

Customs exemption on goods intended to help people in Ukraine 3/22/23

On 19 April 2023 the EU Official Journal published the European Commission's decision (EU) No. 2023/829 of 17 April on an exemption from import customs duty and import VAT on goods intended for free distribution or transfer to persons fleeing the military aggression waged in Ukraine and to persons in Ukraine who need help.

Conditions for the exemption

Based on this decision and according to the information published by the Latvian State Revenue Service, from 1 January to 31 December 2023 Austria, Estonia, France, Lithuania, Luxembourg, Netherlands, Poland, Romania and Slovakia are granted an exemption from import customs duty and import VAT on goods intended for free distribution or transfer to persons fleeing the war in Ukraine and to persons needing aid in Ukraine.

The decision is based on Council Regulation (EC) No. 1186/2009 of 16 November 2009 setting up a Community system of reliefs from customs duty and on Council Directive 2009/132/EC of 19 October 2009 determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods.

The exemption from import customs duty and import VAT is available on goods that are imported by national organisations, or on their behalf by national bodies, public bodies and other bodies governed by public law, and on goods that are brought in by or on behalf of charitable or philanthropic organisations approved by competent authorities of the requesting member states for use there and that are intended:

- for free distribution to persons fleeing the military aggression in Ukraine
- for free transfer into the disposal (use) of persons fleeing the war in Ukraine, with those organisations retaining ownership

The exemption is also available on goods brought into any of the other member states named in article 3 of the decision (Austria, Estonia, France, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Romania, and Slovakia) where they are not intended to be used, if they are brought in for release into free circulation by national organisations or other charitable or philanthropic organisations that are approved by competent authorities and carry out similar activities in the member state where the goods are intended to be used.

The movement of goods between two member states must be notified by the approved charitable or philanthropic organisation in advance to the requesting member state's competent authorities having the power to grant an exemption from import customs duty and import VAT.

Accordingly, having notified the requesting member state's competent authorities in advance, the organisations enjoying the exemption from import customs duty and import VAT may transfer the exempt goods to Ukrainian national organisations, charitable or philanthropic organisations approved by Ukrainian competent authorities for free distribution to persons needing aid in Ukraine.

The exemption is also available on goods that are imported by or on behalf of rescue services to meet their needs in providing emergency aid to persons fleeing the war in Ukraine.

It's important to note that the organisations enjoying the exemption must not lend the imported exempt goods for use, rent them out, or dispose of them in exchange for payment or free of charge. Otherwise the customs charges must be paid under general procedure.

Steps to take when applying for the customs procedure

When applying for the customs procedure "Release for Free Circulation" on goods intended for free distribution or transfer to persons fleeing the war in Ukraine or needing aid on the ground, the declarant (a national organisation, a charitable or philanthropic organisation, or a rescue service) or their authorised representative should file an application with the customs authority for an exemption from import customs duty and import VAT, giving the following details:

- Description
- Quantity
- Value
- Expected use
- Amount of customs charge
- Statement of being aware of restrictions on use of the goods
- Statement of undertaking to pay customs charges should the goods be used for any purpose other than the one originally stated in the application.

The application form "Importing goods intended for free distribution or transfer to persons fleeing the war in Ukraine and to persons needing aid in Ukraine, with an exemption from customs charges" is available from the State Revenue Service's website.