

Practical Guide

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# 10 questions before importing

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2<sup>nd</sup> edition

Feb. 2020



## Practical Guide

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#### Warning

This guide and its contents are purely informative and subject to the general terms of use published on the [Single Window for Logistics](#) portal.

#### Who is this practical guide for?

This practical guide is targeted at anyone buying goods internationally for the first time who raises questions concerning the customs, excise and VAT procedures that must be followed.



#### What is the provenance of the goods?

If the goods you purchase are delivered from another country of European Union (EU), it is very likely that they are in free circulation and therefore free from any customs obligation. If that is the case, your supplier will send you an invoice without VAT, and you must declare an [intra-Community acquisition](#) to the VAT authorities in Luxembourg and possibly complete an Intrastat declaration.

However, if goods of EU provenance are accompanied by a “transit” document, you should check their customs status with your supplier and must fulfil customs formalities.

Attention: if the goods you purchase are subject to excise duties you must, in addition, complete [additional excise formalities](#). The following questions do not concern you.

If the goods purchased come from a country or territory outside of the EU, you must complete customs formalities on import and possibly pay customs duties as well as VAT. The following questions concern you.

Note: Some national territories of the Member States are not part of the EU. For further details, we refer you to our [web page](#).



## Who must organise customs formalities?

Non-Union goods, coming from a country or territory outside of the EU, must be presented or notified to customs for customs clearance and further checks. You must verify the sales conditions agreed upon with your supplier, usually reflected in the use of an [Incoterm® rule](#), to determine who should organise the customs formalities and pay for them.

If you agreed to use the Incoterm® rule DDP (Delivery Duty Paid), it is your supplier's responsibility or the responsibility of its representative in the EU to meet the customs obligations on import, and they will deliver the goods after they have been cleared through customs.

For the other Incoterms® rules, it is your responsibility to organise and pay for the customs obligations on import, and the questions below concern you.

Organising and paying for the customs formalities is separate from being an importer/recipient in the customs meaning. In fact, the customs importer/recipient can be someone other than the person who physically organises the customs formalities.



## In what country must I file the customs declaration?

You have a choice of the country in which the goods will be declared to customs for import, however the goods to clear must be physically located in the chosen country.

The simplest case is to file the customs declaration in Luxembourg, the country in which you are established.

However, if the goods entered the EU customs territory through another Member State, you may choose

- either to transfer them to Luxembourg under duties and taxes suspension under the customs procedure called transit, in order to fulfil the import customs formalities at destination
- or have them cleared in that other Member State, prior to their transfer to Luxembourg or delivery to your customer.

In this latter case, you will incur VAT declarative obligations in the country of import. In most countries, a local tax representative can help you complete the VAT declarative obligations if you are not registered for VAT in that country.



#### What amount of duties and taxes must I pay upon import in Luxembourg?

Customs duty rates are the same in each Member state of the EU. The amount of customs duties you pay will be the same regardless of the EU Member State in which the goods are declared for import. The customs duties rate to be applied is established on the basis of the [tariff classification](#) of the goods and its [origin](#).

On the other hand, the import VAT rate is determined by the Member State in which the import is declared. The [VAT rate](#) varies depending on the nature of the goods imported. If the goods are imported as part of an economic activity giving the right to deduct VAT (purchase/ resale, processing, lease, etc.) the VAT paid on import will be theoretically recoverable for the importer.

The amount of duties and taxes to be paid upon import in Luxembourg is calculated by applying the thus predetermined EU duty rates on the customs value, which is slightly adjusted for the calculation of VAT.

The duties and taxes rates payable upon import into Luxembourg may be viewed on the [TARLUX](#) database of the Customs and Excise Administration.



#### Why is it important to know the tariff classification of goods?

All goods are listed, for customs purposes, under a tariff classification number. The first six digits of the tariff classification are harmonized internationally (HS - Harmonized System), whereas the first eight digits are harmonized at the European level (CN - Combined Nomenclature = HS + 2 digits). The import of goods is declared by using the 10-digit TARIC code (CN + 2 digits) that may be consulted in the TARLUX database of the Customs and Excise Administration.

Our practical guide "[Method of tariff classification](#)" will help you determine the tariff classification of goods.



## Why is it important to know the origin of goods?

The EU has entered into [preferential agreements](#) with a large number of third countries or territories, which allow goods complying with the rules of origin of such agreements to benefit, upon import, from a reduced or zero-rate custom duty. Customs authorities grant this benefit on presentation of a [proof of origin](#). In this context, it is a matter of the preferential origin of goods.

You can find the conditions that the goods must meet in order to benefit from a preferential agreement in the relevant preferential agreement, which must therefore be consulted.

Moreover, the origin of the goods may also determine the application of commercial policy measures, ranging from additional duties to an import prohibition. Being able to present a certificate of origin is sometimes necessary in this situation. In this context it is a matter of the non-preferential origin of the goods.

Our practical guide "[Determination of non-preferential origin](#)" will help you determine the non-preferential origin of goods.



## How do I calculate the value to declare to customs?

Customs value is based on the CIF transactional value of the goods i.e. their value including purchase, delivery and insurance costs, determined at the place where they enter into the EU territory. Depending on the Incoterm agreed upon with your suppliers, the cost of transport and insurance is either added or deducted from the transactional value. When there is no purchase at the time of import (for example, in the case of a transfer of inventory), an [alternative method of determining the customs value](#) must be used.

To calculate the VAT due, certain fees must be added to the customs value (import duties paid, cost of transport and insurance to the first place of destination in the EU, etc.)

Our practical guide "[Calculation of customs value](#)" will help you determine the transactional value to declare to customs on import.



## How do I file the customs declaration?

You can file a customs declaration yourself, provided that you hold a [Luxtrust](#) identifier and have access to the [eDouane system](#) of the Customs and Excise Administration.

However, in view of the level of knowledge required to complete a customs declaration, many companies choose to work with a [customs representative](#). If you make this choice, the customs representative will complete the customs formalities and pay the duties to customs on your behalf, and then invoice you by adding their fees for the preparation of your customs declaration.



### What documents are required for the customs declaration?

To fulfil the customs import formalities, the declarant must have the invoice, the packing list and the transport documents and, if applicable, the documents justifying the preferential origin of the goods.

Depending on the origin and nature of the imported goods, other certificates may be required (certificate of non-preferential origin, phytosanitary certificates, CITES permit, etc.).

You will find all useful information on the other certificates needed, according to the tariff code under which your goods are classified, on the [Single Window for Logistics](#) portal or the [TARLUX](#) database of the Customs and Excise Administration.



### After filing the declaration, should I complete other procedures?

After the filing of your customs declaration, the Customs and Excise Administration might control the imported goods. If the issue and findings of the control are satisfactory, or if the Customs and Excise Administration decides not to control the goods, the goods will be released. The goods are then released for free circulation and, except for excise goods, they may circulate freely in the other Member States of the EU free from any customs control.

If you are registered for VAT in Luxembourg, you still must declare the VAT due on import in Luxembourg in your next Luxembourg VAT return.

You must keep your customs declaration to justify the deduction right of the import VAT due in Luxembourg.