

Section 3
Procedure of inward processing

Division 1
General provisions

Article 219

In implementation of this heading, the following terms shall have the following meanings:

1. "main obtained products" are the obtained products for whose production the procedure of inward processing was approved;
2. "ancillary obtained products" are obtained products, other than main obtained products;
3. "loss" is such part of the imported goods which is destroyed or lost in the course of production operations, primarily through evaporation, desiccation, escape of gas, or leakage into waste waters;
4. "quantitative method" is calculation of the participation of imported goods in different obtained products on the basis of the quantity of such goods;
5. "value method" is calculation of the participation of imported goods in different obtained products on the basis of the value of obtained products;
6. "processor" is a person who performs production operations, in part or entirely;
7. "utilization of equivalent goods" means a system under which it is possible, in accordance with Article 120 of the Customs Law, to obtain products from the equivalent goods, which meets the requirements referred to in Article 239 hereof;
8. "previous exportation" means a system under which it is possible, in accordance with Article 120 paragraph 1 item 2 of the Customs Law, to export the products obtained from the equivalent goods from the customs territory before the procedure for the imported goods was instigated under the system of deferral of customs duty payment system;
9. "timeline for re-export" means the timeline within which one of the customs uses or utilizations of goods, referred to in Article 97 of the Customs Law must be approved for the products;
10. "monthly grouping" means application of Article 122 paragraph 6 of the Customs Law in respect of the timelines for re-exportation which commence in the respective calendar month;
11. "quarterly grouping" means application of Article 122 paragraph 6 of the Customs Law in respect of timelines for re-exportation, which commence in the respective quarter.

Article 220
(goods for which the procedure of inward processing may be instigated)

- (1) Pursuant to Article 119 paragraph 2 item 3 indent 4 of the Customs Law, it is possible to approve inward processing for auxiliary means of production, which are supposed to enable or facilitate production of obtained products, even though they are, entirely or partially, used up in production of obtained products and are not included in the substance thereof.
- (2) The goods referred to in paragraph 1 of this Article shall not include the following goods:
 1. fuels and energy sources, except those which are required for testing of obtained products or for identification of flaws in imported goods, due to which the repairs are necessary;

2. lubricants, except those which are required for testing, calibration and tuning of obtained products;

3. equipment, tools, including spare parts for equipment and tools for production of obtained products, and prone to wear and tear parts of equipment and tools.

2. Division

Approval of the procedure of inward processing - routine procedure

Article 221

(1) With regard to the application of Article 121 paragraph 2 item 2 of the Customs Law, the customs authority shall specify in the approval the manner for identification of imported goods in the obtained products, namely it shall specify the measures necessary for controlling whether the prescribed requirements for implementation of Article 120 of the Customs Law are met.

(2) In accordance with paragraph 1 of this Article, the customs authority shall primarily specify the following measures:

1. indication of special designation or their description, namely series number;
2. putting of stamps, seals, and other designations;
3. taking of samples, images or technical descriptions;
4. conduct of analyses;
5. checking of records and other documents pertaining to the progress of the inward processing procedure, from which it is clearly visible that the obtained products were produced from imported goods.

Article 222

(Economic requirements)

(1) Save in the events referred to in Article 224 hereof, it shall be deemed that the economic requirements referred to in Article 121 paragraph 2 item 3 of the Customs Law are met:

1. if it pertains to one of the following production operations:

- a) of inward processing referred to in Article 121 of the Customs Law;
- b) if it pertains to performance of production operations with regard to the goods which does not have a commercial purpose;
- c) if it pertains to improvement of goods, including regulation, adjustment and incapacitation of goods;
- d) if it pertains to routine procedures and treatments for conservation of goods, improvement of appearance, or better sales of the goods, or preparation of goods for distribution or further sale;
- e) if it pertains to production operations in which the value of each individual type of imported goods (defined on the basis of eight-digit designation of the Customs Tariff) for one applicant in a calendar year does not exceed € 10,000, regardless of the number of persons performing the production operations;

Value referred to in paragraph 1 of this item is equal to the customs value of goods estimated on the basis of known data and the documents submitted at the moment when the request was submitted.

f) if it pertains to further processing procedures referred to in Article 229 hereof, other than those included in any of indents (a) to (e) of this item;

2. if, in the procedure of inward processing, the goods is being exported that cannot be compared with the goods which are routinely produced in the customs territory;

"Comparable goods" in accordance with this item means that the goods is classified in the same eight-digit tariff designation of the Customs Tariff Schedule, and that it is of the same commercial quality and the same technical characteristics as the imported products;

3. if comparable goods referred to in item 2 of this Article are not produced in sufficient quantities in the customs territory;

4. if domestic manufacturers of comparable goods referred to in item 2 of this Article are not able to supply them to the applicant within the appropriate time period.

In accordance with this item, it shall be deemed that the goods were not supplied within the appropriate time period if domestic manufacturers are not able to provide such goods at the time when such goods are necessary for the planned activity and if the applicant has timely requested such goods.

5. If comparable goods referred to in item 2 of this Article are produced in the customs territory of Montenegro but may not be used in the respective procedure for the following reasons:

a) their price is such that the planned activity would not be cost effective, for the purposes of paragraph 2 item 5 of this Article;

In determination of the impact of the price of domestic goods on the cost-effectiveness of the planned activity, care must be taken of its impact on the offer on foreign market.

The following shall be taken into account:

- comparison between the price payable for the goods which were imported for the inward processing purposes, without payment of customs debt and the price of domestic comparable goods, after deducting all internal duties which are refunded or should be refunded when the goods are exported,
- sales terms, primarily payment terms and proposed delivery terms for the domestic comparable goods, and
- the price which the obtained products realize on foreign market, determined on the basis of trade correspondence and other documentation.

b) goods do not have the quality or certain characteristics necessary for production of the obtained products requested;

c) goods do not comply with the explicitly expressed requests of the foreign buyer of derived goods;

d) obtained products must be produced from imported goods because the provisions pertaining to protection of industrial property need to be respected;

6. If the applicant, with regard to certain type of goods for which it requests approval for inward processing for a certain time period, demonstrates to the customs authority that:

a) in such period, 80% of all goods it uses or the goods necessary for production of obtained products, it shall acquire from domestic manufacturer as the comparable goods in the context of item 2 of this Article;

b) the imported goods eliminate the actual problem of insufficient supply of such goods on domestic market, if the share of domestic comparable goods for meeting his needs is smaller than the share referred to under a) of this item;

c) he has taken the measures necessary to provide the comparable goods from domestic manufacturers but they have submitted no offers in response to his demand;

d) he repairs civil aircrafts.

- (2) Indent a) item 6 paragraph 1 of this Article shall not apply to the goods from Addendum 16 hereto.

Article 223
(exceptional request of the recognition of other economic requirements)

(1) Applicant may request the Customs Administration to determine that other economic requirements, besides those listed in Article 222 hereof, are met. In such event, the request must contain the reasons for which it deems that economic requirements are met. At its request, the Customs Administration shall be submitted the evidence of the content of request.

(2) If, in the event referred to in paragraph 1 of this Article, the Customs Administration deems that the economic requirements could be considered met, it shall issue the approval for inward processing for a limited period of time which may not exceed nine months.

(3) In the event that the Customs Administration issues the approval referred to in paragraph 2 of this Article, it shall notify the minister of economy and, in the event pertaining to the importation of agricultural products and foodstuffs, the minister of agriculture.

(4) Minister of economy shall, on the basis of notification referred to in paragraph 3 of this Article, decide whether economic requirements contained in the approval may be deemed to be met even after expiry of the timeline referred to in paragraph 2 of this Article. In the event of importation of agricultural products and foodstuffs, it shall decide on the basis of the opinion of the minister responsible for agriculture. If it may be deemed that the requirements are met, the Customs Administration shall accordingly extend validity of the approval referred to in paragraph 2 of this Article.

(5) If the Customs Administration deems that economic requirements for the approval of inward processing are not met, it shall notify the applicant and the minister of economy, and in the event of importation of agricultural products and foodstuffs, the minister of agriculture.

Article 224
(exceptional refusal of approval)

(1) If the circumstances suggest that application of the procedure of inward processing could have a negative effect on the interests of domestic manufacturers even though one of the requirements referred to in Articles 222 or 223 hereof is met, this Article shall apply.

(2) Injured domestic manufacturer may, in the event of paragraph 1 of this Article, submit with the Customs Administration the request to have the implementation of the procedure of inward processing banned on the basis of disputed economic requirements. The request shall contain all the data which makes it possible to decide whether the essential interests of domestic manufacturers are adversely affected.

(3) The Customs Administration shall decide on the request referred to in paragraph 2 of this Article after it obtains the opinion of the ministry of economy, namely ministry of agriculture. If the request is met, the Customs Administration shall, in its decision, precisely define the circumstances in which individual economic requirements may not be considered to be met.

(4) After the issuance date of the approval by way of which the request referred to in paragraph 2 of this Article is met, the customs authority may no longer approve that the procedure of inward processing be instigated on the basis of disputed economic requirements.

(5) Approvals for inward processing which were issued on the basis of disputed economic requirements before the decision referred to in paragraph 4 of this Article shall be cancelled in accordance with Article 10 of the Customs Law.

(6) The Government of the Republic of Montenegro, in specific cases, may entirely or partly prohibit implementation of the procedure of inward processing for imported agricultural and food products. In such event, paragraphs 4 and 5 of this Article shall accordingly apply.

Article 225
(fact which do not suffice for issuance of approval)

In determination of economic requirements, the following facts shall not suffice to be the basis for the approval of the procedure of inward processing:

1. the fact that domestic manufacturer of the comparable goods which may be used for production of obtained products is the competition to the applicant;
2. the fact that the goods of the same type as the comparable or obtained are produced by one manufacturer only.

Article 226

(1) Request shall be filled out pursuant to Article 176 hereof on the form whose content corresponds to the model from Addendum I2 B hereto. Request may be submitted by a person who, in accordance with Articles 94 and I2I of the Customs Law, may be issued the approval.

(2) Request referred to in paragraph 1 of this Article shall be submitted with the customs authority which is territorially competent considering the registered office or permanent residence of the applicant.

(3) If production operations are performed on the basis of labor contract between two persons with registered offices in the customs territory, the request shall be submitted by the ordering party or other person on its behalf.

(4) For the purposes of implementation of Article 121 paragraph 2 item 1 of the Customs Law, the term "goods of non-commercial character" shall mean the goods referred to in Article 2 item 3 hereof.

Article 227

(1) Save in the events referred to in Article 238 hereof, the approval shall be issued by the customs authority referred to in Article 226 paragraph 2 hereof, in accordance with Article 179 hereof, on the form the contents of which are in compliance with the model from Addendum I3B hereto.

(2) By way of derogation from provisions Article 179 hereof, the customs authority may, in justifiable cases, issue the approval which shall apply retroactively but shall not exceed the request submittal date.

Article 228

(1) The customs authority issuing approvals for the procedure of inward processing shall determine that the approval holder, for the purposes of surveillance over the implementation of the procedure of inward processing, shall keep records of the quantity of imported goods for which such procedure was instigated, about quantity of obtained products, and all other data which are necessary for surveillance over the implementation of procedure, as well as for the proper calculation of the customs debt which might arise.

(2) The approval holder shall, at the request, show the records referred to in paragraph 1 of this Article to the customs authority, for the purposes of controlling whether approved procedure is properly implemented.

(3) If production operations are performed with two or more contractors, the records referred to in paragraph 1 of this Article shall be kept in such a manner that the factual status with regard to the implementation procedure with each of the contracts may be determined at any time.

(4) If the circumstances allow, the customs authority may approve that the books that the approval holder kept for the purposes of organizing its business, namely production, be used as the records in accordance with this Article.

Article 229
(obtained products, derived from other obtained products)

If the obtained products are derived from other obtained products for which the approval was previously issued, a person who performs further production operations, namely a person on whose behalf such operations are performed, shall submit a new request on the form from Addendum I2B hereto, in which it shall insert the data about the approval issued previously.

Article 230
(approval validity period)

(1) The customs authority shall specify the validity period of the approval taking into account the economic requirements and specific needs of the applicant.

(2) If the approval validity period referred to in paragraph 1 of this Article is longer than two years, the customs authority shall check the requirements for issuance of approval in the time intervals specified in the approval. Such intervals may not be longer than 24 months.

Article 231
(timeline for re-exportation)

(1) The customs authority shall, when issuing the approval, specify the timeline within which, pursuant to Article 121 of the Customs Law, obtained products need to be re-exported. When specifying the timeline, the customs authority shall take into account the time required for obtaining the products within the production procedures defined in the approval, for each individual quantity of imported goods, selected for the procedure, and the time required for instigation of other allowed use or utilization.

(2) The request which the approval holder has, for justifiable reasons, submitted after the expiry of the originally specified timeline for re-exportation, may also be deemed to be a timely written request for determination of the new timeline referred to in Article 121 paragraph 2 of the Customs Law.

(3) If the procedure of inward processing is approved for live animals, for the purposes of their fattening (including slaughter, if appropriate), the timeline for re-exportation may not exceed:

- three months, if it pertains to animals classified under tariff number 0104, namely 0105 Customs tariff, namely
- six months, if it pertains to other animals, classified under chapter 1 of the Customs Tariff Schedule;
- two months, if it pertains only to animal slaughter, without fattening.

(4) If the procedure of inward processing is approved for meat, the timeline for re-exportation may not exceed six months.

(5) By way of derogation from paragraph 3 indent 2, and paragraph 4 of this Article, on the basis of a justifiable and timely written request of the approval holder, timeline for re-exportation may be extended:

- a) for tariff numbers 0102, 0201, 0202, 0203 (except 0203 12 110), 0206 and 0209 00 by further six months,
- b) and for tariff number 0203 12 110, by further nine months.

Article 232
(previous exportation - timelines)

(1) In the event of previous exportation, the customs authority shall specify the timeline referred to in Article 122 paragraph 4 of the Customs Law, taking into account the time required for procurement and transportation of imported goods in the customs territory.

(2) The timeline referred to in paragraph 1 of this Article shall not exceed six months. This timeline may be extended by the customs authority if the approval holder submits a well-grounded request, but overall timeline may not exceed twelve months. Exceptionally, extension may be approved even after the expiry of the originally specified timeline.

Article 233

(1) Timelines referred to in Article 231 hereof shall commence after the receipt date of the declaration for instigation of the procedure of inward processing, namely in the event of the sue of the customs duty refund system, after the receipt date of the declaration for putting into free circulation.

(2) The timeline referred to in Article 232 hereof shall commence after the receipt date of export declaration.

Article 234 (monthly and quarterly grouping)

(1) Monthly or quarterly grouping referred to in paragraph 3 Article 122 of the Customs Law shall be approved by the customs authority which issues the approval for the procedure of inward processing, when it is expected that the procedure of inward processing shall be regularly instigated for the imported goods and the re-exportation procedure shall be instigated for the obtained products, so that the timeline for performance of re-exportation is permanent, as a rule.

(2) In the event of monthly grouping, all timelines or re-exportation that commence in a particular month shall expire on the last day of the calendar month in which the timeline for re-exportation expires, and which pertains to the goods for which the procedure of inward processing was last instigated in such month.

(3) In the event of quarterly grouping, all timelines for re-exportation which commence in a particular quarter shall expire on the last day of the calendar quarter in which the timeline for re-exportation expires, which pertains to the goods for which the procedure of inward processing was last instigated in such quarter.

(4) Monthly and quarterly grouping shall be implemented taking into account the events from Addendum 17 hereto.

Article 235

Timelines referred to in Article 234 hereof shall commence on the receipt date of the declaration for instigation of the procedure of inward processing.

Article 236 (norm on the basis of production data)

(1) Save in the events referred to in Article 237 hereof, the norm of the obtained products (hereinafter referred to as: the norm) referred to in Article 123 of the Customs Law, or the method for determination of such norm, shall be determined on the basis of production data which shall be obvious from the records kept by the processor.

(2) The norms or the method for determination of norms shall be defined in accordance with paragraph 1 of this Article, and the customs authority may verify it retrospectively.

Article 237
(standard norms)

- (1) Standard norms of consumption referred to in Article 123 paragraph 2 of the Customs Law may be used only for importation of the goods of good and original quality, which is the market goods and which is in accordance with prescribed quality standards.
- (2) Standard norm referred to in paragraph 1 of this Article shall be determined by the customs outlet upon obtained opinion of the ministry of economy, namely ministry of agriculture.

Division 3
Approval for implementation of procedure - simplified procedure

Article 238

- (1) If for instigation of the procedure of inward processing no simplifications referred to in Article 84 of the Customs Law are used and in the events referred to in Article 232 item I hereof, the competent customs authority may approve that the submittal of the declaration for instigation of the procedure of inward processing be deemed to be the submittal of the request for approval.
- (2) In the event referred to in paragraph 1 of this Article, receipt of the declaration of the instigation procedure shall be deemed to be the issuance of approval only if the requirements which should be taken into account when issuing the approval are met.
- (3) Appended to the declaration which shall be submitted in accordance with paragraph 1 of this Article, shall be suitable documents which shall be filled out by the declarant and which, subject to the circumstances, shall contain the following data, except when such data are inserted in box 44 of the unique customs document:
1. name and address, namely company and registered office of the applicant, if he is not the declarant at the same time;
 2. name and surname, namely company and registered office of the performer of production operation, if he is not the applicant or the declarant at the same time;
 3. types of production operations;
 4. trade or technical description of obtained products;
 5. determined norm of the material consumption, or the method for determination of the norm;
 6. envisaged timeline for re-exportation;
 7. place where it is expected that production operations will be performed.
- (4) Articles 177, 183 i 184 hereof shall accordingly apply.
- (5) This procedure shall not be able to implement in the system of the use of equivalent goods.

4. Division
Use of equivalent goods and previous exportation

Subdivision 1
**Use of equivalent goods in the payment deferral system
and customs duty refund system**

Article 239
(request and requirements)

(1) Use of equivalent goods shall be possible only if it is requested by a person who performs production operations and if the approval contains detailed data about the elements referred to in Article 120 paragraph 3 of the Customs Law, which are common for the equivalent and imported goods, and the measures with which these elements may be controlled.

(2) If approval for the procedure of inward processing includes the use of equivalent goods, the approval shall contain the specific measures which shall ensure compliance with the rules applicable to such system.

(3) If the approval that is already issued does not define the possibility of the use of equivalent goods and the approval holder wishes to implement such system, he shall have to submit the request for alteration of the originally issued approval. The request shall be filled out pursuant to Article 176 hereof.

Article 240
(use of equivalent goods, which was treated further than imported goods)

(1) The Customs Administration may, exceptionally, approve that the used equivalent goods undergo better treatment than imported goods only if a significant part of the production of such equivalent goods was performed in the approval holder's company or in the undertakings where such production procedures are performed on behalf of the approval holder.

(2) In any case, the approval holder shall be under obligation to allow the customs authorities to verify the elements referred to in Article 120 paragraph 3 of the Customs Law before he commences the use of equivalent goods.

Article 241
(exchange of customs status between equivalent and imported goods)

(1) In accordance with Article 120 paragraph 2 of the Customs Law, customs status of equivalent and imported goods shall be replaced:

1. in the event when previous exportation of the obtained goods was not approved pursuant to Article 120 paragraph 1 item 2 of the Customs Law – at the moment when the customs authority has accepted the customs declaration for conclusion of the customs procedure of inward processing;

2. if the approval holder, before the procedure is concluded, release the imported goods in altered condition, or obtained products, to the domestic market – at the moment when such goods are released to domestic market.

(2) Replacement of the customs status of goods in accordance with paragraph 1 of this Article shall not change the origin of exported goods.

(3) In the event of complete destruction or irrecoverable loss of unprocessed goods or obtained products, the share of destroyed or lost imported goods shall be determined taking into account part the imported goods indicated in the approval holder's records at the moment when the destruction or loss occurred, unless the approval holder submit to the customs authority the evidence of actual quantity of lost or destroyed imported goods.

Subdivision 2

Article 242

(1) The customs authority may not issue the approval for previous exportation pursuant to Article 120 paragraph 1 item 2 of the Customs Law, if the applicant, within the procedure of inward processing, refers

to the economic requirements referred to in Article 222 paragraph 1 item 1 hereof and if the applicant is not able to demonstrate that the approval holder would specifically benefit from the use of this system.

(2) If previous exportation is implemented according to the customs duty deferral system, Articles 239, 240 and other, as well as Article 241 paragraph 3 hereof, shall accordingly apply.

(3) In the event of previous exportation of obtained products, customs status shall be changed in accordance with Article 120 paragraph 2 of the Customs Law:

a) for exported obtained products, at the moment when the customs authority received the exportation declaration, if inward processing procedure has been already instigated for imported goods,

b) for imported and equivalent the goods, at the moment of putting the goods u procedure of inward processing.

Division 5 Customs duty payment deferral system

Subdivision 1 Instigation procedure

Article 243 (instigation procedure - general)

(1) Procedures applicable as the instigation procedure of inward processing (system of deferred payment of customs duty) shall be implemented for imported the goods according the system of the use of equivalent goods, with or without previous exportation.

(2) By way of derogation from paragraph 2 Article 241 hereof, for the equivalent goods used according to the system of using the equivalent goods with or without previous exportation, provisions of this subdivision shall not apply.

(a) Routine procedure

Article 244

(1) Save in the event referred to in Article 238 hereof, declaration for instigation of the procedure of inward processing (customs duty payment deferral system), shall be submitted with one of the customs authorities of the instigation of procedure, as specified in the approval.

(2) In the event referred to in Article 238 hereof, the declaration referred to in paragraph 1 of this Article shall be submitted with the authorized customs authority.

Article 245 (filling out the declaration)

(1) Declaration referred to in Article 244 hereof shall be filled out in the manner provided by the regulations referred to in Article 69 paragraph 2 of the Customs Law.

(2) Save in the events referred to in Article 238 hereof, description of goods in the declaration referred to in paragraph 1 of this Article shall correspond to the data in the approval.

(3) if the system of using the equivalent goods was approved, the data in the declaration shall be in such detail that they enable the identification of the data referred to in Article 120 paragraph 3 of the Customs Law.

(4) Appended to the declaration referred to in Article 244 hereof, pursuant to Article 70 paragraph 2 of the Customs Law, shall be the documents prescribed in Article 69 paragraph 2 of the Customs Law.

(b) Simplified procedure

Article 246 (simplifications)

(1) Simplified procedures referred to in Article 84 of the Customs Law shall be performed in accordance with Articles 157 and 158 hereof.

(2) The customs authority shall not issue the approval for declaring on the basis of bookkeeping entries to the persons who do not provide for keeping of records pursuant to Article 228 hereof.

(3) Supplementary declaration referred to in paragraph 3 Article 84 of the Customs Law shall be submitted within the prescribed timeline which shall not exceed 2 months after the submittal date of incomplete customs declaration.

Subdivision 2 Conclusion procedure

Article 247 (end of the procedure of inward processing)

(1) Procedure of inward processing for imported goods shall be concluded when the declaration for instigation of other allowed use or utilization of goods pursuant to Article 97 of the Customs Law is received for the obtained products, namely the goods in altered condition and if all other requirements for conclusion procedure.

(2) If Article 120 paragraph 1 item 2 of the Customs Law applies, the procedure shall be concluded when the customs authority accepts the declaration for customs goods.

(3) Conclusion procedure shall be implemented either in respect of the quantities of imported goods which correspond to the obtained products for which the allowed use, or utilization in accordance with paragraph 1 of this Article or Article 248 hereof has commenced, or in respect of the quantities of goods in unaltered condition for which such use or utilization has commenced.

Article 248

In implementation of the conclusion of the procedure of inward processing, the exportation goods shall be deemed to be the delivery of obtained products to the persons who may, pursuant to Article 184 paragraph 1 item 1 of the Customs Law, realize the right to be exempted from payment of customs duty, provided the requirements are met that are prescribed for realization of the right to be exempted from payment of customs duty in such events.

Article 249

The declaration by way of which other, allowed use or utilization is approved for the obtained products or imported goods in unaltered condition, shall contain all the data necessary for conclusion of procedure.

Article 250

(1) If the nature or technical characteristics of imported goods change due to unpredictable circumstances or vis major in such a manner that the approval holder is not able to perform the approved production procedure or obtain the envisaged products, the holder shall duly and without delay notify the surveillance customs authority.

(2) Article 241 paragraph 3 hereof shall accordingly apply.

(3) In the events when the respective change may affect the validity or the content of issued approval, without prejudice to paragraphs 1 and 2 of this Article, Article 10 and Article 98 paragraph 1 of the Customs Law shall apply.

(4) This Article shall also accordingly apply to obtained products.

Article 251
(putting into free circulation)

(1) Save in the events referred to in Article 272 hereof, the customs authority may approve the putting of main obtained products or goods in unaltered condition into free circulation, if the respective person is not able, for such products or the goods, instigate the allowed use or utilization in which import duties are not payable.

(2) The customs authority may approve putting of goods into free circulation in the routine manner. Such approval shall not be in contravention with other regulations pertaining to the putting of goods into free circulation.

(3) If, in accordance with paragraph 2 of this Article, the approval for putting into free circulation was issued in the routine manner, the imported goods in unaltered condition or obtained products may be released for sales even though the formalities for putting into free circulation were not fulfilled at the moment when the goods were released to domestic market. For the goods which were released to the market in accordance with this paragraph, only for the purposes of implementation of paragraph 4 of this Article, it shall not be deemed that they were approved the allowed use or utilization.

(4) It shall be deemed that the imported goods in unaltered condition or obtained products to which the approval referred to in paragraph 2 of this Article pertains have been put into free circulation and that the declaration for putting into free circulation was submitted and accepted and the goods released to the declarant if, at the expiry of the timeline for re-exportation (in compliance with Article 232 hereof), none of allowed uses or utilizations referred to in Article 97 of the Customs Law was approved. In such event it shall be deemed that the declaration was submitted and accepted and the goods released to the declarant at the moment of expiry of the timeline for re-exportation.

(5) The goods put into free circulation in accordance with paragraph 3 of this Article shall be deemed to be the domestic goods.

Article 252
(submittal of obtained products)

(1) Save in the events of application of simplified procedures, the approval holder shall submit to the destination customs authority the obtained products or imported the goods for which the allowed use or utilization will be instigated so that formalities prescribed for the respective allowed use or utilization could be carried out in accordance with general provisions.

(2) The surveillance customs authority may approve that the products, namely the goods referred to in first paragraph of this Article be also submitted to other customs authority and to the one specified in paragraph 1 of this Article.

(a) Routine procedure

Article 253
(submittal place of the declaration for conclusion of procedure)

- (1) Save in the events referred to in Article 238 hereof, the declaration with which the procedure of inward processing (customs duty payment deferral system) is concluded, shall be submitted with one of customs authorities for the conclusion procedure that are specified in the approval
- (2) In the event referred to in Article 238 hereof, the declaration shall be submitted with the customs authority which has issued the approval
- (3) By way of derogation from paragraphs 1 and 2 of this Article, the surveillance customs authority may approve that the declaration be submitted with any other actually competent customs authority.

Article 254
(filling out declaration for the conclusion procedure)

- (1) Declaration for the conclusion procedure referred to in Article 253 hereof shall be filled out in accordance with provisions about filling out the declaration for a given, allowed use or utilization.
- (2) Description of the obtained products or imported goods in unaltered condition in the declaration referred to in paragraph 1 of this Article shall correspond to the data in the approval.
- (3) Pursuant to Article 70 paragraph 2 of the Customs Law, appended to the declaration shall be all the documents provided by the regulations passed on the basis of Article 69 paragraph 2 of the Customs Law, pertaining to the determination of customs procedure.

(b) Simplified procedures

Article 255
(simplifications in the conclusion procedure)

Simplified procedures referred to in Article 84 of the Customs Law shall be implemented pursuant to Article 160 hereof.

(c) Provisions for calculation of customs debt

Article 256
(customs debt for the goods, subjected to the preferential customs treatment)

- (1) Where the imported goods at the time of receiving the declaration for instigation of the procedure of inward processing has met the requirements for preferential customs treatment because of the final intended use of these goods, the customs debt which should be calculated pursuant to Article 125 paragraph 1 of the Customs Law, shall be calculated at the rate applicable for such intended final use and it shall not be required to obtain the approval for such preferential treatment.
- (2) Paragraph 1 of this Article shall apply only in the event where the imported goods is used for the intended use for which the preferential treatment is intended before expiry of the timeline determined by the regulations on the requirements which must be met in order that such preferential treatment may be approved. The timeline shall commence after the receipt date of the declaration for instigation procedure. The customs authority may extend such timeline if the goods which was not used for intended use within the originally specified timeline due to vis major or technical characteristics of the production operations.

Article 257
(calculation of customs debt in the event of putting into free circulation)

(1) Where obtained products were put into free circulation and the customs debt was incurred, such customs debt shall be calculated pursuant to Article 125 of the Customs Law. Boxes 15, 16, 34, 41 and 42 of the unique customs document, filled out as the declaration for putting into free circulation, shall contain the data pertaining to the imported goods in unaltered condition.

(2) The data from paragraph 1 of this Article shall not be needed to indicate, where appended to the declaration is a properly filled out form INF1 from Article 274 hereof.

Article 258
(obtained products referred to in Article 126 paragraph 1 item 1 of the Customs Law.)

(1) The surveillance customs authority shall approve that Article 126 paragraph 1 item 1 of the Customs Law be applied to the wastes, recycling wastes, residues, printing wastes and flawed goods.

(2) In application of this Article, destruction of the obtained products, other than those to which Article 126 paragraph 1 item 1 of the Customs Law applies, shall be deemed to be the exportation from customs territory.

(3) For the obtained products referred to in paragraph 1 of this Article, the receipt date of the declaration for putting into free circulation shall be deemed to be the day which is applicable for determination of import duties.

Article 259

Where the customs debt is incurred related to the obtained products or goods in unaltered condition, no compensation interest shall be payable on the calculated customs debt.

Article 260
(share of imported goods in the obtained products)

(1) Share of imported goods in the obtained products shall be calculated so as to determine the level of customs debt. Such calculation shall not be used where the amount of customs debt is determined solely on the basis of Article 126 of the Customs Law.

(2) Used for the calculation shall be one of the methods referred to in Articles 261 to 263 hereof or method yielding the same results.

Article 261
(quantitative method – the obtained products)

Quantitative method (obtained products) shall be used where, after the procedure of inward processing only a single type of obtained products is obtained. In such event the quantity shall be determined of the imported goods used up in the production of the obtained products pertaining to which the customs debt was incurred, so that the overall quantity of imported goods is multiplied by the coefficient that corresponds to the ratio between the quantity of obtained products for which customs debt was incurred, and overall quantity of obtained products.

Article 262
(quantitative method - the imported goods)

(1) Quantitative method (the imported goods) shall be used in the event where all elements of imported goods are to be found in each of obtained products. Quantity of the imported goods used up in production of each of the obtained products shall be determined so that the successively overall quantity of imported goods is multiplied by the coefficients that correspond to the ratio between the quantity of imported goods used up in each individual type of obtained product, and the overall quantity of imported goods used up in all obtained products.

(2) The decision on using this method shall not take into account the losses.

(3) Quantity of imported goods in the quantity of obtained products for which customs debt was incurred shall be determined taking into account the coefficient defined pursuant to Article 261 hereof, which shall be multiplied by the quantity of imported goods used up in the production of such obtained products, such as calculated on the basis of first paragraph of this Article.

Article 263 (value method)

(1) Where it is impossible to apply the methods referred to in Articles 261 to 262 hereof, the value method shall be applied. Upon the consent of the approval holder, and due to the simplifications, the customs authority may use the quantitative method (the imported goods) instead of the value method where both methods yield similar results.

(2) Quantity of imported goods which is used up in the production of each individual type of obtained goods shall be calculated in such a way that overall quantity of imported goods is multiplied by the comparative coefficients which shall be calculated on the basis of the ratio between the value of each obtained product and the total value of such products, calculated in accordance with paragraph 3 of this Article.

(3) Pursuant to Article 44 paragraph 3 of the Customs Law, the value of each type of obtained products that is used in the value method in accordance with paragraph 2 of this Article is:

- current selling price of equal or similar products in the customs territory, where such price was not affected by the relations between buyer and seller or if such price is not known;
- current price based on "fco factory" in the customs territory, where such price was not affected by the relations between the buyer and the seller, or
- where it is not possible to determine the value in accordance with first or second indent, the value determined by the surveillance customs authority according to other suitable method.

(4) Quantity of imported goods corresponding to the quantity of obtained products for which customs debt is calculated, shall be calculated in such a way that the coefficient, calculated on the basis of Article 261 hereof, is multiplied by the quantity of the imported goods used up in production of such obtained products, calculated as in accordance with paragraph 2 of this Article.

(d) Form for the calculation procedure

Article 264 (submittal of the form for calculation procedure)

(1) Approval holder shall be under obligation to submit to the surveillance customs authority the form for calculation procedure, which shall contain:

- a) the data which allow the identification of approval;
- b) quantity of each type of imported goods, and the data about customs declarations pertaining to the instigation procedure;
- c) tariff designation of the customs tariff of imported goods;
- d) customs value of imported goods and rates of import duties that were payable;
- e) the norm of the imported goods consumption;
- f) the nature and quantity of obtained products and the data about allowed uses or utilizations allowable for such products, together with the data about declarations, namely applications pertaining to the approval procedure;
- g) value of obtained products, where value method is applied to the conclusion procedure;
- h) level of import duties payable on the quantity of imported goods, which is deemed to be put into free circulation pursuant to Article 251 paragraph 3 hereof.

(2) Model of the form is in Addendum 18 hereto.

(3) Where the procedure of inward processing is instigated or concluded in the simplified manner, the form for calculation procedure shall indicate the declaration and documents pursuant to Article 84 of the Customs Law. Clearly visible from the form for calculation procedure shall be the quantity of goods that was released into free circulation pursuant to Article 251 hereof.

Article 265
(timeline for submittal of the form)

(1) Approval holder shall submit to the customs authority regular form for calculation procedure referred to in Article 264 within thirty days after the day before which the procedure of inward processing must be concluded.

(2) If monthly or quarterly grouping is applied, the form for calculation procedure shall be submitted for each month or quarter within 30 days after the last day of the month, namely quarter to which the form applies.

Article 266
(payment of import duties)

(1) Import duties for the imported goods in unaltered condition or for obtained products which were put into free circulation in a routine manner pursuant to Article 251 hereof, shall be payable not later than at the time of submitting the form for calculation procedure which may be submitted on the basis of collective declarations.

(2) Where it is necessary to determine other basis for calculation of import duties, these data shall be indicated in the form for calculation procedure. Where it is necessary under the circumstances, a note should be taken from the form for calculation procedure of the share of imported goods in the obtained products, determined in accordance with Articles 261 to 263 hereof.

(3) Approval holder shall be under obligation to submit to the surveillance customs authority all the documents pertaining to the goods which were put into free circulation pursuant to Article 251 hereof and necessary for proper application of the provisions on putting into free circulation.

(4) The surveillance customs authority may approve that:

1. the calculation be generated in computer or in any other agreed form;
2. the calculation be generated on the declaration for instigation of procedure.

Article 267
(control of the forms for calculation procedure)

The surveillance customs authority shall, on the basis of conducted control, confirm the form for calculation procedure and, if necessary, notify the approval holder about the results of such control. The customs authority shall keep the form for calculation procedure and the documents pertaining to it, for at least three years after the end of calendar year in which the form for calculation procedure was composed. The customs authority may decide that the approval holder keeps the documents pertaining to the form for calculation procedure. In such event, the approval holder shall keep them in the same form as the customs authority keeps them.

Article 268
(one approval, several declarations)

(1) Where the procedure for imported goods was instigated on the basis of one approval, with several declarations, the obtained products or goods in unaltered condition which were surrendered for

allowed use or utilization shall be deemed to the obtained or imported goods for which the procedure was instigated pursuant to the declaration that was first submitted.

(2) Paragraph 1 of this Article shall not be applied if the approval holder can demonstrate that the obtained products, namely goods in unaltered condition, were made from particular imported goods.

Subdivision 3
Measures economic policy

Article 269
(presentation of license, consent, or similar documents
at the submittal of request)

Where request for issuance of the approval for procedure of inward processing pertains to the goods to which measures of economic policy referred to in Article 270 paragraph I hereof are applicable, it shall not be necessary to, when submitting the request, present the license, consent or similar document.

Article 270
(application of economic policy measures at the beginning of the procedure
of inward processing according to the customs duty payment deferral system)

(1) Where the goods for which the declaration for instigation of the procedure of inward processing was submitted are:

1. subjected to specific economic policy measures for putting such goods into free circulation, such measures shall not be taken into account in the beginning of the procedure of inward processing and for as long as the goods remain in such procedure;
2. subjected to specific economic policy measures for introduction of goods in the customs territory, such measures shall be applied when for inward processing has commenced for those goods.

(2) For the customs goods for which the payment of customs debt is not mandatory, procedure may be started according to the customs duty payment deferral system:

1. so that it is not necessary to take into account the economic policy measures which are generally applied for putting the goods into free circulation;
2. so that it is not necessary to take into account the economic policy measures which are applied in exportation of the goods in unaltered condition or obtained products, not including the economic policy measures pertaining to the exportation of goods originated from Montenegro.

(3) If paragraphs 1 or 2 item 1 of this Article are applied, it is not necessary to append the license, consent or similar document at the time when the procedure is started.

Article 271
(application of economic policy measures in re-exportation of customs goods)

To the re-exportation of customs goods for which the procedure of inward processing was previously instigated, the economic policy measures prescribed for exportation of goods in unaltered condition or obtained products shall not apply, not including the economic policy measures pertaining to the exportation goods originated from Montenegro.

Article 272
(application of economic policy measures when putting the goods into free circulation)

Where the procedure of inward processing is concluded with the submittal of the declaration for putting into free circulation, for imported the goods in unaltered condition or for obtained products, with the exception of ancillary obtained products referred to in Article 258 hereof, all economic policy measures applicable at the time of receiving the declaration for putting into free circulation shall apply to the imported goods.

Subdivision 4

Article 273

(conclusion procedure with the commencement of new, allowed use or utilization – entry of remarks in the documents)

(1) Where procedure of inward processing for the goods in unaltered condition or obtained products is concluded in such a manner that such goods are introduced into the free customs zone or it is subjected to any of postponed procedures, then in the box intended for the description of goods in the document used for selected, allowed use or utilization, or in the event of the use of simplifications – in the commercial document or in bookkeeping records, in addition to the data prescribed for the selected, allowed use or utilization, the following remark should be inserted:

“U - I goods”

(2) Where the goods for which a procedure according to the duty payment deferral system was instigated, were to be subjected to the economic policy measures and such measures do not apply when the imported goods or obtained products are introduced into the free zone, in addition to the remark referred to in paragraph 1 of this Article, the following remark should be inserted:

“economic policy measures”

(3) The customs authority with which the procedure was concluded shall determine whether the remarks referred to in paragraph 1, namely 2 of this Article were correctly inserted in each of the documents that replace or cancel the first document.

Article 274

(form INF1)

(1) Informative form (hereinafter referred to as: form INF 1) shall contain an original and two copies on the form corresponding to the model from Addendum 19 hereto.

(2) Form INF 1 referred to in paragraph 1 of this Article shall be applied for:

1. determination of the amount of the security referred to in Article 96 paragraph 1 of the Customs Law.;
2. putting into free circulation the obtained products or goods in unaltered condition with other customs authority rather than with the authority of the procedure conclusion.

Article 275

Where form INF 1 is applied for implementation of Article 274 paragraph 2 item I hereof, this fact must be duly indicated in box 2.

Article 276

(filling out the form INF 1)

(1) Where pursuant to Article 274 paragraph 2 item 2 hereof, the putting of all or part of obtained products or goods in unaltered condition into free circulation is required, the customs authority which received the declaration and form INF 1, which he has confirmed, shall request the surveillance customs authority to insert the following data:

- in box 9 (a) - the amount of import duties payable in accordance with Articles 125 or 132 paragraph 4 of the Customs Law,
 - quantity of each item in the Customs Tariff Schedule and origin of the imported goods used in production of the obtained products that were put into free circulation.
- (2) In the amount of customs debt, the following should be clearly distinguished:
- the amount of the customs debt determined pursuant to Article 125 of the Customs Law, or the amount of the refunded, namely written-off importation debt, and
 - the amount of customs debt which was already calculated or is to be refunded or written-off.
- (3) Where the declaration for putting into free circulation pertains to the products or the goods referred to in Article 273 paragraph 2 hereof, the customs authority which receives the declaration and form INF 1, which it has confirmed, shall request the surveillance customs authority to indicate whether applicable measures were actually applied to the goods for which the procedure of inward processing was already instigated.
- (4) Original and one copy of the INF 1 shall be submitted to the competent authority, and other copy shall be retained by the authority which has confirmed the form.
- (5) Where the form INF 1 is applied to the implementation of economic measures, the surveillance customs authority, which receives the request, shall duly notify the approval holder.
- (6) The surveillance customs authority, which was submitted the form INF 1, shall fill out the a boxes 8, 9 and 10 of the above form, confirm the form, retain one copy, and return the original. The surveillance customs authority shall not be under obligation to fill out the above boxes after expiry of the timeline within which it is to keep the records.
- (7) Exclusively for the purposes of calculating the customs debt in accordance with paragraphs 1 and 2 of this Article, it shall be deemed that the products to which form INF 1 pertains were put into free circulation on the day when box 2 of the form was filled out.

Article 277

- (1) Where putting the goods into free circulation is required and form INF 1 is filled out pursuant to Article 275 hereof, form INF 1 may be applied if it contains:
- in the box 9 (a) - the amount of customs debt payable pursuant to Article 125 paragraph 1 and Article 132 paragraph 4 of the Customs Law, and
 - in the box 11 - the date when the procedure was instigated for the respective goods.
- (2) If the data referred to in paragraph 1 of this Article are not indicated in the form INF 1, new form INF 1 shall be filled out pursuant to Article 276 hereof.

Article 278

- (1) Approval holder may request the confirmation of the form INF 1, where the obtained products or goods are transferred to other holder or to the production plant of other authorized processor.
- (2) In such event the surveillance customs authority shall indicate the data referred to in Article 277 hereof.

Subdivision 5 Relocation goods

Article 279

- (1) Where the goods for which the procedure of inward processing was instigated according to the system of deferred duty payment, are relocated within the customs territory, such transportation shall be performed in accordance with provisions for transit procedure or in accordance with the procedure referred to in paragraphs 3 and 4 of this Article and Articles 280 to 285 hereof.
- (2) Transit declaration or document, which is treated as the transit declaration, shall contain the remark referred to in Article 273 hereof.
- (3) The approved relocation procedure shall be specified in the approval and the relocation procedure shall be used instead of transit procedure. In the event of the relocation of products or goods from the holder of one approval to the holder of other approval, both approvals shall contain the approval for relocation procedure.
- (4) Approval for the application of the relocation procedure shall be issued only if the approval holder keeps records referred to in Article 228 hereof.

(a) Relocation of goods or products within one approval

Article 280

- (1) The customs authority may approve that the obtained products or goods in unaltered condition be, without specific customs formalities and without interruptions of the procedure of inward processing, within one approval, relocated from a plant of one manufacturer to a plant of another manufacturer, for the purposes of further processing. Relocation of goods shall be entered in the records referred to in Article 228 hereof.
- (2) Responsibility for implementation of customs regulations pertaining to the relocated goods referred to in paragraph 1 of this Article shall be borne by the approval holder

(b) Transfer of goods or products from one approval holder to the other approval holder

Article 281

The customs authority shall approve the transfer of obtained products or goods in unaltered condition from one approval holder to the other, provided the entry was made in the records of the first approval holder in accordance with Addendum 20 hereto.

Article 282

- (1) Responsibility for the transferred goods or products shall be transferred to the holder of second approval at the moment when the latter takes over the goods, namely products, and when he enters them in his records about the procedure of inward processing.
- (2) With the entry of goods, namely products in the records, in accordance with paragraph 1 of this Article, it shall be deemed that, for these goods, namely products, the procedure of inward processing was anew instigated on behalf of the holder of second approval.

Article 283

(other simplifications with regard to the relocation of goods)

- (1) In the event that proper implementation of the procedure is not breached, the customs authority may, under the conditions it determines by itself, approve:

a) transportation of imported goods without customs formalities, from the customs authority of initial procedure to the production plant, and transportation of obtained products or goods in unaltered condition from the production plant to the customs authority of the conclusion of procedure;

b) previous confirmation of the form from Addendum 2o, or, if the contractor fills out the form which it confirms with a specific stamp (seal) that is approved by the customs authority;

c) filling out the formalities through application of the electronic system, if such system provides for proper implementation of the provisions under this heading;

d) simplification formalities referred to in Article 281 hereof, provided the system that was used ensures the transfer of information in the manner equal to that provided in Addendum 20 hereto, and performance of the formalities for application of commercial and administrative documents.

(2) In the events referred to in item a) paragraph 1 of this Article, the customs authority of the instigation of procedure shall notify the surveillance customs authority that the respective procedure was instigated for the goods, and the customs authority of the conclusion of procedure – that the obtained products or the imported goods in unaltered condition were exported. Used for this purpose shall be an additional copy of the declaration, filled out for these purposes, and a copy of accompanying documents, or the notification shall be sent in an electronic format

Article 284

Approval holder shall notify the customs authority in advance about the planned relocations, in the form and in the manner specified by the customs authority.

Article 285

(putting the goods into free circulation)

(1) In the event the relocation procedure is used, as described in this subdivision, upon presentation of the form about the calculation procedure, Article 251 hereof may be applied for the goods for which it is deemed that they were put into free circulation, provided it is not forbidden by provisions pertaining to the putting into free circulation.

(2) The surveillance customs authority shall notify the customs authority or the authorities of the instigation of procedure about the approved conclusion of procedure and specify the corresponding numbers of the declaration for instigation of customs procedure, which it has received.

Division 6

Specific provisions for the paid customs debt refund system

Subdivision 1

Putting into free circulation according to the customs debt refund system

Article 286

The procedure prescribed for putting the goods into free circulation according to the customs debt refund system shall be applied to the imported goods regardless whether the system of use of equivalent goods is applied or not.

(a) Routine procedure

Article 287

(declaration in importation)

(1) Save in the events referred to in Article 238 hereof, the declaration for putting into free circulation according to the customs debt refund system shall be submitted with one of the customs authorities of the instigation of procedure, as specified in the approval.

(2) Where the approval was issued pursuant to Article 238 hereof, the declaration shall be submitted with the authorized customs authority.

Article 288

(1) Declaration referred to in Article 287 hereof shall be filled out in accordance with the regulations passed on the basis of Article 69 paragraph 2 of the Customs Law, Articles 112 to 129 and Article 245 paragraphs 2 to 4 hereof.

(b) Simplified procedure

Article 289

(1) Simplified procedures referred to in Article 84 of the Customs Law, pertaining to the putting of goods into free circulation according to the customs duty refund system, shall be applied in accordance with Articles 157 i 158 hereof.

(2) Article 246 paragraph 2 hereto shall apply to the procedures referred to in paragraph 1 of this Article.

(3) Supplementary declaration referred to in Article 84 paragraph 3 of the Customs Law shall be submitted within the prescribed timeline but not later than the submittal of the request for refund.

Subdivision 2 Customs debt refund or write-off

Article 290

Procedure referred to in Article 248 hereof shall be deemed to be the exportation of obtained products.

Article 291

Declaration for one of the allowed uses or utilizations referred to in Article 132 paragraph 1 of the Customs Law shall contain all data necessary for the explanation of the request for refund.

Article 292

By way of derogation from the approved simplifications referred to in Article 84 of the Customs Law, the approval holder shall, at the submittal of the declaration for customs allowed use or utilization of goods, which the basis for the refund of customs debt, surrender these goods to the customs authority of the conclusion of procedure and duly fill out all prescribed customs formalities for the selected allowed use, namely utilization.

Article 293

(1) Save in the events referred to in Article 238 hereof, the declaration with which one of the allowed uses or utilizations referred to in Article 132 paragraph 1 of the Customs Law is commenced for the obtained products, shall be submitted with one of the customs authorities of the conclusion of procedure, as specified in the approval.

(2) In the event referred to in Article 238 hereof, the declaration referred to in paragraph 1 of this Article shall be submitted with the authorized customs authority, which has issued the approval.

(3) The surveillance customs authority may approve that the declaration referred to in paragraph 1 of this Article be submitted with other customs authority.

Article 294

(1) Declaration referred to in Article 291 hereof shall be filled out in accordance with the provisions for requested customs use or utilization.

(2) Declaration referred to in paragraph 1 of this Article shall be filled out pursuant to Article 254 paragraphs 2 and 3 hereof.

Article 295

Simplified procedures referred to in Article 84 of the Customs Law shall, for the conclusion procedure of inward processing, apply pursuant to Article 160 hereof.

Article 296

(1) Share of imported goods in the obtained products shall be calculated when it is necessary to determine the refund of paid or written-off customs debt. Such calculation shall not be necessary where one of the approved uses or utilizations provided in Article 132 paragraph 1 of the Customs Law for was instigated for all obtained products.

(2) Used for the calculation shall be one of the methods referred to in Articles 297 to 299 hereof, or any other method that yields equal results.

Article 297

Quantitative method (obtained products) shall apply when each procedure of inward processing produces only one type of obtained products. Calculated in such event shall be the quantity of imported goods used up in production of the obtained products for which the refund or write-off customs debt may be requested, so that the overall quantity of imported goods is multiplied by the coefficient corresponding to the share of obtained products for which it is possible to request the customs debt refund or write-off, in the total quantity of obtained products.

Article 298

(1) Quantitative method (the imported goods) shall be applied in the event that all elements of imported goods are to be found in each obtained product. The quantity of imported goods that is used in the production of each of the obtained products according to the customs debt refund system shall be calculated so that the successively overall quantity of imported goods is multiplied with the coefficients corresponding to the ratio between the used up quantity of imported goods in each type of obtained products and the total used up quantity of imported goods in all obtained products.

(2) Losses shall not be taken into account.

(3) Quantity of the goods imported according to the customs debt refund system, corresponding to the obtained products for which the refund or write-off of customs debt is requested, shall be calculated taking into account the coefficient determined pursuant to Article 297 hereof, which shall be multiplied by the quantity of the imported goods used up in production of such obtained products, such as calculated on the basis of paragraph 2 of this Article.

Article 299

(1) In the event that it is not possible to apply the quantitative method referred to in Articles 297 and 298 hereof, the value method shall be applied. The customs authority may, for the purposes of simplification and upon the consent of the approval holder, apply the quantitative method (the imported goods) instead of the value method, if such method yields similar results.

(2) In accordance with value method, the quantity of imported goods which is used in the production of each type of obtained goods shall be calculated so that the overall quantity of imported goods is multiplied by the comparative coefficient which shall be calculated on the basis of the ratio between the value of each obtained product and the total value of such products, calculated in accordance with paragraph 3 of this Article.

(3) Article 263 paragraph 3 hereof shall apply.

(4) The quantity of imported goods which corresponds to the quantity of obtained products for which the customs debt refund or write-off may be requested, shall be calculated in such a manner that the coefficient, calculated on the basis of Article 297 hereof, is multiplied by the quantity of imported goods used up in the production of such obtained products, calculated in accordance with paragraph 2 of this Article.

Article 300

(1) Request for customs debt refund, namely write-off, shall be submitted by the approval holder with the surveillance customs authority. This authority shall decide on the request for refund, namely write-off of the debt.

(2) Approval holder shall submit the request for customs debt refund, namely write-off, in two copies. One copy shall, after the decision is issued on the refund, namely write-off, be returned to the approval holder, and the other shall be kept by the customs authority.

(3) Request shall be filled out on the form the contents of which corresponds to the model from Addendum 21 hereto.

(4) The customs authority with which the request was submitted may request that additional documents necessary for the decision on justifiability of the request be submitted.

(5) Where Article 229 hereof is applied, the refund of customs debt may be requested only by the approval holder.

Article 301

In determination of the timeline referred to in Article 132 paragraph 3 of the Customs Law, it shall be deemed that the requirements for refund of paid customs debt are met when the declaration was accepted for any of allowed uses or utilizations referred to in Article 132 paragraph 1 of the Customs Law for the obtained products.

Article 302

(1) Where the surveillance customs authority decides that the approval holder shall keep the declaration from box 4 Addendum 21 hereto and other documents, such declarations and documents shall be on the disposal to the customs authority.

(2) Where Article 308 hereof is applied, appended to the request shall be the original form INF7.

Article 303

(1) The surveillance customs authority may approve that the applicant, which periodically submits identical requests for refund of customs debt, omits the indication of particular data from the request; however, such request shall contain all the data necessary for the decision about the level of refund.

(2) The surveillance customs authority may approve that the request is generated in computer or any other agreed form.

Article 304

The surveillance customs authority, on the basis of published control, shall confirm the request for refund of paid customs debt and notify the approval holder about the results of such control. The customs authority shall keep the request and the pertaining documents for at least three calendar years after the end of the year in which the request was submitted. The customs authority may determine that the approval holder keeps the documents pertaining to the request. In such event, the approval holder shall keep them for at least three years.

Article 305

(1) Refund of paid customs debt shall be made in such a manner that the competent department, the one which maintains the customs authority's account, issue the order for transfer of the refund to the account which the approval holder has specified in his request.

(2) Refund of paid customs debt shall not be possible to reimburse where the approval holder has any unsettled matured obligations against the importation or exportation customs debt. Refund and matured customs debt shall be offset in this event.

Subdivision 3 Administrative cooperation of customs authorities

Article 306

(obtained products, for which any of allowed uses, namely utilizations was instigated)

(1) Where any of the allowed uses or utilizations of goods referred to in Article 132 paragraph 1 of the Customs Law was instigated for the obtained products according to the customs debt refund system, and when refund was approved, inserted in the box which is in the document used for instigation of the procedure or for introduction of goods in free customs zone, intended for description of goods, shall be the following remark:

"U - I / refund system "

(2) The customs authority with which the procedure is to be concluded shall determine whether the remark referred to in paragraph 1 of this Article was inserted in each of the documents that have replaced or cancelled the former document.

Article 307

(transportation of goods in the transit procedure)

Where the obtained products, derived from the procedure of inward processing according to the customs debt refund system, were transported to other customs authority within the transit procedure, and where such transit procedure is the basis for submittal of the request for refund, and a new procedure of inward processing is requested for such obtained products, the authorized customs authority, which is responsible for issuance of new approval, shall use the form INF 1 referred to in Article 274 hereof to determine the amount of importation customs debt payable, or the amount of customs debt that may be written-off.

Article 308

(use of the form INF 7)

(1) Form INF 7 shall consist of the original and two copies on the form which corresponds to the model from Addendum 22 hereto.

(2) Form INF 7 referred to in paragraph 1 of this Article shall be used where, in the procedure of inward processing (customs debt refund system), the obtained products for which the request for refund

was requested are transported to the customs authority of the concluded procedure, which is not specified in the approval and with which, for the products in unaltered condition or obtained products, according to the subsequently approved processing, any of allowed uses or utilizations which is the basis for refund or exemption from payment of customs debt in accordance with Articles 128 do 132 of the Customs Law was instigated. The customs authority with which, such allowed use or utilization was instigated shall issue the form INF 7 at the request of the interested person.

Article 309
(submittal of the form INF 7)

- (1) The respective person shall submit the form INF 7 at the same time with the declaration for the requested allowed use or utilization.
- (2) The customs authority with which the declaration referred to in paragraph 1 of this Article is being submitted, shall confirm the form INF 7 and return the original and one copy to the approval holder.