

THE CUSTOMS LAW

I. GENERAL PROVISIONS

- b) goods imported from other countries, which have been released for free circulation,
- c) goods obtained or produced in the customs territory of the Republic of Croatia, either from goods referred to under

12) **Customs procedure:**

- a) release of goods for free circulation;
- b) transit procedure;
- c) procedure of customs warehousing;
- d) procedure of inward processing;
- e) procedure of processing under customs control;
- f) procedure of temporary admission;
- g) procedure of outward processing, and
- h) export procedure

13) **Customs declaration:** the act or the document whereby a person in the prescribed form and manner requests to place goods under a given customs procedure.

14) **Declarant:** the person lodging the customs declaration in his own name or the person in whose name a customs declaration is lodged.

15) **Presentation of goods:** the notification to the Customs Office, in the manner laid down, of the arrival of goods at their certain organizational unit or at any other place designated or approved by the Customs Office.

16) **Release of goods:** the act whereby the Customs Office makes goods available for the purposes stipulated by the approved customs procedure.

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

18) **Holder of the authorization:** the person to whom an authorization has been granted according to customs rules.

2. GENERAL PROVISIONS RELATING TO THE RIGHTS AND OBLIGATIONS OF PERSONS WITH REGARD TO CUSTOMS RULES

a) Representation

Article 5

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

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.

The representative must be established in the Republic of Croatia, except in cases under the provisions of Article 76, paragraph 4 of this Law.

The representative must: state that he is acting on behalf of the person represented, specify whether the representation is direct or indirect, and submit the authentic document empowering him to Law as a representative, at the request of the Customs Office.

For persons failing to state either that they act in the name of or on behalf of another person, or where they do act in the name of or 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.

Exceptionally, the customs declaration may be lodged only by a person who acts as the representative, if he fulfils conditions for carrying on his business as a customs forwarder in accordance with special rules.

**b) Particularities of the administrative procedure
relating to the application of customs rules**

Article 6

Article 8

The decision taken by the Customs Directorate shall become enforceable by delivering it to the person concerned.

Exceptionally, upon an application submitted by the person concerned, the distress of the decision may be deferred, wholly or partially, if the Customs Directorate:

- a) has a good reason to believe that the disputed decision, either by the appeal or by other juridical means, is inconsistent with customs legislation, or
- b) judges that irreparable damage is to be feared for the person concerned in the case of levying a distress upon him.

If the decision referred to in paragraph 2 of this Article is related to the calculation of import or export duties, a distress may be deferred only if, together with the appeal against the decision in question, an adequate security is being lodged for the full payment of the disputed amount of customs duties and other import charges.

c) Special cases of annulling, revoking and amending of the decision in accordance with this Law

Article 9

A decision taken in the first instance, by which the Customs Office adopted wholly or partially the application submitted by the person concerned, can be annulled by the Customs Office in accordance with its official duty within a period determined under the provisions of Article 17 of this Law, if it was issued on the basis of incorrect or incomplete facts, and if:

- a) the applicant knew or according to circumstances should reasonably have known that facts were incorrect or incomplete, and
- b) such decision could not have been taken on the basis of correct and complete facts.

The decision taken under paragraph 1 of this Article shall be delivered to the person concerned without any delay.

Annulment shall take judicial effect from the date on which the annulled decision was taken.

Article 10

A decision in the first instance by the Customs Office, that accepts the application of the person wholly or partially, may be revoked or amended by the

Binding information shall have the power of the decision taken in the administrative procedure.

Binding tariff information and binding origin information shall be binding on the Customs Directorate as against the holder of the information only in respect of

- b) in a case of determining of the origin of goods:
 - 1. if existing provisions are amended or the international agreement is signed

Article 18

Where time limit or date is laid down by the customs rules, such time limit may be extended and such date deferred only if this is explicitly provided for within the same provisions.

Article 19

The Government of the Republic of Croatia shall determine the cases and the conditions that allow simplifications of the customs procedure when applying the customs rules.

**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 OF
GOODS WITHIN CUSTOMS TARIFF**

Article 20

For goods imported into the customs territory of the Republic of Croatia an import duty shall be paid according to the Customs Tariff and regulations prescribed in this Law and the Customs Tariff Law.

The Government of the Republic of Croatia may, by exception, for the purposes

In terms of paragraph 1 of this Article, the expression “more favourable import duty“ means a reduction or suspension of an import duty as referred to in Article 4, item 6 of this Law, and even within the framework of the tariff quotas.

2. ORIGIN OF GOODS

a) Non-preferential origin

Article 23

The provisions of Articles 24 to 27 of this Law define the non-preferential origin of goods for the purposes of:

- a) applying the Customs Tariff of the Republic of Croatia, with the exception of the measures referred to in Article 21 of this Law.
- b) applying the other measures determined by the stipulations of specific rules relating to trade in goods, and
- c) issuing of certificates of origin.

Article 24

Goods originated in a certain country shall be those goods that are wholly obtained or produced in that country.

The following goods shall be deemed to be wholly obtained in a given country:

- a) mineral products extracted from the soil, from its territorial waters or from its sea-bed;
- b) vegetable products harvested or gathered in that country;
- c) live animals born and raised in that country;
- d) products derived from live animals in that country;
- e) products of hunting or fishing carried on therein,
- f) products obtained by maritime fishing and other products taken from the sea by a vessel of that country;
- g) products obtained aboard a factory ship of that country solely from products of the kind covered by paragraph f) above;
- h) products extracted from marine soil or subsoil outside that country's territorial waters, provided that the country has sole rights to work that soil or subsoil;
- i) scrap and waste from manufacturing and processing operations, and used articles, collected in that country and fit only for the recovery of raw materials,
- j) goods produced in that country solely from the products referred to in paragraphs (a) to (i) above.

For the purposes of paragraph 1 of this Article, the expression “country” shall

authorized to verify certificates and issue explanatory notes in respect to origin of goods.

b) Preferential origin of goods

Article 28

The regulations on preferential origin that the goods have to fulfil in order to benefit from the measures referred to in Article 21 of this Law shall be laid down by the relevant free trade agreements.

3. VALUE OF GOODS FOR THE CUSTOMS PURPOSES

Article 29

The provisions of this Chapter shall determine the customs value of goods in order to apply the Customs Tariff of the Republic of Croatia.

Article 30

The terms below have the following meanings:

- a) “customs value of imported goods” means the value of goods for the purposes of levying ad valorem duties of customs 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 or identical or similar 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) In this Chapter “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.

The terms “identical goods” and “similar goods” do not include, as the case may be, 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), item 4 because such elements were undertaken in the country of importation;

Goods shall not be regarded as “identical goods” or “similar goods” unless they were produced in the same country as the goods being valued;

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

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

- a) they are officers or directors of one another’s businesses;
- b) they are legally recognised partners in business;
- c) they are employer and employee;
- d) any person directly or indirectly owns, control 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.

Persons who are associated in business with one another in that one is the sole agent, sole distributor or sole concessionaire, however described, of the other shall be deemed to be related for the purposes of this Chapter if they fall within the criteria of paragraph 4.

3. do not substantially affect the value of the goods;
- b) that the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;
- c) that no part of the proceeds of any subsequent resale, disposal or use of

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

Article 33

If the customs value of the imported goods cannot be determined under the provisions of Article 31 and 32, 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.

In applying this Article, the transaction value of similar goods in a sale at the same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the customs value.

Where no sale referred to in Paragraph 2 of this Article is found, the transaction value of similar goods sold at a different commercial level and/or in different quantities, adjusted to take account of differences attributable to commercial level and/or to quantity, shall be used, provided that such adjustments can be made on the basis of demonstrated evidence which clearly establishes the reasonableness and accuracy of the adjustment, whether the adjustment leads to an increase or a decrease in the value.

An adjustment referred to in Article 38, paragraph 1.a), item 4-6 shall be made to take account of significant differences in the costs and charges between the imported goods and the similar goods in question arising from differences in distances and modes of transport.

If, in applying this Article, more than one transaction value of similar goods is found, the lowest such value shall be used to determine the customs value of the imported goods.

Article 34

If the customs value of imported goods cannot be determined under the provisions of Articles 31, 32 and 33, the customs value shall be determined under the provisions of Article 35.

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

Article 35

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. either the commissions usually paid or agreed to be paid or the additions usually made for profit and general expenses in connection with sales in Republic of Croatia of imported goods of the same class or kind;
2. the usual costs of transport and insurance and associated costs incurred within the Republic of Croatia;
3. the customs duties and other internal taxes payable in the Republic of Croatia by reason of the importation or sale of the goods.

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 provision of paragraph 1 (a), 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.

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 (a).

Article 36

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 cost or value of materials and 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;
- c) the cost or value of all other expenses under Article 38 paragraph 1. a) item 4, 5 and 6.

No Member may require or compel any person not resident in own territory to produce for examination, or to allow access to, any account or other record for the purposes of determining a computed value.

Information supplied by the producer of the goods for the purposes of determining the customs value under the provision of this Article may be verified in another country by the authorities of the Republic of Croatia 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

If the customs value of the imported goods cannot be determined under the provisions of Articles 31 through 36, 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.

No customs value shall be determined under the provisions 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 the provision of Article 36;
- e) the price of goods for export to a country other than the Republic of Croatia;
- f) minimum customs values; or
- g) arbitrary or fictitious values.

If the importer so requests, the importer shall be informed in writing of the customs value determined under the provision of this Article and the method used to determine such value.

Article 38

In determining the customs value under the provisions of Article 31, 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 of imported goods to the port or place of importation

Notwithstanding paragraph 1. 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 in determining the customs value; and
- 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 d

should have been paid to settle the debt shall as a rule be considered as the customs value.

In establishing the customs value of goods, all price reductions and cash discounts shall be taken into consideration, providing that they were already determined at the time of determining the customs value and that they will be effected within the prescribed period of time following the import of goods.

Article 41

The customs value of goods imported without being on sale shall be determined pursuant to Article 32 to 37 of this Customs Law.

The customs value of temporarily imported goods shall be determined pursuant to Article 32 to 37 of the present Law.

Should the imported goods be damaged before being released for free circulation, the customs value shall be determined by reducing the appropriate agreed price by the percentage of damage. The percentage of damage shall be assessed by the customs office. In the event that on the basis of a credit entry a new price (in accordance with the conditions of Article 1 of the present Law) has been agreed upon, that price shall be taken as the new customs value.

Article 42

If, in the course of determining the customs value of imported goods, it becomes necessary to delay the final determination of such customs value, the importer of the goods shall nevertheless be able to withdraw them from customs if, where so required, the importer provides sufficient guarantee in the form of surety, a deposit or some other appropriate instrument, covering the ultimate payment of customs duties for which the goods may be liable.

Article 43

The customs value of carrier media bearing data or instructions for data processing equipment (hereinafter "software" only) shall not include the price or the value of the software, provided that such price or value of the software is distinguished from the price or the value of the carrier media.

The term "carrier media" from Paragraph 1 of this Article shall not mean integrated circuits, semiconductors and similar equipment or products containing such circuits or equipment;

The term "data or instructions" shall not mean sound recordings, cinematographic recordings or videorecordings.

Article 44

The customs office may in a customs procedure ask the declarant to provide all necessary data for determination of the customs value pursuant, to the Articles 31 to 37 of the present Law.

Nothing in this Chapter shall be construed as restricting or calling into question

Article 48

The Government of the Republic of Croatia shall issue regulations defining in detail conditions and manner of application of Articles 29 to 47 of this Law

III. PROVISIONS APPLICABLE TO GOODS BROUGHT

The customs verification may also undergo the goods that are still outside the customs territory of the Republic of Croatia, as if they were introduced into the customs territory of the Republic of Croatia, if agreement concluded with this specific country contains such authorization.

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 verification possibilities shall not be jeopardised thereby.

The provisions in paragraphs 1 to 4 of this Article and the provisions in Articles 51 to 65 of this Law 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.

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

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

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

Where, by reasons of unforeseeable circumstances or force majeure, a vessel or aircraft covered by Article 50, paragraph 7 of this Law is forced to be put into port or land temporarily in the customs territory of the Republic of Croatia, and the obligation laid down in Article 50, paragraph 1 of this Law 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 Office about it.

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The Customs Office 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

declaration, which cannot be extended beyond the first working day following the day on which the goods were presented.

Article 56

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

The summary declaration shall be lodged by:

- a) the person who introduced 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

Without prejudice to the provisions referring to postal traffic or goods carried by travellers when entering the country, or the goods being transferred, the Customs Office shall not request lodging of the summary declaration if the measures of the customs supervision are not jeopardised 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 Law.

Article 58

Goods can be unloaded or transhipped from the means of transport carrying them solely with the authorization of the Customs Office in designated and approved places.

In the case of the imminent danger necessitating the immediate unloading of all or part of the goods, the authorization of the Customs Office is not necessary. In such case, the Customs Office must be immediately informed.

The Customs Office 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

The goods must not be removed without the authorization of the Customs Office from the place where they were originally placed.

**4.OBLIGATION TO ASSIGN GOODS PRESENTED TO
CUSTOMS A CUSTOMS-APPROVED TREATMENT OR USE**

Article 60

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

Article 61

If the summary declaration is being lodged for goods, the formalities for the assigning a customs-approved treatment or use must be fulfilled within the following period:

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

The Customs Office may demand that the person who is in the possession of the goods lays down security for the payment of the customs debt which may incur according to Articles 206 or 207 of this Law.

Article 64

Goods in temporary storage may be subjects only to such forms of handling needed to ensure their preservation without altering their appearance or technical characteristics.

Article 65

If within the periods determined in Article 61 of this Law, the formalities necessary for assigning a customs-approved treatment or use shall not be taken, the Customs Office shall take all the measures necessary, including the sale of the goods, without any delay.

The Customs Office shall be authorized, at the responsibility and expense of the person that is in the possession of the goods, to remove the goods to a special place under the customs supervision until the procedure referring to goods shall be completed.

**6. PROVISIONS APPLICABLE TO GOODS
UNDER A TRANSIT PROCEDURE**

Article 66

Article 50, with the exception of paragraph 1, item a) and Articles 51 to 65 of this Law shall not apply to goods introduced into the customs territory of Croatia, if they are already placed under a transit procedure.

When foreign goods, that are conveyed under a transit procedure, reach their destination within the customs territory of the Republic of Croatia and are presented to the Customs Office in accordance with the rules governing transit procedure, the provisions of Articles 55 to 65 of this Law shall apply.

7. OTHER PROVISIONS

Article 67

Where the circumstances so require, the Customs Office may undertake actions in order to destroy the goods presented. The Customs Office 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

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 is obstructed, the Customs Office shall take any measures necessary, including the sale of goods, in order to regularize the situation of those goods.

Article 69

The Minister of Finances shall prescribe the regulations for the application of the provisions established within Part III of this Law.

IV. CUSTOMS-APPROVED TREATMENT OR USE

1. GENERAL

Article 70

Where this Law shall not prescribe otherwise, the goods may be assigned any customs-approved treatment or use irrespective of their nature, quantity, their country of origin, nature of consignment or destination in a defined way.

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.

The Minister of Finances shall prescribe the procedure for goods imported to the Republic of Croatia, where the reasonable suspicion exists, that such import violates the rights of the intellectual property.

2. CUSTOMS PROCEDURES

1. Placing of goods under a customs procedure

Article 71

For all goods placed under a customs procedure a declaration shall be lodged for a requested procedure.

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, of destroying them or annulling the customs declaration.

Article 72

The Minister of Finances may define the competence of the particular Customs Offices for the customs clearance of certain sorts of goods or for the implementation of certain procedures.

Article 73

The customs declaration shall be lodged:

- a) in writing, or
- b) using a data-processing technique where provided for by technical possibilities and if the use of such means shall be approved by the Customs Directorate, 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.

The form of the customs declaration, the manner of fulfilling it, its contents and

Article 82

period and it is not necessary for the goods to be present in order to verify the declaration.

All the goods comprised within one declaration shall be released at the same time.

If the declaration comprises a number of items, in order to implement paragraph 2 of this Article, it shall be deemed that a separate declaration is lodged for each of those items.

Article 86

If the customs debt arises by the acceptance of the declaration, the goods cannot be released to the declarant so long as the debt is not paid, or until the security for this payment is laid down.

Where security is required for a debt which may arise according to the rules for

2.Simplified procedures

Article 88

C. POST CLEARANCE EXAMINATION OF DECLARATION

Article 90

The Customs Office may, in the line of duty or at the request of the declarant, amend the accuracy of the declaration, even after the release of the goods to the declarant,.

The Customs Office may, after releasing the goods and in order to verify the accuracy of the particulars contained in the declaration, inspect afterwards 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 said operations, or at the premises of any other person in possession of the said data and documents. The Customs Office may also inspect the goods, if it is still possible.

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

2. Release for free circulation

Article 91

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

In order to be released for free circulation, the goods shall have to comply with all the commercial measures and all the provisions in respect to the import of goods and the payment of the customs duty and any duties legally owed.

Article 92

If the import duty shall be 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 Law, the declarant may request the application of the reduced rate of the import duty.

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

If a consignment consists of goods that fall into different tariff subheadings, and such tariff classification and fulfilment of the declaration would cause work and expenses that are disproportionate to the import duties chargeable, the Customs Office may, at the request of the declarant, allow import duties on the whole consignment to be charged on the basis of the tariff subheading of those goods,

Article 96

In Articles 97 to 102 of this Law:

- a) where the term “ suspensive procedure ” is used, in the case of foreign

Article 99

The authorization must contain all conditions under which a certain procedure shall be performed.

The holder of the authorization must communicate the Customs Office immediately of all the facts arising after the authorization was granted, that influences its validity or its contents.

Article 100

The Customs Office may stipulate that the holder of the authorization shall submit a security for the payment of customs debt that may incur when placing the goods under a suspensive procedure.

In particular suspensive procedures, special provisions on laying down security may be stipulated.

Article 101

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

The Customs Office shall be obliged to take all measures for regulating the question of goods in respect of which a procedure has not been terminated according to the conditions prescribed.

Article 102

The rights and obligations of the user of a customs procedure with economic impact may, on the conditions stipulated by the Customs Office, be transferred to other persons who fulfil all

- a) foreign goods, without such goods being subject to import duties and other charges or to commercial policy measures,
- b) Croatian goods, that underwent the export procedure.

Article 107

The principal shall be liable for laying down the guarantee for the payment of customs debt and other charges that may incur referring to the goods.

The Government of the Republic of Croatia may prescribe that the guarantee under paragraph 1 of this Article needs not to be laid down in the case of:

- a) transport by sea, river or air
- b) transport by oil pipeline, and
- c) transport by the Croatian railways

Article 108

The Minister of Finances may prescribe in which cases, instead of a guarantee, another form of security in the transit procedure may be laid down.

Article 109

Transit procedure may be permitted for transporting Croatian goods from one point to another within the customs territory of the Republic of Croatia through the territory of another state as well, without its customs status being changed.

The transport referred to in paragraph 1 of this Article shall be performed:

- a) by the transit procedure under the condition that such a possibility is foreseen under an international agreement,
- b) by a procedure of the TIR-Convention,
- c) by a procedure of the ATA-Convention,
- d) by post (parcel post)

In the case of paragraph 2, item a) of this Article, the provisions of Articles 104, 106 and 108 of this Law are to be applied accordingly.

C. CUSTOMS WAREHOUSES

Article 110

The customs warehousing procedure may be permitted for placing 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 placed in a customs warehouse, attract the application of measures applicable to

stored in the warehouse as well as other warehousekeeper's obligations towards the Customs Office.

The applicant must enclose evidence about fulfilling the conditions prescribed in the specific rules regarding the storage of specific sorts of goods, operating of specific activities or handling of goods stored in such a warehouse.

Article 113

The warehousekeeper 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,
- c) fulfilling the particular conditions comprised in the authorization for opening a customs warehouse.

The Customs Office may require from the warehousekeeper to provide a guarantee according to his obligations specified in the previous paragraph.

Article 114

By way of derogation from Article 113 of this Law, in the authorization concerning a public warehouse may be stipulated that the obligations referred to in Article 113, item a) or b) of this Law devolve exclusively upon the warehousekeeper.

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

Article 115

The rights and obligations of the warehousekeeper may, with the agreement of the Customs Office, be transferred to another person.

Article 116

The warehousekeeper shall be obliged to keep stock records regarding the goods that are placed under the customs warehousing procedure in a form prescribed by the Minister of Finance.

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

The Customs Office may dispense the warehousekeeper with keeping stock records under paragraph 1 of this Article, where the obligations referred to in Article 113, item a) and b) of this Law 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, item b) of this Law.

Article 117

In the case where an economic need exists and customs supervision is not jeopardised thereby, the Customs Office may allow:

- a) Croatian goods, other than those referred to in Article 110, paragraph 1, item b) of this Law, 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.

In the cases under paragraph 1 of this Article, the goods shall not be subject to the customs warehousing procedure.

The Customs Office may require the goods under 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 Law.

Article 118

There shall be no time limit for the goods to remain in the customs warehousing procedure.

Article 119

Imported goods may be subject to the usual forms of handling performed in order to preserve the goods, improve their appearance or marketable quality, or

the quantity may be accepted as they were at the time referred to in Article 218 of this Law, and as if the goods had not been subject to such handling.

- a) processing operations are:
- the working of goods, including erecting, assembling and building-in other products

procedure. That period shall run from the date of acceptance of the export declaration relating to the compensating products from the corresponding equivalent goods.

Article 128

Article 131

of the Republic of Croatia with the authorization of the Customs Office, and in accordance with the conditions prescribed for the outward processing procedure.

If customs debt incurs related to re-imported products, it

Article 134

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 particulars of the authorization given.

The Customs Office may demand the mentioned authorization to be attached to the declaration of release of goods for free circulation.

Article 135

In the framework of drawback system, the provisions of Article 125, paragraph 1 under b), and paragraph 3 and 5 of the same Article, Article 127, paragraph 3, Articles 129 and 130, Article 131 under a), second indent and under c) of this Law shall not apply.

Article 136

Temporary exportation of compensating products, implemented according to Article 132, paragraph 1 of this Law, shall not be considered as exportation within

of this Article, are being released for free circulation, the amount of the import duty repaid or remitted shall constitute the amount of customs debt.

In order to determine the amount of the import duty to be repaid or remitted, Article 131 under a), second indent of this Law shall apply appropriately.

E. PROCESSING UNDER CUSTOMS CONTROL

Article 138

Within the procedure of processing under customs control, the use of foreign goods in the customs territory 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.

Such products shall be termed processed products.

Article 139

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

Article 140

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

Article 141

The authorization shall be granted only:

- a) to persons established in 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 avoiding 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 Croatia, without jeopardising the essential interests of producers of similar or identical goods in Croatia.

Article 142

Authorizations referred to in Article 127, paragraphs 1 and 2, and Article 128 of this Law are also to be implemented in the procedure of processing under the customs control appropriately.

Article 143

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 authorization, the amount of customs debt shall be established on the basis of the rules competent 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

If the import goods fulfilled the conditions for preferential tariff treatment when they were placed under the procedure for processing under customs control, and such preferential tariff treatment may be implemented to products identical to the processed products released for free circulation, the import duty for the processed products shall be accounted at the rate of duty which applies to that preferential treatment.

If the preferential tariff treatment under paragraph 1 of this Article is subject to quotas or ceilings, the preferential tariff treatment may be allowed only in the cases where, at the time of acceptance of the declaration by which the processed goods are released for free circulation, the import goods fulfil the conditions for the implementation of the preferential tariff treatment. In this case, the quantity of import goods shall be written off from the quota which applies to the import goods, and not to the processed products.

F. TEMPORARY IMPORTATION PROCEDURE

Article 145

The temporary importation procedure shall allow the use of foreign goods in the customs territory, with 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 normal depreciation due to the use made of them.

Article 146

Temporary importation may be authorized at the request of the person who uses the goods or arranges for their usage.

Article 147

The Customs Office shall refuse the request for the authorization of the temporary importation procedure, if it is not possible to ensure the establishment of the identification of the import goods.

However, the Customs Office may allow 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 foreseen usage the abuse of the procedure is not possible.

Article 148

The Customs Office determines the period 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.

The goods may remain in the temporary importation procedure for the maximum period of twenty-four months, without prejudice to the applicable rules referring to the special periods laid down in Article 149 of this Law.

The Customs Office may, if exceptional circumstances so warrant, extend the periods determined in accordance with paragraphs 1 and 2 of this Article in order to fulfil the purpose of the authorized usage.

Article 149

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

The application for the temporary importation procedure with partial relief from import duty shall be granted for the goods that remain 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 on the basis of Article 149 of this Law or, if they are covered but do not fulfil all conditions necessary for the temporary importation with total relief.

G. OUTWARD PROCESSING PROCEDURE

II. Grant of the authorization

The Customs Office 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

Where, prior to being placed under the outward processing procedure, the temporary export goods were released for free circulation with the reduced

the holder of the authorization and are not influenced by any form of connection between the holder of the authorization and the person who performed the repair.

IV. Outward processing with use of the exchange system

Article 162

In accordance with the previous provisions and the provisions under Articles 162 to 167 of this Law, the standard exchange system shall allow an import product (hereinafter referred to as “replacement products”) to replace an obtained product.

The Customs Office 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.

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 Law.

The Customs Office may, under determined conditions, permit the replacement products to be imported before the temporary export goods are exported (prior importation). In such case security has to be laid down to cover the amount of the import duty for the replacement product.

Article 163

The replacement products must have the same tariff subheading, the same commercial quality and the same technical characteristics as the goods that are temporarily exported for the repair.

If temporary exported goods have been used before export, the replacement products have also to be used, and not new products.

The Customs Office may allow the exceptions, 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

The exchange system may be allowed only when it is possible to verify that the replacement product fulfils the conditions laid down in Article 163 of this Law.

Article 165

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

However, if exceptional circumstances so warrant, the Customs Office may extend that period based on a duly substantiated request by the holder of the authorization.

Article 166

In the case of the previous importation with the application of Article 159 of this Law, the amount to be deducted shall be determined on the basis of the accounting elements that are valid for the temporary export goods on the date of acceptance of the declaration by which the goods are placed in the outward processing procedure.

Article 167

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

V. Other provisions

Article 168

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

4. Export procedure

Article 169

In the export procedure Croatian goods shall be permitted to leave the customs territory of the Republic of Croatia. In the export procedure, the commercial measures shall apply and the export duty is calculated, if so prescribed.

All Croatian goods intended for export must be placed under the export procedure, with the exception of goods placed under the outward processing procedure or transit procedure according to Article 109 of this Law.

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

The export declaration is to be lodged at the Customs Office 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.

Article 170

Release 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.

3. OTHER TYPES OF CUSTOMS-APPROVED TREATMENT OR USE

1. Free zones and free warehouses

A. General

Article 171

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 law.

Article 172

The free zone is a part of the customs territory that is 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 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

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

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.

The access to a free zone or free warehouse may be denied or limited to particular persons, if the basis for the suspicion incurs that they shall not comply with the customs rules during their stay in the area of free zone or free warehouse.

The Customs Office may inspect the goods and carry out other measures of the customs supervision on goods entering, remaining or leaving free zone or free warehouse.

B. Placing of goods in free zones or free warehouses

Article 174

Both Croatian and foreign goods may be placed in a free zone or free warehouse.

The depositor may, with special consent from the Customs Office, 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 Office 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.

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

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 terminates the prior procedure.

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

The authorized Customs Office may demand keeping of special stock records of the goods liable to the payment of the export duty or application of other measures of the commercial policy.

At the request of the participant involved in a certain customs procedure in question or other persons concerned, the authorized Customs Office 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

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

For certain goods referred to in Article 172, paragraph 1, item b) of this Law, specific time limits may be prescribed.

Article 176

Foreign goods placed in a free zone or free warehouse may:

- a) be released for free circulation

D. Removal of goods from free zone or free warehouse

Article 180

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.

The provisions of Title III, with the exception of Articles 60 to 65 of this Law, shall apply to goods brought from a free zone or free warehouse 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 appropriate customs procedure.

Article 181

If the customs debt incurs in respect of foreign goods, which are introduced from a free zone or free warehouse into another part of the customs territory of the Republic of Croatia, the customs value is to be established on the basis of the price actually paid or payable. The costs of warehousing and of preserving the goods while they remain in a free zone or free warehouse are not included in the customs value if they are shown separately from the price actually paid or payable.

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.

If the goods have been subject to handling referred to in Article 119, paragraph 1 of this Law, previously authorized by the Customs Office, the declarant may request 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 Law, if the goods had not undergone such handling.

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

Article 182

Croatian goods referred to in Article 172 under b) of this Law, 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.

If Croatian goods in Article 172 under b) of this Law are not exported within the period prescribed in Article 175 of this Law, or are returned to another part of the

- abandoned to the Exchequer

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

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

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

The Government shall prescribe the rule determining in which cases and in what manner the goods may be abandoned to the Exchequer.

Destruction or abandonment of the goods to the Exchequer shall not entail any expense for the Exchequer.

VI. PRIVILEGED OPERATIONS

1. Relieves of customs duty

Article 187

The relief from import duties shall be granted for:

- 1) goods determined by international agreements that are compulsory to the Republic of Croatia;
- 2) goods of non-commercial nature, specified according to their sort, value and quantity, brought in from abroad by travellers;
- 3) goods contained within deliveries which are sent from abroad free of charge by natural persons to natural persons in the Republic of Croatia on condition that those are deliveries of non-commercial nature and comply with prescribed sort, value and quantity;
- 4) medals and awards obtained within the framework of international events and gifts received in the framework of international relationships;
- 5) goods which satisfy basic human needs, such as food, medicaments, clothes, or bedding imported by the humanitarian organizations for the distribution to jeopardised persons and victims of natural and other disasters. The relief does not include alcohol and alcoholic beverages, tobacco products and motor –driven vehicles. The relief shall be granted only to those organizations whose entries in the accounts and procedures enable the Customs Directorate to verify transactions related to such goods;
- 6) trade marks, patents, models and accompanying documents and forms for acknowledging patents or innovations which are sent to organizations for the protection of royalties and industrial property;
- 7) the following objects:
 - a) forms and documents received by the governmental institutions for performing of their public warrants;
 - b) objects which present evidence in legal or other proceedings in front of the governmental institutions of the Republic of Croatia;
 - c) exemplars of signatures and printed circular-letters which are sent as a part of information-exchange between public services or banking institutions;
 - d) official forms received by the National Bank of Croatia;
 - e) draft-plans, technical drawings, models, descriptions and other similar documents imported in order to fulfil the conditions for participating in international tenders organised within the country;

- f) printed forms, used in international traffic of vehicles and goods as official documents, according to international agreements, and
- g) parcel post.

The Government of the Republic of Croatia shall prescribe the conditions for the realisation and the limitation related to the disposal of goods relieved from paying duties according to paragraph 1 of this Article.

The Minister of Finances shall prescribe the procedure for the realisation of the relief from paying duty referred to in this Article.

2. RETURNED GOODS

Article 188

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

The Customs Office may approve the security to be provided by a person other than the person liable to provide security.

Providing security for covering the customs debt cannot be required from the public authorities.

Article 193

If providing security is not compulsory according to the customs rules, the Customs Office is authorized 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.

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

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 Office finds that a customs debt, which has been or may be incurred, will not be paid within the prescribed period.

Article 194

At the request of persons referred to in Article 192, paragraphs 1 and 3 of this

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 Office.

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.

If the Customs Office 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.

The Minister of Finances shall prescribe cases in which security for covering the customs debt includes also security for covering of legally owed charges, compulsory charged by the Customs Directorate according to special rules when importing or exporting the goods.

The Minister of Finances shall prescribe in which cases and under which conditions security shall not be required.

Article 196

Security may be provided:

- by a cash deposit in kuna or
- by guarantor.

Article 197

Equivalent with cash deposit shall be submitting of modes of payment, which shall be considered by the Customs Office as such regarding their issuer and conditions and modes of their collection.

The Minister of Finances shall be authorized to regularize details regarding the conditions and mode of depositing cash and other modes of payment equalised with it.

Article 198

The guarantor must undertake in writing to provide security for the customs debt.

The guarantor may be a third person established in Croatia, whose security the Customs Office considers as acceptable.

The Customs Office 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

The person obliged to provide security is free to choose the type of security laid down in Article 196 of this Law.

The Customs Office may refuse the type of security proposed, if considers it unsuitable for the appropriate customs procedure.

The Minister of Finances may prescribe that the type of security chosen shall be valid during a certain period.

Article 200

The Minister of Finances may prescribe the type of security other than those that3(a).5(i)5.8(n).5(

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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 is to be extinguished unless the amount involved does not justify such action.

Article 203

The Minister of Finances may, if necessary, prescribe derogation from the particular provisions in this chapter in order to fulfil the obligations arising when joining to the appropriate international agreements.

2. INCURRENCE OF A CUSTOMS DEBT

Article 204

A customs debt on importation shall arise:

- 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.

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

The customs debtor is the declarant; in the case of indirect representation, the customs debtor is also a person on whose behalf the customs declaration is lodged.

For the purposes of this Article, as 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, second indent of this Law.

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

If the amount of the customs debt cannot be determined precisely, the Customs Office shall determine it based on the tariff subheading of those goods that have

Article 210

b) the person who participated in removing the goods, although knowing or according to circumstances of the case having to know that a customs declaration prescribed has not been lodged.

Article 214

A customs debt on exportation shall be incurred when exporting the goods for which the prescribed condition, that they can leave the customs territory of the Republic of Croatia with total or partial relief from the payment of export duty, is not fulfilled.

The customs debt on exportation shall be incurred by non-fulfilment of the conditions on the basis of which the goods were or may have been exported from the customs territory of the Republic of Croatia with total or partial relief of the payment from the export duty, or in the event that the authorized Customs Office cannot determine that moment, by the expiry of the time limit set for the production of evidence that the conditions entitling the goods to such relief have been fulfilled.

The customs debtor shall be the declarant, and in the event of indirect representation the customs debtor shall also be the person on whose behalf the customs declaration is made.

Article 215

The customs debt referred to in Article 204 to 208 and Articles 212 to 214 of this

obvious negligence, and if he is able to prove that the other conditions for the realization of the privilege are fulfilled.

Article 217

If several persons shall be liable for payment of the customs debt, they shall be liable jointly and severally.

Article 218

If not provided otherwise in this Law, 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 on the basis of 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.

If it is not 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 authorized Customs Office concludes that the goods were in a situation in which a customs debt might have incurred.

If the Customs Office, on the basis of the information available, establishes 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

A customs debt shall be incurred at the place where the accurate circumstances from which it arises occur.

If the place referred to in paragraph 1 of this Article may be established it is to be deemed that the customs debt incurred at the place where, according to the conclusion of the Customs Office, the goods were in a situation which conditioned a customs debt to incur.

In cases where the customs procedure for certain goods is not discharged, 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.

If the Customs Office, on the basis of the information available, concludes 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.

Article 220

Where, based on conditions of the agreement which the Republic of Croatia has concluded with a third country, the authorization for a more favourable duty is foreseen in the cases of goods obtained in the Republic of Croatia under the inward processing procedure entitling thereby the compensating products, by validating the documents, to the right for a more favourable import duty in a third country, the customs debt is incurred for all foreign goods that were incorporated and consumed when obtaining the compensating products under the inward processing procedure.

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

The customs debtor shall be the declarant, and in event of indirect representation the customs debtor shall also be a person on whose behalf the export customs declaration is made.

The amount of duty corresponding to this customs debt is to 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 lodged at the same moment, after terminating the inward processing procedure.

3.RECOVERY OF THE CUSTOMS DEBT

a) Entry in the accounts

Article 221

Each amount of import or export duty resulting from a customs debt, hereinafter called "amount of duty" the Customs Office has to calculate immediately after receiving the necessary particulars and to enter them in the accounts or in any other equivalent document.

Paragraph 1 of this Article shall not apply:

- a) where temporary anti-dumping or countervailing duty is introduced,
- b) where the legally determined amount of duty exceeds the amount determined on the basis of a binding tariff information.

The Customs Office may discount the amount of duty in the cases referred to in Articles 225, paragraph 3 of this Law, if it was not able to communicate to the debtor the amount of debt after the end of the prescribed period.

The Ministry of Finances shall determine the implementing rule relating to the mode and the procedures of entry in the accounts.

The Government may prescribe the amount of duty that is not to be entered in the accounts subsequently.

Article 222

If a customs debt is 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 duties or any other act having the same effect as such acceptance, the debt shall be entered in the accounts immediately after it has been calculated and, at the latest, on the second day following that on which the goods were released.

On condition that the payment has been secured, the total amount of duty for the goods released to the same person within the period determined by the Customs Office, which cannot be longer than 30 days, may be single entered in the accounts at the end of the period. The entry in the accounts has to be performed

b) to determine the debtor.

**e) Time limits and procedures for the payment
of the amount of duty**

Article 226

The debtor has to pay the amount of duty communicated to him in accordance with Article 225 of this Law ten days following the communication and in the case of single entry in the accounts ten days from the date of the expiry of a period approved for the single entry.

Extending of the time limit shall be allowed on the line of the duty if the debt was communicated to the debtor too late and because of that he was not able to fulfil the recovery within the prescribed period.

The Customs Office may also extend the time limit at the request of a debtor if the amount of duty resulted from subsequent payment, under the condition that security has been laid down for its recovery.

The Government shall prescribe conditions under which the recovery of the debt may be remitted either in the case when the request for the remittance was submitted according to Articles 233 to 235 of this Law or when the goods were seized with the intention of confiscating them in accordance with Article 230, item c), second indent, or item d) of this Law.

Article 227

The payment may be performed in national currency in cash or by some other means of payment in accordance with the rules in force.

The Minister of Finances shall prescribe cases in which the Customs Office may collect the debt in cash.

The Minister of Finances may prescribe that the payment may be fulfilled by the adjustment of credit balance.

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

Article 228

The Minister of Finances may prescribe the conditions for the deferment of the payment of the customs debt.

Article 229

If the amount of debt shall not be paid on time:

In the events of the seizure and confiscation, the customs debt shall be deemed not to have been extinguished if, according to the criminal law, customs duties are the basis for determining penalties or the existence of a customs debt shall be the ground for taking criminal proceedings.

A customs debt that incurred according to Article 220 of this Law shall also be extinguished when all formalities and proceedings, carried out in order to obtain the right to the preferential tariff treatment referred to in Article 220 of this Law, shall be cancelled.

5. REPAYMENT AND REMISSION OF DUTY

Article 231

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 waiving from the recovery of the total debt or of the part of debt, or the invalidation of the entry in the accounts of the total or partial import debt or export debt which are not being paid.

Article 232

The repayment of import debt or export debt shall be carried out up to the amount for which is being proved that at the moment of paying has had not to be paid, or if it has been entered in the accounts contrary to Article 224, paragraph 2 of this Law.

The import and export debt shall be remitted if it is established that they were entered in the accounts unlawfully or that they were entered in the accounts contrary to the provisions of

submit the request within the determined period due to the unforeseeable circumstances or force majeure.

- 15) when obstructing the verification of the accepted declaration,
- 16) when using the goods or disposing with them before the release by the Customs Office has been approved under the customs procedure requested,
- 17) when removing, damaging or destroying the means of customs identification,
- 18) when not lodging the supplementary declaration,
- 19) when not keeping the prescribed records referred to the determined customs procedure or some other mode of customs-approved treatment of the goods,
- 20) when not informing the Customs Office about the facts incurred after issuing the authorization for the customs procedure with the suspensive system, or for the customs procedure with the economic impact,
- 21) 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 period prescribed as security for other obligations, without paying the customs debt,
- 22) when disposing with goods as if they were released for free circulation although all the formalities for releasing them for free circulation have not been performed yet, or the import duty has not been paid, or other conditions prescribed for the import of goods have not been fulfilled,
- 23) when not acting in accordance with the conditions and obligations prescribed and according to the authorization of the Customs Office for the customs procedure with the suspensive system and the customs procedure with the economic impact,
- 24) when trying to obstruct the customs supervising of business activities in a free zone or free warehouse,
- 25) when performing activities contrary to the legal provisions or without the authorization of the Customs Office in a free zone or free warehouse,
- 26) when not removing the goods, forbidden for importation, from the customs territory within a period determined by the Customs Office,
- 27) when achieving or trying to achieve

Article 244

A natural person who, within passengers traffic does not present the goods which he has the right to import, or who does not submit the documents, data or explanations needed for the Customs Office in order to implement the customs rules, or who by presenting false facts tries to achieve the relief from the customs duty or the payment in the lower amount or any other privilege shall have to pay 400,00 kuna penalty on the spot for such an offence.

The customs officer shall collect the penalty referred to in paragraph 1 of this Law and release the goods with the calculation and recovery of the import duty. If the offender refuses to pay the fine, the regular judicial procedure shall be initiated against him.

Article 245

The goods that are subject to the offence referred to in Articles 239, paragraph 1, items 1) and 2), the goods that are subject to the offence referred to in Article 240, paragraph 1, items 1) and 2) and the goods that are subject to the offence referred to in Article 243 in connection with Article 239, paragraph 1, items 1) and 2) and Article 240, paragraph 1, items 1) and 2), must be confiscated.

The goods that are subject to the offence referred to in Article 240, paragraph 1,

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.

The offenders are jointly responsible for the value of the goods that have not been found and for the customs debt.

reasonable doubt that the goods were either used to commit or were meant 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.

If the seizure of the goods is no longer needed for the purposes of the further procedure, the goods shall be returned to the person from whom it had been taken.

The Customs Office may seize the goods according to paragraph 1 and paragraph 4 of this Article regardless of the rights of the third persons.

Article 250

The procedure for the customs offences cannot be initiated, if more than two years passed from the date of committing the offence.

The time barring shall be interrupted by any act of the authorized body taken in order to persecute the offender. By each interrupting, the time barring shall

IX. SALE OF GOODS

Article 254

Goods confiscated within the customs procedure and the goods that the Customs Office acquired according to other provisions of this Law shall be exposed for sale.

The Customs Office may sell the perishable goods and animals immediately, according to Article 249, paragraph 1 of this Law.

Article 255

The Customs Office shall sell the goods by exposing them for the public sale, whereby they shall act according to special rules.

If the goods concerned cannot be exposed for the public sale, the Customs

X. TRANSITIONAL AND FINAL PROVISIONS

Article 258

Decisions and other administrative acts related to the customs relief from the payment of 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 Law, may be used within time limits stated in those acts.

Where for the goods imported with the customs relief according to the rules that cease to be valid with the day this Law begins to be implemented, the ban foreseen either for the abalienation 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 are applicable even after the implementation of this Law begins, until the expiry of the time limits set by the provisions on the ban for the abalienation 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.

Article 259

The administrative procedures initiated before this Law begins to be implemented shall be terminated according to the rules and provisions that were in force prior to the implementation of this Law.

Article 260

All penal procedures that have been initiated prior to the implementation of this Law shall be terminated according to the rules that are more favourable for the offenders of customs rules.

All penal proceedings for offences that are not incorporated in this Law but were initiated prior to the implementation of this Law shall be suspended.

Article 261

For goods, temporarily imported prior to the implementation of this Law and liable to the obligation of paying the customs duty according to Article 291 of the former Law, the customs duty shall be calculated and collected according to the rules that were valid at the day of lodging the customs declaration of temporary import.

Article 262

Customs warehouses, railway-customs warehouses, customs storage places, consignment warehouses, specialised warehouses for foreign goods and for goods produced in Croatia as well as central warehouses that were established in accordance with the rules ceasing to be valid with the day on which this Law begins to be implemented, may continue with their business activities as customs warehouses according to the provisions of this Law on condition that the warehousekeeper achieves to obtain the decision on founding and operating the customs warehouse in accordance with this Law within a period of six months from the day when this Law begins to be implemented.

The application for operating the customs warehouse according to this Law may be submitted prior to the day this Law begins to be implemented, whereby the decision of the authorized Customs Office is to be applied from the day this Law begins to be implemented.

If the warehousekeeper does not achieve to obtain the decision from the Customs Office referred to in paragraph 1 of this Law, or if the Customs Office establishes that the warehousekeeper does not fulfil the conditions prescribed in this Law for founding and operating a customs warehouse, the authorized Customs Office shall issue the decision on terminating the activities of the customs warehouse and other warehouses under paragraph 1 of this Article.

Article 263

The provisions for the implementation of this Law shall be issued within six months from the day this Law comes into force.

Article 264

With the day this Law begins to be implemented, the following ceases to be valid:

1. The Customs Law (("Narodne novine" No. 53 A/91, 33/92, 106/93, 92/94 and 48/98 - The Official Gazette of the Republic of Croatia – hereinafter "NN")
2. In the "Law on Free Zones" (NN No. 44/96), Articles 27 to 32 and Articles 34 and 35
3. In the "Law on Areas of special concern to the Exchequer" (NN No. 44/96 and 57/6), Article 17, and
4. In "Law on Fire-fighting" (NN No. 58/96 and 87/96), Article 40a

In the "Defence Law" (NN No.74/93 and 57/96) in Article 182, paragraph 2, the word "customs" is to be omitted.

Article 265

This Law enters into force on the eight day following its publication in the "Narodne novine" (Official Gazette of the Republic of Croatia") and shall be implemented as of 1 January 2000.