

Pursuant to the Article 89 of the Constitution of the Republic of Croatia, the Customs Act, adopted by the House of Representatives of the Croatian Parliament, was promulgated at its session on June 30 1999.

THE CUSTOMS ACT¹

(I) INTRODUCTORY PROVISIONS

1) Scope and basic definitions

Article 1

(1) This Customs Act and Customs rules, based upon it, shall establish the rights and obligations of persons, as well as the entitlement of the Customs Administration of the Republic of Croatia regarding goods and travellers traffic between the customs territory of the Republic of Croatia and foreign customs territories.

Article 2

(1) This Act and customs rules based upon it shall be applied uniformly throughout the customs territory of the Republic of Croatia.

(2) This Act shall apply to plants and facilities within the continental shelf of the Republic of Croatia, in accordance with special rules laid down in the area of the maritime affairs.

Article 3

(1) The customs territory of the Republic of Croatia comprises the territory of the Republic of Croatia, and it is bounded by the customs line, that is identical with the border line of the Republic of Croatia.

Article 4

(1) Particular expressions in the text of this Act have the following meaning:

1) *Person* is:

a natural person,

a legal person,

an association of persons lacking the legal status of a legal person, but which is, under the rules in force, allowed to perform certain legal acts.

¹ Consolidated text.

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2) *Persons with residence – registered office within the customs territory* are:

- natural persons residing or with a habitual residence in the customs territory,
- legal persons or association of persons lacking legal personality, that has in the customs territory its registered office, central headquarters or a permanent business establishment.

3) *Customs Administration* is an administrative organisation within the Ministry of Finance responsible for the application of customs regulations and other legislation within its competence.

4) *Central Office* is an organisational unit of the Customs Administration responsible for legal, efficient and consistent application of customs regulation and other legislation within its competence.

5) *Customs House* is the organisational unit of the Customs Administration, where all or some of the formalities laid down by customs rules are completed.

6) *Customs Office* is the organisational unit of the Customs House, where all or some of the formalities within the domain of the Customs Office are completed.

7) *Customs office of entry* is the customs office designated by the Customs Administration in accordance with customs rules, where the goods that enter the customs territory of the Republic of Croatia must be presented without delay, and where appropriate admission control based on the risk analysis is carried out.

8) *Customs office of import* is the customs office designated by the Customs Administration in accordance with customs rules, where all the formalities must be completed, including appropriate customs controls based on risk analysis, for granting customs-approved treatment or use for goods which entered the customs territory of the Republic of Croatia.

9) *Customs office of export* is the customs office designated by the Customs Administration in accordance with customs rules, where all the formalities must be completed, including appropriate customs controls based on risk analysis, for granting customs-approved treatment or use for goods leaving the customs territory of the Republic of Croatia.

10) *Customs office of exit* is the customs office designated by the Customs Administration in accordance with customs rules, where goods, before removed from the customs territory of the Republic of Croatia, must be presented, and where customs controls concerning the completing of export formalities and appropriate controls, based on risk analysis, are made.

11) *Decision* is any official act of the Customs Administration relating to customs rules, by which it is decided on individual case, and which has legal effects on one or more specific or identifiable persons. This term, among other things,

includes the authorisations from Article 5a and Article 99 of this Act, and binding opinions, as defined in Article 12 of this Act.

12) *Customs status* determines goods in accordance with customs rules as domestic goods or foreign goods.

13) *Domestic goods are:*

- wholly obtained or produced in the customs territory of the Republic of Croatia under the conditions referred to in Article 24 of this Act, which does not incorporate goods imported from other countries,
- imported from other countries, which have been released for free circulation,
- obtained or produced in the customs territory of the Republic of Croatia, either from goods referred to in the second subparagraph or from goods referred to in the first or second subparagraph of this item.

14) *Foreign goods* are goods other than those referred to in item 13 of this Article, or goods that lost the status of Croatian goods. Croatian goods lose their status as such when they are actually removed from the customs territory of the Republic of Croatia, except in the cases provided in Article 109 of this Act.

15) *Debt* is all the charges that the Customs Administration is responsible to recover on imported or exported goods, according to customs and other provisions.

16) *Customs debt* is the obligation on a specific person to pay the determined amount of the import duties (customs debt on importation) or export duties (customs debt on exportation) that apply to specific goods under the provisions in force.

17) *Import duties are:*

- customs duties and other charges payable on the importation of goods with an effect equivalent to customs duties,
- import duties introduced within a framework of agricultural policy or special measures, which are applied to specific goods obtained by processing of agricultural products.

18) *Export duties:*

- customs duties and other charges payable on the exportation of goods with an effect equivalent to customs duties,
- export duties introduced within a framework of agricultural policy or special measures, which are applied to specific goods obtained by processing of agricultural products.

19) *Debtor* is any person liable for payment of a customs debt.

20) *Customs supervision* is measures taken by the Customs Administration to ensure the implementation of customs rules and other provisions applicable to goods subject to customs supervision.

21) *Customs control* is the performance of specific official acts taken by the Customs Administration in order to ensure the implementation of customs rules and other regulations, as appropriate, that refer to entry, removal, transit, transfer, and specific use of goods in the customs territory of the Republic of Croatia, as well as the goods moving between the customs territory of the Republic of Croatia and third countries, and the presence of domestic goods that lost their status as such. Such acts include examining and inspecting goods, verification of authenticity and accuracy of the declaration data, and verification of existence and authenticity of submitted documents, in writing or electronic form, examining the accounts of undertakings and other business records, examining and inspecting means of transport, inspecting luggage and other goods carried by travellers, and the performance of examination and other necessary inspection procedures.

22) *Customs-approved treatment or use of goods is:*

- placing of goods under a customs procedure;
- entry of goods into a free zone or free warehouse;
- re-exportation of goods from the customs territory of the Republic of Croatia;
- destruction of goods, and
- abandonment of goods to the Republic of Croatia

23) *Customs procedure is:*

- release of goods for free circulation;
- transit;
- customs warehousing;
- inward processing;
- processing under customs control;
- temporary admission;
- outward processing
- exportation

24) *Customs declaration* is the act whereby a person in the prescribed form and manner requests to place goods under a given customs procedure.

25) *Declarant* is the person making the customs declaration in his own name or the person in whose name a customs declaration is made.

26) *Presentation of goods* is the notification to the Customs Administration, in the manner laid down, of the arrival of goods at the Customs Office or at any other place designated or approved by the Customs Administration.

27) *Release of goods* is the act whereby the Customs Administration makes goods available, in accordance with the conditions and for the purposes stipulated by the approved customs procedure.

28) *Holder of the procedure* is the person on whose behalf the customs declaration was made, or the person to whom the rights and obligations of the aforementioned person in respect of a customs procedure have been transferred.

29) *Holder of the authorisation* is the person to whom an authorisation has been granted according to customs rules.

30) *Risk* is the probability of an event, which could take place in connection with entry, removal, transit, transfer, and specific use of goods in the customs territory of the Republic of Croatia, as well as the goods moving between the customs territory of the Republic of Croatia and third countries, as well as relating to the presence of Croatian goods that lost their status as such, and which:

- prevents the correct application of measures in the Republic of Croatia, or
- threatens financial interests of the Republic of Croatia, or
- presents a threat to the security of the Republic of Croatia, public morality, protection of health and life of humans, animals or plants, protection of national treasures of artistic, historic or archaeological value or protection of intellectual property, environment, consumer protection, and other.

31) *Risk management* is a systematic risk identification and implementation of all measures necessary to limit exposure to risk. This includes data and information collection, risk assessment and risk analysis, providing and taking measures, and regular verification and inspection of procedures and their results, which is based on the resources and strategies of customs service and other services in the Republic of Croatia, and on the international resources and strategies.

32) *Community* is the European Community.

33) Member States are Member States of the European Community.

2) GENERAL PROVISIONS RELATING TO THE RIGHTS AND OBLIGATIONS OF PERSONS WITH REGARD TO CUSTOMS LAW

a) Representation

Article 5

(1) Any person may appoint a representative in his dealings with the Customs Administration to perform the acts and formalities laid down by customs rules.

(2) Representation may be:

- direct, if the representative acts in the name of and on behalf of another person, and

- indirect, if the representative acts in his own name, but on behalf of another person.

(3) The representative must be established, or residing respectively in the Republic of Croatia, except in the cases under the provisions of Article 76, paragraph 4 of this Act.

(4) The representative must state on behalf of which person represented he is acting, specify whether the representation is direct or indirect, and submit the authentic document empowering him to act as a representative, at the request of the Customs House.

(5) For persons failing to state either that they act in the name of and on behalf of another person, or where they do act in the name of and on behalf of another person without being able to submit the authentic document for such representing, shall be deemed that they are acting in their own name and on their own behalf.

(6) Exceptionally, the customs declaration may be submitted only by a person who acts as the representative, if he/she fulfils conditions for carrying on his/her business as a customs representative in accordance with special rules.

b) Authorised economic operator

Article 5a

(1) The Customs Headquarters will, in cooperation with other competent bodies, according to the criteria provided for in paragraph 3 of this Article, grant to any economic operator established in the customs territory of the Republic of Croatia the status of "Authorised Economic Operator".

(2) "Authorised Economic Operator" may use facilitations upon carrying out controls relating to security and/or simplifications provided for under customs rules.

(3) The criteria for granting the status of "Authorised economic operator" include:

- an appropriate compliance with customs rules in the previous period
- a satisfactory system of managing commercial and, where appropriate, transport files, which enables appropriate customs checks,
- fulfilling the conditions required to perform the acts of customs representation, in accordance with specific regulations,
- proof of financial solvency,
- if necessary, appropriate security and safety measures.

(4) Government of the Republic of Croatia will prescribe the:

- conditions for granting the status of "Authorised Economic Operator",
- conditions for granting authorisation to use simplifications,
- type and extent of facilitations, that may be granted with regard to controls relating to security, taking into consideration risk management regulations, and
- conditions and procedure under which the status of "Authorised Economic Operator" may be withdrawn.

(5) "Authorised Economic Operator" is obliged to notify the Customs Administration about all the status and other alterations which could affect the issued approval.

c) Decisions relating to the application of customs regulations

Article 6

(1) A person requesting an issuance of a decision from the Customs Administration regarding the application of customs regulation shall state all facts and circumstances and submit documents and other evidence required to issue the decision.

(2) Such decision shall be issued and the applicant shall be informed thereof without delay.

(3) When the request for decision is submitted in writing, the decision shall be issued and the applicant shall be informed thereof in writing no later than one month from the day of filing a request, unless otherwise provided by customs regulations.

(4) The time-limit under paragraph 3 of this Article may be extended if such time-limit cannot be complied with by the Customs Administration. In such a case, the Customs Administration shall inform the applicant thereof before the lapse of the time-limit, stating the reasons justifying the extension and the period considered as necessary to issue the decision on the request.

(5) Written Customs Administration decisions rejecting an applicant's request or unfavourable to a person concerned, shall contain grounds for such decision and the right to appeal as provided by the Article 7 of this Act.

Article 7

(1) A person directly and personally concerned by a Customs Administration decision relating to the application of customs regulation has the right to appeal. Likewise, a person who has submitted a request for issuing a decision to the Customs Administration relating to the application of customs regulation and the decision on the request was not submitted to such applicant within the time-limit prescribed under Article 6, paragraph 3 of this Act, has the right to appeal.

(2) The appeal shall be submitted within the period of 15 days.

Article 8

(1) The appeal does not defer the enforcement of a disputed decision.

(2) Exceptionally, the Customs Administration may defer the enforcement of the decision, wholly or partially, if there are grounds to believe that the disputed decision is inconsistent with the legislation in force or that the person concerned might suffer irreparable damages.

(3) If a disputed decision is related to the calculation of import or export duties, deferment of the enforcement shall be conditioned upon the submission of security.

The submission of security shall not be required if that would cause the customs debtor serious economic or social difficulties.

Article 9

(1) A decision favourable to a person concerned shall be annulled if it had been issued on the basis of incorrect or incomplete representations where:

- a) the applicant knew or should have known that the representations were incorrect or incomplete, and
- b) such decision could not have been issued on the basis of correct and complete representations.

(2) The person concerned shall be notified of the decision issued under paragraph 1 without any delay.

(3) Annulment shall have legal effect as of the date on which the annulled decision was issued.

Article 10

(1) In cases different than those referred to in Article 9 of this Act, a decision favourable to a person concerned shall be revoked or amended, where one or more of the conditions stipulated for issuing the decision were not or are no longer fulfilled.

(2) A decision favourable to a person concerned may be revoked if the person fails to perform the obligations set out by the decision.

(3) The person concerned shall be notified of the revocation or amendment of the decision without any delay.

(4) Revocation or amendment of the decision shall have legal effect as of the date on which the person concerned was notified of such decision. Exceptionally, where the legitimate interests of the person to whom the decision was addressed so require, the Customs Administration may defer the legal effect of the decision on revocation or amendment for a reasonable period.

d) Information relating to the application of customs rules

Article 11

(1) Any interested person may request the Customs Administration to issue information concerning the application of customs legislation.

(2) Such a request may be refused if it does not relate to an export or import actually envisaged.

(3) The Customs Administration shall supply the information under paragraph 1 of this Article free of charge. The reimbursement may be demanded for special costs incurred in relation to the implementation of necessary analyses and other examinations, or for expert reports on goods which are subject to the customs procedure, and for the costs of returning the goods to the applicant.

Article 12

(1) On the basis of a written request of a person interested, the Customs Administration shall supply the information in the form of:

a) binding tariff information

b) binding origin information.

(2) Binding tariff information and binding origin information shall be binding on the Customs Administration as against the holder of the information only in respect of the tariff classification or respectively the origin of the goods.

(3) Binding tariff information shall be binding on the Customs Administration as against the holder of the information for the goods on which customs formalities are being performed after the date on which the information is issued.

(4) Binding origin information shall be binding on the Customs Administration as against the holder of the information for those goods on which the procedure of determination of the origin of goods, prescribed by this Act, shall be performed after the date on which the information is issued. In matters concerning the origin, such procedure refers to the application of Article 23 and Article 28 of this Act.

(5) The holder of such information shall have to prove:

a) in the case of binding tariff information, that the goods declared correspond in every respect to those described in binding tariff information;

b) in the case of binding origin information, that the goods declared and circumstances on the basis of which origin was determined, correspond in every respect to goods and circumstances described in binding origin information.

(6) Binding information shall be valid for a period of six years in the case of binding tariff information, respectively three years in the case of binding origin information from the date of issue, except:

a) in the case of tariff classification:

1) where, due to amendments to the provisions, the information no longer conforms to the regulation laid down thereby;

2) where it is no longer compatible with the interpretation of the Customs tariff issued on the basis of the Customs Tariff Act:

- at the national level, due to the ruling of the Administrative court of the Republic of Croatia,
- at the level of the European Union, due to the amendments to the explanatory notes to the combined nomenclature,
- at the international level, due to classification opinion or amendments to the explanatory notes of the Harmonized Commodity Description and Coding System, adopted by the World Customs Organisation, established in 1952 as the

Customs Co-Operation Council;

3) if binding tariff information is no longer compatible with the instruction of the Minister of Finance in respect of the tariff classification issued on the basis of the Customs Tariff Act

4) if binding tariff information is revoked or amended under the provisions of Article 10 of this Act, whereat the holder of binding tariff information has to be notified of its revocation or amendment.

b) in a case of determining of the origin of goods:

1) if regulations are amended or the international agreement is concluded and binding origin information no longer conforms regulation lay down thereby,

2) if binding tariff information is no longer compatible with the interpretation of the rules of origin:

- at the national level, due to of the Administrative court of the Republic of Croatia,
- at the international level, with the Agreement on Rules of Origin established in the World Trade Organisation (WTO) or an origin opinion adopted for the interpretation of that Agreement ,

3) if binding origin information is no longer compatible with the interpretation of the body, authorised to issue the explanatory notes connected with the origin of goods by the rule based on the provisions of Article 27 of this Act, and

4) if binding origin information is revoked or amended under the provisions of Article 10 of this Act, whereat the holder of binding origin information has to be notified of its revocation or amendment.

(7) In the cases laid down in paragraph 8 under a), subparagraphs 1 and 2, and under b), subparagraphs 1 and 2 of this Article, binding information ceases to be valid either on the day of entering into force or on the first day of the application of that particular rule or that international agreement or that explanatory note.

(8) The holder of binding information that ceased to be valid pursuant to paragraph 8, under a), subparagraphs 2 to 4, and under b), subparagraphs 2 to 4 of this Article may still use that information six months from the date of its publication or notification, provided that he/she has concluded the binding contract for the purchase or sale of goods in question based on this binding information before it ceased to be valid. However, where for products, during carrying out customs formalities, import or export certificate is being applied for, the six months period shall be replaced by the period of the validity of the import or export certificate. In the cases of paragraph 8, under a), subparagraph 1, and under b), subparagraph 1 of this Article, the regulation or the agreement may lay down a period within which binding information may be used according to this paragraph.

(9) Binding tariff information or binding origin information may be used, subject to conditions set out in paragraph 10 of this Article, only for the purpose of:

- determining import duties or export duties,
- calculating export refunds or other amounts connected with the implementation of the agricultural policy,
- using import or export certificates which are submitted during carrying out customs formalities for the purpose of acceptance the customs declaration for the goods in question, providing that the certificates were issued on the basis of the information concerned.

Article 13

(1) The Government of the Republic of Croatia shall prescribe the conditions for issuing information and binding information.

e) Other provisions

Article 14

(1) The Customs Administration may, in accordance with the conditions laid down in the regulations in force, perform all controls deemed necessary for proper application of customs and other regulations regarding import, export, transit, transfer and special use of goods within the customs territory of the Republic of Croatia, moving between the customs territory of the Republic of Croatia and third countries, and the presence of goods without the status of domestic goods. For the sake of proper application of regulations, the customs controls may also be carried out in a third country if so provided by an international agreement.

(2) Customs controls, apart from on-the-spot checks, are based on risk analysis using automatic data processing methods, for the purpose of identifying and determining the risk level and developing necessary measures for risk assessment, based on criteria developed in the Republic of Croatia and, where appropriate, on the international level.

(3) The Government of the Republic of Croatia sets out the authorisations concerning risk management and establishing criteria and priority areas of control. An electronic system for the implementation of risk management shall be established.

(4) When controls are carried out by bodies other than the Customs Administration, such controls shall be performed in co-operation with the Customs Administration simultaneously and in the same place, whenever that is possible.

(5) Within the scope of controls provided by this Article, the Customs Administration and other competent bodies may exchange information between themselves regarding import, export, transit, transfer and special use of goods within the customs territory of the Republic of Croatia, moving between the customs territory of the Republic of Croatia and third countries, and the presence of goods without the status of domestic goods, whenever that is required for the purpose of reducing risk.

(6) Transferring of confidential data to customs services and other bodies of third countries is permitted exclusively within a framework of international agreements and subject to the conditions of Article 16, paragraph 2 of this Act.

Article 14a

(1) In case of extraordinary situation, such as traffic stoppages at frontier crossings or stoppages in carrying out customs procedures within the customs territory, the Minister of Finance may order as a temporary measure a simplification of customs supervision and control.

(2) The Government of the Republic of Croatia sets out the criteria and the procedure for the implementation of paragraph 1 of this Article.

Article 15

(1) All persons who are directly or indirectly involved in operations of goods traffic shall be obliged to provide, upon the request of the Customs Administration and within the prescribed time-limit, all requisite documents and data and all requisite assistance needed for the correct application of customs rules and other regulations applied in the customs procedure.

Article 16

(1) All information that are by nature confidential or that are provided on a confidential basis shall be covered by the obligation of professional secrecy, and it shall not be permitted to disclose them by the Customs Administration without the express permission of persons or authorities that have provided them.

(2) The disclosure of confidential information shall be permitted if the Customs Administration is obliged or authorised to do so in accordance with special provisions.

Article 17

(1) For the purposes of the implementation of customs supervision and control, all participants in goods traffic that have the documents or data referred to in Article 15 of this Act at their disposal, shall be obliged to keep them within the period determined with the provisions in force, but not less than three calendar years irrespective of the medium used for the records. That period shall run from:

a) in the case of goods released for free circulation, other than cases referred to in subparagraph b) of this Article, or goods for which the export declaration is submitted, from the end of the year in which the declaration of release for free circulation or the export customs declaration is accepted;

b) in the case of goods released for free circulation at a reduced or zero rate duty by virtue of their end use, from the end of the year in which they cease to be subject to customs supervision;

c) in the case of goods placed under another customs procedure, from the end of the year in which the customs procedure concerned is completed;

d) in the case of goods placed in a free zone or free warehouse, from the end of the year in which this status is ceased to the user of a free zone or free warehouse.

(2) If the customs control shows that the entry in the accounts has to be corrected in respect of certain customs debt, the time limit of keeping documents and data provided for in the paragraph 1 of this Article shall be extended, regardless of the

provisions of Article 225, paragraph 4 of this Act, for as long as it takes to correct and verify such entry in the accounts.

**Article 18
(time limit)**

(1) Where the customs regulations lay down a period, time-limit or date, such time-limit and the period may not be extended and/or the date changed in the application of regulations, unless explicitly provided for in those regulations.

Article 18a

(1) The Government of the Republic of Croatia shall determine the cases and the conditions that allow simplifications of this Act.

Article 19

(1) State administration bodies and judicial bodies are obliged to report to the nearest Customs House all the goods and means of transport that have been temporarily retained or permanently confiscated, in the case of foreign goods, when customs procedure was not implemented under the provisions of this Act.

(2) Permanently confiscated foreign goods referred to in paragraph 1 of this Article can be given over to another person solely if Customs House has approved some of the customs-approved treatment or use of goods, respectively if the customs debt for the goods has been paid.

(3) Customs debt referred to in paragraph 2 of this Article shall be paid by a debtor or shall be settled from the price of sold goods.

**(II) BASIS FOR CALCULATING IMPORT AND EXPORT DUTIES
AND THE APPLICATION OF THE OTHER
MEASURES PRESCRIBED IN RESPECT OF TRADE IN GOODS**

1) CUSTOMS TARIFF AND TARIFF CLASSIFICATION

Article 20

(1) The goods imported into the customs territory of the Republic of Croatia duties shall be liable to payment of import duty in accordance with the Customs Tariff and provisions laid down in this Act and the Customs Tariff Act.

(2) The Customs Tariff of the Republic of Croatia comprises:

a) system of nomenclature and numerical designation of goods taken over from the Combined Nomenclature of the European Union,

b) supplementary division, wholly or partially based on the Combined Nomenclature, which is introduced for the purpose of application of customs measures related to the trade of goods as provided by the legislation of the Republic of Croatia,

c) basic customs rates,

d) preferential rates from the Stabilisation and Association Agreement and free-trade agreements which the Republic of Croatia entered with other countries or groups of countries, which provide for preferential treatment, and

e) other measures providing for the application of a reduced or zero rate duty for certain goods.

(3) Having regard to the provisions concerning a single duty rate, measures from paragraph 2, item d) or e) of this Article shall be applied at declarant's request in lieu of measures set out under item c) of this Article, if the goods in question fulfil conditions prescribed by the law. Such request may be submitted subsequently provided all relevant conditions have been met.

(4) Where the implementation of measure from paragraph 2, item d) or e) of this Article is limited to a specific volume of imports, the implementation thereof will cease:

a) by exercising the rights granted, in accordance with a special regulation laying down the distribution of customs quotas, or

b) as soon as the specific volume of imports has been reached, in case of customs quotas approved according to the chronological order of customs declarations.

(5) Classification of goods into customs tariff includes the determination of Customs Tariff subheading into which the goods are classified on the basis of:

a) general rules for the application of Customs Tariff nomenclature which are constituent part of the Customs Tariff Act, and

b) supplementary, solely for the purpose of classification of goods into subheadings relating to paragraph 2, item b) of this Article, other rules and regulations of the Republic of Croatia regulating special areas for the purpose of application of measures other than customs measures, relating to the trade of goods.

Article 21

(1) In the Customs Tariff, the Government of the Republic of Croatia shall prescribe the circumstances and the type and value of goods to which a standard rate of duty may be applied.

(2) The Government of the Republic of Croatia may prescribe export customs duties on goods to be exported, pursuant to the rules set out in this Act and the Customs Tariff Act.

Article 22

(1) The Government of the Republic of Croatia shall prescribe the conditions in terms of which favourable tariff treatment shall be approved for particular goods by virtue of

their nature or specific end use. When permission is necessary Article 98 and 99 of this Act shall be adequately applied.

(2) In terms of paragraph 1 of this Article, the expression “favourable tariff treatment “ means reduced or zero rate of duty as referred to in Article 4, subparagraph 17 of this Act, and even within the framework of the customs quotas.

2) ORIGIN OF GOODS

a) Non-preferential origin

Article 23

(1) The provisions of Articles 24 to 27 of this Act define the non-preferential origin of goods for the purposes of:

- a) applying the Customs Tariff of the Republic of Croatia, with the exemption of the measures referred to in Article 20, paragraph 2, item d) of this Act.
- b) applying the other measures determined by the stipulations of specific rules governing trade in goods, and
- c) issuing the certificates of origin.

Article 24

(1) Goods originating in a country shall be those goods wholly obtained or produced in that country.

(2) The expression “goods wholly obtained in a country” includes:

- a) mineral products extracted from the soil, from its territorial waters or from its sea-bed;
- b) vegetable products harvested or gathered therein;
- c) live animals born and raised therein;
- d) products derived from live animals raised therein;
- e) products of hunting or fishing carried on therein,
- f) products of sea-fishing and other products taken from the sea outside a territorial sea by vessels registered or recorded in ship register or flying the flag of that country;
- g) products obtained on board factory ships of that country, solely from products referred in subparagraph f) of this paragraph, provided that such factory ships are registered in that country and fly its flag.
- h) products extracted from the seabed or subsoil beneath the seabed outside that country's territorial sea, provided that the country has exclusive rights to exploit subsoil beneath the seabed;
- i) scrap and waste derived from manufacturing and processing operations, and used articles, collected in that country and fit only for the recovery of raw materials, and

- j) goods produced in that country exclusively from the products referred to in subparagraphs a) to i) of this Article or from their derivatives at any level of production.

(3) For the purposes of paragraph 1 of this Article, the expression “country” shall cover that country's territorial sea.

Article 25

(1) Goods whose production involves more than one country shall be considered as originating in the country where it underwent the last substantial and economically justified working or processing, in an enterprise properly equipped therefore, leading to new products or representing an essential production stage.

Article 26

(1) Any processing or working in respect of which it is established or in respect of which the facts confirm the presumption that its sole object was to circumvent the provisions applicable in the Republic of Croatia to goods from certain countries shall under no circumstances be deemed to confer on the goods thus produced to acquire the origin of the country where the treatment or processing was carried out within the meaning of Article 25 of this Act.

Article 27

(1) The Government of the Republic of Croatia shall prescribe additional criteria for determining the origin in the case under Article 25, paragraph 1 of this Act, modes of proving origin of goods, modes of issuing certificates and bodies that shall be authorised to verify certificates and issue explanatory notes in respect to origin of goods.

(2) Without prejudice to provisions of paragraph 1 of this Article, the customs administration may, in the event of serious doubts, require additional evidence to prove beyond any doubt that the indication of origin does comply with the rules laid down by the relevant legislation.

b) Preferential origin of goods

Article 28

(1) The rules on preferential origin that the goods have to fulfil in order to benefit from the measures referred to in Article 20, paragraph 2, item d) of this Act shall be laid down by the relevant free trade agreements.

(2) Rules of origin for the goods originating in countries, for which the Republic of Croatia applies preferential rates on the basis of unilateral decision, shall be laid down in separate regulation to be issued by the Government of the Republic of Croatia.

3) VALUE OF GOODS FOR THE CUSTOMS PURPOSES

Article 29

(1) The provisions of this Chapter shall determine the customs value of goods for the application of the Customs Tariff of the Republic of Croatia.

Article 30

(1) The terms used in this chapter have the following meanings:

- a) "customs value of imported goods" means the value of goods for the purposes of levying *ad valorem* customs duty on imported goods;
- b) "country of importation" means customs territory of the Republic of Croatia;
- c) "produced" includes grown, manufactured and mined,
- d) "identical goods" means goods which are the same in all respects, including physical characteristics, quality and reputation. Minor differences in appearance would not preclude goods otherwise conforming to the definition from being regarded as identical;
- e) "similar goods" means goods which, although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable. The quality of the goods, their reputation and the existence of a trademark are among the factors to be considered in determining whether goods are similar;
- f) "unit price" at which the imported goods are sold in the greatest aggregate quantity means the price at which the greatest number of units is sold in sales to persons who are not related to the persons from whom they buy such goods at the first commercial level after importation at which such sales take place.
- g) "goods of the same class or kind" means goods which fall within a group or range of goods produced by a particular industry or industry sector, and includes identical or similar goods.

(2) The terms "identical goods" and "similar goods" referred to in paragraph 1 of this Article do not include goods which incorporate or reflect engineering, development, artwork, design work, and plans and sketches for which no adjustment has been made under Article 38, paragraph 1 b), subparagraph 4 of this Act, because such elements were undertaken in the country of importation;

(3) Goods shall not be regarded as "identical goods" or "similar goods" unless they were produced in the same country as the goods being valued;

(4) Goods produced by a different person shall be taken into account only when there are no identical goods or similar goods produced by the same person as the goods being valued.

(5) For the purposes of this Chapter, two persons shall be deemed to be related only if:

- a) if one is manager or director in the company owned by another person and vice versa; ;
- b) they are legally recognized partners in business;
- c) they are employer and employee;

- d) any person directly or indirectly owns, controls or holds 5 per cent or more of the outstanding voting stock or shares of both of them;
- e) one of them directly or indirectly controls the other;
- f) both of them are directly or indirectly controlled by a third person;
- g) together they directly or indirectly control a third person; or
- h) they are members of the same family.

(6) Persons who are associated in business with one another in a manner that one is the exclusive agent, exclusive distributor or exclusive concessionaire of the other, regardless how their relation is described, shall be deemed to be related for the purposes of this Chapter if they fall within the criteria of paragraph 5 of this Article.

Article 31

(1) The customs value of imported goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the Republic of Croatia adjusted in accordance with the provisions of Article 38 and 39 of this Act, provided that:

- a) There are no restrictions in disposal of goods or use of the goods by the buyer, except for the restrictions that:
 - 1) are defined by Croatian regulations or acts of public authorities based on these regulations,
 - 2) limit the geographical area in which the goods can be resold, or
 - 3) essentially do not considerably affect the value of goods,
- b) sale or price are not subject to some conditions or restrictions for which a value cannot be determined with respect to the goods being valued,
- c) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of Article 38 of this Act,
- d) the buyer and seller are not related, or where the buyer and seller are related, that the transaction value is acceptable for customs purposes under the provisions of paragraph 2 of this Article.

(2) In determining whether the transaction value is acceptable for the purpose of paragraph 1 of this Article, the fact that the buyer and the seller are related within the meaning of Article 30 shall not in itself be grounds for regarding the transaction value as unacceptable. In such case the circumstances surrounding the sale shall be examined and the transaction value shall be accepted provided that the relationship did not influence the price. If, in the light of information provided by the importer or otherwise, the Customs House has grounds for considering that the relationship influenced the price, it shall communicate its grounds to the importer and the importer shall be given a reasonable opportunity to respond. If the importer so requests, the communication of grounds shall be in writing.

(3) In a sale between related persons, the transaction value shall be accepted and the customs value of goods determined in accordance with the provisions of

paragraph 1 of this Article whenever the importer demonstrates that such value closely approximates to one of the following, occurring at or about the same time:

- the transaction value in sales to unrelated buyers of identical or similar goods for export to the Republic of Croatia,
- the customs value of identical or similar goods as determined under the provisions of Article 35 of this Act,
- the customs value of identical or similar goods as determined under the provisions of Article 36 of this Act.

(4) In applying the foregoing tests referred to in paragraph 3 of this Article, due account shall be taken of demonstrated differences at commercial levels, quantity levels, the elements enumerated in Article 38 of this Act and costs incurred by the seller in sales in which the seller and the buyer are not related that are not incurred by the seller in sales in which the seller and the buyer are related.

(5) The tests set forth in paragraph 3 of this Article are to be used at the initiative of the declarant and only for comparison purposes. Substitute values may not be established under the provisions of paragraph 3.

(6) The price actually paid or payable is the total payment made or to be made by the buyer to or for the benefit of the seller for the imported goods and includes all payments made or to be made as condition of sale of the imported goods by the buyer to the seller or by the buyer to a third party to satisfy an obligation of the seller. The payment need not necessarily take the form of transfer of money. Payment may be made by way of letters of credit or other negotiable instrument and may be made directly or indirectly.

(7) Activities, including marketing activities, undertaken by the buyer on his own account, other than those for which an adjustment is provided in Article 38 of this Act, for which it is necessary to adjust the value, are not considered to be an indirect payment to the seller, even though they might be regarded as of benefit to the seller or have been undertaken by agreement with the seller, and their costs shall not be added to the price actually paid or payable in determining the customs value of imported goods.

Article 32

(1) If the customs value of the imported goods cannot be determined under the provisions of Article 31 of this Act, the customs value shall be the transaction value of identical goods sold for export to the Republic of Croatia and exported at or about the same time as the goods being valued.

Article 33

(1) If the customs value of the imported goods cannot be determined under the provisions of Article 31 and 32 of this Act, the customs value shall be the transaction value of similar goods sold for export to the Republic of Croatia and exported at or about the same time as the goods being valued.

Article 34

(1) If the customs value of imported goods cannot be determined under the provisions of Articles 31 to 33 of this Act, the customs value shall be determined under the provisions of Article 35 of this Act.

(2) When the customs value cannot be determined under Article 35 of this Act the provisions of Article 36 of this Act shall be applied, except in the cases when, at the request of the importer, the order of application of Article 35 and 36 of this Act shall be reversed.

Article 35

(1) If the imported goods or identical or similar imported goods are sold in the Republic of Croatia in the condition as imported, the customs value of the imported goods under the provisions of this Article shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity, at or about the time of importation of the goods being valued, to persons who are not related to the persons from whom they buy such goods, subject to deductions for the following:

1. the usual commissions paid or agreed to be paid or usual profit margins and general expenses coverage (including direct or indirect costs of putting the goods in question to market) incurred in connection with the sales of imported goods of the same class or kind in the Republic of Croatia,
2. the usual costs of transport and insurance and the associated costs incurred within the Republic of Croatia,
3. customs and other duties payable in the Republic of Croatia in relation to the importation or sale of goods.

(2) If neither the imported goods nor identical nor similar imported goods are sold at or about the time of importation of the goods being valued, the customs value shall, subject otherwise to the provisions of paragraph 1 of this Article, be based on the unit price at which the imported goods or identical or similar imported goods are sold in the Republic of Croatia in the condition as imported at the earliest date after the importation of the goods being valued but before the expiration of 90 days after such importation.

(3) If neither the imported goods nor identical nor similar imported goods are sold in the Republic of Croatia in the condition as imported, then, if the importer so requests, the customs value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons in the Republic of Croatia who are not related to the persons from whom they buy such goods, due allowance being made for the value added by such processing and the deductions provided for in paragraph 1 of this Article.

Article 36

(1) The customs value of imported goods under the provisions of this Article shall be based on a computed value. Computed value shall consist of the sum of:

- a) the values of materials and cost of fabrication or other processing employed in producing the imported goods,

- b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to the Republic of Croatia, and
- c) the values of all costs and charges under Article 38 paragraph 1 subparagraph a) indents 4 to 6 of this Act.

(2) No may require or compel any person not resident in the territory of the Republic of Croatia to allow access to, any account or other record for the purposes of determining a computed value.

(3) Information supplied by the producer of the goods for the purposes of determining the customs value according to this Article may be verified in another country by the Customs Administration with the agreement of the producer and provided they give sufficient advance notice to the government of the country in question and the latter does not object to the investigation.

Article 37

(1) If the customs value of the imported goods cannot be determined according to Articles 31 to 36 of this Act, inclusive, the customs value shall be determined using reasonable means consistent with the principles and general provisions of this Chapter and of the Agreement on Implementation of Article VII of GATT 1994 and on the basis of data available in the Republic of Croatia.

(2) No customs value shall be determined within the meaning of this Article on the basis of:

- a) the selling price in the Republic of Croatia of goods produced in the Republic of Croatia,
- b) a system which provides for the acceptance for customs purposes of the higher of two alternative values,
- c) the price of goods on the domestic market of the country of exportation,
- d) the cost of production other than computed values which have been determined for identical or similar goods in accordance with Article 36 of this Act,
- e) the price of goods for export to a country other than the Republic of Croatia,
- f) officially determined minimum customs values, or
- g) arbitrary or fictitious values.

Article 38

(1) When determining the customs value according to Article 31 of this Act there shall be added to the price actually paid or payable for the goods:

- a) the following, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods:
 - 1) commissions and brokerage, except buying commissions,
 - 2) the cost of containers which are treated as being one for customs purposes with the goods in question,
 - 3) the cost of packing whether for labour or materials,

- 4) the cost of transport and insurance of imported goods to the port or place of importation in the Republic of Croatia.
 - 5) loading, unloading and handling costs associated with the transport of the imported goods to the port or place of importation.
- b) the value, apportioned as appropriate, of the following goods and services where supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:
- 1) materials, components, parts and similar items incorporated in the imported goods,
 - 2) tools, dies, moulds, casts and similar items used in the production of the imported goods,
 - 3) materials consumed in the production of the imported goods,
 - 4) engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the Republic of Croatia and necessary for the production of the imported goods,
- c) royalties and license fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable,
- d) the value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller.
- (2) Additions to the price actually paid or payable shall be made under this Article only on the basis of objective and quantifiable data.
- (3) No additions shall be made to the price actually paid or payable when determining the customs value except as provided in this Article.
- (4) In this Chapter, the term “buying commission” means fees paid by an importer to an importer’s agent for the service of representing the importer abroad in the purchase of the goods being valued.
- (5) Notwithstanding paragraph 1 subparagraph c) of this Article:
- a) charges for the right to reproduce the imported goods in the Republic of Croatia shall not be added to the price actually paid or payable for the imported goods when determining the customs value,
 - b) payments made by buyer for the right to distribute or resell the imported goods shall not be added to the price actually paid or payable for the imported goods if such payments are not a condition of sale for export of goods to the Republic of Croatia.

Article 39

- (1) Provided that they are shown separately from the price actually paid or payable, the following shall not be included in the customs value:

- a) expenditures for transport of goods after their arrival at the place of introduction into the customs territory of the Republic of Croatia,
- b) expenditures for construction, completion, assembly, maintenance or technical assistance, undertaken after importation on imported goods such as industrial plant, machinery or equipment,
- c) expenditures for interests under a financial arrangement entered into by the buyer and relating to the purchase of imported goods, irrespective of whether the finance is provided by the seller or another person, provided that the financing arrangement has been made in writing and where required, the buyer can demonstrate that:
 - 1) such goods are actually sold at the price declared as the price actually paid or payable, and
 - 2) the claimed rate of interest does not exceed the level for such transactions prevailing in the country where, and at the time when, finance was provided,
- d) expenditures for the right to reproduce imported goods in the Republic of Croatia,
- e) purchasing commission, and
- f) importation duties or other charges payable in the Republic of Croatia when importing or selling goods.

Article 40

- (1) In establishing the customs value of goods, all normal price reductions and cash discounts shall not be taken into consideration, provided that they were already determined before the import of goods and realised within the stipulated period of time.

Article 41

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Article 42

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Article 43

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Article 44

- (1) The Customs House may in a customs procedure ask the declarant to provide all documents and data required for determination of the customs value pursuant to the Articles 31 to 37 of this Act.
- (2) No provision in this Chapter shall be construed as restricting or calling into question the rights of Customs House to determine authenticity or accuracy of any statement, document or declaration presented for customs valuation purposes.

Article 45

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Article 46

(1) If in the procedure of customs valuation it is necessary to render foreign currency into domestic currency, the value of the foreign currency shall, consistent with regulations on foreign exchange transactions, be rendered into domestic currency.

Article 47

(1) Customs value for the exported goods is the transaction value of the goods delivered on the Croatian boarder.

Article 47a

(1) Provisions of this Chapter shall not apply when determining the customs value of goods, which were subject to other forms of customs approved treatment or use of goods before releasing for free circulation, if provisions of this Act and implementing regulations that govern the related procedure lay down the different manner of determining the customs value of goods that are put into free circulation.

(2) By way of derogation, when determining the customs value of perishable goods, which are usually imported for commission sale, provisions of Articles 31 to 37 of this Act shall not apply to the request of the declarant, but the customs value shall rather be determined in a simplified manner, in accordance with regulations referred to in paragraph 3 of this Article.

(3) The Government of the Republic of Croatia shall lay down requirements and the manner of determining the customs value referred to in paragraph 2 of this Article.

Article 48

(1) The Government of the Republic of Croatia shall issue regulations defining in detail conditions and manner of application of Articles 29 to 47a of this Act.

(III) PROVISIONS APPLICABLE TO GOODS BROUGHT INTO THE CUSTOMS TERRITORY OF THE REPUBLIC OF CROATIA UNTIL THEY ARE ASSIGNED THE CUSTOMS – APPROVED TREATMENT OR USE

1) Entry of goods into the customs territory of the Republic of Croatia

Article 49

(1) Goods entering the customs territory of the Republic of Croatia shall be subject to the measures of customs supervision from the moment they were brought in. Such

goods shall be subject to the customs control as well, in accordance with the provisions in force.

(2) Goods shall remain under customs supervision for as long as necessary to determine their customs status and, in the case of foreign goods without prejudice to Article 94, paragraph 1 of this Act, they remain under supervision until their customs status has changed, or until they are placed in a free zone or free warehouse, or re-exported or destroyed in accordance with Article 185 of this Act.

Article 50

(1) The person who brought the goods into the customs territory of the Republic of Croatia shall be obliged to convey them without delay, by the route and in the mode defined by the Customs House:

- a) to the designated Customs House or to any other place designated and approved by the Customs House,
- b) to a free zone, if the goods are to be brought into that free zone directly:
 - by sea or air,
 - by land without passing through other parts of the customs territory of the Republic of Croatia, where a free zone adjoins the land frontier between the Republic of Croatia and a third country.

(2) Any person assuming responsibility for the carriage of goods after the goods have been brought into the customs territory because of transshipment of goods or similar, shall become responsible for fulfilling the obligation laid down in paragraph 1 of this Article.

(3) The goods which are still outside the customs territory of the Republic of Croatia may be subject to customs controls in accordance with the legislation in force, as a consequence, *inter alia*, of agreements entered between the Republic of Croatia and a third country, and such goods will be subject to the same treatment as goods brought into the customs territory of the Republic of Croatia.

(4) The provision in paragraph 1 under a) of this Article shall not preclude the implementation of any regulations in force with respect to tourist traffic, frontier traffic or postal traffic on condition that customs supervision and customs control possibilities shall not be jeopardized thereby.

(5) The provisions in paragraphs 1 to 4 of this Article and the provisions in Articles 51 to 65 of this Act do not apply to goods which have temporarily left the customs territory of the Republic of Croatia while moving by sea or by air between two points in that territory, provided that carriage has been effected by a direct route and by regular air service or shipping line without a stop outside the customs territory of the Republic of Croatia.

(6) The provision in paragraph 5 of this Article shall not apply to goods loaded in ports, airports and in free ports in other countries.

(7) The provisions in paragraph 1 of this Article shall not apply to goods on board vessels or aircraft crossing the Croatian territorial sea or airspace without having as their destination a port or airport situated in the Republic of Croatia.

Article 51

(1) Where, by reasons of unforeseeable circumstances or *force majeure*, the obligations laid down in Article 50, paragraph 1 of this Act cannot be complied with, the person bound by that obligation or any other person acting in his place must immediately inform the authorised Customs House of such situation. Where the unforeseeable circumstances or *force majeure* shall not result in total loss of the goods, the Customs House must also be immediately informed of the place where the goods are located.

(2) Where, by reasons of unforeseeable circumstances or *force majeure*, a vessel or aircraft covered by Article 50, paragraph 7 of this Act is forced to be temporarily put to shore or land in the customs territory of the Republic of Croatia, and the obligation laid down in Article 50, paragraph 1 of this Act cannot be complied with, the person bringing the vessel or aircraft into the customs territory of the Republic of Croatia or any other person acting in or on his behalf shall immediately inform the Customs House about it.

(3) The Customs House shall determine the measures which shall be taken in order to enable the customs supervision of the goods referred to in paragraph 1 of this Article, as well as of those on board of a vessel or aircraft according to paragraph 2 of this Article, so that, if necessary, the goods shall be subsequently conveyed to a Customs House or transferred to other place approved by the Customs House.

2) PRESENTATION OF GOODS

Article 52

(1) Goods that, pursuant to Article 50, paragraph 1, subparagraph a) of this Act, arrive at the Customs House or other place designated or approved by the Customs House, shall be presented to the Customs House either by the person who brought the goods into the Croatian customs territory or, if appropriate, by the person who assumes the responsibility for carriage of the goods following such entry.

Article 53

(1) The provision in Article 52 of this Act shall not preclude the implementation of rules in force relating to:

- a) goods carried by travellers,
- b) goods which are placed under a customs procedure, but not presented to the Customs House.

Article 54

(1) Goods under customs supervision, with the authorisation of the Customs House, may be inspected or samples may be taken, in order to determine their tariff classifications, customs value or customs status.

3) Summary declaration and unloading of goods submitted to customs

Article 55

(1) For all goods that are, according to Article 52 of this Act, presented to the Customs House, with the exemption of goods referred to in Article 57 of this Act, a summary declaration shall be submitted.

(2) The summary declaration shall be submitted to the Customs House when presenting goods. The Customs House may prolong a period for submitting the summary declaration, which cannot be extended beyond the first working day following the day on which the goods were presented.

Article 56

(1) The summary declaration shall be made on a prescribed form. Instead of the summary declaration, the Customs House may permit the use of commercial or official document instead, that contains all data necessary for the identification of the goods.

(2) The summary declaration shall be submitted by:

- a) the person who brought the goods into the customs territory, or, if necessary, the person who assumes responsibility for carriage of the goods following such entry, or
- b) the person in whose name act the persons referred to under a) of this paragraph.

Article 57

(1) Without prejudice to the provisions referring to postal traffic or goods carried by travellers when entering the country, the Customs House shall not request submitting of the summary declaration if the measures of the customs supervision are not jeopardized thereby, and if the formalities necessary for the goods to be assigned a customs-approved treatment or use are carried out prior to the expiry of the period referred to in Article 55 of this Act.

Article 58

(1) Goods can be unloaded or transhipped from the means of transport carrying them solely with the authorisation of the Customs House in designated and approved places.

(2) In the case of the imminent danger necessitating the immediate unloading of all or part of the goods, the authorisation of the Customs House is not necessary. Of such case, the Customs House must be immediately informed.

(3) The Customs House may, when necessary, require goods to be unloaded and unpacked for the inspection of the goods or the means of transport carrying them.

Article 59

(1) The goods must not be removed without the authorisation of the Customs House from the place where they were originally placed.

4) Obligation to assign goods presented to customs a customs-approved treatment or use

Article 60

(1) For foreign goods presented to the Customs House a customs-approved treatment or use of such goods must be assigned.

Article 61

(1) If the summary declaration is being submitted for goods, the formalities for the assigning a customs-approved treatment or use must be carried-out within the following period:

- a) 45 days from the date on which the summary declaration is submitted for goods in sea-traffic and river traffic, or
- b) 20 days from the date on which the summary declaration is submitted for goods carried in other way.

(2) If circumstances justify so, a Customs House may set shorter periods or may approve an extension of the periods referred to in paragraph 1 of this Article.

5) Temporary storage of goods

Article 62

(1) Goods presented to the Customs House shall have the status of goods in temporary storage until a customs-approved treatment or use shall be assigned for them. Hereinafter, such goods are referred to as “goods in temporary storage.”

Article 63

(1) Goods in temporary storage may be kept only in places approved by and under the conditions laid down by the Customs House.

(2) The Customs House may demand the person holding the goods provide security with a view to ensuring payment of the customs debt which may arise according to Articles 206 or 207 of this Act.

Article 64

(1) In compliance with the provisions of Article 54 of this Act, goods in temporary storage may be subject only to such forms of handling needed to ensure their preservation without altering their appearance or technical characteristics.

Article 65

(1) The Customs House shall, without delay, take all necessary measures, including the sale of the goods, in order to regulate the status of goods for which formalities necessary for assigning a customs approved treatment or use within time-limits set out in Article 61 of this Act have not been performed.

(2) The Customs House shall be authorised, at the risk and expense of the person that is in possession of the goods, to transfer the goods to a special place under the customs supervision until the procedure referring to the goods is completed.

6) Provisions applicable to goods under a transit procedure

Article 66

(1) Article 50, with the exemption of paragraph 1, subparagraph a) and Articles 51 to 65 of this Act shall not apply to goods brought into the customs territory of Croatia, if they are already placed under a transit procedure.

(2) When foreign goods that are moved under a transit procedure reach their destination within the customs territory of the Republic of Croatia and are presented to the Customs House in accordance with the rules governing transit procedure, the provisions of Articles 54 to 65 of this Act shall be applied.

7) Other provisions

Article 67

(1) Where the circumstances so require, the Customs House may undertake actions in order to destroy the goods presented. The Customs House informs the holder of the goods about it accordingly. The costs of destroying the goods shall be charged to the owner of the goods.

Article 68

(1) Where it shall be established that goods have been introduced into the customs territory of the Republic of Croatia against regulations, or that the customs supervision or control is precluded, the Customs House shall take any measures necessary, including the sale of goods, in order to regularize the status of these goods.

Article 69

(1) The Government of the Republic of Croatia shall prescribe the regulations for the application of the provisions of Article 49 to 68 of this Act.

(IV) CUSTOMS-APPROVED TREATMENT OR USE

1) General

Article 70

(1) Where this Act shall not prescribe otherwise, the goods may be assigned, in accordance with prescribed conditions, any customs-approved treatment or use irrespective of their nature, quantity, country of origin, nature of consignment or destination.

(2) The provisions of paragraph 1 of this Article shall not be applied if they contradict the measures to protect public morality, health and life of humans, animals or plants,

for protection of national assets possessing historic, artistic or archaeological value, or the protection of the intellectual property and others.

- (3) By a special regulation, the Government of the Republic of Croatia shall:
- define goods whose entering into or leaving the territory of the Republic of Croatia violates the intellectual property right,
 - lay down measures which the Customs Administration is authorised to undertake in respect of goods for which there is a reasonable doubt that their entering into the Republic of Croatia or their leaving the Republic of Croatia violates the intellectual property right, and
 - lay down requirements and the procedure for implementation of measures that are undertaken upon request of an intellectual property right holder or *ex officio*

2) Customs procedures

1) Placing of goods under a customs procedure

Article 71

(1) For all goods placed under a customs procedure a declaration for that customs procedure shall be submitted.

(2) Croatian goods declared for an export, outward processing, transit or customs warehousing procedure are subject to the customs supervision from the moment of acceptance of the customs declaration until the moment of their leaving the customs territory of the Republic of Croatia, or of destroying them, or invalidating the customs declaration.

Article 72

(1) The Minister of Finance may define the competence of the particular Customs House for the customs clearance of certain sorts of goods or for the implementation of certain procedures.

Article 73

(1) The customs declaration shall be submitted:

- a) in writing, or
- b) by electronic data exchange, where provided for by technical possibilities and if the use of such means shall be approved by the Customs Administration, or
- c) by oral declaring or any other act whereby the holder of the goods shall request to place the goods under a customs procedure, when such a possibility shall be provided for by the rules.

(2) The form of the customs declaration, its contents and the manner of submitting the customs declaration as well as other forms that are used in a customs procedure shall be prescribed by the Government of the Republic of Croatia.

A) DECLARATION IN WRITING

1. Regular procedure

Article 74

(1) The declaration in writing shall be submitted on the prescribed form. The customs declaration must be signed and must contain all the particulars necessary for the implementation of the provisions related to the customs procedure for which the goods are declared.

(2) The declarant is obliged to enclose all the documents to the declaration that shall be required for the implementation of the provisions related to the customs procedure for which the goods were declared.

Article 75

(1) The Customs House shall be obliged to accept immediately the declaration, according to the conditions of Article 74 of this Act, on condition that the goods to which the declaration covers have been presented to the Customs House.

Article 76

(1) Subject to Article 5 of this Act, a customs declaration may be submitted by any person able to present the goods to the Customs House and all the documents required for the application of the rules governing the customs procedure, required for application.

(2) By exemption, if acceptance of a customs declaration shall impose particular obligations on a specific person, the declaration may be submitted solely by that person or it shall be made on his/her behalf.

(3) The declarant must be established or residing in the Republic of Croatia.

(4) The condition regarding establishment or domicile in the Republic of Croatia shall not apply to persons who:

- submit a declaration for transit procedure or temporary importation; or
- periodically or occasionally declare goods, if the Customs House considers this to be justified.

Article 77

(1) At the request of the declarant, the Customs House may permit the amendment of one or more of the particulars of the customs declaration, after having accepted it already. The amendment must not have the effect of rendering the declaration applicable to goods other than those originally covered.

(2) The amendment shall not be permitted after the Customs House:

- a) has informed the declarant that they intend to examine the goods, or
- b) has established incorrect data, or
- c) has established that the goods have already been released to the declarant.

Article 78

(1) The Customs House shall, at the request of the declarant, invalidate a declaration already accepted, where the declarant has provided evidence that the goods have been declared in error for a customs procedure specified in that declaration, or that

due to special circumstances, the placement of goods into the customs procedure for which the goods were declared, is no longer justified.

(2) Where the Customs House has already informed the declarant of its intention to examine the goods, a request for invalidation of the declaration shall be accepted after the examination has taken place.

(3) The declaration cannot be invalidated after the release of goods, except in cases prescribed by the Government of the Republic of Croatia.

(4) Invalidation of the declaration shall be without prejudice to the application of penal provisions.

Article 79

(1) Unless otherwise provided, all provisions relative to the customs procedure for which the goods were declared apply as of the date of acceptance of the declaration.

Article 80

(1) For the verification of the declaration that has been accepted, the Customs House may:

a) examine the declaration and inspect all the documents in writing and in computerized form necessary for the application of the provisions related to the customs procedure for which the goods have been declared. The Customs House may demand from the declarant to submit other documents as well, for the purpose of verifying the accuracy of data stated in the declaration.

b) examine the goods and take samples for analysis or some other appropriate examination.

Article 81

(1) The transport of goods to the place of examination or taking samples and all handling necessary for examination or taking samples shall be performed at the responsibility and expenses of the declarant.

(2) The declarant shall have the right to be present during the examination of the goods and taking samples. The Customs House shall, if necessary, require the declarant to be present or represented during the examination or taking samples in order to assist while such actions shall be performed.

(3) If samples are taken according to the rules in force, the Customs House shall not be obliged to pay the compensation to the declarant for the samples taken. The Customs House shall cover the costs of analysis and testing.

(4) The Government of the Republic of Croatia shall prescribe the conditions and the manner of taking samples.

Article 82

(1) If only a part of the goods mentioned in the declaration is being examined, the result of such partial examination shall apply to all the goods covered in that declaration.

(2) If it is deemed that the result of such partial examination of the goods is not valid on the remainder of the goods, the declarant may require the examination of the goods to be continued.

(3) If the declaration covers more items that are to be classified in different tariff classifications, it shall be deemed that, for the implementation of paragraph 1 of this Article, a separate declaration is submitted for each item.

Article 83

(1) The results of the verification of the declaration shall be used in order to implement the rules related to the customs procedure under which the goods are placed.

(2) If the declaration shall not be verified, for the implementation of the rule under paragraph 1 of this Article, data that the declarant has stated in the declaration shall be accepted.

Article 84

(1) The Customs House must take all the measures or, pursuant to the Article 5a of this Act, allow economic operators to take all the measures necessary to ensure identity of the goods, if the identity shall be indispensable for implementing a customs procedure for which the goods have been declared.

(2) Customs means of identification may be destroyed or removed from the goods or means of transport exclusively by the Customs House or by economic operators authorised to do so, except in cases of unforeseeable circumstances or *force majeure*, when their removal or destruction becomes urgently needed in order to protect the goods or means of transport.

(3) The rule to be implemented regarding the application of customs means of identification shall be stipulated by the Government of the Republic of Croatia.

Article 85

(1) Having regard to the provisions of Article 86 of this Act, where the conditions for placing the goods under the required customs procedure have been fulfilled, and on the condition that those goods are not subject to prohibitive or restrictive measures, the Customs House shall release the goods to the declarant as soon as data in the declaration have been verified and accepted or accepted without verification. It shall be applied in the same way in the case when the verification of the declaration cannot be completed within a reasonable period and it is not necessary for the goods to be present in order to verify the declaration.

(2) All the goods covered by the same declaration shall be released at the same time.

(3) If the declaration covers a number of items, in order to implement paragraph 2 of this Article, it shall be deemed that a separate declaration is submitted for each of those items.

Article 86

(1) If the customs debt arises by the acceptance of the declaration, the goods cannot be released to the declarant as long as the debt is not paid or secured.

(2) In the procedure related to temporary import with a partial relief from customs duty, goods shall not be released to the declarant until the security is provided for payment of the customs debt.

(3) Where security is required for a debt which may arise according to the rules for the implementation of customs procedure the goods are declared for, the goods cannot be released for the customs procedure until such security is provided.

Article 87

(1) The Customs House may undertake all necessary measures, including confiscation or sale, if:

a) the goods cannot be released because:

- it was not possible to begin or to carry on the examination of goods within the time limit determined by the Customs House due to reasons which are assigned to the declarant, or
- all the documents necessary to place the goods under the required customs procedure have not been submitted, or
- a customs debt has not been paid, or security for its payment has not been provided within the prescribed time limit, or
- the goods are subject to bans or restrictions;

b) the goods have not been taken over within the appropriate period of time since the day the Customs House released them.

2) Simplified procedures

Article 88

(1) In order to simplify formalities and procedures, and, at the same time, to ensure that the procedures are implemented correctly, the Customs House may, in cases and in a manner prescribed by the Government of the Republic of Croatia, allow:

- a) the declaration to omit some data or some of the documents prescribed under Article 74 of this Act,
- b) some of the commercial or administrative documents, accompanied by the request for the goods to be placed under the customs procedure to replace the declaration,
- c) the goods to be entered into the procedure requested by means of entries in the records; in this case, the Customs House may dispense the declarant from the obligation to present the goods.

(2) The simplified declarations referred to in paragraph 1 of this Article must contain data necessary for identification of the goods. The entry in the records must contain the date on which such entry was made.

(3) Except in the cases prescribed by the Government of the Republic of Croatia, the declarant shall be obliged to submit, within the time limit prescribed, a supplementary declaration that may be general, periodic or recapitulative.

(4) Supplementary declaration and simplified declaration referred to in paragraph 1, subparagraphs a), b) and c) of this Article shall constitute a single and indivisible legal instrument to which apply the rules in force that are valid on the date of acceptance of the simplified declaration; the entry in the records referred to in paragraph 1, subparagraph c) of this Act shall have the same legal force as it has acceptance of the declaration referred to in Article 74 of this Act.

(5) The Government of the Republic of Croatia may prescribe special simplified procedures for the transit procedure.

B) OTHER CUSTOMS DECLARATIONS

Article 89

(1) Where the customs declaration is submitted by means of a data-processing technique (Article 73 under b) of this Act, or by an oral declaring or some other actions (Article 73 under c) of this Act), Articles 74 to 88 of this Act shall apply accordingly.

(2) Where the customs declaration is submitted by means of data-processing technique, the Customs House may authorise that the documents referred to in Article 74, paragraph 2 of this Act shall not be submitted with the declaration. In such case the documents must be kept and available to the Customs Administration.

C) POST CLEARANCE EXAMINATION OF DECLARATION

Article 90

(1) The Customs House may, in the line of duty or at the request of the declarant, amend the declaration, even after the release of the goods to the declarant.

(2) The Customs House may, after releasing the goods and in order to verify the accuracy of the data contained in the declaration, subsequently check commercial, technological and other documents and data entered in the accounts related to the import or export operations in respect of the goods concerned or to subsequent commercial operations involving those goods. Such inspections may be carried out at the premises of the declarant, of any other person directly or indirectly involved in a business capacity in the stated operations, or at the premises of any other person in possession of the stated data and documents. The Customs House may also examine the goods, if they are still available.

(3) Where the subsequent verification of the declaration shall indicate that the provisions governing the customs procedure concerned have been applied on the basis of false, incorrect or incomplete data, the Customs House shall, in accordance with provisions in force, take the measures necessary to regularize the situation according to new circumstances.

2) Release of goods for free circulation

Article 91

(1) Release for free circulation shall confer on foreign goods the status of Croatian goods.

(2) Release for free circulation implies the implementation of commercial measures, completion of all other formalities in respect to the import of goods, and the payment of the customs and other duties, including value added tax and special taxes, which the Customs House is obliged to recover during importation.

Article 92

(1) If the import duty is reduced after acceptance of the declaration by which the goods are released for free circulation, but have not been released yet, regardless to the provisions of Article 79 of this Act, the declarant may request the application of the reduced rate of the import duty.

(2) Paragraph 1 of this Article shall not apply, if it has not been possible to release the goods for reasons attributable to the declarant alone.

Article 93

(1) If a consignment consists of goods that fall into different tariff classification, and such tariff classification and drawing up the declaration would cause work and expenses that are disproportionate to the import duties chargeable, the Customs House may, at the request of the declarant, allow import duties on the whole consignment to be charged on the basis of the tariff classification of those goods, for which the highest rate of duty is prescribed.

Article 94

(1) If the goods were released for free circulation at reduced or zero rate of the customs duty by virtue of their end use, such goods remain under customs supervision. The customs supervision shall end when the conditions laid down for granting such reduced rate of the customs duty cease to apply, when the goods are exported or destroyed, or when the use of goods is permitted for purposes other than those laid down for the application of the reduced rate of the customs duty, on condition that the customs duty is paid.

(2) To the goods referred to in paragraph 1 of this Article, the provisions of Articles 100 and 102 of this Act shall apply accordingly.

Article 95

(1) Goods released for free circulation shall lose their status as Croatian goods, if:

- a) the declaration of release for free circulation is invalidated after release, or
- b) the import duty payable on those goods is repaid or remitted:
 - under inward processing procedure in the form of drawback system, or

- the goods have defect or do not comply with the terms of the contract, as prescribed in Article 234 of this Act, or
- in the cases referred to in Article 235 of this Act, when the repayment or remission is conditioned by the export or re-export of those goods, or by its placement under some other equivalent customs-approved treatment or use.

3) Suspensive arrangements and customs procedures with economic impact

A) COMMON PROVISIONS

Article 96

(1) Expressions used in Articles 97 to 102 of this Act refer to:

a) where the term “suspension procedure” is used, to the following procedures:

- external transit,
- customs warehousing,
- inward processing in the form of suspension system
- processing under customs control, and
- temporary importation;

b) where the term “customs procedure with economic impact “ is used, to the following procedures:

- customs warehousing,
- inward processing,
- processing under customs control,
- temporary importation, and
- outward processing.

(2) “Imported goods“ is a term used for goods placed under a suspension procedure and goods placed under the inward processing procedure in the form of drawback system, for which all formalities for release for free circulation and formalities defined in Article 134 of this Act are fulfilled.

(3) “Goods in the unaltered state“ is a term for imported goods that, while being in the inward processing procedure or the procedure of processing under the customs control, were not subject to any form of processing.

(4) Implementing regulations for the application of the suspension arrangements and customs procedures with economic impact, and for simplifications, as well as for the implementation of provisions concerning measures of trade or agricultural policy shall be adopted by the Government of the Republic of Croatia.

Article 97

(1) The use of any customs procedure with economic impact shall be conditioned by the authorisation issued by the Customs House.

Article 98

(1) The application of customs procedure with economic impact may be granted:

- to persons who offer every guarantee necessary for the proper performance of the procedure allowed;
- in the cases when Customs House have the possibility to supervise the procedure allowed and its verification.

Article 99

(1) The authorisation must contain all conditions under which a certain procedure shall be implemented.

(2) The holder of the authorisation must inform the Customs House immediately of all the facts arising after the authorisation was granted, which influences its validity or its contents.

Article 100

(1) The Customs House may stipulate that the holder of the authorisation shall submit a security for the payment of customs debt that may incur when placing the goods under a suspension arrangement.

(2) In particular suspension arrangements, special provisions on providing security may be stipulated.

Article 101

(1) Customs procedure with economic impacts shall be completed when a new customs-approved treatment or use is authorised, either to the goods placed under that procedure or to the compensating or processed products.

(2) The Customs House shall be obliged to take all measures for regulating the position of goods in respect of which a procedure has not been completed according to the conditions prescribed.

Article 102

(1) The rights and obligations of the holder of a customs procedure with economic impact may, on the conditions stipulated by the Customs House, be transferred to other persons who fulfil all conditions for adequate procedure.

B) TRANSIT PROCEDURE

(I) External transit – General provisions

Article 103

(1) The external transit procedure shall allow the movement of goods from one point to another within the customs territory of the Republic of Croatia, namely for:

- a) foreign goods, which are not subject to the payment of import duties or other charges or to the measures of trade policy,
- b) domestic goods, in cases and under conditions set out by the Government of the Republic of Croatia, in order to prevent that

products covered by the export measures or products benefiting from such measures, should evade or unjustifiably benefit from such measures.

(2) The movement from paragraph 1 of this Article shall be carried out:

- a) under cover of the external transit procedure in the Republic of Croatia,
- b) under cover of TIR carnets (TIR Convention), on condition that such movement:
 - starts or will finish in the Republic of Croatia, or
 - relates to consignments of goods which must be unloaded in the customs territory of the Republic of Croatia and which arrived with the goods destined for unloading in a third country, or
 - is carried out between two points in the Republic of Croatia across the territory of a third country,
- c) under cover of ATA carnets (ATA Convention), which is used as a transit document,
- d) under cover of the Rhine Manifest (Article 9 of the revised Convention for the Navigation of the Rhine), or
- e) under cover of Form 302 laid down in the North Atlantic Treaty of April 4, 1949, or
- f) by post (including parcels).

(3) The application of the external transit procedure shall be without prejudice to specific provisions applicable to the movement of goods placed into customs procedure with economic impact.

Article 104

(1) The external transit procedure shall end and the obligations of the holder shall be met by the presentation of the goods and associated documents to the Customs House of destination according to the provisions of the procedure concerned.

(2) The Customs House of destination shall complete the transit procedure when on the basis of comparison of the available data and the data accessible to the Customs House of destination, can be undoubtedly defined that the procedure has ended correctly.

(II) External transit – Specific provisions

Article 105

(1) The external transit procedure shall be applied to the goods passing across the territory of a third country only if:

- a) such possibility is provided for by an international agreement, or

b) the transport through the third country is carried out under cover of a single transport document made out in the customs territory of the Republic of Croatia.

(2) In the case from paragraph 1, item b) of this Article, the procedure on the territory of a third country shall be suspended.

Article 106

(1) The principal shall provide a guarantee in order to ensure payment of any customs debt which may be incurred in respect of the goods, except in cases when in accordance with the customs legislation, no guarantee need be furnished.

(2) The guarantee shall be:

- a) a single guarantee for one transit, or
- b) a collective guarantee for more than one transit if the Customs Directorate – Central Office approved the use of such a guarantee to the principal.

(3) The approval referred to in paragraph 2, item b) of this Article shall be granted only to the persons:

- who are established in the Republic of Croatia;
- who are regular users of the transit procedure in the Republic of Croatia and who can prove to the customs administration that they are undoubtedly reliable and that they meet their commitments concerning these procedures, and
- who have not committed any serious infringement of customs or fiscal laws.

(4) Any person satisfying the additional criteria of reliability can be granted the use of a collective guarantee with the reduced guaranteed amount, or exempt from the obligation on providing a guarantee. Additional criteria include:

- a) regular use of transit procedure in the Republic of Croatia in past,
- b) cooperation with the Customs Directorate, and
- c) concerning exemption from providing a guarantee, information on financial situation, which should be substantial to fulfil their commitment.

(5) The Government of the Republic of Croatia shall regulate conditions and procedure of granting approval referred to in paragraphs 3 and 4 of this Article.

(6) Exemption from furnishing a guarantee, approved in line with provisions of paragraph 4 of this Article, can not be applied to goods which, as specified by the Government of the Republic of Croatia, constitute increased risk.

(7) In line with provisions of paragraph 4 of this Article, the Government of the Republic of Croatia shall temporary forbid the use of a collective guarantee with reduced amount, in outward transit procedure, as an exceptional measure in special circumstances.

(8) In line with provisions of paragraph 4 of this Article, the Government of the Republic of Croatia shall temporary forbid the use of a collective guarantee, in outward transit procedure, for goods established to be a subject of a serious fraud.

Article 106a

(1) The guarantee needs not to be submitted for:

- a) transport by air,
- b) transport by sea or rivers,
- c) transport by oil pipeline,
- d) transport by Croatian Railways,

(2) In the cases referred to in paragraph 1 of this Article the carrier is the principal.

(3) The guarantee shall not be submitted, except in the cases that have to be determined where necessary according to the committee procedure, for:

- a) transport by air,
- b) transport of the river Rhine and the waterways of the river Rhine,
- c) transport by oil pipeline,
- d) transport performed by the railway companies of the Member States,

(4) According to the committee procedure cases shall be determined in which it is possible not to require submission of a guarantee regarding the transport of goods on the waterways that have not been stated in paragraph 3 subparagraph b) of this Article.

Article 107

(1) The principal shall be responsible for:

a) submission of the goods intact at the Customs House of destination by the prescribed time limit and with due observance of the measures adopted to ensure identification of goods, and

b) observance of other obligations in the transit procedure.

(2) The Customs House may establish as a special measure a special route for transport of goods.

(3) Persons responsible for obligations referred to in paragraphs 1 and 2 of this Article shall be the carrier as well as the recipient who accepts goods knowing that they are moving under transit procedure."

Article 108

(1) Implementation of regulations for transit procedure and exemptions to rules of the procedure are established by the Government of the Republic of Croatia.

(2) Provided that the implementation of Community measures applying to the goods is guaranteed:

- a) the Member States are entitled, by bilateral and multilateral agreements, to establish among themselves simplified procedures according to the criteria that shall be determined in accordance with circumstances and that are used for the specific sorts of goods or particular company.
- b) every Member State is entitled, in particular circumstances, to establish simplified procedures for the goods that are not provided for movement in the territory of another Member State.

(3) Simplified procedures referred to in paragraph 2 of this Article shall be communicated to the European Commission.

(III) Internal transit

Article 109

(1) The internal transit procedure, in accordance with conditions laid down in paragraphs 2, 3 and 4 of this Article, allows for the movement of domestic goods from one point to another within the customs territory of the Republic of Croatia without changing its customs status when transiting through the territory of a third country. This provision shall be without prejudice to the application of Article 103, paragraph 1, item b) of this Act.

(2) The movement from paragraph 1 of this Article may be carried out:

a) under cover of the internal transit procedure in the Republic of Croatia, on condition that such possibility is provided for by an international agreement,

b) under cover of TIR carnets (TIR Convention),

c) under cover of ATA carnets (ATA Convention), which are used as a transit document,

d) under cover of the Rhine Manifest (Article 9 of the revised Convention for the Navigation of the Rhine),

e) under cover of Form 302 laid down in the North Atlantic Treaty of April 4, 1949, or

f) by post (including parcels).

(2) In the case from paragraph 2, item a) of this Article, the provisions of Articles 104, 106, 106a, 107 and 108 of this Act shall be applied accordingly.

(3) In the cases from paragraph 2, item b) to f) of this Article, the goods shall retain its customs status only if such status has been established under conditions and in a form prescribed by the Government of the Republic of Croatia.

Article 109a

(1) The conditions regulating the movement of domestic goods from one point to another within the customs territory of the Republic of Croatia and temporarily,

outside of that territory without being subject to the customs procedure, shall be prescribed by the Government of the Republic of Croatia.

Article 109b

(1) The internal transit procedure in the Republic of Croatia shall also be applied when customs regulations expressly prescribe the application thereof.

C) CUSTOMS WAREHOUSES

Article 110

(1) The customs warehousing procedure may be allowed for storage in a customs warehouse of:

- a) foreign goods, without such goods being subject to import duty and commercial measures, and
- b) Croatian goods assigned to the purpose of exportation that, by being stored in a customs warehouse, attract the application of measures applicable to the export of such goods according to special rules.

(2) Customs warehouse is any place approved by the Customs House, and which is under the customs supervision, so that the goods may be stored according to the conditions prescribed.

(3) The Government of the Republic of Croatia shall prescribe cases, where the goods referred to in paragraph 1 of this Article may be placed under the customs warehousing procedure without being stored in the customs warehouse.

Article 111

(1) The customs warehouse may be either a public warehouse or a private warehouse.

(2) A public warehouse shall be a customs warehouse in which any person may store goods.

(3) A private warehouse shall be a customs warehouse intended for storing of goods by the warehouse keeper.

(4) The warehouse keeper is, referred to in paragraph 2 and 3 of this Article, the person who is authorised by the Customs House to operate the customs warehouse.

(5) By exemption of the previous paragraph of this Article, a customs warehouse may also be operated by the Customs House.

(6) The depositor shall be the person bound by the declaration to place the goods under the customs warehousing procedure or the person to whom the rights and obligations of such a person have been transferred.

Article 112

(1) The authorisation for operating a customs warehouse shall be issued on the basis of a request, containing data required for granting the authorisation that above all prove the existence of the economic need for warehousing.

(2) The authorisation for operating a customs warehouse may be issued only to persons established in the Republic of Croatia.

Article 113

(1) The warehouse keeper shall be responsible for:

- a) the goods, while they are in the customs warehouse, not to be removed under the customs supervision,
- b) fulfilling of all obligations that arise from the procedure of customs warehousing of goods covered by the customs warehousing procedure, and
- c) fulfilling the particular conditions comprised in the authorisation for opening a customs warehouse.

(2) Having regard to the provisions of Article 100 of this Act, the Customs House may require from the warehouse keeper to provide a guarantee according to his/her obligations specified in the previous paragraph.

Article 114

(1) By way of derogation from Article 113 of this Act, in the authorisation concerning a public warehouse may be stipulated that the obligations referred to in Article 113, subparagraph a) or b) of this Act devolve exclusively upon depositor.

(2) The depositor is responsible at all times for fulfilling the obligations arising from the placing of goods under the customs warehousing procedure.

Article 115

(1) The rights and obligations of the warehouse keeper may, with the agreement of the Customs House, be transferred to another person.

Article 116

(1) The warehouse keeper shall be obliged to keep stock records regarding the goods that are placed under the customs warehousing procedure.

(2) Goods that are subject to the customs warehousing procedure must be entered in the stock records as soon as they are stored into the customs warehouse.

(3) The Customs House may dispense the warehouse keeper with keeping stock records referred to in paragraph 1 of this Article, where the obligations referred to in Article 113, subparagraph a) and b) of this Act lie exclusively with the depositor and the goods are placed in a customs warehouse on the basis of a declaration in writing for the normal procedure or administrative documents in accordance with Article 88, paragraph 1, subparagraph b) of this Act.

Article 117

(1) In the case where an economic need exists and customs supervision is not adversely affected thereby, the Customs House may allow:

- a) Croatian goods, other than those referred to in Article 110, paragraph 1, subparagraph b) of this Act, to be stored in the premises of a customs warehouse,
- b) foreign goods to be processed in the premises of a customs warehouse within the inward processing procedure, according to the conditions for the implementation of this procedure, and
- c) foreign goods to be processed in the premises of a customs warehouse within the procedure for processing under customs control, according to the conditions for the implementation of this procedure.

(2) In the cases referred to in paragraph 1 of this Article, the goods shall not be subject to the customs warehousing procedure.

(3) The Customs House may require the goods referred to in paragraph 1 of this Article to be entered in the stock records determined for the goods under the customs warehousing procedure according to Article 116 of this Act.

Article 118

(1) There shall be no time limit for the goods to remain under the customs warehousing procedure.

(2) In exceptional cases the Customs House may set a time limit by which the depositor must assign the goods a new customs-approved treatment or use.

(3) The Minister of Finance may prescribe specific time limits for certain goods referred to in Article 110, paragraph 1, subparagraph b) of this Act, in order to apply the protective measures of the agricultural policy.

Article 119

(1) Imported goods may be subject to the usual forms of handling intended to preserve the goods, improve their appearance or marketable quality, or prepare them for distribution or resale.

(2) The Government of the Republic of Croatia may prescribe cases where those forms of handling are prohibited for goods covered by the measures of the agricultural policy that are proposed by the Minister of Agriculture, Forestry and Water Management.

(3) The Croatian goods referred to in Article 110, paragraph 1, subparagraph b) of this Act, placed under the customs warehousing procedure and covered by the measures of the agricultural policy, may be subject only to such forms of handling which are expressly stipulated for such goods.

(4) The Government of the Republic of Croatia shall establish a list of usual forms of handling referred to in paragraph 1 to 3 of this Article.

(5) The forms of handling referred to in paragraphs 1 and 3 of this Article have to be allowed in advance by the Customs House that lay down conditions under which these forms may be carried out.

Article 120

(1) If circumstances of the particular case shall request so, goods may be temporarily removed from the customs warehouse. The Customs House must previously approve such removal and determine the conditions on which it may be performed.

(2) While they shall be outside the customs warehouse, the goods may be subject to handling referred to in Article 119 of this Act according to the conditions set out in the authorisation.

Article 121

(1) The Customs House may allow a transfer of goods from one customs warehouse to another.

Article 122

(1) Where a customs debt is incurred in respect of import goods placed under the customs warehousing procedure, and the customs value of such goods is based on the price actually paid or the price payable, which price includes the costs of warehousing and of preserving the goods during their storage in a customs warehouse, the said costs shall not be included in the customs value provided that they be shown separately from the price actually paid or payable for the goods.

(2) In the case when the goods have been subject to usual forms of handling according to Article 119 of this Act, when determining the amount of customs debt, at the request of the declarant, the nature of goods, the customs value and the quantity may be accepted as they were at the time referred to in Article 218 of this Act, and as if the goods had not been subject to such handling. The Government of the Republic of Croatia may prescribe cases when this provision shall not apply.

(3) If import goods shall be released for free circulation according to Article 88, paragraph 1, subparagraph c) of the Act, for the application of Article 218 of this Act the nature, the customs value and the quantity of goods as they were at the time of placing the goods under the customs warehousing procedure shall be accepted.

(4) Paragraph 3 of this Article applies if, at the moment of placing the goods under the customs warehousing procedure, the value of goods is being accepted as their customs value, except when the declarant requires the acceptance of the customs value determined at the moment when the customs debt incurred.

(5) Paragraph 3 of this Article applies without prejudice to a post-clearance examination within the meaning of Article 90 of this Act.

Article 123

(1) Croatian goods referred to in Article 110, paragraph 1, subparagraph b) of this Act, covered by the measures of the agricultural policy and placed under the customs warehousing procedure, must be exported or be assigned some other procedure or use, provided for by the specific rule.

D) INWARD PROCESSING PROCEDURE

1) General

Article 124

(1) The inward processing procedure with one or more processing operations may, without prejudice to Article 125 of this Act, be allowed for:

- a) foreign goods intended for re-export in the form of compensating products, without such goods being subject to import duties or commercial policy measures (suspension system),
- b) foreign goods, released for free circulation with the payment of customs duty, for which repayment or remission may be allowed, if those goods are exported from the customs territory of the Republic of Croatia in the form of the compensating products (drawback system).

(2) The meaning of the following expressions in the paragraphs 124 to 137 of this Act:

- a) processing operations are:
 - the processing of goods, including erecting, assembling and building-in other products
 - the processing and finishing of goods,
 - the repair of goods, including restoring them and putting them in order,
 - the use of certain goods, prescribed by the Government of the Republic of Croatia, which are not incorporated as an integral part in a product obtained, even if they are wholly or partially used up therein if, but allow or facilitate the production of those products,
- b) compensating products: all products obtained in processing operations,
- c) equivalent goods: Croatian goods which are used instead of the import goods for the manufacture of the compensating products, and
- d) rate of yield: the quantity or percentage of the compensating products that is obtained in the production procedure from a certain quantity of import goods.

Article 125

(1) Should the conditions referred to in paragraph 2 of this Article be fulfilled, applying the measures referred to in paragraph 4 of this Article, the Customs House may allow:

- a) that compensating products may be produced from equivalent goods,

b) that compensating products which are produced from equivalent goods may be exported from the Republic of Croatia before importation of the import goods.

(2) Equivalent goods must be of the same quality and have the same features and the same tariff classification as the import goods. The Government of the Republic of Croatia may prescribe the cases in which it may be allowed that the equivalent goods to be at a more advanced stage of working than import goods.

(3) When paragraph 1 of this Article is being applied, the import goods shall be considered for customs purposes as equivalent goods, and equivalent goods as the import goods.

(4) The Government of the Republic of Croatia may prescribe measures prohibiting, providing additional conditions or facilitating the application of paragraph 1 of this Article.

(5) If the compensating products which have been produced from equivalent goods, are exported from the Republic of Croatia before importation of import goods, and they would otherwise be liable to the payment of export duty if they were not exported or re-exported under the inward processing procedure, the holder of the authorisation is obliged to lay down security for the payment of export duty that would be collected if import goods were not imported within the approved period.

Article 125 a

(1) The inward processing procedure in suspension system is as well applied to the products from the equivalent Croatian goods instead of the import goods so that the equivalent compensating products may fulfil the conditions for the relief from paying export duties that they would be subject to.

(II) Grant of authorisation

Article 126

(1) The Customs House shall issue the authorisation at the request of the person who carries out processing operations or who arranges for them to be carried out.

(2) The authorisation may be granted only:

a) to persons established in the Republic of Croatia; in the case of non-commercial imports, the authorisation may be granted to persons established or domiciled outside the Republic of Croatia;

b) if the import goods may be identified within the compensating product, without prejudice to the usage referred to in Article 124, paragraph 2, subparagraph a) indent 4 of this Act, or, in the case when equivalent goods were being used if it is possible to fulfil the conditions laid down in Article 125 of this Act,

- c) if by the inward processing procedure the more favourable conditions for export or re-export of compensating products are created, without adversely affecting the essential interests of Croatian producers of similar or identical products (economic conditions), the Government of the Republic of Croatia may specify the cases according to which the economic conditions are considered fulfilled.

(III) Operation of the procedure

Article 127

(1) The Customs House shall specify the time limit within which the compensating products must be exported or re-exported or within which another customs-approved treatment or use must be assigned. When specifying that period, the time that is needed for carrying out the processing operations and sale of the compensating products should be taken into consideration.

(2) The time limit shall run from the date on which the foreign goods are placed under the inward processing procedure. The Customs House may grant an extension on submission of a duly substantiated application by the holder of the authorisation. With a view to simplification it is possible to approve that the period starting within a calendar month or a quarter is ending on the last day of the next calendar month or a quarter.

(3) When Article 125, paragraph 1, subparagraph b) of this Act is applied, the Customs House shall specify the time limit within which the foreign goods must be declared for the procedure. That period shall run from the date of acceptance of the export declaration relating to the compensating products from the corresponding equivalent goods.

(4) The Government of the Republic of Croatia may prescribe specific time limit for the particular processing operations or for the particular import goods.

Article 128

(1) The Customs House shall set either the rate of yield, or where appropriate, the method of determining such rate. The rate of yield must be determined based on the actual circumstances in which the processing operation is, or is to be, carried out.

(2) If circumstances allow so, and in particular, in the case of processing operation customarily carried out under clearly defined technical conditions involving goods of uniform characteristics and resulting in the production of the compensating products of the uniform quality, the Customs House may determine standard rates of yield determined on the basis of verification of actual data previously ascertained.

Article 129

(1) The Government of the Republic of Croatia may prescribe the cases in which and the conditions under which it is considered that the goods in unaltered condition or compensating products are released in free circulation.

Article 130

(1) By compliance with the provisions of Article 131 of this Act, in the case where the customs debt incurs, the amount of debt shall be determined on the basis of the rules relevant for determining the amount of duty, that were valid for the import goods at the time of acceptance of the declaration for placing those goods under the inward processing procedure.

(2) Where import goods at the time referred to in paragraph 1 of this Article fulfil the conditions for a preferential tariff treatment within the scope of customs quotas or ceilings, such goods fulfil conditions for every preferential tariff treatment applicable to identical goods at the time of acceptance of the declaration for release for free circulation.

Article 131

(1) By way of derogation from Article 130 of this Act, the compensating products:

a) are subject to import customs duties applicable to them:

- when they are released for free circulation under the condition that they are specified on the list established by the Government of the Republic of Croatia, to the extent that they are in proportion to the exported part of the compensating products, not included in that list. However, the holder of the authorisation may ask the duty on those products to be calculated in the manner referred to in Article 130 of this Act,
- when they are subject to changes determined by the agricultural policy and when it is provided by the provisions established by the Government of the Republic of Croatia.

b) when they are subject to the import duty calculated according to the rules for the customs-approved procedure or free zones or free warehouses, if placed under suspensive arrangement or in the free zone or in the free warehouse. On an exceptional basis:

- the holder of the authorisation may ask the duty on those products to be calculated in the manner referred to in Article 130 of this Act,
- in the cases when for compensating products some of the previously stated customs approved procedures or uses, except for the procedure for processing under the customs control, the calculated amount must be at least equal to the amount that was calculated in accordance with Article 130 of this Act.

c) may be subject to the rules governing the definition of duties determined within the procedure for processing under the customs control when the import goods might be placed under that procedure.

d) enjoy a more favourable tariff treatment by virtue of their specific end usage if such treatment is foreseen in the case of identical import goods.

- e) are not liable to the payment of import duty, if such provision for a relief from import duty is stipulated for the identical import goods, according to Article 187 of this Act.

(IV) Processing operations outside the customs territory of the Republic of Croatia

Article 132

(1) Compensating products or goods in the unaltered state may be, wholly or partially, temporarily exported for further processing outside the customs territory of the Republic of Croatia with the authorisation of the Customs House, and in accordance with the conditions prescribed for the outward processing procedure.

(2) If customs debt incurs related to re-imported products, it shall be charged:

- a) an import duty on compensating products or on goods in the unaltered state from paragraph 1 of this Article, calculated according to Articles 130 and 131 of this Act, and
- b) an import duty on products which are re-imported after processing outside the customs territory of the Republic of Croatia, the amount of which will be calculated in accordance with the conditions related to the outward processing procedure, on the same conditions as would have applied had the products exported under the latter procedure been released for free circulation before export.

(V) Special provisions relating to the drawback system

Article 133

(1) The drawback system may be used for all goods, with the exemption of those which, at the time of acceptance of the declaration of release for free circulation:

- a) are import goods subject to quantitative import restrictions,
- b) are import goods subject to a tariff measure within quotas,
- c) the presentation of import or export licence or certificate is prescribed within agricultural policy measures,
- d) export refund or another export charge is imposed on the export of compensating products.

(2) No import duty refunds under the drawback system may be applied if, at the time of acceptance of the export customs declaration, the compensating products are subject to an import or export licence or a certificate within the framework of agricultural policy measures, or an export refund or another charge.

(3) Regulation adopted pursuant to Article 97 of this Act may specify goods to which provisions of paragraphs 1 and 2 of this Act shall not apply.

Article 134

(1) It must be indicated on the declaration of release of goods for free circulation that the drawback system is to be applied, and it must contain data of the authorisation given.

(2) The Customs House may demand the mentioned authorisation to be attached to the declaration of release of goods for free circulation.

Article 135

(1) In the framework of drawback system, the provisions of Article 125, paragraph 1 subparagraph b), and paragraph 3 and 5 of the same Article, Article 125a, paragraph 3, Articles 129 and 130, Article 131 subparagraph a), second indent and subparagraph c) of this Act shall not apply.

Article 136

(1) Temporary exportation of compensating products, implemented according to Article 132, paragraph 1 of this Act, shall not be considered as exportation within the meaning of Article 137 of this Act, except if those products are not re-imported into the Republic of Croatia within a period prescribed.

Article 137

(1) The holder of the authorization may request import duty repayment or remission, if the holder proves to the Customs House that import goods released for free circulation under the drawback system in the form of the compensating products or goods in unaltered state have been:

a) exported, or

b) placed, with the intention to be re-exported, under the transit procedure, the customs warehousing procedure, the temporary importation procedure or the inward processing procedure (the suspense procedure), or in a free zone or free warehouse, under the condition that all other conditions for the application of the procedure have been fulfilled.

(2) For the purpose of determining customs-approved treatment or use laid out in paragraph 1, item b) of this Article the compensating products or goods in unaltered state are considered foreign goods.

(3) The Government of the Republic of Croatia shall prescribe the time-limit for the submission of customs duty repayment request.

(4) Having regard to the provisions of Article 131, paragraph 1, item b) of this Act, if the compensating products or goods in unaltered state, placed in the customs procedure or in a free zone or free warehouse in accordance with paragraph 1 of this Article, have been released for free circulation, the amount of the import duty repaid or remitted shall constitute the amount of customs debt.

(5) For the purpose of determining the amount of import duty to be repaid or remitted, the provision of Article 131, paragraph 1, item a) sub-item 1 of this Act shall be applied accordingly.

E) PROCESSING UNDER CUSTOMS CONTROL

Article 138

(1) Within the procedure of processing under customs control, the usage of foreign goods in the customs territory of the Republic of Croatia shall be allowed without charging import duty or implementing the commercial measures for processing which alters their nature or state, and the products resulting from such operations shall be released for free circulation at the rate of import duty that is prescribed for them.

(2) Such products shall be termed processed products.

Article 139

(1) The Government of the Republic of Croatia shall prescribe in which cases and under which conditions the procedure of processing under the customs control may be allowed.

Article 140

(1) The authorisation for processing under the customs control shall be granted at the request of the person who carries out or arranges the processing.

Article 141

(1) The authorisation shall be granted only:

- a) to persons established in the Republic of Croatia,
- b) if the import goods can be identified in the processed products,
- c) if the goods cannot be economically restored after processing to their description, structure or state as it was when they were placed under the procedure,
- d) if use of the procedure cannot result in circumvention of the effect of the rules concerning origin or quantitative restrictions applicable to the imported goods,
- e) if use of this procedure helps in creating or maintaining a processing activity in the Republic of Croatia (economic conditions). The Government of the Republic of Croatia may determine cases in which economic conditions are considered fulfilled.

Article 142

(1) Authorisations referred to in Article 127, paragraphs 1, 2 and 4 and Article 128 of this Act are also to be implemented in the procedure of processing under the customs control appropriately.

Article 143

(1) If the customs debt incurs within the procedure of processing the goods under the customs control in connection with the goods in unaltered state or with the products which are not processed to the extent foreseen in the authorisation, the amount of customs debt shall be determined on the basis of the rules for charging the amount of duty appropriate for the import goods at the time of acceptance of the declaration

by which the goods are placed under the procedure of processing under the customs control.

Article 144

(1) If the imported goods had fulfilled the conditions for preferential tariff treatment at the time of placement under the procedure for processing under customs control, and such preferential tariff treatment may be applied to products identical to the processed products released for free circulation, the import duty for the processed products shall be calculated at the rate of duty applicable within that preferential tariff treatment.

(2) If the preferential tariff treatment under paragraph 1 of this Article relating to imported goods is subject to tariff quotas or ceilings, the application rate of duty from paragraph 1 of this Article relating to processed products shall also be subject to the provision that the above mentioned preferential tariff treatment is applied to imported goods at the time of acceptance of the declaration for the release for free circulation. In such a case, the quantity of imported goods actually used up in the production of processed goods released for free circulation shall be written off against the tariff quotas or ceilings in force at the time of acceptance of the declaration for the release for free circulation, rather than the tariff quotas or ceilings opened for products identical to the processed products.

F) TEMPORARY IMPORTATION PROCEDURE

Article 145

(1) The temporary importation procedure shall allow the use of foreign goods in the customs territory of the Republic of Croatia with a total or partial relief from the import duty and with the exemption from commercial measures, that are intended for re-export in unaltered state, except for normal depreciation due to the use made of them.

Article 146

(1) Temporary importation may be authorised at the request of the person who uses the goods or arranges their use.

Article 147

(1) The Customs House shall refuse the request for the authorisation of the temporary importation procedure, if it is not possible to ensure that the import goods can be identified.

(2) The Customs House may authorise the temporary importation procedure also in the cases, where it is not possible to ensure that the import goods can be identified, if regarding to nature of goods or its usage to be carried out the abuse of the procedure is not possible.

Article 148

(1) The Customs House determines the time limit within which import goods have to be re-exported or assigned a new customs-approved treatment or use. Such period must be sufficient for obtaining the purpose of the temporary exportation.

(2) The goods may remain under the temporary importation procedure for the maximum period of twenty-four months, without prejudice to the applicable rules referring to the special time limits laid down in Article 149 of this Act. The Customs House may also determine a shorter period with the agreement of the holder of the authorisation.

(3) The Customs House may, in occurrence of exceptional circumstances, extend the time limit determined in accordance with paragraphs 1 and 2 of this Article in order to fulfil the purpose of the authorised use.

Article 149

(1) The Government of the Republic of Croatia shall prescribe the cases and the special conditions for the implementation of the temporary importation procedure with total relief from the payment of import duty.

Article 150

(1) The application for the temporary importation procedure with partial relief from import duty shall be granted for the goods remaining in the possession of the person established or domiciled outside the customs territory of Croatia, and that are not covered by the provisions of the rules stipulated pursuant to Article 149 of this Act or, if they are covered but do not fulfil all conditions prescribed for the temporary importation with total relief.

(2) The Government of the Republic of Croatia shall lay down requirements for implementation of the procedure referred to in paragraph 1 of this Article and cases in which implementation of that procedure shall not be allowed.

Article 151

(1) The amount of the import duty payable for the goods under temporary importation procedure with partial relief from the payment of the import duty shall be set for every month or fraction of a month during which the goods were in the temporary importation procedure at 3% of the amount of duty which would have been payable for them had they been released for free circulation on the date of acceptance of the declaration of placing the goods under the temporary importation procedure.

(2) The amount of import duty collected, exclusive of corresponding interest, shall not exceed the amount that would have been payable if the goods had been released for free circulation on the day when they had been placed under the temporary importation procedure.

(3) Assignment of rights and obligations that result from the temporary importation procedure according to Article 102 of this Act shall not mean that the same relief must be applied to each of the periods of use.

(4) If the transfer referred to in paragraph 3 of this Act is made with partial relief for both persons which are authorised to use the procedure during the same month, the holder of the initial authorisation has to settle the amount of import duty owed for the whole of that month.

Article 152

(1) If a customs debt for goods placed under temporary importation procedure incurs, the amount of customs debt shall be determined on the basis of the calculating elements, applicable at the date of acceptance of the declaration for placing them under the temporary importation procedure. However, in the cases stipulated in Article 149 of this Act, the amount of debt for the goods is determined on the basis of the rules that are in force on the date on which the customs debt incurs, in accordance with Article 218 of this Act.

(2) If a customs debt for goods placed under temporary importation procedure with partial relief incurs for reasons other than placing the goods into this procedure, the amount of the debt shall correspond to the difference between the amount of duty calculated according to paragraph 1 of this Article and the amount calculated according to Article 151 of this Act.

Article 152a

(1) Provisions of this Act relating to the temporary importation procedure shall be appropriately applied to the temporary exportation procedure.

G) OUTWARD PROCESSING PROCEDURE

1) General provisions

Article 153

(1) Without prejudice to the provisions of Articles 162 to 167 and to Article 132 of this Act, the outward processing procedure may be authorised for Croatian goods temporarily exported from the customs territory of the Republic of Croatia in order to undergo certain processing operations. The products resulting from those operations may be released for free circulation with total or partial relief from the import duty.

(2) Export duties, the measures of the commercial policy and other formalities foreseen for the exportation of Croatian goods from the customs territory of the Republic of Croatia are applied on the temporary exportation of Croatian goods.

(3) Terms used in Articles 153 to 167 of this Act have the following meaning:

- a) “temporary export goods “: goods placed under the outward processing procedure,
- b) “processing operations“: operations referred to in Article 124, paragraph 2 under a), first, second and third indent of this Act,
- c) “compensating products“: all products resulting from such processing operations,
- d) “rate of yield“: the quantity or percentage of compensating products, which are obtained from the processing procedure of a certain quantity of temporary export goods.

Article 154

- (1) The outward processing procedure is not allowed for Croatian goods:
- a) whose export gives the right to the repayment or the remittance of the import duty,
 - b) which were released for free circulation prior to export without charging of the duty on account of their end use, as long as the conditions for approving the total relief from import duty are applied, except when the processing operation implies repair of goods,
 - c) export of which gives the right to export refunds or, for the purpose of export, financial benefits other than export refunds within the agricultural policy.
- (2) The Government of the Republic of Croatia may prescribe the exemptions from the cases referred to in paragraph 1 under b) of this Article.

(II) Grant of the authorisation

Article 155

- (1) The authorisation for the outward processing procedure shall be issued by the Customs House at the application submitted by the person arranging for the processing operations to be carried out.
- (2) By exemption from paragraph 1 of this Article, the authorisation for the outward processing procedure may be also granted to the person who does not arrange for the carrying out of the processing operations, if those are goods of Croatian origin within the meaning of rules related to non-preferential origin of goods stipulated in Title II, Chapter 2, Section a) of this Act, and if the processing operation consists in incorporating of those goods into foreign goods that are then imported into the Republic of Croatia as compensating products, under the condition that the use of such procedure promotes the sale of exported Croatian goods, and the import of the obtained product does not adversely affects the essential interests of Croatian producers of such products or products similar to the imported compensating products.
- (3) The Government of the Republic of Croatia shall prescribe the cases and procedures for the application of paragraph 2 of this Article.

Article 156

- (1) The authorisation shall be granted only:
- to persons established in the Republic of Croatia,
- if it is possible to establish that the compensating products have been produced from the temporary export goods,
- if issuing of the authorisation is not liable seriously to harm the essential interests of Croatian producers (economic conditions).

(2) The Government of the Republic of Croatia may prescribe in which cases may be receded from the conditions referred to in paragraph 1, under b) of this Article.

(III) Operation of the procedure

Article 157

(1) The Customs House determines the time limit within which the compensating products must be re-imported into the customs territory of the Republic of Croatia. Such period may be extended based on duly substantiated request of the holder of the authorisation.

(2) The Customs House determines the rate of yield or the method of determining the rate of yield referring to the importation and the exportation of goods in the outward processing procedure.

Article 158

(1) The total or partial relief of the import duty according to Article 159, paragraph 1 of this Act may be granted only when the compensating products are declared for the release for free circulation in the name of or on behalf of:

- a) the holder of the authorisation, or
- b) another person established in the Republic of Croatia, who has the consent of the holder of the authorisation, and the conditions from the authorisation are fulfilled.

(2) Total or partial relief from the import duty according to Article 159 of this Act shall not be granted, if any of the conditions or any of the obligations regarding the outward processing procedure are not fulfilled, except when it is established that those failures have no significant effect on the correct implementation of the procedure.

Article 159

(1) Total or partial relief of the import duty prescribed in Article 153, paragraph 1 of this Act shall be established by deducting from the amount of the import duty calculated for the compensating products released for free circulation the amount of the import duty that would be calculated on the same date for temporary export goods, if they were imported into Croatia from the country where they were being subject to the processing operation or from the country where the last processing operation took place.

(2) The amount to be deducted according to paragraph 1 of this Article, shall be calculated on the basis of the quantity and nature of the goods on the date of acceptance of the declaration for placing them under the outward processing procedure and based on other items of charge applicable to those goods on the date of acceptance of the declaration of the release for free circulation of the compensating products.

(3) The value of the temporary export goods shall be the amount accepted when determining the customs value of the compensating products according to Article 38, paragraph 1 under b), indent 1 of this Act, or if the value cannot be determined in this manner, the amount corresponding to the difference between the customs value of the compensating products and the processing costs determined by reasonable means shall be accepted.

(4) Exceptionally:

a) when setting the amount to be deducted, certain charges laid down by the Government of the Republic of Croatia shall not be taken into account,

b) if the temporary export goods, prior to being placed under the outward processing procedure, had been released for free circulation with the reduced import duty on account of their end use, for as long as the conditions for granting the reduced rate are applicable, the amount to be deducted shall be equal to the amount of the import duty actually paid when the goods were released for free circulation.

(5) If temporary export goods qualify, at the time of release for free circulation, for reduced or zero rate duty on account of their end use, that customs duty shall be taken into account provided that those goods were subject to the operations carried out in accordance with that end use in the country where the processing operations or the last such operation were carried out.

(6) If compensating products fulfil conditions for the application of preferential tariff treatment from Article 21, paragraph 2, item d) of this Act, and if such a measure is provided for the goods falling within the same tariff code as the temporary export goods, the rate of duty to be applied when determining the amount to be deducted in accordance with paragraph 1 of this Article is the duty rate that would have been applied had the temporary export goods fulfilled the conditions for the application such preferential tariff treatment.

(7) If an international agreement, that is compulsory for the Republic of Croatia, prescribes the relief of the import duty for certain products, the provisions of this Article shall not apply.

Article 160

(1) If the outward processing procedure is allowed for the purpose of the repair of temporary export goods, they may be released for free circulation with total relief of the import duty where it is proved to the Customs House that the goods were repaired free of charge, either because of a contractual or statutory prescribed guarantee obligation or a manufacturing defect.

(2) Paragraph 1 of this Article shall not be applied when the manufacturing defect was established at the time of the first release of goods for free circulation.

Article 161

(1) If the outward processing procedure has been allowed for the purpose of the repair of the temporary exported goods in return for the payment, the goods may be partially relieved of the import duty. The amount of duty shall be established on the

basis of items of charge applicable to the compensating products on the date of acceptance of the declaration of release for free circulation of those products, whereby the amount accepted as the customs value is equal to the repair costs, under the condition that those costs represent the only payment of the holder of the authorisation and are not influenced by any form of connection between the holder of the authorisation and the person who performed the repair.

(2) By means of an exemption to Article 159 of this Act, the Government of the Republic of Croatia may prescribe the cases and special conditions under which the costs of processing will apply as the basis for the customs debt accounting upon release of goods for free circulation after the outward processing procedure.

(IV) Outward processing with use of the exchange system

Article 162

(1) In accordance with the previous provisions and the provisions under Articles 162 to 167 of this Act, the standard exchange system shall allow an import product (hereinafter referred to as "replacement products") to replace a compensating product.

(2) The Customs House may allow the application of the exchange system when the processing operation refers to the repair of Croatian goods, which were not subject to the special provisions stipulated within the agricultural policy.

(3) The provisions that shall apply to the compensating products shall be applicable to the replacement products as well, except the provisions provided for in Article 167 of this Act.

(4) The Customs House may allow that under certain conditions replacement products may be imported before the goods for which the treatment was approved have been exported (prior importation). In such a case security has to be laid down to cover the amount of the import duty for the replacement product.

Article 163

(1) The replacement products must have the same tariff classification, the same commercial quality and the same technical characteristics as the temporarily exported goods with completed repairs.

(2) If temporary exported goods have been used before export, the replacement products have to be used as well, and not new products.

(3) The Customs House may allow the exemptions to paragraph 2 of this Act, if the replacement products have been supplied free of charge on the basis of a contractual or statutory prescribed guarantee obligation or because of a manufacturing defect.

Article 164

(1) The exchange system may be authorised only when it is possible to verify that the replacement product fulfils the conditions laid down in Article 163 of this Act.

Article 165

(1) In the case of prior importation, the goods must be temporarily exported within a period of two months from the date when the Customs House accepted the declaration relating to the release of the replacement products for free circulation.

(2) However, if exceptional circumstances occur, the Customs House may extend that period based on a duly substantiated request by the holder of the authorisation.

Article 166

(1) In the case of the previous importation, the amount to be deducted in accordance with Article 159 of this Act shall be determined on the basis of the items of charge that are valid for the temporary export goods on the date of acceptance of the declaration by which the goods are placed under the outward processing procedure.

Article 167

(1) The provisions of Article 155, paragraph 2 and of Article 156, paragraph 1, subparagraph b) of this Act shall not apply within the framework of the exchange system.

(V) Other provisions

Article 168

(1) In the procedures provided for within the framework of the outward processing, the commercial measures shall be applied.

4) Export procedure

Article 169

(1) In the export procedure Croatian goods shall be allowed to leave the customs territory of the Republic of Croatia. In the export procedure, export formalities, including implementation of trade measures, shall apply and the export duty shall be calculated, if prescribed.

(2) All Croatian goods intended for export must be placed under the export procedure, with the exemption of goods placed under the outward processing procedure or transit procedure according to Article 109 of this Act.

(3) The Government of the Republic of Croatia shall prescribe cases in which and the conditions under which the export declaration is not to be submitted for goods leaving the customs territory of the Republic of Croatia.

(4) The export declaration is to be submitted at the Customs House that is responsible for the supervision of the area where the exporter is established or domiciled or where the goods are packed or loaded for export.

(5) The Government of the Republic of Croatia may prescribe exemptions to the paragraph 4 of this Article.

Article 170

(1) Placing of the goods for the export procedure is permitted under the condition that the goods are exported from the customs territory of the Republic of Croatia in the same condition as they were at the moment of acceptance of the export declaration.

Article 170a

(1) In the procedure of temporary export of goods, provisions relating to the procedure of temporary export goods of this Act shall apply respectively.

3) OTHER TYPES OF CUSTOMS-APPROVED TREATMENT OR USE

1) Free zones and free warehouses

A) General

Article 171

(1) The establishment of free zones and free warehouses, the management of free zones and free warehouses, and the conditions for the performance of economic activities in free zones and free warehouses shall be prescribed by the special act.

Article 172

(1) The free zone and free warehouse are parts of the customs territory and premises within the customs territory that are separated from the rest of the customs territory, where:

- a) foreign goods are not considered to be within the customs territory of the Republic of Croatia for the purpose of paying the import duty and commercial policy import measures, on condition that the goods are not released for free circulation or placed under some other customs procedure or use, or that they are not consumed or used otherwise than provided for in the conditions regulated by the customs rules, and
- b) on the Croatian goods intended for export, that are regulated by special rules regulations based on their placing in a free zone or free warehouse, are to be applied measures which would have been applied when exporting those goods.

Article 173

(1) The area of a free zone and free warehouse, and their immediate access area, including their entry and exit points, are under the customs supervision.

- f) The goods, means of transport and persons entering or leaving a free zone or free warehouse are under the customs supervision and may be subject to a customs inspection. Persons failing to provide all required guarantees in accordance with the rules provided by this Act may be denied entry to a free zone or a free warehouse.
- g) The Customs House may inspect the goods and carry out other measures of the customs supervision on goods entering, remaining or leaving free zone or free warehouse.

- h) Construction of any building within a free zone is subject to prior approval from the competent Customs House.

B) Placing of goods in a free zone or free warehouse

Article 174

(1) Both Croatian and foreign goods may be placed in a free zone or free warehouse. A Customs House may require that the goods dangerous to other goods or which may damage other goods, or goods which for other reasons may require special conditions, should be placed in premises specially equipped for storing such goods.

(2) The depositor may, with special consent from the Customs House, store in a free zone or free warehouse, separately from other goods, Croatian goods that are not intended for export or processing in the zone. The Customs House shall not allow the storage of such goods, if it would cause difficulties in supervising the activities in a zone or warehouse. For Croatian goods stored by the depositor in the area of a free zone or free warehouse, the stock records must be kept.

(3) The goods that enter a free zone or free warehouse directly, as provided for in Article 50, paragraph 1, subparagraph b) of this Act, are to be presented to the Customs House based on the transport document.

(4) The goods, for which entering a free zone or free warehouse means the completion of some other customs procedure, shall be placed in a free zone or free warehouse on the basis of the document which completes the prior procedure.

(5) Croatian goods shall be placed in a free zone or free warehouse on the basis of the invoice or some other document containing all data necessary for the stock recording of the goods in a free zone or free warehouse.

(6) The authorised Customs House may demand special notification in the case of goods that are liable to the payment of export duty or the application of other measures of commercial policy.

(7) At the request of the participant involved in a certain customs procedure in question or other persons concerned, the authorised Customs House confirms that the goods, placed in a free zone or free warehouse, have the status of either Croatian or foreign goods.

C) Operating of free zone or free warehouse

Article 175

(1) Placing of goods in a free zone or free warehouse is not limited in time.

(2) For certain goods referred to in Article 172, paragraph 1, subparagraph b) of this Act, specific time limits may be prescribed.

Article 176

(1) Foreign goods placed in a free zone or free warehouse may:

- a) be released for free circulation on conditions prescribed for such procedure and according to Article 181 of this Act,
- b) without a special authorisation obtained by the authorised Customs House, undergo the usual procedures for preserving and improving their usable and commercial characteristics in order to prepare them for sale (Article 119),
- c) be placed under the inward processing procedure on conditions prescribed for such procedure,
- d) be placed under the processing procedure under customs control, on conditions prescribed for such procedure,
- e) be placed under the temporary import procedure, on conditions prescribed for such procedure,
- f) be abandoned to the benefit of the Republic of Croatia according to Article 185 of this Act, and
- g) be destroyed or made in some other manner improper for any use, on condition that all data, considered as necessary by the Customs House, are submitted to the Customs House in the prescribed mode.

(2) The goods may be placed in one of the procedures referred to in subparagraphs c), d) or e) of the paragraph 1 of this Article on the basis of the authorisation given by the Customs House and in accordance with the provisions relating to those procedures.

(3) The authorisation referred to in paragraph 2 of this Article may be given only to the depositor in a free zone.

Article 177

(1) Croatian goods in Article 172, subparagraph b) of this Act which are covered by the special measures of the agricultural policy may, in a free zone or free warehouse, undergo only such procedures which are expressly prescribed in Article 119, paragraph 2 of this Act. Those procedures may be undertaken without special authorisation.

Article 178

(1) The goods placed in a free zone or free warehouse, on which Articles 176 and 177 of this Act apply, cannot be consumed or used during their storage.

Article 179

(1) A person who performs activities of storage, working or processing, or sale or purchase in a free zone or free warehouse shall keep stock records on the goods in a manner prescribed by the Customs House.

(2) The goods shall be entered in the stock records as soon as they are brought into the premises of such person. The stock records must enable the Customs House to identify the goods and monitor their movement.

(3) When the goods are transhipped in a free zone, the records relative to such activity shall be submitted to a Customs House. Transient warehousing of goods related to the transshipment is considered as integral part of the transshipment.

(4) The stock records in paragraph 1 of this Article shall be kept chronologically, according to data from the documents accompanying the goods when exporting or importing, and on the basis of rates of yield for the material used and the production of goods.

(5) The Government of the Republic of Croatia shall prescribe the manner of keeping stock records in paragraph 1 of this Article and the application of the measures of the customs supervision in a free zone or free warehouse.

D) Removal of goods from free zone or free warehouse

Article 180

(1) Goods leaving a free zone or free warehouse may be:

- exported or re-exported from the customs territory of the Republic of Croatia, or
- introduced into another part of the customs territory of the Republic of Croatia.

(2) The provisions of Title III of this Act, with the exception of Articles 60 to 65 of this Act in case of domestic goods, shall apply to goods introduced into another part of the customs territory of the Republic of Croatia, except in the case of goods that leave a free zone by sea or air without being placed under a transit or other customs procedure.

Article 181

(1) If the customs debt is incurred in respect of foreign goods introduced from a free zone or free warehouse into another part of the customs territory of the Republic of Croatia, and the customs value is to be established on the basis of the price actually paid or payable for those goods, which price includes the costs of warehousing and preserving the goods during their storage in a free zone or free warehouse, such costs shall not be included in the customs value if they are stated separately from the price actually paid or payable for those goods.

(2) If by bringing the goods into another part of the customs territory of the Republic of Croatia the customs debt incurs for the product obtained in the inward processing procedure in a free zone, the amount of debt shall be determined on the basis of the value of imported goods that are incorporated in the compensating products.

(3) If the goods have been subject to handling referred to in Article 119, paragraph 1 of this Act, previously authorised by the Customs House, the declarant may request,

if such handling has been approved by the Customs House in accordance with Article 119, paragraph 5 of this Act, the amount of the customs debt to be determined in accordance with the nature of the goods, the customs value and the quantity of the goods on the basis of which the amount would have been determined under Article 218 of this Act, if the goods had not undergone such handling.

(4) The Government of the Republic of Croatia shall prescribe cases where paragraph 3 of this Article shall not apply.

Article 182

(1) Croatian goods referred to in Article 172 under b) of this Act, if covered by the measures of the agricultural policy, may be assigned some of the procedures or use if they, when being brought in a free zone or free warehouse, comply with the conditions prescribed for the export of such goods.

(2) If the goods referred to in paragraph 1 of this Article are returned into another part of the customs territory of the Republic of Croatia, or, if within the time-limit prescribed in Article 175, paragraph 2 of this Act, a treatment or use in accordance with paragraph 1 of this Article has not been approved, the Customs House shall take measures in accordance with the legislation in force regulating special areas of non-compliance with specific treatment or use.

Article 183

(1) If the goods are introduced into or returned from an area of a free zone or free warehouse to another part of the Croatian customs territory, or are placed under the customs procedure, the certificate referred to in Article 174, paragraph 7 of this Act may be used as evidence of the Croatian or foreign customs status of the goods.

(2) When their status as the Croatian or foreign goods cannot be proved by the certificate or in some other manner, they shall be considered to be:

- a) Croatian goods, regarding the payment of export duties, obtaining the export licenses (certificates) and applying the commercial measures related to export, and
- b) foreign, in all other cases.

Article 184

(1) The Customs House shall supervise the application of the rules on exportation, outward processing, re-exportation, procedures with a suspension arrangement or internal transit procedure, as well as provisions of Title V of this Act, where the goods are to leave the customs territory of the Republic of Croatia from a free zone or free warehouse.

2) Re-exportation, destruction and abandonment of the goods on behalf of the Republic of Croatia

Article 185

(1) Foreign goods may be:

- re-exported from the customs territory of the Republic of Croatia,
- destroyed, and
- abandoned on behalf of the Republic of Croatia

(2) When re-exporting, if necessary, the formalities prescribed for export, including the application of commercial measures, shall be applied in the appropriate manner.

(3) The Government shall prescribe cases when, for foreign goods placed under a suspensive arrangement, commercial measures on exportation from the Republic of Croatia shall not be applied.

(4) The Customs House has to be previously informed about the intention of re-exporting or destroying the goods. The Customs House shall prohibit re-exportation if the formalities or measures referred to in paragraph 2 of this Article provide so. If the goods, placed under the procedure with an economic impact are re-exported, the declaration is to be submitted for them according to Articles 71 to 90 of this Act. In those cases Article 169, paragraph 3 to 5 of this Act shall apply.

(5) The Government shall prescribe the rule determining in which cases and in what manner the goods may be abandoned on behalf of the Republic of Croatia.

(6) Destruction or abandonment of goods may not entail any expense for the Republic of Croatia.

(7) Any waste or scrap resulting from destruction shall be assigned a customs-approved treatment or use prescribed for foreign goods.

(8) Waste and scrap shall remain under customs supervision according to Article 49, paragraph 2 of this Act.

(V) GOODS LEAVING THE CUSTOMS TERRITORY OF THE REPUBLIC OF CROATIA

Article 186

(1) Goods that leave the customs territory of the Republic of Croatia shall be subject to customs supervision and may be examined according to the rules in force. The goods shall leave the territory of the Republic of Croatia in a manner and within a time-period determined by the Customs House.

(VI) PRIVILEGED OPERATIONS

1) Relief from Payment of Customs Duty

Article 187

(1) The relief from import customs duties shall be granted for:

- 1) the goods for which the relief of customs duty is stipulated by international agreements binding on the Republic of Croatia,
- 2) personal luggage and the goods of non-commercial nature, brought in by travellers from abroad, which comply with the prescribed type, value and quantity,
- 3) goods contained in consignments sent free of charge by natural persons from abroad to natural persons in the Republic of Croatia, on condition that those consignments are of non-commercial nature and comply with the prescribed type, value and quantity,
- 4) medals and awards obtained within the framework of international events and gifts received within the framework of international relations,
- 5) goods which satisfy basic human needs, such as food, medicines, clothes, footwear, bedding, hygiene articles, etc., imported by the registered humanitarian and charity organisations and institutions for the distribution, free of charge, to persons in danger and victims of natural and other disasters. The relief shall also be granted for equipment supplied to such organisations and institutions free of charge from abroad required for their operations and implementation of humanitarian purpose. The relief does not refer to alcohol and alcoholic beverages, tobacco products and motor vehicles except for the ambulance vehicles. The relief shall be granted only to those organisations and institutions whose accounting records and implementation of the procedure allow the Customs Administration to carry out business audits,
- 6) objects, custom manufactured and adapted for personal use, education, cultural, social, professional and other rehabilitation of blind person, persons of impaired vision, deaf persons, persons who underwent kidney dialysis, and mentally and physically disabled persons, when imported by disabled persons for their personal needs and institutions or organisations registered for providing assistance and rehabilitation of those persons. The relief from customs duties shall be granted for spare parts, components and accessories specially intended for imported objects, their maintenance, control or repair,
- 7) trade marks, brands, patents, models, drawings and accompanying documents and forms for granting inventions, patents, innovations etc., which are sent to competent bodies for the protection of copyright or industrial and commercial property rights,
- 8) various documents, forms, brochures, records and letters, the type and intended purpose of which will be prescribed by the Government of the Republic of Croatia,
- 9) agricultural, crop-farming, stock-breeding, forestry, fish-farming and bee-farming yields produced on the property of Croatian citizens living in the border area, having possessions in the border area of a neighbouring country, seeds, fertilizers and products intended for land cultivation and processing of products from such possessions, as well as breeding and other products

obtained from stock on those properties for purposes of land cultivation, grazing or spending the winter,

- 10) equipment for the fire prevention and extinguishment, which is not manufactured in the Republic of Croatia and is not the subject of joint ventures of Croatian manufacturers of equipment and machinery for fire prevention and extinguishment,
- 11) household items which are imported, for reasons of relocation to the Republic of Croatia, by natural persons who previously resided abroad continuously for a minimum of 12 months. Such items must be in the possession of the person concerned and used for at least six months before the relocation; those items may be imported within 12 months from the date of relocation. The time-limit for importation may be extended in exceptional circumstances,
- 12) business inventory items, imported by natural persons for the purpose of continuing their suspended business activity due to their relocation to the Republic of Croatia, who carried out such activity in the country of previous residence for a minimum of 12 months. The importation may be carried out within 12 months from the cessation of activity in the country of previous residence,
- 13) items inherited abroad by Croatian citizens and foreign nationals with regular residence in the Republic of Croatia,
- 14) goods used for renovation, maintenance and restoration of protected cultural monuments, on the basis of an expert opinion of the Ministry of Culture,
- 15) goods used directly in carrying out of educational, scientific, cultural and medical activities, and for the needs of scientific and medical research, which are not produced in the Republic of Croatia,
- 16) goods, in the form of a donation from third countries, received for the purpose of not-for-profit activities carried out by the government and local government bodies, humanitarian, social, scientific, cultural, educational, health, sports and religious institutions and organisations, which activities are regulated by special legislation,
- 17) goods created abroad, brought into the country by scientists, writers and artists as their own authorial work,
- 18) passenger cars imported for personal use by disabled persons who are assigned a physical disability rating of 100% or a minimum of 80% rating of impaired locomotor function, in proportion to the physical disability,
- 19) engine fuels and lubricants contained in factory built-in tanks of road motor vehicles and in special containers,

20) items related to a commercial activity – samples for commercial promotion, objects intended for examination, analysis and testing, and auxiliary material for the protection of goods or care of living animals during transportation,

21) coffins with remains and urns with ashes of deceased persons, flowers, wreaths and other usual decorative funeral items, and the goods intended for construction, maintenance or decoration of cemeteries and monuments to the victims of war on the customs territory of the Republic of Croatia.

(2) The provision of paragraph 1 of this Article concerning the relief from import customs duties shall be applied accordingly for the relief from export customs if the payment of export customs is prescribed for the goods concerned.

(3) Goods released for free circulation, having been exempted from customs duty on the basis of paragraph 1 of this Article shall be under customs supervision, and, unless the purpose and mode of use of items concerned necessarily implies giving the items to other persons for their use, may not be sold or divested on different basis, given to other persons for their use, pledged or leased, used for other purposes or offered as collateral for other obligations, without previously notifying the responsible Customs House and paying the customs duty, in a following manner:

a) for items listed in paragraph 1, items 11 and 12 of this Article, before expiry of the 12-month time-limit from the day of release for free circulation,

b) for other items listed in paragraph 1 of this Article, except for items listed under item 13 of the same paragraph, before expiry of the 5-year time-limit from the day of release for free circulation, unless a special time-limit has been provided by international agreements or other regulations.

(4) Items treated in a manner contrary to paragraph 3 of this Article shall be subject to the payment of customs duty and other import duties. The customs debt shall be incurred pursuant to Article 207 of this Act, and subsequent calculation of customs duty carried out as follows:

a) where a person eligible for relief has submitted an application subsequently, the transaction elements for customs duty and other import duty calculation shall apply, according to the rules effective on the day when the application was submitted to the Customs House, and

b) where the application for subsequent calculation was not submitted in due manner, the transaction elements for customs duty and other import charges calculation shall apply, according to the rules effective on the day the goods were released for free circulation.

(5) The Government of the Republic of Croatia shall prescribe the conditions for the realisation of and the procedure for customs duty exemption, as well as limitations

concerning the disposal of goods exempt from paying customs duties pursuant to paragraphs 1 and 2 of this Article.

2) RETURNED GOODS

Article 188

(1) Croatian goods which, having been exported from the customs territory of the Republic of Croatia, are returned within a period of three years in the customs territory of the Republic of Croatia and are released for free circulation shall, at the request of the declarant, be granted relief from the import duty.

(2) The period of three years may be exceeded, if special circumstances so require. When the re-imported goods, prior to their exportation from the customs territory of the Republic of Croatia, had been released for free circulation at reduced or zero rate of duty on the condition of their use for a particular purpose, exemption from duty under this Article shall be granted only if they are to be re-imported for the same purpose.

(3) If the goods shall not be re-imported for the same purpose, the amount of duty chargeable upon them shall be reduced for the amount of duty already paid when they were first released for free circulation. If the amount of duty first paid exceeds the amount levied on the entry for free circulation of returned goods, the refund of duty shall not be granted.

(4) The relief from import duties provided for under paragraph 1 of this Article shall not be granted in the case of:

- a) goods exported from the customs territory of the Republic of Croatia within the framework of the outward processing procedure, unless those goods remain in the state in which they were exported,
- b) goods which have been submitted to the measures conditioning their exportation to other country; the Government of the Republic of Croatia may prescribe circumstances and the conditions for enabling the exemption from this provision.

Article 189

(1) The relief from the import duty referred to in Article 188 of this Act shall be granted for goods that are re-imported in the same state in which they were exported. The Government may prescribe the circumstances and the conditions for enabling the exemption from this provision.

Article 190

(1) The provisions of Article 188 and 189 of this Act shall be applied appropriately to the compensating products first exported or subsequently re-exported after the inward processing procedure.

(2) The amount of duty shall be determined based on the rules governing the inward processing procedure, whereby the date of re-exporting shall be considered as the date of release for free circulation.

3) Products of sea-fishing and other sea-products

Article 191

(1) Having regard to the provisions of Article 24, paragraph 2 under f) of this Act, the following products shall be exempted from the payment of duty when they are released for free circulation:

- a) products of sea-fishing and other sea-products caught in the territorial sea of other countries by vessels registered or recorded in the ship-register of the Republic of Croatia and flying the flag of the Republic of Croatia, and
- b) compensating products from products referred to in subparagraph a) on board-factory-ships fulfilling the conditions of that item.

(VII) CUSTOMS DEBT AND CALCULATION OF CUSTOMS DUTY

1) Security to cover customs debt

Article 192

(1) If the Customs House, according to the customs rules, shall require security for covering customs debt and other charges provided for in specific regulations, such as value added tax and special tax, the customs debtor or the person that may become liable for customs debt shall provide such security. Security to cover customs debt also includes security to cover charges, which the Customs House, according to the specific regulations, is obliged to recover upon importation or exportation of goods.

(2) The Customs House will require only one security to be provided, concerning the particular goods or declaration. Security provided for the particular goods will be valid for all goods covered by or released under that declaration.

(3) The Customs House may approve the security to be provided by a third person instead the person liable to provide security.

(4) Providing security for covering the customs debt cannot be required from the state administration bodies.

(5) The Government of the Republic of Croatia may prescribe other cases when providing security will not be required, or cases in which providing security in reduced amount will be approved.

Article 193

(1) If providing security is not compulsory according to the customs rules, the Customs House is authorised to require security when considering that for the recovery of a customs debt, which has been or may be incurred, is not certain to be paid within the prescribed period.

(2) Instead of security referred to in paragraph 1 of this Article, the Customs House may, from persons specified in Article 192, paragraph 1 of this Act, require an undertaking in writing referred to complying with their legal obligations.

(3) The security according to paragraph 1 of this Article may be required:

- at the time of application of the rules requiring such security to be provided
- at any subsequent time, if the Customs House finds that a customs debt, which has been or may be incurred, will not be paid within the prescribed time limit.

Article 194

(1) At the request of persons referred to in Article 192, paragraphs 1 and 3 of this Act, the Central Office of the Customs Administration may allow for two or more procedures, relating to which customs debts have been or may be incurred, comprehensive security to be provided.

(2) The Government of the Republic of Croatia shall prescribe the conditions and the procedure for posting security set out in paragraph 1 of this Article.

Article 195

(1) If providing of security is compulsory according to customs rules, accompanied by the compliance with the specific provisions of the customs rules relating to the procedure of transit of goods, the Customs House determines the amount of security that complies:

- with the precise amount of the customs debt or debts which are covered by the security, if this amount may be established beyond doubt at the moment of requiring security, and
- with, in other cases, the maximum amount of a customs debt or debts, which has incurred or may incur as estimated by the Customs House.

(2) In the case of comprehensive security for a number of customs debts, which vary in amount over time, the amount of the security shall be set as the amount that enables those customs debts to be covered at all times.

(3) If the Customs House shall require security to be provided when, according to the customs rules, security for covering the customs debt shall not be compulsory, the amount of security must not exceed the amount established according to the provisions in paragraph 1 of this Article.

Article 196

(1) Security may be provided:

- by a cash deposit in Kuna, or
- by a guarantee.

Article 197

(1) Cash security shall be deposited in national currency (Kuna).

(2) An equivalent with cash deposit shall be submitting of any other instrument, which, regarding their issuer and conditions and modes of their collection, shall be accepted as means of payment in the Republic of Croatia.

(3) The Minister of Finance shall prescribe which instruments may be accepted as means of payment, as well as conditions and modes of cash depositing, and instruments of payment equivalent to it.

Article 198

(1) The guarantor must undertake in writing to pay, jointly and severally with the debtor, the total secured amount of customs debt and tax, including the rate of interest and costs incurred in the procedure of collecting the payment of customs debt that remained unpaid although falls to be paid.

(2) The guarantor may be a third person established in Croatia, whose security the Customs House considers acceptable.

(3) The Customs House may refuse the guarantor or type of security proposed, if considers that they appear uncertain for ensuring the payment of the customs debt on time.

Article 199

(1) The person obliged to provide security is free to choose the type of security laid down in Article 196 of this Act.

(2) The Customs House may refuse the type of security proposed, if it considers it unsuitable for the appropriate customs procedure.

Article 200

(1) The Government of the Republic of Croatia may prescribe types of security other than those that are specified in Article 196 of this Act.

(2) If provided so by regulation in paragraph 1 of this Article, the Customs House may accept other forms of security as well if such securities provide equivalent assurance that a customs debt will be paid.

(3) The Customs Administration will refuse a security proposed by the debtor if they consider that such security does not ensure that a customs debt will be paid.

Article 201

(1) Should the Customs House establish that produced security does not ensure the payment of the customs debt either entirely or within the prescribed period, it may require the person referred to in Article 192, paragraph 1 of this Act to provide additional security or to replace the initially presented security with a new one.

Article 202

(1) The security payment of the customs debt cannot end until either the customs debt has not been extinguished or such circumstances incur that the customs debt may no longer arise. When the customs debt has been extinguished or such

circumstances incur that the customs debt may no longer arise the security payment of that customs debt shall end immediately as well.

(2) If the customs debt has been extinguished partially or may arise only related to the part of the amount secured, at the request of the person concerned an adequate part of the obligation related to the security shall expire unless the amount involved does not justify such action.

Article 203

(1) The Government of the Republic of Croatia may, if necessary, prescribe derogation from the particular provisions in this chapter in order to fulfil the obligations arising when joining the appropriate international agreements.

2) Incurrence of a customs debt

Article 204

(1) A customs debt on importation shall incur:

- a) by releasing the goods for free circulation, or
- b) by placing the goods under the temporary importation procedure with partial relief from paying customs duty.

(2) A customs debt shall incur at the moment of acceptance of the customs declaration.

(3) A debtor is the declarant; in the case of indirect representation, a debtor is also a person on whose behalf the customs declaration is submitted.

(4) If data shown in the customs declaration for one of the procedures referred to in paragraph 1 of this Article resulted in the fact that that whole or a part of the prescribed duty has not been calculated and collected, the person who produced the data shown in the declaration and who knew or ought to have known according to the circumstances that those data were false, shall also be considered the customs debtor.

Article 205

(1) A customs debt on importation also incurs:

- a) if goods are unlawfully introduced into the customs territory of the Republic of Croatia
- b) if goods are unlawfully introduced from a free zone or free warehouse into another part of the customs territory of the Republic of Croatia.

(2) Within the meaning of this Article, unlawful shall be considered each case where the goods are introduced by violating the provisions referred to in Articles 50 to 53 and Article 180, paragraph 1, subparagraph 2 of this Act.

(3) The customs debt shall incur at the moment when the goods shall be unlawfully introduced into the customs territory of the Republic of Croatia.

(4) If the amount of the customs debt cannot be determined precisely, the Customs House shall determine it based on the tariff classification of goods with the highest rate of duty within that appropriate tariff heading.

(5) Debtors are:

a) a person who has unlawfully introduced the goods into the customs territory or from a free zone or free warehouse into some other part of the customs territory of the Republic of Croatia,

b) persons who participated when the goods were unlawfully introduced, knowing or according to circumstances having to know that such an act is unlawful, and

c) persons who own or acquire the goods concerned, although knowing or according to circumstances having to know at the moment of acquiring or receiving the goods that they have been introduced unlawfully into the customs territory of the Republic of Croatia, or unlawfully introduced from a free zone or free warehouse into some other part of that territory.

Article 206

(1) The customs debt on importation also incurs through unlawful removal of goods from customs supervision.

(2) The customs debt referred to in Article 1 of this case incurs at the moment of removing the goods which are under the customs supervision.

(3) If the amount of customs debt cannot be determined precisely, the Customs House shall determine it based on the tariff classification of goods with the highest rate of duty within that appropriate tariff heading.

(4) Debtors are:

a) a person who removed the goods from customs supervision,

b) persons who participated when removing the goods, although knowing or according to circumstances having to know that they have been removed from customs supervision,

c) persons who acquired or received such goods, although knowing or according to circumstances having to know at the moment of acquiring or receiving the goods that they have been removed from customs supervision, and

d) a person who has to hold on to the obligations related to the temporary placing of goods liable to the payment of customs duty or to the customs procedure in which the goods were placed.

Article 207

(1) The customs debt on importation may be incurred through:

a) non-fulfilment with any of the obligations for goods subject to import duties liable arising from the temporary storage of goods or other customs procedure under which the goods have been placed,

b) non-fulfilment with any of the conditions for placing the goods under the appropriate customs procedure or for granting of a reduced or zero rate of their end use,

in cases other than those referred to in Article 206 of this Act, unless it is established that the above non-compliance has not significantly affected the correct performance of temporary storage or particular customs procedure.

(2) The customs debt incurs either at the moment when the obligation, which by its non-fulfilment incurs the customs debt ceases to be met, or at the moment when the goods are placed under the certain customs procedure where it is subsequently established that a condition, which governs the placing of the goods under the said procedure or granting of relief from customs duties or application of a more preferential tariff treatment for the use of goods for a specific purpose, is not fulfilled.

(3) A debtor is a person required, according to circumstances, either to fulfil the prescribed obligations arising in respect of goods liable to import duty from their temporary storage or from placing the goods under the appropriate customs procedure or which have to fulfil the conditions for placing the goods under the certain customs procedure.

Article 208

(1) A customs debt on importation of goods incurs by their consumption or use in a free zone or free warehouse on conditions or in a manner that are not in accordance with the rules in force.

(2) Goods that disappeared from a free zone or free warehouse and their disappearance is impossible to explain to the Customs House in an acceptable way shall be considered as they were consumed or used contrary to the prescribed conditions.

(3) The customs debt referred to in paragraph 1 of this Article incurs at the moment of the consumption of the goods or when they shall be used for the first time on conditions or in a manner that is not in accordance with the rules in force.

(4) The customs debtor shall be a person who consumed or used the goods and any persons who participated in the consumption or use thereof, although they were aware or should have been aware, as the case may be, that the goods were consumed or used in circumstances contrary to the rules in force.

(5) If the customs debt is incurred related to the goods which disappeared in a free zone or a free warehouse, and it is impossible to determine the debtor in accordance with paragraph 4 of this Article, the person liable for payment of the customs debt is

the last person known to the Customs House to have been in the possession of the goods.

Article 209

(1) By exemption of the provisions referred to Article 205 and Article 207, paragraph 1, subparagraph a) of this Act, the customs debt does not incur if a person proves that the obligations which arise from the:

a) provisions of Articles 50 to 53 of this Act and Article 180, paragraph 1, subparagraph 2 of this Act,

b) of the temporary storage of the goods, or

c) on the application of the customs procedure under which the goods were placed, could not be met due to the total destruction or irretrievable loss of the goods due to the nature of goods, accident, *force majeure* or by authorisation of a Customs House.

(2) It is deemed that the goods are irretrievably lost in the sense of paragraph 1 of this Article, if they are unusable for any person.

(3) It is deemed that the customs debt has not incurred for the goods that were released for free circulation with relief from payment of customs duty or application of a more favourable duty by virtue of their end use, if those goods were exported or re-exported with the authorisation of the Customs House.

Article 210

(1) Should, pursuant to the Article 209, paragraph 1 of this Act, the customs debt not arise for the goods released for free circulation by virtue of their end use with relief from payment of customs duty or application of a more favourable duty, any waste or scrap resulting from the destruction of such goods shall be deemed as foreign goods.

Article 211

(1) If, pursuant to Articles 206 and 207 of this Act, the customs debt was incurred with regard to goods which, by virtue of their end use, were released for free circulation with application of a more favourable rate of customs duty, the amount paid at the time of their release for free circulation shall be deducted from the amount of the incurred customs debt.

(2) The provisions of paragraph 1 of this Article shall be appropriately applied to cases where the customs debt incurs in respect of waste and scrap resulting from the destruction of such goods.

Article 212

(1) A customs debt on exportation is incurred when the goods, liable to the payment of export duty, after the customs declaration has been submitted, are exported from the Croatian customs territory.

(2) The customs debt on exportation is incurred at the moment when the customs declaration is accepted.

(3) A debtor is the declarant. In the case of indirect representation, the debtor is also the person on whose behalf the customs declaration is submitted.

Article 213

(1) A customs debt on exportation also incurs when the goods liable to the payment of export duty shall be removed from the customs territory of the Republic of Croatia without submitting the customs declaration for them.

(2) The customs debt on exportation is incurred at the time when the goods actually leave the customs territory of the Republic of Croatia.

(3) A debtor is:

a) a person who has removed the goods from the customs territory of the Republic of Croatia, and

b) persons who participated in removing the goods, although they were aware or should have been aware, as the case may be, that the customs declaration prescribed had not been lodged.

Article 214

(1) A customs debt on exportation is incurred by non-compliance with the conditions permitting the goods to leave the customs territory of the Republic of Croatia with total or partial relief from export duty.

(2) The customs debt on exportation is incurred when the goods reach a destination country other than the country stated on departure from the customs territory of the Republic of Croatia with total or partial relief from export duty, or in case the Customs House cannot determine that moment, upon the expiry of the time-limit set for the presentation of evidence that the conditions allowing for a relief from duty have been fulfilled.

(3) The debtor is the declarant. In the case of indirect representation, a debtor is also the person on whose behalf the customs declaration is made.

Article 215

(1) The customs debt referred to in Article 204 to 208 and 212 to 214 of this Act shall incur also for goods subject to the measures of prohibition or restriction on importation or exportation of any kind whatsoever.

(2) By exemption, no customs debt shall be incurred on the unlawful introduction into the Croatian customs territory of counterfeit currency and narcotic drugs or psychotropic substances which do not enter into the economic circuit strictly supervised by the competent authorities with the view to their application for medical or scientific purposes.

(3) For the purposes of Criminal Act applicable to customs offences, it shall be deemed that the customs debt incurs in cases where the criminal law foresees the customs duty as the basis for determining penalty, or when the existence of a customs debt is the basis for taking penal procedure.

Article 216

(1) Should a more favourable tariff treatment of goods on the account of their nature or by virtue of their end use, or a full or partial relief from import or export duties under Articles 22, 94, 153 or 187 to 190 of this Act be provided by customs regulations, such more favourable tariff treatment or relief shall also be applied in the cases when the customs debt was incurred pursuant to Articles 205 to 208, 213 or 214 of this Act, providing that the user of authorisation for a more favourable tariff treatment or relief was not acting with intent to deceive or with obvious negligence, and if he provides evidence of fulfillment of other conditions for the realization of a more favourable tariff treatment or relief have been fulfilled.

Article 217

(1) Should several persons be liable for payment of the customs debt, they shall be liable jointly and severally.

Article 218

(1) If not provided otherwise by this Act, the amount of the import duty or export duty that is to be calculated for certain goods, without prejudice to paragraph 2 of this Article, shall be determined pursuant to the competent rules for the assessment of the amount of the customs debt appropriate to those goods on the date of incurring the customs debt.

(2) Should it not be possible to determine the precise moment when the customs debt incurred, the time to be taken into account in determining the basis for assessing the customs debt shall be the time when the authorised Customs House concludes that the goods were in a situation in which a customs debt might have incurred.

(3) Should the Customs House, on the basis of the circumstances available, establish that the customs debt incurred prior to the moment under paragraph 2 of this Article, the amount of the import duty or export duty payable for the goods concerned shall be determined on the basis of the assessment appropriate to the goods at the earliest moment when, from the information available, the existence of the customs debt may be established.

Article 219

(1) A customs debt is incurred at the place where factual circumstances from which it arises occur.

(2) Should the place referred to in paragraph 1 of this Article may not be established, it shall be deemed that the customs debt incurred at the place where, according to the conclusion of the Customs House, the goods were in circumstances that conditioned a customs debt to incur.

(3) In cases where the customs procedure for certain goods has not been finalised, and the place where the customs debt occurs may not be established on grounds of provisions of paragraph 1 and 2 of this Article, it shall be deemed that a customs debt incurred at the place where:

- the goods concerned were placed under a certain customs procedure, or

- within the framework of the customs procedure the goods enter into the Croatian customs territory.

(4) Should the Customs House, on the basis of the circumstances available, conclude that the customs debt was already incurred when the goods were in some other place, it shall be deemed that the customs debt have been incurred at the place where the goods, retrospectively seen, were located at the earliest time when the existence of the customs debt may be established.

(5) The Customs House referred to in Article 221, paragraph 1 of this Act is the Customs House of the Member State where the customs debt incurs or where it is deemed that it incurred as provided for in this Article.

(6) Should the Customs House establish that the customs debt incurred pursuant to Article 205 of this Act in some other Member State, and the amount of that debt is under 5,000 EUR, it shall be deemed that the debt has incurred in the Member State where it was identified.

Article 220

(1) Where agreements concluded by the Republic of Croatia with other countries provide for granting a preferential tariff treatment when importing the goods of Croatian origin to those countries, for the purpose of such agreements and providing the goods concerned were obtained under the inward processing procedure, the goods not originating from the Republic of Croatia or the country with which the agreement was concluded and contained in originating goods, are subject to the payment of import duties. The import customs debt shall be incurred by the validation of documents required to obtain the preferential tariff treatment in another country.

(2) As the moment of incurring the customs debt referred to under paragraph 1 of this Article shall be deemed the moment of acceptance of the export customs declaration relating to the goods concerned.

(3) A debtor is the declarant. In the case of indirect representation debtor is also the person on whose behalf the export customs declaration is made.

(4) The amount of duty corresponding to this customs debt shall be determined under the same conditions as if were the customs debt in question, which would have incurred if the customs declaration of release for free circulation of the goods originated from the third country would have been submitted at the same moment, with the purpose to complete the inward processing procedure.

3) RECOVERY OF CUSTOMS DEBT AMOUNT

a) Entry into Accounts (recording) and communicating to the debtor the amount of customs duty

Article 221

(1) Immediately upon receipt of the relevant data the Customs House shall calculate each amount of import or export duty resulting from a customs debt, hereinafter called "the amount of customs duty", and shall enter the said amount into accounting or other appropriate records (recording).

(2) Paragraph 1 of this Article shall not apply:

- a) if temporary anti-dumping or countervailing duty is introduced,
- b) when the legally determined amount of export duty exceeds the amount determined on the basis of a binding information,
- c) If the amount of duty is lower from the amount of duty provided according to paragraph 5 of this Article.

(3) The Customs House may write off the debt in the cases referred to in Articles 225, paragraph 4 of this Act, if it was not able to communicate to the debtor the amount of debt after the end of the prescribed periods.

(4) The Minister of Finance shall determine the implementing rule relating to the mode and the procedures of entry in the accounts.

(5) The Government of the Republic of Croatia may prescribe the amount of duty that is not to be entered in the accounts subsequently.

Article 222

(1) Should a customs debt be incurred as a result of acceptance of the customs declaration of goods placed under a customs procedure, except under the temporary import procedure with partial relief from import duty or any other act having the same effect as the acceptance of such declaration, the debt shall be entered in the accounts without delay and, at the latest, the next working day following that on which the goods were released.

(2) Provided that payment has been secured, the total amount of the customs debt for the goods released to the same person within the period determined by the Customs House, and which may not be longer than 31 days, may be single² entry into the accounts at the end of this period. The entry into the accounts shall be made within 5 days after the expiration of the approved period.

(3) If it is prescribed that goods may be released before fulfilment of conditions for determination of the amount of incurred customs debt or obligations for settlement of the customs debt, the debt shall be entered in the accounts not later than two days after calculation of the amount of the customs debt or the final establishment of the obligation of its settlement.

(4) If the customs debt is related to the temporary anti-dumping or countervailing duties, the customs duty shall be entered into the accounts no later than two months

² Note: for this word the Croatian language has several synonyms. The newly proposed expression in the Croatian language is more suitable for application in law.

after the rule on introducing of anti-dumping or countervailing duties has been published.

(5) If the customs debt has incurred under the conditions different to those referred to in paragraph 1 and 2 of this Article, the amount of duty shall be entered in the accounts within two days from the date when the Customs House shall be able:

- a) to calculate the amount of debit, and
- b) to determine the debtor.

Article 223

(1) The time limits prescribed for entry in the accounts referred to in Article 222 of this Act may be extended if special circumstances prevent the customs house to comply within the prescribed time limit. Extended time limits must not be longer than 14 days.

(2) The time limits referred to in paragraph 1 of this Article are not applied in case of unforeseeable circumstances or *force majeure*.

Article 224

(1) When the amount of duty resulting from a customs debt has not been entered in the accounts pursuant to Articles 222 and 223 of this Act or has been entered at a level lower than the amount legally owed, the amount of duty or its remaining part shall be entered in the accounts within two days from the date on which it has been established by the Customs House and the Customs House shall be able to calculate the amount legally owed and to determine the debtor (subsequent entry in the accounts). These time limits may be extended pursuant to the Article 223 of this Act.

(2) Except in the cases referred to in paragraphs 2, 3 and 5 of Article 221 of this Act, the subsequent entry in the accounts shall not be performed if the decision not to enter duty in the accounts or to enter it at a level lower than the amount legally owed is based on the general regulations subsequently invalidated by a court decision.

Article 225

(1) After the amount of duty is entered in the accounts, the amount of duty shall be communicated to the debtor in the appropriate manner.

(2) If the amount of duty to be paid is indicated in the customs declaration, the Customs House shall not separately inform the debtor of the amount of duty and by releasing the goods the debtor shall be considered notified of the debt, except when the amount stated does not correspond to the amount calculated by the Customs House. In the application of Article 222, paragraph (2) of this Act, the Customs House does not separately inform the debtor and the release of goods is considered as informing the debtor of the amount entered into accounts.

(3) If the amount of duty stated in the customs declaration does not coincide with the amount calculated by the Customs House, the Customs House communicates to the debtor the amount of duty in the appropriate way.

(4) Communication to the debtor shall not be performed after the period of three years from the date of incurring the debt has expired. The period shall terminate and

start again by any official activity of the Customs Administration oriented to the establishment of the incurrence or collection of the customs debt that has been communicated to the debtor.

(5) If the customs debt is the consequence of an activity that was punishable at the moment when it was committed, the debt may be communicated to the debtor under the conditions determined by customs regulations, also after the expiry of time limit referred to in paragraph 4 of this Article.

b) Time limits and payment procedures of the duty amount

Article 226

(1) Amounts of duty communicated in accordance with Article 225 of this Act shall be paid by debtors within the following periods:

a) if the person is not entitled to any of the payment facilities laid down in Articles 227.a to 227.g, payment shall be made within the period prescribed;

Without prejudice to the second paragraph of Article 8, this period shall not exceed ten days following communication to the debtor of the amount of duty owed and, in the case of aggregation of entries in the accounts under the conditions laid down in the second subparagraph of Article 222 (2), it shall be so fixed as not to enable the debtor to obtain a longer period for payment than if he had been granted deferred payment.

An extension shall be granted automatically where it is established that the person concerned received the communication too late to enable him to make payment within the period prescribed.

Extension of the period may also be granted by the Customs Administration at the request of the debtor where the amount of duty to be paid results from action for post-clearance recovery. Without prejudice to Article 227.f (a), such extensions shall not exceed the time necessary for the debtor to take the appropriate steps to discharge his obligation;

(b) if the person is entitled to any of the payment facilities laid down in Articles 227.a to 227.g, payment shall be made no later than the expiry of the period or periods specified in relation to those facilities.

(2) The Government of the Republic of Croatia shall prescribe the cases and conditions under which the recovery of debt may be remitted either if:

a) the remittance request was submitted according to Articles 232, 234 and 235 of this Act has been submitted,

b) if the goods were seized with the intention of confiscating them in accordance with Article 230, paragraph 1, item c), sub item 2 or item d) of this Act, or

c) the debt occurred in line with Article 206 of this Act and there is more than one debtor.

Article 227

(1) The payment may be performed in national currency in cash or by some other means of payment in accordance with the rules in force. Payment can also be made by adjustment of credit balance where the provisions in force so allow.

Article 227a

Provided the amount of duty payable by the person concerned relates to goods declared for a customs procedure which entails the obligation to pay such duty, the Customs Administration shall, at that person's request, grant deferment of payment of that amount under the conditions laid down in Articles 227b, 227c and 227d.

Article 227b

(1) The granting of deferment of payment shall be conditional on the provision of security by the applicant.

(2) If the granting of deferment of payment gives rise to incidental expenses for the Customs Administration, those expenses shall be borne by the applicant.

Article 227c

(1) The Customs Administration shall decide which of the following procedures must be used when granting deferment of payment:

(a) separately in respect of each amount of duty entered in the accounts under the conditions laid down in the first paragraphs of Article 222 or in Article 224 of this Act, or

(b) globally in respect of all amounts of duty entered in the accounts under the conditions laid down in the first subparagraph of Article 222 during a period fixed by the Customs Administration not exceeding 31 days, or

(c) globally in respect of all amounts of duty forming a single entry in accordance with the second paragraph of Article 222.

Article 227d

(1) The period for which payment is deferred shall be 30 days. It shall be calculated as follows:

(a) where payment is deferred in accordance with Article 227c, item a) of this Act, the period shall be calculated from the day following the date on which the amount of duty is entered in the accounts by the Customs Administration;

Where Article 223 of this Act is applied, the period of 30 days calculated in accordance with the first subparagraph shall be reduced by the number of days corresponding to the period in excess of two days used to enter the amount in the accounts;

(b) where payment is deferred in accordance with Article 227c, item b) of this Act, the period shall be calculated from the day following the date on which the aggregation period expires. It shall be reduced by the number of days corresponding to half the number of days in the aggregation period;

(c) where payment is deferred in accordance with Article 227c, item c) of this Act, the period shall be calculated from the day following the expiry date of the period during which the goods in question were released. It shall be reduced by the number of days corresponding to half the number of days in the period concerned.

(2) Where the number of days in the periods referred to in paragraph 1, items b) and c) of this Article is an odd number, the number of days to be deducted from the 30-day period pursuant to paragraph 1, items b) and c) shall be equal to half the next lowest even number.

(3) In order to simplify matters, where the periods referred to in paragraph 1, items b) and c) are a calendar week or a calendar month, Customs Administration may provide that the amount of duty in respect of which payment has been deferred shall be paid:

(a) if the period is a calendar week, on the Friday of the fourth week following that calendar week;

(b) if the period is a calendar month, by the sixteenth day of the month following that calendar month.

Article 227e

(1) Deferment of payment shall not be granted in respect of amounts of duty which, although relating to goods entered for a customs procedure which entails the obligation to pay such duty, are entered in the accounts in accordance with the provisions in force concerning acceptance of incomplete declarations, because the declarant has not, by the time of expiry of the period set, provided the information necessary for the definitive valuation of the goods for customs purposes or has not supplied the particulars or the document missing when the incomplete declaration was accepted.

(2) Deferment of payment may be granted in the cases referred to in paragraph 1 where the amount of duty to be recovered is entered in the accounts before the expiry of a period of 30 days from the date on which the amount originally charged was entered in the accounts or, if it was not entered in the accounts, from the date on which the declaration relating to the goods in question was accepted. The duration of the deferment of payment granted in such circumstances shall not extend beyond the date of expiry of the period which, pursuant to Article 227d of this Act, was granted in respect of the amount of duty originally fixed, or which would have been granted had the amount of duty legally due been entered in the accounts when the goods in question were declared.

Article 227f

(1) The Customs Administration may grant the debtor payment facilities other than deferred payment. The granting of such payment facilities shall:

(a) be conditional on the provision of security. However, such security need not be required where to require it would, because of the situation of the debtor, create serious economic or social difficulties,

(b) result in credit interest being charged over and above the amount of duty. The amount of such interest shall be calculated in such a way that it is equivalent to the amount which would be charged for this purpose on the national money or financial market of the currency in which the amount is payable. The Customs Administration may refrain from claiming credit interest where to claim it would, because of the situation of the debtor, create serious economic or social difficulties.

Article 227g

(1) Regardless of the payment facility granted to the debtor, the latter may in any case pay all or part of the amount of duty without awaiting expiry of the period granted for payment.

Article 228

(1) The Minister of Finance shall prescribe cases in which a Customs House may collect the customs debt in cash.

(2) A third person may, instead of the debtor, pay the amount of debt.

Article 229

(1) If the amount of debt is not paid within the prescribed period:

a) the Customs House shall undertake all legally prescribed measures, including enforcement in order to secure the payment of that amount, and the Government of the Republic of Croatia may prescribe special provisions regarding guarantors within the transit procedure,

b) interest on arrears shall be calculated on the amount of debt in accordance with the regulation on interest on arrears.

(2) Banks and other persons authorized to carry out payment operations are obliged to execute customs debtor's payment orders related to the payment of the customs debt prior to all other obligations of the customs debtor.

(3) The Government of the Republic of Croatia may prescribe the amount of customs duty and interest which shall not be collected through enforcement action.

4) EXTINCTION OF THE CUSTOMS DEBT

Article 230

(1) In compliance with the regulations on the time-barring of a customs debt or non-recovery of such a debt in cases where it has been legally established that the debtor is insolvent, the customs debt shall be extinguished:

a) by payment of the amount of debt,

b) by remission of the amount of debt,

c) if, related to goods declared for a customs procedure entailing the obligation to pay duties:

- the customs declaration is invalidated;
- the goods, before their release, were seized and simultaneously or subsequently confiscated, destroyed on instruction from the Customs House, destroyed or abandoned to the Republic of Croatia pursuant to Article 185 of this Act, or destroyed or irretrievably lost as a result of their nature, unforeseeable circumstances or *force majeure*;

d) if goods in respect of which a customs debt is incurred pursuant to the Article 205 of this Act are seized upon their unlawful introduction and are simultaneously or subsequently confiscated.

(2) In the event of seizure and confiscation, the customs debt shall be deemed not to have been extinguished if, according to the Criminal Act, the customs debt is the basis for determining penalties or if the existence of the customs debt is grounds for initiating criminal proceedings.

(3) A customs debt which has been incurred pursuant to Article 220 of this Act shall be extinguished when all formalities that were completed for the purpose of getting the right to preferential tariff treatment have been cancelled as set out in Article 220 of this Act.

(4) Provisions of the General Tax Act shall apply to the time-barring of calculation and collection of the customs debt.

Article 230a

- (1) The right of the recovery of debt shall be time-barred in the time period of three years counting from the expiry of the year in which the debt incurred.
- (2) The course of the time-barring shall be interrupted by any official activity of the Customs Administration and other competent bodies aimed at determining a debt or the recovery of debt, which was communicated to the debtor, as well as any other activity taken for the purpose of determining criminal and misdemeanour liability.
- (3) After the undertaken activities referred to in paragraph 2 of this Article the time barring period initiates.
- (4) The right of recovery of debt is time-barred in any case after the expiry of six years counting from the expiry of the year in which the debt incurred.

5) REPAYMENT AND REMISSION OF DUTY

Article 231

(1) Particular expressions within the text of this Chapter shall have the following meaning:

- a) Repayment: the total or partial refund of import or export duty that was already paid,
- b) Remission: either a decision to waive the recovery of the total debt or part of the debt, or decisions which render void the entry in the accounts of the total or partial import debt or export debt that has not been paid.

Article 232

(1) Customs debt on importation or exportation shall be repaid up to the amount for which it shall be proved that at the moment of payment it was not established in accordance with the law or was entered in accounts contrary to Article 224, paragraph 2 of this Act.

(2) Customs debt on importation or exportation shall be remitted up to the amount for which it shall be proved that at the moment of entering into accounts it was not established according to the law or was entered into accounts contrary to Article 224, paragraph 2 of this Act.

(3) The repayment or the remission shall not be allowed if the facts, which resulted either with the payment or with entering in the accounts of the amount which was not based on act, are the result of the deliberate deceitful act of the person.

(4) The import or the export debt shall be repaid or remitted after submitting the request to the Customs House within a period of three years from the date the debt was communicated to the debtor in respect of the amount of debt. The time limit shall be extended if the person provides evidence that he was hindered to submit the request within the determined period due to the unforeseeable circumstances or *force majeure*.

(5) The Customs House shall repay or remit the debt ex officio if, within the period of three years from the date the debt was communicated to the debtor, establishes irregularities referred to in paragraph 1 and 2 of this Article.

Article 233

(1) The amount of the import or export debt shall be repaid if the customs declaration has been invalidated and the customs duty paid. The repayment shall be approved based on the request submitted within a period prescribed for submitting the application for the invalidation of customs declarations.

Article 234

(1) The import debt shall be repaid or remitted in the amount for which is proved that was entered in the accounts referring to goods placed under the adequate customs procedure and returned by the importer because at the moment of acceptance of the customs declaration they were either defective or were not complying with the terms of contract on the basis of which they were imported.

(2) Defective goods, within the meaning of paragraph 1, shall be deemed to include goods damaged before their release to the declarant.

(3) The repayment or the remission of the import debt shall be allowed on conditions:

- a) that the goods were not used, except for the initial operations necessary to establish defects or non-compliance of goods with the provisions of the contract,
- b) that the goods were exported from the customs territory of the Republic of Croatia.

(4) At the request of a person, the Customs House shall allow that the goods shall be destroyed, or for the purpose of re-exporting, placed under the transit procedure, the customs warehousing procedure, in a free zone or free warehouse instead of being exported. For the purpose of placing the goods under one of the mentioned procedures or usages, it shall be deemed that the goods have the status of foreign goods.

(5) The import debt shall not be repaid or remitted for goods that were temporarily imported for the purpose of testing prior to the release for free circulation, except if it has been determined that it was not possible to establish by such testing the fact, that the goods either have a defect or do not comply with the terms of contract.

(6) The import debt shall be repaid or remitted out of the reasons stated in paragraph 1 of this Article, if the person submits the application to the Customs House within twelve months from the date of communicating the amount of debt to the debtor.

(7) The Customs House may exceed this period in duly justified cases.

Article 235

(1) The Government of the Republic of Croatia may also prescribe other cases of the repayment or the remission of the import or the export customs debt, except for those referred to in Articles 232, 233 and 234 of this Act, that cannot be attributed to the deception or obvious negligence of the customs debtor or other participants within the appropriate customs procedure and special conditions and the procedure for the realization of the repayment or the remission.

(2) The repayment or the remission of the customs duty due to reasons stated in paragraph 1 of this Act shall be allowed upon submission of an application of the declarant, submitted to the Customs House within twelve months from the date when the debt was communicated to the debtor. The Customs House may extend the time-limit in exceptional and justified cases.

Article 236

(1) Export or import customs duties shall be repaid or remitted under conditions set out in this chapter only if the amount to be repaid or remitted is higher than the amount set out by the Government of the Republic of Croatia.

Article 237

(1) If the Customs House repays the amount of import or export duty, including the amount of credit interest or interest on arrears calculated and collected, the interest

shall be calculated and paid upon the repaid amount, in accordance with the rules of interest on arrears.

Article 238

(1) Should the customs debt been unlawfully repaid or remitted in error, the original debt becomes payable again. The interest shall be calculated and collected in accordance with the rules of interest on arrears.

VIII. PENAL PROVISIONS

Article 239 Deleted

Article 240

(1) A legal person shall be fined by 10,000 to 1,000,000 Kuna, and a responsible person within the legal person as well as a natural person by 3,000 to 100,000 Kuna for the following offences:

1) when bringing in or taking out, or trying to bring in or take out the goods in the customs territory or from the customs territory respectively, outside the customs border-crossing or across the customs border-crossing at the time when customs border-crossing is not opened,

2) when bringing in or taking out, or trying to bring in or take out hidden goods across the customs border-crossing,

3) who introduces or takes out or attempts to introduce to the customs territory or take from the customs territory protected animals, fungi and plants, as well as their parts or derivatives without proper authorization and contrary to conditions and manner prescribed by this Act and international treaties and agreements which the Republic of Croatia has entered,

4) when not declaring the cultural or natural assets taken out from the customs territory or bringing them into the customs territory,

(2) A craftsman or a natural person performing any other registered activity shall be fined by 5,000 to 900,000 Kuna if the offence referred to in paragraph 1 of this Article has been committed in connection with conducting his/her craft business or other registered activities.

Article 241

(1) A legal person shall be fined by 3,000 to 900,000 Kuna, and a person in charge within the legal person as well as a natural person by 1,000 to 100,000 Kuna:

who, when entering or leaving the customs territory, enter or attempt to enter the customs territory without declaring the goods (Article 49, paragraph 1),

who, when entering or leaving the customs territory fail to submit a customs declaration for goods or one of its part which is of commercial nature or which is subject to restrictions or bans on importation or exportation (Article 71, paragraph 1.),

when bringing in or taking out, or trying to bring in or take out across the customs border-crossing a vehicle carrying falsified identification numbers of chassis or which has number plates that do not belong to it or if he presents falsified or non-belonging traffic documents or false documents for the vehicle,

when unloading or loading the goods without the authorisation of the Customs House or when doing so at the place which is not determined or approved for it (Article 58)

when using the temporary placed goods contrary to the conditions approved by the Customs House (Article 63, paragraph 1 and Article 64),

when not informing the Customs House about the facts incurred after issuing the authorisation for the customs procedure with the suspension system, or for the customs procedure with economic impact (Article 99, paragraph 2),

when selling, leasing, lending, pawning or renting the goods, imported with the relief of the payment of the import duty or released with a more favourable duty, prior to the expiry of the time limit prescribed as security for other obligations, without paying the customs debt (Article 187 paragraph 1),

when disposing with goods released for free circulation at reduced duty or suspended duty tariff for his/her personal use for special purposes contrary to the purpose for which more favourable tariff procedure has been approved (Article 22 and 94).

when not giving over the goods or a part of goods and accompanying documents to the Customs House of destination in the transit procedure or when giving over the goods in an altered state (Article 104 and 107),

when not transporting the goods which are brought in according to the route and in the manner approved by the Customs House (Article 50, paragraph 1),

when treating the goods as if fulfilling conditions for temporary importation and this treatment is contrary to the conditions for temporary importation prescribed by the provisions of this Act or Convention on Temporary Admission,

when not acting in accordance with the conditions and obligations prescribed by this Act or according to the authorisation of the Customs House, for the customs procedure with the suspension system and the customs procedure with the economic impact(Article 99),

if he/she falsely, inaccurately or incompletely states the quantity, quality, type, tariff classification, value or origin of goods or does not state all goods, which

results in the lower amount than prescribed amount of the calculation or payment of the customs debt (Article 71, paragraph 1 and Article 74),

when submitting the documents related to the implementation of the customs procedure or other customs approved practise or use of the goods where different quantity, the nature, the quality or the origin of goods is being stated (Article 71, paragraph 1, Articles 74 and 186),

who falsely present in customs declaration the amount of the customs debt therefore causing the calculation or collection of the debt in amount less than the one regulated (Article 71, paragraph 1 and Article 74),

by presenting false facts, achieve or try to achieve a total or partial relief from the payment of duty (Articles 160, 187 and 188),

when using the goods before the release by the Customs House has been approved under the required customs procedure,

when disposing with goods released by the Customs House, contrary to the conditions of the approved procedure,

when not ensuring the customs means of identification from damaging or destroying respectively or damages, destroys or removes them from the goods or the means of transport without the approval of the Customs House (Article 84, paragraph 2),

when not removing the goods, prohibited for importation, from the customs territory within the time limit determined by the Customs House,

when obstructing the customs supervising of business activities in a free zone or free warehouse (Article 173),

when performing activities contrary to the legal provisions or without the agreement of the Customs House in a free zone or free warehouse (Articles 176 to 178),

when achieving or trying to achieve the repayment or the remission of the customs debt by presenting false facts (Articles 232 to 235).

(2) A craftsman and a person performing another registered activity shall be fined by 3,000 to 700,000 Kuna if the offence referred to in paragraph 1 of this Article has been committed in connection with conducting his/her craft business or other registered activities.

Article 242

(1) A legal person shall be fined by 2,000 to 100,000 Kuna and a person in charge within the legal person as well as a natural person shall be fined by 500 to 20,000 Kuna for the following offences:

- 1) when not providing the goods and related documents under transit procedure over to the Customs business of destination within a determined time limit (Article 104 and 107),
- 2) when not re-exporting or re-importing the goods which were temporary imported or temporary exported within a determined time limit, or not requesting some other customs-approved procedure or use for them (Article 148),
- 3) when not exporting or re-exporting the goods in the inward processing procedure within a determined time limit, or not requesting some other customs-approved procedure or use for them (Article 127),
- 4) when not submitting the form for completion of the procedure in the inward processing procedure and in the processing procedure under the customs supervision,
- 5) when not submitting or not submitting in due time the summary declaration (Article 55).
- 6) when not keeping the documents or data according to the time limits laid down by this Act (Article 17),
- 7) when not submitting the declaration for customs-approved treatment or use according to the time limits laid down by this Act (Article 60 and 61),
- 8) when not submitting the supplementary declaration within the prescribed time limit (Article 88, paragraph 3),
- 9) when not keeping records or keeping records untidily, prescribed or determined by the authorisation of the Customs Administration for the particular customs procedure or some other form of customs-approved treatment,
- (10) when not re-importing the goods in the outward processing procedure within a determined time limit or not requesting some other customs-approved treatment or use for them (Article 157),
- (11) when not exporting the goods placed under the outward processing procedure within the prescribed period, in the case where the replacement goods were previously imported,
- (12) when not exporting the goods placed under the outward processing procedure within the replacement system with a prior import of compensating products, within the determined time limit (Article 165).

(2) A craftsman or a person performing another registered activity shall be fined by 1,000 to 50,000 Kuna if the offence has been committed in connection with conducting his/her craft business or other registered activities.

Article 243

(1) A legal person and a responsible person within a legal person and a natural person being found in the possession of goods or the person who buys, sells, hands over, receives as a gift, conceals, receives in charge or transport, uses or receives the goods and out of any reason knew or according to circumstances might have known that the goods are subject to the offence referred to in Article 240 and 241 of this Act, shall be fined with the same fine as it is prescribed for the offender.

(2) A craftsman and a person performing other registered activity shall be fined referred to in Article 240, paragraph 2 and Article 241, paragraph 2 of this Act, if the offence has been committed in connection with conducting his/her craft business or other registered activities.

Article 244

(1) A fine of HRK 500.00 shall be imposed on the spot on the natural person who has committed the offence referred to in Article 241, paragraph 1, item 1 of this Act if the goods concerned are worth a maximum of HRK 5,000.00, as well as the natural person who has committed the offence referred to in Article 242, paragraph 1, item 1 of this Act.

(2) The fine referred to in paragraph 1 of this Article is pronounced and collected by the Customs Houser. If the offender refuses to pay the fine, a regular judicial procedure shall be initiated against him.

Article 245

(1) The goods that are subject to the offence referred to in Article 240, Article 241, paragraph 1, item 2 and Article 243, in connection with Article 240 and Article 241, paragraph 1, item 2) of this Act shall be confiscated.

(2) The goods that are subject to the offence referred to in paragraph 1 and paragraph 2 of this Article shall be confiscated even in the case they are not in the possession of the offender.

3) The means of transport or conveyance used for the transport or conveyance of goods that are the object of the offence referred to in Article 240 of this Act shall be confiscated if the value of goods that are the object of the offence is more than one third of the value of the means of transport or conveyance.

(4) The means of transport or conveyance referred to in paragraph 3 of this Article which had a special built-in space for hiding the goods, and which has been used for the transport of the goods that are the object of the offence, shall be confiscated regardless the value of the goods.

(5) The means of transport or conveyance referred to in paragraph 3 and 4 of this Article shall be confiscated even in the case they are not in the possession of the offender.

(6) Implementation of the provisions of this Article does not influence the rights of third persons for indemnity by the offender.

Article 246

deleted

Article 247

(1) If the goods, for which the confiscation is prescribed, shall not be found, the Customs House must collect its customs value from the offender and initiate the procedure for the recovery of customs import duty in accordance with the provisions referred to the incurring of the customs debt.

(2) It shall be deemed that the goods are not found if, for any reasons, they may not be confiscated from the offender of the customs rules or from their owner.

(3) The offenders are jointly responsible for the value of the goods that have not been found and for the customs debt.

Article 248

deleted

Article 249

(1) Goods that are object of the customs offence, for which the confiscation is prescribed, shall be seized under the customs supervision until the penal procedure shall not be completed.

(2) The Customs House may, in some justified cases, release the goods, which should have been seized, to the person concerned if he/she produces a guarantee for the amount of the value of goods that are to be seized, and warn him/her that he/she cannot use or sell the goods or dispose with them in any other mode.

(3) When seizing the goods, an official record shall be made, which, among others, contains a detailed description of the goods. A copy of that official record and the receipt confirming that the goods concerned are being seized, the Customs House shall hand to the person who gave up the goods, or from whom the goods were taken.

(4) The Customs House may, until the customs procedure has been completed, seize the goods that are not subject to paragraph 1 of this Article, if there is a reasonable doubt that the goods were either used to commit or were intended for committing the offence, or that they were obtained by committing the customs offence or obtained in exchange for the goods obtained through the customs offence.

(5) Should the seizure of goods be no longer needed for the purposes of further procedure, the goods shall be returned to the person from whom it had been taken.

(6) The Customs House may seize the goods according to paragraph 1 and paragraph 4 of this Article regardless of the rights of third persons.

Article 250

(1) The procedure for a customs offence cannot be initiated, if more than three years passed from the date of committing the offence.

(2) The time-barring shall be interrupted by any act of the authorised body taken in order to persecute the offender because of the committed offence.

(3) By each interrupting, the time- barring shall be re-initiated.

(4) The procedure for a customs offence may not be either initiated or conducted onwards where the period of six years from the date of committing the offence has expired.

Article 250a

(1) The sanctions pronounced for minor offences shall not be enforced if three years have passed from the day the decision on the offence became legally valid and in force, and the statute of limitation begins to run from the day the offender received the legally valid decision by regular serving or from the day when the first-degree decision became legally valid and in force.

(2) The statute of limitation does not run in the period when, according to the law, the enforcement of sanctions for minor offences may not be initiated or continued.

(3) The statute of limitation regarding the sanctions for minor offences is interrupted by each action a competent body undertakes for the purpose of enforcement.

(4) After each interruption the statute of limitation begins to run anew.

(5) The statute of limitation on enforcement sanctions for minor offences shall run out in any case following six years from the day the decision on the offence became legally valid and in force.

Article 251

(1) At the request of the owner of the goods or the offender the Customs House may in justified cases allow the purchase of the goods confiscated within the customs by legally valid decision of the customs or judicial body, according to the provisions of this Act and regulations laid down by this Act.

Article 252

(1) The Misdemeanour Council conducting the procedure for a customs offence in first instance may allow, if justified, the payment of fine in instalments³, but the time limit of such payment may not exceed one year.

(2) If the offender fails to pay one of the instalments in due time, the collection of the entire uncollected debt of fine shall be performed without delay.

Article 253

³ Note: for this word the Croatian language has several synonyms. The newly proposed expression in the Croatian language is more suitable for application in law.

(1) The amounts collected from fines and those obtained by the sale of the confiscated goods, or amounts recovered due to the value of the goods, after deducting the costs, shall be the revenue of the budget of the Republic of Croatia.

(IX) SALE OF GOODS

Article 254

(1) The goods confiscated within the customs procedure and the goods that the Customs House may confiscate or sell respectively according to other provisions of this Act shall be exposed for sale.

(2) The Customs House may immediately sell animals, food or other perishable goods referred to under paragraph 1 of this Article.

(3) The Government of the Republic of Croatia shall prescribe conditions and the procedure of collecting, preserving and selling the confiscated goods referred to under paragraph 1 and 2 of this Article as well as foreign goods that have been disposed of in favour of the Republic of Croatia, according to the customs regulations.

Article 255

(1) If the goods referred to under Article 254 of this Act cannot be exposed for the public sale, or used due to reasons related to the health, veterinarian, psychopathological, safety or other reasons prescribed by specific rules, the Customs House shall dispose with them or resolve the problem of goods in question according to specific rules.

Article 256

(1) Funds obtained from the sale of goods must be distributed in that manner, that the import duty, taxes and other charges that are calculated on importation and the costs of storage and fines prescribed within the customs rules are collected first. The rest of the funds shall be the revenue of the Republic of Croatia.

Article 257

(1) Except for sale, the goods referred to under Article 254 of this Act may be disposed of or disposed with in some other manner under conditions and the manner prescribed by the Government of the Republic of Croatia.

(X) TRANSITIONAL AND FINAL PROVISIONS

Article 258

(1) The rights from the agreement and other administrative acts concerning the relief from customs duty or other customs privileges passed by the authorities, that have not been used at all or that have not been used in their entirety until the day of the implementation of this Act, may be used within the time limits stated in those acts.

(2) Where for the goods imported with the customs relief according to the rules that cease to be valid with the day this Act begins to be implemented, the ban foreseen

either for the alienation of those goods within a determined period or giving them for use to others or using them for purposes other than those for which the customs relief was approved, the appropriate provisions of those rules related to the period of ban for the disposal are applicable even after the implementation of this Act begins, until the expiry of the time limits set by the provisions on the ban for the alienation of such goods within a determined period, or giving them for use to others or using them for purposes other than those for which the customs privilege has been approved. The customs duty shall be calculated according to Article 187 of this Act.

Article 259

(1) The administrative procedures initiated before this Act begins to be implemented shall be terminated according to the rules that were in force prior to the implementation of this Act.

Article 260

(1) All penal procedures that have been initiated prior to the implementation of this Act shall be completed according to the provisions of this Act if it is more favourable for the offenders of customs rules.

(2) All penal procedures for offences that are not incorporated in this Act but were initiated prior to the implementation of this Act shall be suspended.

Article 261

(1) For goods, temporarily imported prior to the implementation of this Act and liable to the obligation of paying the customs duty according to Article 291 of the former Act, the customs duty shall be calculated and collected according to the rules that were valid by the day on which this Act begins to be implemented.

Article 262

(1) Customs warehouses, railway-customs warehouses, customs storage places, consignment warehouses, specialised warehouses for foreign goods and for goods produced in the Republic of Croatia as well as central warehouses that were established in accordance with the rules ceasing to be valid with the day on which this Act begins to be implemented, may continue with their business activities as customs warehouses according to the provisions of this Act on condition that the warehouse keeper achieves to obtain the decision on founding and operating the customs warehouse in accordance with this Act within a period of six months from the day when this Act begins to be implemented.

(2) The application for opening the customs warehouse according to this Act may be submitted prior to the day this Act begins to be implemented, whereby the decision of the authorised Customs House is to be applied from the day this Act begins to be implemented.

(3) If the warehouse keeper does not achieve to obtain the decision from the Customs House referred to in paragraph 1 of this Article, or if the Customs House establishes that the warehouse keeper does not fulfil the conditions prescribed in this Act for founding and operating a customs warehouse, the authorised Customs House shall issue the decision on terminating the activities of the customs warehouse and other warehouses under paragraph 1 of this Article.

Article 263

(1) The provisions for the implementation of this Act shall be issued within six months from the day this Act comes into force.

(2) Until the provision referred to in paragraph 1 of this Article comes into force, the appropriate rules laid down on the act are applied, which cease to be valid with the day on which this Act begins to be implemented.

Article 264

(1) With the day this Act begins to be implemented, the following pieces of legislation cease to be valid:

- 1) The Customs Act ("Official Gazette", No. 53 A/91, 33/92, 106/93, 92/94 and 62/99)
- 2) In the "Act on Free Zones" ("Official Gazette", No. 44/96), Articles 27 to 32 and Articles 34 and 35
- 3) In the "Act on Areas of special concern to the Republic of Croatia" ("Official Gazette", No. 44/96 and 57/96), Article 17, and
- 4) In "Act on Fire-fighting" ("Official Gazette", No. 58/96 and 87/96), Article 40a

(2) In the "Defence Act" ("Official Gazette", No. 74/93 and 57/96) in Article 182, paragraph 2, the word "customs" is to be omitted with the day on which this Act begins to be implemented.

Article 265

(1) This Act enters into force on the eight day following its publication in the "Official Gazette" and shall be implemented as of 1 January 2000.

(2) Exceptionally, the provisions of Chapter 3. The value of goods for customs purposes (Articles 29 and 48) and other provisions of this Act in the part necessary for their implementation, shall be implemented as of 1 October 1999.

ACT ON AMENDMENTS TO THE CUSTOMS ACT

("Official Gazette", No. 140/05)

This Act comes into force on the eight day following its publication in the "Official Gazette" and shall be implemented as of 1 January 2006, provided that:

- the provisions of Article 103 to 106, Article 106 and paragraph 1 and 2, Article 107 to 109, as well as provisions of the Article 192 to 203 of the Act, in the part related to transit procedure, are applied by the day The Act on Recognition of The Convention about Joint Transit Procedure of 20 May 1987 and The Convention on Simplification of the Formalities in the Transport of Goods of 20 May 1987 or since the day of the accession of The Republic of Croatia to The European Union respectively,

- since the day the Act on Recognition of the Convention about Joint Transit Procedure of 20 May 1987 and The Convention on Simplification of Formalities in the Transport of Goods of 20 May 1987 comes into force or since the day of the accession of The Republic of Croatia to The European Union respectively, valid provisions referred to in paragraph 1 of this Article shall cease to be applied, and the provisions of Article 106a, paragraph 3 and 4, Article 108, paragraph 2 and 3 and Article 219, paragraph 5 and 6 of the Act, and the provisions of The Convention on Joint Transit Procedure of 20 May 1987 and The Convention on Simplification of Formalities in the Transport of Goods of 20 May 1987 as well as the provisions of other customs regulations of The European Union in the part related to the transit procedure.

PROVISIONAL TRANSLATION