

Outward processing
I. General

Article 148

1. The outward processing procedure shall, without prejudice to the provisions governing specific fields relating to the standard exchange system laid down in Articles 157 to 162 or to Article 127, allow Kosovo goods to be exported temporarily from Kosovo in order to undergo processing operations and the products resulting from those operations to be released for free circulation with total or partial relief from import duties.
2. Temporary exportation of Kosovo goods shall entail the application of export duties, commercial policy measures and other formalities for the exit of Kosovo goods from Kosovo.
3. The following definitions shall apply:
 - a) 'temporary export goods' means goods placed under the outward processing procedure;

- b) 'processing operations' means the operations referred to in Article 118 (2) (c), first, second and third indents;
- c) 'compensating products' means all products resulting from processing operations;
- d) 'rate of yield' means the quantity or percentage of compensating products obtained from the processing of a given quantity of temporary export goods.

Article 149

1. The outward processing procedure shall not be open to Kosovo goods:
 - a) whose export gives rise to repayment or remission of import duties,
 - b) which, prior to export, were released for free circulation with total relief from import duties by virtue of end use, for as long as the conditions for granting such relief continue to apply.
2. However, derogations from paragraph 1 (b) may be determined in the Administrative Instruction implementing this Code.

II. Grant of the authorization Article 150

Authorization to use the outward processing procedure shall be issued at the request of the person who arranges for the processing operations to be carried out.

Article 151

Authorization shall be granted only:

- a) to persons established in Kosovo;
- b) where it is considered that it will be possible to establish that the compensating products have resulted from processing of the temporary export goods;

The cases in which derogations from this subparagraph may apply and the conditions under which such derogations shall apply may be determined in the Administrative Instruction implementing this Code.

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

III. Operation of the procedure Article 152

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

Article 153

1. The total or partial relief from import duties provided for in Article 154 (1) shall be granted only where the compensating products are declared for release for free circulation in the name of or on behalf of:
 - a) the holder of the authorization, or
 - b) any other person established in Kosovo provided that that person has obtained the consent of the holder of the authorization and the conditions of the authorization are fulfilled.
2. The total or partial relief from import duties provided for in Article 154 shall not be granted where one of the conditions or obligations relating to the outward processing procedure is not fulfilled, unless it is established that the failures have no significant effect on the correct operation of the said procedure.

Article 154

1. The total or partial relief from import duties provided for in Article 148 shall be effected by deducting from the amount of the import duties applicable to the compensating products released for free circulation the amount of the import duties that would be applicable on the same date to the temporary export goods if they were imported into Kosovo from the country in which they underwent the processing operation or last processing operation.
2. The amount to be deducted pursuant to paragraph 1 shall be calculated on the basis of the quantity and nature of the goods in question on the date of acceptance of the declaration placing them under the outward processing procedure and on the basis of the other items of charge applicable to them on the date of acceptance of the declaration relating to the release for free circulation of the compensating products.
3. The value of the temporary export goods shall be that taken into account for those goods in determining the customs value of the compensating products in accordance with Article 36 (1)

(b) (i) or, if the value cannot be determined in that way, the difference between the customs value of the compensating products and the processing costs determined by reasonable means.

However,

-certain charges determined in the Administrative Instruction implementing this Code shall not be taken into account in calculating the amount to be deducted;

-where, prior to being placed under the outward processing procedure, the temporary export goods were released for free circulation at a reduced rate by virtue of their end use, and for as long as the conditions for granting the reduced rate continue to apply, the amount to be deducted shall be the amount of import duties actually levied when the goods were released for free circulation.

1. Where temporary export goods could qualify on their release for free circulation for a reduced or zero rate of duty by virtue of their end use, that rate shall be taken into account provided that the goods underwent operations consistent with such an end-use in the country where the processing operation or last such operation took place.
2. Where compensating products qualify for a preferential tariff measure within the meaning of Article 24 (3) (c) and the measure exists for goods falling within the same tariff classification as the temporary export goods, the rate of import duty to be taken into account in establishing the amount to be deducted pursuant to paragraph 1 shall be that which would apply if the temporary export goods fulfilled the conditions under which that preferential measure may be applied.
3. This Article shall be without prejudice to the application of provisions, adopted or liable to be adopted in the context of trade between Kosovo and other countries, which provide for relief from import duties in respect of certain compensating products.

Article 155

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

Article 156

1. Where the purpose of the processing operation is the repair of temporary export goods and such repair is carried out in return for payment, the partial relief from import duties provided for in Article 148 shall be granted by establishing the amount of the duties applicable on the basis of the taxation elements pertaining to the compensating products on the date of acceptance of the declaration of release for free circulation of those products and taking into account as the customs value an amount equal to the repair costs, provided that those costs represent the only consideration provided by the holder of the authorization and are not influenced by any links between that holder and the operator.

2. By way of derogation from Article 154, the Administrative Instruction implementing this Code may be used to determine the cases in and specific conditions under which goods may be released for free circulation following an outward processing operation, with the cost of the processing operation being taken as the basis for assessment for the purpose of applying the Customs Tariff of Kosovo.

IV. Outward-processing with use of the standard exchange system

Article 157

1. Under the conditions laid down in this Section IV which are applicable in addition to the preceding provisions, the standard exchange system shall permit an imported product, hereinafter referred to as a 'replacement product', to replace a compensating product.
2. The Customs shall allow the standard exchange system to be used where the processing operation involves the repair of Kosovo goods.
3. Without prejudice to Article 162, the provisions applicable to compensating products shall also apply to replacement products.
4. The Customs shall, under the conditions they lay down, permit replacement products to be imported before the temporary export goods are exported (prior importation).

In the event of prior importation of a replacement, security shall be provided to cover the amount of the import duties.

Article 158

1. Replacement products shall have the same tariff classification, be of the same commercial quality and possess the same technical characteristics as the temporary export goods had the latter undergone the repair in question.
2. Where the temporary export goods have been used before export, the replacement products must also have been used and may not be new products.

The Customs may, however, grant derogations from this rule if the replacement product has been supplied free of charge either because of a contractual or statutory obligation arising from a guarantee or because of a manufacturing defect.

Article 159

Standard exchange shall be authorized only where it is possible to verify that the conditions laid down in Article 158 are fulfilled.

Article 160

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

Article 161

In the case of prior importation and where Article 154 is applied, the amount to be deducted shall be determined on the basis of the items of charge applicable to the temporary export goods on the date of acceptance of the declaration placing them under the procedure.

Article 162

Article 151 (b) shall not apply in the context of standard exchange.

Section 4 Export

Article 163

1. The export procedure shall allow Kosovo goods to leave Kosovo. Exportation shall entail the application of exit formalities including commercial policy measures and, where appropriate, export duties.
2. With the exception of goods placed under the outward processing procedure, all Kosovo goods intended for export shall be placed under the export procedure.
3. The cases in which and the conditions under which goods leaving Kosovo are not subject to an export declaration may be determined in the Administrative Instruction implementing this Code.
4. The export declaration must be lodged at the customs office responsible for supervising the place where the exporter is established or where the goods are packed or loaded for export shipment.

Derogations may be determined in the Administrative Instruction implementing this Code.

Article 164

Release for export shall be granted on condition that the goods in question leave Kosovo in the same condition as when the export declaration was accepted.