

**DIRECTIVE No.13**  
**AUTHORISED-USE RELIEF**

**Issued by the Agent of the Impôts on the 1<sup>st</sup> January 2021**

## **1. Introduction**

Authorised-use is a customs procedure whereby goods entered for free circulation in the UK - CD's Customs Union may be given favourable tariff treatment or relief at a reduced or zero rate of duty on condition they are put to a prescribed use.

In order to obtain authorised-use relief, the importer must be the holder of a customs authorisation.

The goods must be put to a prescribed use within a certain period. The importer must also keep records on the goods and their treatment. If the goods are not put to the prescribed authorised-use, duty will be due.

The relief applies to customs duty only and does not extend to any Anti-Dumping Duty, GST or Excise Duty that may be payable.

## **2. Content**

This Directive includes the following sections:

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### **3. Definitions**

“Agent of the Impôts” means Head of the Jersey Customs and Immigration Service.

“CAESAR” means the Customs and Excise System for Administering Revenue.

“UK – CD’s Customs Union” - means Jersey, UK, Guernsey and the Isle of Man.

“Third Country” means any country outside the United Kingdom - Crown Dependencies Customs Union.

“import duty” means:

- Customs duties that are not excise duty.
- Charges having equivalent effect to Customs duty.
- GST and Excise duty.

“Release for free circulation” means released on to UK – CDs Customs Union market for sale and consumption.

Customs Law means the Customs and Excise (Jersey) Law 1999.

Customs Order means the Customs and Excise (Customs Tariff and Import Duty) (Jersey) Order 2019.

“Established in Jersey means”-

- (a) in the case of an individual, where the individual is resident in Jersey; or
- (b) in all other cases, where the person:

- has a registered office in Jersey;
- has a permanent place in Jersey from which the person carries out activities for which the person is constituted to perform.

“Equivalent goods” means “equivalent domestic goods”

“Domestic goods” is to goods as per Article 1(3) of the Customs and Excise (Customs Tariff and Import Duty) (Jersey) Order 2019.

“Equivalent domestic goods” means goods that are of the same, or substantially the same, description as the imported goods.

#### **4. Legal basis**

Article 6(1A)(b) of the Customs Law provides for the Agent of the Impôts to implement the UK-CDs Customs Arrangement.

The “Arrangement” which is the arrangement entered into between Jersey and the United Kingdom covers all trade in goods that includes the elimination between its members of customs duty on imports and exports, and the adoption of the UK Global Tariff in their relations with third countries; and requires the members of the UK – CDs Customs Union to keep their Customs Law correspondent with that of the United Kingdom.

Paragraph 11 of the “Arrangement” states - Subject to any variations in practice and procedure which may be agreed between the Competent Authorities of the United Kingdom and Jersey, Jersey’s Competent Authority will adopt practices and procedures for the management of operations relating to Jersey Customs Law correspondent with those in the United Kingdom.

Article 2 of the Customs Order defines “import duty” and provides that such duty is to be collected and paid in accordance with the customs law.

Article 3 of the Customs Order creates an obligation to declare goods on importation for one of 2 customs procedures, either for release for free circulation in Jersey or for a “special customs procedure”.

Article 3 (5)(a) of the Customs Order provides for relief from import duty for a special customs procedure.

Article 5 of the Customs Order specifies the persons liable to pay import duty on imported dutiable goods.

Article 7 of the Customs Order gives effect in Jersey to the United Kingdom tariff regulations.

Article 8 and 9 of the Customs Order define, respectively, the value of goods and place of origin of goods for the purposes of import duty.

Article 15 of the Customs Law provides for goods which are under customs control may not be stored, manufactured, produced or otherwise processed except in premises approved by the Agent of the Impôts for that purpose.

Article 17 of the Customs Law provides that the Agents of Impôts may give directions, subject to conditions as he or she may impose, permitting the movement of goods which are under customs control.

#### **5. Goods which qualify for Authorised-use relief**

- **Goods eligible for authorised-use identified by their tariff classification.**

There is provision in the UK Global Tariff for suspension of duties on certain goods. The suspension of the duties is dependent on the authorised-use of the goods. Goods that can be entered into authorised-use are stipulated on the UK government website.

## 6. Applying for authorised-use relief

The applicant must be established in Jersey. Those who may qualify include:

- importers who **themselves** put the goods to the prescribed authorised-use; or
- importers who partly process the authorised-use goods and then transfer the partly processed goods to other persons or traders authorised to carry on the authorised-use process; or
- Importers of authorised-use goods who **themselves** do not carry out any authorised-use processing but merely distribute the goods to other authorised persons who then put the goods to the prescribed authorised-use.

## 7. Exclusions from relief

**Goods Not in Free Circulation;** the provisions of this directive do not apply to goods on entry to another customs procedure (such as inward processing or warehousing). However, on discharge from another customs procedure authorised-use relief may be claimed.

## 8. Authorisations

Applicants must be authorised to use the authorised-use procedure.

## 9. Types of authorised-use Authorisations

There are two main types of authorised-use authorisation:

1. An application for an authorisation based on a customs declaration (simplified authorisation). This type of authorisation is suitable for one-off importations. Applications for simplified authorisations are dealt with by the Officer at the point of importation.
2. All other applications for authorisations to import goods under authorised-use should be made via CAESAR, at [www.customs.gst.gov.je](http://www.customs.gst.gov.je)

Further guidance can be obtained from:

Customs and Immigration Service, Goods Control

Email – [rgc@gov.je](mailto:rgc@gov.je)

## 10. Issue of an authorisation

Before an authorisation can be granted the following conditions must be met:

Applicants must be able to satisfy the Agent of the Impôts that:

- They can operate the authorised-use regime correctly (including, where applicable, the provisions for the transfer of goods).
- The prescribed authorised-use can be complied with, and
- The regime will not be abused to avoid payment of duty.

Applicants must undertake to assign the goods to the prescribed authorised-use or to transfer them to another operator and to provide the required evidence of their assignment or transfer.

- Supervision of the goods must be assured.
- Any administrative burden must not outweigh the economic benefits of the relief.
- The applicant must maintain adequate and auditable records.
- The applicant must submit a bill of discharge.
- A guarantee is required if using authorisation by declaration method (see paragraph 11 below).
- Applicants must undertake to notify the Agent of the Impôts of any change of circumstances or other factors, which may affect the authorisation.
- A set of conditions relating to the use of the authorisation will have to be signed by the Managing Director in the case of a limited company, or by the owner or partner in the case of other traders.

## **11. Application for an authorisation based on a customs declaration (simplified authorisation)**

Applicants can apply for a simplified authorisation at the point of entry where eligible goods are being imported for authorised-use:

- On a one-off basis, for example to facilitate those who are not regular importers.

In addition, the following general conditions apply to the issue of a simplified authorisation:

- Clearance for free circulation and assigning of the goods to the prescribed authorised-use must be carried out solely within Jersey.
- The applicant concerned must use a customs declaration at importation.

- The applicant must accept sole responsibility for assigning the goods to the prescribed authorised-use i.e. there must be no transfers or onward selling of the goods to others.
- The applicant must meet all the other conditions laid down by the Agent of the Impôts in relation to the issue of an authorisation.

All other applications for authorised-use should be made via CAESAR.

The application must be supported by accompanying documents containing at least the following information:

- Name and address of the applicant, the importer and the operator.
- Nature of the authorised-use.
- Technical description of the goods, the products resulting from their authorised-use and the means of identifying them.
- Estimated rate of yield from the goods in question or the method by which that rate is to be determined.
- Estimated period for assigning the goods to their authorised-use.
- Place where the goods are to be put to the authorised-use.
- Retrospection is not allowed for a simplified authorisation.

Acceptance of the entry declaration constitutes authorisation in such cases.

## **12. Retrospective Authorisation**

A retrospective authorisation may only be issued in exceptional circumstances. Traders must submit details of these circumstances, which must be examined by the Agent of the Impôts before any retrospection can be considered. The period of retrospection, either for a new authorisation or amendment to an existing authorisation, may not extend beyond one year before the date that the application for retrospection was accepted.

Retrospective authorisations are only possible where all the following conditions are met:

- (a) There is a proven economic need.
- (b) The application is not related to attempted deception.

(c) The applicant has proven, based on accounts or records, that;

- All the requirements of the procedure are met.
- Where appropriate, the goods can be identified for the period involved.
- Such accounts or records allow the procedure to be controlled.

(d) All the formalities necessary to regularise the situation of the goods can be carried out, including, where necessary, the invalidation of the customs declarations concerned.

(e) No authorisation with retroactive effect has been granted to the applicant within three years of the date on which the application was accepted.

(f) An examination of the economic conditions is not required (except where an application concerns renewal of an authorisation for the same kind of operation and goods – see point (h)).

(g) The application does not concern the operation of storage facilities for the customs warehousing of goods.

(h) Where an application concerns renewal of an authorisation for the same kind of operation and goods, the application is submitted within three years of expiry of the original authorisation.

Regarding point (e) retrospection will only be allowed once for the same procedure, for example, if a trader applies for an IP and an authorised-use the 3-year period will apply to each of the applications.

All requests for retrospective authorisation should be made to the Agent of the Impôts. If retrospection is allowed, it will be necessary for the trader to amend the relevant customs declarations for the retrospection period as the goods in question will have been imported originally with full duty paid.

### **13. Guarantee**

A Guarantee will not be required to use the authorised-use procedure.

However, a guarantee (deposit) will be required where goods are declared using the Authorisation by Declaration method. Authorisation by Declaration can only be used up to 3 times per calendar year and the value of the goods must not exceed £500,000.

### **14. Validity**

Authorisations can be valid for a period of up to five years from the date of acceptance of the application. The validity period is at the discretion of the Agent of the Impôts.

### **15. Rate of yield**

This term is used to express the quantity of manufactured or processed products obtained from a given quantity of imported goods. The expected rate of yield should be specified on the application. It is important that the rate of yield is accurate. If the rate of yield is not known at the time of application and production records are to be used to determine the rate of yield, the application should be noted to this effect.

Where more than one product is obtained from the approved processing operation the rate of yield should be given (as far as possible) for each distinguishable product resulting from the process.

If the rate of yield, which has been entered on the application form and on the authorisation, subsequently changes, the applicant must immediately notify Good Control.

## **16. Entry of Goods to Authorised-use**

When traders are entering goods to the procedure, they should complete a customs declaration.

An invoice showing the total value and quantity of goods in the consignment must be retained by the trader and be readily available if requested. Traders must retain copies of the import declarations and supporting documentation for a minimum period of three calendar years after the year in which the goods are no longer subject to authorised-use control.

## **17. Movement of goods under Authorised-use**

Movement of goods under the authorised-use procedure may not take place with traders within the UK - CD's customs union i.e. UK, Isle of Man or Guernsey.

Should a trader wish to move authorised-use goods from one trader to another trader within the UK - CD's customs union, this can take place if authorised by the relevant UK - CD's customs union authority i.e. UK, Isle of Man or Guernsey.

## **18. TORO (Transfer of Rights and Obligations)**

TORO is the means by which the holder of the authorisation for authorised-use can transfer goods to another operator for them to be put to their authorised-use.

The holder of the authorisation for authorised-use must apply for TORO for any operators to whom they wish to transfer the goods in advance of any transfer. This application should be made to the Agent of the Impôts.

Further guidance can be obtained from:

Customs and Immigration Service, Goods Control

Email – [rgc@gov.je](mailto:rgc@gov.je)



The transferee does not need to have an authorisation for authorised-use as the transferor is transferring the rights and obligations for putting the goods to their authorised-use to them.

They must, however, keep records of the time in which the goods were put to their authorised-use and inform the transferor of the discharge of the goods.

The holder of the authorisation is responsible for the bill of discharge which must contain all information about the goods transferred. They are also responsible for making sure the period for discharge of the goods is adhered to by the transferee.

The guarantee (if required) for the authorised-use procedure remains the responsibility of the holder of the authorisation and cannot be transferred. Therefore, it is imperative that the holder of the authorisation ensures that any operators receiving goods from them can comply fully with the procedure for authorised-use.

A TORO form must be used for all consignments.

## **19. Obligation of Authorisation Holders**

If goods under authorised-use control cannot be put to the prescribed authorised-use because of their condition or because of some other valid reason the holder may:

- Export them from Jersey, or
- Abandon them to the Agent of the Impôts

## **20. Period for discharge**

The period for discharge is from the time the goods are entered to the procedure until they have been put to the prescribed authorised-use. The period for discharge will be determined by the Agent of the Impôts based on the trader's requirements.

This period cannot include time when the goods are in storage. Where goods are being held in storage rather than being put to authorised-use then authorisation for storage must be considered. Where the period for discharge cannot be met for reasons inherent in the working or processing of the goods, an application to extend this period may be applied for.

Discharge of the procedure by putting the goods to the authorised-use or by exporting them, releases the suspended duty liability.

## **21. Records**

Records must be kept in enough detail to enable the Agent of the Impôts to verify that the goods are put to the prescribed authorised-use.

These records must be available for inspection and must be retained for a period of three calendar years after the end of the year in which the goods have ceased to be subject to authorised-use control.

## **22. Bill of discharge**

A bill of discharge for the authorised-use procedure must be drawn up by the holder and must be lodged within the timeframe agreed within the authorisation. The Agent of the Impôts may extend these periods in special circumstances.

The Agent of the Impôts will identify any duty liability.

The bill of discharge shall contain at least the following details:

1. Authorisation reference number.
2. Period for discharge.
3. Quantity of each type of import goods in respect of which discharge, repayment or remission is claimed.
4. CN code of the import goods.
5. Customs value and the rate of import duties to which the goods placed under the special procedure are liable (this is the actual value declared on the customs declaration, not a standard or any other form of value used by the company).
6. The customs declarations entering the import goods to authorised-use.
7. (If relevant) type and quantity of the processed product.
8. (If relevant) CN code and the value of the processed product.
9. The customs approved treatment or use assigned to the processed products as well as particulars of the relevant declarations or other documents used to discharge the goods or products from authorised-use.
10. Amount of customs duty to be paid on any import goods released for free circulation.
11. Quantities and values from the authorisation used and balance carried forward to next period for discharge.

Failure to return bills of discharge or to return them on time may be considered a non-compliance issue and may incur a liability.

### **23. Control measures**

Apart from inspection of records, the Agent of the Impôts may carry out other control measures such as examination of goods in the course of processing, checking of goods in storage, etc., to verify compliance with the authorised-use conditions.

In the case of parts destined for authorised-use in the repair, maintenance, etc. of aircraft or sea vessels, the Agent of the Impôts may examine engineers' and mechanics' reports of work done as well as inspecting the aircraft or vessel in which the goods are used.

### **24. Satisfying Authorised-use conditions**

Goods are considered to have been assigned to the authorised-use in question when:

- In the case of goods which can be used **only once**, they have been assigned to the prescribed authorised-use within the time limits laid down in the authorisation.
- In the case of goods which may be put to **repeated use**, two years after they are first assigned to the prescribed authorised-use in accordance with the time limits laid down. The date of such first assignment is to be entered in the company records.

## **25. Waste and scrap**

Waste and scrap which result from the working or processing of goods according to the prescribed authorised-use and losses due to natural wastage shall be considered as goods assigned to the prescribed authorised-use.

Waste and scrap resulting from the destruction of goods placed under the authorised-use procedure shall be deemed to be placed under the customs warehousing procedure.

## **26. Equivalence**

Equivalence allows holders to use identical goods in free circulation in place of third country goods for authorised-use.

The equivalent goods must fall within the same subheading of the UK Global Tariff, be of the same commercial quality and have the same technical characteristics as the third country goods. Equivalent goods may be at a more advanced stage of manufacture than the third country goods provided the essential part of the processing is carried out by or on behalf of the trader. Equivalence can be granted either for specific products or for all products covered by an authorisation. Application for equivalence can be made to Goods Control.

### **Where to get more information**

Customs and Immigration Service, Goods Control

Tel: 01534 448000

Email – [rgc@gov.je](mailto:rgc@gov.je)

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