

D. Inward Processing

I. General Provisions

Article 136

1. Without prejudice to Article 137, the inward processing procedure shall allow the following goods to be used in the customs territory of the Republic of Albania in one or more processing operations:
 - a) non-Albanian goods intended for re-export from the customs territory of the Republic of Albania in the form of compensating products, without such goods being subject to import duties or commercial policy measures;
 - b) 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 of the Republic of Albania in the form of compensating products.
2. The following expressions shall have the following meanings:
 - a) suspension system: the inward processing relief arrangements as provided for in paragraph 1 (a);
 - b) drawback system: the inward processing relief arrangements as provided for in paragraph 1 (b);
 - c) processing operations:
 - i) the working of goods, including erecting or assembling them or fitting them to other goods;
 - ii) the processing of goods;
 - iii) the repair of goods, including restoring them and putting them in order; and
 - iv) the use of certain goods defined in provisions laid down in the Implementing Provisions, which are not to be found in the compensating products, but which allow or facilitate the production of those products, even if they are entirely or partially used in the process;
 - d) “*compensating products*”: all products resulting from processing operations;
 - e) “*rate of yield*”: the quantity or percentage of compensating products obtained from the processing of a given quantity of import goods.

II. Grant of the authorization

Article 137

The authorization shall be issued at the request of the person who carries out-processing operations or who arranges for them to be carried out.

Article 138

The authorization shall be granted only:

- a) to persons established in the Republic of Albania. However, the authorization may be granted to persons established outside the country in respect of imports of a non-commercial nature;
- b) where, without prejudice to the use of goods referred to in Article 136(2)(c)(iv), the import goods can be identified in the compensating products.
- c) where the inward processing procedure may help create the most favorable conditions for the export or re-export of compensating products, provided that the essential interests of Albanian producers are not adversely affected (economic conditions).

III. Operation of the procedure

Article 139

1. The customs authorities shall specify the period within which the compensating products must have been exported, re-exported, or assigned another customs-approved treatment or use. That period shall take account of the time required to carry out the processing operations and dispose of the compensating products.
2. The period shall run from the date on which the non-Albanian goods are placed under the inward processing procedure. The customs authorities may grant an extension on submission of a duly substantiated request by the holder of the authorization.

Article 140

1. The customs authorities shall set either the rate of yield of the operation or where appropriate the method of determining such rate. The rate of yield shall be determined based on the actual circumstances in which the processing operation is, or is to be, carried out.
2. Where circumstances so warrant and, in particular, in the case of processing operations customarily carried out under clearly defined technical conditions involving goods of substantially uniform characteristics and resulting in the production of compensating products of uniform quality, standard rate of yield is set in the Implementing Provisions of this Code, on the basis of actual data previously ascertained.

Article 141

The cases in which and the conditions under which goods in the unaltered state or compensating products shall be considered to have been released for free circulation may be determined in provisions enacted by the Minister of Finance.

Article 142

1. Subject to Article 143, where a customs debt is incurred, the amount of such debt shall be determined on the basis of the taxation elements appropriate to the import goods on the date of acceptance of the declaration for placing these goods under the inward processing procedure.
2. If at the time referred to in paragraph 1, the import goods fulfilled the conditions to qualify for preferential tariff treatment within tariff quotas or ceilings, they shall be eligible for any preferential tariff treatment existing in respect of identical goods at the same date of acceptance of the declaration of release for free circulation.

Article 143

By way of derogation from Article 142, compensating products:

- a) shall be subject to import duties calculated in accordance with the rules applicable to the customs procedure in question or to free zones or free warehouses where they have been placed under a suspensive arrangement or in a free zone or free warehouse;

However,

- i. the person concerned may request that duty be assessed in accordance with Article 142;
 - ii. in cases where the compensating products have been assigned a customs-approved treatment or use referred to above other than processing under customs control, the amount of the import duty and other charges levied shall be at least equal to the amount calculated in accordance with Article 142.
- b) may be made subject to the rules governing assessment of duty laid down under the procedure for processing under customs control where the import goods could have been under that procedure;
 - c) shall enjoy favorable tariff treatment owing to the special use for which they are intended, where provision is made for such treatment in the case of identical goods;
 - d) shall be admitted free of import duty where such duty - free provision is made in the case of identical goods imported in accordance with Article 199.

IV. Processing operations in a foreign country

Article 144

1. Some or all of the compensating products or goods in the unaltered state may be temporarily exported for further processing in a foreign country if the customs authority so authorizes, in accordance with the conditions laid down in the outward processing provisions.
2. Where a customs debt is incurred in respect of re-imported products, the following shall be charged:

- a) import duties on the compensating products or goods in the unaltered state referred to in paragraph 1, calculated in accordance with Articles 142 and 143; and
- b) import duties on products re-imported after their processing in a foreign country, the amount of which shall be calculated in accordance with the provisions related to the outward processing procedure, on the same conditions as would have applied had the products exported under the latter procedure been released for free circulation before such export took place.

V. Special provisions relating to the drawback system

Article 145

1. The drawback system may be used for all goods, with the exception of those which, at the date the declaration of release for free circulation is accepted:
 - a) are subject to quantitative import restrictions;
 - b) might within quotas, qualify for a preferential tariff measure or an autonomous suspensive measure within the meaning of Article 28 (3) (d) and (e).
2. Moreover, the drawback system may be used only if no export refund has been set for the compensating products at the date the declaration of release for free circulation of the import goods is accepted.
3. Permission to use the drawback system shall be granted only if no export refund has been set for the compensating products at the date the declaration of exportation of the compensating products is accepted.

Article 146

1. The declaration of release for free circulation shall indicate that the drawback system is being used and shall provide particulars of the authorization.
2. The said authorization shall be attached to the declaration of release for free circulation.

Article 147

Under the drawback system, Articles 141, 142 and 143 (c) shall not apply.

Article 148

Temporary exportation of compensating products carried out as provided for in Article 144 (1) shall not be considered to be exportation within the meaning of Article 149 except where such products are not re-imported into the Republic of Albania within the period prescribed.

Article 149

1. The holder of the authorization may ask for the import duty to be repaid or remitted where he can establish to the satisfaction of the customs authorities that compensating products obtained from import goods released for free circulation under the drawback system have been either:
 - a) exported; or
 - b) placed, with a view to being subsequently re-exported under the transit procedure, the customs warehousing procedure, the temporary importation procedure or the inward processing procedure (suspensive arrangement), or in a free zone or free warehouse,provided that all conditions for use of the procedure have also been fulfilled.
2. For the purposes of being assigned a customs-approved treatment or use referred to in paragraph 1(b), compensating products shall be considered to be non-Albanian goods.
3. The period within which the application for repayment must be made shall be determined in the Implementing Provisions of this Code.
4. Compensating products placed under a customs procedure or in a free zone or free warehouse in accordance with the provisions of paragraph 1 shall be released for free circulation only where authorized by the customs authorities, which shall grant such authorization where circumstances so warrant. In this case, and without prejudice to Article 143 (a), the amount of import duties repaid or remitted shall be considered to constitute the amount of the customs debt.