COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.10.2007
COM(2007) 615 final

Proposal for a

COUNCIL REGULATION

amending Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

(presented by the Commission)

EXPLANATORY MEMORANDUM

1) CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

The provisions concerning the standard rate of duty have not been changed since 1997. Since then the Common Customs Tariff (CCT) rates for goods normally imported by travelers in their personal luggage or sent in small consignments to private individuals have been reduced by about 20 %. It is therefore appropriate to reduce the standard rate of duty applied in these occasions by one percentage point to 2,5 % in order to allow private persons to benefit from these reductions. Furthermore, given the development of price inflation inside and outside the Community for products normally imported on these occasions and in view of the increased number of travelers and private consignments, it is appropriate to adapt the ceiling which is applicable to the standard rate of duty to EUR 700 in order to facilitate the customs clearance in these situations.

- **General context**

The review of these provisions has to be seen in the context of the revisions of the duty and tax exemption for goods imported in the personal luggage of travellers. Furthermore, it has to be seen as a measure which facilitates the customs clearance of small consignments sent from private to private for non –commercial purposes.

- **Existing provisions in the area of the proposal**

Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

- **Consistency with the other policies and objectives of the Union**

The proposed amendment is in line with the Commission's aims in respect of trade facilitation and simplification of customs controls.

2) CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

Consultation methods, main sectors targeted and general profile of respondents

The members of the Customs Code Committee – General Legislation have been consulted in writing.

Summary of responses and how they have been taken into account

No objections were raised by the members of the Committee

- **Collection and use of expertise**

Scientific/expertise domains concerned

n. a.

Methodology used

n. a.

Main organisations/experts consulted

n. a.

Summary of advice received and used

n. a.

Means used to make the expert advice publicly available

n. a.

- **Impact assessment**

The proposed measure will significantly reduce the need to classify goods which have been imported by private persons travelling to the Community or which have been sent in small consignments by private individuals in a third country to private persons in the Community for non-commercial purposes. Since the person who declares these goods to customs is normally obliged to classify the imported goods in accordance with the provisions of the CCT and since this classification should be controlled by the customs authorities, the elimination of this task for most of the cases concerned will significantly simplify and speed up the administrative process for the release into free circulation of the goods and thus making customs clearance more efficient.

3) LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

Proposal for a Council Regulation amending Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

- **Legal basis**

Art 26

- **Subsidiarity principle**

The proposal falls under the exclusive competence of the Community. The subsidiarity principle therefore does not apply.

- **Proportionality principle**

n. a.

- **Choice of instruments**

Proposed instruments: Regulation.

Other means would not be adequate for the following reason(s).

By virtue of Article 26 of the EC Treaty Common Customs Tariff duties are approved by the Council acting on a qualified majority on the basis of a Commission proposal.

4) BUDGETARY IMPLICATION

Uncollected customs duties of an estimated amount of € 7.5 mio.

5) ADDITIONAL INFORMATION

- **Simplification**

The proposal also provides for the simplification of the customs clearance of goods imported in special circumstances listed in the Regulation

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 26 thereof,

Having regard to the proposal from the Commission[1],

Whereas:

(1) Section II D of the preliminary provisions of the combined nomenclature set out in Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff[2] provides for a standard rate of customs duty to be charged at the flat rate of 3.5 % ad valorem on goods sent in small consignments to private individuals or contained in travelers' personal luggage, provided that such importations are not of a commercial nature and that the total value of such goods does not exceed EUR 350 per consignment or per traveler;

(2) The flat rate of 3,5 % ad valorem and the ceiling of EUR 350 have been fixed by Council Regulation (EC) No 866/97 of 12 May 1997 amending Regulation (EEC) No 2658/87 as regards the preliminary provisions of the tariff and statistical nomenclature[3]. These provisions have not been adjusted since then;

(3) Since 1997 the rates of customs duty for goods normally imported by travelers in their personal luggage or sent in small consignments to private individuals have been reduced by about 20 %. It is therefore appropriate to reduce the standard rate by one percentage point to 2.5 %. This rate should only be applied to imported goods for which the rate of the Common Customs Tariff is not "free";

(4) Given the development of price inflation inside and outside the Community for products normally imported on the said occasions and in view of the increased number of travelers and private consignments it is appropriate to adapt the ceiling to EUR 700 in order to facilitate the customs clearance in these situations;

(5) Regulation (EEC) No 2658/87 should therefore be amended accordingly.

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1 OJ C , , p. .

2 OJ L 256, 7.9.1987, p.1. Regulation as last amended by Regulation (EC) No 580/2007 (OJ L 137; 30.5.2007, p.1).

3 OJ L 124, 16.5.1997, p.1.

HAS ADOPTED THIS REGULATION:

Article 1

Annex I, Part one, Section II, to Regulation (EEC) No 2658/87 is amended as follows:

1) Point D.1. is replaced by the following:

"1. Customs duty shall be charged at the flat rate of 2.5 % *ad valorem* on goods contained in consignments sent by one private individual to another, or contained in travellers' personal luggage, provided that such importations are not of a commercial nature.

This flat-rate 2.5 % customs duty shall apply, provided that the intrinsic value of the goods subject to import duty does not exceed EUR 700 per consignment or per traveller.

Such flat-rate assessment shall not apply to goods for which the rate of duty in the schedule of customs duties is "free" and to goods of Chapter 24 which are contained in a consignment or in travellers' personal luggage in amounts exceeding those laid down in Article 31 or in Article 45 of Council Regulation (EEC) No 918/83.[4]"

2) In point D.3. "Articles 29 to 31 and 45 to 49 of Regulation (EEC) No 918/83." is replaced by "Articles 29 to 31 and 45 of Regulation (EEC) No 918/83."

3) In point D.4. "€ 350" is replaced by "EUR 700".

4) In point D.5. "€ 350" is replaced by "EUR 700".

Article 2

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2008.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

[4] OJ L 105, 23.4.1983, p.1.

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE

1. NAME OF THE PROPOSAL:

Proposal for a Council Regulation amending Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

2. BUDGET LINES:

Chapter and Article: Chap. 12 art. 120

The loss for the following years mentioned in the column "validity period" will be calculated separately by the following regulations.

Amount budgeted for the year 2008: **€** 16 431 900 000

3. FINANCIAL IMPACT

☐ Proposal has no financial implications

X Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

(€ million to one decimal place)

Budget line	Revenue[5]	12 month period, starting dd/mm/aaaa	[Year 2008]
Article 120	*Impact on own resources*	01/01/2008	- 7.5

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

Estimated cost of this operation

There is no evidence available in respect of the value of imported goods subject to the standard rate of duty. For the calculation of the estimated loss of revenue it was therefore assumed that about **10 mio import declarations** of an **average value € 100** would be **subject to the standard rate of duty**. This would lead to a **loss of revenue** of **€100 * 10 mio = € 1,000 mio * 1.0 % = €10.0 mio – 25 %= € 7.5 .**

[5] Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% of collection costs.

Impact of the operation

The proposed measure will significantly reduce the need to classify goods which have been imported by private persons travelling to the Community or which have been sent in small consignments by private individuals in a third country to private persons in the Community for non-commercial purposes. Since the person who declares these goods to customs is normally obliged to classify the imported goods in accordance with the provisions of the CCT and since this classification should be controlled by the customs authorities, the elimination of this task for most of the cases concerned will significantly simplify and speed up the administrative process for the release into free circulation of the goods and thus making customs clearance more efficient.