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Enlargement to Bulgaria and Romania: Customs problems for Outward Processing Traffic

☐ **Summary:** Following questions from members regarding the difficulties in re-importing products from Bulgaria and Romania following outward processing traffic exports end 2006, Euratex was able to obtain the following answer that should be of interest for all companies working with those new Member States.

The problem

Certain EU companies are facing problems since early January once re-importing, in the former EU-25 territory, products that have been transformed in Bulgaria and/or Romania using raw materials sent to them in 2006 as "outward processing traffic" (OPT). Subcontracting companies in those two countries used when re-exporting the products to the former EU-25 clients' one of two solutions:

- payment of (duties) and VAT in BG or RO with release for free circulation in the EU => goods can be shipped as EU-internal shipments under VAT & Intrastat regulation. This procedure is not possible since subcontractors are not able to pay high taxes and have to wait months for VAT-refund.
- issuing a T2L-document in order to prove EU-community status of the goods; return shipment under customs control (transit procedure with T1), customs clearing and closing the OPT with customs clearance in the "old" EU-25.

The second option being generally preferred for financial reasons BUT currently the customs authorities in Bulgarian and Romania seems to be totally confused/lost and reject issuing T2L-documents without paying the VAT in advance (apparently they mix both options).

The solution

The Commission services informed Euratex that in order not to declare the goods for release for free circulation in Romania or Bulgaria in order to avoid the payment of VAT there but instead to release the goods in the 'old' EU-25, the best solution remains the use of the (T1) document.

In other words this can be achieved by moving the processed goods under the external transit procedure (T1) to the 'old' EU-25 and to declare the goods there for release for free circulation. As the goods leaving Romania / Bulgaria have the status of non-Community goods (since they have not been released for free circulation) the T2L, which is proof of Community status, cannot be issued by the Romanian / Bulgarian customs who should provide the INF 1 document.

Further information can be found in the document TAXUD/1661/2006 on transitional measures (annex 1), case 9 on page.19.

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