

## ***Inward & Outward Processing – VAT & Duty Deferral Scheme***

### ***Trusted Trader Scheme***

Trusted Trader Schemes are a good way to help cross border traders prepare for Brexit. Completing an application procedure will help businesses adjust to the requirements of trading with non-EU 3<sup>rd</sup> countries.

### ***IP Relief VAT & Duty Scheme***

Inward and Outward Processing Relief (IP) is a Duty relief procedure that allows goods to be imported into the EU for processing, with suspension of import duties and VAT. Processing can range from repackaging and sorting of goods to more complicated manufacturing and conversion processes. The resulting product can be re-exported outside the EU or released for free circulation within the EU. Where these products are circulated to IP authorised traders within the EU they should be entered into the IP Trader Portal of the respective member state. Movement of goods within the Customs territory can take place at any time without Customs formality, however it is incumbent on an authorised operator to maintain stock records of these movements showing location of goods and other information concerning their movement.

Application for authorisation is through the new Customs Decision Management System on its Trader Portal. You can access the Trader Portal on the Revenue website using a valid ROS certificate.

### ***Occasional Traders – Simplified Procedure***

Traders who only occasionally import can opt for a simplified procedure whereby lodgement of a customs declaration on the IP system constitutes an application and Form IPsim is completed and lodged with the customs declaration. The full amount of duty must be paid as a deposit which will be refunded in full (where it is refundable) when the goods are discharged from the IP system. The period of discharge is 6 months from entry to IP (i.e. they must be fully processed within this window). Deposit refunds are claimed on submission of Form IPsim to Revenue.

### ***Customs Guarantees – Individual & Comprehensive***

Operators must provide a Guarantee to Customs to secure Duties suspended under the scheme. Individual declarations may be covered by an Individual Guarantee. A Comprehensive Guarantee will cover all declarations entered by an operator. Guarantees can be made by deposit of cash or by providing an undertaking from a surety provider.

### ***Other Information***

An applicant must provide information on the quantity of imported goods needed to produce a given quantity of finished product (yield), estimates of waste or by-product material from the process, the time taken to convert materials (discharge period), a description of the goods and the process they will be used in, how goods will be disposed of, and the amount of security required. IP Operator authorisation can extend up to 5 years and 3 years for agricultural products.

### ***Discharge of Relief under the Scheme***

IP is discharged when the final processed goods are re-exported from the EU, transferred to another authorised operator, transferred to a customs warehouse, transferred to another member state in the EU and entered into an IP Trader Portal in that state, transferred to a customs approved use (e.g. army, embassy, ship, export shop), used in manufacture or repair of civil aircraft or spacecraft,

destroyed under customs supervision or handed back to the state. Where release is for free circulation within the EU all Duties and import VAT is payable in full.

Duty and VAT must be paid on any goods that are not accounted for. Note the period for discharge is normally set at 6 months but can be extended depending on the process. It cannot be used for the storage of goods. Where goods are released for free circulation regularly an operator may apply to Customs for a deferred payment arrangement where details of released goods are filed monthly along with payment of appropriate import duties.

***Sensitive Goods & Agricultural Produce***

Note also that special provisions apply to sensitive goods and certain food products.