

## ***Chapter 29: Customs union***

The customs union *acquis* consists almost exclusively of legislation which is directly binding on the Member States. It includes the EU Customs Code and its implementing provisions, the Combined Nomenclature, common customs tariff and provisions on tariff classification, customs duty relief, duty suspensions and certain tariff quotas, and other provisions such as those on customs control of counterfeit and pirated goods, drugs precursors, export of cultural goods, as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems (e.g. TARIC, QUOTA2, Surveillance2, EBTI, AEO, NCTS) are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the *acquis* such as external trade, health and security provisions.

The *acquis* consists mainly of a number of instruments ensuring the functioning of the customs union and the effective protection and control of its external borders. Amongst others, the legislation focuses on the implementation of the European Union's common commercial and trade policy, the organisation of its common agricultural market and the co-ordination of its economic and monetary policies.

***1. Please describe how the customs legal framework is organized (which part of legislation are in the consolidated customs law or code and its implementing provisions or which are in separate legal acts on different subjects, if any).***

The customs legal framework is organized in the following way:

*I Customs Law and its by-laws:*

- Customs Law („Official Gazette of the Republic of Serbia” No 18/10). See Annex I ;
- Regulation on customs approved treatment of goods („Official Gazette of the Republic of Serbia” No 93/10). See Annex II;
- Regulation on conditions and manner of application of measures for the protection of intellectual property rights on the border („Official Gazette of the Republic of Serbia” No 86/10). See Annex III;
  - Regulation on type, quantity and value of goods exempt from the payment of import duties, on time limits, conditions and procedure for exercising the right to exemption from the payment of import duties („Official Gazette of the Republic of Serbia” No 48/10). See Annex IV;
  - Regulation on special conditions for the circulation of goods with the Autonomous Province of Kosovo and Metohia („Official Gazette of the Republic of Serbia” No 86/10). See Annex V;
  - Decision on the types, amounts and manner of payment of charges for services rendered by customs authorities („Official Gazette of the Republic of Serbia” No 83/10). See Annex VI;
  - Decision on determination of goods exempt from import duty („Official Gazette of the Republic of Serbia” No 27/10 and 48/10) See Annex VII;
  - Decision on conditions and manner of reduction/suspension of customs duties for certain goods for 2011 („Official Gazette of the Republic of Serbia” No 97/10). See Annex VIII;
  - Decision on conditions and manner of suspension of customs duties for certain goods („Official Gazette of the Republic of Serbia” No 27/10, 51/10 and 88/10). See Annex IX;
  - Decision on seasonal customs duties on import of certain agricultural products („Official Gazette of the Republic of Serbia” No 27/10). See Annex X;
  - Rulebook on the form, content, manner of lodging and completing the declaration and other documents in customs procedures („Official Gazette of the Republic of Serbia” No 29/10 and 84/10);
  - Rulebook on manner of taking the samples of goods by customs authorities („Official Gazette of the Republic of Serbia” No 96/10);
  - Rulebook on the program and contents of the special exam for representation in the customs proceedings and on the procedures for issuing and taking away a license for the customs representation („Official Gazette of the Republic of Serbia” No 97/10);
  - Rulebook on the determination of certain customs authorities for clearance of certain types of goods or administration of certain procedures („Official Gazette of the Republic of Serbia” No 94/10 and 1/11), and
    - Rulebook on duties of customs authorities in the foreign trade of arms, military equipment and dual-use goods („Official Gazette of the Republic of Serbia” No 67/05).

The Customs Law is in full compliance with Customs Law of the EU (Council Regulation (EEC) No 2913/92). The Customs Law includes some provisions of the modernized Customs Law of the EU (Regulation (EC) No 450/2008).

## *II Customs Tariff Law and its by-laws:*

- The Customs Tariff Law („Official Gazette of the Republic of Serbia” No 62/05, 61/07 and 5/09). See Annex XI ;
- Regulation on Harmonization of the Custom Tariff Nomenclature for the year 2011 („Official Gazette of the Republic of Serbia” No 90/10). See Annex XII;

The Republic of Serbia publishes Commission Regulation (EU) concerning the classification of certain goods in the Combined Nomenclature, published in the „Official Journal of the European Union”.

## *III Other laws applicable by the Customs:*

- The Customs Law („Official Gazette of the Republic of Serbia” No 73/03, 61/05, 85/05 – other law, 62/06 – other law, 63/2006 – corrigendum other law and 9/2010 – decision of the Constitutional Court, articles from 252 to 329 - organization, work and competence customs administration);
- The Law on free zones („Official Gazette of the Republic of Serbia” No 62/06); ). See Annex XIII;
- The Law on donations and humanitarian aid („Official Gazette of the Republic of Serbia” No 101/05);
- The Law on General Administrative Procedure („Official Gazette of the Federal Republic of Yugoslavia” No 33/97 and 31/01 and „Official Gazette of the Republic of Serbia” No 30/10) which applies by the customs authorities for all issues that are not regulated with the Customs Law;
- The Law on Offences („Official Gazette of the Republic of Serbia” Nos 101/05, 116/08 and 111/09) which applies to proceedings in customs offences;
- The Code on Criminal Procedure („Official Gazette of the Federal Republic of Yugoslavia” No 70/01 and „Official Gazette of the Republic of Serbia” No 76/10) and Criminal Code („Official Gazette of the Republic of Serbia” Nos 85/05...111/09) applied by the customs authorities when discovering crimes. The customs authorities apply the provisions from these laws also in the offence procedure unless the Law on Offences regulates differently;
- The Law on Republic Administrative Fees („Official Gazette of the Republic of Serbia” Nos 43/03...35/10) which regulates the customs fees as part of the administrative fees paid for writs and activities in the customs procedure;
- The Law on foreign trade transactions („Official Gazette of the Republic of Serbia” No 36/09);
- The Law on Value Added Tax („Official Gazette of the Republic of Serbia” Nos 84/04, 86/04 - corrigendum, 61/05 and 61/07);
- The Law on Excise Tax („Official Gazette of the Republic of Serbia” Nos 22/01... 3/10)

## *IV International conventions:*

- Convention establishing a Customs Co-operation Council („Official Journal FNRJYU” No 11/60 and „Official Gazette of the Republic of Serbia - International Agreements” No 10/10);
- International Convention on the Harmonized Commodity Description and Coding System („Official Journal SFRJYU - International Agreements No 6/87);

- Customs Convention on the International Transport of Goods under cover of TIR Carnets (TIR Convention) („Official Journal SFRYU”- International Agreements No 9/01);
- Customs Convention on the A.T.A. Carnet for the Temporary Admission of Goods (A.T.A. Convention) („Official Journal SFRYU”- International Agreements No 13/61);
- Convention on Temporary Admission (Istanbul Convention) („Official Gazette of the Republic of Serbia - International Agreements” No 1/10);
- International Convention on the simplification and harmonization of customs procedures (Kyoto Convention) („Official Journal SFRYU” No 10/84) and the Revised Kyoto Convention („Official Gazette of the Republic of Serbia” No 70/07);
- Customs Convention on the temporary importation of packing („Official Journal FNRYU” No 10/62);
- Customs Convention on the temporary importation of professional equipment („Official Journal SFRYU- International Agreements” No 2/64);
- Customs Convention concerning facilities for the importation of goods for display or use at exhibitions, fairs, meetings or similar events („Official Journal SFRYU- International Agreements” No 9/65),
- Customs Convention concerning welfare material for seafarers („Official Journal SFRYU- International Agreements” No 8/66),
- Customs Convention on containers („Official Journal SFRYU- International Agreements” No 2/01);
- Customs Convention on temporary importation of private road vehicles („Official Journal FNRYU” No 5/60);
- Customs Convention on the importation of commercial road vehicles („Official Journal FNRYU” No 3/62);
- International Convention on the harmonization of border controls of goods (Geneva Convention) („Official Journal SFRYU- International Agreements” No 4/85);
- The European Convention on customs procedures with pallets used in international transport („Official Journal SFRYU- International Agreements” No 13/64);
- Customs Convention on temporary import of excursion boats and aircraft for private use („Official Journal FNRYU” No 9/60);
- Convention on the Regime of Navigation on the Danube („Official Journal FNRYU” No 8/49);
- Convention on the contract for the international carriage of goods by road (CMR) („Official Journal FNRYU”- addition No 11/58);
- Convention on measures for ban and prevention of illegal import, export and transfer of ownership of cultural property („Official Journal SFRYU- International Agreements” No 50/73);
- UN Convention against illicit trafficking of narcotic drugs and psychotropic substances („Official Journal SFRYU- International Agreements” No 14/90);
- Single Convention on narcotic drugs („Official Journal SFRYU”- addition No 2/64);
- Convention on Psychotropic Substances („Official Journal SFRYU” No 40/73);
- Convention on International Trade of endangered species of wild fauna and flora (CITES) („Official Journal SFRYU- International Agreements” No 11/01);
- The Basel Convention on the Control of cross-border movements of dangerous wastes and their elimination („Official Journal SFRYU- International Agreements No 2/99”);
- Convention on the Prohibition of the production, development, use and create stocks of chemical weapons and their destruction („Official Journal SFRYU- International Agreements” No 2/2000);
- Vienna Convention (Montreal Protocol) on Substances that damage the ozone layer („Official Journal SFRYU- International Agreements” No 1/90);

- Agreement on import of objects educational, scientific or cultural character and the Protocol to the Agreement („Official Journal National Assembly FNRJU”- No 17/52 and „Official Journal SFRJU”- International Agreements No 7/81).

Serbia has sent a letter of intent for the accession to the Convention between the European Community, the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on the simplification of formalities in trade in goods of 20 May 1987 and a letter of intent for the accession to the Convention between the European Community, the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on a common transit procedure of 20 May 1987 and its subsequent amendments.

**Annexes:** I, II, III, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII

***2. Please provide a copy of your country's customs tariff and indicate the tariff headings of which the goods nomenclature differs from the EU's Combined Nomenclature, if any (Annex I to Council Regulation 2658/87).***

Customs Tariff of the Republic of Serbia is prescribed by Customs Tariff Law and bylaws adopted on the basis of this law.

In accordance with Article 3 paragraph 8 of the Customs Tariff Law, the Government of the Republic of Serbia adopts the Customs tariff for the following year at latest in November of the current year. The Serbia's Customs tariff applied for 2011 is published in the Regulation on harmonization of Customs tariff nomenclature for 2011.

The Serbia's Customs tariff for 2011 comprised 9.817 tariff lines defined at ten digit level. At the level of tariff heading and tariff subheading, the Serbia's Customs tariff is fully harmonized with The International Convention on the Harmonized Commodity Description and Coding System (HS-2007). The Serbia Customs tariff is fully harmonized with the Combined Nomenclature of the EU for 2011 at the eight digit level.

The national subheadings are defined with the ninth and the tenth digit while the first eight digits refer to the CN subheading. The national subheadings consist of further subdivision of CN subheading, for the purpose of applying national trade measures. Regulation on harmonization of the Customs tariff nomenclature for the year 2011 comprises 1002 national subheadings.

***3. Please describe the principles that determine the duty rate structure and level (See also Chapter 30 on common commercial policy).***

*Basic duty rates*

For the goods which are imported into the customs territory of the Republic of Serbia, the customs duty is calculated and collected by applying the customs duty rates, set out in the column (4) of the Customs Tariff, on the customs value of the goods (*ad valorem*).

Exceptionally, if in the column (4) of the Customs Tariff, specific minimum and maximum customs duty are also prescribed. Specific minimum and maximum customs duty shall apply in cases when the ad valorem duty is below the minimum value or conversely when it is higher than the maximum value.

At the moment specific duty is applied only for tariff code 2402 20 90 00 with description: "Cigarettes containing tobacco: Other", i.e. 57,6% min 5,15€/1000 p/st max 7,57€/1000 p/st.

The customs duties specified in the Customs Tariff shall be applied to goods originating from countries to which the most favored nation clause is applied, or from countries applying such clause to goods originating from the Republic of Serbia.

Duty rate structure and level are determined in accordance with principle of protection domestic production and domestic market. Customs duty rates are ranged from 0 to 57,6 per cent ad valorem.

#### *Preferential duty rates*

For certain goods originated in the countries with which the Republic of Serbia has concluded preferential trade regime agreements, the Customs Tariff's duty rates are not implemented (rate according to the Most Favored Nation Clause), but preferential duty rate is applied, in accordance with the provisions of those agreements.

Preferential duty rates are applied only for goods originated from countries that have concluded free trade agreement with the Republic of Serbia, and when all the other terms and conditions from the agreements are fulfilled. The preferential origin of goods must be proved with relevant certificate.

Preferential duty rates are set out in the columns (5) of the Regulation on harmonization of Customs tariff nomenclature for 2011.

#### *Seasonal customs duties*

In accordance with Article 30 paragraph 7 of the Custom Law, Government of the Republic of Serbia may prescribe seasonal customs duties for agricultural products, not exceeding 20% of the customs value, whose implementation shall be limited in time.

Seasonal customs duties are prescribed in the Decision on seasonal customs duties on import of certain agricultural products.

#### ***4. Please provide a description of your tariff system for tariff suspensions, tariff quotas and tariff ceilings***

##### ***-Tariff reduction/suspension***

The Republic of Serbia implements a system of tariff reduction/suspension providing partial or total suspension of customs duties for a number of products during a certain period of time. In compliance with the provisions of paragraph 6. of Article 30 of the Customs Law, the Government of the Republic of Serbia prescribes conditions, procedure and manner of

implementation of these measures for the goods that are not produced in the Republic of Serbia or are not produced in sufficient quantities or do not correspond to the needs of the domestic industry and domestic market. Such measures may be provided for the limited period of time as well as for the limited or unlimited quantities of goods.

These short-term measures are aimed at removing market distortions arising from product shortages on the domestic market. This system allows the Government to achieve various economic policy goals, by giving producers an opportunity to improve their competitiveness and stimulate economic activities. The goods concerned are primarily raw materials and semi-finished products used as inputs by producers.

Currently, the following decisions are in effect:

*Decision on conditions and manner of reduction/suspension of customs duties for import of certain goods for 2011*

The Decision contains list of goods which are subject to tariff reduction/suspension as well as conditions and procedure which user of goods must fulfill to obtain benefits.

Raw materials and semi-finished goods that qualify for tariff reduction/suspension are not produced in the Republic of Serbia or do not meet domestic needs in terms of quality, quantity and variety. A certificate issued by the Serbian Chamber of Commerce verifies compliance with these conditions. Goods imported under this regime must be used in the user's own production. Such goods shall not be resold, given for use to other person or otherwise used before the expiry of three years period, otherwise the user of goods has to pay the full MFN tariff rate.

The Decision is valid till the end of 2011, and quantities of goods are not limited except for the manufactured tobacco (quota is equal to total value of manufactured tobacco produced/redeemed in 2010). In accordance with Article 30. paragraph 13. subparagraph 2. of the Customs Law, quota for manufactured tobacco shall cease as soon as the prescribed limit on the volume of imports is reached. Out of quota MFN customs duty shall apply.

For the purpose of accomplishing rights on import of goods with reduction/suspension from payment of customs duties, apart from customs declaration, interested party is to submit documents prescribed by Decision, to the customs authorities.

*Decision on conditions and manner of suspension of customs duties for import of certain goods*

Based on Joint Venture Investment Agreement between the Republic of Serbia and Fiat Group Automobiles S.p.A, Serbian passenger car manufacturer "Zastava" has become part of the Fiat Group in the Joint Company "Fiat Automobili Srbija".

In order to implement provisions of above mentioned agreement and improve serial assembling of passenger cars, the Decision provides suspension of customs duties for imports of automotive parts and accessories for assembly of 50.000 pcs of Fiat Punto passenger cars.

The Decision is valid till May 2011.

For the purpose of accomplishing right on import of goods with suspension from payment of customs duties, apart from customs declaration, user of goods is to submit documents prescribed by Decision, to the customs authorities.

### ***-Tariff quotas***

The tariff quotas used in the Republic of Serbia are established in compliance with Free Trade Agreements which Serbia has concluded with other countries/territories.

Currently, tariff rate quotas for a number of agricultural products are applied to preferential trade with:

- The Republic of Albania, the Republic of Croatia and the Republic of Moldova in accordance with the provisions of the Central European Free Trade Agreement - CEFTA 2006 (Official Gazette of the Republic of Serbia - International Agreements No 88/07),

- EU in accordance with the provisions of the Interim Agreement on trade and trade related matters between the European Communities, of the one part, and the Republic of Serbia, of the other part (Official Gazette of the Republic of Serbia - International Agreements No 83/08),

- The Republic of Turkey in accordance with the provisions of the Free trade Agreement between the Republic of Serbia and the Republic of Turkey (Official Gazette of the Republic of Serbia - International Agreements No /10), and

- The EFTA states in accordance with the provisions of the Free trade Agreement between the Republic of Serbia and the EFTA states (Official Gazette of the Republic of Serbia - International Agreements No 6/10)

For a number of agricultural products covered by a system of tariff quotas, a specified quantity may be imported at reduced or no duty within the tariff rate quota. Out of quota MFN customs duty which was valid at the time of conclusion of agreement, and/or valid MFN customs duty if it is lower is applied.

The procedure for tariff quotas distribution is carried out based on the principle "first come, first served". Distribution of quotas are done by the Customs Administration based on the principle "first come, first served" on a daily base (all requests submitted during the day are equally treated). If the total quantity of goods from the requests submitted in the course of the day overcomes the remaining quantity, the distribution of quotas are done with equal division of the quantity for each single request depending on the requested quantity. The Customs Administration daily publishes information on the distribution of goods quantity within the tariff quotas on its Internet web page ([www.carina.rs](http://www.carina.rs)), including the remaining undistributed quantity of goods within the tariff quotas.

No other tariff rate quotas are applied in Serbia.

### ***-Tariff ceilings***

The Article 30 paragraph 13 subparagraph 2 of the Customs Law envisage that where the implementation of measures referred to in paragraph 3, subparagraphs 4) to 7) of Article 30 or exemption from measures referred to in paragraph 3, subparagraph 8 of Article 30 is limited to a certain volume of imports or exports, in case of tariff ceilings, it shall cease, in



accordance with the provisions determining such tariffs. Currently, tariff ceilings are not applied in the Republic of Serbia.

***5. Please indicate any potential difficulties that may be expected with regard to the application of the customs legislation in trade with the European Union.***

There are no difficulties with regard to the application of customs legislation in trade between EU and the Republic of Serbia. Customs regulations of the Republic of Serbia are harmonized with EU customs regulations. Also, according to the Interim Agreement, preferential trade regime with EU runs without obstacles. The importation of goods according to preferential trade regime in 2010 participate with 64% in total import from EU. 51% of preferential trade goes to non-sensitive goods (customs duty 0%).

***6. Please describe your system in force for ensuring a correct classification of goods in your tariff. Do you publish explanatory notes or tribunal rulings? Please also describe your systems for Binding Tariff Information and Binding Origin Information.***

***-System in force for ensuring a correct classification of goods in Customs tariff***

In accordance with Article 3a of the Customs Tariff Law, the classification of goods in the Customs Tariff represents determining the tariff position for such goods, due to this law and provisions laid down on the basis of this law.

The tariff classification of goods is based on the General Rules for the implementation of the customs nomenclature of the HS Convention and constitute integral part of the Customs tariff nomenclature. General Rules for the implementation of the customs nomenclature are published in the Customs Tariff Law and the Regulation on harmonization of Customs tariff nomenclature for 2011.

According to the General Rule 1, the tariff classification of goods is done according to the terms of the headings, section or chapter notes, subheadings notes and CN notes as well as the General Rules from 2 to 6 provided that they are not in contradiction with the content of the terms of the headings and the section or chapter notes.

***-Do you publish explanatory notes or tribunal rulings?***

Explanatory notes to the Harmonised System of the World Customs Organisation (WCO) and Explanatory Notes to the Combined Nomenclature are used when classifying goods in the Customs Tariff, but for now are not published in any official gazette of the Republic of Serbia.

Tribunal rulings related to classification of goods for concerned cases, are obligatory for apply. We do not publish these rulings. If tribunal ruling concerning classification of goods is contrary to classification opinions of WCO, Customs Administration has to notify WCO about that tribunal ruling.

In accordance with Article 3a of the Customs Tariff Law, the classification opinions brought by the HS Committee of the WCO, and which, as the classification decisions in accordance

with the Article 8, Paragraph 2 of the International Convention on the Harmonized Commodity Description and Coding System have been approved by the WCO as well as Commission Regulations, concerning the classification of certain goods and published in the “Official Journal of the European Union” are obligatory for the application.

The decisions on classification are published in the “Official Gazette of the Republic of Serbia” in original English language and in Serbian translation.

Till now following is published:

- 1) Classification decisions taken by the Harmonized System Committee on specific products from 2005 till today;
- 2) Commission Regulations (EU) concerning the classification of certain goods in the Combined Nomenclature i.e., See Annex XIV:
  - for 2002 – 10 regulations;
  - for 2003 – 10 regulations;
  - for 2004 – 11 regulations;
  - for 2005 – 10 regulations;
  - for 2006 – 18 regulations;
  - for 2007 – 20 regulations;
  - for 2008 – 15 regulations;
  - for 2009 – 20 regulations and
  - for 2010 – 16 regulations.

### ***-Binding Tariff Information and Binding Origin Information***

The binding tariff information (BTI) and the binding origin information (BOI) are defined by Article 19 of the Customs Law which is fully harmonised with Article 20 of the EU Modernised Customs Code.

The Customs Administration of the Republic of Serbia shall, upon written request of an interested party, issue decisions relating to binding tariff information or decisions relating to binding origin information.

Interested party, in accordance with Article 14 of the Regulation on customs approved treatment of goods, means:

- applicant*- a person who has applied to the customs authorities for binding information;
- holder*- the person on whose name the binding information is issued.

There are no restrictions on where the party is located.

Decision making procedure: the treatment of the customs authorities in the event of issuing the BOI is defined by the procedure of the Customs Administration Origin of Goods Department and the Origin of Goods Commission (hereinafter referred to as “The Commission”). The request is submitted in writing on a form defined and provided by the Regulation on the Customs-Approved Treatment of Goods, hereinafter referred to as “The Regulation”) together with the proof of the payment. The request form should include data specified under Article 15, point 3 (B) of the Regulation, which is in full compliance with the conditions laid out in the European Commission Regulation No 2454/93. Based on the submitted documentation, the competent customs officer of the Origin of Goods Department

authorized for processing the request concerned examines its accuracy and well-groundedness.. Once the groundedness of the request is ascertained, the field control is performed in the presence of the applicant, for the purpose of verifying the product specification and other circumstances conclusive for the assessment of facts relevant for the acquisition of preferential origin of the product concerned. At least two customs officers are given authorization to perform the field control and prepare minutes on their findings. Based on the results of documentary examination and field control, the report is prepared and proposal made to the Commission for issuing the requested BOI. The Commission is generally formed by the decision of the Customs Administration Director General and is composed of the customs officers placed under various departments and sectors of the Customs Administration who handle all the relevant issues regarding the origin of goods. After being presented at the meeting of the Commission, the report is adopted/declined/returned for further processing of the request for the issuance of BOI decision.

It is on the basis of the collection of relevant facts and circumstances specified in the BOI that the product concerned acquires the preferential origin status pursuant to the provisions of the relevant free trade agreements or preferential tariff measures applied to Serbia.

An application for BTI shall relate to only one type of goods. An application for BOI shall relate to only one type of goods and one set of circumstances conferring origin.

Regulation on customs approved treatment of goods prescribes detailed conditions for issuing binding informations (articles 14-20), specimen of form of application for BTI (Attachment 1) and BOI (Attachment 3) as well as the specimen of form of BTI (Attachment 2) and BOI (Attachment 4). These forms are identical as forms in the Regulation 2454/93 of the EC.

Binding information shall be notified to the applicant as soon as possible.

If it has not been possible to notify BTI to the applicant within three months of acceptance of the application, the customs authorities shall contact the applicant to explain the reason for the delay and indicate when they expect to be able to notify the information.

BOI shall be notified within a time limit of 150 days from the date when the application was accepted. In compliance with Article 15, point 4 of the Regulation, the Customs Administration notifies the applicant that the request has been ascertained as accurate and complete and that the deadline specified under Article 17 of the Regulation commences.

The Decision on accepting the request for issuance of the BIO is made by the Customs Administration in writing on a form provided by the Regulation on implementing the Customs Law. The Decision includes data on: applicant and holder of BOI, goods and facts acknowledged, legal basis for acquiring product preferential origin status, the level of confidentiality of data, means of evidence used, with the issuance conditions. The Decision also contains instructions on legal remedy/ appeal that the applicant may lodge to the Ministry in conformity with Article 19, paragraph 12 of the Customs Law, i.e. that the applicant may, within 15 days from the date of receipt of the BIO or a document stating the request has been refused, lodge an appeal in conformity with Article 18 of the Regulation. BOI shall be valid for a period of 3 years. The issued BOI ceases to be valid after the expiry date as well as pursuant to the rule of law under the circumstances and by reasons specified in Article 19, paragraph 8, point 2 of the Customs Law, followed by the decision on termination of validity

of BOI. According to the provisions of Article 19, paragraph 9 of the Customs Law, the existing business relations of a holder of BOI soon to be expired may be respected, therefore their termination is allowed under the unchanged conditions within a period of six months. The issued BOI may be annulled or its' validity terminated in compliance with the provisions of Articles 14 and 15 of the Customs Law.

According to Article 19, paragraph 2 of the Customs Law, the issued BOI shall be binding on the customs authorities only in respect to determination of the origin of goods. BOI shall be binding on the customs authorities, as against the holder of the decision and exclusively only in respect of goods for which customs formalities are completed after the date on which the decision was issued. The decisions shall be binding on the holder of the decision, as against the customs authorities, only with effect from the date on which he receives, or is deemed to have received, notification of the decision.

The issued BIO shall not be published.

BTI and BOI shall be valid for a period of three years from the date on which the decision takes effect. In cases prescribed in article 19 paragraph 8 of the Customs Law, BTI and BOI shall ceased to be valid before above mentioned period expires. The Customs Administration notifies the holder of the decision that the decision ceased to be valid:

- 1) In case of BTI decision:
  - a) Where it no longer conforms to the provisions in force, due to amendments thereof;
  - b) Where it is no longer compatible with the interpretation of one or more nomenclatures referred to in Article 30 of the Customs Law:
    - by reason of amendments to the explanatory notes to the customs tariff,
    - by reason of an amendment of the Explanatory Notes to the Nomenclature of the Harmonized Commodity Description and Coding System or Classification Opinions adopted by the World Customs Organisation or by reason of amendments to the Explanatory Note to the Combined Nomenclature or the Commission Regulations (EU) concerning the classification of certain goods in the Combined Nomenclature published in the EU Official Journal;
- 2) In case of BOI decision:
  - a) Where regulation is adopted or an agreement is concluded by the Republic of Serbia and the information no longer conforms to the law thereby laid down;
  - b) Where it is no longer compatible with:
    - The act of the Minister adopted for the purposes of interpreting the rules of origin,
    - The WTO Agreement on Rules of Origin or an origin opinion adopted for the interpretation of that Agreement by the relevant WTO body.

The information holder has a right to an appeal to the Ministry of Finance within 15 days period from the day of receiving the information.

**Annex XIV:** Overview of the published Commission Regulations concerning classification of certain goods in the Combined Nomenclature

**7. Please describe the rules of preferential origin applied by your country under bilateral or multilateral agreements or autonomous arrangements and any other conditions of granting preferential tariff treatment. Please provide copies of relevant protocols and national legislation if any. Please, also mention any other conditions of granting preferential tariff treatment.**

The Preferential rules of origin are regulated within bilateral/multilateral Free Trade Agreements, and/or in protocols defining the concept of originating products, which are part of the agreements. See 29 Annex XV. At a national level, the preferential rules of origin are provided with the provisions in Article 37. of the Customs Law and art. 66-97. of the Regulation on customs approved treatment of goods.

The Republic of Serbia currently applies Free-Trade Agreements concluded with: the Russian Federation, SAP countries/territories within the Agreement CEFTA-2006, the Republic of Belarus, the Republic of Turkey, the EFTA states (except Norway and Iceland, because the agreement has not been ratified yet in their national parliaments) and with the Republic of Kazakhstan. Also, the Interim agreement on trade and trade related matters between the European Community and the Republic of Serbia are implemented (hereinafter called: The Interim Agreement).

The following table provides an overview of the legislation and the dates when Free Trade Agreements entered into force:

<b>Overview of Free Trade Agreements and dates of entering into force</b>	
Law on ratification of Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Russian Federation on free trade between the Federal Republic of Yugoslavia and the Russian Federation	“OG RS – International Agreements” No. 01/2001 and 105/09 Applied from 28 August 2000
Law on ratification of Agreement between the European Community and the Republic of Serbia on trade in textile products	“OG RS – International Agreements” No. 45/2005 Entered into force on 1 July 2005
Law on ratification of Agreement on amendment of and accession to the Central European Free Trade Agreement – CEFTA 2006	“OG RS – International Agreements” No. 88/2007 Entered into force on 24 October 2007
Law on ratification of Interim Agreement on trade and trade related matters between the European Community, of the one part, and the Republic of Serbia, of the other part	“OG RS – International Agreements” No. 83/2008 Entered into force on 1 February 2010 (provisionally from 8 December 2009)
Law on ratification of Agreement between the Government of the Republic of Serbia and Government of the Republic of Belarus on free trade between the Republic of Serbia and the Republic of Belarus	“OG RS – International Agreements” No. 105/2009 Applied from 31 March 2009
Law on ratification of Free Trade Agreement between the Republic of Serbia and the Republic of Turkey	“OG RS – International Agreements” No. 105/2009 Entered into force on 1 September 2010
Free Trade Agreement between the Republic of Serbia and the EFTA states	“OG RS – International Agreements” No. 6/2010 Entered into force on 1 October 2010 (except with Norway and Iceland)

Free Trade Agreement between the Government of the Republic of Serbia and the Government of the Republic of Kazakhstan	Signed on 7 October 2010 Provisionally applied from 1 January 2011
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Description of the preferential rules of origin in trade between Serbia and SAP countries within Agreement CEFTA-2006, European Union, Turkey and EFTA states

With SAP countries within Agreement CEFTA-2006, the European Union, the Republic of Turkey and the EFTA states, Republic of Serbia applies the European preferential rules of origin that define uniformed principles for obtaining preferential origin.

The basic rules for obtaining preferential origin of goods are as follows:

- wholly obtained products,
- sufficiently worked or processed products and
- cumulation of origin.

The term “wholly obtained products” incorporates all the natural resources: animals, plants or minerals that could be found above or below the soil, or the territorial sea, or in the air space of the country, or products obtained from them.

For every product classified according to the Harmonized System, up to a four-digit level, there is working or processing, necessary to be carried out on all non-originating materials in order to obtain an originating status of the final product. The List of working or processing contains several groups of rules, such as:

- Change of tariff heading rule. Most of the rules consider as sufficient working or processing, where the final (obtained) product is classified in a four-digit tariff number which is different from the tariff number for used non-originating materials.

- Percentage rule. The percentage rule provides the percentage value of the non-originating materials to be used. It refers to the price of the product ex- works and the value of the used materials.

- The production rule. The production rule requires strictly established production process, or manufacture from a strictly determined materials, or use of materials at an established degree of manufacture to be applied as a condition for acquisition of a status of originating goods.

*Diagonal Cumulation of Origin*

All Agreements, respectively the Protocols on rules of origin include provisions on diagonal cumulation of origin. According to this rule, the originating materials in a Contracting Party shall be considered as materials originating in other Contracting Party. It shall not be necessary that such materials undergo sufficient working or processing, provided that they have undergone working or processing going beyond the processing established as insufficient working or processing. The operations that shall be considered as insufficient working or processing are: preserving operations to ensure that the products remain in good condition, simple operations such as breaking-up and assembly, washing, cleaning, simple mixing of products, affixing or printing marks, labels etc. We would like to appoint here that provisions concerning insufficient working or processing in protocols are slightly different. The differences are:

- CEFTA-2006, Serbia-EFTA: inter alia, the following shall be considered as insufficient working or processing: simple mixing of products, whether or not of different kinds.

- Serbia-EU, Serbia-Turkey: inter alia, the following shall be considered as insufficient working or processing: simple mixing of products, whether or not of different kinds; *mixing of sugar with any other material*;

Also, in The Interim agreement and the Free Trade Agreement with the Republic of Turkey the *products with high content of sugar* listed in Annex V of protocols on rules of origin *are excluded from the cumulation*. However, this is not the case with the CEFTA-2006 and the EFTA Agreement.

Other conditions for acquisition of origin are: territorial requirements, direct transport, exhibitions and no draw-back rule.

### *Proofs of Origin*

Products originating in the contracting party shall, when imported into any other contracting party, acquire preferential customs treatment if one of the following documents is submitted:

- 1) a movement certificate EUR.1 or
- 2) “invoice declaration” (authorized exporter - without value limit or any other exporter- for the goods whose value does not exceed 6,000 euros).

The Protocol on rules of origin to the Agreement with the EFTA states, apart from movement certificate EUR.1 and “invoice declaration” envisage also movement certificate EUR-MED and invoice declaration EUR-MED, in cases where origin is acquired by applying cumulation of origin with materials originating from euro-med zone.

The Certificate of Origin EUR.1 and EUR-MED is issued by Customs Administration of the Republic of Serbia upon the request of a party concerned. Post verification of proofs of origin is based on the method of random control or reasonable doubt in origin of goods or credibility of proofs of origin.

### Description of the preferential rules of origin in trade between the Republic of Serbia and the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan

#### *Free trade agreement between Serbia and the Russian Federation (RF),*

In accordance with the Agreement, rules of origin that apply in the country of importation are implemented. Therefore rules of origin are slightly different in case of export of goods from Serbia to RF and in case of import of goods into Serbia from RF. The difference is reflected in the fact that when importing to RF a direct transport and purchase are provided (intermediaries in trade are not allowed) as condition for obtaining the origin of goods, while when importing to Serbia direct purchase is not obligatory (intermediaries in trade are allowed). Other conditions for acquiring origin such as: wholly obtained products, sufficiently worked or processed products and bilateral cumulation of origin, are the same.

Product acquires its origin as wholly obtained or as sufficiently worked or processed. The goods are considered to be sufficiently worked or processed if those goods undergo working and processing and if the value of used non originated goods (raw materials, semi-products

and final products) does not exceed 50% of the ex-works price of the product. According to rule of bilateral cumulation of origin, the originating materials in a Contracting Party shall be considered as materials originating in other Contracting Party. It shall not be necessary that such materials undergo sufficient working or processing.

The Certificate of Origin FORM A (from the Generalized System of Preferences -GSP) and „invoice declaration” (for the goods of value up to 5.000 USD) are used as proofs of origin. The Certificate of Origin FORM A is issued by Customs administration of the Republic of Serbia at the request of party concerned.

#### *Free trade agreement between Serbia and Belarus*

In accordance with the Protocol on rules of origin product acquires its origin as wholly obtained or as sufficiently worked or processed. The goods are considered to be sufficiently worked or processed if those goods undergo working and processing and if the value of used non originated goods (raw materials, semi-products and final products) does not exceed 50% of the ex-works price of the product. Bilateral cumulation of origin is provided. Other conditions for acquiring of origin are principle of territoriality and direct transport. Proofs of origin are: certificate ASB.1 and „invoice declaration” (for the goods of value up to 5.000 USD). The Certificate of Origin ASB.1 is issued by Customs administration of the Republic of Serbia at the request of party concerned.

NOTE: Rules of origin that we applied with RF and Belarus will be changed after signing the Protocol on exemptions from free trade regime and on rules of origin with RF and Belarus. It is expected to be signed in the beginning of 2011. New rules will be harmonized with the rules provided in the Protocol on rules of origin to the Agreement between Serbia and Kazakhstan.

#### *Free trade agreement between Serbia and Kazakhstan<sup>1</sup>*

In accordance with Protocol on rules of origin, product acquires its origin as wholly obtained or as sufficiently worked or processed. The goods are considered to be sufficiently worked or processed if those goods undergo working and processing and if the value of used non originated goods (raw materials, semi-products and final products) does not exceed 50% of the ex-works price of the product.

The Protocol on rules of origin includes provisions on diagonal cumulation of origin. Parties in cumulation are Serbia, Russia, Belarus and Kazakhstan. According to this rule, the originating materials in one Contracting Party shall be considered as materials originating in other Contracting Party. It shall not be necessary that such materials undergo sufficient working or processing, provided that they have undergone working or processing going beyond the processing established as insufficient working or processing.

Other conditions for free trade regime implementation is direct delivery in the meaning of:

- direct purchase (intermediaries in trade are not allowed),
- direct transport (covers goods, which is due to geographic, traffic, technical or economic reasons transported through territories of one or several countries, provided that the goods in the transiting countries, including also during its

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<sup>1</sup> It shall apply from the 1 January 2010.



- temporary storage in the territory of those countries, is under customs supervision) and
- exhibitions (covers goods which the importer has procured on exhibitions or fairs, if the prescribed conditions have been fulfilled).

The Certificate of Origin CT-2 and „invoice declaration” (for the goods of value up to 5.000 USD) are used as proofs of origin. The Certificate of Origin CT-2 is issued by Customs administration of the Republic of Serbia at the request of party concerned.

Post verification of proofs of origin is based on method of random control or reasonable doubt in origin of goods or credibility of proofs of origin.

#### Preferential rules of origin based on the Generalized System of Preferences (GSP)

Currently, the Republic of Serbia has not granted preferential tariff treatment based on the Generalized System of Preferences to any country.

For countries that have granted to the Republic of Serbia certain preferences within the Generalized System of Preferences (USA, Japan, and Norway), the competent authority of the Republic of Serbia applies the preferential rules of origin in compliance with the regulations of the countries that granted such preferences.

In accordance with Article 69 of the Regulation on customs approved treatment of goods proof of Serbian origin of goods “Form A” is issued by the Serbian Chamber of Commerce (for the purpose of export of goods to USA and Japan) and Customs Administration of the Republic of Serbia (for the purpose of export of goods to Norway).

#### Preferential rules of origin based on autonomous arrangements

The Article 30, paragraph 3, subparagraph 5, of the Customs Law envisage unilateral preferential tariff measures adopted by the Republic of Serbia applicable to countries, groups of countries or territories. In case of these measures preferential rules of origin provided in Art. 66-97. from the Regulation on customs approved treatment of goods, shall implement. Currently, we don't have such measures.

#### **Annex XV:** Protocols on rules of origin

- 8. Please describe the rules of non-preferential origin applied by your country, in particular for the purposes of implementing trade defense instruments, quantitative restrictions, origin labeling requirements, etc.***

***Please describe how you ensure that movement certificates EUR.1 are issued in accordance with Protocol 3 to the Interim Agreement. What are the charges for the issue of movement certificates EUR. 1?***

***-Please describe the rules of non-preferential origin applied by your country, in particular for the purposes of implementing trade defense instruments, quantitative restrictions, origin labeling requirements, etc.***

The non-preferential rules of origin are used for the purposes of:

- applying the Customs Tariff, with the exception of the preferential tariff measures contained in international agreements,
- applying measures other than tariff ones established by provisions governing trade in goods (anti-dumping and countervailing duties, safeguard measures, origin marking and for the purpose of trade statistics)
- the preparation and issue of certificates of origin.

The rules of non-preferential origin of goods are regulated within Articles 32-36. of the Customs Law and art. 41-65 of the Regulation on customs approved treatment of goods.

According to Article 34 of the Customs Law, goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture.

The basic rules for acquiring non-preferential origin are:

- wholly obtained products and
- the rules for sufficient working or processing.

Working or processing as a result of which the product obtained receive a classification under subheading or heading of the Customs tariff nomenclature other than those covering the various non-originating materials used, shall be regarded as complete processes.

Notwithstanding the above mentioned rule there are two Lists of working or processing operations conferring originating status to manufactured products when they are carried out on non-originating materials: the List for textiles and textile products and the List for products other than textiles and textile products. The rules in the Lists represent the minimum amount of working or processing required conferring origin, such as change of tariff heading rule, percentage rule and the production rule.

Procedures used to ensure that the products remain in good condition as well as simple operations with goods, shall be considered as insufficient working or processing to confer the status of originating products, no matter if there is a change of tariff heading.

The Certificate of non preferential Serbian origin is issued by the Serbian Chamber of Commerce in accordance with Article 54. of the Regulation on customs approved treatment of goods if conditions for obtaining Serbian origin in accordance with art. 33-35 of the Customs Law and art. 42-45 from the Regulation on customs approved treatment of goods are fulfilled. In case of textile and textile products which are exported into EU under non preferential regime in accordance with the Agreement between the European Community and the Republic of Serbia on trade in textile products, certificate of origin is issued by Customs administration of Serbia.

Currently, the trade policy measures that require submission of proof of non- preferential origin of goods on importation, are not applied in the Republic of Serbia.

### *Labeling requirements*

According to Law on Trade (Official Gazette of the Republic of Serbia No 53/10), goods intended for retail sale must have declaration which, also, contains data on country of origin (Article 40 of the Law). In terms of this provision, European Union (EU) can be listed as a country of origin.

### ***-Issue of certificates EYP. 1 in compliance with the conditions from the Protocol 3 of the Interim Agreement***

Serbia commenced unilateral implementation of the Interim Agreement on 30 January 2009, thus proving the provisions of the Agreement, especially those regulating the correct implementation of the conditions for acquiring the origin of goods, as well as the method for verifying the origin obtained subject to preferential treatment, to have been in use long enough to provide the positive practice. Furthermore, in 2000 the European Community gave preferential trade measures to Serbia thus allowing the export of goods originating in Serbia under preferential treatment in compliance with the Commission Regulation No 2454/93 the provisions of which have been incorporated into Serbian national legalisation, the Regulation on the Customs-Approved Treatment of Goods, release of customs goods and payment of customs debt (nowadays Regulation on the Customs-Approved Treatment of Goods – “Official Gazette of RS” No 93/2010 from 8 Dec 2010). Since the rules on acquiring the preferential origin of goods, proof of origin and administrative cooperation guidelines are basically identical to those provided by the Interim Agreement, Serbia has not experienced any major difficulties during the ten-year implementation. Nevertheless the aforementioned, following the commencement of the unilateral implementation of the Interim Agreement in 2009, i.e. after its fully taking effect on 1 February 2010, Serbian Customs Administration proceeded as follows:

- Ensure timely release of information to the competent operational units implementing the rules of origin of the goods as regards interpretation of the provisions of Protocol 3 due for the purpose of their correct and uniform application;
- Ensure timely release of information to the business communities on the basic news, general and specific rules of origin of the goods via the Customs Administration website;
- Performing field inspections (in the presence of exporters and manufacturers), by the Customs Administration Department for Post-Clearance Audit and Origin of Goods Department for the purpose of subsequent verification of the issued proofs of origin of the goods;
- Educating the business community, programmes organised either by the Chamber of Commerce, other organisations and associations promoting the exportation and preferential regime implementation, or by the Customs Administration itself in the form of seminars, workshops and study visit to the professional and business community;
- Monthly and quarterly reports by customs offices on implementation of the Interim Agreement and possible problems in its immediate implementation;
- The possibility of establishing permanent and direct communication between Serbian traders and competent customs officers in the Origin of Goods Department for purposes of ensuring understanding and correct interpretation of the rules of origin and conditions on issuing the proofs of origin.
- The inspection of work performed by customs offices through inspection-instructive visits by competent customs officers from the Customs Administration Head Office.

- Updated following the changes and practices of the European Community countries, in the domain of the date published on the Internet web page of the European Commission, etc.

***- What are the fees payable for the issue of movement certificates EUR.1?***

For the issue of certificates EUR.1 the stipulated fee is applied in compliance with the Law on Republic Administrative Fees ("Official Gazette of RS" Nos. 43/2003, 51/2003, - corrigendum, 61/2005, 101/2005 – other law, 5/2009 and 54/2009 from 17.07. 2009) amounting 1.120,00 dinars.

***9. Please describe your procedures for carrying-out random and reasonable doubt verifications of proofs of Serbian origin. Are the importing countries informed about the results of random verifications in cases when products are found to be non-complying with origin requirements?***

*The subsequent verification procedure in Serbia*

Request by foreign customs administrations for subsequent verification of the issued proof of origin (a certificate or a declaration on the invoice) is received, registered and processed by the Customs Administration Origin of Goods Department. Each request with accompanying documents is registered under unique record number, inspected trader and relevant deadline dates.. Regarding the complexity of the required inspection (complexity of the fulfilment of all stipulated conditions for the issue of the proofs of origin), the request with accompanying documents is submitted to the Department for Post-Clearance Audit or the Origin of Goods Department. The audit comprises document examination and field control, at the same time using the already existing data of the previously controlled traders as well as the Customs Administration information system. The Origin of Goods Department audits are carried out by at least two customs officers obliged to submit the report on the results of their audit to the controlled trader who may object to the findings contained therein. The audits carried out by the Department for Post-Clearance Audit shall be considered as completed following their submission of minutes to the Origin of Goods Department which then further examines the submitted documentation and makes its own assessment on fulfilment of conditions. Following this two-fold audit, resulting in facts being established and reported to the controlled trader who may file objection to these facts, the results are communicated to the requesting customs administration.

In cases where in the course of any kind of customs inspection or control it is found that a proof of origin has been issued based on incomplete or incorrect information presented by the exporter, the irregularity shall be noted in the minutes and submitted to the Origin of Goods Department in order to implement further measures within its jurisdiction, including the release of information on findings to the foreign customs administration.

***10. Please indicate whether any exporters have been authorised as approved exporters.***

In compliance with the authorisations specified in free trade agreements stipulating the authorised exporter status, on 23 February 2009 the Customs Administration has drafted and

issued a document defining the conditions and explanations for the issuance and annulment of authorization for making out invoice declarations, i.e. the authorised exporter status.

Additional simplifications and broadening of the existing benefits of the authorised exporter status began to be implemented on 1 November 2010. Official documents regulating the aforementioned have been published on the Customs Administration website and they represent the subject of permanent promotions and presentations as part of education programme for the business community and academia. The conditions for acquiring the status concerned have been carefully laid down and made rather demanding both as regards the selection of traders eligible to apply based on the scope of their export potential as well as in relation to the required level knowledge of the rules of origin of the goods. Having established a legal framework, the Customs Administration has since issued a dozen authorisations and awarded the same number of customs authorisations – authorisations for making out authorised exporter invoice declarations on the invoice, delivery note or some other commercial document.

The above-mentioned authorisations were issued for purposes of export to CEFTA region, the European Community countries in compliance with the provisions of the Interim Agreement, the Republic of Turkey in compliance with the provisions of the Agreement between Serbia and Turkey and the EFTA countries Switzerland and Liechtenstein, since these started implementing the Agreement with Serbia on 1 October 2010.

***11. Please describe the current system of customs valuation; what kind of customs valuation methods are used (e.g. with reference to the provisions of the WTO Agreement). Do you use minimum or reference values to determine the customs value? If so, for which products? Please give an overall assessment of your capacity to implement the EU rules on customs valuation.***

***-Please describe the current system of customs valuation.***

The customs value of goods is determined based on articles 39 through 57 of the Customs Law, articles 98 through 131 and Annexes XX and XXI of the Regulation on customs approved treatment of goods.

The provisions of the Customs Law and the Regulation on customs approved treatment of goods are harmonized with the Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade 1994 and the EU rules on customs valuation.

***-What kind of customs valuation methods are used (e.g. with reference to the provisions of the WTO Agreement).***

The Customs Law incorporates Articles 1 through 17 of the Agreement as well as decision 3.1 - Decision on the treatment of interest charges in the c.v. of imported goods and advisory opinion of the Committee on customs valuation - Treatment of cash discount under the Agreement. Notes to Articles of the Agreement which are not incorporated in the Customs Law are incorporated in the Regulation on customs approved treatment of goods (see Annex XVI).

Articles 39- 45 of the Customs Law define the valuation methods such as:

1. Transaction value method - Article 39 of the Customs Law (Article 1. of the Agreement),
2. Transaction value of identical goods method - Article 40 of the Customs Law (Article 2. of the Agreement),
3. Transaction value of similar goods method - Article 41 of the Customs Law (Article 3. of the Agreement),
4. Deductive value method - Article 43 of the Customs Law (Article 5 of the Agreement),
5. Computed value method - Article 44 of the Customs Law (Article 6 of the Agreement),
6. Fall-back method - Article 45 of the Customs Law (Article 7 of the Agreement).

The first and basic valuation method is the transaction value method. According to Article 39 of the Customs Law, the customs value of imported goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the customs territory of the Republic of Serbia, adjusted where necessary, in accordance with Articles 46 and 47 of the Customs Law, provided that:

1. There are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which:
  - are imposed or required by a law or by the public authorities of Republic of Serbia,
  - limit the geographical area in which the goods may be resold, or
  - do not substantially affect the value of the goods;
2. The sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;
3. No part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 46 of the Customs Law, and
4. The buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for customs purposes in accordance with paragraph 2 of Article 39 of the Customs Law.

If the customs value cannot be determined based on the transaction value method, it is to be determined by proceeding sequentially through the succeeding Articles to the first such Article under which the customs value can be determined.

***-Do you use minimum or reference values to determine the customs value? If so, for which products?***

In the Republic of Serbia neither minimum nor reference values are used to determine the customs value.

***-Please give an overall assessment of your capacity to implement the EU rules on customs valuation.***

The Republic of Serbia is capable of implementing the EU rules on customs valuation considering that the WTO Agreement has been implemented in the past.

The Customs Administration of the Republic of Serbia has demonstrated its capacities to implement the EU customs valuation rules, such as: legal regulation, adequate human resources, training of customs officers at the Customs Administration Vocational Training Centre, specialised training courses in relation to the customs valuation, participation in meetings of the Technical Committee for Customs valuation and regional workshops organised by the World Customs Organisation. In the course of correct and unified implementation of the customs valuation rules, the Customs Administration, if required, provides necessary instructions and information to its customs officers.

**Annex XVI:** Corelation Tables WTO Customs Valuation Agreement – Customs Law

***12. Please describe your system of incurrence of customs debt and the repayment procedure.***

The Customs Law and by-laws governing its implementation define the incurrence of a customs debt, person considered as a customs debtor, the time of incurrence of customs debt which affects the implementation of rules for calculation of customs debt as well as the place of incurrence of customs debt.

*The customs debt upon importation shall be incurred* through the release for free circulation of goods liable to import duties, or the placing of such goods into the temporary importation procedure with partial relief from import duties. A customs debt shall be incurred at the time of acceptance of the customs declaration. The debtor shall be the declarant, and in the event of indirect representation, the debtor shall also be the person on whose behalf the customs declaration has been made.

However, a customs debt on importation shall also be incurred through the unlawful introduction into the customs territory of the Republic of Serbia of goods liable to import duties (entering the goods contrary to the provisions of Articles 63 - 66 of the Customs Law), the unlawful introduction of goods from free zone into another part of the customs territory of the Republic of Serbia, the unlawful removal from customs supervision of goods liable to import duties, non-fulfillment of the obligations arising from temporary storage of goods or other customs procedure under which the goods have been placed, i.e. non – compliance with one of the conditions for placing of the goods under relevant customs procedure or granting of a reduced or zero customs rate by virtue of the end-use of the goods, the consumption or use of goods in a free zone or a free warehouse in a manner or under the conditions that are not in accordance with regulations.

The Regulation on the Customs-Approved Treatment of Goods stipulates that customs debt shall not be incurred if it is established that occurring failures have no significant effect on the correct operation of the temporary storage or certain customs procedure provided these do not represent the unlawful removal from customs supervision of goods liable to import duties, obvious negligence by the customs debtor or upon subsequent application of measures necessary to regularize the status of goods.

Notwithstanding the foregoing, the customs debt for certain goods shall not be incurred also if where the person proves that the obligations which arise from the provisions of Articles 63 to 66 of this Law (bringing the goods into the customs territory and declaring the goods), temporary storage of such goods and the use of the customs procedure under which such

goods have been placed, could not have been fulfilled due to the total destruction or irretrievable loss of the goods as a result of the actual nature of the goods, unforeseeable circumstances, *force majeure* or as a consequence of authorization granted by the customs authority.

A customs debt shall not be deemed to be incurred for goods released for free circulation at a reduced or zero customs rate by virtue of their end-use, where such goods are exported or re-exported with the permission of the customs authority.

*A customs debt on exportation* shall be incurred when the goods liable to export duties, after lodging the customs declaration, are exported from the customs territory of the Republic of Serbia. A customs debt on exportation shall be incurred through the removal from the customs territory of goods liable to export duties even when a customs declaration has not been lodged.

However, a customs debt on exportation shall also be incurred through failure to comply with the conditions under which the goods were allowed to leave the customs territory with total or partial relief from customs duties.

A customs debt shall be incurred at the time and place of acceptance of the customs declaration, or in case of simplified procedures, at the time and place of acceptance of the simplified declaration.

The total or partial amount of import or export debt shall be repaid or remitted upon a decision to waive or render void an entry in the accounts of all or part of the debt, if it is established that at the moment of the payment the amount has not been determined in accordance with the law. Import or export debt shall be repaid or remitted upon submission of an application to the customs authority within a period of three years from the date on which the amount of the debt was communicated to the debtor or where the customs authority discovers irregularities within the same period of time. Import or export duties shall be repaid where a customs declaration is invalidated and the duties have been paid. Repayment or remission of import debt shall be granted when it is established that the goods were rejected by the importer and thus returned to the exporter because at the time of the acceptance of the declaration they were defective or did not comply with the terms of the contract on the basis of which they were imported provided that the person concerned submits an application to the customs authority within twelve months from the date on which the amount of such debt was communicated to the debtor. Notwithstanding the foregoing, the customs authority may extend the period for justifiable reasons provided in timely manner.

At the request of the person concerned following the fulfilment of certain conditions, the customs authority shall grant the payment of interest on repaid customs debt. *The procedure of repayment of customs debt*

Activities regarding the repayment of customs debt are performed by the customs office of entry into accounts of import or export duty, the customs office responsible for processing the request for repayment or remission of customs debt, customs office which performs monitoring of goods and customs office implementing the decision. However, all these activities (or the majority) may be completed by a single customs office.



The request for repayment or remission shall be submitted by the person who paid or is obliged to pay the customs debt or persons whom his rights and liabilities are transferred to, as well as legal representative of these persons. The request shall be submitted to the customs office of entry into accounts of import or export duty which forwards the request to the decision-making customs authority, unless competent to perform such action itself. In case of the existence of previously issued import or export licence, the request is to be supported by a written confirmation of the licence issuing authority that the effects of the licence concerned has been declared void. Furthermore, if the request does not include all the necessary information, the customs authority sets a new deadline for their submission. In case the deadline is not met, the request shall be declared null and such decision communicated to the applicant.

With regard to the goods returned to the customs territory, the request for repayment of import duties shall be submitted to the customs office of entry into account of import or export duty, or other specified customs office within 12 months from the date of acceptance of the export declaration. The proof of payment, original declaration for release of goods into free circulation and the copy of export declaration are submitted with the request. In case the customs authority has all the necessary documents at their disposal, the submission of declaration(s) concerned shall not be requested.

Until the decision on the request is made, it is not allowed to move goods from the position specified in the request. The customs authority which makes decision shall take all necessary measures and specify the nature of information which should be provided and the inspections which need to be carried out, and if needed, the assistance of the monitoring customs office can be required if needed.

The decision-making customs authority shall make decision in writing provided that necessary details are at their disposal. The decision must include all or some details, especially data on goods, the legal basis for repayment or remission, the deadline until which the formalities should be met in order to approve the repayment, details on obligations that the goods are entitled until carrying out the decision, etc. The customs office which carries out the decision, if all details, i.e. conditions from decision are met, shall issue the confirmation on that and submit it to the customs authority which made decision, carried out the repayment or release. The customs authority approves the repayment or resignation of the customs debt only if that amount exceeds 10 EUR. Besides aforementioned cases of repayment or resignation of the customs debt, the customs authority which makes decision shall carry out repayment or release of the import or export duties and if that request is based on some specially stipulated circumstances, under conditions that those circumstances are not the result of the fraud or coarse negligence of the interested person.

However, the customs authority shall not grant the repayment or release of the import duties if the only basis for the request is the goods re-exportation which was previously declared for customs procedure with the obligation to pay the import duties and that the repeated export is required due to some other reasons and not those in relation to refund or resignation of the customs debt for the goods with defect, declaration cancellation or in case of specifically stipulated circumstances which were not the result of fraud or coarse negligence, especially due to unsuccessful sales of goods. Furthermore, repayment or release of import duties shall not be approved either in case of goods disposal for any reason apart from those explicitly stipulated, after incurrence of import duties and goods release by the customs authority, as well as in case of documentation submission in order to obtain preferential tariff treatment for

goods which was declared for free circulation, and for which it is later defined as false, adulterated or invalid, even if they were submitted with a good intention.

***13. Please describe your system of collecting and managing guarantees.***

The customs debt shall be calculated in compliance with the regulations, based on the data available to the customs authority and after the calculation the debtor is informed on the debt amount unless the customs declaration includes the correct debt amount which should be paid as its integral part, when the debtor shall not be specially informed. The debt amount must be paid within 8 days from the notification date. The goods shall not be released under customs supervision before the customs debt is extinguished or the security to cover the debt for its payment is provided.

At his own request, the customs debtor can be approved to pay periodically the customs debt for several import business activities if the security is provided for this periodic payment, but the payment shall be done within maximum 30 days from the date of customs debt accounting. In cases stipulated by the Customs Law, the customs debtor can, at his request, be completely or partially allowed to defer payment of the customs debt. Granting of deferred payment depends on the provision of the security to cover customs debt of the applicant (cash deposit or bank guarantee). The time limit for which the payment shall be delayed is 30 days and it counts from the duty accounting date by the customs authority. The debt amount which is not paid within the time limit shall be charged with default interest and the stipulated measures for debt payment shall be taken including enforced collection. The bank guarantee including the clause "no objection" is the form of security for the payment of customs debt. When a debtor submits the guarantee, he can take the goods under the customs supervision. The guarantee cannot be revoked until fulfilled payment obligation of is of the customs debt for the goods, incurred during the guarantee validity period. The customs debtor cannot submit other bank guarantee until the obligations regarding the previous guarantee are fulfilled. A special register is kept on received bank guarantees and their exploitation.

***14. Explain your procedures and formalities for goods brought into or leaving the customs territory.***

The provisions of Article 62 of the Customs Law stipulate that the goods brought into the customs territory of the Republic of Serbia shall be placed under the customs supervision from the moment of their entry and the customs authority can perform their control. The goods shall remain under the customs supervision until the customs status of goods have been defined, changed or the goods have been placed into a free zone or free warehouse, re-exported or destroyed.

The circulation of the goods which are subject to the phyto-sanitary, veterinary or other prescribed controls shall be allowed only at those border crossings specified in the orders of the Ministry of Agriculture, Forestry and Water Management for import, export and transit of such consignments.

Furthermore, the provisions of Article 63 of the Customs Law stipulate that the person bringing the goods into the customs territory is obliged to declare them and without delay convey them by route, using the method and within the time limits approved by the customs

authority, to the customs office or other place approved by the customs authority or to a free zone, whereas Article 188 of the same Law stipulates that in the export procedure, the customs authority approves the exit of domestic goods from the customs territory of the Republic of Serbia. Release of the goods for exportation shall be granted under the condition that the goods are exported from the customs territory of the Republic of Serbia in the condition as when the export declaration was accepted.

The customs authority may allow the goods entering the customs territory of the Republic of Serbia to be covered by a pre-arrival declaration. The pre-arrival declaration shall be submitted or made available to the customs authority before the goods are brought into the customs territory of the Republic of Serbia. The pre-arrival declaration shall be lodged electronically, and in exceptional circumstances, the customs authority may accept paper-based pre-arrival declaration.

Prior to the temporary storage procedure, goods conveyed to the customs office must be covered by the summary declaration, however it is not required to submit the summary declaration if the pre-arrival declaration was submitted, as stipulated in Article 65 of the Customs Law which specifies that the person presenting the goods to the customs office shall make the reference to summary declaration or pre-arrival declaration submitted for such goods. Where goods are covered by a summary declaration, the formalities necessary for them to be assigned a customs-approved treatment or use must be carried out within 20 days from the date on which the summary declaration has been lodged.

The provisions governing the temporary storage of goods are contained in Articles 75-78 of the Customs Law. The goods in temporary storage shall be stored only in places approved by the customs authority under the conditions laid down by that authority. Furthermore, the customs authority may require the holder of the goods to provide a security with a view to ensuring payment of any customs debt which may be incurred in accordance with the provisions of the Customs Law. The goods in temporary storage shall be subject only to such forms of handling that ensure their preservation in an unaltered state without modifying their appearance or important characteristics. The goods leaving the customs territory of the Republic of Serbia, apart from the goods transported by the means of transport only passing through the territorial water systems or air space of the customs territory of the Republic of Serbia, without stopping at that territory, must be covered a declaration or a summary declaration in case where the a declaration is not requested.

***15. What are the general provisions for placing goods under a customs procedure? What types of declarations exist? Is there a possibility to amend or invalidate a declaration? Are there simplifications of customs formalities and controls?***

***- What are the general provisions for placing goods under a customs procedure?***

The provisions of Articles 84 - 100 of the Customs Law stipulate that the goods placed under a customs procedure must be covered by a declaration for that customs procedure. The declaration must be submitted on the prescribed form and completed according to the Rulebook on the Form, Content and Way of Lodging and Completing a Declaration and other Forms in the Customs Procedure. The documents required for the implementation of the customs procedure for which the goods are declared shall accompany the declaration. The

customs authority shall immediately accept the declaration on condition that the goods covered by the declaration have been conveyed to the customs office.

The domestic goods declared for export, outward processing, transit or customs warehousing procedure shall be under the customs supervision from the moment of accepting the declaration to the moment of leaving the customs territory, destruction or until the declaration invalidation. The Minister may designate the customs authorities for clearance of certain types of goods or for executing some customs procedures.

***- What types of declarations exist?***

Declaration shall be lodged in writing, using an electronic data exchange, orally or by means of any other act whereby the holder of the goods expresses his wish to place the goods under a customs procedure. The written declaration can be a standard declaration, on the prescribed form it must be signed by the declarant and to contain all the particulars necessary for application of the provisions governing the customs procedure for which the goods are declared. It shall be approved a simplified declaration which may omit certain of the particulars or supporting documents, also that some commercial or official documents replace the declaration and that the goods are placed under a certain procedure based on the accounting document.

Pursuant to the Rulebook on the Form, Content and Way of Lodging and Completing a Declaration and other Forms in the Customs Procedure, there is a Single Administrative Document, summary declaration, customs value declaration. Depending on the type of the requested procedure, the Single Administrative Document shall bear specific identification, i.e. codes stipulated in the specified Rulebook, in particular for transit, namely for the type of transit procedure, exportation, re-export, temporary exportation, outward processing, placing of goods for free circulation, temporary importation, inward processing, re-importation, processing under customs control, customs warehousing and destruction of goods.

***- Is there a possibility to amend or invalidate a declaration?***

The provisions of Article 90 of the Customs Law stipulate the possibility of modifying and amending the declaration after its approval, at the request of the declarant, with the approval of customs authority, thereby the amendments refer only to the goods primarily included in the declaration.

Furthermore, the provisions of Article 91 of the Customs Law stipulate that customs authority, at the request of the declarant, shall invalidate the accepted declaration if the declarant provides the proofs that the goods were by mistake declared for the customs procedure specified in that declaration or that due to special conditions, carrying out of the customs procedure for which the goods were declared, is no longer justified.

Customs authority may, *ex officio* or at the request of the declarant, amend declaration after the release of goods to the declarant, as it was stipulated in the Article 103, paragraph 1 of the Customs Law.

***- Are there simplifications of customs formalities and controls?***

The answer to the question if there are simplifications of customs formalities and controls was specified in the answer to the question number 22.

***16. Explain your provisions in relation to the verification and examination of goods.***

The verification and examination of goods conveyed into the customs territory of the Republic of Serbia shall be carried out in compliance with the provisions of Articles 93-100 of the Customs Law as well as the Regulation on the Customs-Approved Treatment of the goods.

In order to control the accepted declaration, the customs authority may inspect the declaration and documents specified in it, as well as the documents attached to the declaration and to require from the declarant to submit other documents in order to ensure validity of the data specified in the declaration, carry out the examination of goods or take samples for the analysis and examine the goods.

Transport of the goods to the places where they are to be examined or samples to be taken, and all the handling necessitated by such examination of the goods or taking of samples, shall be carried out by or under the responsibility of the declarant.

The costs incurred shall be borne by the declarant. The declarant shall be entitled to be present when the goods are examined and samples taken. Furthermore, the customs authority shall require the declarant to be present or represented when the goods are examined or samples are taken in order to provide it with the assistance necessary to facilitate such examination or taking of samples.

Where only a part of the goods covered by a customs declaration are examined, the results of the partial examination shall be taken to apply to all the goods covered by that customs declaration. The declarant may request further examination of the goods if he considers that the results of the partial examination are not valid as regards the remaining declared goods.

Furthermore, Article 71 of the Law stipulates that for the purpose of inspecting goods and the means of transport carrying them, the customs authority may at any time require goods to be unloaded and unpacked.

Regulation on the Customs-Approved Treatment of Goods stipulates that the examinations of goods are carried out at the location and time defined by the customs office. Exceptionally, at the request of the declarant, the customs office may approve the examination of goods at some other location and time, the expenses incurred on this occasion borne by the declarant.

Where the customs office decides to inspect the goods, the declarant or his representative shall be informed on it. If it decides to inspect only part of the goods, the customs authority shall also inform what part shall be inspected.

The declarant or the person authorised by the declarant shall be obliged to provide for the customs authority the necessary assistance during the inspection. If the customs authority

considers that the provided assistance is inappropriate, it may request that the declarant appoints other person who could provide appropriate assistance.

The particulars on the inspection of goods shall be specified in the note on the declaration or in the minutes on the inspection of the accepted declaration. If the partial examination of goods is carried out, the data on the examined part of the consignment shall be specified. The note shall include the date, signature and information necessary to identify the person who performed these activities.

If the declarant or his representative has not attended the inspection of goods, it shall be specified in the note in the declaration, i.e. minutes.

If the result of the inspection of declaration and attached documents or the result of the inspection of goods is not in compliance with the particulars in the declaration, the customs office shall specify that in the declaration or the accompanying document attached to the declaration. The customs office shall specify the basis for calculation of a customs debt and other liabilities which may result from the specified data.

Article 96 of the Customs Law stipulates that results of verifying the customs declaration shall be used for the purposes of applying the customs and other regulations governing the customs procedure under which the goods are placed.

#### ***17. Please describe your legislation on duty relief at importation and exportation.***

Duty relief's at importation and exportation are prescribed by the provisions of the Customs Law and the detailed rules for the application of those provisions by the Regulation on customs approved treatment of goods, the Regulation on type, quantity and value of goods exempt from the payment of import duties, on time limits, conditions and procedure for exercising the right to exemption from the payment of import duties and the Decision on determination of goods exempt from import duty.

According to the provisions of the Customs Law, duty relief is provided for:

1. foreign goods, without such goods being subject to import duties and other charges or to commercial policy measures, under the external transit procedure (Articles 118. to 124. of the Customs Law) which shall allow the movement of goods from one point to another within the customs territory of the Republic of Serbia;

2. foreign goods, without such goods being subject to import duties or commercial policy measures when placed under the customs warehousing procedure (Articles 128. to 142. of the Customs Law);

3. the goods under the inward-processing procedure (Articles 143. to 156. of the Customs Law) which allows the following goods to be used in the customs territory of the Republic of Serbia in one or more processing operations:

- foreign goods intended for re-export from the customs territory in the form of compensating products, without such goods being subject to import duties or commercial policy measures (suspension system); and
- foreign goods released for free circulation with repayment or remission of the

import duties chargeable on such goods if they are exported from the customs territory in the form of compensating products (draw-back system);

4. the goods under the procedure for processing under customs control (Articles 157 to 163 of the Customs Law) which allows foreign goods to be used in the customs territory of the Republic of Serbia in operations which alter their nature or state, without being subject to import duties or to commercial policy measures, and allows the products resulting from such operations (processed products) to be released for free circulation at the rate of import duty appropriate to them;

5. the goods under the temporary importation procedure (Articles 164 to 171 of the Customs Law), where the customs authority allows the use in the customs territory of the Republic of Serbia of foreign goods intended for re-export in an unaltered state except normal depreciation due to the use made of them, with total or partial relief from import duties and without their being subject to commercial policy measures;

6. the products resulting from the outward-processing procedure which may be released for free circulation with total or partial relief from import duties. The outward-processing procedure (Articles 172 to 190 of the Customs Law) may be authorized for domestic goods temporarily exported from the customs territory of the Republic of Serbia in order to undergo processing operations.

Also, where the outward-processing procedure has been granted for the purpose of repair of the temporary export goods, such goods may be released for free circulation with total relief from the import duties if it is established to the satisfaction of the customs authority that the goods were repaired free of charge because of a contractual or statutory obligation arising from a guarantee or because of a manufacturing defect.

Where the outward-processing procedure has been granted for the purpose of repair of the temporary export goods in return for payment, the partial relief from the import duties may be granted.

7. persons where, owing to special circumstances, shall be granted a relief from import duties when goods are released for free circulation. The reliefs from import duties are provided for foreign persons, for natural persons and for legal and other persons.

The relief from import duties for foreign persons are overtaken from Vienna convention on diplomatic relations and Vienna convention on consular relations and they apply to legal and natural persons.

The relief from import duties for natural persons apply to the citizens of the Republic of Serbia and to foreign citizens.

The relief from import duties are also prescribed for certain goods which are, owing to special circumstances, exempt from import duty (Articles 215 to 220 of the Customs Law).

In accordance with the provisions of Article 219 of the Customs Law the Government of the Republic of Serbia has adopted the Decision on determination of goods exempt from import duty. According to this Decision import duty shall not be payable for importation of new equipment, except passenger motor vehicles, which is not manufactured in the country and is

imported for the purposes of use in industry, mining, agriculture and fishing, forestry, water management and construction.

Also, in accordance with the Law on Foreign Investments (Official Gazette of FRY No. 3/02 and 5/03), import duty shall not be payable for importation of equipment on the basis of input of a foreign investor.

8. domestic goods which, having been exported from the customs territory of the Republic of Serbia, are returned to the customs territory of the Republic of Serbia in the same condition in which they were exported, within a period of three years and released for free circulation. Such goods shall be granted relief from import duties at the request of the declarant (Articles 221 to 223 of the Customs Law);

9. the following products, which, when they are considered domestic products in compliance with Article 33 paragraph 2. subparagraph 6 of the Customs Law, shall be exempt from import duties when they are released for free circulation:

- products of sea-fishing and other products taken from the territorial sea of another country by vessels registered or recorded in Republic of Serbia and flying its flag;
- products obtained from products referred to in subparagraph 1 of Article 224 of the Customs Law on board factory-ships fulfilling the requirement laid down in that subparagraph (Article 224 of the Customs Law).

***18. Please describe what types of customs transit arrangements (national or international) are used. Provide a detailed description of the essentials of the transit procedure.***

***- Please describe what types of customs transit arrangements (national or international) are used.***

Within the national regulations, the external and internal transits are defined.

Pursuant to Article 118 of the Customs Law, the external transit procedure shall allow the movement of goods from one point to another within the customs territory of the Republic of Serbia, of:

1) foreign goods, without such goods being subject to import duties and other charges or to commercial policy measures;

2) domestic and foreign goods, where necessary to provide for proper application of the provisions relating to repayment or remission of the customs debt.

Movement of goods shall take place:

3) under the transit procedure;

4) under cover of a TIR carnet provided that such movement:

- began or is to end outside the customs territory of the Republic of Serbia, or
- relates to consignments of goods which must be unloaded in the customs territory of the Republic of Serbia and which are conveyed with goods to be unloaded in a third country, or
- is effected between two points in the customs territory of the Republic of Serbia through the territory of a third country.

5) under cover of an ATA carnet used as a transit document; or



- 6) under any other document provided for in an international agreement binding on the Republic of Serbia, or
- 7) under the postal system.

*Internal* transit procedure is stipulated in Article 125 of the Customs Law and it can be defined as movement of domestic goods from one point to another within the customs territory of the Republic of Serbia, passing through the territory of a third country without any change in their customs status.

The movement may take place either:

- on condition that such a possibility is provided for in an international agreement;
- Under cover of a TIR Carnet;
- Under cover of an ATA Carnet used as a transit document;
- Under the document provided for in an international agreement binding on the Republic of Serbia;
- under the postal system.

***- Provide a detailed description of the essentials of the transit procedure.***

In the order to define the type of transit and according to the currently valid Rulebook on the Form, Content and Way of Lodging and Completing a Declaration and other Forms in the Customs Procedure ("Official Gazette of the RS" No 29/2010 from 2.05.2010), one of following codes has to be entered in the third subdivision of box 1 of the SAD:

- For the transit from the customs office of entry to the customs office of exit ("the real transit") – *TP*;
- For the transit from the customs office of entry to the inland customs office ("the internal transit") – *TD*;
- For the transit from the inland customs office to the customs office of exit ("the external transit") – *TS*;
- For the transit from one inland customs office to another inland customs office ("the subsequent transit") – *TN*.

*Please note that the application of the new Rulebook shall start with the implementation of the new Regulation on Customs-Approved Treatment of Goods, and therefore there will be corresponding changes of the aforementioned types of transit.*

In the railway transport, due to its specific nature, for the authorisation to apply transit procedure, the Consignment Note CIM shall be used instead of a customs declaration.

Article 101 of the Customs Law defines the possibility that the Government prescribe the simplified procedure for the transit of goods.

The Customs Law includes the legal basis for the full implementation of the Common transit procedure of the EU. At the beginning of 2009, the Government of the Republic of Serbia, at the proposal of the Customs Administration, accepted the necessity to accede to *Convention on a common transit procedure* and the *Convention on the simplification of formalities in trade in goods*, and accordingly Letters of Intent to accede to the stated conventions were sent. The Republic of Serbia obtained the status of informal observer in EC/EFTA, Joint committees, Workgroup and Group for electronic customs – NCTS- (New Computerized Transit System) for the implementation of *the Convention on a common transit procedure*.

**19. Please describe your other customs procedures on: a) storage (temporary admission, customs warehousing and free zones); b) specific use (temporary admission and end use); c) processing (inward processing, outward processing, processing under customs control).**

*Customs warehousing procedure*

The customs warehousing procedure as one of the customs procedures with economic impact is regulated by the provisions of Articles 110-117 and 128-142 of the Customs Law. The procedure concerned can be approved for customs warehouse storage of: 1) non-domestic goods which in that case shall not be subject to payment of import duties and commercial policy measures; 2) domestic goods intended for export, which after being stored in the customs warehouse shall be subject to the measures applicable to the export of such goods in compliance with the regulations. The goods may be stored in the customs warehouse upon the customs authorisation and shall be subject to customs supervision. A customs warehouse may be public and private. A customs warehouse keeper is responsible for: ensuring that the goods stored in the customs warehouse shall not be removed from customs supervision; meeting the obligations arising from the customs warehousing procedure; complying with the special conditions specified in the customs warehouse management authorisation. In order to meet the aforementioned obligations, the customs authority may request that the warehouse keeper deposits a security.

The goods placed under the customs warehousing procedure shall be registered as soon as they enter the customs warehouse, and the customs warehouse keeper is obliged to keep the records on the goods in the manner approved by the customs authority.

There shall be no limit to the length of time the goods may remain under the customs warehousing procedure. Exceptionally, the customs authority may set the time period within which the warehouse user must assign a new customs approved treatment or use for the goods concerned.

The goods may be temporarily removed from the customs warehouse, if the special circumstances require so, with the prior customs authorisation and upon specifying the conditions for taking the goods out. Moreover, the customs authority may allow for the goods placed under the customs warehousing procedure to be transferred from one customs warehouse to another.

The conditions for opening, operating, and managing the customs warehouse are laid down in the Regulation on the Customs-Approved Treatment of Goods. The customs warehouses maybe public (type A, B and F) and private (type C, D and E).

The warehouse type A is available to everyone who would like to store the goods under the customs supervision, and the customs warehouse keeper shall be responsible for meeting the obligations arising from the customs warehousing procedure. This warehouse may be approved for keeping the food provisions of ships and aircrafts in international traffic and oil rigs in international waters.

The warehouse type B is a customs warehouse in which every warehouse user has an exclusive responsibility for the goods stored in the customs warehouse in accordance with the

declaration for the customs warehousing procedure. Transfer of the goods is not allowed if the place of dispatch or the place of delivery is this type of warehouse.

The warehouse type F is a warehouse managed by the customs authority, and every interested person is allowed to store the goods there.

The warehouse type D is a customs warehouse where goods are released for free circulation on the basis of the accounting reports. It can be used for temporary storage of goods. The use of this type of warehouse may be allowed for keeping the food provisions of ships and aircrafts in international traffic and oil rigs in international waters.

The warehouse type C is a warehouse where the warehouse keeper is also a warehouse user, but not necessarily an owner of the goods.

The warehouse type E is a warehouse where in respect of procedure, it is not necessary to store the goods at the location approved as a customs warehouse.

#### *The procedure of temporary importation*

In the temporary importation procedure regulated by Articles 164-171 of the Customs Law, the customs authority shall allow the use, within the customs territory, of non-domestic goods intended for re-export, in unaltered state, except for normal depreciation due to their use, with a total or partial relief from payment of import duties. Authorisation for the temporary importation procedure is granted at the written request of the person who shall use or organise the use of goods. At the same time, upon the authorisation for the temporary importation, the customs authority shall also determine the time limit within which the goods must be re-exported or assigned a new customs-approved treatment or use. Under the temporary importation procedure, the goods may remain 24 months at most. Exceptionally, the customs authority may, in order for the purpose of the temporary importation to be achieved, extend the deadline to the holder of the authorisation for the period that the goods were not used in compliance with the relevant provisions. Furthermore, special deadlines stipulated by the Government can be specified as well.

The temporary importation can be carried out with total or partial relief from payment of import duties.

Regulation on the Customs-Approved Treatment of Goods prescribes the cases of temporary importation with total relief from payment of import duties and termination of temporary importation of the transport means.

The amount of import duties payable in respect of goods placed under the temporary importation procedure with partial relief from import duties shall be set at 3%, for every month or fraction of a month during which the goods have been placed under the temporary importation procedure, of the amount of import duties which would have been payable on the said goods had they been released for free circulation on the date of acceptance of the declaration for temporary importation procedure.

When the customs debt for imported goods in the temporary importation procedure is incurred, the default interests shall be calculated regarding the amount of customs debt for the specified

period, except for the cases when the customs debt is incurred due to the release of the previously temporarily imported goods for free circulation with the total relief.

#### *The inward processing procedure*

The inward processing procedure (Articles 143-156) in the customs territory encompasses application of one or more inward processing procedures, for: 1) non-domestic goods intended for re-export from the customs territory in the form of compensating products (suspension system), for which the customs duty shall not be paid nor the goods shall be subject to the measures of commercial policy; 2) non-domestic goods released for free circulation with payment of duties, for which the repayment of customs debt or customs duty remission can be granted, if the goods are exported from the customs territory in the form of compensating products (draw-back system).

Furthermore, the customs authority may approve the possibility of inward processing by use of equivalent goods, which implies that such goods must be of the same quality and characteristics as imported goods.

The customs authority defines the deadline within which the compensating products shall be exported or re-exported, i.e. within which the other customs-approved treatment or use shall be requested. The specified deadline shall commence from the date when the customs goods were placed under inward processing procedure. Furthermore, the customs authority may extend the deadline on the basis of timely and justified request of the holder of the authorisation. We would like to point out that the Regulation for determining the deadlines for inward processing procedure ("Official Gazette of RS", No 63/2006 of 21 July 2006) prescribes that the deadline for inward processing procedure in ship building industry may not be longer than four years, and two years in agriculture and mechanical industry.

When granting an authorisation, the customs authority defines the rate of yield for products obtained from certain quantity of the imported goods under inward processing procedure.

Within the inward processing procedure, the compensating products and unaltered goods shall be re-exported. Exceptionally, inward processing procedure may be finalised by placing the compensating products and unaltered goods into free zone, under the customs warehousing procedure or free circulation. Release of goods for free circulation may be allowed only if the authorisation holder provides proof that he is not able to place the goods under another customs-approved treatment exempt from payment of import customs duties.

If the customs debt arises from inward processing procedure, the amount of that debt shall be defined on the basis of the elements for determining the amount of import duties which were valid for imported goods on the date of accepting the declaration for placing the goods under inward processing procedure, and in case the imported goods, on the date of accepting the declaration for placing the goods under inward processing procedure, have met the conditions for application of the preferential customs treatment within the prescribed quotas or tariff ceiling, such goods shall meet the conditions for the application of preferential customs treatment applicable to the same goods and at the moment of accepting the declaration for the release of goods for free circulation.

Furthermore, the goods may also be placed under inward processing procedure by using the draw-back system. It can be applied only in the cases specified in the Customs Law.

### *The procedure of processing under customs control*

The procedure of processing under customs control is laid down in Articles 157-163 of the Customs Law. The procedure allows non-domestic goods to be used in the customs territory, for the purposes of processing which alters their nature or state. The goods being processed under customs control shall not be subject to import duties or commercial policy measures, and the products obtained under that procedure (processed products) may be released for free circulation upon the calculation of import duties based on the determined rate.

The authorisation for processing under customs control shall be granted by the customs authority at the request of the person who carries out or arranges the processing.

The authorisation for processing under customs control shall be granted: to persons who have the residence in the Republic of Serbia, where the imported goods can be recognised in the processed products, where it is not economically justified to restore the processed product to the prior state, if processing under customs control cannot be used for avoiding the application of the rules of origin or quantity restrictions applicable to the imported goods and where the implementation of such procedure helps create and maintain a processing activity in the Republic of Serbia which does not significantly undermines the essential interests of domestic manufacturers of similar goods (economic conditions).

Furthermore, the conditions, which are required to be met in the event of granting the authorisation for processing under customs control, are laid down in the provisions of the Regulation on Customs Approved Treatment of Goods.

If the customs debt incurs during processing under customs control in relation to the goods in unaltered state or for products whose processing has not reached the processing stage specified in the authorisation, the amount of that debt shall be determined on the basis of the provisions governing the determination of import duties applicable to the imported goods at the time of accepting the declaration by which the goods have been placed under processing under customs control.

After finalising the procedure of processing under customs control, the goods shall be released for free circulation on the basis of the declaration for placing goods under this procedure.

### *The outward processing procedure*

Outward processing procedure is regulated by the provisions of Articles 172-186 of the Customs Law. Outward processing procedure may be approved for domestic goods being temporarily exported from the customs territory of the Republic of Serbia in order to undergo processing operations. The products resulting from outward processing procedure may be released for free circulation with total or partial relief from payment of import duties.

Authorisation for outward processing procedure shall be granted by the customs authority at the written request of a person who arranges the outward processing to be carried out. Furthermore, the customs authority shall set either the rate of yield or the method of determining that rate.

In this procedure as well, the customs authority defines the deadline within which the compensating products must be re-imported to the customs territory. The customs authority may extend the deadline for re-importation of the compensating products based on the timely and justified request of the holder of the authorisation.

The Customs Law prescribes total or partial relief from payment of import duties within the outward processing procedure. Where the procedure of outward processing was approved for the purpose of repair of temporarily exported goods, the goods in question may be released for free circulation with total relief from payment of import duties if it has been proven to the customs authority that the goods were repaired free of charge, either because of contractual or legally prescribed guarantee obligation or a manufacturing defect. If procedure of outward processing was approved for the purposes of repair of temporarily exported goods and such repair has been carried out in return for payment, the goods may be partially relieved from payment of import duties.

In the outward processing procedure as a rule, the amount of import duties is determined such that the amount of import duties calculated for compensating products which are released for free circulation are deducted by the amount of import duties which would be calculated on the same date for the temporarily exported goods as if they were imported into the Republic of Serbia from the country in which the processing took place or from the country in which the last phase of processing took place. We would like to mention that, besides this rule, Article 178 of the Customs Law also prescribes other cases of determining the amount of import duties in the aforementioned procedure.

Within the outward processing procedure, the Customs Law in compliance with the provisions of Articles 181-186 foresees the special form of outward processing with the use of standard exchange system, which enables the compensating product to be replaced by an imported product (replacement product). The customs authority shall approve the use of standard exchange system where the processing operation involves the repair of domestic goods that are not subject to special regulations adopted within the agricultural policy. In order to speed up the procedure and enable free economic activities, the customs authority may approve the replacement products to be imported before the goods for which the procedure has been granted are exported (prior importation) and in that case, a security must be provided to cover the amount of import duties for the replacement product. In case of prior importation, the goods must be temporarily exported within the period of 2 months from the date the customs authority accepted the declaration relating to the release of the replacement product for free circulation. If the special circumstances require so, the customs authority may extend the deadline within the appropriate time period based on the timely request of the authorisation holder.

#### *Free zones*

The Law on Free Zones defines the conditions for determining the location and functioning of a free zone, activities which may be carried out in a free zone, conditions for carrying out those activities and conditions for termination of the free zone. Pursuant to the Law on Free Zones, the user may carry out production and provide services in the free zone in compliance with the regulations, provided those activities do not endanger the environment, public health, material property and country safety. The goods banned for imports i.e. export may not be imported or exported into/from the zone. The accompanying regulations governing this area are Regulation on more specific criteria for assessment of economic justifiability for

designation of the free zone territory (“Official Gazette of RS”, number 69/2006 from 18.08.2006) and the Rulebook on form and content of reports on business activities in free zone (“Official Gazette of RS”, number 70/2006 from 22.08.2006).

There are 7 free zones in the Republic of Serbia.

Supervision of the activities of free zone shall be carried out by the customs authorities and Free Economic Zones Administration.

The users of the zone can be the founder of the zone, the zone management company, as well as other domestic and foreign legal and natural persons. The free zone is managed by a zone management company registered for the zone management. The zone may be managed only by one zone management company. The zone management company defines the organisational and technical conditions for conducting the activities within the zone, working hours, movement of persons and goods within the zone, provision of spatial, technical and organisational conditions for the use of the zone, safety measures at work within the zone, environment protection measures, rights and obligations of the users of the zone with regard to the founder, etc. Furthermore, the founder concludes the contracts with the users of the zone on their mutual rights and obligations.

The Customs Law lays down the provisions according to which the customs authorities carrying out the supervision and control in the territory of the free zone may conduct the control of the goods being imported, exported or placed into free zone, inspection and search of the means of transport and conveyance, as well as persons entering and exiting the free zone. They can also conduct the control of the records kept by the users of the free zone, as well as to check the stocks of the goods and compare them with the ones specified in the records of the free zone users.

Non-domestic as well as domestic goods intended for export or production in the free zone may be placed in the zone. There is no limit to the length of time the goods may remain in the free zone. In the event of entry of goods into the free zone for the purposes of business activities and building the facilities within the zone, the calculation and collection of customs duties and other import duties shall not be carried out.

Having obtained a special authorisation of the competent customs authority, the user of the zone may also place domestic goods which are not intended for export or production within the zone, provided that the supervision over the business operations in the zone shall not be made more difficult.

When placing domestic goods in the free zone, the user of the zone is obliged to keep records by entering all data required for carrying out the measures of customs supervision as he is for non-domestic goods.

The production procedure within the free zone is conducted through inward processing procedure. The user of the free zone shall not be able to conduct production operations within the inward processing procedure before providing the relevant authorisation for the requested procedure.

When filing a request for inward processing authorisation, it is required to specify the production activities which shall be carried out within the inward processing procedure in the

free zone. The request is required to contain a technological description of the production of compensating products as well as the consumption rate for the compensating products.

The goods taken out from the free zone may be exported or re-exported from the customs territory of the Republic of Serbia or brought into another location of the customs territory of the Republic of Serbia.

The obligation of payment of customs duty for the goods which shall be released from the free zone for the circulation in another part of the territory of the Republic of Serbia arises on the date when the goods were transferred from the zone into the territory of the Republic of Serbia, and the amount of customs duties and other import duties shall be determined on the basis of the state of the goods and in compliance with the regulations valid on the date of accepting the customs declaration, in accordance with the provisions of the Customs Law.

If domestic goods which have been placed into free zone are moved from the free zone to another location of the customs territory, the invoice or bill of lading are to be submitted and they shall be registered as return of domestic goods.

***20. Please provide your current legislation on free zones and give detailed information on their functioning and incentives.***

Free zone is the part of the territory of the Republic of Serbia which is specially enclosed and marked, within which the production and service activities are conducted under conditions stipulated in the Law on Free Zones.

The founder of free zone is local self-government authority, company, i.e. entrepreneur, whereas the user of free zone is a legal and natural person carrying out the business activity in the free zone.

The area of free zone shall be designated by the approval of the Government.

The compliance with the condition for the commencement of business operations of free zone shall be determined by the Minister competent for finance.

Foreign trade business in the free zone shall be conducted freely, in compliance with the agreement. Exportation of goods and services from the zone and importation of goods and services into the zone are free and they shall not be subject to quantitative restrictions, nor shall commercial policy measures be applied to that importation and exportation.

The user may on temporary basis carry out the goods from the free zone to the other location of the territory of Serbia, i.e. enter the goods into the zone from other part of the territory of Serbia in order to place them under inward, i.e. outward processing procedure. Furthermore, he may on temporary basis carry out the goods from the zone to the other part of territory of Serbia and enter the goods into the zone from other part of the territory of Serbia due to testing, attestation, repair and marketing presentation.

The certificate confirming that the goods were produced within the zone shall be issued by the customs authority conducting supervision in that zone, in compliance with the stipulated conditions.



The customs duties and other import duties shall not be paid for importation of goods planned for conducting the business activities and building the facilities in the free zone. The goods which shall be placed into circulation from the zone into the territory of Serbia shall be subject to payment of customs duties and other import duties.

Payment, collection of payment, transfer, buying and selling in foreign currency and in dinars within the zone shall be carried out in compliance with the regulations on foreign exchange transactions.

Establishment and business operations of banks within the zone shall be conducted in compliance with the regulations on banks.

Providing insurance services within the zone shall be conducted in compliance with the regulations on insurance.

The provisions of the law stipulating the value added tax shall be applied to entry of goods into the zone and provision of services within the zone.

Tax reliefs stipulated in the Article 26 of the Law on Free Zones shall be exercised in compliance with the regulations specifying the corporate profit tax, property tax and personal income tax.

In compliance with the Article 24, subparagraph 5 and 6 of the Law on Value Added Tax ("Official Gazette of RS", no. 84/04, 86/04 and 61/05), value added tax shall not be paid to goods entry into the free zone (apart from the goods for the end consumption in the zone), as well as to providing transportation and other types of services to the users of free zone which are directly connected to the goods entry into the free zone.

Based on aforementioned, it can be concluded that the incentives for the business operations in the free zone regime are regarded as follows: importation of goods planned for conducting business activities and building the facilities in the free zone shall be exempted from incurrance of customs duties and other import duties, including value added tax (VAT). VAT shall not be paid to the entry of goods in the free zone for which tax payer – acquirer of goods was entitled to exemption from previous tax in case those goods would be purchased for conducting the business activities outside free zone, as well as provision of transportation and other services to the users of free zones which are directly connected to goods entry into free zone, and for which tax payer – services provide would be entitled to exemption from the previous tax in case those services would be used for conducting business activities outside free zone.

Considering their authorisations, the local self-government may make decision on concessions for building the facilities and infrastructure at the free zone territory. These concessions shall refer to making decision on exemption from payment of local taxes, compensations and fees which are under jurisdiction of local self-governments, for example compensations fee for arranging of municipal building land, compensations for fees and expenses of municipal administration, compensations for use of municipal building land, compensations for urban planning conditions and approvals, connection to local infrastructure of water and sewage, local utility fees, etc.

**Annex XIII:** Law on Free Zones ("Official Gazette of RS", number 62/06)

***21. Does your legislation provide for domestic/national rules of origin for goods produced in the free zones and then released for free circulation in Serbia? If so, please describe the applicable rules and the tariff treatment of non-originating components used in the production of such goods.***

Goods produced in free zones and taken out of the zone and put into the free circulation in the territory of Serbia are subject to the payment of customs duties and other import duties.

If goods are produced in free zones with participation of domestic and imported materials, customs duty rate shall be calculated solely on imported materials contained in these goods. If imported materials contained in goods originate from some of the countries with which Serbia applies free trade agreements (such goods must be followed by the proof of origin), preferential customs duty rate provided by agreement shall be applied on these materials. MFN customs duty rate provided by Customs tariff Law shall be applied on non-originated materials contained in goods. If domestic content in goods calculates for the minimum of 50% of total value of these goods, such goods shall be considered domestic goods.

***22. Please describe existing simplified procedures, including facilitations on security procedures for authorised economic operators (AEO), authorisation for approved exporter (origin) or other simplified authorisations procedures, if any. If existing, please describe the authorisation procedure to obtain the status of AEO, including criteria, benefits etc. If existing, please describe the procedure for obtaining the status of 'approved exporter'.***

***-Please describe existing simplified procedures, including facilitations on security procedures for authorized economic operators (AEO), authorization for approved exporter (origin) or other simplified authorizations procedures, if any.***

The simplified procedures were defined in the Article 101 of the Customs Law and the following possibilities were specified:

- 1) That the declaration does not have some of the data or some accompanying documents specified in the Article 87 of this Law;
- 2) That some commercial or official documents accompanying the request for placing the goods under the Customs procedure shall replace the declaration;
- 3) That the goods shall be placed under a certain procedure based on an accounting document, where the Customs authority may exempt the declarant from the obligation of presenting the goods; 4) Special procedure for declaration of express parcels.

Considering the aforementioned, the Customs Administration based on the possibilities given with the use of accounting documents, has clarified in the relevant documents the procedure of the simplified declaration in the event of approval of the requested Customs procedure (importation procedures), i.e. simplified declaring procedure for export of goods. The specified documents shall be applied from 01.03.2009. The Customs Administration has prescribed the established criteria and approvals and explained the simplified Customs procedure for express parcels. The specified document shall be valid from 24.03.2006.

*Furthermore, the Customs Administration, in the relevant document, explained also the simplified Customs procedure based on the invoice. The specified procedure is based on the*

Article 101, paragraph 1, item 2 of the Customs Law and it shall be used from 10.10.2010. This simplified Customs procedure approves that some of the commercial or official documents enclosed with the request for placing goods under Customs procedure, may replace the declaration, for companies which meet certain conditions.

Due to application of this procedure, it is essential that the commercial or official document includes data necessary for goods identification, as well as that the declarant submits the additional declaration within the deadline specified by the Customs authority.

The simplified Customs procedure based on invoice shall be approved only exceptionally, for the procedures of placement of goods into free circulation and exportation of goods, and in the case of packaging - temporary importation, temporary exportation, re-importation and re-exportation may be approved.

***- If existing, please describe the authorization procedure to obtain the status of AEO, including criteria, benefits etc.***

*The status of AEO is defined in the Customs Law, in Article 8 which stipulates who may request this status, who grants it and which reliefs the companies which shall be granted the specified status, may use. The Article 9 defines the criteria which shall be met for obtaining the specified status, and the conditions of application of the criteria are specified in the Article 10.*

After entering into force of Regulation on the Customs-Approved Treatment of Goods, the Customs Administration shall prepare also corresponding instructions and explanations regarding the application of this status.

Within WCO Compendium of Authorized Economic Operator (AEO), July 2010, the Republic of Serbia was under this topic, entered in the section: "Customs Compliance Programmes".

***- If existing, please describe the procedure for obtaining the status of 'approved exporter'.***

*The status of the authorised exporter enables the holder of the approval to exercise the preferential exportation into the CEFTA countries, the European Community, Turkey or EFTA countries, based on the proof of the origin of goods – stipulated form of statement on the invoice, bill of lading or other commercial document, regardless of the value of the parcel with origin. In order to obtain the status of "authorised exporter", the economic operator shall submit: request – application, statement and all proofs on which the citations from the request are based. The conditions for the application are as follows: an exporter is also a manufacturer of goods or in business relations with the manufacturer of goods which unimpedingly provides for the ability for the verification of conditions for obtaining origin of the goods in question; the exporter frequently delivers goods with preferential origin status; the exporter did not have denied proofs of origin in the previous months; the exporter has employed at least one person who is familiar with the rules on the origin of goods; an exporter does not have due unpaid liabilities based on public payments; an exporter did not seriously violate nor repeatedly violate provisions of the Customs and taxation legislation. The request must include the good tariff number which shall be the subject of the preferential exportation as well as the planned number of exportations. Knowledge of the rules on the origin of goods shall be determined based on the confirmation of a successfully carried out test of knowledge*

in the field of origin of goods issued by the Customs Administration after conducting the test by the Commission for the origin of goods. In the statement, the exporter is obliged to: use the authorisation conscientiously and purposefully; provide at the request of the Customs authority every document and other accounting record for reviewal; keeps on file all issued statements on the invoice at least three years; only a responsible person shall sign the statements on the invoice, as well as to take every responsibility for accuracy of data.

The orderly request, statement and complete documentation shall be submitted to the Customs Office authorised in relation to the location of the applicant. The Customs office shall conduct the previous assessment on regularity and adequacy of the request and the proposal for control of preferential business activities of the applicant shall be submitted to the Customs Administration, Department for the origin of goods. At least two officials of the Department for the origin of goods shall conduct direct field inspection of the manufacturer, and a report shall be prepared on the found conditions and results. The request, inspection report and completely available and enclosed documentation are the basis for the final assessment of the fulfilment of all conditions for obtaining the status of “the authorised exporter” by the authorised Customs office. After finalising the procedure, if the request is justified, the authorisation for preparing the statement on the origin of goods on the invoice is issued and the number of the Customs authorisation is provided which includes the international mark for Serbia, number and year of issue (RS/number/year). The authorisation shall be issued without time limitations. After the issue, periodic inspections are stipulated for using this status whose aim is to monitor the regularities and validity of use of the issued authorisation.

***23. Please describe your system of risk selection for the execution of the customs controls. (e.g. is the system automated, are risk selection criteria established at national, regional or local level?). Is there in place any kind of monitoring system of the controls carried out on the basis of risk analysis/risk profiles, including the evaluation of the results? Is there any system for management of the random controls?***

***- Please describe your system of risk selection for the execution of the Customs controls. (e.g. is the system automated, are risk selection criteria established at national, regional or local level?)***

The system of analysis and risk management includes: risk identification (collection and analysis of information, evaluation of possibility of risk occurrence and possible consequences), risk treatment and following the success of the criteria – evaluation of the results and decisions on its further destination (extension, change or closure).

The system of analysis and risk management in the Customs Administration is electronically supported and automated in compliance with the information possibilities of the Information System of the Customs Administration (ISCS). The risks shall be treated through ISCS when the risk parameters are possible to be IT processed. Otherwise, the risks are shown through corresponding documents, instructions and/or direct contacts with the operative organisational units.

Based on available information on the observed risk, the probabilities that the same one shall occur again and the evaluations of the possible consequences, the selectivity criteria for the parcel control are formed. The risk analysis is organisationally established at three levels and in relation to the risks, the criteria are processed and analysed at the local, regional and

national level. They are activated once the Customs declaration is approved and they include transit (national and TIR) and other allowed Customs procedures.

Through criteria processing, in relation to the type of document, it is possible to use 24 data/items from the Customs document – procedure code, consignee, applicant, country of origin, country of destination, country of dispatch, currency code, code of the mode of transport, registration number of the tractor, registration number of the trailer, country of registration of means of transport, tariff code, *ex* position, relief, unit of measurement, type of export/import, purpose of import, tax identification number, commodity code in transit national transit procedures, code of submitted documents, gross weight of consignment, unit price of goods and personal identification number of the Customs agent. Besides all these elements (risk parameters), the parcel classification as average and/or of high risk, is based also on analyses and statistics data of business activities companies and Customs, inquiry data (internal and external sources), cooperation with other state authorities and organisations, etc. For newly registered companies, the ISCS orders complete physical and documentary control of parcels for the period of three months from the data of starting the Customs procedures of importation.

Within the Customs service, the general risk profiles were defined (regularity control of conducting the Customs, trade, taxation and foreign exchange regulations and the regulation for special control measures, as well as incurrence of the import duties), but the methodology, tools, types of activities, the duration of treatment, sanctions for those involved in the procedure and Customs officers who do not conduct themselves in compliance with the specifications of risk analysis for control, were not defined precisely.

With the criterion, it is also possible to create a message for the operative Customs officers with the description of risk and procedure order. The message shall include the description of the risk and the corresponding type of parcel control, which may be documentary, physical and combined.

***- Is there in place any kind of monitoring system of the controls carried out on the basis of risk analysis/risk profiles, including the evaluation of the results?***

The feedback information on carried out inspections and their results shall be obtained electronically, through the Report on the selective inspection of goods, which is prepared by the engaged Customs officer through ISCS. Systematic monitoring of the treated risks shall be done through risk analysis before the validity date and analysis on the Report on the selective inspection of goods.

Within IT support to the business activities of analysis and risk management in ISCA, there is a module – Measurability of the Treated Risks, through which the security, protective and other aspects of risk management may be observed, besides fiscal effects. According to statistical data, in 2009, 21,44% declarations were included in the corresponding inspections (in 2007 - 18,23% and in 2008 - 19,72%), within which the discrepancies were observed in 23,02%. Increase in control percentage in 2009 in relation to 2008 is the result of the application of the Regulation on importation of motor vehicles ("Official Gazette of RS", number 106/2005, 27/2009, 57/2009 from 24.07.2009). In the first six months in the year 2010, the inspection percentage was 17,22% of which 20,31% were discrepancies. The objective of the Customs Administration is that the total number of inspections shall be at European level, i.e. below 10%. It implies implementation of the new IT tools in which the

assistance of experts of French Customs is expected within the twinning project for post clearance controls and risk analysis, which started in September 2010.

***- Is there any system for management of the random controls?***

In the automated system of analysis and risk management, there is also a random choice, which has been used since 2004, when risk analysis was introduced into the Customs system. The percentage of controls based on the random choice is defined at the national level in accordance with the type of document and separately for every organisational unit. In the event of defining the percentage of inspections, several parameters are combined: the percentages of selective inspection of the organisational unit in the previous year, the representation and number of certain Customs procedures, available equipment in the organisational unit and the number of employees. In the last three years, the percentage of controls is within 1 to 5% (apart from the procedures of processing of goods under Customs supervision and destruction of goods which amount to 50%).

Within the Customs service, the national risks regarding security were identified (drug smuggling, Customs fraud, trading of controlled goods, protection of intellectual property rights and importation/exportation of dual-use goods) and fiscal risks (the importation of used goods and goods of Euro-Asian origin, excise goods, application of preferential origin and control). Considering the fact that the Customs Law has been in effect since 03.05.2010, it is expected that the Government of the Republic of Serbia shall define the criteria and priority fields of control, types of information on risk, as well as risk analysis which the Customs authorities of the Republic of Serbia shall exchange with the Customs authorities of other countries, i.e. territories, in compliance with the Article 22 of the specified Law, during 2011.

***24. Does Serbian customs legislation establish any particular rules in relation to trade with Kosovo?***

The circulation of goods with the Autonomous Province of Kosovo and Metohia is regulated by the Regulation on special conditions for the circulation of goods with the Autonomous Province of Kosovo and Metohia for as long as the UN Security Council Resolution No.1244 is effective.

Legal basis for adopting this Regulation lies in Article 309 paragraph 3 of the Customs Law, according to which the Government may establish specific conditions for circulation of goods with Autonomous Province of Kosovo and Metohia (hereinafter referred to as "APKM") for as long as the UN Security Council Resolution No.1244 is effective.

According to the provisions of this Regulation, both non-domestic goods released for free circulation in the territory of the Republic of Serbia outside of APKM and goods of domestic origin, have the status of domestic goods, so they are not the matter regulated by this Regulation, except for the part related to the obligation to declare those goods to competent customs authority at customs check-points. For the purposes of this Regulation, goods of domestic origin are goods wholly obtained or produced in the customs territory of the Republic

of Serbia outside of APKM, i.e. the value of which was increased for at least 51% in the production process in the territory of the Republic of Serbia outside of APKM, also the goods wholly obtained or produced in the territory of APKM, i.e. the value of which was increased for at least 51% in the production process in the territory of APKM and which are the subject of trade between the Republic of Serbia outside of APKM and APKM. Non-domestic goods delivered from APKM to the territory of the Republic of Serbia outside of APKM, are subject to customs duties, other import duties, excise tax and VAT laid down by the legislation in force.

Adopting this Regulation makes it possible to perform control and supervision over the goods sent to, delivered or in transit from the territory of APKM to the territory of the Republic of Serbia outside of APKM and vice versa. Non-domestic goods sent to, delivered or in transit from the territory of APKM to the territory of the Republic of Serbia outside of APKM cannot enter the territory of the Republic of Serbia outside of APKM through the administrative line but they have to be declared to competent customs offices at international border crossings determined by this Regulation.

At the same time, this Regulation lays down all the measures necessary for customs supervision and controls over the excise goods so that delivery of these goods from border crossings to the territory of APKM can be done only through the customs offices determined by this Regulation. The goods have to be moved under the customs escort to the nearest customs check points in order to get to the territory of APKM.

***25. What customs formalities apply to goods transferred to and from Kosovo. Are there any duties or fees applied?***

Regulation on special conditions for the circulation of goods with the Autonomous Province of Kosovo and Metohia – APKM, regulates the special conditions for circulation of goods with APKM for as long as the UN Security Council Resolution No.1244 is effective.

Article 3 of the specified Regulation stipulates that the non-domestic goods which are sent and delivered, i.e. which are in transit through the territory of APKM, the territory of the Republic of Serbia outside APKM, shall not be allowed to enter the territory of the Republic of Serbia outside APKM outside the administrative line, but must be declared to competent Customs posts at the international border crossings of Presevo and Prohor Peinjski.

Non-domestic goods delivered from the territory of APKM to the territory of the Republic of Serbia outside APKM shall be subject to payment of Customs duties, other import duties, excise and value added tax.

Non-domestic goods on which the Customs procedure of placing goods into free circulation was not performed, as well as goods in transit, can be sent from the border crossing, i.e. from the territory of the Republic of Serbia outside APKM to the territory of APKM, with corresponding measures of Customs supervision and they shall be declared to the competent

Customs control post at administrative line with APKM. Exceptionally, sending excise goods, oil and oil derivatives, as well as sugar from the territory of the Republic of Serbia outside APKM to the territory of APKM shall be carried out only through the Customs Post Presevo, apart from oil and oil derivatives of domestic origin, if they are sent to the territory of APKM by railway through the Customs Unit Raska.

Circulation of domestic goods shall be carried out in compliance with the provisions of the Regulation on Implementation of Law on Value Added Tax (VAT) at the territory of Autonomous Province of Kosovo and Metohia ("Official Gazette of RS", number 15/2005 from 18.02.2005) for as long as the UN Security Council Resolution is effective. The procedure of circulation of the specified goods shall be conducted by the employees of the Special Department of the Tax Administration. For the purpose of uniformity of procedure, the Director of the Tax Administration issued the Methodology Guidelines for Implementation of the Regulation on Implementation of Law on VAT at the territory of APKM.

***26. Are there any specific rules in relation to Kosovo in the Serbian legislation regulating rules of origin?***

Which rules of origin of goods shall be applied in trade between Serbia and Autonomous Province of Kosovo and Metohia (hereinafter referred to as "APKM") depend on contractual obligations of persons involved in trade. It is on exporter to choose under which regulations trade will be operated. This possibility is given by the Agreed Minutes of the bilateral meeting in the context of the CEFTA enlargement between Serbia and UNMIK, signed in Brussels. See 29 Annex XV/2.

Depending on regulation applied in trade between Serbia and APKM, rules of origin are as follows:

**1. In accordance with the Agreement CEFTA – 2006**

Bearing in mind, that UNMIK on behalf of Kosovo in accordance with UN Security Council Resolution 1244 (1999), is one of the contracting party of the Agreement CEFTA- 2006, the provisions of this agreement shall apply in trade between Serbia and APKM. For the purpose of applying this agreement, fulfilment of conditions for acquiring of preferential origin of goods is determined in accordance with the Annex 4 - Protocol on rules of origin and methods of administrative cooperation within the Agreement CEFTA - 2006. See 29 Annex 7/2.

In accordance with the Protocol on rules of origin, goods with Serbian preferential origin, according to provisions of Agreement CEFTA 2006, are sent into the territory of APKM based on prescribed proofs of origin (certificate EUR.1 or invoice declaration), due to this customs and other import duties are not charged. Also, for goods that are delivered from the territory of APKM in the territory of the Republic of Serbia outside APKM, and followed by issued and filled forms of proofs of origin by CEFTA 2006 contracting party, customs and other import will not be charged.

**2. In accordance with the Regulation on executing the Law on value added tax on the territory of APKM during the validity of UN Security Council Resolution 1244 (1999)(Official Gazette of the Republic of Serbia No. 15/05)**



In this case, the goods which are wholly obtained on the territory of APKM or in Serbia, and whose value is increased in the manufacturing process at least for 51%, shall be considered as the goods of domestic origin. The origin of goods shall be proved by the documents which are issued by special department of the Tax Administration of the Republic of Serbia for the goods which are despatched to the territory of APKM, and with the extracts from the relevant registers which on the territory of APKM are run by Organizational units of the Tax administration and the Administration for public payments, or with invoice confirmed by UNMIK customs administration for the goods which are delivered from the territory of APKM to the Serbia.

Also, Regulation on special conditions for the circulation of goods with the Autonomous Province of Kosovo and Metohia in Article 2 prescribes that provisions of that regulation, except for the part related to the obligation to declare those goods to competent customs authority at customs check-points, shall not apply to the foreign goods released for the free circulation in the territory of the Republic of Serbia outside APKM and to the goods of domestic origin. Goods of domestic origin are goods wholly obtained or produced in the customs territory of the Republic of Serbia outside of APKM, i.e. the value of which was increased for at least 51%.

***27. Please provide a description of your customs control system for counterfeit and pirated goods and specify the kind of industrial or intellectual property covered by the control system (copyright, patents, designs, etc.).***

The measures for protection of intellectual property rights at the border shall be exercised in compliance with:

1. The Customs Law (the part eight – Measures for protection of the intellectual property rights at the border, Articles 286-287);
2. Regulation on the conditions and method of application of measures for protection of rights at the border.

The control system includes the following intellectual property rights: seal, patent or a small patent, certificate on additional protection, the right for protection of the plant species, right for topography of integrated circuits, copyright and similar rights, the right for design.

Procedures:

Customs authority may terminate the Customs procedure in two cases:

- at the request of holder of the intellectual property rights and
- at the official duty;

The request may be:

- individual – when it refers to one parcel of goods and
- general – in case when the holder of the rights submits to the Customs authority thorough data on request for implementation of measures for protection of intellectual property rights to the Customs authority with obligatory submission of all relevant data based on which the Customs authority may with greater certainty ascertain a possible violation of rights. The accepted request shall be valid for one year and it may be extended;

The request shall be submitted through a form, and the Regulation on conditions and method of implementation of measures for the protection of rights which shall become valid from 01.01.2011, allows for the possibility of submitting the request through electronic exchange. All applications and preparatory activities for electronic data exchange have been finished, but the implementation is postponed until the regulations on issues of electronic signature become effective.

When the Customs authority officially suspends the Customs procedure, the importer, declarant, goods holder, holder of intellectual property rights and the authority competent for protection of intellectual property rights – the Institute for intellectual property, shall be informed. The holder of rights has a possibility to submit the request for implementation of measures for protection of intellectual property rights at the border within three days from the date of receipt of notice. In case the holder of rights submits such a request, the goods under the suspended Customs procedure, shall be kept under Customs supervision for 10 working days (the deadline may be extended for additional 10 working days), within which time period (starting from the date of request approval), the holder of the rights shall initiate the procedure for stating the violation of the rights with the competent court. Otherwise, after the expiration of the time period, *the Customs procedure shall be continued* and the goods shall be released. In case of suspension of the Customs procedure at the request of the holder of the intellectual property rights, the time period of 10+10 working days shall start from the date when the holder of rights received the notice on the suspension of the Customs procedure. In case of perishable goods, the date of expiry shall be three working days and it shall not be prolonged. In order to accelerate the procedure, the possibility of procedure simplification is foreseen by which the temporarily held goods may be destroyed under Customs supervision with the consent of the holder of rights, without the need for confirmation of violation of the intellectual property rights before the competent authority and based on the written notice of the holder of the rights submitted within 10+10 working days, that the goods in question violate his right along with the written consent of the declarant, holder or owner of goods for their destruction. If the declarant, holder or owner of the goods have not submitted the claim within the specified deadline, it shall be considered that they agree with the destruction of goods.

If the competent court determines that rights have been violated, or in case of aforementioned simplified procedure, *destruction of goods under Customs control shall occur*.

From 1.1.2004, the Customs authorities suspended the procedure of importation, exportation or transit for goods and retained them in 5.766 cases.

*The goods which are most often found as counterfeit:* sports clothes, textile products, cosmetic and perfume products, parts and equipment for mobile phones, spare parts for cars.

The counterfeit goods shall be destroyed by:

- *cutting* (in the machine for cutting pneumatics), in the PUC City Waste Disposal,
- *pressing* by the hard presses on hard surface and placing in special holes
- *spreading (microbiological degradation)* is the destroyed specified quantity of cosmetic preparations. Destruction of goods shall be conducted in compliance with all regulations for environment protection.

The database was created in the Customs Administration with all necessary data on protection of intellectual property within the Customs territory of the Republic of Serbia. The base contains all data on cases which the Department for protection of intellectual property rights processed (importer, exporter, goods quantity, seal, forwarder, carrier, where the goods come from, route, etc.), and currently data is being entered with regard to seals (the look of original seal, data on counterfeited seals, data on authorised representatives of the holders of the rights and all other data received by the representatives) and which shall be distributed to all Customs Offices;

***28. Please provide a description of your customs control system for cultural goods.***

Based on the Law on Foreign Trade ("Official Gazette of RS" No 36/2009 from 15.05.2009) and Decision on determining the goods for whose import, export and transit are required certain documents ("Official Gazette of RS" No 7/2010 from 19.02.2010), export of cultural goods and goods under the previous protection, i.e. goods which are assumed to have the characteristics of special importance for culture, arts and history is conducted in compliance with the Law on Cultural Goods ("Official Gazette of RS" No 71/1994 from 22.12.2010), the Law on defining the competences of the Autonomous Province of Vojvodina ("Official Gazette of RS" No 99/2009 from 1.12.2010) and regulations based on these laws.

The permits for export of cultural goods are issued by the Ministry competent for the area of culture, the permits for export of goods under the previous protection – Republic Institute for the protection of the cultural monuments (except for publications) and National Library of Serbia (for publications), and the permits for export of the goods under the previous protection for the area of Autonomous Province of Vojvodina – Provincial Secretariat for Culture.

With regard to trade in cultural goods, our country (as a signatory) also applies the provisions of the Agreement on importation of the educational, scientific and cultural materials ("Official Gazette of Presidium of the National Assembly of FНРY" No 17/52 from 1.09.1952), as well as the Protocol to the specified Agreement with Annexes (which was adopted by the General Conference of UNESCO at its fifth session held in Florence in 1950), ratified in our country by the Law on Ratification of the Protocol to the Agreement on Importation of Educational, Scientific and Cultural Materials ("Official Gazette of SFRY-International Agreements" No 7/1981 from 30.07.2010).

The customs procedure in relation to the trade in cultural goods shall be executed in conformity with the provisions of the Customs Law and sub-legal acts. The customs procedure also includes the verification of a permit issued by the competent authority for export of cultural goods, as well as the establishment whether the goods for which the permit was issued are really exported.

***29. Please provide a description of your customs control system for dual use goods.***

The activities of the Customs Service of the Republic of Serbia related to the control of foreign trade in dual use goods are based on the following:

the Law on foreign trade in arms, military equipment and dual use goods ("Official Gazette of SME" No 7/2005 from 18.02.2005), the Customs Law, Decision on defining the national

control list of dual use goods ("Official Gazette of RS" No 60/2009 from 3.08.2009), Law on prohibition of development, production, storage and use of chemical arms and their destruction ("Official Gazette of RS" No 36/2009 from 15.05.2009), Rulebook on obligations of the customs authorities in foreign trade in relation to arms, military equipment and dual use goods ("Official Gazette of RS" No 67/2005 from 29.07.2009), Integrated Border Management Strategy in the Republic of Serbia ("Official Gazette of RS" No 11/2006 from 7.02.2006), Law on transportation of hazardous substances ("Official Gazette of SFRY" No 27/90 and 45/90 - corrigendum, "Official Gazette of FRY" No 24/94, 28/96 – other law and 68/2002 and "Official Gazette of RS" No 36/2009 – other Law from 15.05.2009).

According to the Law on foreign trade of arms, military equipment and dual use goods, as well as the Law on ministries ("Official Gazette of RS" Nos. 65/2008, 36/2009 – other law and 73/2010- other law from 12.10.2010), dual-use goods shall be imported and exported based on the permit issued by the Ministry of Economy and Regional Development of the Republic of Serbia.

Pursuant to Article 38 of the Law on foreign trade of arms, military equipment and dual use goods, the customs authorities may in the course of the customs control of dual use goods which are subject of the foreign trade, and within their competence, limit, intercept, seize or suspend the transportation.

The customs authority is obliged to immediately inform the competent ministry on the termination of the customs procedure and temporary detention of goods and to provide the reasons of doing so.

The control of import and export of some products from the tariff codes incorporated in the National control list of arms, military equipment and dual use goods is carried out based on the risk analysis and risk management system, with the appropriate message referring to the risks and the order/instruction for further activities.

***30. Please provide a description of your customs control system for drug precursors, dangerous chemical products and ozone depleting products.***

***- The customs control system for drug precursors***

*The customs control of drug precursors* is based on: the Customs Law, Law on substances used in prohibited production of drugs and psychotropic substances ("Official Gazette of RS" No 107/2005 from 2.12.2005); Decision on determining the goods for whose import, export and transit are required certain documents ("Official Gazette of RS" No 7/2010 from 19.02.2010); Rulebook on form and content of permit for import, export, i.e. transit of precursor of the first, the second and the third category ("Official Gazette of RS" No 101/2009 from 4.12.2009).

The aforementioned regulative stipulates that import, export, i.e. transit of drug precursors are conducted based on a permit issued by the ministry competent for the health issues. The customs authority, during the customs procedure, controls the submitted documentation and identifies the goods. In the Information system of the Customs Administration of Serbia, every tariff code for drug precursors is linked to the code of permit issued by the Ministry competent for health issues.

***-The system of customs control of the dangerous chemical products***

In the Decision on determining the goods for whose import, export and transit are required certain documents, which came into force on the eight day of its publication, the list of toxins whose production, trade and use are banned is defined. In the Information system of the Customs Administration of Serbia, every tariff code for toxins is linked to the code of permit issued by the Ministry competent for environment and spatial planning issues.

***-The system of customs control of the ozone depleting products***

The system of customs control of substances depleting ozone layer is based on: the Customs Law, Law on Air Protection ("Official Gazette of RS" No 36/09 from 15.05.2009) and Regulation on treatment of the substances depleting ozone, as well as on conditions for issuing permit for import and export of those substances ("Official Gazette of RS" No 22/2010 from 9.04.2010); The aforementioned regulative stipulates that import and export of substances depleting ozone and fluorine gases (with the greenhouse effect) is done based on a permit issued by the competent ministry. The customs authority, during the customs procedure, carries out control of the submitted documentation and identifies the goods. In the Information system of the Customs Service (ISCS), every tariff code for the substances is linked to the code of the permit. Furthermore, the control of the substances which damage ozone layer whose import is forbidden is implemented through ISCS.

However, the trade in ozone depleting products – aerosols (the Montreal protocol) is carried out through permit regime issued for these goods but the control of these products has not been implemented through ISCS.

***31. Please provide a description of your customs control system for the enforcement of CITES.***

The customs control of trade in endangered species of wild flora and fauna is based on: Law on confirmation of Convention on International Trade in Endangered Species of Wild Fauna and Flora ("Official Gazette of SRJ-International Agreements" No 11/2001 from 9.11.2001); Law on environment protection ("Official Gazette of RS" nos. 135/2004, 36/2009, 36/2009 – other law and 72/2009 – other Law from 3.09.2009); Law on nature protection ("Official Gazette of RS" nos. 36/2009, 88/2010 and 91/2010 – corrigendum from 23.11.2010); Customs Law ("Official Gazette of RS", no. 18/2010 from 26.03.2010); The Rulebook on border crossing traffic and trade of protected species ("Official Gazette of RS", no. 99/2009 from 1.12.2009); Regulation of placement under control of use and traffic of wild flora and fauna ("Official Gazette of RS" No 31/2005, 45/2005-corrigendum, 22/2007, 38/2008 and 9/2010 from 26.02.2010); The Rulebook on proclamation and protection of strictly protected and protected wild species of plants, animals and mushrooms ("Official Gazette of RS", no. 5/2010 from 5.02.2010); Decision on determining the goods for whose import, export and transit are required certain documents .

All species from the CITES lists (protected species) are subject to the import and export CITES permits. The administrative authority competent to issue permits for trade in endangered species of wild flora and fauna in the RS is the Ministry of Environment and Spatial Planning of RS – Sector for Nature Protection. The Ministry shall issues the special

import, i.e. export CITES permit for each consignment, which can be used only for one crossing over the border

The cross border trade in endangered wild plant and animal species can be carried out only at the border crossings at which veterinary and/or phytosanitary inspectors are located. The customs authorities at the border crossing direct the consignment containing protected species of wild flora and fauna to the border veterinary or phytosanitary inspector for examination. When conducting the customs control of trade in wild species, the customs authority checks the appropriate permits and verifies the border entry/exit in specially determined box of the CITES permit form following the health veterinary and phytosanitary control and examination of consignments.

If it comes out during the customs control that the species do not have import or export CITES permits, the Ministry competent for environment issues shall be informed on findings and shall take appropriate measures within its competence and decide on placement of seized species under care.

The competent ministry shall not issue a permit in the case of transit of endangered and protected wild plant and animal species through the Republic of Serbia. In case of transit, the customs authority shall inspect the validity of the export CITES permit issued by the country of export and the import CITES permit issued by the country of final destination (permits matching), as well as an appropriate phytosanitary and veterinary certificate in accordance with the legal provisions. Where consignment is not accompanied with the appropriate documentation, transit shall be terminated and the inspectors of the Ministry competent for environment protection informed accordingly in order to take appropriate measures within their competence.

### ***32. Please provide information concerning rules and procedures for cash controls at the borders.***

The physical transfer of the means of payment by the residents-natural persons and non-residents-natural persons, abroad and from abroad, is regulated by the Law on Foreign Currency Transactions ("Official Gazette of RS" No 62/2006 from 19.07.2006) and Decision on conditions for personal and physical transfers of the means of payment abroad and from abroad ("Official Gazette of RS" nos. 67/2006, 52/2008 and 18/2009 from 16.03.2009) and the customs service carries out the foreign currency control of the passengers accordingly.

Pursuant to the above mentioned legal basis, the non-residents-natural persons and residents-natural persons when exiting our country may take out foreign currency up to the amount of 10.000 EUR, i.e. counter-value in other foreign currency.

Non-resident-natural person may take out the amount exceeding 10,000 EUR:

- which he/she has declared on entry into the Republic of Serbia – based on the confirmation on the foreign currency taken into the country, verified by the customs authority;
- which he/she withdrew from foreign currency account or savings account in the bank in the Republic of Serbia - based on the confirmation of that bank;
- which he/she earned from the sale of dinars obtained following the previous use of payment card in the Republic of Serbia - based on the confirmation of exchange office.

If a non-resident-natural person at the same time takes abroad dinars and foreign currency, the total amount of those means can not exceed 10,000 EUR, i.e. counter-value in other foreign currency.

If a resident-natural person at the same time takes abroad effective foreign currency, dinars and cheques, the total amount of those means shall not exceed 10,000 EUR, i.e. counter-value in other foreign currency.

A resident – natural person and non-resident - natural person may take out or in the Republic of Serbia dinars up to the amount of dinar counter-value of 10,000 EUR per person.

Dinars in the amount exceeding dinar counter-value of 10,000 EUR per person may be taken in the Republic of Serbia in case they were bought in foreign bank up to the amount from the confirmation of that bank which shall be given for a check to customs authority when entering the Republic of Serbia.

A resident – natural person may in the event of emigration from the Republic of Serbia take out foreign currency exceeding 10,000 EUR, i.e. its counter-value in other foreign currency, based on the proofs on emigration.

The transfer of the means of payment exceeding amounts specified in the Decision on conditions for personal and physical transfers of the means of payment abroad and from abroad, shall be temporary confiscated from residents – natural persons and non-residents – natural persons by the customs authorities, with the issue of confirmation.

The obligations of every natural person, as well as the customs authority, regarding the transfer of the physically transferable means of payment via state border are set up in the Law on prevention of money laundering and terrorist financing (“Official Gazette of RS” nos. 20/2009 and 72/2009 from 3.09.2009 – hereinafter: Law).

The above Law sets up the obligation of every natural person to declare the amount of the physically transferable means of payment taken out over the border in the amount of 10,000 EUR or more in dinars or in foreign currency. The records on the declared and non-declared physically transferable means of payment via state border amounting 10.000 EUR or more in dinars or in foreign currency, as well as the records on transfer of transferable means of payment not exceeding 10.000 EUR in dinars or foreign currency, if there are reasonable doubts on money laundering or terrorist financing, are done by completing the prescribed form of the report on transfer of physically transferable means of payment (PPS form). The method of submitting and filling in the application, as well as the method of informing on this obligation of natural persons crossing the state border are governed in the Rulebook on the report on transfer of physically transferable means of payment via state border (“Official Gazette of RS“ No 78/2009 from 23.09.2009). Therefore, all border crossings, as well as the Web site of the Customs Administration, are provided with the notice relating to the obligations of every natural person regarding the aforementioned.

Non-declared physically transferable means of payment in the event of crossing the state border, as well as means regardless of the amount, for which there are reasonable doubts on money laundering or terrorist financing shall be temporary confiscated and deposited in a way established by the Law. The authorised customs authority shall issues a confirmation on the temporary confiscated physically transferable means of payment.

***33. Please indicate the existence of duty free shops at the borders, if any.***

The provisions of Article 208, paragraph 1 of the Customs Law stipulate that the duty free shops may be opened at the international airports. In duty free shops the goods are sold to the passengers leaving the customs territory of the Republic of Serbia who have passed the customs control, free of customs duties. There is a duty free shop only at the airport “Nikola Tesla” in Belgrade.

***34. Please describe the administrative and customs fees, if any, which apply in the framework of customs related activities.***

The Decision on the type, amount and method of payment of fees for services of the customs authority (“Official Gazette of RS“ No 83/2010 from 9.11.2010) which shall enter into force on 1 January 2011 stipulates that the fees for services rendered by the customs authority shall be paid for the following:

- 1) outgoing to the field, upon the request of a person, of authorised customs officer after the regular working hours or outside the location, i.e. premises and facilities where the customs authority regularly carries out customs supervision and control and clearance of goods, due to performing the customs formalities, in the amount of 1,500.00 dinars for every started working hour of the authorised customs officer,
- 2) the transportation expenses of the authorised customs officer in aforementioned cases and cases of carrying out special control measures that are necessary considering the nature of goods or a possible risk, in the amount of 30% of the price of one litre of super petrol per passed kilometre.

In “Official Gazette of RS” No 35 from 26 May 2010, the Adjusted dinar amounts from the Tariff of the Republic Administrative Fees which are an integral part of the Law on Republic administrative fees (“Official Gazette of RS” nos. 43/2003, 51/2003, - corrigendum, 61/2005, 101/2005 – other Law, 5/2009 and 54/2009 from 17.07.2009) have been published and adjusted by the rate of growth of life expenses, issued by the Republic Statistical Office for the period from 1 February 2009 to 30 April 2010, and applicable from 1 June 2010.

**Annex XVII:** The table chart of amounts and descriptions of administrative fees applicable in the customs procedure

***35. What legislation related to an electronic customs initiative is in place?***

- The Law on electronic signature (“Official Gazette of RS“ No 135/2004 from 21.12.2004)
- The Law on electronic document (“Official Gazette of RS“ No 51/2009 from 14.07.2009)

The provisions of Article 4 of the Customs Law regulate that the customs authorities implement and use information technologies when it is profitable and efficient for the Customs Administration, as well as economy in general.



The Director General of the Customs Administration specifies the conditions under which the traders may contact the Customs Administration electronically.

Furthermore, the provisions of Article 86, paragraph 1, item 2, the Customs Law stipulate that the declaration may be submitted through electronic data exchange, if it is provided for by the technical possibilities and if the use of electronic means has been approved by the Director General, whereas the provisions of Article 102 of the same Law stipulate that in the event of submitting the declaration through electronic data exchange, the provisions of Articles 87 to 101 of this Law shall be applicable that refer to the declaration in written form.

Currently, it is possible to submit the customs documents electronically (The Single Administrative Document and the summary declaration), but for their acceptance, it is necessary to submit also the customs documents in written form to the customs authority.

***36. What are the customs related security initiatives? Is there any legal obligation to traders to provide pre-arrival/pre-departure information (prior to import/export)?***

**- What are the customs related security initiatives?**

In June 2005, the Customs Administration of Serbia signed the Letter of Intent to apply the Framework of Standards to Secure and Facilitate Global Trade of the World Customs Organisation. Afterwards, it actively participated in the WCO Columbus Programme of capacity building with a view to implementing this instrument. The Action Plan for the implementation of the recommendations made by the WCO team, which carried out a diagnostic mission to the CAS, was drawn up and most of its measures have been implemented: a special project for the implementation of the Framework of Standards was designed and it became one of the priorities of all the upcoming annual CAS Business Plans; the Framework of Standards was published in the Customs Review and on the CAS web site, and was also included in the basic training curriculum for customs officers; top management has been continuously visiting the Customs Offices/Customs Posts in order to inform the field staff about the CAS strategic plans; the anti-corruption activities have been intensified; Training Needs Analysis has been carried out in the Headquarters and Customs Offices and new programme of basic and specialist training has initiated; with the aim of fostering the partnership with the business community the CAS and the Serbian Chamber of Commerce formed a Commission which meets on regular basis; the simplified customs procedure has been introduced for economic operators with good compliance records; the new Customs Law of RS has introduced the concept of authorised economic operators; implementation of the electronic signature is underway; the Guidelines for Post-Clearance Controls has been prepared; the Risk Analysis Group has become the Department integrated into the Enforcement Division etc. Special emphasis was placed on the improvement of risk management, the WCO diagnostic mission was carried out and their experts made a series of recommendations which were later integrated into the CAS Risk Management Strategy adopted in 2008.

The Customs Administration of RS has defined the establishment and development of an efficient system of control of arms, military equipment and dual-use goods and technologies as one of its priority goals. Since 2005, when the first Law in Foreign Trade in Arms, Military Equipment, and Dual-Use Goods was adopted, the Customs Administration has defined its own project entitled *"Control of Foreign Trade in Arms, Military Equipment and Dual-Use*

*Goods*”; jointly implemented with the Ministry of Economy and Regional Development of RS. The aim of this project is to establish an efficient control system of movement of conventional arms, military equipment and dual-use goods. The following activities have been implemented so far:

- A detailed customs procedure for the control of dual-use goods was carried out; a detailed customs procedure for the control of dual-use chemical substances treated by the Convention on Prohibition of Chemical Weapons was carried out; a detailed customs procedure for the control of dual use microorganism cultures (treated by the Convention on the prohibition of Biological Weapons - BWC) was carried out;
- the Handbook entitled *"Control of Foreign Trade in Arms, Military Equipment and Dual-Use Goods"* was prepared with the aim of ensuring more efficient application of legislation in this field, as well as with the aim of providing necessary explanations for submitting requests for permits, classification of good in compliance with the Customs Tariff, etc.;
- the Handbook entitled *"Dual-Use Goods Control "* for customs officers was prepared in order for them to become more familiar with the regulations in this field, the structure of the List of dual-use goods and technologies of the European Union (EU list), international control regimes, limitations for foreign trade in controlled goods, method for identifying the goods and their classification in compliance with the Customs Tariff, obligations of the customs authorities in foreign trade in arms, military equipment and dual-use goods.
- the Handbook entitled *"Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (CWC)"* was prepared for the customs officers;
- the harmonisation of the National control list of dual use goods with the current Customs Tariff, i.e. with the Nomenclature HC 2007 and the Combined Nomenclature EU 2010 is carried out on a regular basis. The list is available on the official CAS web site;
- the harmonisation of the List of chemical substances treated by the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction classified pursuant to the Customs Tariff is carried out on a regular basis (the text of the Convention was published in the “Official Journal of FRY– International Agreements” No 2/2000 of 8 July 2000), i.e. it is harmonised with the Nomenclature HC 2007 and Combined Nomenclature of EU 2010. The list is available on the official CAS web site.

As provided for in the adopted Integrated Border Management Strategy, according to which inspectors of the Environment Protection Agency should have been withdrawn from the border, the Customs Administration took over the preliminary control in four areas, such as: control of radioactivity, toxins (chemicals), waste and ozone layer depleting substances. The preventive control of radioactivity started on 17 July 2006. The control includes the use of handheld pagers, gamma spectrometers and one portal installed at the BC Gradina. Within the project “Harmonisation of the Serbian Customs Enforcement Division with the standards, organisation and operational methodology of EU enforcement agencies” financed from IPA 2008 funds, the funds for the procurement of eight portals which should be installed at road and railway border crossings at corridor 10 have been provided. The initial training was organised and completed by 500 customs officers. The CAS representatives take part in the professional training courses organised by the International Atomic Energy Agency. Good regional cooperation has been established and their main results are regular exchange of information about occurred incidents and consent for the new non-intrusive equipment to be installed on the agreed locations. Customs Administration of Serbia has also taken over the preliminary control of toxins, waste materials and ozone depleting substances.

Aiming at regular systematic data exchange with the neighbouring countries, the Customs Administration of Serbia took part in the SEED system (Systematic Electronic Exchange of Data in the Western Balkans) developed within the SEMS project (South-east European Messaging System) which initiated in 2008. The purpose of the system is to enable the customs administrations to exchange coded pre-arrival information in real time. The system is currently in the pilot phase, and the CAS has signed the agreements on harmonised set of data which to be exchanged with the Customs Administrations of Bosnia and Herzegovina, Macedonia and Montenegro. In the pilot phase, the data matching is carried out manually, whilst in the phase of full system functioning, the data matching will be automated. The Customs Administration signed memoranda of understanding with 15 economic operators on speeding up the flow of goods, combating customs frauds and protection of intellectual property rights. Out of the total number of memoranda mentioned above, four were signed with carriers and express couriers, where cooperation in preventing drug smuggling was additionally specified.

***- Is there any legal obligation to traders to provide pre-arrival/pre-departure information (prior to import/export)?***

The Serbian customs regulations do not contain a legal obligation to traders to provide information on goods before its arrival/departure (pre-importation/pre-exportation).

However, the Customs Law specifies the possibility of submitting the pre-arrival declaration. The Article 59 of the Customs Law specifies that the customs authority may approve that the pre-arrival declaration is submitted for the goods entered into the customs territory, apart from the goods transferred through airspace of the Republic of Serbia without a stop.

Pre-arrival declaration is submitted or placed for disposal to the competent customs authority, before it enters customs territory, unless the Customs Law and regulations brought based on this law it was stipulated otherwise.

There is the rule that the pre-arrival declaration is submitted electronically, and exceptionally, the customs authority may approve the pre-arrival declaration in written form, if it is possible to use the same level of risk management applicable to pre-arrival declarations submitted electronically and if such data may be exchanged with other customs offices. The commercial, port and transport documents may be used if they contain necessary data.

The pre-arrival declaration shall be submitted by the person who brings the goods or who assumes responsibility for the carriage of the goods into the customs territory, this declaration may also be submitted by:

- 1) a person, in whose name a person who brings goods or assumes responsibility for the carriage of the goods into the customs territory acts;
- 2) a person who presents goods or may present goods being entered to the competent customs authority;
- 3) a representative of any of aforementioned persons.

***37. Please provide detailed information concerning the administrative capacity of the customs administration, incl. organisational structure, staffing levels, reforms recently undertaken or planned, responsibility for granting authorisations for applying customs procedures, etc.***

In line with the Rulebook on the Amendments to the Rulebook on the Internal Organization and Systematization of Job Positions in the Customs Administration which entered into force on 5 November 2010, 2539 civil servant positions were systematized, which is 30 more than systematized by the previous Rulebook. The number of civil servant staff was increased in compliance with the Government Decision of 23 July 2010.

Pursuant to the Rulebook on the Amendments to the Rulebook on the Internal Organization and Systematization of Job Positions, the systematized number of civil servant job positions as per organizational units is as follows:

Director General	1
Deputy Director General - Coordinator	1
Customs Affairs and International Customs Cooperation Division	41
Tariff Affairs Division	110
Human Resources and General Affairs Division	81
Investments, Financial and Legal Affairs Division	64
Enforcement Division	162
Information Technologies Division	102
Audit Department	8
Internal Affairs Department	9
Bureau of Director General	13
Headquarters of the Customs Administration total	592

#### CUSTOMS OFFICES:

1. Customs Office Belgrade	377
2. Customs Office Sabac	152
3. Customs Office Kladovo	100
4. Customs Office Dimitrovgrad	129
5. Customs Office Kraljevo	104
6. Customs Office Uzice	102
7. Customs Office Nis	189
8. Customs Office Kragujevac	86
9. Customs Office Novi Sad	238
10. Customs Office Sombor	68
11. Customs Office Vrsac	76
12. Customs Office Zrenjanin	61
13. Customs Office Subotica	221
14. Customs Office Pristina	44

According to the new systematisation of job positions in the Customs Service, 2445 customs officers have been employed on a full time basis (permanent staff), while 238 customs officers have been temporarily employed (due to the expending business or as a replacement of customs officers which are absent for a long period of time).

Out of the total number of employees working on a full time basis, 724 have university degree (29,6%), 503 have college degree (20,6%), 1155 have high school degree (47,2%) and 63 have a three-year high school degree or elementary school degree (2,6%).

The structure of employees in terms of gender: 41, 5% employees are women, whereas 58, 5% are men.

The age structure of employees is as follows:

- 20-29 years - 2, 4% employees
- 30-39 years - 31, 4% employees
- 40-49 years - 38, 8% employees
- over 49 years - 27,4% employees.

The Customs Administration is an administrative authority under the auspices of the Ministry of Finance and it consists of the Headquarters and 14 Customs Offices. The Headquarters of the Customs Administration has 6 divisions and 3 organisational units which do not make part of the divisions (enclosed – Organisational scheme of CAS).

#### **Annex XVIII: Organisational scheme of the Customs Administration**

##### ***38. Please provide information on your customs mission statement and customs strategy document(s), if any.***

The Customs Administration of Serbia (CAS) adopted the Business Strategy for the period from 2011 to 2015. The section referring to the key statements encompasses the Vision and the Mission of the Customs service.

*The text of the Customs vision is as follows:* The Customs Administration will be organized as a professional and competent body, free of political influences, that ensures an efficient flow of goods and passengers and acts within the framework of law and professional ethics for the benefit of all the citizens of the Republic of Serbia, respecting human rights and freedoms. In terms of the integration processes, new roles and responsibilities, the Customs Administration's vision is to become a professional, developed and modernly equipped administration that protects the society and ensures maximum flow of goods and passengers providing for the cost reduction. The CAS will achieve this by consistently performing its core functions, and by efficiently detecting and preventing customs offences and other threats – terrorism, organized crime, smuggling and corruption.

*The text of the Customs mission is as follows:* We collect considerable funds and therefore significantly contribute to the budget revenue increase, we provide support to the economy and assist in strengthening its international competitiveness, we ensure security of supply chain, facilitate international trade, prevent import of illicit and restricted goods, counter illegal and illicit trade by enforcing laws and regulations in line with the international standards, and protect the interests of the Republic of Serbia and the interests and security of its citizens. The Business Strategy specifies the following strategic objectives: 1. Corporate culture; 2. Efficient and accountable management; 3. Professionalism of customs officers; 4. Modern and efficient revenue collection; 5. IT system development; 6. Enhanced enforcement, border protection and improved cooperation with other Serbian state authorities in the area of international trade in goods; 7. Fostering international cooperation; 8. Transparency, responsibility and public relations. The Business Strategy describes the objectives in more details through defining the specific objectives and necessary measures. The strategy also contains the significant ongoing projects.

In 2005 the CAS adopted the *IT Development Strategy*. Considering the year of its adoption, as well as the fact that a great part of the activities planned in this Strategy has been implemented, the Customs Administration, in cooperation with the EU Delegation, mobilised an IT consultant who has delivered the Terms of Reference for the Framework Contract on drafting the IT strategy, and that project is underway. The expected outcome of the Framework Contract is the drafting of a new IT System Development Strategy of Customs Administration Information for the period until 2020, a three-year Tactical Plan, taking into account the IT preparations of the Customs Administration which are necessary for the integration of the Republic of Serbia with the EU, as well as the available financial and human resources.

In 2008, the CAS adopted the Risk Management Strategy for the period until 2012. The CAS Risk Management Strategy is based on the following documents: National Programme for Integration of the Republic of Serbia with the European Union, Principles and Priorities in the European Partnership, National Strategy on Integrated Border Management and the WCO Framework of Standards to Secure and Facilitate Global Trade. The Strategy precisely defines the elements of risk management, the role and responsibility of customs officers, and operational priorities and time frameworks for their implementation.

Since 2006 the Customs Administration of Serbia has been preparing yearly *Business Plans*. The Business Plan consists of activities which are necessary to be carried out within certain deadlines for the current year with the aim of achieving the defined priorities. The document also defines the organisational unit which is in charge of taking measures, financial funds (required, provided and missing), performance indicators and expected results.

***39. Please describe how internal audit, if any, within the Customs Administration is organised.***

The Customs Administration in cooperation with the Customs and Fiscal Assistance Office (CAFAO), with the aim of harmonizing its Internal Audit with international standards, has specified a new concept of work regarding Internal Audit whose implementation started on 01 January 2005.

The system of internal audit in the Customs Administration is organised at two levels:

1. Internal control, conducted by the managers of organisational units in Customs Offices and
2. Internal audit, conducted by the Audit Department of the Customs Administration.

*Internal audit* is carried out in compliance with the approved audit items, specified for the area of business activities which is being targeted. The audit items are defined by the Audit Department of the Customs Administration in cooperation with other competent departments of the Customs Administration. The internal audit is accomplished such that for every specified audit item, a documentary audit is performed, i.e. procedures in the planned percentage. The specified data are kept within the file "Internal Audit". The condition of the audited work and the specified discrepancies are compiled in the collective monthly report, which shall be submitted to the Audit Sector of the Customs Administration through the System of Internal Audit (SIA).

*Internal audit* is carried out by the Audit Department in compliance with the annual audit plan. The Audit Department analyses data obtained from the Internal Audit and carries out the audit of the functioning of all the Customs Offices and cross audits according to orders of the Director General. The Director General of the Customs Administration is informed on the results of all audits.

The internal audit system is the best tool through which both the Director General and managers of the Customs Offices are permanently updated on activities regarding business operations of the Customs Service and which directs them to shortcomings requiring correction.

***40. Please describe how post clearance controls, if any, are organised.***

Post-clearance as a special service has been functioning since 1 May 2008. It is organised within the Tariff Affairs Division as the Post-Clearance Control Department of the Customs Administration and within four regional centres (Belgrade, Novi Sad, Nis and Kraljevo) with 40 systematised job positions in total. The legislation regarding post-clearance audit is harmonized with the corresponding EU regulations, in all key elements. According to Articles 103 and 26 of the Customs Law, the post-clearance audits can be carried out within 5 years from the date of the acceptance of the declaration. The Department carries out post-clearance audit of economic operators in the import, export and special procedures (inward and outward processing) as well as a priori audits in order to authorize simplified procedures. The selection of economic operators is done based on individual evaluation of risk for each operator.

Post clearance audits of the Customs Administration are IT supported. The IT development programme for post audits began in 2008. The programme was designed to prepare an annual plan for post clearance audits and to provide everyday communication between the Post Clearance Control Department and regional centres. The basic programmes functions are as follows: selection of companies for carrying out the post audit inspections, preparation of files on companies which have had post clearance audits, recording of the performance of every auditor individually, keeping records on all performed post clearance audits, i.e. reporting on the findings of post clearance audits and the automated assignment of working orders for the execution of specific post clearance audits. The programme is in the test phase. The training for the programme application has already been carried out and the user manual was prepared.

***41. Please indicate how you cooperate with other countries and customs areas in the field of administrative assistance in customs matters.***

The Customs Administration of Serbia is currently applying 20 bilateral Agreements on Mutual Administrative Assistance regarding Customs issues.

All bilateral agreements on Customs cooperation could conditionally be divided into two groups. The first group includes the agreements concluded with France ("Official Journal of SFRY - International Agreements", number 17/72 of 23.03.1972), Austria ("Official Journal of SFRY - International Agreements", number 14/79 of 3.12.1979), Greece ("Official Journal of SFRY - International Agreements", number 9/86 of 15.08.1986), China (it was not published in Official Gazette because it was ratified in the Regulation), Germany ("Official Journal of SFRY - International Agreements", number 4/76 of 30.01.1976) and the USA (it

was not published in Official Gazette because it was ratified in the Regulation), which were concluded before 1990, for which they can be said to be outdated and required to be updated. The second group includes Contemporary Agreements, concluded after 1990 and as such they were adjusted with the standards of the World Customs Organisation and the European Union. This group includes agreements with FYR Macedonia ("Official Journal of FRY - International Agreements", number 5/96 of 4.10.1996), Bosnia and Herzegovina ("Official Journal of FRY - International Agreements", number 4/2002 of 27.04.2002), Croatia ("Official Gazette of RS", number 34/06 of 18.04.2006), Bulgaria ("Official Journal of FRY - International Agreements", number 2/98 of 6.03.1998), Romania ("Official Journal of FRY - International Agreements", number 2/98 of 6.03.1998), Slovakia ("Official Journal of FRY - International Agreements", number 4/01 of 27.06.2001), Czech Republic ("Official Journal of FRY - International Agreements", number 1/01 of 11.05.2001), Turkey ("Official Journal of FRY - International Agreements", number 4/03 of 31.01.2003), Hungary ("Official Journal of FRY - International Agreements", number 6/98 of 4.12. 1998), Montenegro ("Official Gazette of RS", number 67/03 of 1.07.2003), Slovenia ("Official Gazette of RS - International Agreements", number 102/2007 of 7.11.2007), Poland ("Official Gazette of RS - International Agreements", number 102/2007 of 7.11.2007), Russian Federation ("Official Journal of FRY - International Agreements", number 2/97 of 27.06.1997) and Italy ("Official Journal of FRY - International Agreements", number 4/2003 of 31.1.2003). The agreements signed with Ukraine and Iran have not entered into force yet. Agreement with Albania was signed, whereas with France and Greece the procedure for innovation of the existing agreements was initiated. The procedure for concluding the agreement with Moldavia, Cyprus and Belarus has been initiated.

The application of agreements implies providing administrative assistance in enquiries at the international level with the aim of preventing smuggling and organised crime. The information exchange refers to the requests directed to foreign Customs Administrations and replies to their requests. The cooperation shall be carried out satisfactory, with quality, both by providing data and obtaining the required data.

Besides signed agreements, the CAS has signed Memorandum with the Customs Administration of France on cooperation of Customs authorities at the airports "Nikola Tesla" Belgrade and "Roasi – Charles de Gaulle" Paris.

The Customs Administration of Serbia jointly with the foreign Customs administrations also performs exchange of the data through its representative of SECI centre in Bucharest. Furthermore, there is also a cooperation with the accredited Customs attaches of several countries on a regular basis.

#### ***42. Please describe the training system of customs officers and of economic operators.***

The greatest part of the trainings is performed through Vocational Training Centre of the Customs Administration. Generally, the trainings may be divided into basic and specialized ones.

##### ***Basic trainings***

Vocational Training Centre organises and performs basic trainings courses for customs officers and customs agents.



### Basic training for customs officers

Besides the obligation of taking state exam in the relevant ministry imposed to all civil servants, interns, newly recruited customs officers, customs officers who obtain higher level of education during their career and customs officers who, in order to fulfil their tasks, need professional development within the field of customs system and policy, they are also obliged to take vocational customs exam on customs system and policy, within a certain period of time. The theoretical vocational training course is carried out in the Vocational Training Centre of the Customs Administration, whilst the practical vocational training course in the Headquarters of Customs Administration and Customs offices.

Vocational Training Centre carries out two types of basic training courses for customs officers:

1) Basic training courses for customs officers holding university or two-year college degree, which last for 50 working days and are composed of the following subjects:

- Customs system and procedure;
- Customs tariff, origin of goods, customs value and tax system;
- Understanding of goods;
- Foreign trade and foreign exchange system;
- Detection of violations of customs regulations;
- Customs service information system

2) Basic training courses for customs officers holding high-school degree, which last for 35 working days and are composed of the following subjects:

- Basics on customs system and procedure;
- Basics on customs tariff, foreign trade, foreign exchange and tax system;
- Understanding of goods;
- Detection of violations of customs regulations;
- Customs service information system

The training courses are delivered by customs officers working as lecturers at the Customs Administration's Vocational Training Centre, while for certain specific areas by customs officers appointed by the Decision of the Customs Administration's Director General. In order to complete the training course successfully, an exam consisting of a written and oral part should be passed.

### Basic trainings for customs agents

Vocational Training Centre carries out theoretical part of training for customs agents (persons employed by indirect representatives in the customs procedure), lasting for 20 working days and with the following subjects:

- Customs system and procedure;
- Customs tariff, origin of goods, customs value and tax system;
- Understanding of goods;
- Foreign trade and foreign exchange system;
- Customs service information system

The training courses are delivered by customs officers working as lecturers at the Customs Administration's Vocational Training Centre, while for certain specific areas by customs officers appointed by the Decision of the Customs Administration's Director General.

Training for custom agents has also practical part carried out at indirect representative. After completing the training, candidates shall take the exam, which is the condition for Customs Administration issues the work permit for indirect representation in customs procedure (customs agent).

### *Specialized trainings*

Aiming for permanent education of customs officers and improvement of their professional knowledge, competences and skills, specialized seminars are organised as required covering areas which not all customs officers are obliged to be familiar with. Lectures, consultations, courses and similar forms of education are also organised for the purpose of innovating professional knowledge. Mostly, this trainings are delivered by lecturers i.e. customs officers of the Vocational Training Centre. But if needed external experts are also engaged. . Moreover, if deemed necessary, customs officers are sent for further training advancement to some other state bodies or institutions and similar professional organisations, as well as to customs administrations of EU member states, other countries and international organisations.

Specialized trainings for economic operators, where Customs Administration is participating, are mostly carried out in cooperation with the associations of entrepreneurs and professional organisations, at their initiative. The type and character of these trainings is in direct function of the needs of the business community and the Customs Administration participates through engagement of its lecturers.

In 2009, taking into account regular and specialized trainings, the number of training days per employee in the Customs Administration amounted 3,16

### ***43. What was the level of turn-over of staff in the Customs Administration in recent years? Are there enough qualified applicants to fill the vacancies?***

#### ***- What was the level of turn-over of staff in the Customs Administration in recent years?***

In the period from 2005 until 2010, 427 persons were employed in the Serbian Customs Administration (SCA) and due to various reasons, 550 employees left SCA. When the data are presented as percentage, about 18% employees were employed in SCA in the last five years, and about 23% employees left the customs service in the same period. The greatest fluctuation was noted in the sector for information technologies. The most frequent reason for leaving the service was unsatisfactory salary and slow promotion in state bodies.

#### ***- Are there enough qualified applicants to fill the vacancies?***

In the Registry of the unemployed persons, there is a high number of persons with various education levels, different work experience, knowledge and skills. However, having in mind the salaries in state administration, as well as weak social mobility of the labour force in Serbia, i.e. refusing changes of residence, it is not always easy to fill in the vacancies with the qualified employees.

### ***44. Please describe your recruitment policy and the conditions of staff recruitment.***

*Filling in the job positions* is carried out in compliance with the Customs Law, Law on Civil Servants ("Official Gazette of RS", number 79/2005, 81/2005 – corrigendum, 83/2005 – corrigendum, 64/2007, 67/2007 – corrigendum, 116/2008, 104/2009 from 16.12.2009) and Act on internal organisation and systematisation of job positions in the Customs Administration. the Act on internal organisation and systematisation of job positions defines the titles of job positions in the Customs Administration, job descriptions, number of executives, as well as conditions required for every job position such as: level and type of education, work experience, special knowledge and skills. If there is a job vacancy, and if needed from the aspect of work, , the public job announcement shall be opened for filling in the job vacancies and published in daily newspapers and official gazette. All candidates who meet conditions and submit requested documentation shall be called for an interview with selection commission. During the interview candidates are tested in relation to knowledge, professional qualifications and skills required for performing the activities of the specified job position. Based on the marks against pre-defined criteria, the order list shall be prepared and selection commission suggests to the Director General of the Customs Administration one candidate for employment at the specified job position. The selection shall be decided by the Director General. Candidates which were not selected have the right to complain to the Minister of Finance. The selected candidates shall start working only when the decision on their selection becomes final, i.e. when the deadlines for complaints expire or the Minister denies complaints

Having in mind economic circumstances in the country and the need to reduce public consumption, in 2009 the Law on defining the maximum number of employees in republic administration was enforced ("Official Gazette of RS", number 104/2009 from 16.12.2009) which defines the total maximum number of employees in the state authorities as well as in Customs Administration. This regulation does not leave any space for planning the human resources.

***45. Please describe the procedures, if any, on the possibility of transfer, career, progression and dismissal of staff.***

*The transfers* within the Customs Administration are done based on the Customs Law and the Rulebook on rights, duties and responsibilities of the employees in the Ministry of Finance – Customs Administration. The transfers may be performed if needed by the administration and at the personal request of the customs officer. The transfers that last for up to 12 months are considered to be temporary transfers. The Decision on transfer is brought by the Director General of the Customs Administration, having previously obtained opinion from the head of the customs office or Assistant Director General of the unit concerned The Decision on transfer must be delivered at least seven days before commencement of work. The customs officer is entitled to complain within 8 days from the date of delivery of the decision. The complaint shall be decided by the Minister of Finance. The complaint can not postpone the decision execution.

*Promotion* of customs officers is regulated by provisions of the Customs Law, Law on civil servants and Law on salaries of civil servants and public employees ("Official Gazette of RS", number 62/2006, 63/2006 – corrigendum, 155/2006 – corrigendum and 101/2007 from 6.11.2007).

The provisions of the Customs Law stipulate that the customs officer at the executive position may be promoted to the job position of higher group (meaning management job position) based on internal job announcement. If, from the aspect of work is needed that the job vacancy or a new job position to be filled in instantly, the customs officer may be transferred or promoted on temporary basis, for up to 12 months.

The Law on civil servants and the Law on salaries of civil servants and public employees regulates promotion of the civil servants, thus customs officers as well, by promotion to next higher executive job position or to higher salary level without change of job position.

Promotion into the higher salary level shall be done based on the performance appraisal of the civil servant. The civil servant shall be evaluated once in calendar year, not later than the end of February of the current year for the previous year, having the results in carrying out job tasks and set goals evaluated for quarterly. The marks are: “unsatisfactory“, “satisfactory“, “good“, “very good” and “excellent”. The civil servant managing the state authority, the civil servant who was working less than 6 months regardless of the reason and civil servant who was employed for limited time period shall not be evaluated.

The civil servant who was evaluated consecutively two years “excellent” shall be promoted for two salary levels. The civil servant who was evaluated consecutively two years “very good” or “excellent” and “very good” regardless of their order consecutively two years shall be promoted for one salary level. The civil servant who was evaluated consecutively three years “good” or “good” and “very good” shall be promoted for one salary level regardless of their order.

The civil servant may be promoted to next higher job position if evaluated at least two times consecutively “excellent” or four times consecutively “very good”, provided that there is a job vacancy and if one meets the requirements for that job position.

*Dismissal* of customs officers is also regulated by the Customs Law, the Rulebook on rights, duties and responsibilities of the employees in the Ministry of Finance – Customs Administration and the Law on civil servants. The Rulebook on rights, duties and responsibilities of the employees in the Ministry of Finance – Customs Administration specifies minor and serious violations of official duty and corresponding disciplinary measures, one of which being also a measure of termination of employment.

The civil servant, whose results in performing activities and reaching defined goals of the job position were quarterly evaluated with lowest mark shall be overall evaluated as “unsatisfactory” and directed to additional evaluation within the period of 30 working days. If civil servant’s performance in the additional assessment period is evaluated as “unsatisfactory”, the Director General brings decision on termination of employment. In case the civil servant in the period for additional assessment is assessed as “satisfactory”, the Director General brings decision on transfer to job position of the lower rank.

***46. Please describe the system and measures taken to avoid and cut down corruption and misconduct within the administration, if any.***

At the Customs Administration, units dealing with prevention and reduction of corruption, that is, violation of the Code of Conduct are Department for Internal Control and Group for

Discipline Measures of the Sector for Human Resources and General Affairs, each within its own authorities.

In performing the tasks within its authorities, *Department for Internal Control* is an independent department and directly responsible for its work to the Director General of the CA. According to systematization, the Department for Internal Control comprises of two organizational units: Group for control of validation and legality of officers' work and Group for cooperation with other government authorities. This way, specialization of staff has been achieved in regard with performance of specialized tasks that, first of all relate to taking measures on detection and prevention of corruption and other types of illegal and conscienceless performance of duty by the customs officers. Aiming at improvement of performance of the Department following activities have been undertaken:

- 1) Committees for Briefs and Complaints have been formed at the Customs Houses dealing with minor breaches of work duties;
- 2) At the customs posts, telephone numbers of the open customs line and the Department are highlighted. There one can report all sorts of malpractice and irregularities of the customs procedures;
- 3) Within all the organizational units of the CA, on visible places, one can find informative and promotional material on fight against corruption;
- 4) Managers of all organizational units are obliged to, upon finding out on existence of severe forms of breaches and violations of regulations by the customs officer; officially report this to the Department.

Department for Internal Control receives information on violation of regulations by the customs officers from several sources: through operational activities, through anonymous briefs and complaints, from the Ministry of Interior, through the open customs line etc. Upon receipt of operational data on possible breach of regulations by customs officers, this information is being checked; informative interviews are being performed with the employees and complainers, after which reports for the Director General are being drafted. They contain suggestions for initiating disciplinary proceedings, while if elements of criminal responsibility exist, the information is being sent to the competent prosecutors and courts. In its work, the Department for Internal Control closely cooperates with other governmental authorities, namely: the Ministry of Interior, Special Court and Public Prosecutor, Anti-Money Laundering Administration and other governmental authorities.

In 2003 the Minister of Finance and Economy has brought the Code of Conduct of Customs Officers, which determines general rules of conduct of customs officers during performance of job in and outside the Customs Administration, during and after working hours, as well as behaviour of the customs officers towards the public, colleagues, managers, officers they manage, as well as other civil servants.

In the year 2010, the Customs Administration in cooperation with the World Customs Organization has begun a pilot-project aiming to strengthen the integrity of the customs officers and to fight corruption.

The Group for Disciplinary Measures is authorized to manage legality of conducting disciplinary proceedings for severe breaches of official duty against customs officers. In this sense, the Group keeps Record of requests for initiation of disciplinary proceedings for following up of disciplinary procedures until their completion, as well as for providing data.

Procedure for determining disciplinary responsibility of customs officers, minor and severe breaches of duty (even breaches of code of conduct rules by the customs officers), and types of imposed disciplinary measures, are defined by article 308 of the Customs Law and by the act on disciplinary responsibility – the Rulebook of rights, duties and responsibilities of the employees of the Ministry of Finance – Customs Administration. Article 308, paragraph 8 of the Customs Law, prescribes that the disciplinary measure is interrupted if a criminal procedure has been initiated against the customs officer (for the same act).

Disciplinary proceeding for a severe violation of official duty is initiated based on the request of Head of customs office against customs officers working at customs office concerned, or based on the request of the Assistant Director General against customs officers working in the Headquarters of the Customs Administration. Disciplinary proceeding is carried out by the Disciplinary Council, while the Decision is brought by the Director General of the Customs Administration after the proceeding has been completed. On the appeal of employees, on the disciplinary decision brought, further decides the Minister of Finance. The Internal Control Department mostly carries out a preliminary procedure, i.e. investigative actions, before the Head of Customs office or Assistant Director General makes request for disciplinary procedure against customs officers. Disciplinary proceeding for a minor violation of official duty is carried out by the Head of Customs office against employees working at customs office concerned or the Director General for employees in the CA Headquarters, who also decide upon the responsibility of their employees, respectively.

In accordance with the disciplinary records from 01.01.2009 until 31.12.2009, in total 55 disciplinary measures were initiated for severe breaches of official duty against 65 customs officers. From this number, one third can be characterized as corruption or are in relation to it. Most of the requests were filed on the grounds of “failure or dishonest, untimely or negligent performance of duties and tasks” as referred to in Article 40, paragraph 1, point 1 of the Rulebook, but this is understandable given the fact that this offence has the broadest and most unrestricted boundaries, representing an offence which may preclude many actions of the employees and being easier to prove than other severe breaches of duty (for example abuse of office or bribery). This is corroborated by the fact that the disciplinary body does not have all legal means as the court has, also in conducting its proceedings, it is obliged to apply Law on general administrative procedure (“Official Journal of SR”, number 33/97, 31/2001 and “Official Gazette of RS”, number 30/2010 from 07.05.2010) that is inappropriate for determining subjective responsibility, and also it is obliged to perform the disciplinary proceeding urgently. In total, 41 disciplinary proceeding has been completed, while 38 disciplinary measures were implemented: 9 terminations of employment and 29 pecuniary penalties. 21 customs officers were punished with pecuniary penalties for minor breaches of official duty by the decision of the Head of Customs office. Disciplinary proceeding was led against 2 customs officers for the breach of the Code of conduct of customs officers, defined as severe breach of official duty. According to the disciplinary evidence, in 2010 (until 30.11.2010), in total 54 disciplinary procedures were initiated for severe breach of official duty against 67 customs officers. From this number (as in the year 2009), one third can be characterized as corruption or in relation to it. Until today, 34 disciplinary proceedings were legally-binding ended against 46 customs officers, while in total 31 disciplinary measures were uttered: 4 terminations of employment and 27 pecuniary penalties.

*In regard to initiated criminal procedures* against customs officers, no particular evidence exists, among others because jurisdictional authorities and MoI on their own initiative do not notify the Customs Administration about it. In this sense, data that the Customs

Administration has were obtained based on the requests the Customs Administration sends to the courts or the prosecutor. Bearing this in mind, data on criminal proceedings against customs officers are not up to date. According to the data available to the Customs Administration , at this moment, criminal proceedings are being led against 104 customs officers for criminal acts committed at work or that are work-related, in most cases concerning the following : abuse of office as described in article 359 of the Criminal Law (“Official gazette of RS”, number 85/2005, 88/2005 – corrigendum 107/2005 – corrigendum 72/2009 and 111/2009 from 29.12.2009), forgery of official document from article 357 of the Criminal Law, bribery of article 367 of the CL, and the crime – criminal conspiracy from article 346 of the CL. In 2009, after the completion of the criminal procedures, employment was terminated to four customs officers.

***47. Please describe the rights of defence allowing the economic operator to make his view known before an unfavourable decision is adopted.***

In all the procedures, before the decision is being passed, the party in the process is enabled to present all the facts to substantiate its request and to comment on the circumstances on which the requested decision shall be based.

***48. Please describe the appeal procedure allowing economic operators to contest customs decisions.***

According to the stipulation of Article 11 of the Customs Law, stipulations of the Law on general administrative procedure are being applied to the procedure in front of customs authorities, unless stated differently by this law. Consequently, and in accordance with the basic principles of the Law on general administrative procedure, in particular administrative matters, the customs authorities decide on the rights and obligations of parties in the procedure prescribed by law, where everyone is being given an opportunity to defend their rights and interests and to apply prescribed legal remedies against the issued act.

By the decision it is decided on the certain rights and obligations, namely, on the main matter of the procedure, on the basis of facts determined during the procedure instituted on request of the party involved or ex officio. By the conclusion it is decided on the matters of minor importance that appear as secondary in relation to the case that is the subject of the procedure.

According to the stipulations of article 12 of the Customs Law, against the first-instance decision passed in the administrative procedure by the Customs Office, the party can file an appeal to the Committee for appeals of the Customs Administration, that comprises consists of a president and four members, who can have deputies. Minister names the president, Committee members and their deputies, on the suggestion of the Director General of the Customs Administration. The appeal does not postpone the execution of the decision.

The second-instance administrative authority can take the case into consideration if the appeal against the first-instance customs authority is allowed, prompt and given by the authorized person. First-instance customs authority investigates if all the conditions were met. If it is established that the submitted appeal is not allowed, prompt or given by the authorized person, it will be rejected. If the first-instance authority fails to do so, it will be done by the second-instance authority, and if the appeal is not rejected, the case will be taken into consideration. After establishing the facts, the assessment of the appellate and the

accompanying evidence, as well as application of regulations to the particular case, the second-instance authority can reject the appeal, annihilate the conclusion in whole or in part, or amend it.

If the first-instance decision of a customs office is declared as null and void, due to some established irregularities, by the Committee for Appeals of the Customs Administration, which returned the case to re-procedure, the first instance authority is obliged to proceed in everything as determined in the conclusion of the second-instance authority and to pass on a new decision no longer than 30 days from the receiving of the case.

In the procedure preceding passing on the decision of the first- and second-instance customs authority, in accordance to the stipulations of articles 6, 9, 125 and 133, of the Law on general administrative procedure, it is enabled that the party, in order to realize and protect its rights and legal interests, participates in the procedure, comments on all the facts and circumstances of significance for the decision-making, suggests evidence, etc. According to stipulations of Article 13 of the Customs Law, against the second-degree Appeal Committee of the Customs Administration passed on during an administrative procedure, according to the stipulations of the Law on Administrative Disputes ("Official Gazette of RS", number 111/2009 from 29.12.2009) can initiate a dispute in front of the competent court (Administrative Court).

The Law on Administrative Disputes stipulates obligation of the court decisions and the attachment to the legal interpretation of the court, as well as the comments of the court in respect to the procedure.

The party can submit an appeal to the Appeal Committee of the Customs Administration for "silence of the administration" – failure to pass on a first-degree decision according to its request, it is to say, a claim to the competent court for failure to pass on a decision upon its complaint.

#### ***49. Do you have a customs laboratory and what kind of goods can be examined?***

A Customs laboratory exists at the Customs Administration, within which the following groups are organized: Group for tariff classification of goods and Analytical group. The customs laboratory currently is able to test samples of petroleum derivates, polymer materials and their products, complex organic solvents, paper products and pure chemicals. The project for creating a new customs laboratory that will have the ability to examine a greater variety of goods is being under construction.

Bearing in mind the fact that the laboratory is placed in an inadequate room and insufficiently equipped, contracts have been concluded with several external laboratories to examine goods for which the Customs Administration does not have the possibility of examination.

#### ***50. How are the controls on baggage of travellers organised?***

In compliance with the provisions of Article 216, point 1 of the Customs Law, the personal luggage of domestic and foreign passengers is subject to the customs benefits regardless the fact that luggage is carried by them personally or shipped through carrier, as well as the fact



that luggage comes by the same means of transportation as a passenger or other means of transportation.

Modern customs legislations recognise this customs benefit and there are permanent activities aimed at extending scope of articles to be treated as personal luggage.

The Customs Law does not define the term of personal luggage, nor is it more closely determined. What is regarded as a personal luggage is considered in every specific case. It depends on the season, profession of the passenger, purpose and duration of travel, etc.

According to the generally accepted practice, the personal luggage includes the clothing items, means of personal hygiene, food, various technical goods, sporting equipment required for that travel, medicine, etc.

The procedure for approval of this benefit for personal luggage carried by the passenger is completely simplified, thus in the passenger traffic, the complete procedure is finished during the customs control (without submission of request and formal decision on relief from payment of customs duties).

When the personal luggage is transported by other means of transportation, by the post or any other way, its recipient is not present during the customs clearance procedure and is not in a position to point what his personal luggage is.

Pursuant to provisions of Article 3, Regulation on the type, quantity and value of the goods exempt from import duties, deadlines, conditions and procedure for exercising the rights for relief from import duties ("Official Gazette of RS" 48/2010 from 16.07.2010) the beneficiary at the request of the customs authority shall submit the corresponding proof that it is in question his personal luggage (for example the statement of a passenger). Based on the submitted proofs, the Customs Office shall release the passenger from the payment of import duties on his personal baggage.

Pursuant to the Convention on customs reliefs in tourism ("Official Journal of FNRJ-International Agreements" number 5/1960 from 21.05.1960) and our regulations, personal luggage may also include 1 perfume, 1 eau de toilette, 1 litre of alcohol drink, tobacco products equal to 200 cigarettes or 50 cigars or 250 gr of tobacco or a total of 250 gr of all these products.

The medicines for regular therapy are allowed. It is not necessary for the passenger to submit the prescription for the regular therapy medicine.

Pursuant to Article 220 of the Customs Law, the personal luggage relieved from payment of import duties within 3 years from placement into the free market, cannot be transferred to another person, given to use to some other person or used in any other way, except for purposes for which it was released from payment of import duties in the first place. These goods cannot be given as pledge, they cannot be offered as a guarantee for execution of some other liability.

In case that the customs authority allows different use of the goods, the amount of import duties shall be defined based on the condition of goods and in compliance with the regulations valid at the moment of submitting the request for payment of import duties.

Carrying out the control:

*At the border crossing*, the control of luggage shall be carried out based on the following criteria:

- passenger selection
- a) behaviour of passenger – body language,
- b) interior appearance of the car (neat or messy)
- c) luggage (quantity in relation to the purpose of travel, season, etc.)
- d) purpose of travel – destination
- e) travel document
- risk analysis
- information and data – warning messages

The control shall be carried out by at least two customs officers (one to check and the other one as observer or possible witness) using the available sophisticated equipment (X-rays, kits for drugs detection, etc.). Such type of a control shall be focused on revealing the narcotics, arms, ammunition, explosives, precious metals and other interesting goods for smuggling.

*Inland baggage control* shall be primarily focused on revealing non-declared – commercial goods (clothes, shoes, cosmetics, meat, etc.) of trade for which no customs duties or other duties were paid. This refers to greater quantities of goods when using “ant smuggling” move the goods over the border crossings. In our additional – inland controls, we used to find greater quantities of goods (collected from ant smuggling) without an any proof of origin, but also the goods which are outside border crossing (green channel) smuggled to our territory.

Great attention is also paid to health – safety factors, thus in the event of control check, a protection equipment (gloves...) is used, and majority of customs officers of the Anti-smuggling Department shall carry pagers for radioactivity detection.

In all aforementioned situations when revealing of customs violations occurs, the consultation is done with locally competent prosecutor offices and sometimes even the representatives of the Ministry of Interior are included.

*At the international border crossing of the airport “Nikola Tesla”, the luggage control is different for arrival and departure.*

The procedure of luggage check at the arrival is as follows: at the arrival platform, after the aircraft lands, there is an authorised customs officer from regular customs shift, he takes the manifest with the listed goods (luggage) which comes from the initial destination. After identification of every luggage, the passenger luggage shall leave to the sorting area, and the goods of trade character shall arrive in customs warehouse. In the sorting area, there is an X-ray device for identification of baggage content. After passing X-rays, the luggage shall be placed to the conveyor belt and the passengers may take it.

After taking the luggage, the passengers are directed to two channels on the way to exit the airport – *RED CONTROL CHANNEL* and *GREEN CONTROL CHANNEL*. If the passenger has the goods which are subject to import duties, one has to go to red control channel where he shall pay the import duties, and if one does not have the goods which is the subject to

import duties, the passenger should go to green control channel. There are the authorised customs officers at both channels.

The luggage which did not arrive with the passenger shall be declared by the passenger to the “lost-found” service, the minutes shall be prepared by the passenger with the explanation about the appearance of the luggage as well as its content and declare whether there is any goods which shall be subject to payment of import duties. Furthermore, the passenger shall declare whether one prefers coming for a luggage alone or waiting for a luggage at home. When the luggage arrives, it shall pass the X-rays and in case an authorised customs officer observes something suspicious, he calls the passenger to come personally to pick up the luggage.

With passengers who are leaving Republic of Serbia, after check-in, the luggage shall be put on belt conveyor and moves to sorting area in order to specify whether luggage contains some goods which may be hazardous for safety of passenger or aircraft. The luggage shall enter aircraft afterwards.

Regarding the personal luggage, the procedure is as follows: prior to the customs and border police control the passenger passing the border line, places the baggage on the installed X-ray device. After the luggage is scanned, the authorised customs officer, if there are some indications, could request the check of luggage in a separate room located by the customs line.

*At the international border crossing point at the airport “Nikola Tesla”, the members of the Department for prevention of smuggling shall control the passengers and luggage through selective method. Based on certain indicators (information and data, risk destination, etc.), it is defined which flight shall be checked in the sorting area. In case when a potentially risk baggage is seen, it shall be discretely marked and the customs officer from sorting area shall inform the other colleague in which way he marked the-luggage for check. With domestic passengers (luggage), the selection indicators for risk baggage, among others, are as follows:*

- risk destinations from which a passenger travels (destinations such as Latin America from which cocaine is mostly smuggled, Turkey, China and other interesting countries from which the goods is smuggled and the intellectual property rights are violated, etc)
- whether the type and quantity of luggage match the story of the passenger;
- whether there are any smells from the luggage;
- appearance of luggage (weight, seams, marks of tools, zip or seams alteration);
- physically changed appearance of luggage;
- illogical baggage content (fortnight travel – few goods)...

After having identified risk luggage, the employees in this Department shall start the check of the complete goods content in the luggage as well as case or bag itself.

With departure passengers, the most frequent violations with which the Anti-smuggling Department meets are: carrying excess quantity of money than permitted (10,000 EUR) and carrying the objects of art without necessary permits (Institute for monument protection of the Republic of Serbia, National Library of Serbia, Provincial Secretariat for Culture of AP Vojvodina and Ministry of Culture of the Republic of Serbia). As well as in previous case, based on certain indicators for identification of risk passenger and baggage, the employees in the Department shall identify the luggage and thoroughly control it in a specially designated area.

Identified faults in the activities of prevention of drug smuggling and other types of illegal, border crossing activities are:

- missing official dogs for narcotics identification,
- impossibility to open and check the luggage making an official notice (which shall remain in the luggage) and close it with an appropriate seal at any time when required,
- impossibility to obtain the list of arriving passengers with the complete transit destinations, from international air carriers,
- impossibility to monitor the luggage movement of the international air carriers with all transit and final destinations,
- impossibility of instant check of files of the persons arriving or departing the country.

***51. Which kind of infrastructure and equipment is used by customs to control goods at the border? Do you make use of electronic seals or container security devices to ensure the integrity/position (track and trace) of the containers during its voyage?***

***- Which kind of infrastructure and equipment is used by customs to control goods at the border?***

Infrastructure on the main border-crossing points (Horgos, Kelebija, Batrovci, Presevo and Gradina) is satisfactory, namely, these border-crossing points have a sufficient number of traffic lanes, control cabins, eaves, truck scales and spaces for detailed control check of trucks. Their dimensions and construction are built to meet the demands for a rapid flow of goods and travelers. During the years 2008, 2009 and 2010, on secondary border-crossing points, as followed: Sid, Sremska Raca, Badovinci, Trbusnica, Prohor Pcinjski, Jabuka, Backa Palanka, Kotroman, Mehov Krs and Mali Zvornik, comprehensive construction works were performed in order to build and expand traffic lanes, eaves and connection of utility infrastructure to new control objects. Control objects on border-crossing points Gostun and Bajina Basta have also been set and put in function. Modernization and maintenances works on existing systems and equipment are being performed on other “secondary” border-crossing points.

Video surveillance is being used on border-crossing points Horgos, Sremska Raca, Trbusnica, Badovinci, Jabuka and Mali Zvornik. It is being jointly used by all border services (MI and CA). This system is being used for monitoring of activities on the border-crossing point itself, while on border-crossing points Kontroman and Bogojewo, it is planned to install video surveillance equipment within 3 months. Customs Administration, within the scope of its activities from the domain of investing, plans to install video-equipment during the reconstruction and modernization on border-crossing points.

Anti-Smuggling Department of the Customs Administration has at the disposal equipment for physical inspection of vehicles, like fiber optics, busters, inspection mirrors and similar, as well as, AHURA – hand-held systems for identification of chemicals, kits for drugs and precursors detection, pagers for radiation detection, gas-detectors MULTIRAY, kits for detection of smuggled goods SCEKO-CT30, identifiers of radio-active isotopes – SAJS – GR 135, ISC, IDENTIFIER. The delivery of X-RAY mobile scanners for the inspection of trucks and passenger vehicles is being expected.

***- Do you make use of electronic seals or container security devices to ensure the integrity/position (track and trace) of the containers during its voyage?***

Customs Administration does not have, thus does not make use of electronic seals or container security devices to ensure the track and trace of containers during their voyage.

***52. Please describe your cooperation with other authorities (other than customs). Do you perform controls with other authorities at the same time or place? Do you exchange information?***

***- Please describe your cooperation with other authorities (other than customs).***

Cooperation with other authorities goes through several initiatives. Above all, one should stress out the active participation of the Customs Administration in *the integrated border management*. 26.01.2006, the Government of the Republic of Serbia has adopted the Strategy for Integrated Border Management ("Official Gazette of RS", number 11/06 from 07.02.2006), and the operational Strategy Implementation Action Plan on 01.06.2006. Bearing in mind that both the Strategy and the Action Plan were adopted in 2006, there was a need to update both documents, which was done during the year 2010.

Strategy defines the following as basic services in the system of integrated border management: Ministry of Interior-Border Police Administration, Ministry of Finance-Customs Administration, and Ministry of Agriculture, Forestry and Water Management – border veterinary and phytosanitary service. The Ministry of Interior-Border Police Administration presents the coordination bearer of the integrated border management.

Concrete cooperation areas are closer defined in the Agreement on cooperation in the area of integrated border management, signed on 06.02.2009, by ministers of the Ministry of Interior, the Ministry of Finance, the Ministry of Agriculture, Forestry and Water Management and the Ministry of Infrastructure. Defined cooperation areas are related to joint activities in the field of:

- Harmonization and coordination of activities in the area of border control and cooperation on central, regional and local level;
- Providing mutual expert and technical support;
- Exchange of information;
- Joint use of equipment;
- International cooperation;
- Joint professional education;
- Procedures in cases of emergency etc.

With the aim of efficient and effective tracking, routing and coordination of activities related to implementation of the Strategy, the Government of the Republic of Serbia has in May 2009, passed on a Decision on establishing the Coordination Body for Implementation of the Strategy for Integrated Border Management in the Republic of Serbia ("Official Gazette of RS", number 37/09 from 22.05.2009), and which members are: the minister of interior, minister of finance, minister of agriculture, forestry and water management and minister for infrastructure. Also, during the year 2010, the institutional framework for implementation, monitoring and evaluation of the integrated border management in the Republic of Serbia has been rounded up by forming: the Operational work group for coordination of integrated border management on the central level and work subtasks for legal framework, institutional framework, common procedures and risk management, human resources and training,

communication and information exchange and for infrastructure and equipment. Members of the Operational work group are the highest managers of border services and the customs service representative is the director general of the Customs Administration. Member of 6 subgroups are representatives of all border services (subgroup for infrastructure and equipment is an exception and it comprises of representatives of all border services and a representative from the ministry for infrastructure).

***- Do you perform controls with other authorities at the same time or place?***

Government of the Republic of Serbia and Government of the Republic of Bulgaria have concluded the Agreement on joint control in the railroad traffic on 15.04.2005 ("Official Gazette of - SCG International Contracts", number 13/2005 from 02.11.2005), while relevant Protocols on implementation of the Agreement were signed on 04.12.2006, as of when joint control by government services of the two countries is being applied. The mentioned joint control in passenger traffic implies joint control of passengers by the officers of Border police and Customs services of Serbia and Bulgaria. The control is being performed while the train is in motion on the relation Dimitrovgrad – Kalotina. It is foreseen that for freight traffic, officers of the mentioned services perform controls at the joint railway station Dimitrovgrad. However, the Republic of Bulgaria has in February 2010 submitted to the Republic of Serbia a proposal of changes and amendments to the concluded Agreement, which were undertaken by the Republic of Bulgaria in order to reach the required standards for entry into the Schengen Agreement.

The Governments of the Republic of Serbia and the Republic of Montenegro have on 09.03.2009 concluded the Agreement on joint control in railroad traffic ("Official Gazette of RS – International contracts", number 1/2010 from 21.05.2010). By signing the Protocol on border control performed by the Customs authorities of the two states (26.10.2009) and the Protocol between the border services and railroad administrations (13.10.2010), formal-legal conditions were completely met for a joint, integrated and coordinated control in railroad transport of passengers and goods between the Republic of Serbia and Montenegro. Direct implementation of the Agreement on joint control will start when technical, infrastructural and other necessary conditions are met. In accordance with the provisions of the Agreement and the Protocol, control of goods will be performed at the joint railway station Bijelo Polje, while the control of passengers will be performed with the trains in motion on the relation Prijepolje (Vrbnica) – Bijelo Polje and back.

In order to implement the above-described joint controls in railway traffic, initiatives have also been launched with the Republic of Macedonia (during the last quarter of 2009 the Agreement proposals were exchanged) and with the Republic of Croatia (first meeting was held mid-year 2007).

Besides the above mentioned, an occasional joint cross-border control of goods exists, as well as exchange of information with the ministry responsible for environmental protection; and from the area of international contracts that concern environmental protection (Basel Convention, Montreal Protocol, CITES Convention).

***-Do you exchange information?***

Customs Administration of Serbia, in particular the Enforcement Division and the Internal Affairs Department, achieved substantial cooperation with the Administration for the

Prevention of Money Laundering and Tax Administration. Relevant data are permanently being exchanged (submission of all data in pre-agreed intervals), while with the MI, Ministry of Justice and other government agencies the data are exchanged based on requests.

In this sense, CA electronically exchanges data with:

- The Treasury - Customs Administration receives from the Treasury every 5 minutes all the changes, i.e. transactions that occur in the Customs Administrations accounts, while the Customs Administration, several times a day, sends to the Treasury orders for transfer of funds from its accounts to accounts of other users;
- The Tax Administration - Tax Administration sends the Customs Administration once a day data about tax payers from the tax register, while the Customs Administrations sends once a day the Tax Administration data from customs declarations;
- The Administration for the Prevention of Money Laundering - Tax Administration sends the Administration for the Prevention of Money Laundering once a day data from customs declarations and data from records on transferable means of payment.
- The Division for Foreign Currency Inspection – Customs Administration sends data from customs declaration once a day.

Also, Customs Administration based on demands from other ministries, government agencies and organizations, weekly, monthly, semi-annually and annually submits data:

- Monthly statistical bulletins with quarterly indicators of import, export to the Government of the Republic of Serbia;
- Source data, - tables from its database to the Republic Statistical Office, National Bank and the Serbian Chamber of Commerce;
- Reports on achieved export of economic subjects regarding the quarterly credit campaigns of the Export Promotion Agency;
- Various reports and summaries, when needed and requested by different administrations of the MF (Tax Administration, Administration for the Prevention of Money Laundering), Ministry of Agriculture, Forestry and Water Management, Ministry of Economy and Regional Development, Ministry of Environment and Spatial Planning, Ministry of Mining and Energy, Association of Industry and Steel;
- Based on Government consent, sends reports to the Organization for Collective Administration of Performing Rights, Serbian Music Authors' Organization – SOKOJ.

***53. Do you have a website? If yes, what information is available and how often is this information updated?***

Link to the website of the Ministry of Finance is <http://www.mfin.gov.rs/>. Here you can find information about laws, bylaws as well as proposed and draft laws/ bylaws concerning customs and customs tariff legislation. This information is updated with every change in legislation.

As from 09 March 2010, a new, modernized and interactive web portal of the Customs Administration is in function ([www.carina.rs](http://www.carina.rs)). The new web-portal features extreme functionality and a more adequate visual identity. It is designed in a manner to improve the interaction with the citizens and companies and to open a way to e-customs in the future. At the moment, one can find all up to date information related to customs procedures and relevant regulations. All divisions of the Customs Administration are responsible for information update, which is being performed on a daily basis or when needed.

**54. With reference to interconnectivity and interoperability of IT systems:**

**- Please describe the current state of computerisation of your country's administration in the following areas:**

- a) Exchange of data for accomplishment of customs formalities and applications (for example BTI) between customs and economic operators;***
- b) Customs import/transit/export/warehousing control, with or without electronic connection of traders (this item relates both to the means by which traders make customs declarations and the means by which customs authorities control them, e.g. risk analysis);***
- c) Collection of import/export data;***
- d) Electronic tariff available to traders and customs officials;***
- e) Accounting system for the collection of customs duties and other charges, and the management of guarantees;***
- f) Management/allocation of tariff quotas;***
- g) Please provide information on your customs administration IT strategy and on its plans for further computerisation in the above-mentioned areas.***

***a) Exchange of data for accomplishment of customs formalities and applications (for example BTI) between customs and economic operators.***

Binding information on the classification of goods is not a part of the information system of the Customs Administration, thus the exchange of data for fulfillment of customs formalities and submission of requests is not being performed electronically, but this is in preparation. Also, there is neither an application for electronic submission of requests for issue of the Binding information for origin of goods nor of requests for obtaining a status of an "approved exporter", partially due to the lack of techniques for e-business, and partially because there are a larger number of obligatory lines that have to be stated and corroborated with evidence in order to evaluate the request as valid, especially concerning Binding information for origin.

However, the following requests are a part of the information system:

- Request for a customs approved treatment of goods – procedures with economic effect (inward processing, outward processing, processing under customs control and temporary import/export):
- Request for simplified procedures (simplifies declaring based on an accounting document):
- Request for an approved exporter (authorization for compiling a statement on the origin of goods on the invoice):
- Request for opening warehouses.

The mentioned requests are being processed in the Information system of the Customs Administration, but the party submits them in paper form, while the customs officer enters them into the Information system of the Customs Administration, so the exchange of information is not electronic.

***b) Customs import/transit/export/warehousing control, with or without electronic connection of traders (this item relates both to the means by which traders make customs declarations and the means by which customs authorities control them, e.g. risk analysis);***



Upon submission of the customs declaration (more than 90% of the declarations are submitted electronically), through the Information System of the Customs Administration formal validation of the declaration is being performed, which is a check if the declaration is filled in according to the Regulation regarding the forms, contents, way of submitting and completion of the declaration and other form in the customs procedure (“Official Gazette of RS”, number 29/2010 from 02.05.2010). Then the validity of the submitted data is being checked against the Customs tariff.

In the Information System of the Customs Administration, coded tag document are entered, and they are obligatory to be submitted for import or export, and they are related to the tariff codes of goods. Also, tariff codes are related to responding rates of VAT, excise, seasonal rate, special duties for import of agricultural and food products, preferential tariff rates, quotas, thus in this way enabling automatic control of import customs declarations.

The mentioned controls enable the customs officer to control the submitted/ necessary documentation and data from the submitted declaration. Also, if the operator, upon electronic submission of the declaration has stated that he/ she wanted a declaration control, as feedback will be given a list of errors.

Concerning the control of import/transit/export/warehousing performed by customs officer when applying risk analysis, in ISCS it is possible to create and send a message with risk description and order for handling to the operational customs officers. The message contains a risk description and an appropriate type of shipment check that can be: documentary, physical and combined. A detailed description of the risk analysis system is given in the answer on question 23 of this Chapter.

***c) Collection of import/export data;***

The Information System of the Customs Administration, concerning the data on import/export contains: customs declarations, various records (record for selective control of goods – from risk analyses, declaration control record, sampling record) and calculated customs debt (so-called customs bill).

***d) Electronic tariff available to traders and customs officials;***

Currently, the electronic tariff in ICSC is available only to customs officers. Work is being done on complete integration of the Integrated Customs Tariff TARIS in the ICSC. This will enable operators and other external users gaining electronic access to data with the purpose of providing complete information on measures that are being applied on import/ export of goods.

***e) Accounting system for the collection of customs duties and other charges, and the management of guarantees;***

The Information System of the Customs Administration (ISCS) enables debt tracking for each declaration, for each person liable for customs debt. Upon executive administrative decisions, a calculation is being performed for the interest for overdue payments, as well as everyday filing of performed payments and distribution of these funds to responding budgetary accounts. Accounting system is computerized, while data exchange is being done electronically through the line: Treasury – CA – Treasury. Booking of business changes on

the evident account of the CA and the deposit accounts of the customs offices in the general ledger of revenues of the evident account and the general ledger of revenues of deposit accounts is being done during the next working day.

During acceptance of the declaration, a customs debt in ISCS is being created.

Customs Administration from the Treasury receives every 5 minutes, in electronic form, any changes or transactions (the inflows and outflows) that occur on the accounts of the Customs Administration.

Payments received (inflows) are automatically related to the customs debt and at the moment when the customs debt is fully paid, if payment method has been cash payment, this information is sent to the local server of the customs post, based on which the customs officer knows that he/she can release the goods from customs supervision, that is, to end the procedure.

All the funds paid to the account of the Customs Administration that are related to the customs debt and have been logged, are distributed according to the needs, once or several times a day, to the budgetary accounts. Upon funds allocation to budgetary accounts, orders for funds transfer are being created from the account of the CA to budgetary accounts. These orders present payments from the account of the CA.

False or double payments can be returned to the account of the legal person from which they were made, by creating a refund of assets. These orders also represent payments from the account of the CA.

Orders for funds transfer from the account of the CA to the accounts of other users are being forwarded to the Treasury.

Bank guarantee that contains a “non-objection” clause is a form of providing a means of securing the payment collection of the customs debt. When the debtor submits the bank guarantee, he/ she can collect the goods from the customs supervision before paying the customs debt. In case the customs debtor does not pay the customs debt within 8 days from the day of notification, then after being given notice, the submitted bank guarantee is being activated. The guarantee cannot be withdrawn before payment of the customs debt for the goods that arose during the guarantee validity. Customs debtor cannot submit another bank guarantee before payment of the obligation according to the previous bank guarantee. Special journal is being kept on the received bank guarantees and their usage. Bank guarantees are being logged in the ISCS and their usage in declarations is being controlled, as well as their exploitation. Status of bank guarantees is being updated 7 times a day and the data on the current exploitation are being sent to customs posts’ local servers. Guarantees that are currently exploited cannot be used in declarations until they are not being accrued, that is until necessary funds are being released.

#### ***f) Management/allocation of tariff quotas;***

When speaking of quota preferences according to Agreements, the quota amount is prescribed by a concrete agreement, while all importers have an equal right on import with certificate of origin. No advance reservation is being performed neither some licenses nor amounts are being given.

When it comes to customs contingents, quotas are being given by the authorized ministry, while the Customs Administration logs then into the Information system of the Customs Administration and tracks the exploitation of quotas.

Unit for statistics and reporting of the Information Technology Division of the CA creates and submits reports about total exploitation of quotas to interested government authorities upon their request.

***g) Please provide information on your customs administration IT strategy and on its plans for further computerisation in the above-mentioned areas.***

CAS has in the year 2005 adopted the *Development Strategy of IT*. Bearing in mind the adoption year, as well as the fact that a large number of the activities planned in this Strategy has been implemented, the Customs Administration has, in cooperation with the EU Delegation, engaged an IT consultant who created the Terms of Reference for the Framework Contract for creating the IT strategy. Its realization is currently in progress. The expected result of the Framework Contract should be the creation of a new Strategy of development of the information system of the Customs Administration for the period until year 2020, as well as the tactical plan of development for the first 3 years, taking into consideration the necessary information preparations of the Customs Administration for accession of the Republic of Serbia to EU, as well as available financial and human resources.

***55. Please describe your national system for registration and identification of economic operators.***

Business Registers Agency (BRA) is a centralized institution in the area of registration on the territory of the Republic of Serbia.

It is founded in 2004, by the Law on the Business Registers Agency ("Official Gazette of RS", number 55/2004 and 111/2009), and it started its work on 01 January 2005 when it began reform implementation in the area of registration of economic operators, and by doing so, replacing the until then court type of logging of business registers.

The aim of its foundation was to achieve greater cost-effectiveness, data availability and formation of integral centralized electronic data bases, which was successfully achieved.

Business Registers Agency (BRA), operates in accordance to regulations on governmental agencies and has the following registers as integral, centralized, public, electronic data bases: The companies register (part of this register are: Companies register, Register of entrepreneurship and Register of Foreign Representative Offices), Register of Financial leasing, Register of pledges on movable property and rights, Register of Associations, Register of Foreign Associations, Register of Public Media, Register of Regional development measures and incentives, Register of Chambers, Register of Tourism, Register of bankruptcy estate, Register of Financial statements and solvency, administered by registrars, named by the managing board of the Agency, with previous consent of the Government.

It is planned that during the year 2011 a register of injunctions and a register of endowments and foundations should be established, while at the beginning of the year 2013, a register of chambers of commerce would be established.

Authorized ministries perform monitoring and control of the established registers, depending on the area of registration.

The conducted reform of data registration of companies, by establishment of electronic registers as unique databases that are being kept within the BRA, and based on the Law on Business Registers Agency, Law on changes and amendments of the Law on Business Registers Agency and the Law on the Registration of Business entities, has contributed to the creation of a favorable environment for the development of economic life. The following result of the past 6 years of work of BRA show this: the increase of the number of founded economic operators, especially in the form of entrepreneurship businesses and limited liability companies (which was caused by the simplified procedure of foundation of economic operators and shortened registration times enabled through establishment of a one stop shop registration system that was put into operation on 06.05.2009) and reducing the obligatory minimum amount of founding capital for certain forms of companies.

The registration procedure of companies has been regulated by the Law on Registration of the business entities that is unique for all companies. Procedures or steps that the company has to undertake for establishment and registration of a company would be as followed: 1. Passing the decision on founding or contract of founding during the founding assembly; 2. Verification of the founders' signatures on the Act of Founding at the authorized authority (court or municipality); verification of the representatives' signatures; 3. Opening a temporary bank account and payment of the investment in money to this account (valid for companies that have a prescribed mandatory investment); 4. Submission of a registration application to the Business Registration Agency; 5. Stamp creation; 6. Opening a bank account of the newly found company.

In cases of establishment, that is registration of economic operators that perform activities that by law can be performed based only on consent, license or other act of a government authority, the Law on Registration of the business entities of prescribes that with the registration application and documentation determined for registration of an economic operator, it is obligatory to submit also the consent, license or other act of a government authority for performing that activity.

For registration of entrepreneurs (a registered physical person and that for the purpose of gain of profit in the form of occupation performs all by law allowed activities, including artists and old crafts and works of cottage industry) in the Register of entrepreneurship administered at the Register of companies, it is necessary to submit a registration application, photo-copy of the ID card and proof of fee payment.

*Foreign physical person, also, can register an entrepreneurship shop, and then he/ she is obliged to submit: registration application, photo-copy of the passport, application of residence in the Republic of Serbia issued by the authorized authority and the prescribed fee. Foundation registration is successfully reformed by introducing a "one stop shop" registration system that came into operation in May 2009, and that enabled economic operators to, by submission of one registration application for establishment, instead of previously several ones (at BRA, Tax Authority, Fund for Pension and invalidity insurance and Health Fund),*

perform a complete registration of the economic operator. Decision on inscription into the Register of economic operators now contains a unique registration number of the economic operator that is issued by the Statistical Office of the Republic of Serbia, tax identification number issued by the Tax Authority, as well as the insurance application at authorized funds for health and pension-invalidity insurance.

Due to all mentioned, the entire procedure is shortened to one procedure and a period of 2 days, with the fact that the effect of registration towards third persons is effective the next day from the day when the registration of that change has been made.

Mandatory data that are being written into the Register of companies are: business name; seat; date and time of establishment; date and time of changes; registration number received from the Statistical Office of the Republic of Serbia that at the same time is the number the economic operator is filed in the Register; tax identification number; legal form; code and description of the predominant activity; bank account numbers; business name, legal form, seat and registration number of the founder, if the founder is a legal person, that is name and personal identification number if the founder is a physical person, name and personal identification number of the manager and/or member of the managing board, depending on the legal form; name and personal identification number of the representative and the limitations of his/ her authorization; inscribed, paid and entered capital of the economic operator.

The Register of companies contains also the following data on an economic operator, if these data exist, and that: short business name; business name in a foreign language; short business name in a foreign language; time of duration, if the economic subject is founded for a limited period of time; name and personal identification number of the procurator; name and personal identification number of the other representative and limitations of their authorizations; data on the branch of the economic operator.

If the Register registers data that are related to the foreign legal or physical person instead of the tax registration number, the Register contains for the foreign physical person his/ her passport number and country of issue and for the legal person the number by which that legal person is logged in the home registry and the name of that registry.

Register can, if the economic operator requests it, contain also the following data:

- 1) telephone and fax number of the economic operator;
- 2) electronic address of the economic operator;
- 3) internet address.

The register contains also:

- 1) data on liquidation and bankruptcy of economic operators according to law;
- 2) Data logs of significance for the legal trading of economic operators;
- 3) data about names reserved in compliance with this law;
- 4) annual financial statements of the economic operator, compiled according to the law that regulates accounting operations.

The Register registers also all data changes the Register contains.

As from the beginning of work of the Agency on 01 January 2005, all users interested are enabled to search the data on the Internet page of the Agency [www.apr.gov.rs](http://www.apr.gov.rs) to obtain all information on the necessary documentation for founding and changes within economic

operators, as well as to perform a search of data about registered economic operators, based on their name or registration number, considering that all the registered data are simultaneously also published on the web site.

Until 01 January 2004, economic subject registration was done in the Customs Administration – Revenue Collection Department according to the *registration number* of the economic subject. From the beginning of 2004, for identification of economic subjects, instead of their registration number, the *tax registration number* (VAT) has been used, that during registration is given by the Tax Administration. Data on all registered economic subjects are being taken online by the Customs Administration and through the tax identification number their customs business operations are being tracked.

Identification of economic operators and other tax payers at the Tax Administration is being performed based on the data of authorized government agencies for registration, which understands also assignment of taxpayer identification number.

Legal framework for registration and identification of taxpayers is presented by the Law on Tax Procedures and Tax Administration (“Official Gazette of RS”, number 80/02...53/10) chapter six, which covers the articles 26, 27, 28, 29 and 30. Also, a Regulation on Taxpayer VAT number has been adopted “Official Gazette of RS”, number 57/03...30/10) that regulated the procedure of issuing the taxpayer VAT number.