

**Chapter VI**  
**Outward processing**  
**Section 1**  
**General provisions**

**403.** In accordance to Title IV, Chapter II, Section 3 G of the Code this chapter will lay down provisions in the implementing of the outward processing procedure.

**Section 2**  
**Authorising use of the procedure**

**404.**

404.1. For the purposes of Article 168 (b) of the Code, the General Directorate of Customs shall satisfy themselves that it is possible to establish that the compensating products have been manufactured from temporary export goods, by means, in particular, of the following:

- a) the statement or description of special marks or manufacturer's numbers;
- b) the affixing of plombs, seals, clip-marks or other distinctive marks;
- c) the taking of samples, illustrations or technical descriptions;
- d) the carrying out of analyses;
- e) the examination of supporting documents relating to the transaction under consideration (such as contracts, correspondence or invoices) which show clearly that the compensating products are to be manufactured from the temporary export goods.

404.2. Where the procedure is requested for the repair of goods, whether or not with the standard exchange system, the General Directorate of Customs shall satisfy themselves that the temporary export goods are capable of being repaired. If the General Directorate of Customs consider that this condition is not fulfilled, they shall refuse authorisation.

404.3. Where the standard exchange system is requested, the General Directorate of Customs shall, inter alia, make use of the verification methods listed in point 404.1 (a), (c), (d) or (e). In the case of point 404.1 (e), supporting documents shall indicate clearly that the repair in question will be carried out by supplying a replacement complying with the conditions set out in Article 175 (1) of the Code.

404.4. For the purposes of point 404.3, the General Directorate of Customs shall, in particular, satisfy themselves that the use of the procedure to carry out a replacement as provided for in Article 174(1) of the Code is not authorised as a means of improving the technical performance of the goods. To that end they shall check:

- a) the contracts and other supporting documents relating to the repair, and
- b) the sales or leasing contracts and/or invoices relating to the temporary export goods or the goods incorporating temporary export goods, in particular the terms set out therein.

404.5. Where it is not possible to establish whether the compensating products will be manufactured from the temporary export goods and a request is made to the customs authorities for a derogation under Article 168(b) of the Code, the authorities shall submit the application to the Minister of Finance.

**405.**

405.1. The application shall be made in conformity with Point 234 and in accordance with the specimen in Annex 30, and presented by the person to whom the authorisation may be granted under Articles 109, 167 and 168 of the Code.

405.2. The application shall be presented to the General Directorate of Customs.

**406.**

406.1. Without prejudice to the simplified authorisation procedure, authorisations shall be issued by the General Directorate of Customs and shall be made out in accordance with the specimen in Annex 35.

406.2. Each authorisation should be accompanied by a form “*outward processing record export*” that should form an integrated part of each authorisation. The specimen of the outward processing record export is described in Annex 35. All entries should be registered in this form, in accordance with instructions issued by the General Directorate of Customs.

406.3. In duly substantiated exceptional cases, the General Directorate of Customs may issue a retroactive authorisation. The retroactive effect of such authorisation may not go back beyond the time when the application was lodged. This derogation shall not apply to standard exchange with prior importation.

**407.** An authorisation for use of the standard exchange system without prior importation may also be used for the reimportation of compensating products instead of the replacement products, provided that all the conditions are fulfilled. The persons concerned shall submit a request to this effect no later than the time the products are imported.

**408.** The period of validity of an authorisation shall be set by the General Directorate of Customs having regard to the economic conditions and the specific needs of the applicant. Where the period of validity exceeds two years, the economic conditions on the basis of which the authorisation was issued shall be reviewed periodically at intervals specified therein.

**409.**

409.1. The period within which compensating products must be reimported into the customs territory of the Republic of Albania shall be determined with reference to the time required to complete the processing operations and to transport the temporary export goods and the compensating products. This period shall be calculated from the date of acceptance of the declaration of entry for the procedure.

409.2. Under the standard exchange system without prior importation, the period within which replacement products must be imported into the customs territory of the Republic of Albania shall be determined with reference to the time required for the substitution of the temporary export goods and for transport of the temporary export goods and of the replacement products. This period shall be calculated from the date of acceptance of the declaration of entry for the procedure.

409.3. The reimportation of compensating products and the importation of replacement products shall be deemed to have been accomplished when the products are:

- a) released for free circulation, or

- b) placed in a free zone or free warehouse or under the customs warehousing or inward processing procedures,
- c) placed under the transit procedure.

409.4. The date to be taken into account for the application of this Point shall be the date of acceptance of the declaration for release for free circulation or the declaration entering the products for one of the customs-approved treatments or uses referred to in point 409.3, or the date of entry into a free zone or free warehouse.

**410.** Where circumstances so warrant the period for reimportation of compensating products and importation of replacement products under the standard exchange system without prior importation may be extended, even if the initial period has already expired.

**411.**

411.1. Where circumstances so warrant, the period referred to in Article 177 of the Code may be extended even after the original period has expired.

411.2. For the purposes of Article 177 (1) of the Code, the placing of goods in a free zone or free warehouse or under the customs warehousing procedure for subsequent export shall be treated as export.

**412.** The rate of yield referred to in Article 169 (2) of the Code shall be fixed no later than the time when the goods are entered for the procedure, taking into account the technical data concerning the operation or operations to be performed where these are available, or, where they are not, data available in the Republic of Albania relating to operations of the same type.

**413.**

413.1. For the purposes of Article 167 (2) of the Code, the authorisation for outward processing shall be issued at the request of the person exporting the temporary export goods even where he is not the person carrying out the processing operations. This derogation shall be requested in the application presented to the customs authorities. The authorisation shall be issued to the applicant. The derogation shall enable a person other than the holder of the authorisation to declare compensating products for free circulation and to be authorised to use the procedure.

413.2. The application must be accompanied by all supporting documents required for its examination.

413.3. When the General Directorate of Customs have all the necessary information they shall decide whether and on what conditions an authorisation may be issued, and shall in particular specify control measures to ensure that the relief referred to in Article 171 of the Code is granted only for compensating products in which the temporary export goods are actually incorporated.

**414.**

414.1. When the processing operations concern the repair of goods, a customs office empowered by the General Directorate of Customs to issue authorisations using the simplified procedure shall allow the lodging of the declaration of entry for the procedure to constitute an application for authorisation. In this case acceptance of the declaration shall constitute the authorisation, and the said acceptance shall be subject to the conditions governing the granting of the authorisation.

414.2. Declarations presented under point 414.1 shall be accompanied by a document made out by the declarant containing the following information, as necessary, unless such information can be entered in box 44 of the form used for the declaration itself:

- a) where the person applying to use the procedure is not the same as the declarant, the name or business name and address of the applicant;
- b) the trade and/or technical description of the compensating products;
- c) the nature of the processing operations;
- d) the time required to reimport the compensating products;
- e) the rate of yield or, where appropriate, the manner of establishing the rate of yield;
- f) the means of identification.

414.3. The lodging of the declaration using the simplified application procedure signed by the applicant shall indicate that the person concerned wishes to use the outward processing procedure and, without prejudice to the possible application of penal provisions, shall be responsible, under the provisions in force in the Republic of Albania, for:

- a) the accuracy of the information given in the declaration,
- b) the authenticity of the documents accompanying it, and
- c) compliance with all the obligations relating to the outward processing procedure.

414.4. The customs authorities shall keep the declaration and its annexes, together with any authorisation issued.

414.5. Where an authorisation is granted, the application, annexes and authorisation shall be kept by the customs authorities for at least three years from the end of the calendar year in which the authorisation expires.

414.6. Where an application is rejected or an authorisation is annulled or revoked, the application and either the decision rejecting the application or the authorisation, as the case may be, and all annexes shall be kept by the customs authorities for at least three years from the end of the calendar year in which the application was rejected or the authorisation was annulled or revoked.

## **415.**

415.1. Where the processing operations concern repairs of a non-commercial nature, whether for a consideration or free of charge, the customs office designated by the General Directorate of Customs shall, at the request of the declarant, allow the declaration for release for free circulation to constitute the application for authorisation. In these cases, acceptance of the declaration shall constitute authorisation and the said acceptance shall be subject to the conditions governing the granting of the authorisation.

415.2. For the purposes of point 415.1 “*repairs of a non-commercial nature*” means repairs to goods, including restoring them to their original condition and putting them in order, which:

- a) are carried out on an occasional basis, and
- b) relate exclusively to goods for the personal use of the importer or his family, which do not by their nature or quantity reflect any commercial interest.

415.3. It shall be for the applicant to prove the non-commercial nature of the goods. The customs office shall not grant the facilities provided for in point 415.1 unless all the conditions are fulfilled.

### Section 3

#### Operation of the procedure

**416.** The procedures governing the entry of goods for the outward processing procedure shall apply to temporary export goods, including temporary export goods used under the standard exchange system whether with prior importation or not.

**417.**

417.1. Except where the simplified authorisation procedure applies, the declaration entering temporary export goods for the outward processing procedure (export declaration) shall be lodged at one of the offices of entry for the procedure specified in the authorisation.

417.2. Where the simplified authorisation procedure applies, the declaration entering the procedure shall be lodged at a duly empowered customs office.

417.3. Each export declaration must contain the code EX 2 in box 1 of the declaration and reference to the number and date of the authorisation for outward processing in box 44. The form “*outward processing record, import*”, as described in Annex 35 must be issued for each declaration assigning goods to the procedure and should form an integral part of the copy of the declaration kept by the custom authorities. All re-imports should be registered in this form, in accordance with instructions issued by the General Directorate of Customs. The export declaration together with all attached documents shall after the release of the consignment be kept in a special file for each company authorised to use the outward processing procedure.

**418.**

418.1. The declaration entering the outward processing procedure shall be made in accordance with the provisions laid down for exportation.

418.2. Without prejudice to the application simplified procedure concerning repairs of a non-commercial nature, the description of the goods in the declaration entering the outward processing procedure shall correspond to the specifications in the authorisation.

418.3. The declaration for entering the outward processing procedure shall be made in accordance with Points 121 to 161.

418.4. Without prejudice to the simplified application procedure, the description of the goods given in the declaration entering the outward processing procedure shall correspond to the specifications in the authorisation.

418.5. For the purposes of Article 87 (2) of the Code, the documents to accompany the declaration shall be those provided for in Point 145.

**419.** Without prejudice to Point 409 (running of period provided for in Article 169 (1) of the Code), entitlement to relief under the outward processing procedure shall be subject to the lodging of a declaration for release for free circulation.

**420.**

420.1. Except where simplified authorisations are applied, the declaration for release for free circulation shall be lodged at one of the offices of discharge specified in the authorisation.

420.2. Where the simplified authorisation concerning the repair of goods (commercial) is applied, the declaration for free circulation shall be lodged with the customs office which issued the authorisation.

420.3. Where the simplified authorisation concerning repair of goods (non-commercial) is applied, the declaration for release for free circulation shall be lodged with a customs office duly empowered by the General Directorate of Customs.

420.4. The declaration for release for free circulation referred to in point 420.1 and 420.3 shall be made in accordance with Points 121 to 161.

420.5. Without prejudice to the application of the simplified authorisation for repair of a non commercial nature, the description of the compensating products or replacement products in the declaration for free circulation shall correspond to the specifications in the authorisation.

420.6. For the purposes of Article 87 (2) of the Code, the documents to accompany the declaration shall be those whose production is necessary for the release of the goods for free circulation, as provided for in Points 142 to 146 and:

- a) a copy of the declaration of entry for the procedure, and
- b) where the declaration for release for free circulation is lodged after the expiry of the periods fixed in accordance with Article 169 (1) of the Code, and Point 409.3 is applied, any supporting documents making it possible to verify that the compensating or replacement products were assigned to the customs-approved treatments or uses within the said period.

420.7. Each declaration for free circulation finalising the outward processing procedure must contain the reference to the number and date of the authorisation for outward processing in box 44.

## **421.**

421.1. Where the second sentence of Article 171 (2) of the Code is applied, the loading, transport and insurance costs for the temporary export goods to the place where the processing operation or the last such operation took place shall not be included in:

- a) the value of the temporary export goods which is taken into account when determining the customs value of the compensating products in accordance with Article 37 (1) (b) (i) of the Code,
- b) the processing costs, where the value of the temporary export goods cannot be determined by application of Article 37 (1) (b) (i) of the Code, referred to in the first indent.

421.2. The processing costs shall include the loading, transport and insurance costs for the compensating products from the place where the processing operation or the last processing operation took place to the place where they enter the customs territory of the Republic of Albania.

421.3. The repair costs referred to in Article 173 of the Code shall consist of the total payment made or to be made by the holder of the authorisation to or for the benefit of the person carrying out the repairs for the repairs carried out and shall include all payments made or to be made as conditions of the repair of the temporary export goods by the holder of the authorisation to the person carrying out the repairs or by the holder of the authorisation to satisfy an obligation of the person carrying out the repairs. Such payment need not necessarily take the form of a transfer of money. Payment may be made by way of letters of credit or negotiable instruments and may be made directly or indirectly.

## **422.**

422.1. The proportion of temporary export goods incorporated in the compensating products shall be calculated by either using the quantitative scale method or the value scale method where all the compensating products, other than secondary compensating products which constitute waste, scrap, residues, offcuts and remainders resulting from a given processing operation are not released for free circulation at the same time.

422.2. The calculations using these methods shall be worked out on the basis of the examples set out in Annex 54 or by any other method giving the same results.

#### **423.**

423.1. Where one kind of compensating product only is derived from the outward processing operations from one or more kinds of temporary export goods, the quantitative scale method (compensating products) shall be used to determine the amount to be deducted on release for free circulation of the compensating products.

423.2. For the purposes of point 423.1, the quantity of each kind of temporary export goods corresponding to the quantity of compensating products released for free circulation to be taken into account for determining the amount to be deducted shall be calculated by applying to the total quantity of each kind of the said goods a coefficient corresponding to the ratio of the quantity of compensating products released for free circulation to the total quantity of compensating products.

#### **424.**

424.1. Where several kinds of compensating product are derived from the outward processing operations from one or more kinds of temporary export goods and all elements of the said goods are found in each of the different kinds of compensating product, the quantitative scale method (temporary export goods) shall be used to determine the amount to be deducted on the release for free circulation of the compensating products.

424.2. In deciding whether the method referred to in point 424.1 applies, no account shall be taken of losses.

424.3. In determining the proportion of temporary export goods, secondary compensating products which constitute waste, scrap, residues, offcuts and remainders shall be treated as losses.

424.4. Where point 424.1 is applied, the quantity of each kind of temporary export goods used in the manufacture of each kind of compensating product shall be determined by successively applying to the total quantity of each kind of temporary export goods a coefficient corresponding to the ratio of the quantity of the said goods found in each kind of compensating product to the total quantity of the said goods found in the compensating products as a whole.

424.5. The quantity of each kind of temporary export goods corresponding to the quantity of each kind of compensating product released for free circulation to be taken into account for determining the amount to be deducted shall be calculated by applying the coefficient corresponding to the ratio of the quantity of compensating products released for free circulation to the total quantity of compensating products to the quantity of each kind of temporary export goods used in the manufacture of each kind of the said products, calculated in accordance with point 424.4.

#### **425.**

425.1. Where the quantitative scale method do not apply, the value scale method shall be used. However, with the agreement of the holder of the authorisation and for the purposes of simplification, the

customs authorities may apply the quantitative scale method (temporary export goods) instead of the value scale method where either method would give similar results.

425.2. In order to determine the quantity of each kind of temporary export goods used in the manufacture of each kind of compensating product, successive coefficients corresponding to the ratio of the customs value of each compensating product to the total customs value of those products shall be applied to the total quantity of temporary export goods.

425.3. Where one type of compensating product is not reimported, the value of such products for the purposes of the value scale shall be the recent selling price in the Republic of Albania of identical or similar products, provided such price is not influenced by a relationship between the buyer and seller. Point 55 shall apply for the appraisal of the relationship between the buyer and seller. If the value cannot be determined by application of the above provisions, it shall be determined by the customs authorities by any reasonable method.

425.4. The quantity of each kind of temporary export goods corresponding to the quantity of each kind of compensating product released for free circulation to be taken into account for determining the amount to be deducted shall be calculated by applying the coefficient corresponding to the ratio of the quantity of compensating products released for free circulation to the total quantity of compensating products to the quantity of each kind of temporary export goods used in the manufacture of those products, calculated in accordance with point 425.2.

#### **426.**

426.1. Commercial policy measures on exports shall apply at the time of acceptance of the declaration of entry for the procedure.

426.2. When the compensating products referred to in Article 165 (1) of the Code are released for free circulation, the specific commercial policy measures in force for such products at the time when the declaration for release for free circulation is accepted shall apply only where such products do not originate in the Republic of Albania within the meaning of Articles 29 and 30 of the Code.

426.3. Commercial policy measures for imports shall not apply where the standard exchange system is used, nor in the case of repairs or of additional processing operations to be carried out in accordance with Article 144 of the Code.

**427.** The General Directorate of Customs may lay down guidelines in the practical application of the outward processing procedure.