to the TIR Convention

The currently applicable TIR Convention was signed in 1975 under the auspices of the UN. Its purpose is to speed up the border crossing of goods in international road transport.

To ensure this, the following basic principles are applied:

- Transport from the place of departure to the place of destination takes place with one single customs document (TIR carnet), which also serves as a customs guarantee.

- Customs inspection performed by the customs office operating at the point of departure is mutually recognized by countries, so there is no longer a goods inspection at the border crossing (however, suspicious cargo can still be inspected).
- Transport can be carried out only with a means of transport that can be fitted with a customs seal. This fact is attested by the customs office in advance (the “TIR” sign can be seen on these vehicles). Transport is permitted only where a vehicle is fitted with a customs seal.
- An international guarantee chain is in operation to ensure the payment of possible customs debt.
- Before using the TIR carnet, the economic operators are inspected (only transport companies meeting certain criteria are allowed to use this procedure).

TIR carnets in Hungary are issued by the Hungarian Road Transport Association (MKFE: <http://www.mkfe.hu>), acting as a member organization of the IRU (<http://www.iru.org>). The issued TIR carnet must be presented at the customs office of departure as well as at the customs office of destination and at the border crossings.

ATA / Istanbul Convention

As their main goal, the ATA and Istanbul Conventions facilitate the temporary exportation and subsequent importation of goods. In practice, it is applied for the customs clearance of goods exported temporarily to exhibitions, trade fairs, and sporting events. Media companies as well as private individuals use it when transporting highly valuable goods. According to the regulations set forth in the Istanbul Convention, contracting parties using the Istanbul Convention no longer have the right to use the regulations of the ATA Convention, but because not every country that has joined the ATA Convention is a contracting partner of the Istanbul Convention, the regulations of the ATA Conventions must still be applied to them. Every member state of the EU is a contracting partner of both the ATA Convention and the Istanbul Convention.

The documents of the ATA and Istanbul Conventions are nearly identical. The only difference between the two is the scope of goods available for customs inspection during temporary importation and the duty-free status as laid down in the Istanbul Convention (these regulations have no effect on the transit procedure).

The ATA carnet is an international customs document used for the following customs procedures

- Temporary exportation
- Release for free circulation following temporary exportation of Community goods
- Temporary importation
- Transit

In the EU territory, the only ATA carnets acceptable for customs clearance have been issued by the chamber of commerce of the ATA Convention's or the Istanbul Convention's member countries (and are valid in all territories of the European Union's member countries).

In the territory of the Republic of Hungary, the Hungarian Chamber of Commerce and Industry (MKIK: <http://www.mkik.hu>) is authorised to issue ATA carnets. The MKIK, a member of the guarantee network operating within the framework of the International Chamber of Commerce (ICC), guarantees the payment of duties and other monies that may be demanded based on the Convention, which are due for customs goods cleared through customs based on ATA carnets, issued by chambers of commerce of the countries that participate in the Convention.

3.2. Release for Free Circulation

From among the inward customs procedures it is the *release for free circulation* that establishes the final customs status of the goods imported from a third country. With release for free circulation, non-Community goods achieve the customs status of Community goods.

The release for free circulation results in the following:

- Applying commercial policy measures.
- Taking care of other formalities established in relation to the importation of the good.
- Establishing duties, non-Community taxes, and fees payable based on regulations. Goods imported from a third country into the territory of the Community must be released for free circulation if this is the final destination. (This may or may not take place in exchange for payment).

Council Regulation 918/83/EEC provides detailed definitions regarding the scope and conditions of goods that can be cleared through customs free of duties (see the collection of links).

Determining the amount of the duty is based on the Common Customs Tariff. Establishing the exact rate of duty applicable depends basically on three factors:

- The precise customs tariff number of the goods
- Its origin
- The date of release for free circulation.

The following documents must be attached to the customs declaration when applying for release for free circulation:

- The invoice, based on which the customs value was declared.
- If required, the customs value declaration (satisfactorily completed based on the specification in the mentioned section) presented in order to determine the customs value of the goods that appears on the customs declaration.

- All preferential tariff regulations or other documents that are required for the application of regulations that differ from legislation related to the declared good.
- All other documents that are required for the application of legislation that regulates the release for free circulation of declared goods (the import permit in this case).

Specific End Use

For goods listed as a footnote in the Common Customs Tariff, a preferential tariff (the application of a discounted or zero-rate of duty) is provided if the goods are used for a specific end use within the Community.

For example, fenders and safety belts were imported from Japan for installation into newly manufactured vehicles. In this case, based on CN codes 8708 10 10 and 8708 21 10, with a permit from the customs authorities the release for free circulation may be requested by applying a discounted rate of duty (3% instead of 4.5%). To monitor the specified end use, the goods remain under customs surveillance even after release for free circulation.

In consideration of preceding details, customs surveillance ends when:

- The conditions established for the application of a discounted or zero-rate of duty can no longer be applied.
- The goods have been exported or destroyed.
- The goods are used for purposes other than what has been determined for the application of the discounted or zero-rate of duty; but this has been authorised as customs duties have been paid.

To ensure customs control for the application of the specified end use, the written permission of the customs authority is required (in Hungary, this permit is issued by the offices of the Hungarian Customs and Finance Guard).

Section 5, titled “Payment of Duties and Non-Community Taxes,” contains detailed regulations regarding payment of imposed duties and non-Community taxes (e.g., VAT).

An example for amounts payable during release for free circulation

Company X purchases various electronics parts from China. The value of these goods is 20,000,000 HUF, their uniform rate of duty is 4 %, and their VAT rate is 20%. The duty payable is 800,000 HUF (20,000,000 x 0.04), the amount of VAT is 4,160,000 (<20,000,000 + 800,000> x 0.20), so the total is 4,960,000 HUF.

3.3. Customs Procedures with Economic Impact

Customs procedures with economic impact comprise customs procedures that, in addition to normal export and import transactions, are connected to carrying out some kind of spe-

cific economic activity. These procedures can include inward and outward labour (processing) or a warehousing activity, up to the point when the final end-user releases the goods for free circulation. The scope of customs procedures with economic impact covers the following customs procedures:

1. Customs warehousing
2. Inward processing
3. Processing under customs control
4. Temporary importation and
5. Outward processing

The authorisation procedure pertaining to the customs procedures with economic impact is handled by the Community customs legislation in a uniform manner. First, all permits regarding customs warehousing, inward processing, outward processing, processing under customs control, and, if required, temporary importation must be applied for by using the same forms. Second, it establishes the same rules for the authorisation of the five customs procedures with economic impact, for maintaining registers, and for finalising the procedures. The application and authorisation forms can be found in Appendix 67 of Council Regulation 2454/93/EEC. The Community customs code provides the option that in certain cases the application for an authorisation can be submitted electronically or by means of a written customs declaration.

Permission for customs procedures with economic impact will not be granted without the relevant office of the Hungarian Customs and Finance Guard examining the economic conditions. During customs procedures with economic impact, however, the Community customs code determines the circumstances under which the economic conditions must be considered as fully met. In these cases, the authorising office of the Hungarian Customs and Finance Guard does not have to examine the economic conditions separately.

3.3.1. Customs Warehousing

Non-Community goods (or Community goods in certain cases) may be involved in the customs warehousing customs procedure. No duty has to be paid for non-Community goods under customs warehousing procedure; they do not fall within the scope of commercial policy measures.

Community customs legislation recognizes two main kinds of customs warehouses: **public customs warehouses** and **private customs warehouses**. A public customs warehouse is a customs warehouse in which goods available to anyone may be warehoused. Only goods of an authorised company or of a person in possession of a warehouse permit may be warehoused in a private customs warehouse. Within these two main kinds of customs warehouses the Community customs code also determines under which warehouse type (below) a public customs warehouse or a private customs warehouse may be operated.

The following table discusses the various warehouse types:

Type	Main Characteristic
A	A public customs warehouse under the responsibility of the operator of the customs warehouse.
B	A public customs warehouse operating under the responsibility of the depositors.
C	A private customs warehouse, in which the operator of the customs warehouse and the depositor are the same person/organization, but not necessarily the owner of the goods.
D	A private customs warehouse in which the operator of the customs warehouse and the depositor are the same organization, but not necessarily the owner of the goods; the release of free circulation that ends the customs warehousing customs procedure takes place under a simplified procedure.
E	A private customs warehouse in which the operator of the customs warehouse and the depositor are the same organization, but not necessarily the owner of the goods; the goods may be placed under customs warehousing procedure without having to warehouse them on a real estate designated as a customs warehouse or another designated area.
F	A public customs warehouse operated by an office of the Customs and Finance Guard.

The customs warehouse permit can be issued only to persons established in the Community if they certify that there is an economic need for warehousing. The customs authority also requires provision of a customs guarantee for operating the customs warehouse. In Hungary, the amount of customs guarantee required when accepting the customs declaration regarding the customs warehousing procedure is the total sum of all customs and non-Community taxes and fees that can be charged during the process of releasing goods for free circulation. An additional condition for issuing a permit is for the applicant to be a trustworthy customs debtor. Another condition for issuing an operating permit (except for type B and type F customs warehouses) is for the applicant being required to present the warehouse inventory register (during the authorisation process) that contains all the data regarding the goods under the customs warehousing customs procedure. The maintenance of the warehouse register is the responsibility of the warehouse operator.

While the customs warehousing procedure takes place, the following may be undertaken with a non-Community good: activities that preserve its condition, and general maintenance procedures that aim to improve its appearance and saleability and prepare it for release for circulation. General maintenance procedures are activities performed manually or in some other way on goods that have been placed under the customs warehousing procedure with the purpose of preserving them, improving their appearance or commercial value, or preparing them for sale or re-sale.

If circumstances warrant, and with the permission of the Customs and Finance Guard office, goods placed under customs warehousing may temporarily be removed from the customs warehouse for a period not exceeding three months.

3.3.2. Inward Processing

From among customs procedures with economic impact that are concerned with processing activities, inward processing is the most widespread customs procedure. It provides Community operators producing for export the opportunity to import goods originating from third countries without paying any duties or applying any commercial policy measures; not to mention that they reduce only slightly the scope of goods that can be placed under the procedure.

Direct or indirect inward processing (for the person performing the process) means any kind of processing performed with the import good, completed according to certain specifications for a client established in a third country, generally in exchange for payment for the costs of processing. An example would be a Hungarian company entering into a labour agreement with a Chinese company, agreeing to manufacture an electronic end-product using electronic parts shipped to Hungary by the Chinese client. Based on the Chinese client's instructions, this product would then be exported to a third country.

The inward processing may be performed in two ways:

- a) The goods imported from the third country enter the inward-processing flow with import duties being suspended and without applying commercial policy measures. All this takes place under the condition that the product resulting from the processing activities (end-product) is re-exported from the Community's customs territory (*suspension system of inward processing*).
- b) The goods imported from a third country enter the inward-processing flow with import duties being paid and by applying commercial policy measures. The duties originally paid are refunded during re-exportation from the Community's customs territory (*drawback system of inward processing*).

Processing operations may be the following:

1. Working with goods, including assembling them or fitting them to other goods.
2. Processing goods.
3. Repairing goods, including restoring them and putting them in order.
4. Using goods which comply with the procedure as defined by the European Commission, but which do not form part of the processed products, but allow or facilitate their production, even if they wear out in part or fully during the manufacturing process. Not included in this scope:

- a) Additional fuel and energy sources required to test off-setting goods or to discover faults in the import goods that require repair.
- b) Additional lubricants required for the testing, adjustment, or revocation of off-setting goods.
- c) Fixtures and tools.

Within a suspension system of inward processing, if goods are released for free circulation, a *customs guarantee must be provided* for the duty imposed on the imported goods. An additional condition for issuing a permit is that the applicant must be a trustworthy customs debtor.

A permit from the customs authority is required to perform inward processing. The permit is issued based on the person's request completing the processing activities, or who has the activities processed.

A permit can be issued only:

1. If the applicant is a natural or legal person established in the territory of the Community.
2. In case of an end-product produced by using goods that do not form part of the final product; if the imported goods or its effect is identifiable in the final products; or when using replacement goods, if adherence to the terms determined for the replacement goods can be controlled.
3. If inward processing contributes to creating the most favourable conditions necessary for the exportation or re-exportation of the final product, assuming that this does not damage the basic interests of Community producers (economic condition). Cases that meet economic conditions may be established based on the European Council's process.

During inward processing, the inspection of economic conditions must establish that using Community sources is economically unfeasible, paying particular attention to the following criteria:

- a) Goods produced within the Community, (or) goods of similar quality and technical characteristics—to those intended for importation to complete the planned processing activities—are not available.
- b) There is a price difference between goods produced in the Community and goods intended for import.
- c) The effects of contractual obligations.

The re-exportation of the final product or its involvement in a different customs procedure (release for free circulation, customs warehousing, renewed inward processing, temporary importation, etc.) ends the inward processing customs procedures.

3.3.3. Processing Under Customs Control

The *processing under customs control* customs procedure enables processing of non-Community goods within the customs territory of the Community, which changes the charac-

teristic or the status of goods without imposing import duties or commercial policy measures on it. Additionally, it enables goods (i.e., end products) created as a result of such a transaction to be released for free circulation by imposing the respective import rate of duty on them.

Procedures related to processing under customs control are applicable to those types of goods, where, following processing, the resulting goods are subject to a lower import duty than the import goods. For example, there are electronic final products that, following their importation from a given relation, are subject to a lower import duty than the parts (built into the product) imported from third countries. The customs procedure is also applicable to goods, which must be subjected to procedures that make them conform to technical specifications when released for free circulation.

Conditions for issuing the permit:

- Can be issued to persons established in the Community.
- Imported goods are identifiable in the processed product.
- The characteristic or the state of the product cannot be put back into its original (pre-processed) condition, at least not in a way that is economically feasible.
- The application of the process does not involve circumventing rules regarding origination and quantitative restrictions related to the imported good.
- The conditions necessary for completing the activity are met without damaging the basic interests (economic condition) of Community producers who produce similar goods.

The permit is issued based on the request of the person completing the processing activities or who has the activities processed by someone else.

An additional requirement during this customs procedure is to check the economic condition systems, the basis for which is Appendix 76 of Council Regulation 2454/93/EEC. For types of goods and processing methods listed in section A of the appendix, the conditions do not have to be checked; they should be considered completed. For types of goods and processing methods not listed there, the responsible office of the Customs and Financial Guard must check the economic condition. For types of goods and processing methods listed in section B of the referenced appendix, the inspection of economic conditions takes place in the Customs Code Committee.

3.3.4. Temporary Importation

The temporary importation process makes possible the use of non-Community goods (intended for re-exportation) in the customs territory of the Union, even if they undergo any kind of change apart from the usual amortization due to regular use. These goods are not within the scope of commercial policy measures. Goods admitted through temporary importation are either **totally or partly relieved** from import duties.

Temporary importation with **total relief** can be applied in the following cases:

- For temporary use of means of transport (public, rail, air, marine, or national waters) as it relates to persons established within and outside the territory of the Community.
- For means of transport used temporarily for private use as it relates to natural persons established within and outside the territory of the Community.
- For pallets imported temporarily.
- For containers imported temporarily.
- For objects for personal use of passengers.
- For goods imported by passengers temporarily for sporting purposes.
- For a temporary importation of goods required to ensure the welfare of seamen.
- For temporary importation of materials used in connection with averting the consequences of natural disasters.
- For temporary importation of medical, surgical, and laboratory equipment for hospitals and other healthcare institutions.
- For temporary importation of animals that are the property of a person established outside the territory of the Community.
- For temporary importation of fixtures and materials used to maintain border zones.
- For temporary importation of sound-, picture-, and data-storage media.
- For temporary importation of professional equipment.
- For temporary importation of marketing materials.
- For temporary importation of educational and scientific equipment.
- For temporary importation of coils.
- For temporary importation of moulds, dies, plates, blueprints, plans and drawings, control and test equipment, special tools and equipment, goods for testing, experimentation or display at exhibitions, and a reasonable number of samples.
- For temporary importation of substitute production equipment.
- For goods displayed during exhibits or public events.
- For importation of goods for the purpose of approval or inspection.
- For importation of works of art for the purpose of exhibition.
- For importation of goods for the purpose of selling them at an auction.
- For parts, accessories, and equipment imported for the purpose of repairing customs-inspected goods during temporary importation.
- For goods without economic impact imported temporarily for a period not to exceed three months.

Temporary importation with partial relief must be used when total temporary import duty relief is not applicable. Upon reconveyance of goods temporarily imported with partial relief, 3% percent of the duty must be paid at the beginning of every month of the temporary importation period, on the amount

that would have been paid at the release for free circulation completed at the time when the goods were placed under the temporary import customs procedure. During the period of temporary importation, the so-called “utility duty” (3% of the duty imposed) must be paid every month. The amount of the utility duty imposed cannot exceed the amount that would have been calculated if the respective goods were released for free circulation on the day when they were placed under temporary importation procedure.

A condition for the authorisation of the temporary importation procedures (aside from a few exceptions) is for the applicant to provide a customs guarantee for the combined sum of the duties and non-Community taxes.

An example for temporary importation with total relief

South Korean company X ships manufacturing equipment to its subsidiary in Hungary for a period of ten months. The value of the manufacturing equipment is 350,000,000 HUF; its rate of duty is 3.2%. If the company were to release equipment into free circulation, the duty payable would be 11,200,000 HUF. In the case of temporary importation with partial relief, the subsidiary established in Hungary must pay 3% of this amount (i.e., 336,000 HUF) every month.

3.3.5. Outward Processing

Outward processing allows the temporary export of Community goods from the customs territory of the Community for the purpose of processing; the processed, re-imported final product can be customs-cleared for free circulation with total or partial duty relief. Community goods may be processed by customs through outward processing if the goods have been processed in a country outside of the Community based on a respective labour agreement, and if the finished product (final product) produced from or with the goods is re-imported into the territory of the Community being its final point of destination.

Temporary exportation of Community goods for the purpose of outward processing takes place by applying export duties (currently, the EU does not apply export duties), commercial policy measures, and other customs formalities related to the exportation of Community goods from the customs territory of the Community.

Conditions for granting permission for outward processing are as follows:

- It can be granted to a person established in the Community.
- The temporarily exported goods are identifiable within the processed final product.
- Applying outward processing does not violate the basic interests of Community processors (economic condition).



Temporary importation with total or partial relief must be completed as follows: deduct the following from the amount of import duties applicable to the final product released for free circulation—the amount of import duties that would be applicable on the same day to the temporarily exported goods if they were imported into the customs territory of the Community from the country in which they underwent processing activities or final processing activities. This means that the customs liability payable on the final goods produced during processing must be calculated by deducting the duties payable on temporarily exported goods (when releasing them for free circulation) from the import duties imposed on the final product.

Upon request, however, partial relief from import duties may be granted by considering the cost of the processing procedure as the basis for the customs value. With the exception of non-commercial goods, this relief cannot be applied if the temporary export goods (not originating in the Community) were released for free circulation with a zero rate of duty.

If the aim of the processing procedure is to repair the temporarily exported good, it must be released for free circulation with total duty relief, granted that the customs authority can unequivocally establish that the goods were repaired at no cost due to a manufacturing defect, or based on contractual or warranty obligations as established within applicable regulations. If, however, the said defect has been taken into consideration when first releasing goods for free circulation, total duty relief cannot be applied.

3.4. Exportation

The export customs procedure allows for Community goods to leave the customs territory of the Community. The exportation includes the exit of the good; the application of commercial policy measures; and, when applicable, the imposition of export duties (currently, the EU does not impose export duties). All Community goods intended for export must be placed under export customs procedure.

Since 1 July 2009 the export procedure (with the exception of road travel and operations shutdowns) must be initiated electronically at the customs authority where the exporter is

established, where it was packaged for export, or where it was later, into the means of transport.

For the electronic export procedure, the exporter or his or her agent must first register with the customs authority. After registration, the information regarding exportation can be submitted⁹ to the customs office of export in a predetermined format. If required, the goods must be presented at the customs office of export. The customs office seals the means of transport or the package with a customs seal. Based on the information of the export customs procedure, the customs office prints a so-called Export Accompanying Document (EAD), which it returns to the person applying for the customs procedure. The EAD accompanies the export goods to its point of exit, where they must be presented along with the goods. Based on prior authorisation granted by the office of the Customs and Finance Guard, the export procedure may be completed in a simplified form. In this case, the customs office of export authorises the procedure based on the information in the electronic goods declaration and then sends a reply message. Printing the EAD and the identification of the means of transport with a customs seal takes place at the permit holder's site. Hence, in this case, the goods (aside from a few exceptions) do not have to be presented at the customs office of export.

It is imperative to note that the goods, which are to be exported, can leave the customs territory of the Community only in the same condition it was in when the export procedure was performed.

The exit of goods placed under the export procedure must be initiated at the border customs office of the Community by presenting the goods and the EAD. The customs office performing the exit of goods is required to ensure that the goods presented to customs correspond to the declared goods, and that they leave the customs territory of the Community. The customs office of exit also confirms the exit of goods electronically and sends an electronic confirmation to the customs office of export.

In case of a discrepancy between the goods placed under export procedure and the goods presented at the customs border, the following procedure must be followed:

- If the customs office performing the exit of goods establishes that part of the goods is missing, it performs the exit of goods accordingly and informs the customs office performing the export procedure.
- If the customs office performing the exit of goods establishes that the amount of goods is more than the amount appearing on the declaration, it is required to deny the exit of goods.

In case of goods not subject to the effects of prohibitive or restrictive regulations, the exporter or his representative may initiate the export customs procedure at the border customs of-

⁹ To submit a customs declaration for goods to be exported a piece of software may be specifically purchased or developed in-house according to specifications published by the customs authority (upon request the customs authority will test this software).

office performing the exit of goods, if the value of the goods does not exceed 3,000 Euros.

If the goods are shipped to a third country by rail, mail, air, or marine transport within a framework of a single transport agreement, then the customs office of export simultaneously performs the exit of goods at the point of consignment. The customs office of export also performs the exit of goods if a transit procedure is initiated as well as the export customs procedure. If the customs-processed goods do not leave the customs territory of the Community, the exporter is required to inform the customs office performing the export procedure immediately, and at the same time request the cancellation of the export customs procedure.

4. Simplifications

4.1. Simplifications According to Community Regulations

In order to speed up commercial transactions, various simplifications were created when the Community customs code regulations were first established. In the following sections, we provide details of simplifications that can be used by persons who export and import goods when engaging in commercial transactions with third countries.

According to Community customs legislation, all customs procedures may be completed through a normal procedure, or within the scope of a simplification. The following simplifications exist:

- Submitting a goods declaration with an incomplete customs declaration form.
- Submitting a goods declaration with a simplified customs declaration form.
- Submitting a goods declaration within the scope of a local customs-clearance process.

The main regulations concerning simplified customs procedures are as follows:

- a) Incomplete customs declaration: submitting customs declaration with incomplete data or appendices.
- b) Simplified declaration procedure: submitting a commercial or an administrative document as a declaration.
- c) Local customs clearance procedure: placing goods under customs procedure by completing registration at the site of the permit holder.

The procedure requested by submitting an incomplete customs declaration (mentioned in the previous point A) must not be performed based on the general permit issued in advance. It must be performed with an SAD, a Single Administrative Document (containing incomplete data), which is submitted to the respective office of the Customs and Finance Guard in

charge of the customs procedure. Accordingly, every single incomplete declaration is considered to be a separate application (that seeks the granting of permission through a simplified procedure with an incomplete declaration). The office of the Customs and Finance Guard evaluates these "requests" on a case-by-case basis, and grants permission to perform the simplified procedure in this particular way if legal conditions warrant.

Additional forms of simplified procedures, the procedures mentioned in points B and C (the simplified declaration and the local customs clearance) involve the simplification of many declarations; therefore, performing these procedures requires *advance permission* from the office of the Customs and Finance Guard. In the simplified declaration and in the local customs clearance procedure, the declarer makes a *supplementary declaration* (generally regarding goods placed under customs procedure each month, but a weekly summary is also possible) in addition to the SAD.

Economic operators, particularly medium and large businesses, primarily choose the local customs clearance procedure from amongst the previously mentioned simplified forms because this simplification makes completing customs procedures easier and faster.

According to Community customs legislation, anyone may apply for a simplified declaration or a local customs clearance procedure, either in his/her own behalf or as a representative, if the customs authority granting permission, aided by suitable registries and procedures, can identify the represented persons and can perform the required customs inspections. Conditions for issuing permits related to simplified procedures are as follows:

- Appropriate compliance records with customs regulations.
- A suitably sophisticated system of managing commercial (in this case transport) transactions, which allows adequate customs controls.
- Proven financial solvency.
- Customs guarantee provided for import duties and other liabilities.

The conditions for issuing permits related to authorised economic operator status (see the discussion of AEO in section 4.3) and simplified customs procedures within the Community have been harmonized.

4.2. Electronic Customs in Hungary

Further possibilities for the reduction of administrative tasks related to performing customs clearance is provided with the implementation of electronic customs procedures (*e-customs*). Within the framework of *e-customs* in Hungary, the Hungarian Customs and Finance Guard—regarding both export and import procedures—provides an opportunity to give customs declarations and to complete their respective processes in an electronic format.

Currently, the import *e-customs* application covers customs clearance related to the customs procedures of releasing goods for free circulation. Within its scope, the customs declaration may be submitted to the office of the Customs and Finance Guard electronically; the decision regarding the customs clearance is also received by the client electronically. The office of the Customs and Finance Guard must be contacted personally only if it wants to inspect the goods placed under customs procedure or the *original copy* of the paper document required for the customs clearance.

As of 1 July 2009, export customs procedures (with the exception of road travel and operations shutdowns) in the EU can be completed only electronically. Rules of the procedure are detailed in the section 3.4 titled "Export".

The web site <http://vam.gov.hu>, operated by the Hungarian Customs and Finance Guard, provides *detailed information* on electronic customs procedures under the heading "e-customs".

4.3. Authorised Economic Operator (AEO)

The 2001 terrorist attacks against the United States have placed increased emphasis on the risks involved with the international transportation of goods. If the supervision of goods produced in international trade is incomplete or superficial, they can be used to commit acts of terror. In order to prevent abuses, the United States created the so-called C-TPAT partnership program that, by increasing the safety of the supply chain, filters out cargo that may pose a threat to the national security of the United States.

The measures adopted by the United States, which aimed to increase the security of the international transport of goods, also encouraged other nations to rethink their own security measures. This initiative was spearheaded by the World Customs Organization, whose goal was to adopt the same or at least similar measures in every country. It has become evident during this process that simply increasing the control of goods transport will not realize these goals; the volume of cargo in international commerce is so enormous that bulk control is nearly impossible. Hence the WCO Framework of Standards, adopted by its member states, suggested that economic operators be qualified by customs authorities. Trustworthy economic operators who "play an open hand" with customs authorities should be given significant preferences; the resources subsequently freed up should be used to control other economic operators and their respective goods. EU member states adopted this framework and took it into consideration when creating the regulations⁹ governing authorised economic operators.

⁹ European Parliament and Council Regulation 648/2005/EC, and Commission Regulation 1875/2006/EC.

Authorised Economic Operator

Customs authorities can grant authorised economic operator status to any economic operator established in the Community. It has the following types:

- a) **AEO-certificate “Customs Simplifications”** Issued to economic operators who request to benefit from simplifications, and who fulfil all necessary conditions as defined in the customs legislation.
- b) **AEO-certificate “Security and Safety”** Issued to economic operators who request to benefit from facilitations of customs controls relating to security and safety when the goods enter or leave the customs territory of the Community, and who fulfil all necessary conditions as defined in the customs legislation.
- c) **AEO-certificate “Customs Simplifications/Security and Safety”.** Issued to economic operators who request to benefit from simplifications defined in point a and from facilitations defined in point b, and who fulfil all necessary conditions as defined in the customs legislation.

The authorised economic operator status is recognized by every customs authority of the EU’s member states; certificates issued in Hungary are valid in every member state.

Conditions for Granting AEO Status

An AEO-certificate is issued to an economic operator established in the Community, if he or she meets the following conditions.

1. Has an appropriate record of compliance with customs regulations.

In regard to compliance with customs regulations, a record is considered to be appropriate if for three years prior to submitting the application none of the following persons has seriously or repeatedly violated customs regulations:

- a) The applicant
- b) Persons responsible for or the management of a business entity submitting the application
- c) Legal representative in customs issues of the applicant, if applicable
- d) Person responsible for customs matters at the business entity submitting the application

In terms of compliance with customs regulations, a record can be considered appropriate also, if the customs authority regards the possible violation of a regulation as being of negligible importance compared with the size or amount of the customs operations, and if that does not cast a doubt onto applicant’s honesty.

2. Has an adequately sophisticated system of managing commercial and, if applicable, transport transactions that allow adequate customs controls.

In order for customs authorities to be able to establish that an applicant has an adequately sophisticated system of managing commercial, and, if applicable, transport transactions, the applicant must meet the following requirements:

- a) Must maintain an accounting system that conforms to the generally accepted accounting principles in effect in the member state where the books are maintained, and one that facilitates accounting-based customs control.
- b) Must provide physical or electronic access for customs authority to the transport registry and to all transactions concerning customs.
- c) Must be in the possession of a logistics system that can differentiate between Community and non-Community goods.
- d) Must have a management system that is appropriate for the size and type of the company and is capable of managing the flow of goods; and must have internal controls capable of detecting illegal or improper transactions.
- e) If applicable, must possess appropriate and established procedures to manage permits related to commercial policy measures or to commercial transactions involving agricultural products.
- f) Must have adequate and established procedures to archive company information and registry, and to protect itself against data loss.
- g) Must guarantee that as employers they are aware that they need to inform customs authorities when encountering difficulties relating to meeting requirements. They must establish adequate communications to be able to inform customs authorities if problems occur.
- h) Must have adequate information-technology security measures in order to protect the computer system of the applicant against unauthorised access and to safeguard all data and documentation of the applicant.

Applicants requesting the “Security and Safety” AEO-certificate do not have to prove that they meet the requirements of previously mentioned point c.

3. Has proven financial solvency

Financial solvency requirements are met if the applicant can prove adequate solvency for prior three years.

Financial solvency means a stable financial situation that meets all financial requirements while taking into consideration the characteristics of the respective business activities.

If the applicant was established fewer than three years ago, financial solvency must be determined with the help of available registration data and other information.

4. Adequate security standards exist

The security and safety standards of applicant can be considered adequate if the following conditions are met:

- a) In relation to transactions subject to the effects of the certificate, buildings must have been built with materials that withstand unauthorised entry and provide protection against unauthorised entry.

- b) To prevent unauthorised access, appropriate access control measures are in place at transport areas, loading docks, and cargo areas.
- c) Measures for the management of goods include being protected against smuggling in of any kind of materials, switching or losing materials, and destruction of cargo.
- d) If applicable, procedures are in place to manage import and/or export permits relating to prohibitions and restrictions, and to differentiate these goods from the others.
- e) In order to safeguard the international supply chain, the applicant has enforced measures that enable the unambiguous identification of its commercial partners.
- f) If permitted by regulations, applicant performs a security clearance check with employees who work in sensitive positions and occasionally performs a background check.
- g) The economic operator ensures that respective employees actively participate in programs that foster safety and security-conscience.

It is important to emphasize that if the applicant has a certificate that was issued based on international agreements; or an internationally recognized safety and/or security certificate; or a safety and/or security certificate issued based on Community legislation, a standard issued by the International Standards Organization or a standard issued by the European Standards Organization, the above criteria must be considered as being met if the criteria required to issue these certificates are the same, or comply with, those established within customs regulations.

Benefits of the AEO Status

An authorised economic operator must undergo fewer physical and document-based checks than other economic operators. This means that the risk category of an AEO is much lower in all member states, and can complete customs procedures and border crossing much faster.

If the customs authority selects the goods of an AEO for customs inspection based on risk analysis, then this is performed by giving the AEO priority treatment. If, therefore, another operator has been selected for customs inspection besides the AEO, then the inspection of the AEO’s goods must be completed first. With the approval of the customs authority, the AEO may request to have the location of the inspection determined (to a location that means the smallest amount of delay for the operator, of course).

As of 1 July 2009, an electronic entry or exit summary declaration must be submitted in advance to the border customs authority for all goods entering or leaving the Community. The AEO importers and exporters have the right to submit the summary declaration with reduced data content (if the computer system of the economic operator cannot submit the customs declaration electronically, it can be submitted in paper form until 31 December 2010).

If the electronic summary customs declaration was submitted by an AEO, then the border customs office may inform the authorised economic operator, before the goods arrive into or leave the Community, that the shipment has been selected for physical inspection (the inspection, naturally, will be performed with priority).

The existence of an AEO certificate is not a prerequisite for benefiting from customs simplifications (for example, comprehensive guarantee, authorised consignor, consignee, simplified declaration procedure, and local customs clearance). If, however, an applicant already has an AEO-certificate, a “customs simplifications” certificate, or a combined certificate, then the customs authority does not have to re-examine conditions that were examined when the authorised economic operator status was granted.

Mutual Recognition of Authorised Economic Operator Status with Other Countries

The Community aims to reach its goal of having the AEO-certificate “Security and Safety” mutually recognized amongst all the countries that have created an authorised economic operator system or something similar. This leads to authorised economic operators receiving preferences in third countries, just as they do in the Community. Considering that the majority member states of the WCO have accepted the framework, there is a real possibility¹⁰ of mutual recognition of the authorised economic operator.

Issuing AEO-certificates

In Hungary, it is the regional control centres that can grant authorised economic operator status. The Community customs legislation¹¹ contains information about the application’s type and the list of documents to be attached. The customs authorities complete the review of the application for status within 120 days (this deadline can be extended by a further 60 days).

To facilitate the status application, the Community has created a guideline¹² (translated into all languages of the EU) that provides detailed information on the legal establishment of the authorised economic operator and also contains a self-assessment questionnaire. The AEO-certificate is issued to an economic operator who meets the requirements established by Community customs legislation and who successfully completes the self-assessment (completing the self-assessment is not mandatory, but it significantly facilitates and speeds up the authorisation process).

The home page of the Hungarian Customs and Finance Guard (<http://vam.gov.hu/viewBase.do?elementId=6898>) provides detailed information on regulations related to the authorised economic operator. TAXUD developed an e-learning

¹⁰ At the time of submitting the manuscript (on 15 April 2009), the EU has not yet entered into an agreement with other countries, but has had advanced negotiations with Switzerland and Norway.

¹¹ Appendix 1C. of Council Regulation 2454/93/EEC.

¹² The guideline can be accessed at <http://vam.gov.hu>.

program that can facilitate learning everything necessary about the system of rules (http://ec.europa.eu/taxation_customs/common/elearning/aeo/index_en.htm).

5. Guaranteeing and Paying Duties and Non-community Taxes

5.1. Guaranteeing Customs Debt; Customs Guarantees

Resulting from basic principles of the Community customs legislation, the following cases must be differentiated when discussing customs guarantees:

- Customs guarantees provided for transit procedures; this area is regulated in detail by Community customs legislation. (The customs guarantees necessary for the transit procedure are discussed in the section titled “Transit” in section 3.1)
- Customs guarantees provided for procedures other than transit procedures; this varies by member states.

Customs guarantee may be provided by:

- putting down a cash deposit
- a guarantee commitment (the same rules apply to a bank guarantee assumed by a credit institute, the bank certification of available funds, and also the insurance contract).

A customs guarantee must be provided for:

- temporary storage
- customs procedures with economic impact
- simplified customs procedures
- permit for delayed payment of duties.

The amount of customs guarantee is the sum of duties and non-Community taxes (VAT, income tax [if applicable], environmental product tax) that can be charged during release for free circulation at the time of accepting the customs declaration related to the customs procedure.

In the case of a guarantee commitment, including a bank guarantee, the bank certificate of available funds and an insurance contract, the original guarantee commitment document must be submitted. The office of the Customs and Finance Guard may accept a guarantee commitment from any bank or insurance company established within the Community.

The taxable person who, when engaging in continuous operations for two continuous calendar years leading up to the current year, has not accrued VAT liabilities towards the Hun-

garian Tax and Financial Control Administration or towards the Hungarian Customs and Finance Guard, does not have to establish a VAT guarantee. If the taxable person fulfils the conditions only during the year leading up to the current year, he or she must guarantee 50% of the VAT.

The office of the Customs and Finance Guard may not demand a customs guarantee if the amount does not exceed 500 Euros.

5.2. Paying Duties

There are three **methods** for **paying** duties and non-Community taxes:

- Cash
- Bank transfer
- Transfer from a customs bond account.

Cash payment: At the office of the Customs and Finance Guard—up to a maximum of only 2,000,000 HUF.

Bank transfer: payment for imposed duties and non-Community taxes may be transferred from any credit institution. In order to support customs clearance completed within the framework of e-customs, the “e-customs payment” system was developed. This is a kind of bank transfer, in which, through an IT system specifically developed for this purpose, the office of the Customs and Finance Guard completing the customs procedure receives immediate notification from the contracting bank and can release the goods immediately.

The *customs bond account* can come into consideration first as a guarantee, and second as a method for paying duties. Paying customs debts with the amount deposited in the customs bond account is possible if the person responsible for payment makes respective declaration on his or her declaration submitted for customs clearance.

The debtor has the following options in regard to the **terms of duty payment**:

- Immediate payment
- Delayed payment
- Delayed payment related to a simplified procedure.

In the case of *immediate payment*, the duty and non-Community tax imposed must be paid within ten days of having received notification, as described previously. The goods are released when the customs debt is paid (or when a guarantee is provided for its payment).

Delayed payment of duties is allowed with a special customs authority permit only. The basic condition for the permit is that the permit holder be a trusted customs debtor and provide a guarantee for the customs debt. The delayed payment of duties can relate to the customs debt entered into the accounting records within a one-week or one-month period. If

the combined sum is for one week, then payment deadline is the fourth Friday after the current calendar week. If the combined sum is one month, then payment deadline is the 16th day of the month following the current month.

Delayed payment of duties related to the simplified procedure also takes place as described previously. In a simplified customs procedure the supplementary declaration may be submitted via a weekly or monthly summary; the payment deadline is adjusted accordingly (as detailed previously).

5.3. VAT Regulation Regarding Importation of Goods

In addition to duties, a VAT liability is also created when completing a customs procedure (with associated customs debt) that has been initiated for the purpose of granting Community status to goods imported from a third country.

As established in EEC guideline 112 of the year 2006, a payment of VAT liability is required in the member state where the goods have been released for circulation. Regulations regarding VAT in Hungary can be found in decree CXXVII of the year 2007 (VAT Code).

When releasing goods (imported from a third country) for free circulation or when placing it under inward processing customs procedure, the amount of VAT is determined (in addition to the duty payable). When goods are imported, the taxes are paid by the importer. An importer is a person who (as defined by customs code regulations) is required to pay an import duty, or would be required to do so, if the import of the goods require the payment of duties. If the indirect customs representative of the importer is the one in charge of completing the customs procedure in the process of importing the good, the tax must be paid by the respective indirect customs representative.

The basic rate¹³ of VAT in Hungary is 25% of the sales price. Products listed in Appendix 3. of the VAT code (pharmaceuticals, medical products, equipment for the blind, books, newspapers and magazines) are subject to VAT of 5%, while those listed in Appendix 3/A. (some dairy products, products made from wheat and flour) are subject to 18%. For imported products, the tax base is the customs value of the goods determined according to customs code regulations effective at the time of import.

In the customs procedure process, the VAT:

- Is established by the office of the Customs and Finance Guard along with the customs duty. Payment of VAT occurs in accordance with customs code regulations related to customs duties (immediate or delayed payment).
- Must be paid to the Hungarian Tax and Financial Control Administration (in the possession of a special permit, within the framework of a self-assessment taxation procedure).

¹³ VAT rates indicated as in effect on 1 September 2009.

VAT related to the import of goods may be paid through self-assessment if the importer is in the possession of a permit by the customs authority (Hungarian Customs and Finance Guard permit #17). Conditions for issuing the permit are the following:

- 1) The applicant is a taxable person, registered in Hungary, who does not have a legal status regulated in the VAT legislation, according to which he or she is not required to pay taxes.
- 2) The applicant is a trustworthy customs debtor.;
- 3a) If according to §89. (sale of goods within the EU), §98-§109 (sale of goods outside the EU) and §111-§112 (specified activities related to international trade of goods) of the VAT Code, total volume of tax-free sales of goods and services income and receivables for the previous calendar year reaches or exceeds
 - 67% of the sum of all revenues from the sale of products and services – as defined by §2 point a) of the VAT code – before tax, but not less than 10 billion HUF; or
 - or 20 billion HUF; or
- 3b) the applicant holds a “Customs Simplifications” or “Customs Simplifications/Security and Safety” AEO certificate (see section 4.3., Authorised Economic Operator); or
- 3c) the applicant holds a local customs permit for release of goods into free circulation (see section 4.1., Simplifications According to Community Regulations).

5.4. Tax Warehouses According to VAT

The operator of the tax warehouse according to VAT can be only a taxable person who is registered domestically, and who (or which) does not have a legal status that by its nature would be irreconcilable with requirements established within the VAT Code, or which would allow them to be encroached. A **tax warehouse** is a warehouse authorised by the customs authority for the purpose of tax warehousing where, except for excisable products, any kind of Community goods may be stored, deposited and removed. This excludes goods directly intended for retail distribution (except for onboard flight sales out side the Community's territory). Authorisation and operating conditions correspond to that of customs warehouse type "A". During the authorisation process the same conditions must be examined as those that are examined during the establishment of a customs warehouse type "A". For this type of warehouse the operator has only one warehouse permit.

The tax warehouse according to VAT can be, for products subject to excise duty, a tax warehouse as defined in Decree CXXVII. of the year 2003 regarding excise taxes and the distribution of products subject to excise duties (henceforth: "ded"), given that the customs authority has granted permission for tax warehousing to the operator or to the permit holder of the tax warehouse. To receive permission, the tax warehouse itself, and the registry of the warehouse's operator must have the capability to unequivocally, reliably and fully separate products subject to excise tax: both those that can be placed under tax warehousing process, and those that cannot. In this case, however, the operator must have a tax warehousing permit as defined in the "ded" and the áfa-tv (VAT Code).

The lawmaker establishes as an essential condition the existence of a **right** to deposit when warehousing goods in the tax warehouse. This right can be either the sale of the goods, or their purchase within the Community. The depositor can prove this right to the customs authority by submitting proof of the transaction's completion with an original or a certified copy. The **depositor** can only be the seller, or the intra-Community buyer, or the representative acting on their behalf and in their name.

Only the goods' intra-Community buyer or their last certified seller (who sold the goods under tax warehousing procedure) may remove goods stored in the customs warehouse. Removing goods can be initiated only by traders or their representatives acting on their behalf and in their name. A condition for removing goods from the warehouse is for the trader to put down a **tax guarantee** in each case for the goods to be removed. A trader who is considered a qualified tax payer according to taxation regulations is exempt from the requirement of having to put down a tax guarantee. Traders are also exempt if they appointed a financial representative, and within the scope of the appointment this requirement is the liability of the financial representative. The tax guarantee is the same amount as the tax that is calculated based on the net market value of the goods when removing them from the warehouse. The tax guarantee can be provided with the following: cash; guarantee; bank guarantee; bank certification of available funds; insurance contract.

The tax guarantee provided for the removal of goods from the warehouse is **only released** by the office of the Customs and Finance Guard if the trader verifies the legal/taxation status of the goods to be removed.

When removing goods from the warehouse that are intended for domestic use, the person removing the goods must declare the taxes payable for the sale of these goods to the federal tax authority, adhering to the process defined within tax legislation. The tax guarantee can be released when the person removing the goods from the warehouse - after selling or buying the goods in the Community - **presents the document certifying his/her tax declaration to the customs authority.**

Verifying the export of goods to **another member state**: When selling goods tax-free within the Community, the trader must certify that the goods have been transported to another member state, or have reached that member state by some other means.

Appendix 1.

Useful links
European Union http://europa.eu
National Customs and Finance Guard http://vam.gov.hu
Legal database of the European Union (Eur-Lex) http://eur-lex.europa.eu
On-line databases (BTI, ECICS, QUOTA, TARIC, customs offices list, Transit MRN follow-up -, VIES - VAT number validation, Authorised Economic Operators, Suspensions) http://ec.europa.eu/taxation_customs/dds/home_hu.htm
Hungarian TARIC site http://kkk.vam.gov.hu/eles/1/taricweb/
Useful information, interactive Hungarian customs portal for professionals (databases, guidance to filling the unified customs declaration form) https://openkkk.vam.gov.hu/default.aspx
Link collection of the European Commission, Taxation and Customs Directorate (TAXUD) http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm

Contact details of the Hungarian Customs Offices

Customs information

Phone: ++36-1-301-6951

Toll free number: **++36-40-346262**

E-mail cím: vam.info@vam.gov.hu vam.info@mail.vpop.hu

1) National authority

National Customs and Finance Guard

Address: 1095 Budapest IX., Mester u. 7.

Letters: 1450 Budapest, Pf. 109

Phone: ++36-1-456-9500

Telefax: ++36-1-456-9525

2) Regional Directorates

Central Hungary

Address: 1033 Budapest, Huszti út 42.

Letters: 1300 Bp. 3. Pf. 206.

Phone: ++430-9600

Fax: ++430-9637

E-mail: vpkmp@vam.gov.hu

Northern Hungary

Address: 3530 Miskolc, Széchenyi István u. 10.

Letters: 3501 Miskolc, Pf.: 28.

Phone: ++36-46-518-700

Fax: ++36-46-344-111

E-mail: vpemrp@mail.vpop.hu

Northern Great Plain

Address: 4025 Debrecen, Hatvan u. 45.

Letters: 4001 Debrecen, Pf.: 56.

Phone: ++36-52-518-900, ++36-52-518-902,

++36-80-420-420

Fax: ++36-52-518-903,

E-mail: vpearp@mail.vpop.hu

Southern Great Plain

Address: 6724 Szeged, Csemegi u. 4.

Letters: 6701 Szeged, Pf. 449.

Phone: ++36-62-567-400, ++36-80-820-042

Fax: ++36-62-567-498

E-mail: vpdarp@mail.vpop.hu

Western Transdanubia

Address: 9700 Szombathely, Hunyadi u. 47.

Letters: 9701 Szombathely, Pf.: 32.

Phone: ++36-94/500-960

Fax: ++36-94/310-481

E-mail: vpnydrp@mail.vpop.hu

Southern Transdanubia

Address: 7621 Pécs, Munkácsy M. u. 6.

Letters: 7601 Pécs, Pf.: 247.

Phone: ++36-72-522-000

Fax: ++36-72-215-227, ++36-72-221-102,

++36-72-522-035

E-mail: vpddrp@mail.vpop.hu

Central Airport

Address: Budapest, XVIII., Ferihegyi Airport (II.

Multifunction Building next to Terminal I.)

Letters: 1675 Budapest, Pf.: 40.

Phone: ++36-1-297-1120, ++36-1-296-96-96

Fax: ++36-1-296-8082

E-mail: vpkpr@mail.vpop.hu

3) Regional Control Points

Budapest

Address: 1135 Budapest, Frangepán u. 87.

Letters: 1135 Budapest, Frangepán u. 87

Phone: ++36-1-236-57-00

Fax: ++36-1-236-57-58

E-mail: rek10001@mail.vpop.hu

Miskolc

Address: 3530 Miskolc, Széchenyi u. 10.

Letters 3501. Miskolc Pf.: 28.

Phone: ++36-46-518-741

Fax: ++36-46-518-741

E-mail: rek40001@mail.vpop.hu

Nyíregyháza

Address: 4400. Nyíregyháza, Luther u. 3. II. emelet

Letters: 4401. Nyíregyháza, Pf.: 356.

Phone: ++36-42-548-440,

Fax: ++36-42-548-769

E-mail: rek70001@mail.vpop.hu

Kecskemét

Address: 6000 Kecskemét, Kurucz krt. 14.

Letters: 6001 Kecskemét, Pf.: 303.

Phone: ++36-76-486-296

Fax: ++36-76-486-845

E-mail: rek50001@mail.vpop.hu

Győr

Address: 9023 Győr, Eszperantó u. 38.

Letters: 9002 Győr, Pf.: 303

Phone: ++36-96/313-820

Fax: ++36-96/311-164

E-mail: rek60001@mail.vpop.hu

Pécs

Address: 7623 Pécs, Megyeri u. 26.

Letters: 7602 Pécs, Pf.: 292

Phone: ++36-72-503-040

Fax: ++36-72-503-039

E-mail: rek20001@mail.vpop.hu

4) Customs and finance offices

Dél-Pest Area Customs and Finance Office

Address: Budapest, X., Száva u. 7.

Letters: 1476 Budapest, Pf.: 23.

Phone: ++36-1-432-2100

Fax: ++36-1-432-2199

E-mail: vh101000@mail.vpop.hu

Buda Area Customs and Finance Office

Address: 2040 Budaörs, Dózsa György u. 1/B

Letters: 2041 Budaörs Pf. 134

Phone: ++36-23-427-850, ++36-23-427-851

Fax: ++36-23-427-870

E-mail: vh811000@mail.vpop.hu

North-Pest Area Customs and Finance Office

Address: 2600 Vác, Lemez u. 6.

Letters: 2600 Vác, Pf.: 269

Phone: ++36-27-315-035, ++36-27-305-731,

++36-27-305-738, ++36-27-305-739

Fax: ++36-27-314-861

E-mail: vh100000@mail.vpop.hu

No. 17 Customs and Finance Office

Address: 1037 Budapest, III. ker. Csillaghegyi út 25.

Letters: 1751 Budapest Pf.: 40

Phone: ++36-1-4374-310,

Fax: ++36-1-4370-285

E-mail: vh170000@mail.vpop.hu, fvh17bp@vam.gov.hu

Eger Customs and Finance Office

Address: 3300 Eger, Grónay S. u. 3

Letters: 3301 Eger, Pf.: 115.

Phone: ++36-36-410-752, ++36-36-412-520

Fax: ++36-36-516-547

E-mail: vh42100@mail.vpop.hu

Miskolc Customs and Finance Office

Address: 3525 Miskolc, Horváth Lajos u. 17-19.

Letters: 3501 Miskolc, Pf.: 28.

Phone: ++36-46-346-703, ++36-46-348-611,

++36-46-349-912

Fax: ++36-46-359-866

E-mail: vh41100@mail.vpop.hu

Salgótarján Customs and Finance Office

Address: 3100 Salgótarján, Mártírok útja 2.

Letters: 3101 Salgótarján, Pf.: 129.

Phone: ++36-32-520-820

Fax: ++36-32-311-810

E-mail: vh83100@mail.vpop.hu

Beregsurány Customs and Finance Office

Address: Beregsurány, Határátkelő

Letters: 4933 Beregsurány Pf.: 3.

Phone: ++36-45-570-800,

Fax: ++36-45-570-808

E-mail: vh72600@mail.vpop.hu

Debrecen Customs and Finance Office

Address: 4013 Debrecen, Vágóhid u. 2.

Letters: 4032 Debrecen, Pf.: 43.

Phone: ++36-52-521-700, ++36-52-521-701

Fax: ++36-52-437-781, ++36-52-437-700

E-mail: vh71000@mail.vpop.hu

Nyíregyháza Customs and Finance Office

Address: 4400 Nyíregyháza, Dózsa György u. 39.

Letters: 4401 Nyíregyháza, Pf.: 379.

Phone: ++36-42-598-340

Fax: ++36-42-598-348; ++36-42-598-355

E-mail: vh72100@mail.vpop.hu

Szolnok Customs and Finance Office

Address: 5000 Szolnok, Ady Endre u. 21.

Letters: 5001 Szolnok, Pf.: 49.

Phone: ++36-56-516-454,

Fax: ++36-56-516-488

E-mail: vh32100@mail.vpop.hu

Tiszabecs Customs and Finance Office

Address: 4951 Tiszabecs, Malom u. 75.

Letters: 4951 Tiszabecs, Pf.: 8.

Phone: ++36-44-378-125,

Fax: ++36-44-378-138, ++36-44-378-135

E-mail: vh72700@mail.vpop.hu

Záhony Customs and Finance Office

Address: Záhony, Border Crossing
 Letters: 4625 Záhony, Pf.: 6.
 Phone: ++36-45-526-100, 526-116
 Fax: ++36-45-526-151, ++36-45-526-153
 E-mail: vh72400@mail.vpop.hu

Szeged Customs and Finance Office

Address: 6720 Szeged, Jókai u. 7-9.
 Letters: 6701 Szeged, Pf.: 156.
 Phone: ++36-62-599-300
 Fax: ++36-62-599-399
 E-mail: vh51100@mail.vpop.hu

Békéscsaba Customs and Finance Office

Address: 5600 Békéscsaba, Dr. Becsey O. u. 5.
 Letters: 5600 Békéscsaba, Pf.: 122.
 Phone: ++36-66-323-455
 Fax: ++36-66-441-298
 E-mail: vh52100@mail.vpop.hu

Röszke Customs and Finance Office

Address: Röszke, Border Crossing
 Letters: 6758 Röszke, Pf.: 8.
 Phone: ++36-62-573-200
 Fax: ++36-62-573-289
 E-mail: vh51500@mail.vpop.hu

Tompa Customs and Finance Office

Address: Tompa, Border Crossing
 Letters: 6422 Tompa, Szabadföld 104.
 Phone: ++36-77-552-200
 Fax: ++36-77-552-201, ++36-77-552-341,
 ++36-77-552-248,
 E-mail: vh31700@mail.vpop.hu

Hercegszántó Customs and Finance Office

Address: Hercegszántó, Border Crossing
 Letters: 6525 Hercegszántó, Pf.: 5.
 Phone: ++36-79-454-151
 Fax: ++36-79-454-182
 E-mail: vh31500@mail.vpop.hu

Kecskemét Customs and Finance Office

Address: 6000 Kecskemét, Kurucz krt. 14.
 Letters: 6001 Kecskemét, Pf.: 516.
 Phone: ++36-76-513-100
 Fax: ++36-76-513-117
 E-mail: vh31100@mail.vpop.hu

Baja Customs and Finance Office

Address: 6500 Baja, Csermák Mihály tér 15.
 Letters: 6500 Baja, Pf. 39.
 Phone: ++36-79-423-753, ++36-79-428-953
 Fax: ++36-79-425-563
 E-mail: vh31200@mail.vpop.hu

Győr Customs and Finance Office

Address: 9024 Győr, Nádor u. 25.
 Letters: 9002 Győr, Pf.: 307.
 Phone: ++36-96-513-950, ++36-96-513-999
 Fax: ++36-96-513-990
 E-mail: vh61100@mail.vpop.hu

Sopron Customs and Finance Office

Address: 9400 Sopron, Csengery u. 30-32
 Letters: 9401 Sopron, Pf.: 56.
 Phone: ++36-99-512-640
 Fax: ++36-99-512-649
 E-mail: vh61800@vam.gov.hu

Letenye Customs and Finance Office

Address: Letenye, Border Crossing
 Letters: 8868 Letenye, Pf: 69.
 Phone: ++36-93-544-003
 Fax: ++36-93-544-082
 E-mail: vh92300@mail.vpop.hu

Szombathely Customs and Finance Office

Address: 9700 Szombathely, Széll K. u. 24.
 Letters: 9701 Szombathely, Pf.: 8.
 Phone: ++36-94-501-000, ++36-94-501-001
 Fax: ++36-94-501-007
 E-mail: vh91100@mail.vpop.hu

Zalaegerszeg Customs and Finance Office

Address: 8900 Zalaegerszeg, Mikés Kelemen u. 2.
 Letters: 8901 Zalaegerszeg, Pf.: 198.
 Phone: ++36-92-597-800
 Fax: ++36-92-597-801
 E-mail: vh92100@mail.vpop.hu

Barcs Customs and Finance Office

Address: Barcs, Közúti híd
 Letters: 7572 Barcs, Pf.: 3.
 Phone: ++36-82-565-430
 Fax: ++36-82-565-438
 E-mail: vh22402@mail.vpop.hu

Drávaszabolcs Customs and Finance Office

Address: Drávaszabolcs, Border Crossing
 Letters: 7851 Drávaszabolcs, Pf.: 4
 Phone: ++36-72-599-410
 Fax: ++36-72-599-411
 E-mail: vh21400@mail.vpop.hu

Gyékényes Customs and Finance Office

Address: Gyékényes, Railway Station
 Letters: 8852 Gyékényes, Pf.: 3
 Phone: ++36-82-596-900
 Fax: ++36-82-596-901, ++36-82-595-905
 E-mail: vh22500@mail.vpop.hu

Kaposvár Customs and Finance Office

Address: 7400 Kaposvár, Széchenyi tér 3-4.
 Letters: 7401 Kaposvár, Pf.: 103
 Phone: ++36-82-527-400, ++36-82-529-050
 Mobile: ++36-30-274-4276
 Fax: ++36-82-527-401, ++36-82-529-051
 E-mail: vh22100@mail.vpop.hu

Mohács Customs and Finance Office

Address: 7700 Mohács, Budapesti u. 14/b.
 Letters: 7701 Mohács, Pf.: 15.
 Phone: ++36-69-511-130, ++36-69-511-138
 Fax: ++36-69-511-131
 E-mail: vh21300@mail.vpop.hu,
vh21300_hajozas@mail.vpop.hu

Pécs Customs and Finance Office

Address: 7623 Pécs, Megyeri u. 26.
 Letters: 7602 Pécs, Pf.: 235
 Phone: ++36-72-503-051
 Fax: ++36-72-503-052
 E-mail: vh21100@mail.vpop.hu

Szekszárd Customs and Finance Office

Address: 7100 Szekszárd, Damjanich u. 50.
 Letters: 7101 Szekszárd, Pf.: 99
 Phone: ++36-74-528-160
 Fax: ++36-74-528-161
 E-mail: vh23100@mail.vpop.hu

Udvar Customs and Finance Office

Address: Udvar, Border Crossing
 Letters: 7718 Udvar, Közúti átkelő
 Phone: ++36-69-583-990
 Fax: ++36-69-583-991
 E-mail: vh21500@mail.vpop.hu

No. 1. Airport Customs and Finance Office

Address: Budapest XVIII. Ferihegy Airport
 Letters: 1675 Budapest, Pf. 40.
 Phone: ++36-1-296-7091, ++36-1-296-7094
 Fax: ++36-1-296-87-61
 E-mail: vh12100@mail.vpop.hu

No. 2. Airport Customs and Finance Office

Address: Budapest XVIII. Ferihegy Airport
 Letters: 1675 Budapest, Pf. 40.
 Phone: ++36-1-296-5472, ++36-1-297-2460
 Fax: ++36-1-296-5471
 E-mail: vh12200@mail.vpop.hu

A One-Stop Shop for Business

ITD Hungary (www.itdh.com) is the Hungarian government's Investment and Trade Development Agency, established in 1993 to promote foreign investment and bilateral trade. With representative offices in eight regional centres of Hungary, a foreign network operating under Hungary's diplomatic services and special assignments in more than 50 countries, ITD Hungary is a single point of contact to support decision-makers looking for new business opportunities in Hungary.

■ A One-Stop Shop for Investors

- In-depth, tailored information on the local economy, legal and business climate, corporate taxation, and sector-specific overviews
- Site visits, meetings with local, regional and government bodies and introductions to local suppliers, service providers and experts
- Information and advice on available incentives
- Assistance in accelerating permitting procedures and utility developments
- Finalisation of incentive agreements
- Assistance with recruitment and visa procedures
- Mediation between companies operating in Hungary and the government sector to improve the business climate
- Support for reinvestments
- Promotion of Hungarian direct investments abroad

■ A One-Stop Shop for Trade Promotion

- Substantial logistical, financial and professional assistance to both start-up and established Hungarian exporters
- Dedicated marketing programmes for priority sectors including processed food, pharmaceuticals and medical devices, precision engineering, automotive parts, electronics, fashion accessories and software

- Coordination of special subcontracting and supplier schemes
- Organisation of business events, delegations and Hungarian participants in trade fairs and exhibitions
- Management of trade promotion grant schemes

■ A One-Stop Shop for Business Information

- Co-ordination of the Hungarian activities of the European Union's Enterprise
- Europe Network.
- Business consultation and advice through ITD Hungary's Customer Service and
- Advisory Centre
- PR and press services, as well as production of printed and electronic publications, including a weekly electronic newsletter and the quarterly



For more information please contact:

ITD Hungary Central Office
 1061 Budapest, Andrásy út 12.
 Postal address: 1368 Budapest 5, Pf. 222.
 Tel.: +361/472-8100
 Fax: +361/472-8101
 E-mail: info@itd.hu