

# Serbian Parliament adopts new Customs Law

## Tax Alert

January 2019



At the fourth session of its regular second sitting the Serbian Parliament adopted the draft Customs Law on 7 December 2018. The Law was published in the Official Gazette of RS, no. 95 on 8 December 2018, it went into force on 16 December 2018, and shall be applicable in practice after six months as of the date of its going into force, i.e. on 16 June 2019.

The new Customs Law was adopted inter alia with a view to satisfying harmonization requirements between national legislation and EU *acquis communautaire* within deadlines set for opening negotiations for Chapter 29 - Customs Union, and is harmonized with the *Union Customs Code – UCC („Official Journal of the EU“ no. 952/13)*. Harmonization of customs regulations should enable entities operating on the territory of an EU member state and on Serbian territory to perform customs formalities in a uniform manner, with as few elements as possible that are specific to our system.

### Innovations in the Customs Law

**Electronic customs clearance:** Paperless business activities, electronic submission of customs declarations and their processing, including electronic exchange of information between legal entities and customs authorities is the basic premise of the Law, which give rise to changes in performing customs formalities;

**Adoption of decisions by customs authorities:** Additional communication is prescribed between customs authorities and the applicant when a decision would adversely affect the applicant. In such case customs authorities are required to inform the applicant before issuing the decision, to allow the applicant an opportunity to state his position;

**Non-preferential origin:** The application of country of imports/destination rule of origin is permitted in issuing certificates when the country of origin is Serbia;

**Customs value:** The rule according to which transaction price is accepted as the value base only in case of first sale of goods for export to Serbia is no longer mandatory, so that this valuation method can be applied when the importer is the buyer in a transaction which occurs after export. This creates greater reliability in the activities of customs authorities in determining the method of valuation;

**Guarantee for customs debt:** Additional benefits have been introduced for using comprehensive guarantee by an entity with the status of an authorized economic operator which is granted the right to use of comprehensive guarantee in a reduced amount, without additional checks of fulfilment of requirements;

**Post-release control:** Only performed ex officio, while the customs applicant is entitled only exceptionally to request amendment of declaration after release of goods and only in order for the declarant to comply with his obligations relating to the placing of goods under particular customs procedure;

**Interest payment for subsequently assessed customs:** Customs assessed in the process of subsequent customs audit shall be subject to interest on arrears calculated as of the date when the liability occurred up to the date of notification about such liability, which is new compared to the present system of penalty interest calculation according to which penalty interest is only calculated starting from the date when the customs debtor is notified about the customs liability.

**Certain customs procedures are discontinued:** The procedure for processing under customs control and the inward processing regime in the repayment system are discontinued;

### New categorization of customs procedures:

Procedures with economic impact are now defined as special procedures:

- transit procedures: external and internal transit;
- storage procedures: customs warehousing and free zone procedure;
- processing procedures: inward and outward processing regimens;
- procedures for special use: temporary import and end-use.

We draw special attention to the fact that transitional and concluding provisions of the Law specify postponement in its application, including the requirement for adopting bylaws within six months as of the date of its going into force, which means that application of the entire set of customs regulations should begin on 16 June 2019. However, paragraphs 2 and 3 of article 281 of the Law allow for the possibility for their going into force to be postponed where in such event bylaws adopted based on the old Customs Law shall apply. In view of the complexity of bylaw legislation, it is reasonable to expect a “combined” application of the new and old systems.

The KPMG team can offer support in adapting your business processes to the changes in the customs system, risk assessment in performing certain procedures and selection of alternative solutions that are provided by customs regulations.

KPMG's customs advisory team is available to answer any of your queries regarding the application of the new Customs Law.

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