

Outward processing

I. General Provisions

Article 165

amended by law no.8473, date 14.4.1999

1. The outward processing procedure shall, without prejudice to the provisions governing specific fields relating to the standard exchange system laid down in Articles 174 to 179 or to Article 144, allow Albanian goods to be exported temporarily from the customs territory of the Republic of Albania in order to undergo processing operations and the products resulting from those operations to be released for free circulation with total or partial relief from import duties.
2. Temporary exportation of Albanian goods shall entail the application of export duties, commercial policy measures and other formalities for the exit of Albanian goods from the customs territory of the Republic of Albania.
3. The following definitions shall apply:
 - a) 'temporary export goods' means goods placed under the outward processing procedure;
 - b) 'processing operations' means the operations referred to in Article 136 (2) (c) first, second and third indents;
 - c) 'compensating products' means all products resulting from processing operations;
 - d) 'rate of yield' means the quantity or percentage of compensating products obtained from the processing of a given quantity of temporary export goods.

Article 166

1. The outward processing procedure shall not be open to Albanian goods:
 - a) whose export gives rise to repayment or remission of import duties;
 - b) which, prior to export, were released for free circulation with total relief from import duties by virtue of end use, for as long as the conditions for granting such relief continue to apply;
 - c) whose export gives rise to the granting of export refunds or financial advantages given in this case.
2. However, derogation from paragraph 1 (b) may be determined in provisions enacted by the Minister of Finance.

II. Grant of the authorization

Article 167

1. Authorization to use the outward processing procedure shall be issued at the request of the person who arranges for the processing operations to be carried out.
2. By way of derogation from paragraph 1, authorization to use the outward processing procedure may be granted to another person in respect of goods of Albanian origin within the meaning of Title II, Chapter 2, Section 1, where the processing operation consists in incorporating those goods into goods obtained outside the customs territory of the Republic of Albania and imported as compensating products, provided that the use of the procedure helps to promote the sale of export goods without adversely affecting the essential interests of Albanian producers of products identical or similar to the imported compensating products.
3. The cases in which and the arrangements under which the preceding paragraphs shall apply are determined in the Implementing Provisions of this Code.

Article 168

Authorization shall be granted only:

- a) to persons established in the Republic of Albania;
- b) where it is considered that it will be possible to establish that the compensating products have resulted from processing of the temporary export goods. The cases in which derogation from this subparagraph may apply and the conditions under which such derogation shall apply shall be determined in the Implementing Provisions of this Code;

- c) where authorization to use the outward processing procedure is not liable seriously to harm the essential interests of Albanian producers and processors (economic conditions).

III. Operation of the procedure

Article 169

1. The customs authorities shall specify the period within which the compensating products must be re-imported into the customs territory of the Republic of Albania. They may extend that period on submission of a duly substantiated request by the holder of the authorization.
2. The customs authorities shall set either the rate of yield of the operation or, where necessary, the method of determining that rate.

Article 170

1. The total or partial relief from import duties provided for in Article 171 (1) shall be granted only where the compensating products are declared for release for free circulation in the name of or on behalf of:
 - a) the holder of the authorization, or
 - b) any other person established in the Republic of Albania provided that that person has obtained the consent of the holder of the authorization and the conditions of the authorization are fulfilled.
2. The total or partial relief from import duties provided for in Article 171 shall not be granted where one of the conditions or obligations relating to the outward processing procedure is not fulfilled, unless it is established that the failures have no significant effect on the correct operation of the said procedure.

Article 171

1. The total or partial relief from import duties provided for in Article 165 shall be effected by deducting from the amount of the import duties applicable to the compensating products released for free circulation the amount of the import duties that would be applicable on the same date to the temporary export goods if they were imported into the customs territory of the Republic of Albania from the country in which they underwent the processing operation or last processing operation.
2. The amount to be deducted pursuant to paragraph 1 shall be calculated on the basis of the quantity and nature of the goods in question on the date of acceptance of the declaration placing them under the outward processing procedure and on the basis of the other items of charge applicable to them on the date of acceptance of the declaration relating to the release for free circulation of the compensating products. The value of the temporary export goods shall be that taken into account for those goods in determining the customs value of the compensating products in accordance with Article 37 (1) (b) (i) or, if the value may not be determined in that way, the difference between the customs value of the compensating products and the processing costs determined by reasonable means.

However,

- a) certain charges specified in the Implementing Provisions of this Code shall not be taken into account in calculating the amount to be deducted;
 - b) where, prior to being placed under the outward processing procedure, the temporary export goods were released for free circulation at a reduced rate by virtue of their end use, and for as long as conditions for granting the reduced rate continue to apply, the amount to be deducted shall be the amount of import duties actually levied when the goods were released for free circulation.
3. Where temporary export goods could qualify on their release for free circulation for a reduced or zero rate of duty by virtue of their end use, that rate shall be taken into account provided that the goods underwent operations consistent with such an end-use in the country where the processing operation or last operation took place.
 4. Where compensating products qualify for a preferential tariff measure within the meaning of Article 28 (3) (d) and (e) and the measure exists for goods falling in the same tariff classification as the temporary export goods, the rate of import duty to be taken into account in establishing the amount to be deducted pursuant to paragraph 1 shall be that which would apply if the temporary export goods fulfilled the conditions under which that preferential measure may be applied.
 5. This Article shall be without prejudice to the application of provisions adopted or liable to be adopted in the context of trade between the Republic of Albania and other countries, which provide for relief from import duties in respect of certain compensating products.

Article 172

1. Where the purpose of the processing operation is the repair of the temporary export goods, they shall be released for free circulation with total relief from import duties where it is established to the satisfaction of the customs authorities that the goods were repaired free of charge, either because of a contractual or statutory obligation arising from a guarantee or because of a manufacturing defect.
2. Paragraph 1 shall not apply where account was taken of the defect at the time when the goods in question were first released for free circulation.

Article 173

Where the purpose of the processing operation is the repair of temporary export goods and such repair is carried out in return for payment, the partial relief from import duties provided for in Article 165 shall be granted by establishing the amount of the duties applicable on the basis of the taxation elements pertaining to the compensating products on the date of acceptance of the declaration of release for free circulation of those products and taking into account as the customs value an amount equal to the repair costs, provided that those costs represent the only consideration provided by the holder of the authorization and are not influenced by any links between that holder and the operator.

IV. Outward processing with use of the standard exchange system

Article 174

1. Under the conditions laid down in Articles 174 to 179, which are applicable in addition to the preceding provisions, the standard exchange system shall permit an imported product, hereinafter referred to as a 'replacement product', to replace a compensating product.
2. The customs authorities shall allow the standard exchange system to be used where the processing operation involves the repair of Albanian goods.
3. Without prejudice to Article 179, the provisions applicable to compensating products shall also apply to replacement products.
4. The customs authorities shall, under the conditions they lay down, permit replacement products to be imported before the temporary export goods are exported (prior importation). In case of prior importation of a replacement, security shall be provided to cover the amount of the import duties.

Article 175

1. Replacement products shall have the same tariff classification, be of the same commercial quality and possess the same technical characteristics as the temporary export goods had the latter undergone the repair in question.
2. Where the temporary export goods have been used before export, the replacement products must also have been used and may not be new products. The customs authorities may, however, grant derogation from this rule if the replacement product has been supplied free of charge either because of a contractual or statutory obligation arising from a guarantee or because of a manufacturing defect.

Article 176

Standard exchange shall be authorized only where it is possible to verify that the conditions laid down in Article 175 are fulfilled.

Article 177

1. In the case of prior importation, the export goods shall be temporarily exported within a period of two months from the date of acceptance by the customs authorities of the declaration relating to the release of the replacement products for free circulation.
2. However, where exceptional circumstances so warrant, the customs authorities may, at the request of the person concerned, extend within reasonable limits the period referred to in paragraph 1.

Article 178

In the case of prior importation and where Article 171 is applied, the amount to be deducted shall be determined on the basis of the items of charge applicable to the temporary export goods on the date of acceptance of the declaration placing them under the procedure.

Article 179

Article 167(2) and Article 168(b) shall not apply in the context of standard exchange.

V. Other provisions

Article 180

The procedure provided for within the framework of outward processing shall also be applicable for the purposes of implementing non-tariff commercial policy measures.