

OUTWARD PROCESSING

GUIDELINES FOR

TRADERS

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Definitions

In the context of these guidelines:

- (i) “Main Processed Products” means the processed products for which the authorisation for outward processing (OP) has been granted.
- (ii) “Goods in the unaltered state” means goods in the same condition as when they were placed under the OP procedure.
- (iii) “Import duty” means Customs Duty payable on the import of goods.
- (iv) “Processing operations” means any of the following:
 - (a) the working of goods, including erecting or assembling them or fitting them to other goods
 - (b) the processing of goods
 - (c) the destruction of goods
 - (d) the repair of goods, including restoring them and putting them in order
 - (e) the use of goods which are not to be found in the processed products, but which allow or facilitate the production of those products, even if they are entirely or partially used up in the process (production accessories).
- (v) “Usual forms of handling” means such handling operations as are needed to ensure preservation of goods or to improve packaging or marketable quality. A list of such handling operations is contained in annex 71-03 of the Delegated Act.
- (vi) “Release for free circulation” means released on to the EU market for sale and consumption in the Union.
- (vii) “Customs approved treatment or use” means any use to which goods are put which is approved by customs, for example re-export, entry into warehouse, release for free circulation, entry to inward processing procedure and so on.
- (viii) “Union Code” refers to EU [Council Regulation 952/2013](#) establishing the Union Customs Code.
- (ix) “IA or Implementing Act” refers to the to EU Commission Supplementing [Regulation \(EU\) 2015/2447](#) laying down certain provisions for the implementation of the Union Customs Code.

- (x) “DA or Delegated Act” refers to EU Commission Supplementing [Regulation 2015/2446](#) laying down certain provisions for the implementation of the Union Customs Code.
- (xi) “CAP” means Common Agricultural Policy.
- (xii) “Period for discharge” means the time by which goods placed under a special procedure or the processed products, must be placed under a subsequent customs procedure (for example for outward processing the time for the processed to be re imported).

I INTRODUCTION

What is outward processing?

Outward processing (OP) is one of a number of procedures provided for in EU legislation. These procedures are referred to collectively as special procedures. OP allows goods to be exported outside the EU for processing and then re-imported back into the EU. The import duty will be based on the cost of the processing operation undertaken outside the customs territory of the Union.

Outward processing may **not** be allowed for Union goods:

- Which give rise to repayment or remission of import duties when exported.
- Released for free circulation prior to export:
 - under a duty exemption
 - or
 - at a reduced rate of duty because of their end-use, for as long as the purposes of such end-use have not been fulfilled, unless those goods have to undergo repair operations.
- Which give rise to the granting of export refunds on export.
- In respect of which a financial advantage (other than the export refunds mentioned above) is granted under the common agricultural policy when the goods are exported.

Who can use outward processing?

The following can apply for an outward processing authorisation:

- individuals
- Partnerships
- or
- corporate bodies

established within the European Union, acting on their own behalf or representing a non-Union body.

II APPLICATION FOR AUTHORISATION

Making an application

An application should be made to the customs authorities where:

- the main accounts are held
and
- at least part of the activities of the authorisation will take place.

To apply for outward processing you must use the Customs Decision System. You must use the trader portal to submit the application and have a valid ROS certificate. You will find information about the [Customs Decision System](#) and the Trader Portal on the Revenue website.

Application for an authorisation based on a customs declaration (simplified authorisation)

Traders who only occasionally enter goods to OP may opt for a simplified authorisation in place of the standard authorisation. This simplified method may be used for the following operations:

- Processing operations concerning repairs, including standard exchange without prior importation.
- Release for free circulation after outward processing using the standard exchange system with prior importation.
- Release for free circulation after outward processing using the standard exchange system without prior importation where an existing authorisation does not cover such a system and the customs authorities permit its modification.
- Release for free circulation after outward processing if the processing operation concerns goods of a non-commercial nature.

To use this simplified procedure the declaration must be accompanied by a completed Form PO2, see [Appendix II](#). This form must be stamped by Revenue at the point of export and give the following information:

- Name and address of the applicant, the declarant and the operator.
- Trade and, or technical description of the goods and processed products.
- Nature of the processing operation.
- Estimated time required to re-import the processed products.
- Rate of yield or, where appropriate, the manner of calculating the rate of yield.
- Means of identification.

The simplified authorisation may **not** be used where:

- equivalence is involved
- sensitive goods are concerned
- re-import will take place in another Member State.

Authorisation covering more than one Member State (MS)

An authorisation may be issued which will allow goods to be entered to OP in more than one MS. You must submit your application to the customs authorities in the MS where the applicant's main accounts are held. It must include the following details:

- Names, addresses and EORI numbers for all operators.
- Details of the sequence of operations.
- Exact locations at which these operations are to take place.
- The addresses of the customs office for each location.
- Confirmation that all operators named in the application are aware of their involvement.

Method of identifying export goods on re-importation

The benefits of outward processing can be allowed only where it is possible to identify the exported goods in the imported processed products. One or more of the following methods may be suitable:

- Statement or description of special marks or manufacturer's numbers.
- Affixing of seals, clip marks, or other distinctive marks.
- The taking of samples, illustrations or technical descriptions.
- The carrying out of analyses.
- The provision of supporting documents relating to the outward processing transaction (such as contracts, correspondence, invoices). These documents must show that the processed products are manufactured from the temporarily exported goods.

If the standard exchange system is being used, the supporting documents should clearly show that the replacement being supplied:

- Falls within the same sub-heading of the Common Customs Tariff.
- Is of the same commercial quality and has the same technical characteristics as the exported goods if the latter had undergone repair.

Your application for outward processing should indicate the method(s) that appear most suitable. When it issues, the authorisation will specify the method(s) to be used.

Where the nature of the processing operations does not allow it to be established that the processed products have resulted from the OP goods, the authorisation may nevertheless be granted in duly justified cases.

The applicant must offer sufficient guarantees that the goods used in the processing operations share the same:

- eight-digit CN code
- commercial quality
- and
- technical characteristics

as the temporary export goods.

The authorisation will lay down the conditions for using the arrangements.

III ISSUE OF AUTHORISATION

Visit by customs

Once the application is submitted through the trader portal to Authorisations and Reliefs Unit a copy is referred to the Revenue office in your area. An official from there will arrange a visit to your premises. They will discuss the procedure and advise on what records must be kept. In particular the following will be discussed:

- The goods to be processed.
- The precise nature of the processing operation.
- The rate of yield.
- The approved means of identifying the goods in the processed product.
- The time limit for re-importation.
- Goods to be exported from another Member State.
- Goods to be re-imported into another Member State.

Period of validity

Authorisations may be valid for a period of up to five years from the date of acceptance of the application. The validity period is at the discretion of Revenue.

In the case of a simplified application for OP the period of validity is limited. It is limited to the time allowed to process and re-import the goods entered. The standard time limit is six months.

Recommendation

The Revenue official who visits your premises will immediately forward a recommendation to Authorisations and Reliefs Unit on whether the authorisation should be granted.

Issue of an authorisation

It takes approximately 30 days from the date of acceptance of a fully completed application to issue an authorisation. The following factors may cause this period to be extended:

- application for authorisation covering more than one Member State
- application for retrospection.

The authorisation will issue through the Customs Decision System. It will be sent to the trader portal where it will be available to the trader to print and download. A set of conditions (see [Appendix III](#)) relating to the use of the authorisation must be signed, in advance of the issue of the authorisation. These conditions must be signed by the:

- Secretary or Managing Director in the case of a limited company
or
- owner or partner in the case of other traders.

Retrospective authorisation

A retrospective authorisation may only be issued in **exceptional circumstances**. An application for retrospection can only be considered when the details of the circumstances have been submitted. The period of retrospection may not extend beyond one year before the date that the application for authorisation or amendment was submitted. No retrospection will be allowed if retrospection was already granted within three years of the date of the application for such was accepted. Certain sensitive goods can only receive retrospection for three months (see [Appendix II](#)).

Rate of yield

The “rate of yield” means the quantity or percentage of processed products obtained from the processing of a given quantity of exported goods. This will normally be indicated on the authorisation. The rate of yield will be established from technical data concerning the

operation or operations to be performed, where these are available, or where they are not, from data available in the EU relating to operations of the same type.

Amending an authorisation

You can add goods or make changes to your authorisation. You must use the trader portal to submit any requested amendments. Any amendment should be applied for in advance as the rules regarding retrospection also apply to certain amendments. This request is treated in the same way as your application. If the amendment is approved, an amended authorisation will issue through the trader portal.

Guarantee

In general, you do not need a guarantee for OP. However, you will need a guarantee in the case of standard exchange with prior importation (import of replacement product before the faulty product is exported). The amount of the guarantee must at least equal the amount of import duties that applies to the goods imported under prior importation.

IV OPERATION OF THE PROCEDURE

Export procedures

A [customs declaration](#) must be completed in respect of the goods being sent out from the EU. The appropriate procedure code for outward processing in box 37 of the export declaration is 21. The authorisation number and the invoice numbers or range of numbers should be inserted in box 44. Details of any export licences required should also be entered in box 44. A hard copy of the authorisation need not be produced with each entry unless requested by Revenue. An invoice showing the total value and quantity of goods in the consignment must be available and retained by the trader.

You must present your declaration to customs within sufficient time before shipment. This is to allow any necessary official examination of your goods to be carried out.

Copies of the import declarations, licences and supporting documentation must be retained for a period of three years. This period runs from the end of the year in which the goods to which they relate are discharged from the procedure.

Is there a time limit for re-importation of the processed goods?

The time limit within which the processed products must be re-imported will be set down in the authorisation. This time limit will be set by Revenue. When setting this time limit, the time required to carry out the processing operation and the subsequent re-importation of the processed goods will be taken into account.

Re-import procedure

An import [customs declaration](#) must be completed on re-import of the processed products. The procedure code 6121 should be entered in box 37 and the authorisation number should be entered in box 44. The declaration should be accompanied by:

- An invoice showing the cost of the processing operations carried out.
- An INF2 form if the goods entered the procedure in another Member State.

Documentary evidence may be requested if physical means of identification of the temporarily exported goods in the processed products is not possible.

Deferred payment of import duties

Payment of import duties may be deferred under the deferred payment arrangements. Further information is available in [Payment methods](#) on the Revenue website.

What records must be kept?

If you are claiming duty relief under the outward processing or standard exchange system you may be required to produce:

- records
- documents or other evidence

to establish the accuracy of your claim. You must retain your records for a period of three years. This period runs from the end of the year in which the goods to which they relate are discharged from the procedure. Your records must be available for inspection by Revenue.

Your records must show the:

- CN codes of the export goods
- quantity and value of the goods
- date of exportation

- processing which took place
- date of re-importation
- CN codes of the processed products that were manufactured from the exported goods.

Your records must be kept in such a manner as to allow easy verification of the details of the transactions.

V SPECIAL ARRANGEMENTS

Triangular procedure

Triangulation is the arrangement by which goods may be:

- exported under the outward processing arrangements from one Member State
and
- re-imported in the form of processed products to another Member State.

You should normally make your application for this arrangement when you make your application for outward processing. Where triangulation has been approved this fact will be indicated on the outward processing authorisation.

An information document, INF2, will be required as evidence of authorisation to use triangulation. The form will be certified by customs on exportation. The original form will be returned to the exporter who should forward it to the importer in the Member State of re-importation. If the custom authorities agree, other means may be used for exchange of information.

Standard exchange

Under the standard exchange system an imported product ('replacement product') may be authorised. This can be used where the processing operation involves the repair of defective Union goods. Standard exchange may not be used for goods subject to:

- measures laid down under the common agricultural policy
or
- the specific arrangements applicable to certain goods resulting from the processing of agricultural products.

The replacement products must have the same:

- eight-digit Combined Nomenclature code
- commercial quality
- technical characteristics

as the defective goods, if they had undergone repair.

Where the defective goods have been used before export, the replacement products must also have been used. However, this requirement can be waived if the replacement product has been supplied free of charge because of a:

- contractual or statutory obligation arising from a guarantee
or
- material or manufacturing defect.

The provisions which would be applicable to the processed products shall apply to the replacement products.

Standard exchange with prior importation

Prior importation is an extension of standard exchange. Using prior importation, replacement goods can be imported before the exportation of the defective goods intended for repair. Use of the prior importation facility must be approved in advance by the Region or LCD and will be set down in the authorisation. Approval to use prior importation is subject to the provision of a guarantee covering the amount of import duty that would be payable should the defective goods not be exported.

OP for certain textile products

There are special arrangements for outward processing for textiles. These apply to textile products and clothing listed in chapters 50-63 of the Common Customs Tariff which are normally subject to:

- quota
or
- other restrictions on the importation from countries outside the EU.

Under the arrangement goods may be exported from the EU to certain third countries for processing and subsequent re-importation in the form of specified processed products. The importation of such products is subject to quantitative limits, which are fixed annually by the Commission.

The benefit of outward processing for textiles is given by means of a prior authorisation to applicants who meet the conditions laid down in the above regulation. Applications must be submitted through the Trader Portal to Authorisations and Reliefs Unit. The application is then forwarded to the Department of Business, Enterprise and Innovation for approval. Subject to that approval an authorisation will issue through the trader portal.

This is provided for under [Council Regulation \(EC\) No. 3036/94](#).

VI CALCULATING THE DUTY RELIEF

Calculating duty relief

Where a customs debt is incurred for the:

- processed products
- or
- replacement products

the amount of import duty shall be calculated based on the cost of the processing operation undertaken outside the customs territory of the Union.

Repairs free of charge

Where the processing operation outside of the EU involves:

- the repair of an item
- and
- the repair is carried out free of charge because of:
 - contractual or legal reasons arising from a guarantee
 - or
 - a manufacturing fault

the repaired item may be released for free circulation totally free of import duties.

However, this does not apply when account was taken of the fault when the item was originally released for free circulation.

Inward processing (IP) goods temporarily re-exported under outward processing

Goods held under an IP procedure may be authorised for re-export outside of the EU for further processing. Revenue may allow for the re-exportation to be done under the OP procedure. An OP application must be submitted and an authorisation granted before the goods can be re-exported.

When these goods are re-imported they may again be placed under the IP procedure provided the IP authorisation covers the goods in question.

Goods re-imported to an IP arrangement, may subsequently incur the payment of duties (for example if the goods are released to the EU market). The amount payable will be:

- the import duties on the processed products
or
- the import duties on the originally imported goods, calculated under inward processing rules, plus the processing costs on the re-imported goods calculated under outward processing rules.

Where to get more information

Further information may be obtained from:

Office of the Revenue Commissioners,

Authorisations and Relief's Unit,

Customs Division,

Government Offices,

Nenagh, County Tipperary.

Tel. 067-63204/ 63237

Email Address: revcep@revenue.ie

APPENDIX I - FORM PO2

OUTWARD PROCESSING

Application for simplified procedure – goods for repair –


PLEASE NOTE:

TRADERS

1. Application must be made prior to the exportation of the goods.
2. This form must be accompanied by a SAD export declaration.
3. All questions relevant to the transaction must be answered.
4. Under no circumstances will a retroactive Authorisation be issued.
5. Use of this form is not obligatory; a trader may submit any alternative document provided it contains the necessary information.

Q1	Name of applicant: _____ Address: _____ _____ _____	Q4	State nature of process/repair: _____ _____ _____ Estimate cost (If any) € _____
Q2	Trade and/or technical description of the processed product: _____ _____ _____ Tariff code number: _____	Q5	Rate of yield: _____ _____
Q3	Suggested means of identification: _____ _____ _____ _____	Q6	Expected date of re-importation: _____ / _____ / _____.
			Signature of applicant: _____ Status in firm: _____ Date: _____ / _____ / _____.

FOR OFFICIAL USE ONLY

Serial No: <input style="width: 100px;" type="text"/> This authorisation is valid only for the goods declared for export on the accompanying SAD declaration and is granted subject to acceptance of and compliance with the conditions relating to outward processing as provided for in the Union Customs Code.	Goods exported: <table style="margin-left: 40px;"> <tr> <td style="border: 1px solid black; padding: 2px;">Yes</td> <td style="border: 1px solid black; width: 40px;"></td> </tr> </table> Details of export: _____ _____ <table style="margin-left: 40px;"> <tr> <td style="border: 1px solid black; padding: 2px;">No</td> <td style="border: 1px solid black; width: 40px;"></td> </tr> </table> Indicate reason: _____ _____ _____	Yes		No		Signature of officer: _____ Date: _____ / _____ / _____.
Yes						
No						
						

APPENDIX II - Sensitive goods and products

Annex 71-02 – DA

The following goods are covered by this Annex:

- (1) The following agricultural products falling under one of the following sectors of the common market organization (CMO):

Beef and veal sector: products referred to in Regulation (EU) No 1308/2013, Article 1(2)(o) and listed in Annex I Part XV;

Pig meat sector: products referred to in Regulation (EU) No 1308/2013, Article 1(2)(q) and listed in Annex I Part XVII;

Sheep meat and goatmeat sector: products referred to in Regulation (EU) No 1308/2013, Article 1(2)(r) and listed in Annex I Part XVIII;

Eggs sector: products referred to in Regulation (EU) No 1308/2013, Article 1(2)(s) and listed in Annex I Part XIX;

Poultry meat sector: products referred to in Regulation (EU) No 1308/2013, Article 1(2)(t) and listed in Annex I Part XX;

Agriculture products: products referred to in Regulation (EU) No 1308/2013, Article 1(2)(v) and listed in Annex I Part XXII;

Cereals sector: products referred to in Article 1(2)(a), Annex I Part I of Regulation (EU) No 1308/2013;

Rice sector: products referred to in Article 1(2)(b), Annex I Part II of Regulation (EU) No 1308/2013;

Sugar sector: products referred to in Article 1(2)(c), Annex I Part III of Regulation (EU) No 1308/2013;

Olive oil sector: products referred to in Article 1(2)(g), Annex I Part VII of Regulation (EU) No 1308/2013;

Milk and milk-products sector: products referred to in Article 1(2)(p), Annex I Part XVI of Regulation (EU) No 1308/2013;

Wine sector: products referred to in Article 1(2)(l), Annex I Part XII of Regulation (EU) No 1308/2013 and falling under CN codes:

0806 10 90

2009 61

2009 69

2204 21 (quality wine PDO and PGI excepted)

2204 29 (quality wine PDO and PGI excepted)2204 30

(2) Ethyl alcohol and spirit products falling under CN codes:

2207 10

2207 20

2208 40 39 – 2208 40 99

2208 90 91 – 2208 90 99

(3) ex 2401 unmanufactured tobacco

(4) Products other than those under points 1 and 2 subject to agricultural export refund.

(5) Fishery products listed in Annex I to Council Regulation (EC) No 1379/2013 on the common organization of the markets in fishery and aquaculture products and products listed in Annex V to this regulation subject to a partial autonomous suspension.

(6) All fishery products subject to an autonomous quota.

APPENDIX III - General conditions to be observed by persons authorised to engage in outward processing and, or standard exchange

Note: Where a standard exchange arrangement has been authorised, this fact will be indicated on the authorisation. In such circumstances, references in the conditions below to processed products should be construed as references to the replacement goods, the conditions applying mutatis mutandis.

1. The authorisation is issued by the Revenue Commissioners and may be revoked for non-compliance with EU legislation governing outward processing.
2. The authorisation does not relieve the importer from compliance with the law and regulations for the time being in force relating to the importation, exportation, warehousing or entry for free circulation of goods.
3. The holder of the authorisation is responsible for ensuring that the tariff code numbers quoted thereon are correct.
4. Each consignment of goods exported under the arrangement must be entered to customs (SAD), on the Automated Entry Processing (AEP) System together with any licence(s) details which may be required. In addition to the normal particulars required by the procedure, the export declaration should be endorsed as follows:
 - (a) where the exported goods are in free circulation in the EU - "For outward processing".
 - (b) where the export goods are held under an IP arrangement in the Union - "IP goods for outward processing". In addition, the invoice/serial number of the export consignment as shown in the authorisation holder's accounts must be inserted. Care should be taken to ensure that the correct procedure code is inserted in box 37 of the form.
5. Where goods exported under the arrangement are despatched by post, a certificate of posting on Form Cu 116 must be lodged with customs.
6. The Authorisation details must be input to AEP together with the commercial invoice or other specification of the goods, at the time of exportation.
7. On re-importation, if OP relief is to be granted, it must be possible to establish that the export goods have been incorporated in the processed products. The identification method to be used is set out in the authorisation and care must be taken that the identification arrangements specified are fulfilled.
8. Each consignment of processed products must be input to AEP together with the authorisation details and details of any other requisite documents. In addition to the

normal particulars required by the procedure, the import declaration should be endorsed as follows:

- (a) where the processed products are derived from export goods which were in free circulation in the EU.:
 - if entered for free circulation or warehousing: "Goods after outward processing"
 - if entered for inward processing: "Goods after outward processing for inward processing";

 - (b) where the exported goods were held under the inward processing arrangement in the Union:
 - If entered for free circulation or warehousing, to be endorsed "Inward processing goods after outward processing".
 - If entered for inward processing, to be endorsed "Inward processing goods after outward processing for inward processing". Care should be taken to ensure that the correct procedure code is inserted in box 37 of the form.
9. In the case of parcel post importations, parcels containing products resulting from processing operations should have a sender's declaration endorsed "Imported after process in (name of country)"; parcels containing goods which have been repaired or replaced should have a sender's declaration endorsed "OP relief claimed".
10. Any claim that temporarily exported goods have been repaired free of charge, either for contractual or legal reasons arising from a guarantee or because of the existence of a manufacturing fault, requires that a copy of the relevant contract or other documentary proof be available for possible post clearance check.
11. Where ownership of the export goods or processed products is transferred the outward processing arrangement may continue to apply. However, in such circumstances the processed products must be declared for free circulation by the holder of the Authorisation or on his behalf.
12. All books, documents and accounts relating to any transaction carried out under the authorisation must be retained by the person engaged in such transaction for a period of at least three years from the date on which the processed products are imported and must be made available for inspection by any Revenue official.
13. The authorisation holder is responsible for ensuring that s/he complies with the provisions for the time being in force in relation to the payment of Value Added Tax.
14. Samples of goods temporarily exported under the arrangement and of any processed products deriving therefrom must be furnished to any Revenue Official on demand.
15. Any guarantee considered necessary by the Revenue Commissioners to ensure compliance with outward processing legislation or these conditions, must be provided by the holder of the Authorisation if so required.

16. The Commissioners reserve the right to vary or add to the conditions set out above.

I/We _____

(Name in block letters)

hereby certify that the conditions set out above are
accepted and I/we undertake to comply with them.

Signed * _____

Designation of signatory:

on behalf of _____

(Name of holder of the authorisation)

Date: _____

* In the case of an individual the signatory should be the holder of the Authorisation. In the case of a limited company the signatory should be the Secretary or Managing Director. In the case of other traders the signatory should be the owner or partner