

CASE STUDY: PRIVATE BONDED WAREHOUSE TYPE C

**Alessandro Cornello,
prof. Natasa Gojkovic Bukvic
LUM University Jean Monnet Casamassima (Ba) Italy**

Abstract: The international trade of semi finished parts and components is certainly one of the most important aspects of the economic integration among the nations. Today thanks to the low transportation costs and the development of the communication technology, companies and industries to easily get the parts they need to assemble from different countries around world. In this publication we want to focus on the benefits arising from the use of a private customs warehouse type C. This research has allowed to represent the fundamental role that customs warehouses have in modern economic scenario and to highlight all the benefits from the exploitation of this type of deposit. This work could be as a handbook for those companies that in the future would like to take advantage of these kind of warehouses, in order to facilitate their work in fulfillment of the requirements for the implementation of this particular regime.

Key words: *private bonded warehouse, international trade, globalization,*

INTRODUCTION

The international trade of intermediate products, semi-finished parts and components is certainly one of the most important aspects of the economic integration among the nations. The growth of this dealing, according to recent studies, has joined the 20% on a worldwide scale. This depends on the fact that a great number of products is no longer manufactured in one nation, but it is the result of the assembling of parts made in different places. Today thanks to the low transportation costs and the development of the communication technology, companies and industries to easily get the parts they need to assemble from different countries around world.

This way of organizing the production, requiring the participation of different countries in the manufacturing process of a single product, has received a lot of attention in the recent economic studies of new events. Many definitions have been used in order to attempt a classification that depends also on the different ways a concern catches intermediate inputs going through many different customs regulations.

Here we will use the definition “international fragmentation of the production” (FIP) in order to indicate that a production process that once occurred in one place, now happens in at least in two different sites even placed in different nations [1]. The most traditional system to split the production is to buy intermediate components from other companies, that is “outsourcing”. When the supplier and the buyer are located in different countries, the outsourcing is activating a flow consisting in the international intermediate products trade. The start of this flow is much more likely to happen when the countries have common standard laws and convenient costs. A second way

can occur when a concern delocalized the production in another nation by an international investment (IDE).

This international investment can be “vertical”, that means the production can both takes place in those plants or in different ones to resell the products anywhere abroad. More, a concern can commission to foreign plants specific phases of the production, without being the owner and only by specific and temporary agreements [1]. According to the American Department of an international fragmentation of the production sharing occurs when a concern temporarily exports some semi processed products in order to send then back to the originating company [2]. This way takes to a certain reliance of the buyer on the supplier and in this case, spillovers or technology transfers between the to ones can easily occur.

In this scenery, the international commerce terms (Incoterms) in the import-export field, have a fundamental role, because they are unambiguous, without any possibility of mistake about the rights and the duties of all the parts participating in the transfer of the production process [3]. The transfer of the goods from the departure point to the arrival can be outlined in blocks including the sender, the Customs at the port or the airport of departure, the virtual or geographic frontier, the conveyance, the social overhead capital and the Customs in the country of destination.

Each initial of the Incoterms clearly defines to which part the costs must be charged, all the responsibilities during the transportation phases, all the Customs and Insurance costs from the departure to the arrival. All the Incoterms have been validated from the International Chamber of Commerce (ICC) and published originally in English with authorized translation in other 31 languages from the different Chambers of Commerce around the world [3].

The terms were revised in 2000, while the last version of the agreement is dated 2010 and assumed on January 1st 2011, so from that date the right denomination to be used is Incoterms 2010. After the reasons to consider the international trade as very important for the economic world system, we now have to describe the fundamental role of the bonded warehouses. Customs union is a economic rapprochement system achieved by the regulation of the trade's fees between the countries belonging the union and between these ones and third parties. It can be completed or uncompleted: the first happens with the abolition of all customs fences among the members, thus there is a full free trade within the union and one only external fence, usually higher; in the latter the internal customs lines keep being regulated autonomously, unvaried or with lower rates and only one common fee is instituted for the trade with countries outside the union. Customs deposit is the place, authorized by customs authority and subjected to its control, designated to stock non communitarian goods without having them put through import fees, IVA (VAT) or any other imposition. The subjects authorized to run a customs deposit can also manage the so-called “fiscal deposit”, provided for by art. 50 bis in the Dl 30 august 1993 n. 331, in which is permitted to introduce communitarian or national goods without paying IVA (VAT) [4]. The customs deposit regime is a suspended economic regime since during the stocking of the goods in the depos-

it the payment of the customs royalties is suspended and this procedure allows to negotiate the goods in the deposit as if they were still abroad. Undoubtedly the use of customs deposit offers the broker interesting facilities since it endorse the trade, especially transit trade, permitting in any moment to return abroad the stocked goods and their selling on the national territory choosing the best moment on the point of view of profitability. Moreover it gives the opportunity to buy in the moment in which the supply of external market is more advantageous and to sell when the demand in internal or external market is optimum. Another important facility is favoring provisions without anticipating customs fees in respect to the moment of the actual introduction in commerce. In the end, customs deposits have the function to allow the confirmation of other suspended regimes and to obtain the early payment of the farming restitutions. The permanence duration of the goods in the deposit has no limitation. The subjects involved in customs deposit are two: the repository, i.e. the person authorized to manage the deposit, and the depositor, who is the person bound by the statement of introduction in the deposit.

Deposits can be divided in two macro categories: public deposit, managed directly by public authority or granted to legal subjects or managed by privates and usable by any person to stock goods; and private deposit, directed uniquely for stocking the goods by the side of consignee. Public deposits can have three different forms: A type (public deposit under consignee's responsibility), B type (public deposit under the responsibility of single repositories who access to deposit services, F type (public deposit directly managed by customs authority). Private deposits can be: C type (private deposit with repository's responsibility and where depositor and repository are the same subject, without being necessarily the owner of the good), D type (the repository is identified with the depositor without being necessarily the owner of the good and is also the holder of a domiciled procedure and the elements of taxation verified at the act of the introduction in deposit will be gotten in order to the inclusion of free practice), E type (repository is identified with depositor without being necessarily the owner of the good and allows to stock goods in his own storages without having them previously identified in the authorization or responded to predetermined rules in authorization [5].

The responsibility to grant the goods not being detracted from customs surveillance during their permanence in the deposits and to respect the duties resulted by the storage, is up to the repository; while the depositor is responsible to observe the obligations derived by the bound of the goods in the customs deposit's regime.

In order to introduce goods in an authorized customs deposit it is necessary to present a statement (Mod. IM7) for binding the goods to deposit regime and present a warranty usually a bank or insurance guarantee for the customs duties levied on goods which remain suspended. Following the submission of the declaration of entry into the warehouse the goods may be brought into the

store and taken in charge in the stock records in accordance with the rules laid down in the authorization [6].

Community legislation provides that the authorization is subject to the possession of subjective and objective requirements. As a general observation, can be enabled in the management of the customs warehouse persons resident in the Community who riscuotano the confidence of the Tax Administration, which demonstrate a real economic need for the storage of goods in customs warehouse and ensure proper implementation of the scheme. The requirements are the economic justification, the suitability of the premises and spaces, the provision of the guarantee and the stock records.

With regard to the granting of authorization, all obligations relating to the authorization procedures are concentrated and ending at the Regional Directorates. Instances, written on plain paper must be completed in accordance with the specimen in Annex 67 of the DAC (model application and authorization issued by the Customs territorial jurisdiction, necessary for the grant of the customs warehousing procedure - cf. Circular no. 30 / A , 28.6.2001). The application shall be accompanied by, in particular , the documents relating to the sites, the documents relating to the company and to the legal representative and the documentary evidence of the economic justification. The Regional Directorates assess the conditions for the acceptance of the application, verify the possession of the subjective and objective requirements, compliance with the conditions prescribed by the regime, the existence of functional and economic needs of the operator and the type of activity. Prepare the inspection report of the premises in a customs warehouse, check the stock records and any other records or records kept of disclosures . The Regional Directorates shall then , within 60 days of the start of the proceedings, as provided for in Article 506 of the DAC, the issuance of the authorization [5]. The failure of store management, understood as the absence of activity of storage and handling of goods third, or the absence of the conditions under which it was granted, or final conviction for financial crimes, involving the withdrawal of ' permission. After the release of the authorization, the customs office enabled monitoring of the system and draw up an appropriate notification to the party disciplinary service which carries detailed provisions on operating procedures for the management of the store. During the storage in the warehouse the goods may be subject of usual forms of handling to ensure the preservation or improve the presentation and quality shopping, as well as be temporarily removed or transferred to another store. The applicant, in order to reduce the cost of managing storage, can be obtained from the Regional Directorate for permission to store at the same time in the same store, both foreign and domestic goods or nationalized or Community legislation, provided that they are distinct and marked [7] . For the extraction of the goods and then the subsequent release for consumption in the country and the payment of import duties, VAT and excise duty if any, or re-export from the customs territory of the European Community , the applicant must submit a statement customs (Mod IM4 or T1), while the depositary will unload the merchandise in the stock records [5] .

DEVELOPMENT- CASE STUDY

After analyzing the various types of customs warehouses, we would like to focus on the private customs warehouses type C, taking advantage of the practical experience made on the field at the Svegatrans Srl, to explain in detail what are the procedures to follow and having to explain what that the above company has made to activate a DDP type C. The Svegatrans was born in Germany in 1966 by performing transport for Dupont, leveraging its expertise in transport pure, the company began to work for the Getrag Getrag is the Spa a German automotive components, specializing in the production of gearboxes and transmissions, founded in 1935 in Ludwigseurg in Germany. Getrag in 1998 opened a store in Modugno (10000 sqm) for the management of all inbound and outbound logistics and entrusted the management of those filing the Svegatrans. The named company, from a logistical standpoint, operates almost exclusively with the Getrag with whom he develops a turnover of approximately six million Euros .

In the first place Svegatrans filed with the Office of Customs of Bari, for instance to get the grant of authorization for the establishment and management of a private customs warehouse type C, located at the head office of the company. In this instance there were attached: the application for authorization made on Annex 67 EEC Regulation no. 2913/92, the list of personnel work- at establishing DDP, the declaration of the senior branch to allow access to the DDP by the organs of fiscal control, the certificate of deposit Chamber of fiscal 2009 budgets / 2010 and 2011 with the financial years 2009 /2010 and 2011; report the locations and plans for the required DDP; self-certification of criminal Judiciary; self Loads Pendants, copy of the lease for the use of the storage shed located in via dei Gerani n. 5 Modugno. Following the submission of the application, an officer of Customs Office of Bari occurred on 07/11/2013 in the company's head office over generalized in order to obtain any useful to verify whether the conditions prescribed by existing provisions for the release of the requested authorization. In the outcome of the inspection, the officer pointed out at the outset that the Svegatrans Srl, the new arising needs for commercial, needs to redefine the places to be allocated to private customs warehouse type C. In this regard, the company will present a new area allocation of deposit which will be specifically identified and delimited by a metal structure type Orsogrill, duly described in a new technical report with the attached plan. Next will be carried out by the Office of Customs of Bari further inspection. In reference to the report issued on the 11/07/2013 Svegatrans it forwarded the plan in triplicate of the warehouse with the area bounded Customs and the technical report prepared by the engineer. He was subsequently made a second visit on 31.10.2013. to which could not attend personally due to the consent of the supervisor Prof. Gojkovic Bukvic Natasha, with the aim of collecting data to be processed. The area was initially requested by the Svegatrans of 2000 square meters, but emerged as the outcome of the first inspection, was redefined and demarcated in 863 square

meters with a metallic structure type Orsogril. In addition, the company, following the suggestions of the Office of Customs of Bari, has created an enclosure with double entrance, fitted with a ramp for truck access for loading and unloading goods and a connection to the shed adjacent to the deposit.

Following the second inspection, the Customs Agency of Bari on 27/12/13 Svecatrans Srl sent to the authorization of a private customs warehouse type C must specify that the Svecatrans, at the request of the customs authorities, has issued a surety policy for the cauzione of customs duty of EUR 200000. In the absence of this the company would not have gotten the green light to introduce the goods into the customs warehouse.

CONCLUSION

At the conclusion of this work, we want to focus on the benefits arising from the use of a private customs warehouse type C. Taking advantage of this scheme it is possible to postpone indefinitely the payment of a duty or import VAT which will be paid only when the goods are actually imported into the EU free movement. You also have to consider that, for goods that have a very high economic value or use of a particular destination, the advantages of using a customs warehouse are even more obvious: the value of the goods affected in direct proportion to the value of the duty or VAT, then the higher the value of the goods and is better for the customer, so that you can avoid paying the taxes charged immediately on these things, there are also certain products (such as cytostatic drugs) and for their characteristics should be stored under certain special conditions. The warehouse facilitates the performance of various operations that make products suitable for marketing, including the re-export without involving substantial financial costs. Finally, we must highlight that the goods in the customs warehouse this can be used as collateral to obtain bank loans and free the owner from the fear that its products can be stolen or damaged. This research has allowed to represent the fundamental role that customs warehouses having modern economic scenario and to highlight all the benefits from the exploitation of this type of deposit. We also hope that this work will serve as a handbook for those companies that in the future may want to take advantage of these deposits, in order to facilitate their work in fulfillment of the requirements for the implementation of this particular regime.

REFERENCE

- [1] Murray, M, “Warehouse Management with SAP ERP: Functionality and Technical Configuration: New Edition of this complete reference for reference for SAP Warehouse Management”
- [2] <http://ideas.repec.org/p/pas/papers/2005-07.html>access 02/03/2013
- [3] Ufficio E-Commerce e Commercio Estero Camera di Commercio di Genova
- [4] Mogorovich, S, “IVA intracomunitaria. Disciplina degli acquisti e delle cessioni, operazioni triangolari, depositi doganali, prestazioni di servizi, regimi speciali,
- [5] www.agenziadogane.itaccess 28/02/2014
- [6] www.dirittointernazionale.com
- [7] Michels, R, “Su l'idea dell'unione doganale degli imperi centrali, in Riforma sociale”, XXIX (1918), p. 79 segg.;