

## Turkey amends certain provisions of the Customs Regulation

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### Executive summary

Turkey amended, on 24 May 2019, certain provisions of the Customs Regulation regarding the proof of origin documents for goods which are subject to Additional Financial Duty (AFD) and Additional Customs Duty (ACD). According to the amendments, the certificate of origin may not be required if the document evidences the status of the goods with respect to free circulation via an A.TR Movement Certificate, during the importation of the goods that are subject to AFD and/or ACD.

### Detailed discussion

- Additional customs duty (ACD) is determined according to the value, origin and tariff position of the goods as in the determination of the customs duty. ACD is collected if the imported goods originate in countries other than the European Union (EU), European Free Trade Association (EFTA) or those with which Turkey has concluded free trade agreements. In the case of goods that come via EU countries, the proof of origin document should be submitted for proof of origin.
- In general, the provisions regulating different rates of ACDs that apply to different groups of products are covered in local ACD Decrees. ACD is a duty applied on the importation of certain product categories in terms of their

origin unless a preferential arrangement is in place. ACD is not applied on imports from EU and EFTA Member States as well as from countries that Turkey has concluded an FTA with. Goods originating in a country other than Turkey or the EU but imported along with an A.TR movement certificate shall also be subject to ACD.

- ▶ Since Turkey and the EU are parties to the Customs Union Agreement, to benefit from the preferential tariffs of imported goods, a statement must be made on the free circulation status of the goods rather than the origin of the goods. As a result, the search for proof of origin to benefit from an ACD exemption creates confusion among the companies.
- ▶ Similarly, to be granted exemption from the AFD, one of four proof of origin documents (export declaration, certificate of origin, supplier declarations or long-term supplier declarations) had to be presented. AFD is also collected based on the tariff position, origin and the definition of the good.
- ▶ In accordance with the Decree entitled "Collection of AFD on the Importation of Certain Goods No: 2018/11799" entered into force on 22 June 2018, the additional financial liabilities were put into place in order to compensate for tariff differences that might arise from importing goods via EU countries. According to this decree, firms should provide the proof of origin of the good to be exempted from the AFD with certificate of origin, supplier's declaration, long-term supplier's declaration exporter declaration for some countries. On the other hand, Decree No. 2018/11973 on the Implementation of AFD on Importation of Certain Products Originated in United States of America was promulgated on 25 June 2018. According to this Decree, it was stipulated that if the goods do not originate in the United States but the Harmonized Tariff Schedule (HTS) Code under which the good is grouped is subject to AFD, only the Certificate of Origin would be accepted for an AFD exemption.

With the new Communiqués promulgated (and came into force) on 24 May 2019, the proof of origin rules have changed for the goods subject to AFD and ACD. The fundamental changes made to the provisions are as follows:

- ▶ Both Communiqués entitled, "Procedures and Principles on the Implementation of Additional Customs Duties Received in Importation (Import: 2017/4)" and "Implementation of the Decree on the Collection of Additional Financial Duty in the Importation of Certain Products" enacted with the Decree of the Council of Ministers no. 2017/10926 is abolished. Thus, acceptance of exporter's declaration is no longer possible for exemption from ACD and AFD; while the use of supplier's declaration and long-term supplier declaration are now limited.
- ▶ In accordance with the abrogation of the above-mentioned Decrees, certain amendments were made in the Customs Regulation:
  - The new provision states that the **Certification of Origin (CoO)** shall be submitted along with the import declaration while entering into the free circulation in Turkey in order to prove that goods are not originated in countries which are subject to liabilities and granted relief from AFL and/or ACD.
  - If the administration inspects during a post-control, and it casts doubt on the accuracy of the certificate of origin, the application to securitize taxes and other financial liabilities which shall be collected is made applicable for the ACD and AFD upon the written request of the firm.
  - However, based on the Customs Union agreement between Turkey and the EU, in the case of importation where the goods are accompanied by an A.TR movement certificate, without prejudice to cases determined in accordance with the risk criteria established by the Ministry, the certificate of origin will not be required.

In practice, it is observed that nearly all of the imports of companies holding AEO status are exempted from origin certification requirement by customs declaration system.

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EYG no. 002941-19Gbl

1508-1600216 NY  
ED None

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