

Pursuant to Article IV (4) (a) of the Constitution of Bosnia and Herzegovina, the Parliamentary Assembly of Bosnia and Herzegovina, at the 14th session of the House of Representatives, held on 30/06/2015, and at the 7th session of the House of Peoples, held on 15/07/2015, adopted the following

LAW ON CUSTOMS POLICY IN BOSNIA AND HERZEGOVINA

TITLE ONE – GENERAL PROVISIONS

CHAPTER I. SCOPE AND BASIC DEFINITIONS

Article 1 (Scope of Law)

This Law shall regulate the basic elements of customs policy and general rules and procedures that apply to goods brought into and out of the customs territory of Bosnia and Herzegovina.

Article 2 (Application of Law)

(1) This Law and regulations adopted pursuant thereto shall apply uniformly throughout the customs territory of Bosnia and Herzegovina, without prejudice to the application of international law and any international agreement.

(2) Certain provisions of customs regulations may also apply outside the customs territory of Bosnia and Herzegovina, in accordance with regulations governing specific fields or pursuant to any international agreement.

Article 3 (Customs territory of Bosnia and Herzegovina)

(1) The customs territory of Bosnia and Herzegovina shall be a single territory.

(2) The customs territory of Bosnia and Herzegovina shall comprise the territory of Bosnia and Herzegovina, including the territorial waters, the inland waters and the airspace over Bosnia and Herzegovina.

(3) The customs territory of Bosnia and Herzegovina shall be bounded by the customs line, which is identical with the boundary of Bosnia and Herzegovina.

(4) The customs frontier zone on land shall include the portion of the customs territory of Bosnia and Herzegovina which extends five kilometres from the customs line into the territory of Bosnia and Herzegovina.

(5) Paragraph 4 of this Article shall also apply when the customs line runs along frontier rivers.

(6) The customs frontier zone at sea shall include the portion of the customs territory of Bosnia and Herzegovina which extends three kilometres from the shoreline into the land and the territory from the shoreline to the outer boundary of territorial waters.

Article 4 (Definitions)

For the purposes of this Law, particular terms shall mean the following:

- a) 'person' means:
 - 1) a natural person,
 - 2) a legal person,
 - 3) an association of persons lacking the legal status of a legal person but recognised under the regulations in force as having the capacity to perform certain legal acts (hereinafter referred to as 'an association of persons'),
- b) 'person established in Bosnia and Herzegovina' means:
 - 1) a natural person who is resident in Bosnia and Herzegovina,
 - 2) a legal person or an association of persons that has its registered office, central headquarters or permanent business establishment in Bosnia and Herzegovina,
- c) 'customs regulations' means this Law, regulations adopted pursuant thereto with a view to implementing it and other regulations adopted within the framework of the customs and tariff policy at Bosnia and Herzegovina level which apply to bringing goods into and out of the customs territory of Bosnia and Herzegovina and any international agreement comprising provisions on customs if applied in Bosnia and Herzegovina,
- d) 'implementing regulation' means the regulation governing the implementation of provisions of this Law, with the exception of provisions of Articles 32 (3), 207, 269 (3) and 271;
- e) 'international agreement' means an international convention ratified or taken over by Bosnia and Herzegovina, an international agreement or treaty concluded between Bosnia and Herzegovina and other countries or territories, which also apply in Bosnia and Herzegovina,
- f) 'customs authorities' means the Indirect Taxation Authority, including organisational units thereof,
- g) 'customs office' means any office of the Indirect Taxation Authority at which all or some of customs formalities laid down by customs regulations may be carried out,
- h) 'customs office of entry' means the customs office designated by the Indirect Taxation Authority to which, in accordance with customs regulations, goods brought into the customs territory of Bosnia and Herzegovina must be presented without delay, and at which appropriate risk-based entry controls will be carried out,
- i) 'customs office of exit' means the customs office designated by the Indirect Taxation Authority to which, in accordance with customs regulations, goods must be presented before they leave the customs territory of Bosnia and Herzegovina, and at which customs controls relating to the completion of export customs formalities and appropriate risk-based controls are carried out,
- j) 'customs office of import' means the customs office designated by the Indirect Taxation Authority at which, in accordance with customs regulations, customs formalities for assigning goods brought into the customs territory of Bosnia and Herzegovina to a customs-approved treatment or use, including appropriate risk-based controls, must be carried out,
- k) 'customs office of export' means the customs office designated by the Indirect Taxation Authority at which, in accordance with customs regulations, customs formalities for assigning goods leaving the customs territory of Bosnia and Herzegovina to a customs-approved treatment or use, including appropriate risk-based controls, must be carried out,

- l) 'decision' means any official act by the customs authorities pertaining to customs regulations giving a ruling on a particular case and having legal effects on one or more specific or identifiable persons. The term decision also means binding information within the meaning of Article 16 of this Law,
- m) 'customs status' means determining the status of goods within the meaning of customs regulations as Domestic goods or foreign goods,
- n) 'Domestic goods' (Bosnia and Herzegovina goods) means:
 - 1) goods wholly obtained or produced in the customs territory of Bosnia and Herzegovina under the conditions referred to in Article 28 of this Law and not incorporating goods imported from other countries or territories. Goods obtained from goods placed under a duty suspension procedure shall not be deemed to have BiH status,
 - 2) goods imported from other countries or territories which have been released for free circulation,
 - 3) goods obtained or produced in the customs territory of Bosnia and Herzegovina, either from goods referred to in indent (2) alone or from goods referred to in indents (1) and (2) of this point,
- o) 'foreign goods' means goods that do not have BiH status, as well as goods that have lost their status as Domestic goods. Without prejudice to Articles 112 and 113 of this Law, Domestic goods shall lose their status as such when they actually leave the customs territory of Bosnia and Herzegovina,
- p) 'customs debt' means the obligation on a person to pay the amount of import duties (customs debt on importation) or export duties (customs debt on exportation) determined in accordance with regulations for specific goods,
- r) 'import duties' means:
 - 1) customs duties and other charges having an effect equivalent to customs duties,
 - 2) import duties introduced under agricultural policy measures or under specific arrangements applicable to certain goods obtained from the processing of agricultural products,
- s) 'export duties' means:
 - 1) customs duties and other charges having an effect equivalent to customs duties,
 - 2) export duties introduced under agricultural policy measures or under specific arrangements applicable to certain goods obtained from the processing of agricultural products,
- t) 'debtor' means any person liable for payment of a customs debt,
- u) 'supervision by the customs authorities' means action taken by the customs authorities with a view to ensuring the correct application of customs regulations and, where necessary, other regulations applicable to goods subject to customs supervision,
- v) 'customs controls' means specific acts performed by the customs authorities with a view to ensuring the correct application of customs regulations and, where necessary, other regulations pertaining to the entry, exit, transit, transfer and special use of goods situated in the customs territory of Bosnia and Herzegovina and goods moved between the customs territory of Bosnia and Herzegovina and another customs territory, and to the presence of goods that do not have BiH status. Such acts may include examining goods, verifying customs declaration data, verifying the existence and authenticity of electronic or written documents, examining the accounts of undertakings, other documents and business records, inspecting means of transport, inspecting luggage and other goods carried by or on persons, and carrying out official enquiries and other required acts,
- z) 'customs-approved treatment or use of goods' means:
 - 1) placing of goods under a customs procedure,
 - 2) entry of goods into a free zone,
 - 3) re-exportation of goods from the customs territory of Bosnia and Herzegovina,

- 4) destruction of goods,
 - 5) abandonment of goods to the country of Bosnia and Herzegovina,
- aa) 'customs procedure' means:
 - 1) release for free circulation,
 - 2) transit,
 - 3) customs warehousing,
 - 4) inward processing,
 - 5) processing under customs control,
 - 6) temporary admission,
 - 7) outward processing,
 - 8) exportation,
 - ab) 'customs formalities' means actions taken by persons and the customs authorities with a view to applying customs regulations,
 - ac) 'customs declaration' means the act whereby a person requests, in the prescribed form and manner, that goods be placed under a given customs procedure,
 - ad) 'declaration for temporary storage' means the act whereby a person states, in the prescribed form and manner, that the goods have been temporarily d,
 - ae) 'entry summary declaration' means the act whereby a person, within a set time limit, notifies the customs authorities, in the prescribed form and manner, that the goods will be brought in the customs territory of Bosnia and Herzegovina,,
 - af) ' exit summary declaration ') means the act whereby a person, within a set deadline, notifies the customs authorities, in the prescribed form and manner, that goods will be brought out of the customs territory of Bosnia and Herzegovina, ,
 - ag) 'declarant' means the person lodging a customs declaration, declaration for temporary storage, entry or exit summary declaration in his/her own name or the person in whose name a declaration is lodged,
 - ah) 'presentation of goods to customs' (hereinafter referred to as 'presentation of goods') means notifying the customs authorities, in the prescribed manner, of the arrival of goods at a customs office or at any other place designated or approved by the customs authorities,
 - ai) 'release of goods' means the act of the customs authorities whereby goods are made available under the conditions and for the purposes stipulated by the customs procedure under which they are placed,
 - aj) 'holder of procedure' means the person in whose name a customs declaration is lodged or the person to whom the right and obligations of the abovementioned person in respect of a customs procedure have been transferred,
 - ak) 'holder of authorisation' means the person to whom an appropriate authorisation has been granted pursuant to customs regulations,
 - al) 'risk' means the likelihood of an event which may occur in connection with the entry, exit, transit, transfer and end-use of goods that are located in the customs territory of Bosnia and Herzegovina, goods moved between the customs territory of Bosnia and Herzegovina and another customs territory, and in connection with the presence of goods that do not have BiH status, and may result in the prevention of the correct application of customs and other regulations or in the compromising of the financial interests of Bosnia and Herzegovina, or it may pose a threat to the security and safety of Bosnia and Herzegovina, public morality, protection of the health and life of people, animals and plants, environmental preservation, protection of natural rarities, cultural heritage, artistic, historic, archaeological or technological values, protection of intellectual property, protection of consumer rights, etc.,

- am) 'risk management' means the identification of risk and implementation of all measures necessary for limiting exposure to risk. This includes activities such as collecting risk data and information, analysing and assessing risk, prescribing and taking action, and regular monitoring and review of the process and its outcomes, based on the sources and strategy of the customs authorities and other authorities in Bosnia and Herzegovina, and based on international sources and strategies,
- an) 'holder of goods' means the persons who is the owner of goods, the person entitled to use them or the person in whose possession the goods are,
- ao) 'entry of goods' means the act of bringing goods into the customs territory of Bosnia and Herzegovina by any person or in any manner, irrespective of the customs-approved treatment or use under which the goods will be placed upon entry,
- ap) 'exit of goods' means the act of bringing goods out of the customs territory of Bosnia and Herzegovina by any person or in any manner, irrespective of the customs-approved treatment or use under which the goods will be placed on exit,
- ar) 'Governing Board' means the Board established under the Law on Indirect Taxation System in Bosnia and Herzegovina.

CHAPTER II. GENERAL PROVISIONS RELATING TO RIGHTS AND OBLIGATIONS OF PERSONS WITH REGARD TO CUSTOMS REGULATIONS

SECTION A. REPRESENTATION

Article 5 (Representation)

Under the conditions set out in Article 76 (2) and (3) of this Law, a person on whose rights and obligations a decision is being taken may appoint a representative in his/her dealings with the customs authorities to perform all or only some customs formalities in accordance with customs regulations.

Article 6 (Types of representation)

(1) Representation may be:

- a) direct, where the representative acts in the name and on behalf of another person, or
- b) indirect, where the representative acts in his/her own name but on behalf of another person.

(2) Save in the case referred to in Article 76 (3) and (4) of this Law, the representative must be established in Bosnia and Herzegovina and entered into the register maintained by the customs authorities.

(3) A representative must state which person s/he is representing, whether the representation is direct or indirect, and that s/he is empowered to act as a representative.

(4) The customs authorities may require any person stating that s/he is acting in the name or on behalf of another person to submit authentic evidence of his/her powers to act as a representative before the customs authorities.

(5) A person who fails to state that s/he is acting in the name or on behalf of another person or who states that s/he is acting in the name of and on behalf of another person but cannot submit authentic evidence thereof to the customs authorities shall be deemed to be acting in his/her own name and on his/her own behalf.

SECTION B. AUTHORISED ECONOMIC OPERATOR

Article 7

(Authorised economic operator)

(1) The customs authorities, if necessary in cooperation with other competent authorities, shall grant, subject to the criteria referred to in Article 8 of this Law, the status of ‘authorised economic operator’ to any economic operator established in the customs territory of Bosnia and Herzegovina.

(2) An authorised economic operator may benefit from facilitations with regard to customs controls relating to security and safety and/or from simplifications provided for under customs regulations.

(3) An authorised economic operator shall notify the customs authorities of all status-related changes and other changes which have occurred following him/her being granted the status and which may affect its further existence or content.

Article 8

(Criteria for granting status of authorised economic operator)

(1) The criteria for granting the status of authorised economic operator shall include:

- a) a record of compliance with customs and taxation regulations,
- b) a satisfactory system of managing commercial and, where appropriate, transport records, which allows appropriate customs controls,
- c) where appropriate, proven financial solvency,
- d) where applicable, appropriate security and safety standards.

(2) For the purpose of implementing the criteria referred to in paragraph (1) of this Article, the following shall be provided for in the implementing provisions:

- a) the requirements for granting the status of authorised economic operator,
- b) the requirements for frequent re-examinations of the status of authorised economic operator,
- c) the requirements for granting authorisations for the use of simplified procedures,
- d) the type and extent of facilitations that may be granted in respect of customs controls relating to security and safety, taking into account the regulations for risk management, and
- e) the conditions and procedure under which the status of authorised economic operator may be revoked.

SECTION C. DECISIONS RELATING TO APPLICATION OF CUSTOMS REGULATIONS

Article 9

(Decision taking)

(1) The rules governing the administrative procedure shall apply to procedures before the customs authorities, unless otherwise stipulated by this Law.

(2) The person requesting that the customs authorities take a decision relating to the application of customs regulations must state all facts and circumstances and supply documents and other evidence required in order to take the decision.

(3) Such decision shall be taken and notified to the applicant at the earliest opportunity.

(4) Where a request for a decision is made in writing, the decision shall be taken and notified in writing to the applicant within a period laid down in accordance with the provisions in force, starting on the date on which the request is received.

(5) The period referred to in paragraph 4 may be extended if the customs authorities are unable to comply with it. In that case, the customs authorities shall so inform the applicant before the expiry of the period, stating the grounds which justify the extension and indicating the further period of time which they consider necessary in order to give a ruling on the request.

(6) The decision made by the customs authorities in writing, which either rejects the request of the applicant or is detrimental to the person concerned, shall contain the grounds on which it is based and the right of appeal referred to in Article 10 of this Law.

Article 10

(Appeal against decision)

(1) Any person concerned by a decision taken by the customs authorities shall have the right to appeal against it.

(2) Any person who has applied to the customs authorities for a decision relating to the application of customs regulations and has not obtained a ruling on that request within the period referred to in Article 9 (4) of this Law, shall also be entitled to exercise the right of appeal.

Article 11

(Implementation of decision)

The lodging of an appeal against a decision taken by the customs authorities shall not suspend the implementation of the decision.

Article 12

(Suspension of decision implementation)

(1) Notwithstanding Article 11 of this Law, the customs authorities may suspend the implementation of a disputed decision in whole or in part if they have good reason to believe that the disputed decision is inconsistent with customs regulations or that the person concerned may suffer irreparable damage.

(2) Where the disputed decision concerns payment of import or export duties, the suspension of implementation of that decision may be allowed only if a security is lodged for their payment. By way of exception, the lodging of such security shall not be required if, based on documents assessing the debtor's circumstances, it is established that such security would likely cause serious economic or social difficulties for the debtor.

Article 13

(Decision annulment)

(1) A decision favourable to the person concerned shall be annulled if it was issued on the basis of incorrect or incomplete information and:

- a) the applicant knew or could have known that the information was incorrect or incomplete, and
- b) such decision could not have been taken on the basis of correct and complete information.

(2) The decision referred to in paragraph (1) of this Article shall be submitted without delay to the person concerned.

(3) Annulment shall take effect from the date on which the annulled decision was taken.

Article 14

(Decision revocation or amendment)

(1) A decision favourable to the person concerned shall be revoked or amended in cases other than those referred to in Article 13 of this Law where one or more of the conditions laid down for its issue were not or are no longer fulfilled.

(2) A decision favourable to the person concerned may be revoked if the person fails to fulfil the obligation imposed on him/her under that decision.

(3) The decision referred to in paragraphs 1 and 2 of this Article shall be submitted to the person concerned without delay.

(4) The decision referred to in paragraphs 1 and 2 of this Article shall take effect from the date it is submitted to the person concerned. In exceptional cases, where the legitimate interests of the person concerned so warrant, the customs authorities may defer the date when the adopted revocation or amendment decision takes effect.

SECTION D. INFORMATION CONCERNING APPLICATION OF CUSTOMS REGULATIONS

Article 15

(Information concerning application of customs regulations)

(1) Any person concerned may request information concerning the application of customs regulations from the customs authorities. Such a request may be rejected if it does not pertain to actually intended importation or export.

(2) The information referred to in paragraph 1 of this Article shall be supplied by the customs authorities free of charge. Consideration may be requested for special costs incurred, in particular as a result of analyses and other tests or expert evaluations on the goods to which the request for information refers, and for the costs of the return of the goods to the applicant.

Article 16

(Binding tariff information
and binding preferential origin information)

(1) At the written request of the person concerned, the customs authorities shall, acting in accordance with the implementing provisions, issue:

- a) binding information on the tariff classification of the goods according to the Customs Tariff of Bosnia and Herzegovina,
- b) binding preferential origin information.

(2) Binding tariff information or binding preferential origin information shall be binding on the customs authorities as against the person to whom it is issued only in respect of the tariff classification or determination of the preferential origin of goods.

(3) Binding tariff information or binding preferential origin information shall be binding on the customs authorities as against the person to whom it is issued only in respect of the goods on which customs formalities are carried out after the date on which the binding information took effect. In matters of preferential origin, those formalities shall relate to the application of Article 33 of this Law.

(4) For the purpose of using the binding information in the customs procedure, the person to whom the binding information is issued must prove that:

- a) in case of binding tariff information, the goods presented correspond in every respect to those stated in the information,
- b) in case of binding preferential origin information, the goods presented and the circumstances determining the acquisition of origin correspond in every respect to the goods and the circumstances stated in the binding information.

(5) Binding tariff information and binding preferential origin information shall be valid for a period of three years from the date it takes effect.

(6) Pursuant to Article 13 of this Law, binding information shall be annulled if it is based on incorrect or incomplete information from the applicant.

(7) Binding information shall be revoked pursuant to Article 14 of this Law.

(8) Binding information cannot be amended.

(9) Binding tariff information shall cease to be valid:

- a) where it no longer conforms to the applicable regulations by reason of their amendments,
- b) where it is no longer compatible with the interpretation of the Customs Tariff of Bosnia and Herzegovina by reason of amendments to the explanatory notes to the Combined Nomenclature and/or the Harmonised System or by reason of a decision of the competent authorities in Bosnia and Herzegovina,
- c) where it is revoked in accordance with Article 14 of this Law, provided that the revocation is notified to the person to whom it was issued.

(10) Binding preferential origin information shall cease to be valid:

- a) where it no longer conforms to the applicable regulations or international agreements by reason of amendments to regulations or conclusion of an international agreement,
- b) where it is no longer compatible with:
 - 1) the interpretation concerning the preferential origin of the goods by reason of a decision of the competent authorities in Bosnia and Herzegovina,
 - 2) at international level, the Agreement on Rules of Preferential Origin established in the World Trade Organisation (WTO) or with a preferential origin opinion adopted by the WTO competent body with a view to interpreting the explanatory notes to that Agreement,
- c) where it is revoked in accordance with Article 14 of this Law, provided that the revocation is notified to the person to whom it was issued.

(11) In the cases referred to in paragraph 9 (a) and (b) and paragraph 10 (a) and (b) of this Article, issued binding information shall cease to be valid as from the date of the commencement of the application of the adopted measure, whereof the holder of the information shall be notified in writing.

(12) The person issued with binding information which ceased to be valid pursuant to paragraph 9 (b) or (c) and paragraph 10 (b) or (c) of this Article may still use that information for a period of six months from the date it ceased to be valid, provided that s/he concluded a binding contract for the purchase or sale of the goods in question on the basis of the information before it ceased to be valid. In the case of import or export of goods for which certificates issued on the basis of the binding information are submitted when customs formalities are carried out, the binding information shall be valid for the period of validity of the certificates.

(13) In the case of paragraph 9 (a) and paragraph 10 (a) of this Article, regulations of Bosnia and Herzegovina or international agreements may lay down a period within which the binding information may be used pursuant to paragraph 12 of this Article.

(14) Binding tariff information or binding preferential origin information may be used, under the conditions laid down in paragraphs 12 and 13 of this Article, solely for the purpose of:

- a) determining the amount of import or export duties,
- b) calculating export refunds or any other amounts granted for imports or exports related to the implementation of the agricultural policy,
- c) using import or export certificates which are submitted when customs formalities are carried out for acceptance of the customs declaration concerning the goods in question, provided that such certificates were issued on the basis of that information.

(15) The requirements for issuing binding information shall be provided for in the implementing provisions.

SECTION E. OTHER PROVISIONS

Article 17

(Customs controls, risk analysis, cooperation between authorities)

(1) In accordance with the conditions laid down by the provisions in force, the customs authorities shall carry out all acts of customs controls they deem necessary in order to correctly apply customs regulations and, where appropriate, other legislation pertaining to the entry, exit, transit, transfer and end-use of goods moved between the customs territory of Bosnia and Herzegovina and another customs territory and to the presence of goods that do not have BiH status. For the purpose of the correct application of regulations, customs controls may also be carried out in another customs territory if an international agreement provides for this.

(2) Customs controls, other than spot checks, shall chiefly be based on risk analysis using electronic data processing with a view to identifying and quantifying the risks and developing the necessary measures to assess the risks on the basis of criteria developed in Bosnia and Herzegovina and, where possible, at international level.

(3) The customs authorities shall establish risk assessment framework and priority control areas. An electronic system may be established for risk management purposes.

(4) Where controls are performed by authorities other than the customs authorities, such controls shall be performed in cooperation with the customs authorities, wherever possible at the same time and place.

(5) In the context of controls referred to in this Article, the customs authorities and other competent authorities may exchange data in connection with the entry, exit, transit, transfer and end-use of goods situated in the customs territory of Bosnia and Herzegovina, goods moved between the customs territory of Bosnia and Herzegovina and another customs territory, and in connection with the presence of goods that do not have BiH status.

(6) Confidential data shall be communicated to the customs administration and other bodies of another country in the framework of an international agreement and subject to the requirements referred to in Article 20 of this Law.

Article 18

(Emergency situations)

(1) In the case of emergency situations caused by traffic stoppages across border crossings or stoppages in the course of inland customs procedures in the customs territory of Bosnia and Herzegovina, the customs authorities may, on a temporary basis, allow simplifications in the implementation of customs supervision and control measures or customs procedures.

(2) The criteria and procedure for the implementation of paragraph 1 of this Article shall be provided for by the customs authorities.

Article 19

(Obligation to provide documents)

For the purposes of applying customs regulations, any person directly or indirectly involved in the operations concerning trade in goods shall make available to the customs authorities, at their request and within the prescribed time limit, all the requisite documents and data, irrespective of the medium used, and shall provide all other assistance.

Article 20
(Data confidentiality)

(1) The customs authority shall treat any data obtained, that is marked or to be marked with a certain secrecy level, in the manner prescribed under separate regulations and may communicate it in like manner.

Article 21
(Keeping documents and data)

(1) For the purposes of controls by the customs authorities, persons involved in trade in goods shall keep the documents and data referred to in Article 19 of this Law for the period laid down in regulations and for at least five calendar years, irrespective of the medium used to store them. That period shall run:

- a) in the case of goods released for free circulation, other than those referred to in point (b) of this paragraph, and for goods for which an export customs declaration has been lodged, from the last day of the calendar year in which the declaration for release for free circulation or the export customs declaration is accepted,
- b) in the case of goods released for free circulation at a reduced or zero rate of customs duty on account of their use for special purposes, from the last day of the calendar year in which they cease to be subject to customs supervision,
- c) in the case of goods placed under another customs procedure, from the last day of the calendar year in which the customs procedure concerned ends,
- d) in the case of goods placed in a free zone, from the last day of the calendar year in which they leave the free zone.

(2) Without prejudice to Article 246 (4), second sentence, of this Law, where in the course of customs controls it is established that the relevant entry of a customs debt in the accounts has to be corrected, the time limit referred to in paragraph 1 of this Article shall be extended for the period required to make the correction and check it.

Article 22
(Period, date and time limit)

Where a period, date or time limit is laid down by customs regulations, such period and time limit cannot be extended and such date cannot be changed, unless the regulations in question expressly provide for that.

Article 23
(Simplification of application of this Law)

The cases in and the conditions under which the application of this Law may be simplified shall be provided for in the implementing provisions.

Article 24
(Obligation of other authorities relating
to foreign goods)

(1) Public administration and judicial authorities must declare to the nearest customs office all goods and means of transport they have seized or confiscated if these are foreign goods for which a customs procedure pursuant to provisions of this Law has not been carried out.

(2) The confiscated foreign goods referred to in paragraph 1 of this Article may be handed over to another person only if the customs authorities have approved one of customs-approved treatments or uses or if the customs debt due for the goods in questions has been paid.

TITLE II – FACTORS FOR CALCULATION OF IMPORT AND EXPORT DUTIES AND APPLICATION OF OTHER MEASURES PRESCRIBED IN RESPECT OF TRADE IN GOODS

CHAPTER I. CUSTOMS TARIFF AND TARIFF CLASSIFICATION OF GOODS

Article 25

(Customs tariff and tariff classification of goods)

(1) Duties legally owed where a customs debt is incurred shall be based on the Customs Tariff of Bosnia and Herzegovina, in line with the Law on Customs Tariff.

(2) The Customs tariff of Bosnia and Herzegovina shall comprise:

- a) the nomenclature of goods which is in accordance with the Harmonised System and Combined Nomenclature used by the European Union, the codes for specific requirements of Bosnia and Herzegovina and any additional codes,
- b) the conventional rates of customs duty (most favoured nation – MFN) applicable to goods covered by the nomenclature,
- c) the preferential tariff treatment in accordance with international agreements which Bosnia and Herzegovina has concluded with certain countries or groups of countries,
- d) temporary suspensions and temporary reductions of rates of duty, national production protection measures against excessive imports, anti-dumping and countervailing duties and temporary tariff quotas,
- e) other measures provided for by Bosnia and Herzegovina legislation,
- f) General Rules 1-6 for the classification of goods in the Customs Tariff,
- g) the rules on single rate of customs duty.

(3) The measures referred to in paragraph 2 (c) and (d) of this Article shall apply, at the declarant's request, instead of those referred to in point (b) of the same paragraph if the goods in question fulfil the conditions laid down by those measures. An application to apply those measures may also be made subsequently, provided that the prescribed time limits and conditions are complied with.

(4) The Council of Ministers of Bosnia and Herzegovina shall lay down the conditions, procedure and manner of applying the measures referred to in paragraph 2 (d) of this Article. For the measures concerning temporary suspensions, temporary reductions of rates of duty, and temporary tariff quotas it shall be necessary to acquire opinion from the Governing Board.

(5) Where application of the measures referred to in paragraph 2 (c), (d) and (e) of this Article is restricted to a certain volume of imports, its application shall cease:

- a) in the case of tariff quotas, as soon as the stipulated volume of imports is reached, and
- b) in the case of tariff ceilings, in accordance with the regulation of the Council of Ministers of Bosnia and Herzegovina establishing the ceiling.

(7) The tariff classification of goods in the Customs Tariff of Bosnia and Herzegovina shall be the determination of the subheading of the Customs Tariff of Bosnia and Herzegovina under which the goods concerned are classified on the basis of the general rules for the interpretation of the Harmonised System and in accordance with the codes for specific national requirements or, in special cases, for the application of special measures.

Article 26

(Favourable tariff treatment)

(1) The implementing provisions shall provide for the conditions under which a favourable tariff treatment is granted to certain goods by reason of their nature or end-use. Where an authorisation is required, Articles 100 and 101 of this Law shall apply.

(2) For the purposes of paragraph 1 of this Article, the term ‘favourable tariff treatment’ means a reduced or zero rate of customs duty, even within the framework of tariff quotas.

CHAPTER II. ORIGIN OF GOODS

SECTION A. NON-PREFERENTIAL ORIGIN OF GOODS

Article 27

(Non-preferential origin of goods)

Articles 28 to 32 of this Law shall provide for non-preferential origin of goods for the purposes of:

- a) applying the Customs Tariff of Bosnia and Herzegovina, with the exception of the measures referred to in Article 25 (2) (c) of this Law,
- b) applying non-tariff measures established by Bosnia and Herzegovina legislation governing specific fields relating to trade in goods,
- c) issuing documents of origin.

Article 28

(Goods wholly obtained or produced)

(1) Goods originating in one country shall be those wholly obtained or produced in that country.

(2) “Goods wholly obtained in one country” shall include:

- a) mineral products extracted there,
- b) vegetable products obtained there (picked, harvested, pulled out, etc.),
- c) live animals born, hatched and raised there,
- d) products obtained from live animals raised there,
- e) products obtained by hunting or fishing conducted there,
- f) products of sea fishing and other products taken from the sea outside the territorial waters of a country by vessels registered or recorded and flying the flag of that country,
- g) products obtained or produced on board a factory ship from the products referred to in point (f) of this paragraph originating in that country, provided the factory ship is registered or recorded and flying the flag of that country,
- h) products extracted from the seabed or subsoil under the seabed which is situated outside the territorial waters if that country has exclusive rights to exploit that seabed or subsoil under the seabed,
- i) waste and scrap products derived from manufacturing operations conducted there or from used articles, if they have been collected therein and are fit only for the recovery of raw materials,
- j) goods produced in the territory of that country exclusively from products referred to in points (a) to (i) of this paragraph or from their derivatives (secondary products), at any stage of production.

(3) For the purposes of the application of paragraph 2 of this Article, the term ‘country’ also covers that country’s territorial waters.

Article 29

(Last substantial processing or working)

Goods whose production involved two or more countries shall be deemed to originate in the country where they underwent their last substantial, economically justified processing or working in an undertaking equipped for that purpose which resulted in the manufacture of a new product or which represents an important stage of manufacture.

Article 30

(Insufficient processing or working)

Any processing or working of goods in respect of which it is established or in respect of which there is reasonable suspicion that its sole object was to circumvent the provisions applicable in Bosnia and Herzegovina to goods from specific countries shall under no circumstances be deemed processing or working sufficient to confer, within the meaning of Article 29 of this Law, on the goods thus obtained the origin of the country where such processing or working was carried out.

Article 31

(Proof of non-preferential origin of goods and additional proof)

(1) The regulation referred to in Article 32 (3) of this Law may provide for the obligation to produce a document proving non-preferential origin of goods.

(2) Notwithstanding the production of the proof of non-preferential origin, the customs authorities may, in the event of reasonable suspicion, require an additional proof to confirm unequivocally that the indication of origin of goods complies with the rules laid down by the regulation referred to in paragraph 1 of this Article.

Article 32

(Requirements and issuance of proof of non-preferential origin)

(1) The Chamber of Foreign Trade of Bosnia and Herzegovina shall issue proofs of non-preferential origin of goods.

(2) A regulation adopted by the Council of Ministers of Bosnia and Herzegovina, upon the proposal of the Ministry of Foreign Trade and Economic Relations, shall provide for the conditions to obtain the non-preferential origin of goods, procedure to issue proofs of non-preferential origin of goods, the method of proving and documentation to substantiate it, methods of administrative cooperation, as well as the control and supervision procedure.

(3) The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina shall carry out the controls and supervision of all acts provided for by the regulation referred to in paragraph 2 of this Article.

SECTION B. PREFERENTIAL ORIGIN OF GOODS

Article 33

(Preferential origin of goods under international agreements)

(1) The rules on preferential origin shall lay down the conditions governing acquisition of origin which goods must fulfil in order to benefit from the measures referred to in Article 25 (2) (c) of this Law.

(2) The rules referred to in paragraph 1 of this Article shall be the rules determined in international agreements referred to in Article 25 (3) (c) of this Law for goods covered therein.

Article 34

(Rules of origin based on

unilateral decision made by Bosnia and Herzegovina)

The implementing regulation shall lay down the rules of origin for goods from the countries on which Bosnia and Herzegovina applies preferential tariff measures on the basis of its unilateral decision.

Article 35

(Rules of origin of goods based on unilateral decision made by another country)

(1) The Chamber of Foreign Trade of Bosnia and Herzegovina shall issue proofs of preferential origin of goods based on a unilateral decision made by another country.

(2) The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina shall carry out the controls and supervision of all acts laid down by the decision referred to in paragraph 1 of this Article. The control and supervision procedure shall be laid down in the regulation referred to in Article 32 (2) of this Law.

CHAPTER III. CUSTOMS VALUE OF GOODS

Article 36

(Purpose of determining customs value)

The provisions of this Chapter shall govern the manner of determining the customs value of goods for the purposes of applying customs regulations, including the Customs Tariff of Bosnia and Herzegovina and non-tariff measures laid down by Bosnia and Herzegovina legislation governing trade in goods.

Article 37

(Transaction value)

(1) The customs value of imported goods shall be their transaction value, that is, the price actually paid or payable for the goods when sold for export to Bosnia and Herzegovina and, where necessary, adjusted in accordance with Articles 40 and 41 of this Law, provided that:

- a) there are no restrictions as to the disposal or use of the goods by the buyer, other than the restrictions which:
 - 1) are imposed or required by law or by the public authorities in Bosnia and Herzegovina,
 - 2) limit the geographical area in which the goods may be resold, or
 - 3) do not substantially affect the value of the goods,
- b) the sale or price is not subject to some condition or restriction for which a value cannot be determined with respect to the goods being valued,
- c) no proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 40 of this Law,
- d) the buyer and seller are not related or, if they are related, that the transaction value is acceptable for customs purposes within the meaning of paragraph 2 of this Article.

(2) Paragraphs 3 to 6 of this Article shall apply when assessing the conditions referred to in paragraph 1 (d) of this Article.

(3) In determining whether the transaction value may be accepted for the purposes of paragraph 1 of this Article, the fact that the buyer and seller are related shall not in itself be sufficient grounds for regarding the transaction value as unacceptable. In such cases, the circumstances surrounding the sale should be examined and the transaction value shall be accepted provided that the relationship did not influence the price. If, based on the information provided by the declarant or otherwise, the customs authorities have grounds to consider that the relationship influenced the price, they shall communicate their grounds to the

declarant and give him/her a reasonable time limit to respond. At the declarant's request, the customs authorities shall communicate to him/her their grounds and the time limit for the response in writing too.

(4) In a sale between related persons, the transaction value shall be accepted and the goods shall be valued in accordance with paragraph 1 of this Article wherever the declarant demonstrates that such value closely approximates to one of the following occurring at or about the same time:

- a) the transaction value of identical or similar goods for export to Bosnia and Herzegovina in sales between the buyer and seller who are not related,
- b) the customs value of identical or similar goods, as determined under Article 38 (2) (c) of this Law,
- c) the customs value of identical or similar goods, as determined under Article 38 (2) (d) of this Law.

(5) When making the checks referred to in paragraph 4 of this Article, due account shall be taken of demonstrated differences in commercial and quantity levels, the elements listed in Article 40 of this Law and costs incurred by the seller in sales in which s/he and the buyer are not related and where such costs are not incurred by the seller in sales in which s/he and the buyer are related.

(6) The checks referred to in paragraph 4 of this Article shall be made at the request of the declarant and only for comparison purposes. Substitute values cannot be established under paragraph 4 of this Article.

(7) The price actually paid or payable shall be the total payment made or to be made by the buyer to or for the benefit of the seller for the imported goods and shall include all payments made or to be made as a condition of sale of the imported goods by the buyer to the seller or to a third party to satisfy the obligation of the seller. The payment need not necessarily take the form of a transfer of money. Payment may be made by way of letters of credit and negotiable instruments or by way of other payment instruments and may be made directly or indirectly.

(8) Activities, including marketing activities, undertaken by the buyer on his/her own behalf, other than those provided for in Article 40 of this Law for which an adjustment need be made, shall not be considered to be an indirect payment to the seller, even though they may be regarded as of benefit to the seller or to have been undertaken in agreement with the seller, and their price shall not be added to the price actually paid or payable in determining the customs value of the imported goods.

Article 38

(Identical or similar goods,
unit price and computed value)

(1) If the customs value cannot be determined in accordance with Article 37 of this Law, it shall be determined using the other methods referred to in paragraph 2 of this Article, proceeding sequentially through points (a), (b), (c) and (d) of paragraph 2 of this Article until the first point (method) is reached by which the customs value can be determined, with the proviso that the order of application of points (c) and (d) may be reversed at the declarant's request. It is only when the customs value of goods cannot be determined using the method under a particular point in paragraph 2 of this Article that the methods in the next point, in the sequence established in paragraph 2 of this Article, can be applied.

(2) The customs value as determined in accordance with paragraph 1 of this Article shall be:

- a) the transaction value of identical goods sold for export to Bosnia and Herzegovina and exported at or about the same time as the goods being valued,
- b) the transaction value of similar goods sold for export to Bosnia and Herzegovina and exported at or about the same time as the goods being valued,
- c) the value based on the unit price at which the imported goods or identical or similar imported goods are sold within Bosnia and Herzegovina in the greatest aggregate quantity to persons not related to the sellers,
- d) the computed value, consisting of the sum of:
 - 1) the cost or value of materials and fabrication or other processing employed in producing the imported goods,
 - 2) an amount for profit and general expenses equal to that which usually corresponds to the amount realised in sales of goods of the same kind or class as the goods being valued

which are made by a producer in the country of exportation for export to Bosnia and Herzegovina,

3) the value of all costs referred to in Article 40 (1) (e) and (f) of this Law.

(3) Additional conditions and rules for the application of paragraph 2 of this Article shall be provided for in the implementing provisions.

Article 39

(Determining customs value
in any other appropriate way)

(1) If the customs value of imported goods cannot be determined in accordance with Articles 37 or 38 of this Law, it shall be determined on the basis of data available in Bosnia and Herzegovina, using acceptable methods consistent with the principles and general provisions of:

- a) the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade of 1994,
- b) Article VII of the General Agreement on Tariffs and Trade of 1994 (GATT) and
- c) the provisions of this Chapter.

(2) No customs value shall be determined in accordance with paragraph 1 of this Article on the basis of:

- a) the selling price in Bosnia and Herzegovina of goods produced in Bosnia and Herzegovina,
- 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 price of production, other than the computed value which is determined for identical or similar goods in accordance with Article 38 (2) (d) of this Law,
- e) the price of goods for export to another country and not Bosnia and Herzegovina,
- f) minimum customs values,
- g) arbitrary or fictitious values.

Article 40

(Costs and charges included in customs value)

(1) In determining the customs value in accordance with Article 37 of this Law, there shall be added to the price actually paid or payable for imported goods:

- a) the following, to the amount that is incurred by the buyer, that 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 questions,
 - 3) the cost of packing, whether for labour or materials,
- b) appropriate part of the value of the following goods and services supplied directly or indirectly by the buyer free of charge or at a reduced cost for use in the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:
 - 1) materials, components, parts and similar items incorporated in the imported goods,
 - 2) tools, dies, moulds and similar items used in the production of the imported goods,
 - 3) materials consumed in the production of the imported goods,
 - 4) engineering, development, artwork or design work, and plans and sketches undertaken elsewhere than in Bosnia and Herzegovina and necessary for the production of the imported goods,
- c) royalties and licence fees related to the imported goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, if such royalties and licence fees are not included in the price actually paid or payable,
- d) part of the proceeds of any subsequent resale, disposal or use of the imported goods that is paid to the seller, either directly or indirectly,

- e) cost of transport and insurance of the imported goods to the place of introduction into the customs territory of Bosnia and Herzegovina, and
- f) loading, unloading and handling charges associated with the transport of the imported goods to the place of introduction into the customs territory of Bosnia and Herzegovina.

(2) Additions to the price actually paid or payable shall be made in accordance with this Article solely on the basis of objective and quantifiable data.

(3) In determining the customs value, no additions shall be made to the price actually paid or payable, except as provided in this Article.

(4) For the purposes of this Chapter, the term 'buying commission' means fees paid by the importer to his/her agent for the service of representing him/her in another country in the purchase of the goods being valued.

(5) Notwithstanding paragraph 1 (c) of this Article, the following shall not be added to the price actually paid or payable for the imported goods in determining the customs value:

- a) charges for acquiring the right to reproduce (multiply) the goods imported into Bosnia and Herzegovina,
- b) payments made by the buyer for the right to distribute or resell the imported goods if such payments are not a condition of the sale of the goods for export to Bosnia and Herzegovina.

Article 41

(Costs and charges not included in customs value)

(1) Provided that they are shown separately from the price actually paid or payable, the following shall not be included in the customs value:

- a) charges for the transport of goods after their introduction into the customs territory of Bosnia and Herzegovina,
- b) charges for construction, assembly, maintenance and technical assistance incurred after the importation of an industrial plant, machine or equipment,
- c) charges for interest under a financing arrangement entered into by the buyer and relating to the purchase of imported goods, irrespective of whether the finance is provided by the seller or another person, if such financing arrangement has been made in writing and if the buyer can, if required, demonstrate that:
 - 1) the goods are actually sold at the price declared as the price actually paid or payable,
 - 2) the rate of interest does not exceed the standard level for such transactions at the time when and in the country where the finance was provided,
- d) charges for the right to reproduce the goods imported into Bosnia and Herzegovina,
- e) buying commissions,
- f) import duties and other charges payable in Bosnia and Herzegovina on importation or sale of the goods.

(2) Price reductions that are agreed upon and cash discounts standard for identical or similar imported goods shall be accepted in determining the customs value of imported goods.

Article 42

(Customs value of data carriers)

Specific rules for determining the customs value of data carriers used in data processing equipment and bearing data or instructions may be provided for in the implementing provisions of this Law.

Article 43

(Conversion of foreign currency)

Where it is necessary to convert an amount provided in a foreign currency into the currency of Bosnia and Herzegovina in order to determine the customs value, the foreign currency shall be converted into the currency of Bosnia and Herzegovina according to the applicable middle and daily rate of exchange published by the Central Bank of Bosnia and Herzegovina.

Article 44
(Specific rules)

Articles 37 to 43 of this Law shall not apply to the determination of the customs value of goods subject to another customs-approved treatment or use before being released for free circulation if the provisions and implementing provisions of this Law governing the relevant procedure provide for a different way to determine the customs value of goods being released for free circulation.

**TITLE III – PROVISIONS APPLICABLE TO GOODS BROUGHT INTO
CUSTOMS TERRITORY OF BOSNIA AND HERZEGOVINA UNTIL THEY
ARE ASSIGNED TO A CUSTOMS-APPROVED TREATMENT OR USE**

CHAPTER I. ENTRY SUMMARY DECLARATION

Article 45
(Lodging of entry summary declaration)

(1) The entry summary declaration shall be lodged for goods brought into the customs territory of Bosnia and Herzegovina.

(2) The provision referred to in paragraph 1 of this Article shall not apply to goods carried on a means of transport only passing through the territorial waters or the airspace of the customs territory of Bosnia and Herzegovina, without a stop in this territory.

(3) The entry summary declaration shall be lodged at the customs office of entry. Subject to approval of the customs authorities, the entry summary declaration may be lodged at another customs office, which immediately, using electronic data exchange (hereinafter referred to as ‘electronically’), communicates or makes the data contained in the declaration available to the customs office of entry.

(4) Provided that the competent customs office is allowed access to the entry summary declaration data in the economic operator’s computer system, it may accept the lodging of a notification instead of the requirement to lodge the prearrival entry declaration.

(5) The entry summary declaration shall be lodged before the goods are brought into the customs territory of Bosnia and Herzegovina.

(6) Taking into account any specific circumstances for particular types of traffic of goods, modes of transport, or for particular economic operators, or if international agreements provide for special security arrangements, the implementing provisions shall provide for:

- a) the time limits by which the entry summary declaration is to be lodged before bringing the goods into the customs territory of Bosnia and Herzegovina,
- b) the conditions under which the time limits referred to in point (a) of this paragraph may be waived,
- c) the conditions under which the requirement to lodge the entry summary declaration may be waived.

Article 46
(Data set and format for entry summary
declaration, person lodging entry summary declaration, amendments)

(1) The entry summary declaration shall be lodged electronically. Commercial, port and transport document data may be used for the purpose of lodging the entry summary declaration, provided that they contain all necessary particulars.

(2) The customs authorities may accept the paper-based entry summary declaration in exceptional circumstances, if it is possible to apply the same level of risk-based customs controls as in the case of the entry summary declaration lodged electronically and if such data may be exchanged with other customs offices.

(3) The entry summary declaration shall be lodged by the person who brings the goods into the customs territory of Bosnia and Herzegovina or the person who assumes responsibility for the carriage of the goods into this territory.

(4) Notwithstanding the obligations of the person referred to in paragraph 3 of this Article, the entry summary declaration may be lodged instead by one of the following persons:

- a) the person in whose name the person referred to in paragraph 3 of this Article acts,
- b) any person who is able to present the goods or to have them presented to the competent customs office,
- c) a representative of one of the persons referred to in paragraph 3 of this Article or the person referred to in points (a) and (b) of this paragraph.

(5) The person who lodges the entry summary declaration, at his/her request, may be allowed by the customs office to amend one or more particulars in the entry summary declaration after it has been lodged. No amendment shall be allowed after the customs office:

- a) has informed the person who lodged the entry summary declaration that they intend to examine the goods, or
- b) has established that the particulars listed in the entry summary declaration are incorrect, or
- c) has allowed further movement of the goods.

(6) The implementing provisions shall provide for the conditions under which the provisions relating to the lodging of the entry summary declaration, data set and format for the entry summary declaration, containing the particulars necessary for risk analysis and the proper application of customs controls, shall apply, primarily for security and safety purposes, taking into account, where possible, the applicable international standards and commercial practices.

Article 47

(Customs declaration having status of entry summary declaration)

(1) The customs office of entry may waive the lodging of an entry summary declaration in respect of goods for which, before the expiry of the time limit referred to in Article 45 (5) and (6) of this Law, a customs declaration containing at least the particulars necessary for an prearrival declaration is lodged. In that case, the customs declaration, until such time as it is accepted in accordance with Article 75 of this Law, shall have the status of an entry summary declaration.

(2) Subject to approval by the customs authorities, the customs declaration referred to in paragraph 1 of this Article may be lodged to a customs office of import different from the customs office of entry. In that case, the customs office of import shall be obliged immediately to communicate or make the customs declaration data available electronically to the customs office of entry.

(3) If the customs declaration referred to in paragraph 1 of this Article is lodged other than electronically, the competent customs office shall apply the same level of risk-based customs controls as that applied in the case of the customs declaration lodged electronically.

CHAPTER II. ENTRY OF GOODS INTO CUSTOMS TERRITORY OF BOSNIA AND HERZEGOVINA

Article 48

(Customs supervision and controls)

(1) Goods brought into the customs territory of Bosnia and Herzegovina shall be subject to customs supervision from the time of their entry and the customs authorities may carry out their controls in accordance with the applicable provisions.

(2) The goods shall remain under customs supervision for as long as necessary in order to determine their customs status. In the case of foreign goods, without prejudice to the application of Article 96 (1) of this Law, the goods shall remain under customs supervision until their customs status is changed, or until they enter a free zone, are re-exported or destroyed in accordance with Articles 200 and 201 of this Law.

Article 49

(Carriage of goods from customs line to place of presentation)

(1) The person who brought goods into the customs territory of Bosnia and Herzegovina shall carry the goods without delay, by the route specified by the customs authorities and in accordance with their instructions:

- a) to the customs office designated by the customs authorities or to any other place designated or approved by those authorities, or
- b) to a free zone, if the goods are to be brought into the free zone directly:
 - 1) by sea or air,
 - 2) by land without passing through any part of the customs territory of Bosnia and Herzegovina, if the free zone adjoins the land frontier between Bosnia and Herzegovina and another country.

(2) Any person who assumes responsibility for the carriage of goods after they have been brought into the customs territory of Bosnia and Herzegovina, *inter alia*, as a result of transshipment, shall be responsible for compliance with the obligations referred to in paragraph 1 of this Article.

(3) Goods which are still outside the customs territory of Bosnia and Herzegovina may be subject to customs controls under the applicable provisions, as a result of, *inter alia*, an agreement concluded between Bosnia and Herzegovina and another country, and shall be treated in the same way as goods brought into the customs territory of Bosnia and Herzegovina.

(4) Paragraph 1 (a) of this Article shall not preclude the implementation of any provisions with respect to passenger, frontier and postal traffic or supply of negligible economic impact if their implementation does not jeopardise customs supervision and control possibilities.

(5) Paragraphs 1 to 4 of this Article, Articles 45 to 47 and Articles 50 to 64 of this Law shall not apply to goods which temporarily leave the customs territory of Bosnia and Herzegovina while moving between two points in that territory by waterway or air, provided that the carriage is effected by direct route and by regular air or shipping services without a stop outside the customs territory of Bosnia and Herzegovina.

(6) Paragraph 1 of this Article shall not apply to goods on board vessels or aircraft crossing the territorial waters or airspace of Bosnia and Herzegovina without having as their destination a port or airport situated in Bosnia and Herzegovina.

Article 50

(Unforeseeable circumstances or force majeure)

(1) Where, by reason of unforeseeable circumstances or force majeure, the obligations laid down in Article 49 (1) of this Law cannot be complied with, the person bound by those obligations or any other person who assumes responsibility for complying with these obligations shall inform the nearest customs office of the situation without delay. If the unforeseeable circumstances or force majeure do not result in total loss of the goods, the customs authorities shall also be informed of their location.

(2) Where, by reason of unforeseeable circumstances or force majeure, a vessel or aircraft referred to in Article 49 (6) of this Law is forced to put into port or land temporarily in the customs territory of Bosnia and Herzegovina and the obligations laid down in Article 49 (1) of this Law cannot be complied with, the person bringing the vessel or aircraft into the customs territory of Bosnia and Herzegovina or the person assuming his/her obligations shall immediately inform the customs authorities of the situation.

(3) The customs authorities shall determine the measures to be taken in order to permit customs supervision of the goods referred to in paragraph 1 of this Article, as well as those on board of a vessel or aircraft in the circumstances specified in paragraph 2 of this Article and to ensure, if necessary, that they are subsequently conveyed to the customs authorities or carried to another place designated or approved by the customs authorities.

CHAPTER III. PRESENTATION OF GOODS

Article 51

(Presentation of goods)

(1) Goods which, in accordance with Article 49 (1) (a) of this Law, arrive at a customs office or another place designated or approved by the customs authorities shall immediately be presented to the customs office by the person who brought the goods into the customs territory of Bosnia and Herzegovina or the person who has assumed responsibility for the carriage of the goods following their entry.

(2) Where Articles 45 to 47 of this Law apply, goods which, in accordance with Article 49 (1) (a) of this Law, arrive at a customs office or another place designated or approved by the customs authorities, with the exception of goods carried on means of transport only passing through the territorial sea or airspace of Bosnia and Herzegovina without a stop within the customs territory of Bosnia and Herzegovina, shall be presented to the customs office by the person who brought the goods into the customs territory of Bosnia and Herzegovina or the person who has assumed responsibility for the carriage of the goods following their entry.

(3) When presenting the goods to the customs office, the person presenting them shall make a reference to the entry summary declaration or the customs declaration previously lodged in respect of the goods before their entry.

Article 52

(Implementation of rules)

Article 51 of this Law shall not preclude the implementation of regulations relating to goods:

- a) brought in by passengers,
- b) placed under a customs procedure without a requirement to present them to a customs office.

Article 53

(Prior examination of goods)

Once they have been presented to the customs authorities, goods may, at the request of the person authorised to assign them a customs-approved treatment or use and with the permission and under the supervision of the customs authorities, be examined or samples may be taken in order to be assigned to a customs-approved treatment or use.

CHAPTER IV. DECLARATION FOR TEMPORARY STORAGE AND UNLOADING OF PRESENTED GOODS

Article 54

(Lodging declaration for temporary storage)

(1) The declaration for temporary storage shall be lodged for all goods presented to the customs authorities in accordance with Article 51 of this Law, with the exception of goods referred to in Article 56 of this Law. The declaration for temporary storage shall not be lodged in the event that goods are assigned to a customs-approved treatment or use immediately following their presentation.

(2) The declaration for temporary storage shall be lodged with the customs authorities once the goods are presented. The customs authorities may extend the time limit for lodging the declaration for temporary storage, no later than beyond the first working day following the presentation of the goods.

Article 55

(Format and data set for declaration for temporary storage and person lodging it)

(1) The declaration for temporary storage shall contain the particulars necessary for identification of the goods and shall be lodged on the prescribed form. The customs authorities may permit the use, as the declaration for temporary storage, of any commercial or official document which contains the particulars necessary for identification of the goods.

(2) The declaration for temporary storage shall be lodged by:

- a) the person who brought the goods into the customs territory of Bosnia and Herzegovina or the person who has assumed responsibility for the carriage of the goods following their entry, or
- b) the person in whose name the person referred to in point (a) of this paragraph acts.

Article 56

(Postal and passenger traffic)

Bearing in mind the regulations relating to postal and passenger traffic, the declaration for temporary storage shall not be lodged for goods brought in by travellers and for goods in postal traffic, if that does not prevent the implementation of customs control measures or if the goods are assigned to a customs-approved treatment or use before the expiry of the time limit referred to in Article 54 of this Law.

Article 57

(Unloading or transhipment of goods)

(1) Goods may be unloaded or transhipped from the means of transport carrying them solely with the permission of the customs authorities, in places designated or approved by the customs authorities.

(2) The permission referred to paragraph 1 of this Article shall not be required in the event of imminent danger necessitating the immediate unloading of all or part of the goods, of which fact the customs authorities shall be informed without delay.

(3) For the purpose of inspecting goods or the means of transport carrying them, the customs authorities may at any time require goods to be unloaded and unpacked.

Article 58

(Removal of goods)

Goods shall not be removed from their original position without the permission of the customs authorities.

CHAPTER V. OBLIGATION TO ASSIGN GOODS PRESENTED TO CUSTOMS TO CUSTOMS-APPROVED TREATMENT OR USE

Article 59

(Assignment of goods to customs-approved treatment or use)

Foreign goods presented to the customs authorities must be assigned to a customs-approved treatment or use authorised for such goods.

Article 60

(Time limits for assignment of goods to customs-approved treatment or use)

(1) If a declaration for temporary storage is lodged for goods presented to the customs authorities, the customs formalities necessary for them to be assigned to a customs-approved treatment or use must be carried out within 20 days from the day on which the declaration for temporary storage is lodged.

(2) Where circumstances so warrant, the customs authorities may set a shorter time limit or authorise an extension of the time limit referred to in paragraph 1 of this Article, which shall not exceed the genuine time requirement, in line with the circumstances.

CHAPTER VI. TEMPORARY STORAGE OF GOODS

Article 61

(Temporary storage of goods presented to customs)

Goods presented to the customs authorities, irrespective of whether a declaration for temporary storage has been lodged for them, from the time of their presentation until such time as they are assigned to a customs-approved treatment or use shall have the status of goods in temporary storage (hereinafter referred to as 'goods in temporary storage').

Article 62

(Temporary storage requirements)

(1) Goods in temporary storage shall be stored only in places and under the conditions approved by the customs authorities.

(2) The customs authorities may require the holder of the goods to provide a security to cover any customs debt which may arise under Articles 227 and 228 of this Law.

Article 63

(Handling of goods in temporary storage)

Without prejudice to Article 53 of this Law, goods in temporary storage may be subject only to such forms of handling which are required to preserve them in the unaltered state without modifying their appearance or technical characteristics.

Article 64

(Handling of goods in temporary storage in case of time limit expiry)

(1) If the customs formalities necessary for goods to be assigned to a customs-approved treatment or use are not performed within the time limit referred to in Article 60 of this Law, the customs authorities shall without delay take all measures necessary to regularise their situation, including seizure and sale of the goods.

(2) The customs authorities may, at the risk and expense of the holder of goods, transfer the goods referred to in paragraph 1 of this Article to another place which is under their supervision, until the procedure in respect of the goods is completed.

CHAPTER VII. PROVISIONS APPLICABLE TO FOREIGN GOODS WHICH HAVE MOVED UNDER TRANSIT PROCEDURE

Article 65

(Exceptions that apply to foreign goods under transit procedure)

Article 49, with the exception of paragraph 1 (a) thereof, and Articles 50 to 64 shall not apply to foreign goods which were already placed under a transit procedure when they were brought into the customs territory of Bosnia and Herzegovina.

Article 66

(Provisions applicable to foreign goods
upon end of transit procedure)

Once foreign goods which have moved under a transit procedure reach their destination in the customs territory of Bosnia and Herzegovina and are presented to the customs office of destination in accordance with the regulations governing the transit procedure, Articles 53 to 64 of this Law shall apply.

CHAPTER VIII. OTHER PROVISIONS

Article 67

(Destruction of goods presented to customs)

Where the circumstances so warrant, the customs authorities may decide to have presented goods destroyed. The customs authorities shall inform accordingly the holder of the goods, who shall bear the costs of destroying the goods.

Article 68

(Procedure for unlawful introduction of goods)

(1) Where the customs authorities find that goods have been unlawfully introduced into the customs territory of Bosnia and Herzegovina or that customs supervision and controls in respect of goods have been rendered impossible, they shall take any measures necessary in order to regularise their situation, including seizure and sale of the goods.

(2) The costs of the measures taken, including the costs of destroying the goods, shall be borne by the holder of the goods.

TITLE IV- CUSTOMS-APPROVED TREATMENT OR USE OF GOODS

CHAPTER I. GENERAL PROVISIONS

Article 69

(Assigning customs-approved treatment or use)

Save as otherwise provided by this Law, goods may at any time, under the conditions laid down, be assigned to any customs-approved treatment or use irrespective of their nature, quantity, origin, method of consignment or destination.

Article 70

(Exception to assigning customs-approved treatment or use)

Article 69 of this Law shall not apply if that is in contrast to the measures laid down with a view to protecting public safety and morality, health and life of humans, animals and plants, preserving the environment, protecting natural rarities, cultural heritage, artistic, historic, archaeological or technological values, protecting intellectual property, etc.

CHAPTER II. CUSTOMS PROCEDURES

SECTION A. PLACING OF GOODS UNDER CUSTOMS PROCEDURE

Article 71

(Obligation to lodge customs declaration and customs supervision)

(1) Goods intended to be placed under a customs procedure must be covered by a customs declaration for that procedure.

(2) Domestic goods declared for an export, outward processing, transit or customs warehousing procedure shall be subject to customs supervision from the time of acceptance of the customs declaration until such time as they leave the customs territory of Bosnia and Herzegovina or are destroyed or the customs declaration is invalidated.

Article 72

(Power of customs authorities to determine competence)

Where possible, the customs authorities may, taking into account the nature of the goods and the customs procedure under which they are to be placed, determine the competence of particular customs offices.

Article 73

(Lodging of customs declaration)

The customs declaration shall be lodged:

- a) in writing, or
- b) electronic data exchange (hereinafter: electronically), if permitted by technical possibilities and if the customs authorities approve the use of electronic means, or
- c) orally or by any other act whereby the holder of the goods requests that they be placed under a customs procedure, if such possibility is provided for in the implementing provisions.

1. Customs declaration in writing

1.1. Normal procedure

Article 74

(Completion of customs declaration)

(1) A customs declaration in writing shall be lodged on a form provided for in the implementing provisions. It must contain all the particulars necessary for implementation of the provisions governing the customs procedure for which the goods are declared and be signed by the person lodging it.

(2) The declarant shall enclose with the customs declaration all the documents required for implementation of the provisions governing the customs procedure for which the goods are declared.

Article 75

(Acceptance of customs declaration)

The customs authorities shall immediately accept a customs declaration which is lodged in accordance with Article 74 of this Law, provided that the goods for which the declaration is lodged are presented to the customs office.

Article 76

(Declarant)

(1) A customs declaration may be lodged by any person who is able to present to the customs office the goods in question and all the documents which are required for implementation of the provisions governing the customs procedure for which the goods are declared or by the person authorised by the former in accordance with Articles 5 and 6 of this Law.

(2) Where the acceptance of a customs declaration imposes particular obligations on a specific person, the declaration must be lodged by that person or another person on his/her behalf.

(3) The declarant must be established in Bosnia and Herzegovina, except for a person who:

- a) declares goods for transit or temporary importation,
- b) declares goods on an occasional basis only, if the customs authorities consider this to be justified.

(4) Paragraph 3 of this Article shall not preclude the application of any bilateral agreement Bosnia and Herzegovina has concluded with another country, or customary practices having similar effect, under which a national of that country may lodge a customs declaration in the territory of Bosnia and Herzegovina subject to reciprocity.

Article 77

(Amendments to customs declaration)

(1) The customs authorities may, at his/her request, authorise the declarant to amend one or more of the particulars of the customs declaration they have already accepted. The amendment in the customs declaration shall not have the effect of rendering the declaration applicable to goods other than those originally declared in it.

(2) The customs authorities shall not approve any amendments to the customs declaration if the request to make the amendments is submitted after the customs authorities:

- a) have informed the declarant that they intend to examine the goods, or
- b) have established that the particulars in question are incorrect, or
- c) have released the goods.

Article 78

(Invalidation of customs declaration)

(1) The customs authorities shall, at the request of the declarant, invalidate a customs declaration already accepted if the declarant furnishes proof that goods were declared in error for the customs procedure covered by that declaration, provided s/he immediately declares the goods in question for another customs-

approved treatment or use, where necessary, or that, as a result of special circumstances, the placing of the goods under the customs procedure for which they were declared is no longer justified.

(2) Where the customs authorities have already informed the declarant of their intention to examine the goods, a request for invalidation of the customs declaration shall not be accepted until after the examination of the goods has taken place.

(3) The customs declaration shall not be invalidated after the goods have been released, except in cases provided for in the implementing provisions.

(4) Invalidation of the customs declaration shall be without prejudice to the application of the penal provisions in force.

Article 79

(Date of implementation of regulations)

Save as otherwise provided, the regulations applicable on the date of acceptance of a customs declaration shall apply to the implementation of the customs procedure for which the goods are declared.

Article 80

(Verification of customs declaration)

For the purposes of verifying an accepted customs declaration, a customs office may:

- a) examine the declaration and documents covered by the declaration, as well as the documents accompanying it, and may require the declarant to produce other documents for the purpose of verifying the accuracy of the particulars contained in the declaration,
- b) examine the goods and take samples for analysis or for another appropriate examination.

Article 81

(Examination of goods and taking of samples)

(1) Transport of goods to the places where they are to be examined or samples are to be taken, as well as all the handling of goods necessitated by such examination or taking of samples, shall be carried out by or under the responsibility of the declarant. The costs incurred shall be borne by the declarant.

(2) The declarant shall be entitled to be present when the goods are examined and when samples are taken. If they deem it appropriate, the customs authorities may require the declarant or his/her representative to be present when the goods are examined or samples are taken in order to provide the assistance necessary to facilitate such examination or taking of samples.

(3) Where samples are taken in accordance with regulations, the customs authorities shall not be liable for payment of any compensation in respect of the samples taken, but shall bear the costs of their analysis or examination.

(4) The conditions and manner of taking samples shall be provided for in the implementing provisions.

Article 82

(Partial examination of goods)

(1) Where only part of the goods covered by a customs declaration is examined, the results of the partial examination shall apply to all the goods covered by the declaration.

(2) The declarant may request a further examination of the goods if s/he considers that the results of the partial examination are not valid as regards the remainder of the goods covered by the customs declaration.

(3) For the purposes of paragraph 1 of this Article, if a customs declaration covers two or more items, the particulars relating to each item shall be deemed to constitute a separate customs declaration.

Article 83

(Results of verification of customs declaration)

(1) The results of verifying the customs declaration shall be used for the purposes of applying the provisions governing the customs procedure under which the goods are placed.

(2) Where the customs declaration is not verified, the particulars that the declarant provided in the declaration shall be accepted for the purposes of applying the provisions referred to in paragraph 1 of this Article.

Article 84

(Measures for identification of goods)

(1) The customs authorities shall take the measures necessary to identify the goods if identification is required in order to comply with the conditions governing the customs procedure for which the said goods have been declared.

(2) Customs means of identification affixed to the goods or means of transport shall be removed or destroyed only by the customs authorities and by another person only with their permission unless, as a result of unforeseeable circumstances or force majeure, their removal or destruction is essential in order to protect the goods or means of transport.

Article 85

(Release of goods)

(1) While complying with Article 86 of this Law, if the conditions for placing the goods under the requested customs procedure are fulfilled and provided the goods are not subject to any prohibitive or restrictive measures, the customs authorities shall release the goods to the declarant as soon as the particulars in the customs declaration have been verified and accepted, or accepted without verification. The same shall apply where the customs declaration cannot be verified within a reasonable period of time and the goods are no longer required to be present for declaration verification purposes.

(2) All the goods covered by one customs declaration shall be released at the same time.

(3) For the purposes of paragraph 2 of this Article, if a customs declaration covers two or more items, it shall be deemed that a separate customs declaration has been lodged for each item.

Article 86

(Security to cover customs debt before release of goods)

(1) Where acceptance of a customs declaration gives rise to a customs debt, the goods covered by the declaration shall not be released if the customs debt has not been paid or secured.

(2) In the temporary importation procedure with partial relief from import duties, the goods covered by the declaration shall not be released until a security to cover the customs debt is provided.

(3) Where, in accordance with the provisions governing the customs procedure for which the goods are declared, the customs authorities require the provision of a security to cover the customs debt that may be incurred, the goods shall not be released for the customs procedure until such security is provided.

Article 87
(Special measures)

The customs authorities shall take any necessary measures, including seizure and sale of goods:

- a) if the goods cannot be released to the declarant because:
 - 1) it has not been possible to undertake or continue examination of the goods within the period prescribed by the customs authorities for reasons attributable to the declarant,
 - 2) the documents necessary to place the goods under the customs procedure requested have not been produced,
 - 3) the customs debt has not been paid or the security to cover the debt has not been provided within the period prescribed,
 - 4) they are subject to prohibitions or restrictions,
- b) if the goods are not removed within a reasonable period after their release to the declarant.

1.2. Simplified procedures

Article 88
(Simplified customs declarations)

(1) In order to simplify customs formalities and procedures, while at the same time ensuring that the procedures are conducted in a proper manner, the customs authorities may, in the cases and manner provided for in implementing provisions, grant permission for:

- a) the customs declaration to omit certain of the particulars or not to have attached thereto some of the documents as provided for in Article 74 of this Law,
- b) some of the commercial or official documents accompanying the request for the goods to be placed under the customs procedure to replace the customs declaration referred to in Article 74 of this Law,
- c) the goods to be placed under the requested customs procedure on the basis of an entry in the accounts, in which case the customs authorities may relieve the declarant of the obligation to present the goods.

(2) The simplified customs declaration referred to in paragraph 1 of this Article must contain the particulars necessary for identification of the goods, and the entry in the accounts must contain the date of the entry.

(3) Except in cases determined by the implementing provisions, the declarant shall, within the given period of time, lodge a supplementary customs declaration which may be of a general, periodic or recapitulative nature.

(4) The supplementary declaration and the simplified customs declaration referred to in paragraph 1 (a), (b) and (c) of this Article shall constitute a single and indivisible legal whole subject to the provisions applicable on the date of acceptance of the simplified declaration. The acceptance of the entry in the accounts referred to in paragraph 1 (c) of this Article shall have the same legal effect as the acceptance of the customs declaration referred to in Article 74 of this Law.

Article 89
(Simplified transit procedure)

Special simplified procedures for the transit procedure shall be provided for in the implementing provisions.

2. Other customs declarations

Article 90

(Application of provisions in respect of other customs declarations)

Where the customs declaration is lodged electronically within the meaning of Article 73 (b) of this Law, orally or by any other act within the meaning of Article 73 (c) of this Law, Articles 74 to 89 of this Law shall apply *mutatis mutandis*.

Article 91

(Obligation to keep documents)

Where the customs declaration is lodged electronically, the customs authorities may allow the accompanying documents referred to in Article 74 (2) of this Law not to be lodged with the declaration. In this case the documents must be kept and be at the disposal of the customs authorities, within the time limit referred to in Article 21 of this Law.

3. Post-clearance examination of customs declaration

Article 92

(Post-clearance examination of customs declaration)

(1) The customs authorities may, *ex officio* or at the request of the declarant, amend the customs declaration after the release of the goods to the declarant.

(2) The customs authorities may, after releasing the goods and in order to check the accuracy of the particulars contained in the customs declaration, inspect the accounting, commercial and other documents and data relating to the import or export operations in respect of the goods concerned or to subsequent commercial operations involving these goods. Such inspections may be carried out at the premises of the declarant, of any other person directly or indirectly involved in the said operations in a business capacity, or of any other person in possession of the said documents and data. The customs authorities may also examine the goods and take samples if the goods are still available.

(3) Where post-clearance examination of the customs declaration or post-clearance inspection establishes that the provisions governing the customs procedure concerned have been applied on the basis of incorrect or incomplete data, the customs authorities shall, in accordance with the provisions in force, take the measures necessary to regularise the situation, taking account of the new information available to them.

SECTION B. RELEASE FOR FREE CIRCULATION

Article 93

(Release for free circulation)

(1) Release for free circulation shall entail application of commercial policy measures, completion of other customs formalities relating to the importation of goods and the charging of all prescribed import duties, taxes, excise duties and other charges in accordance with customs and other legislation.

(2) Release for free circulation shall confer on foreign goods the customs status of domestic goods.

Article 94

(Lower rate of customs duty)

(1) By way of derogation from Article 79 of this Law, the declarant may request application of a lower rate of customs duty if, after the acceptance of the customs declaration releasing the goods for free circulation but before the goods are released to the declarant, the rate of customs duty referred to in Article 4 (r) (1) is reduced.

(2) Paragraph 1 of this Article shall not apply if it has not been possible to release the goods for reasons attributable to the declarant.

Article 95

(Common rate of customs duty)

Where a consignment is made up of goods falling within a number of tariff classifications, and classifying each of those goods for the purpose of drawing up the customs declaration would entail a burden of work and expense disproportionate to the customs duty charged, the customs authorities may, at the request of the declarant, agree that the customs duty for the whole consignment be charged on the basis of the tariff classification of the goods which are subject to the highest rate of customs duty.

Article 96

(Customs supervision of goods released at reduced or zero rate of customs duty on account of their end-use)

(1) Goods released for free circulation at a reduced or zero rate of customs duty on account of their end-use shall remain under customs supervision. Customs supervision of these goods shall end when the conditions laid down for granting the reduced or zero rate of duty cease to apply, when the goods are exported or destroyed or when the use of the goods for purposes other than those laid down for the application of the reduced or zero rate of customs duty is permitted subject to payment of the custom debt due.

(2) Articles 102 and 104 shall apply *mutatis mutandis* to the goods referred to in paragraph 1 of this Article.

Article 97

(Loss of customs status as Domestic goods)

Goods released for free circulation shall lose their customs status as Domestic goods:

- a) where the customs declaration for release for free circulation is invalidated after the release of the goods to the declarant,
- b) where the amount of import duties payable on the goods is repaid or remitted:
 - 1) under the inward processing procedure in the form of the drawback system,
 - 2) because the goods are defective or they do not comply with the terms of the contract, pursuant to Article 264 of this Law, or
 - 3) in the situations referred to in Article 265 of this Law, where repayment or remission is conditional upon the goods being exported or re-exported or being assigned to another appropriate customs-approved treatment or use.

SECTION C. CUSTOMS SUSPENSIVE PROCEDURES AND CUSTOMS PROCEDURES WITH ECONOMIC IMPACT

1. Provisions common to several procedures

Article 98

(Customs suspensive procedures and customs procedures with economic impact)

(1) In the case of foreign goods, the terms used in Articles 99 to 104 shall refer:

- a) in the case of ‘customs suspensive procedure’, to the following procedures:
 - 1) external transit,
 - 2) customs warehousing,
 - 3) inward processing in the form of the suspension system,
 - 4) processing under customs control,
 - 5) temporary importation,

- b) in the case of ‘customs procedure with economic impact’, to the following procedures:
 - 1) customs warehousing,
 - 2) inward processing,
 - 3) processing under customs control,
 - 4) temporary importation,
 - 5) outward processing.

(2) ‘Import goods’ means goods placed under a customs suspensive procedure and goods which, under the inward processing procedure in the form of the drawback system, have undergone the procedure for release for free circulation, subject to the completion of the customs formalities provided for in Article 144 of this Law.

(3) ‘Goods in the unaltered state’ means import goods which, under the inward processing procedure or the procedure for processing under customs control, have undergone no form of working or processing.

Article 99
(Authorisation)

A customs procedure with economic impact shall be used only on the basis of an authorisation granted by the customs authorities.

Article 100
(Conditions)

Without prejudice to the additional special conditions governing the customs procedure in question, the authorisation referred to in Article 99 and that referred to in Article 117 (1) shall be granted only:

- a) to persons providing all guarantees necessary that they will conduct the procedure in a proper manner,
- b) if the customs authorities can supervise and control the authorised procedure without introducing administrative measures disproportionate to the economic needs involved.

Article 101
(Content of authorisation, obligation of authorisation holder)

(1) The conditions under which a customs procedure with economic impact is used must be set out in the authorisation for that procedure.

(2) The holder of the authorisation must immediately notify the customs authorities of all facts arising after the authorisation was granted and influencing its further application or content.

(3) All products and goods obtained from goods placed under a customs suspensive procedure shall be considered as being placed under the same procedure.

Article 102
(Provision of security)

(1) The customs authorities may request that the holder of an authorisation provides an adequate security to cover any customs debt which may be incurred in respect of goods placed under a customs suspensive procedure.

(2) The Governing Board may lay down the method of providing security and its amount, or waive the obligation to provide security for certain customs suspensive procedures.

Article 103

(End of customs procedure with economic impact)

(1) A customs procedure with economic impact shall end when a new customs-approved treatment or use is assigned to either the goods placed under the procedure or to the compensating or obtained products.

(2) The customs authorities shall take all the measures necessary to regularise the situation in respect of the goods for which a procedure has not ended in accordance with the conditions prescribed.

Article 104

(Transfer of rights and obligations)

The rights and obligations of the holder of a customs procedure with economic impact may, on the conditions laid down by the customs authorities, be transferred to another person who fulfils all conditions for the procedure in question.

2. Transit

2.1. External transit – general provisions

Article 105

(External transit)

(1) The external transit procedure shall allow the movement of goods from one point to another within the customs territory of Bosnia and Herzegovina of:

- a) foreign goods, without such goods being subject to import duties and other charges and to commercial policy measures,
- b) Domestic goods, in the cases and on the conditions determined in the implementing provisions, in order to prevent products covered by or benefiting from export measures from either evading or benefiting unjustifiably from such measures.

(2) The movement of goods referred to in paragraph 1 of this Article shall take place:

- a) under the external transit procedure in Bosnia and Herzegovina,
- b) under cover of a TIR carnet (pursuant to TIR Convention), provided that such movement:
 - 1) begins or ends outside the customs territory of Bosnia and Herzegovina, or
 - 2) relates to consignments of goods which must be unloaded in the customs territory of Bosnia and Herzegovina and which are transported with goods to be unloaded in another country, or
 - 3) is effected between two points in the customs territory of Bosnia and Herzegovina through the territory of another country,
- c) under cover of an ATA carnet (pursuant to Convention on Temporary Admission) used as a transit document,
- d) under cover of any other document provided for in international agreements adopted by Bosnia and Herzegovina,
- e) by post (including parcel post).

(3) The external transit procedure shall also apply to the movement of goods placed under a customs procedure with economic impact, without prejudice to the specific provisions applicable to the procedure in question.

Article 106

(End and discharge of external transit procedure)

(1) The external transit procedure shall end and the obligations of the holder shall be met by the presentation of the goods and the required documents at the customs office of destination in accordance with the provisions governing the procedure.

(2) The customs office of destination shall discharge the transit procedure when it establishes, on the basis of comparison of the data it has available and those available to the customs office of departure, that the procedure has ended correctly.

2.2. External transit – specific provisions

Article 107

(External transit procedure in territory of third country)

(1) The external transit procedure shall apply to goods passing through the territory of another country only if:

- a) provision is made to that effect under an international agreement, or
- b) carriage through that country is effected under cover of a single transport document drawn up in the customs territory of Bosnia and Herzegovina.

(2) In the case referred to in paragraph 1 (b) of this Article, the procedure shall be deemed as suspended while the goods are in the territory of the third country.

Article 108

(Provision of security in transit procedure)

(1) The principal shall provide a security to cover any customs debt and other charges referred to in Article 213 (1) of this Law which may be incurred in respect of the goods, unless provided otherwise in this Law and the provisions adopted on the basis thereof.

(2) The security may be either:

- 1) an individual security covering a single transit procedure, or
- 2) a comprehensive security covering a number of transit procedures, with the authorisation by the customs authorities to use such security.

(3) The authorisation referred to in paragraph 2 (b) of this Article shall be granted only to persons who:

- a) are established in Bosnia and Herzegovina,
- b) are regular users of transit procedures and who demonstrate to the customs authorities that they are undoubtedly reliable and have the capacity to fulfil their obligations in relation to transit procedures, and
- c) have not committed serious or repeated offences against customs or taxation legislation.

(4) Persons who satisfy the additional reliability criteria may be authorised to use a comprehensive security for a reduced amount or to have a security waiver. The additional criteria for this authorisation shall include:

- a) correct use of the transit procedure during a preceding period,
- b) cooperation with the customs authorities, and

- c) in the case of a security waiver, a good financial standing which allows the said persons to fulfil their obligations.

(5) The additional conditions and procedure for granting the authority referred to in paragraphs 3 and 4 of this Article shall be provided for in the implementing provisions.

(6) The security waiver authorised in accordance with paragraph 4 of this Article cannot be used for transit procedures involving goods which, as determined in the implementing provisions, are considered to present increased risks.

(7) In the event of circumstances in contradiction to the conditions or the additional criteria for granting the authorisation referred to in paragraph 4 of this Article, the said authorisation may be temporarily suspended in the manner provided for in the implementing provisions as an exceptional measure in special circumstances.

(8) In the event of circumstances in contradiction to the conditions for granting the authorisation referred to in paragraph 3 of this Article, the said authorisation may be temporarily suspended in the manner provided for in the implementing provisions for goods identified as being subject to large-scale fraud.

Article 109

(Cases not requiring provision of security)

(1) The security to cover a customs debt shall not, except in cases to be determined, where necessary, by the Governing Board, be provided for:

- a) transport by air,
- b) carriage by pipeline or power transmission line,
- c) transport carried out by railway companies in Bosnia and Herzegovina,
- d) transport by river.

(2) In the cases referred to in paragraph 1 of this Article, the carrier shall be the principal.

Article 110

(Responsibility of principal)

(1) The principal shall be the holder of the transit procedure and shall be responsible for:

- a) presentation of the goods in the unaltered state to the customs office of destination by the prescribed time limit and with observance of the measures laid down by the customs authorities to ensure identification of the goods,
- b) observance of the provisions relating to the transit procedure.

(2) Notwithstanding the principal's obligations referred to in paragraph 1 of this Article, the carrier or the recipient of the goods who accepts the goods knowing that they are moving under the transit procedure shall also be responsible for presentation of the goods to the customs office of destination in the unaltered state by the prescribed time limit and with observance of the measures laid down by the customs authorities to ensure identification.

Article 111

(Implementation provisions)

The implementing provisions shall lay down the operation of the external transit procedure.

2.3. Internal transit

Article 112

(Internal transit)

(1) The internal transit procedure shall, under the conditions laid down in paragraphs 2 to 4 of this Article, be the movement of domestic goods from one point to another within the customs territory of Bosnia and Herzegovina without any change in their customs status while passing through the territory of another country. This provision shall be without prejudice to the application of Article 105 (1) (b) of this Law.

(2) The movement of goods referred to in paragraph 1 of this Article may take place:

- a) under the internal transit procedure in Bosnia and Herzegovina, provided that such possibility is provided for in an international agreement,
- b) under cover of a TIR carnet (pursuant to TIR Convention),
- c) under cover of an ATA carnet (pursuant to Convention on Temporary Admission) used as a transit document,
- d) under cover of any other document provided for in international agreements adopted by Bosnia and Herzegovina,
- e) by post (including parcel post).

(3) In the case referred to in paragraph 2 (a) of this Article, Article 106 and Articles 108 to 111 of this Law shall apply *mutatis mutandis*.

(4) In the case referred to in paragraph 2 (b) to (e) of this Article, the goods shall keep their customs status only if that status is established under the conditions and in the manner provided for in the implementing provisions.

Article 113

(Providing for conditions under which domestic goods may move)

The conditions for transit of domestic goods, without being subject to a customs procedure, from one point to another within the customs territory of Bosnia and Herzegovina with their passing through the territory of another country, without any change in their customs status, shall be provided for in the implementing provisions.

Article 114

(Application of internal transit procedure)

The internal transit procedure shall apply where its application is expressly provided for in customs regulations.

3. Customs warehousing procedure

Article 115

(Goods stored in customs warehouse)

(1) The customs warehousing procedure shall be the storage in a customs warehouse of:

- a) foreign goods, which in that case are not subject to import duties or commercial policy measures,
- b) domestic goods intended for export which, by being stored in the customs warehouse, shall attract the application of measures which, in accordance with the specific provisions, apply to the export of such goods.

(2) A customs warehouse shall be any place approved by and under the supervision of the customs authorities where goods may be stored under the conditions laid down.

(3) A duty-free shop may open in the transit and international departure area of an international airport. The opening of a duty-free shop shall be approved as a customs warehouse referred to in paragraph 2 of this Article.

(4) Cases in which the goods referred to in paragraph 1 of this Article may be placed under the customs warehousing procedure without being stored in a customs warehouse shall be provided for in the implementing provisions.

Article 116

(Types of customs warehouses, warehousekeeper and depositor)

(1) A customs warehouse may be either a public warehouse or a private warehouse.

(2) A public warehouse means a customs warehouse where any person may warehouse goods.

(3) A private warehouse means a customs warehouse intended for warehousing the warehousekeeper's goods.

(4) A customs warehousekeeper means the person authorised by the customs authorities to operate a customs warehouse. A customs warehouse may also be kept by the customs authorities.

(5) A depositor means the person bound by the customs declaration to place goods under the customs warehousing procedure or the person to whom the rights and obligations of such person have been transferred.

Article 117

(Authorisation)

(1) Operation of a customs warehouse shall require an authorisation granted by the customs authorities, unless the customs authorities keep the customs warehouse themselves.

(2) Any persons intending to operate a customs warehouse must make a written request to the customs authorities containing the data required for obtaining the authorisation, in particular those demonstrating that an economic need for warehousing exists. The authorisation shall contain the conditions for operating the customs warehouse pursuant to the legislation.

(3) The authorisation to operate a customs warehouse shall be granted only to persons established in Bosnia and Herzegovina.

Article 118

(Responsibility of customs warehousekeeper)

The customs warehousekeeper shall be responsible for:

- a) ensuring that while the goods are in the customs warehouse they are not removed from customs supervision,
- b) fulfilling the obligations that arise from the storage of goods covered by the customs warehousing procedure, and
- c) complying with the particular conditions specified in the authorisation to operate a customs warehouse.

Article 119

(Responsibilities of depositor)

(1) By way of derogation from Article 118 of this Law, the authorisation to operate a public customs warehouse may provide that the responsibilities referred to in Article 118 (a) and/or (b) of this Law shall devolve exclusively upon the depositor.

(2) The depositor shall at all times be responsible for fulfilling the obligations arising from the placing of goods under the customs warehousing procedure.

Article 120

(Transfer of rights and obligations of customs warehousekeeper)

The rights and obligations of a customs warehousekeeper may, with the agreement of the customs authorities, be transferred to another person.

Article 121

(Provision of security)

Without prejudice to Article 102 of this Law, the customs authorities may demand that the customs warehousekeeper provides a security in connection with the responsibilities referred to in Article 118 of this Law.

Article 122

(Keeping stock records)

(1) The customs warehousekeeper shall keep stock records of all the goods placed under the customs warehousing procedure in a manner approved by the customs authorities.

(2) Goods placed under the customs warehousing procedure must be entered in the stock records referred to in paragraph 1 of this Article as soon as they are brought into the customs warehouse.

(3) Subject to the application of Article 100 of this Law, the customs authorities may relieve the customs warehousekeeper of the obligation to keep stock records referred to in paragraph 1 of this Article where the responsibility to comply with the obligations referred to in Article 118 (a) and/or (b) of this Law lies exclusively with the depositor, and the goods are stored in the customs warehouse on the basis of a written customs declaration in the normal procedure or a simplified customs declaration referred to in Article 88 (1) (b) of this Law.

Article 123

(Storage in customs warehouse of goods
not subject to customs warehousing procedure)

(1) Where an economic need exists and there is no hindrance to performing customs supervision, the customs authorities may allow:

- a) domestic goods other than those referred to in Article 115 (1) (b) of this Law to be stored on the premises of a customs warehouse,
- b) foreign goods to be processed on the premises of a customs warehouse under the inward processing procedure, in accordance with the conditions provided for by that procedure. The customs formalities and procedures which may be dispensed with in a customs warehouse shall be provided for in the implementing provisions,
- c) foreign goods to be processed on the premises of a customs warehouse under the procedure for processing under customs control, in accordance with the conditions provided for by that procedure. The customs formalities and procedures which may be dispensed with in a customs warehouse shall be provided for in the implementing provisions.

(2) In the cases referred to in paragraph 1 of this Article, the goods shall not be subject to the customs warehousing procedure.

(3) The customs authorities may require the goods referred to in paragraph 1 of this Article to be entered in the stock records in accordance with Article 122 of this Law.

Article 124

(Time limit for keeping goods in customs warehouse)

(1) There shall be no limit to the length of time for keeping goods under the customs warehousing procedure.

(2) In exceptional cases, the customs authorities may set a time limit by which the depositor must assign the goods to a new customs-approved treatment or use.

(3) The Council of Ministers of Bosnia and Herzegovina may provide for the time limit for keeping goods under the customs warehousing procedure for domestic goods referred to in Article 115 (1) (b) of this Law to which special agricultural policy measures apply.

Article 125

(Usual forms of handling)

(1) Import goods may undergo the usual forms of handling carried out in order to preserve them, improve their appearance or marketable quality or prepare them for distribution of resale.

(2) Domestic goods referred to in Article 115 (1) (b) of this Law which are placed under the customs warehousing procedure and are covered by the agricultural policy measures may undergo only the forms of handling expressly stipulated for such goods.

(3) The usual forms of handling referred to in paragraphs 1 and 2 of this Article must be authorised in advance by the customs authorities, which shall lay down the conditions under which they may take place.

(4) The list of the usual forms of handling referred to in paragraph 1 of this Article shall be provided for in the implementing provisions.

Article 126

(Temporary removal of goods)

(1) Where the circumstances of a particular case so warrant, goods placed under the customs warehousing procedure may be temporarily removed from the customs warehouse, subject to prior authorisation by the customs authorities and on the conditions they set.

(2) While they are outside the customs warehouse, the goods may undergo the usual forms of handling referred to in Article 125 of this Law on the conditions set out therein.

Article 127

(Transfer of goods)

The customs authorities may allow goods placed under the customs warehousing procedure to be transferred from one customs warehouse to another.

Article 128

(Customs value of stored goods)

(1) Where a customs debt is incurred in respect of import goods in the customs warehousing procedure and the customs value of such goods is based on a price actually paid or payable which includes the cost of warehousing and of preserving goods while they remain in the customs warehouse, such costs shall not be included in the customs value of the goods if they are shown separately from the price actually paid or payable for the goods.

(2) If import goods have undergone the usual forms of handling within the meaning of Article 125 of this Law, the nature of the goods, the customs value and the quantity to be accepted in determining the amount of import duties shall, at the request of the declarant, be those applicable to the goods at the time referred to in Article 239 of this Law, as if the goods had not undergone the usual forms of handling.

(3) Any derogation from paragraph 2 of this Article may be provided for in the implementing provisions.

Article 129

(Customs value of stored goods in other situations)

(1) Where import goods are released for free circulation in accordance with Article 88 (1) (c) of this Law, the nature of the goods, the customs value and the quantity to be accepted for the purposes of Article 239 of this Law shall be those applicable to the goods at the time when they were placed under the customs warehousing procedure.

(2) Paragraph 1 of this Article shall apply where the value of the goods at the time when they were placed under the customs warehousing procedure is accepted for the customs value, unless the declarant requests that the customs value established at the time when the customs debt was incurred be accepted.

(3) Paragraph 1 of this Article shall apply without prejudice to a post-clearance examination of customs declaration within the meaning of Article 92 of this Law.

Article 130

(Domestic goods protected by agricultural policy measures)

Domestic goods referred to in Article 115 (1) (b) of this Law which are covered by the agricultural policy measures and are placed under the customs warehousing procedure must be exported or be assigned another treatment or use provided for by a specific regulation.

4. Inward processing procedure

4.1. General provisions

Article 131

(Inward processing procedure)

(1) Without prejudice to Article 132 of this Law, the inward processing procedure in the customs territory of Bosnia and Herzegovina may allow the following goods to be used in one or more processing operations:

- a) foreign goods intended for re-export from the customs territory of Bosnia and Herzegovina in the form of compensating products, without such goods being subject to import duties or commercial policy measures (suspension system),
- b) foreign goods released for free circulation against payment of the import duties for which repayment or remission of the import duties may be allowed if the goods are exported from the customs territory of Bosnia and Herzegovina in the form of compensating products (drawback system).

(2) The terms used in Articles 131 to 147 of this Law shall have the following meanings:

- a) processing operation:
 - 1) the working of goods, including erecting or assembling them or fitting them to other goods,
 - 2) the processing and working of goods,
 - 3) the repair of goods, including restoring them and putting them in order,
 - 4) the use of certain goods defined in the implementing provisions, which are not found in the compensating products, but which allow or facilitate the production of those products, even if they are entirely or partially used up in the production,

- b) compensating products: all products resulting from the processing operations,
- c) equivalent goods: domestic goods which are used instead of import goods for the manufacture of compensating products,
- d) rate of yield: the quantity or percentage of compensating products obtained from the processing of a given quantity of import goods.

Article 132

(Use of equivalent goods)

(1) Where the conditions referred to in paragraph 2 of this Article are fulfilled, the customs authorities, in accordance with paragraph 4 of this Article, may allow:

- a) compensating products to be obtained from equivalent goods,
- b) compensating products obtained from equivalent goods to be exported from Bosnia and Herzegovina before the importation of import goods.

(2) Equivalent goods must be of the same quality and have the same characteristics and the same eight-digit tariff codes as the import goods. The implementing provisions may determine the cases in which the customs authorities may allow that equivalent goods be at a more advanced stage of manufacture than the import goods.

(3) In the case referred to in paragraph 1 of this Article, the import goods shall, for customs purposes, be regarded as equivalent goods, and the equivalent goods as import goods.

(4) Measures aimed at prohibiting, imposing additional conditions for or facilitating the application of paragraph 1 of this Article may be provided for in the implementing provisions.

(5) If compensating products obtained from equivalent goods are exported from Bosnia and Herzegovina before import goods are imported under paragraph 1 (b) of this Article, and such products would be liable to export duties if they were not exported or re-exported under the inward processing procedure, the holder of the authorisation shall provide a security to cover the export duties should the import goods not be imported within the period prescribed.

Article 133

(Use of inward processing procedure)

The inward processing procedure in the form of the suspension system, shall also be used in order that the compensating products may qualify for exemption from the export duties to which identical products obtained from domestic goods instead of foreign goods would be liable.

4.2. Grant of authorisation

Article 134

(Authorisation)

The customs authorities may authorise the inward processing procedure at the written request of the person who carries out processing operations or the person who arranges for them to be carried out.

Article 135

(Conditions for granting authorisation)

The authorisation referred to in Article 134 of this Law may be granted only:

- a) to persons established in Bosnia and Herzegovina, and to persons established outside Bosnia and Herzegovina if they import goods of a non-commercial nature,

- b) if the import goods can be identified in the compensating products, except in the case of the use of certain goods referred to in Article 131 (2) (a) (4) of this Law or in the case of the use of equivalent goods in accordance with the conditions referred to in Article 132 of this Law,
- c) if the inward processing procedure creates more favourable conditions for the export or re-export of compensating products, provided that the essential interests of Bosnia and Herzegovina producers are not jeopardised (economic conditions). The cases in which the economic conditions are deemed to have been fulfilled may be provided for in the implementing provisions.

4.3. Operation of procedure

Article 136

(Time limit for export or re-export of goods, aggregation of periods, specific time limits)

(1) The customs authorities shall determine the period within which the compensating products must be exported or re-exported or within which another customs-approved treatment or use must be requested. When determining such period, the time required to carry out the processing operations and dispose of the compensating products must be taken account of.

(2) The period referred to in paragraph 1 of this Article shall run from the date on which the foreign goods are placed under the inward processing procedure. The customs authorities may extend that period on submission of a timely and duly substantiated request by the holder of the authorisation. For reasons of simplification, the customs authorities may allow that a period which commences in the course of a calendar month or quarter ends on the last day of the following calendar month or quarter.

(3) Where Article 132 (1) (b) of this Law applies, the customs authorities shall specify the period within which the foreign goods must be declared for the procedure. That period shall run from the date of acceptance of the export customs declaration relating to the compensating products obtained from the corresponding equivalent goods.

(4) Specific time limits for certain processing operations or for certain import goods may be provided for in the implementing provisions.

Article 137

(Rate of yield)

(1) The customs authorities shall set or accept from the holder of procedure the rate of yield or, where appropriate, the method of determining the rate. The rate of yield shall be determined on the basis of the actual circumstances in which the processing operation is or is to be carried out.

(2) Where circumstances so warrant and, in particular where the processing operation is customarily carried out under clearly defined technical conditions involving goods of the same characteristics, and the compensating products are of uniform quality, the customs authorities may accept the standard rates of yield set on the basis of actual data previously ascertained.

Article 138

(Implementing provisions)

The cases in and the conditions under which goods in the unaltered state or compensating products shall be considered to have been released for free circulation may be provided for in the implementing provisions.

Article 139

(General rule for calculation of customs debt)

(1) Under Article 140 of this Law, if a customs debt is incurred in respect of goods for which the inward processing procedure is approved, the amount of such debt shall be determined on the basis of the taxation elements appropriate to the import goods at the time of acceptance of the customs declaration for placing of these goods under the inward processing procedure.

(2) If at the time referred to in paragraph 1 of this Article the import goods fulfilled the conditions to qualify for preferential tariff treatment within the tariff quotas or ceilings, they shall be eligible for any preferential tariff treatment in respect of identical goods at the time of acceptance of the customs declaration for release for free circulation.

Article 140

(Special rule for calculation of customs debt)

By way of derogation from Article 139 of this Law, compensating products:

- a) shall be subject to the import duties applicable to them where:
 - 1) they are released for free circulation and appear on the list of goods adopted in the implementing provisions, to the extent that they are in proportion to the exported part of the compensating products not included in that list. By way of exception, the holder of the authorisation may request that the import duty on those products be assessed in the manner referred to in Article 139 of this Law,
 - 2) they are subject to charges established under the agricultural policy in accordance with the specific provisions,
- b) shall be subject to import duties calculated in accordance with the rules applicable to the customs procedure in question or to free zones if they have been placed under a suspensive procedure or in a free zone. By way of exception:
 - 1) the holder of the authorisation may request that the duty be assessed in accordance with Article 139 of this Law,
 - 2) in cases where the compensating products have been assigned to a customs-approved treatment or use referred to above other than processing under customs control, the calculated amount of the customs duty must be at least equal to the amount calculated in accordance with Article 139 of this Law,
- c) may be subject to the rules governing assessment of duty provided for under the procedure for processing under customs control if the import goods could have been placed under that procedure,
- d) shall be subject to favourable tariff treatment owing to the special use for which they are intended, if such treatment is provided for in the case of identical import goods,
- e) shall not be subject to import duties, if such relief from import duties, in accordance with Article 207 of this Law, is provided for in the case of import of identical goods.

4.4. Processing operations outside customs territory of Bosnia and Herzegovina

Article 141

(Goods under outward processing
procedure outside customs territory)

Some or all of the compensating products or goods in the unaltered state may be temporarily exported for the purpose of further processing outside the customs territory of Bosnia and Herzegovina, subject to authorisation by the customs authorities, in accordance with the conditions laid down for the outward processing procedure.

Article 142

(Calculation of customs debt)

Where a customs debt is incurred in respect of re-imported products, the following shall be charged:

- a) import duties on the compensating products or goods in the unaltered state referred to in Article 141 of this Law, calculated in accordance with the provisions of Articles 139 and 140 of this Law, and
- b) import duties on products re-imported after processing outside the customs territory of Bosnia and Herzegovina, the amount of which shall be calculated in accordance with the provisions governing the outward processing procedure, on the same conditions as would have applied had the products exported under that procedure been released for free circulation before such export took place.

4.5. Special provisions relating to drawback system

Article 143

(Drawback system)

(1) The drawback system may apply to all goods, unless at the time the customs declaration of release for free circulation is accepted:

- a) the import goods are subject to quantitative import restrictions,
- b) the import goods are subject to tariff quotas,
- c) the import goods are subject to presentation of an import or export licence or certificate within the framework of the agricultural policy measures,
- d) an export or other refund on exportation has been set for the compensating products.

(2) No reimbursement of import duties under the drawback system shall be possible if at the time the export customs declaration for the compensating products is accepted, these products are subject to presentation of an import or export licence or certificate in accordance with the agricultural policy measures, or an export or other refund has been set for them.

(3) The goods to which paragraphs (1) and (2) of this Article shall not apply may be specified in the implementing provisions and in the implementing provisions relating to the commercial or agricultural policy measures.

Article 144

(Completion of customs declaration)

(1) The customs declaration of release for free circulation shall indicate that the drawback system is being used and shall provide the particulars of the authorisation.

(2) The customs authorities may request that the authorisation be attached to the customs declaration for release for free circulation.

Article 145

(Provisions that do not apply)

Under the drawback system, the provisions of Article 132 (1) (b), (3) and (5), Article 133, Article 136 (3), Articles 138 and 139, and Article 140 (a), second indent, and (c) of this Law shall not apply.

Article 146

(Temporary exportation not considered to be exportation)

Temporary exportation of compensating products carried out in accordance with Article 141 of this Law shall not be considered to be exportation within the meaning of Article 147 of this Law, except where such products are not re-imported to Bosnia and Herzegovina within the period prescribed by the customs authorities.

Article 147

(Conditions and procedure for repayment or remission of import duties)

(1) Provided that all other conditions for the use of the procedure are fulfilled, the holder of the authorisation may request the import duties to be repaid or remitted where s/he can establish to the satisfaction of the customs authorities that the import goods released for free circulation under the drawback system in the form of compensating products or goods in the unaltered state have been either:

- a) exported, or
- b) placed, with a view to being subsequently re-exported, under the transit procedure, the customs warehousing procedure, the temporary importation procedure or the inward processing procedure, applying the suspension system, or in a free zone.

(2) For the purposes of being assigned to a customs-approved treatment or use referred to in paragraph 1 (b) of this Article, compensating products or goods in the unaltered state shall be considered to be foreign goods.

(3) The period within which the application for the repayment of import duties may be made shall be prescribed in the implementing provisions.

(4) Without prejudice to Article 140 (b) of this Law, where compensating products or goods in the unaltered state placed under a customs procedure or in a free zone in accordance with paragraph 1 of this Article are released for free circulation, the amount of import duties repaid or remitted shall be considered to constitute the amount of customs debt.

(5) When determining the amount of import duties to be repaid or remitted, Article 140 (a), first indent of this Law shall apply as appropriate.

5. Procedure for processing under customs control

Article 148

(Procedure for processing under customs control)

Under the procedure for processing under customs control, the use of foreign goods in the customs territory of Bosnia and Herzegovina shall be authorised for the purpose of processing which alters their nature or state, without their being subject to import duties or commercial policy measures, and the products resulting from such procedure may be released for free circulation at the rate of import duties laid down for them. Such products shall be termed processed products.

Article 149

(Implementing provisions)

The cases in and conditions under which the procedure for processing under customs control may be authorised shall be provided for in the implementing provisions.

Article 150

(Authorisation)

The customs authorities may authorise the procedure for processing under customs control at the written request of the person who carries out the processing or arranges for it to be carried out.

Article 151

(Conditions for granting authorisation)

Authorisation for the procedure for processing under customs control shall be granted only:

- a) to persons established in Bosnia and Herzegovina,

- b) where the import goods can be identified in the processed products,
- c) where it is not economically justified to restore the processed products to their original state,
- d) where the use of the procedure does not circumvent the application of the rules concerning the origin of goods or quantity restrictions applicable to the import goods, and
- e) where the use of the procedure helps create or maintain a production activity in Bosnia and Herzegovina without adversely affecting the essential interests of producers of similar or identical goods in Bosnia and Herzegovina (economic conditions). The cases in which the economic conditions are deemed to have been fulfilled may be determined in the implementing provisions.

Article 152

(Application of other provisions)

Article 136 (1), (2) and (4) and Article 137 of this Law shall apply accordingly under the procedure for processing under customs control.

Article 153

(Determining customs debt)

Where, under the procedure for processing under customs control, a customs debt is incurred in respect of goods in the unaltered state or of products the processing of which has not reached the processing stage provided for in the authorisation, the amount of that debt shall be determined on the basis of provisions for determining import duties which were applicable to the import goods at the time of acceptance of the customs declaration that placed the goods under the procedure for processing under customs control.

Article 154

(Preferential tariff treatment)

(1) Where the import goods qualified for preferential tariff treatment when they were placed under the procedure for processing under customs control, and such preferential tariff treatment is also applicable to products identical to the processed products released for free circulation, the import duties to which the processed products are subject shall be calculated at the rate of duty applicable under that preferential treatment.

(2) If the preferential tariff treatment referred to in paragraph 1 of this Article in respect of import goods is subject to tariff quotas or tariff ceilings, the application of the rate of customs duty referred to in paragraph 1 of this Article in respect of the processed products shall be subject to the condition that the said preferential tariff treatment is applicable to the import goods at the time of acceptance of the customs declaration of release for free circulation. In this case, the quantity of import goods actually used in the manufacture of the processed products released for free circulation shall be charged against the tariff quotas or ceilings in force at the time of acceptance of the customs declaration of release for free circulation, and no quantities shall be charged against the tariff quotas or ceilings opened in respect of products identical to the processed products.

6. Temporary importation

Article 155

(Temporary importation)

The temporary importation procedure may allow the use in the customs territory of Bosnia and Herzegovina, with total or partial relief from import duties and without applying commercial policy measures, of foreign goods intended for re-exportation in the unaltered state except for the normal depreciation due to the use made of them.

Article 156

(Authorisation)

The customs authorities may authorise the temporary importation procedure at the request of the person who uses the goods or arranges for them to be used.

Article 157
(Identification of goods)

(1) The customs authorities shall not authorise the temporary importation procedure where it is impossible to identify the import goods.

(2) The customs authorities may authorise the temporary importation procedure even where it is impossible to identify the import goods if, in view of the nature of the goods or their intended use, abuse of the procedure is not possible.

Article 158
(Period)

(1) The customs authorities shall determine the period within which temporary imported goods must be re-exported or assigned to a new customs-approved treatment or use. The period must be sufficient for the purpose of temporary importation to be achieved.

(2) Without prejudice to special time limits set out in line with Article 159 of this Law, goods may remain under the temporary importation procedure for a maximum period of 24 months. The customs authorities may, based on the circumstances and in agreement with the authorisation holder, also determine shorter periods.

(3) In exceptional cases, the customs authorities may, at the request of the authorisation holder, with a view to achieving the purpose of temporary importation, and within reasonable limits, extend the periods referred to in paragraphs 1 and 2 of this Article.

Article 159
(Total relief from import duty)

The cases, special conditions and periods for the use of the temporary importation procedure with total relief from import duties shall be provided for in the implementing provisions.

Article 160
(Partial relief from import duty)

(1) The temporary importation procedure with partial relief from import duties shall be granted in respect of goods which are not covered by the implementing provisions, or which are covered by such provisions but do not fulfil all the conditions laid down for the grant of temporary importation with total relief.

(2) The conditions for the use of the procedure referred to in paragraph 1 of this Article, as well as the goods in respect of which the use of the procedure may not be granted, shall be laid down in the implementing provisions.

Article 161
(Calculation of import duty relating to partial relief)

(1) The amount of import duties payable in respect of goods placed under the temporary importation procedure with partial relief from import duties shall be set at 3%, for every month or fraction of a month during which the goods have been under that procedure, of the amount of import duties which would have been payable on the goods had they been released for free circulation on the date of acceptance of the customs declaration of placing the goods under the temporary importation procedure.

(2) The amount of import duties to be charged may not exceed that which would have been payable if the goods had been released for free circulation on the date on which they were placed under the temporary importation procedure, leaving out of account any applicable interest.

(3) The transfer of the rights and obligations deriving from the temporary importation procedure pursuant to Article 104 of this Law shall not mean that the same relief arrangement must be applied to each period of the use of temporary imported goods.

(4) Where the transfer of the rights and obligations referred to in paragraph 3 of this Article is made with partial relief for both persons authorised to use the procedure during the same month, the holder of the initial authorisation shall be liable to pay the amount of import duties due for the whole of that month.

Article 162

(Rules for calculation of customs debt)

(1) Where a customs debt is incurred in respect of goods placed under the temporary importation procedure, the amount of debt shall be determined on the basis of the taxation elements applicable on the date of acceptance of the customs declaration of their placing under the temporary importation procedure, unless where the implementing provisions adopted pursuant to Article 159 of this Law provide that the amount of debt in respect of the goods shall be determined on the basis of the taxation elements applicable on the date set pursuant to Article 239 of this Law.

(2) Where, for a reason other than the placing of goods under the temporary importation procedure with partial relief from import duties, a customs debt is incurred in respect of goods placed under the said procedure, the amount of debt shall be equal to the difference between the amount of import duties calculated pursuant to paragraph 1 of this Article and that payable pursuant to Article 161 of this Law.

7. Outward processing

7.1. General provisions

Article 163

(Outward processing procedure)

(1) Without prejudice to Articles 141 and 142 and Articles 172 to 177 of this Law, the outward processing procedure may be granted in respect of domestic goods temporarily exported from the customs territory of Bosnia and Herzegovina for the purposes of processing operations. The products resulting from the outward processing procedure may be released for free circulation with total or partial relief from import duties.

(2) The temporary exportation of domestic goods shall entail the application of export duties, commercial policy measures and other customs formalities laid down for the export of domestic goods from the customs territory of Bosnia and Herzegovina.

(3) The following terms used in Articles 163 to 177 of this Law shall apply:

- a) 'temporary export goods' means goods placed under the outward processing procedure,
- b) 'processing operations' means the operations referred to in Article 131 (2) (a), first, second and third indents of this Law,
- c) 'compensating products' means products resulting from such processing operations,
- d) 'rate of yield' means the quantity or percentage of compensating products obtained from the processing of a given quantity of temporary export goods.

Article 164

(Restrictions)

- (1) The outward processing procedure shall not be open to domestic goods:
- a) whose export gives rise to entitlement to repayment or remission of import duties,
 - b) which, prior to export, were released for free circulation at a reduced or zero rate of duty by virtue of their end-use for as long as the conditions for the application of a reduced or zero rate of duty continue to apply, except where the processing operations concern repair,
 - c) whose export gives rise to entitlement to the granting of export refunds or in respect of which a financial advantage other than such refunds is granted under the agricultural policy measures by virtue of their export.

(2) The cases where paragraph 1 (b) of this Article shall not apply may be provided for in the implementing provisions.

7.2. Grant of authorisation

Article 165 (Authorisation)

(1) Authorisation for the outward processing procedure shall be issued by the customs authorities at the request of the person who arranges for outward processing to be carried out.

(2) Notwithstanding paragraph 1 of this Article, authorisation for the outward processing procedure may also be granted to a person not arranging for the processing operations to be carried out where this concerns goods of BiH origin within the meaning of the rules of non-preferential origin of goods referred to in Articles 27 to 32 of this Law, and where the processing operation consists of incorporating those goods into foreign goods which are to be imported in Bosnia and Herzegovina as compensating products, provided that the outward processing helps to promote the sale of export goods and that the import of compensating products does not adversely affect the essential interests of BiH producers of products identical or similar to the imported compensating products.

(3) The cases in which and the procedure for the application of paragraph 2 of this Article shall be provided for in the implementing provisions.

Article 166 (Conditions for granting authorisation)

- (1) Authorisation shall be granted only:
- a) to persons established in Bosnia and Herzegovina,
 - b) where it is possible to establish that the compensating products have resulted from the temporary export goods, and
 - c) where the issuing of the authorisation for the outward processing procedure does not adversely affect the essential interests of BiH producers (economic conditions).

(2) The cases allowing for derogation from the conditions under paragraph 1 (b) of this Article may be provided for in the implementing provisions.

7.3. Operation of procedure

Article 167 (Period and rate of yield)

(1) The customs authorities shall specify the period within which compensating products must be re-imported into the customs territory of Bosnia and Herzegovina. This period may be extended on the basis of a timely and duly substantiated request of the authorisation holder.

(2) The customs authorities shall set or accept from the holder of procedure the rate of yield or, where appropriate, the method of determining the rate of yield for the export and import of goods under the outward processing procedure.

Article 168

(Conditions for granting total or partial relief from import duty)

(1) The total or partial relief from import duties pursuant to Article 169 (1) of this Law shall be granted only where the compensating products are declared for release for free circulation in the name of or on behalf of:

- a) the holder of the authorisation, or
- b) any other person established in Bosnia and Herzegovina who has the consent of the holder of the authorisation, with the conditions of the authorisation having been fulfilled.

(2) The total or partial relief from import duties referred to in Article 169 of this Law shall not be granted where one of the conditions or obligations relating to the outward processing procedure is not fulfilled, unless it is established that those failures have no significant effect on the correct operation of the procedure.

Article 169

(Procedure for determining total or partial relief from import duty)

(1) The total or partial relief from import duties provided for in Article 163 (1) of this Law shall be determined by deducting from the amount of the import duties charged on the compensating products released for free circulation the amount of the import duties that would be charged on the same date on the temporary export goods if they were imported into the customs territory of Bosnia and Herzegovina from the country in which they underwent the processing operation or from the country in which they underwent the final stage of processing.

(2) The amount to be deducted pursuant to paragraph 1 of this Article shall be calculated on the basis of the quantity and nature of the goods in question on the date of acceptance of the customs declaration placing them under the outward processing procedure and on the basis of the other items of charge applicable to those goods on the date of acceptance of the customs declaration of release for free circulation of the compensating products.

(3) The value of temporary export goods is that accepted for those goods in determining the customs value of the compensating products in accordance with Article 40 (1) (b) first indent of this Law or, if the value cannot be determined in that way, the value corresponding to the difference between the customs value of the compensating products and the production costs determined objectively.

(4) Notwithstanding paragraphs 2 and 3 of this Article:

- a) certain costs shall not be taken into account in determining the amount to be deducted if this is provided for in the implementing provisions,
- b) where, prior to being placed under the outward processing procedure, the temporary export goods were released for free circulation at a reduced or zero rate of duty by virtue of their end-use, and for as long as the conditions for the application the reduced or zero rate of duty continue to apply, the amount to be deducted shall be equal to the amount of import duties levied when the goods were released for free circulation.

(5) If temporary export goods qualify on their release for free circulation for a reduced or zero rate of duty by virtue of their end-use, that rate shall apply to the compensating products provided that the goods underwent operations consistent with such end-use in the country where the processing operation or the final stage of processing took place.

(6) Where compensating products qualify for a preferential tariff treatment referred to in Article 25 (2) (c) of this Law and that treatment is also provided for goods falling within the same tariff classification as the temporary export goods, the rate of import duty taken into account in establishing the amount to be deducted

pursuant to paragraph 1 of this Article shall be that which would apply to the temporary export goods if those goods fulfilled the conditions for the application of the preferential tariff treatment.

(7) Where an international agreement binding on Bosnia and Herzegovina provides for relief from import duties in respect of certain compensating products, the provisions of this Article shall not apply.

Article 170

(Repairs free of charge)

(1) Where the outward processing procedure has been granted for the purpose of the repair of temporary export goods, such goods may be released for free circulation with total relief from import duties where it is established to the satisfaction of the customs authorities that the goods were repaired free of charge because of a contractual or a statutory obligation arising from a guarantee or because of a manufacturing defect.

(2) Paragraph 1 of this Article shall not apply where account was taken of the manufacturing defect at the time when the goods in question were first released for free circulation.

Article 171

(Repairs in return for payment)

(1) Where the outward processing procedure has been granted for the purpose of the repair of temporary export goods carried out in return for payment, the partial relief from import duties may be granted in respect of those goods within the meaning of Article 163 of this Law. The amount of import duties shall be established on the basis of the taxation elements applicable to the compensating products on the date of acceptance of the customs declaration of their release for free circulation, taking into account as the customs value an amount equal to the repair costs, provided that those costs represent the only consideration paid by the authorisation holder and that this payment is not influenced by any links between the authorisation holder and the person who carried out the repair.

(2) Notwithstanding Article 169 of this Law, the cases in and specific conditions under which the costs of a processing operation are taken as the basis for the calculation of the customs debt on releasing goods for free circulation following the outward processing procedure may be provided for in the implementing provisions.

7.4. Outward processing with use of standard exchange system

Article 172

(Standard exchange system)

(1) Pursuant to the preceding provisions on outward processing and the provisions of Articles 172 to 177 of this Law, the standard exchange system shall, under the outward processing procedure, permit a compensating product to be replaced with an import product (hereinafter referred to as 'replacement product').

(2) The customs authorities may authorise the standard exchange system to be used where a processing operation concerns the repair of domestic goods which are not subject to specific regulations adopted under the agricultural policy or to specific regulations applicable to goods resulting from agricultural products.

(3) The provisions applicable to compensating products shall also apply to replacement products, without prejudice to the application of Article 177 of this Law.

(4) The customs authorities may, under the prescribed conditions, authorise replacement products to be imported before the exportation of the goods in respect of which the procedure has been granted (prior

importation). In this case, a security shall be provided equalling the amount of the import duties on the replacement product.

Article 173

(Replacement product)

(1) Replacement products must have the same eight-digit tariff code, be of the same commercial quality and possess the same technical characteristics as the temporary export goods had the latter undergone repair.

(2) Where the temporary export goods have been used before export, the replacement products must have been used and may not be new products.

(3) The customs authorities may grant derogations from paragraph 2 of this Article if the replacement product has been supplied free of charge on the basis of a contractual or a statutory obligation arising from a guarantee or because of a manufacturing defect.

Article 174

(Authorising standard exchange system)

The standard exchange system may be authorised only where it is possible to verify that the replacement product fulfils the conditions referred to in Article 173 of this Law.

Article 175

(Periods for export relating to prior importation)

(1) In the event of prior importation, the goods for temporary export must be exported within a period of two months from the date of acceptance by the customs authorities of the customs declaration for the release of the replacement product for free circulation.

(2) Where exceptional circumstances so warrant, the customs authorities may, on the basis of a timely request of the authorisation holder, extend within reasonable limits the period referred to in paragraph 1 of this Article.

Article 176

(Amount to be deducted in case of prior importation)

In the case of prior importation, where Article 169 of this Law is applied, the amount to be deducted shall be determined on the basis of the taxation elements applicable to the goods for temporary export on the date of acceptance of the customs declaration placing the goods under the outward processing procedure.

Article 177

(Provisions that do not apply)

The provisions of Article 165 (2) and (3) and Article 166 (1) (b) and Article 166 (2) of this Law shall not apply in the context of the standard exchange system.

7.5. Other provisions

Article 178

(Commercial policy measures)

The procedures provided for within the framework of outward processing shall entail the application of commercial policy measures.

SECTION D. EXPORT PROCEDURE

Article 179 (Export procedure)

(1) The export procedure shall allow domestic goods to leave the customs territory of Bosnia and Herzegovina. The export procedure shall entail the application of customs export formalities, including the application of commercial measures and the charging of export duties if they are prescribed.

(2) Domestic goods that are intended to leave the customs territory of Bosnia and Herzegovina shall be placed under the export procedure, except in the case of goods placed under the outward processing procedure or under the internal transit procedure pursuant to Article 112 of this Law.

(3) The export customs declaration shall be lodged at the customs office responsible for the place where the exporter is established or where the goods are packed or loaded for export. Exceptions to this may be provided for in the implementing provisions.

(4) The cases in and conditions under which goods leaving the customs territory of Bosnia and Herzegovina are not subject to an export customs declaration shall be prescribed in the implementing provisions.

Article 180 (Conditions relating to export of goods)

Release for export shall be granted on condition that the goods are exported from the customs territory of Bosnia and Herzegovina in the same condition as when the export customs declaration was accepted.

Article 181 (Temporary exportation)

(1) Where domestic goods are temporarily exported with the intention of their re-importation in the unaltered state, the provisions of Articles 179 and 180 of this Law shall apply as appropriate.

(2) The provisions of Articles 209 and 210 of this Law shall apply as appropriate to the re-importation of goods referred to in paragraph 1 of this Article.

CHAPTER III. OTHER TYPES OF CUSTOMS-APPROVED TREATMENT OR USE

SECTION A. FREE ZONES

1. General provisions

Article 182 (Establishment, management and operation of free zones)

The conditions for the establishment, the procedure for the designation, operation and management of free zones, as well as the conditions for carrying out activities in free zones and the termination of free zone operation shall be provided for by a separate law.

Article 183

(Free zones)

Free zones shall be parts of the customs territory of Bosnia and Herzegovina or premises situated in that territory and separated from the rest of it, in which:

- a) foreign goods are considered, for the purpose of the collection of import duties and application of commercial policy import measures, as not being in the customs territory of Bosnia and Herzegovina, provided that they are not released for free circulation or placed under another customs procedure or use, or used or consumed in a free zone under conditions other than those provided for in customs regulations,
- b) domestic goods intended for export which, by virtue of being placed in a free zone, fulfil the conditions provided for in specific regulations, are subject to the application of the measures that would apply on the exportation of such goods.

Article 184

(Customs supervision of construction of buildings in free zones)

(1) Free zones, with the exception of those designated in accordance with Article 186 of this Law, shall be enclosed and marked. The customs authorities shall define the entry and exit points of each free zone.

(2) The construction of a building in a free zone shall require the prior approval of the customs authorities for the purpose of customs supervision.

Article 185

(Customs supervision)

(1) The perimeter, the entry and exit points of free zones and free warehouses, except the free zones designated in accordance with Article 186 of this Law, shall be under customs supervision.

(2) Persons and means of transport entering or leaving a free zone may be subjected to a customs control.

(3) Access to a free zone may be denied to persons where it is suspected that they will not comply with the provisions of this Law and other regulations.

(4) The customs authorities may check goods and carry out other measures of customs supervision in respect of goods brought into, removed from or remaining in a free zone.

(5) For the purpose of carrying out the checks referred to in paragraph 4 of this Article, a copy of the document, which shall accompany goods entering or leaving, shall be handed to or kept at the disposal of the customs authorities by the person designated for that purpose by them. Where checks are required, the goods shall be presented to the customs authorities.

Article 186

(Free zones to which
customs warehouse regulations apply)

(1) The customs authorities may designate a free zone in which customs formalities shall be carried out and provisions concerning customs debt applied in accordance with the requirements of the customs warehousing procedure. Articles 188, 194 and 198 of this Law shall not apply to the free zones thus designated.

(2) The provisions in respect of the free zone referred to in Articles 48, 49 and 229 of this Law shall not apply to the free zone referred to in paragraph 1 of this Article.

2. Placing of goods in free zones

Article 187

(Placing of goods in free zones)

- (1) Both domestic and foreign goods may be placed in a free zone.
- (2) Goods directly brought into a free zone as laid down in Article 49 (1) (b) of this Law shall be declared to the customs authorities on the basis of the transport document.
- (3) Goods under a customs procedure which is ended when they enter a free zone shall be placed in a free zone on the basis of the document used to end the previous procedure.
- (4) Domestic goods shall be placed in a free zone on the basis of an invoice or another document containing all particulars necessary for the stock records in the free zone.
- (5) The customs authorities may require that dangerous goods or goods that may spoil other goods or which, for other reasons, require special conditions, be placed in premises specially equipped to place such goods.

Article 188

(Presentation of goods and certification of status of goods)

- (1) Without prejudice to Article 185 (4) and (5) of this Law, goods brought into a free zone need not be presented to the customs authorities, nor need a declaration be lodged in respect of them.
- (2) Goods shall be presented to the customs authorities and undergo the customs formalities only where:
 - a) they have been placed under a customs procedure which is ended when they are placed in a free zone. Where the customs procedure in question permits exemption from the obligation to present goods, such presentation shall not be required,
 - b) they have been placed in a free zone on the basis of a decision to grant repayment or remission of import duties,
 - c) they qualify for the application of the measures referred to in Article 183 (b) of the Law,
 - d) they are placed in a free zone directly from outside the customs territory of Bosnia and Herzegovina.
- (3) The customs authorities may require to be notified of goods which are subject to export duties or to other provisions governing export.
- (4) At the request of the person concerned, the customs authorities shall certify domestic or foreign status of goods placed in a free zone.

3. Operation of free zones

Article 189

(Time limits for placement of goods)

- (1) There shall be no limit to the length of time goods may be placed in a free zone.

(2) The Council of Ministers of Bosnia and Herzegovina may prescribe specific time limits in respect of the placement in a free zone of the goods referred to in Article 183 (b) of this Law to which agricultural policy measures apply.

Article 190

(Economic activities in free zones
)

(1) Economic activities in a free zone shall be carried out under customs supervision, in compliance with the conditions laid down in this Law. The carrying out of economic activities in a free zone shall be notified in advance to the customs authorities.

(2) The customs authorities may impose measures of prohibition or restriction in respect of the carrying out of economic activities in a free zone referred to in paragraph 1 of this Law, depending on the nature of the goods concerned or the requirements of customs supervision.

(3) The customs authorities may prohibit persons who do not provide the necessary guarantees of compliance with the provisions laid down in this Law and other regulations from carrying out an economic activity in a free zone.

Article 191

(Activities in free zones)

(1) Foreign goods placed in a free zone may, while they remain in a free zone:

- a) be released for free circulation under the conditions laid down in respect of that procedure and subject to Article 196 of this Law,
- b) undergo the usual forms of handling referred to in Article 125 (1) of this Law without the authorisation of the customs authorities,
- c) be placed under the inward processing procedure under the conditions laid down in respect of that procedure,
- d) be placed under the procedure for processing under customs control under the conditions laid down in respect of that procedure,
- e) be placed under the temporary importation procedure under the conditions laid down in respect of that procedure,
- f) be abandoned to the state in accordance with Articles 200 and 201 of this Law,
- g) be destroyed, provided that the responsible person submits to the customs authorities all the information they judge necessary.

(2) When goods are placed under one of the procedures referred to in paragraph 1 (c), (d), or (e) of this Article, the customs authorities may, taking account of the operating and customs supervision conditions in a free zone, where necessary, adapt the control arrangements to those conditions.

Article 192

(Domestic goods covered by
agricultural policy measures)

The domestic goods referred to in Article 183 (b) of the Law which are covered by agricultural policy measures may undergo only the forms of handling in a free zone which are expressly allowed for such goods in conformity with Article 125 (2) of this Law. Such handling may be undertaken without the authorisation of the customs authorities.

Article 193

(Special conditions)

The foreign and domestic goods referred to in Article 183 (b) of the Law may not be used or consumed in a free zone except in the cases referred to in Articles 191 and 192 of this Law.

Article 194
(Stock records)

(1) A person carrying out an activity involving the storage, working or processing, or sale or purchase, of goods in a free zone shall be required to keep stock records in a form approved by the customs authorities. Goods shall be entered in the stock records as soon as they are brought into the premises of such person. The stock records must enable the customs authorities to identify the goods, and must contain information on their movement.

(2) Where goods are transhipped within a free zone, the documents relating to this operation shall be submitted for consideration to the customs authorities. The short-term storage of goods, with a view to transshipment, shall be considered to be an integral part of transshipment. In accordance with Articles 45 to 47 and Articles 203 to 206 of this Law, an entry or exit summary declaration shall be lodged for goods brought into a free zone directly from outside the customs territory of Bosnia and Herzegovina or out of a free zone directly leaving the customs territory of Bosnia and Herzegovina.

(3) The records referred to in paragraph 1 of this Article shall be kept in chronological order on the basis of the information from the documents accompanying goods on export or import, and on the basis of the standards for material expenditure and rate of yield.

(4) The method for the keeping of the stock records referred to in paragraph 1 of this Article and the method for the implementation of the customs supervision measures in a free zone shall be provided for in the implementing provisions.

4. Removal of goods from free zones

Article 195
(Removal of goods from free zones)

(1) Goods being removed from a free zone may be:

- a) exported or re-exported from the customs territory of Bosnia and Herzegovina, or
- b) brought into another part of the customs territory of Bosnia and Herzegovina.

(2) The provisions of Articles 45 to 68 of this Law, with the exception of Articles 59 to 64 of this Law where domestic goods are concerned, shall also apply when goods are brought into other parts of the customs territory of Bosnia and Herzegovina, except for goods which leave a free zone by air or sea without being placed under a transit or other customs procedure.

Article 196
(Customs value and calculation of customs debt)

(1) Where a customs debt is incurred in respect of foreign goods brought into other parts of the customs territory of Bosnia and Herzegovina from a free zone, and the customs value is determined on the basis of a price actually paid or payable for such goods which includes the costs of warehousing and of preserving goods while they remain in the free zone, such costs shall not be included in the customs value if they are shown separately from the price actually paid or payable for the goods.

(2) Where as a result of bringing goods into other parts of the customs territory of Bosnia and Herzegovina a customs debt is incurred in respect of a product obtained under the inward processing procedure in a free zone, the amount of debt shall be determined on the basis of the value of the import goods contained in the product obtained.

(3) Where goods have undergone the usual forms of handling referred to in Article 125 (1) of this Law, the declarant may request, provided that such handling was authorised by the customs authorities in accordance with Article 125 (3) of this Law, that the amount of import duties be determined on the basis of the nature, the customs value and the quantity of the goods based on which the amount would be determined at the time of the incurrence of the customs debt pursuant to Article 239 of this Law, had the goods not undergone such handling.

(4) The cases in which paragraph 3 of this Article shall not apply may be provided for in the implementing provisions.

Article 197

(Treatment of domestic goods
subject to agricultural policy measures)

(1) The domestic goods referred to in Article 183 (b) of this Law which are subject to agricultural policy measures and are brought into a free zone shall be assigned to a treatment or use provided for by the rule under which they are eligible, by virtue of their being placed in a free zone, for the export of such goods.

(2) Should the goods referred to in paragraph 1 of this Article be returned to other parts of the customs territory of Bosnia and Herzegovina, or if a treatment or use referred to in paragraph 1 of this Article is not authorised within the period prescribed pursuant to Article 189 (2) of this Law, the customs authorities shall take the measures laid down by the legislation governing specific fields relating to the failure to comply with the specified treatment or use.

Article 198

(Proof of customs status of goods)

(1) In case goods are brought into or returned to other parts of the customs territory of Bosnia and Herzegovina from a free zone, or where goods are placed under a customs procedure, the certificate by the customs authorities referred to in Article 188 (4) of this Law may be used as proof of the domestic or foreign status of goods.

(2) Where the domestic or foreign status of goods cannot be proved by the certificate or by other means, the goods shall be considered to be:

- a) domestic goods, for the purposes of paying export duties, obtaining export licences (certificates) and applying prescribed commercial measures relating to export,
- b) foreign goods, in all other cases.

Article 199

(Application of rules)

The customs authorities shall supervise the application of the provisions relating to exportation, outward processing, re-exportation, suspensive procedures or the internal transit procedure, as well as the application of the provisions of Articles 202 to 206 of this Law, where goods are to leave the customs territory of Bosnia and Herzegovina from a free zone.

SECTION B. RE-EXPORTATION, DESTRUCTION AND ABANDONMENT

Article 200

(Re-exportation, destruction and abandonment)

Foreign goods may be:

- a) re-exported from the customs territory of Bosnia and Herzegovina,
- b) destroyed,
- c) abandoned to the state.

Article 201

(Customs formalities relating to re-exportation, destruction and abandonment)

(1) Re-exportation shall, where appropriate, involve the application of customs formalities laid down for the export of goods, including commercial measures.

(2) The cases in which commercial measures on exportation from Bosnia and Herzegovina shall not apply to foreign goods placed under a suspensive arrangement shall be provided for in the implementing provisions.

(3) The intention of re-exportation or destruction of goods shall be subject to prior notification to the customs authorities. The customs authorities shall prohibit re-exportation should the measures referred to in paragraphs 1 and 2 of this Article so prescribe or provide. Where goods placed under a procedure with economic impact are re-exported, a customs declaration in respect of such goods shall be lodged in accordance with Articles 71 to 92 of this Law. In such cases, Article 179 (3) and (4) of this Law shall apply.

(4) Abandonment to the state shall be put into effect in accordance with the implementing provisions.

(5) Destruction or abandonment cannot entail any expenses for the state.

(6) Any waste and scrap resulting from destruction shall be assigned to a customs-approved treatment or use prescribed for foreign goods, and they shall remain under customs supervision until that time.

TITLE V – GOODS LEAVING CUSTOMS TERRITORY OF BOSNIA AND HERZEGOVINA

Article 202

(Goods leaving customs territory)

Goods leaving the customs territory of Bosnia and Herzegovina shall be subject to customs supervision. They may be the subject of control by the customs authorities in accordance with the legislation in force. Goods shall leave the customs territory of Bosnia and Herzegovina using the route and in accordance with the procedures determined, where appropriate, by the customs authorities.

Article 203

(Lodging of declaration and exit summary declaration)

(1) Goods leaving the customs territory of Bosnia and Herzegovina, with the exception of goods carried on means of transport only passing through the territorial waters or the airspace of the customs territory of Bosnia and Herzegovina without a stop therein, shall be covered by a customs declaration or, where a customs declaration is not required, by an exit summary declaration.

(2) Taking into account specific circumstances, the implementing provisions shall lay down the following with respect to particular types of goods traffic, modes of transport or economic operators, or where international agreements provide for special security arrangements:

- a) the time limits by which a declaration or an exit summary declaration is to be lodged at the customs office of exit before the goods are brought out of the customs territory of Bosnia and Herzegovina,

- b) the exceptions to the prescribed time limits referred to in point (a) of this paragraph,
- c) the conditions under which the requirement for an exit summary declaration for goods leaving the customs territory of Bosnia and Herzegovina may be waived, and
- d) the cases in and the conditions under which goods leaving the customs territory of Bosnia and Herzegovina are not subject to either a customs declaration or an exit summary declaration.

Article 204

(Customs declaration for goods leaving customs territory)

(1) Where, under the customs regulations, a customs declaration is required for assigning goods leaving the customs territory of Bosnia and Herzegovina to a customs-approved treatment or use, this declaration shall be lodged at the customs office of export before the goods are brought out of the customs territory of Bosnia and Herzegovina.

(2) Where the customs office of export is different from the customs office of exit, the customs office of export shall immediately communicate or make available electronically the particulars contained in the customs declaration referred to in paragraph 1 of this Article to the customs office of exit.

(3) The customs declaration referred to in paragraph 1 of this Article shall contain at least the particulars necessary for the exit summary declaration referred to in Article 206 (5) of the Law.

(4) Where a customs declaration is made other than electronically, the customs authorities shall apply the same level of risk-based customs control as that applied where the declaration is made electronically.

Article 205

(Exit summary declaration for goods leaving customs territory)

(1) Where goods leaving the customs territory of Bosnia and Herzegovina are not assigned to a customs-approved treatment or use for which a customs declaration is required, an exit summary declaration shall be lodged at a customs office of exit before the goods are brought out of the customs territory of Bosnia and Herzegovina.

(2) The customs authorities may allow the exit summary declaration referred to in paragraph 1 of this Article to be lodged at another customs office, provided that this office immediately communicates or makes available electronically the particulars contained in this declaration to the customs office of exit.

(3) Provided that the competent customs office is provided access to the exit summary declaration data in the economic operator's computer system, this office may accept the lodging of a notification instead of the lodging of an exit summary declaration.

Article 206

(Data set and format for exit summary declaration and person lodging it)

(1) The exit summary declaration shall be lodged electronically. Commercial, port and transport information may be used with a view to lodging an exit summary declaration provided that they contain all necessary particulars.

(2) The customs authorities may accept a paper-based exit summary declaration in exceptional circumstances, provided that it is possible to apply the same level of risk-based customs control as that applied in case of an exit summary declaration lodged electronically and provided that such information may be exchanged with other customs offices.

(3) The exit summary declaration shall be lodged by:

- a) the person who brings goods, or assumes responsibility for the carriage of goods, out of the customs territory of Bosnia and Herzegovina, or
- b) the person who is able to present goods or have them presented to the competent customs office, or
- c) a representative of one of the persons referred to in points (a) and (b) of this paragraph.

(4) At the request of the person referred to in paragraph 3 of this Article, the customs authorities may authorise amendment to one or more particulars of the exit summary declaration after it has been lodged. The amendment shall not be authorised after the customs authorities:

- a) have informed the person who lodged the exit summary declaration that they intend to examine the goods, or
- b) have established that the particulars of the exit summary declaration are incorrect, or
- c) have allowed further movement of the goods.

(5) The implementing provisions shall provide for the conditions under which the provisions on the lodging of the exit summary declaration are applied, the format and data set for the exit summary declaration containing the particulars necessary for risk analysis and the proper application of customs controls, primarily for security and safety purposes, taking into account, where possible, applicable international standards and commercial practices.

TITLE VI – PRIVILEGED OPERATIONS

CHAPTER I. RELIEF FROM IMPORT DUTY

Article 207

(Relief from import duty)

Relief from import duty shall be granted for the following:

- a) on importation and release for free circulation:
 - 1) equipment representing an investment by a foreign person, except for passenger vehicles, entertainment and slot machines,
 - 2) production equipment which is not produced in Bosnia and Herzegovina, imported to start new or extend the existing production, modernise production, introduce new or modernise the existing production technologies, and which is used to carry out the production activity itself,
 - 3) goods for military and police forces and penitentiary institutions fully funded by donors,
 - 4) goods used for demining,
 - 5) goods for the projects of rebuilding and reconstruction of Bosnia and Herzegovina if the project is adopted by the Council of Ministers of Bosnia and Herzegovina and is fully funded by donors or international development banks, or is to a large extent funded by international donors or international development banks and to a lesser extent through the budget,
 - 6) equipment for civilian protection and fire-fighting services which is intended for the protection and rescue of civilian population, ,
 - 7) personal property belonging to natural persons transferring their normal place of residence from another country to Bosnia and Herzegovina,
 - 8) goods imported on the occasion of a marriage – trousseaux, household effects and presents, whether or not new, belonging to a natural person moving from another country to Bosnia and Herzegovina on the occasion of his or her marriage,
 - 9) personal property acquired by inheritance in another country by a citizen of Bosnia and Herzegovina or a foreign citizen having his/her permanent residence in Bosnia and Herzegovina
 - 10) school outfits, scholastic materials and household effects belonging to pupils or students staying in the customs territory of Bosnia and Herzegovina for the purpose of schooling or

- studying, and are intended for their personal use during the period of their schooling and studies,
- 11) goods of negligible value contained in consignments dispatched direct from another country to a consignee in Bosnia and Herzegovina,
 - 12) goods of a non-commercial nature contained in consignments sent from another country free of payment by a private individual to another private individual in Bosnia and Herzegovina,
 - 13) capital goods and other equipment belonging to undertakings which definitely cease their activity in another country and move to the customs territory of Bosnia and Herzegovina in order to carry out a similar activity there,
 - 14) agricultural, stock-farming, bee-keeping, horticultural and forestry products obtained on properties located in the frontier zone of an adjacent country and which are owned or in possession of agricultural producers from the frontier zone of Bosnia and Herzegovina, as well as offspring and other products derived from livestock originating in Bosnia and Herzegovina located on those properties on account of field work, grazing or wintering,
 - 15) seeds, fertilizers and products for the treatment of soil and crops intended for use on a property located in the customs territory of Bosnia and Herzegovina adjoining another country, and which is owned or in possession of agricultural producers having their principal undertaking within another country adjoining the customs territory of Bosnia and Herzegovina,
 - 16) travellers' personal luggage and goods of a non-commercial nature which travellers bring in from another country in compliance with the rules prescribing nature, quantity and value,
 - 17) educational, scientific and cultural materials, scientific instruments and apparatus intended for educational, scientific and cultural establishments or organisations,
 - 18) animals specially bred or prepared for laboratory use with a view to scientific research, and biological or chemical substances intended for scientific research, which are not produced in Bosnia and Herzegovina and are imported exclusively for non-commercial purposes,
 - 19) therapeutic substances of human origin, blood-grouping and tissue-typing reagents which are intended for use exclusively for non-commercial medical or scientific purposes,
 - 20) instruments and apparatus intended for medical research, establishing medical diagnoses or carrying out medical treatment which are donated by charitable or non-profit organisations or by a natural person to health institutions, hospital departments or medical research institutions, or which are purchased by such health authorities, hospitals or medical research institutions with funds entirely supplied by a charitable or a humanitarian organisation or with voluntary contributions, as well as their spare parts and components or accessories and tools used for their maintenance, checking, calibration or repair,
 - 21) samples of reference substances approved by the World Health Organisation for the quality control of materials used in the manufacture of medicinal products,
 - 22) pharmaceutical products for human or veterinary medical use for persons or animals coming from other countries to participate in international sports events organised in the customs territory of Bosnia and Herzegovina,
 - 23) goods that meet the basic needs of human beings (food, medicines, clothing, footwear, toiletries and bed-clothes) imported by registered humanitarian organisations for distribution free of charge for humanitarian purposes, as well as equipment and office materials sent free of charge by persons or organisations established outside the customs territory of Bosnia and Herzegovina, and without any commercial intent on the part of the sender, to registered humanitarian organisations to be used solely for the purpose of their operating needs,
 - 24) articles specially designed for the educational, scientific or cultural advancement of blind persons which are imported by blind persons for their own use, or by institutions or organisations or associations of blind persons engaged in the education of or the provision of assistance to the blind,
 - 25) articles specially designed and adapted for the education, scientific or cultural advancement of physically and mentally handicapped persons which are imported by handicapped persons for their own use, or by institutions, organisations or associations engaged in the education of or the provision of assistance to handicapped persons,
 - 26) goods for disaster victims,
 - 27) passenger vehicles which are imported once in five years for their own use by the following disabled persons: disabled war veterans with a physical disability of at least 70%, as well as with a physical disability of 50% or more if it involves amputations and severe disabilities of extremities which demand use of vehicles specially adapted for these disabled persons, other disabled persons with a physical disability of at least 80% involving the musculoskeletal

- system (lower extremities, pelvis, spine) or the organ of vision, and disabled persons diagnosed with a severe form of retardation or paralysis,
- 28) decorations and awards conferred at international events, whose nature, unitary value and other features must not be such as might indicate that they are being imported for commercial reasons,
 - 29) presents received in the context of international relations,
 - 30) goods intended for monarchs or heads of state,
 - 31) goods imported for promotion purposes: samples of goods of negligible value, printed matter and advertising material and products used or consumed at a trade fair or similar event,
 - 32) goods intended for examination, analysis and testing to determine and check their composition, features, quality or other technical characteristics for the purpose of obtaining information relevant for industrial or commercial research,
 - 33) samples of goods representing trademarks, patents, models (industrial design), and their supporting documents, as well as forms submitted to the body responsible for the protection of intellectual property rights,
 - 34) tourist information literature,
 - 35) miscellaneous documents and articles,
 - 36) ancillary materials for the stowage and protection of goods during transport,
 - 37) litter, fodder and feedingstuffs for animals during transport,
 - 38) fuel and lubricants contained in the standard tanks of road motor vehicles or motor cycles and in special containers,
 - 39) goods for the construction, upkeep or ornamentation of cemeteries and tombs of, and memorials to, war victims of other countries who are buried in the customs territory of Bosnia and Herzegovina,
 - 40) coffins containing deceased persons, funerary urns and ornamental funerary articles,
 - 41) goods in respect of which relief from import duty is provided for by virtue of international agreements which are binding on Bosnia and Herzegovina,
- b) the provisions of point (a) of this Article shall, as appropriate, apply to relief on export if export duties are prescribed in respect of the export of the goods concerned.

Article 208

(Conditions and procedure for relief of import duties)

The Council of Ministers of Bosnia and Herzegovina shall, at the proposal of the Governing Board, provide for the conditions and the procedure for relief from import duties prescribed in the provisions of Article 207 of this Law, and the restrictions as to the disposal of goods which are granted relief from import duties, as well as relief from export duties on exportation.

CHAPTER II. RETURNED EXPORTED GOODS

Article 209

(Returned domestic goods)

(1) Domestic goods which, having been exported from the customs territory of Bosnia and Herzegovina, are returned to that territory and released for free circulation within a period of three years shall, at the request of the declarant, be granted relief from import duties.

(2) At the request of the declarant, the three-year period may be extended by the customs authorities where there are justified reasons for doing so. Where, prior to their exportation from the customs territory of Bosnia and Herzegovina, the returned goods had been released for free circulation at a reduced or zero rate of customs duty because of their end-use, the exemption from import duties under this Article shall be granted by the customs authorities if the goods are re-imported for the same purpose.

(3) Where goods are not re-imported for the same purpose, the amount of import duties chargeable upon them shall be reduced by the amount of import duties levied when the goods were first released for free

circulation. Should the amount of import duties levied previously exceed that levied on re-importation, the refund of import duties shall not be granted.

(4) The relief from import duties under paragraph 1 of this Article shall not be granted in the case of:

- a) goods exported from the customs territory of Bosnia and Herzegovina under the outward processing procedure, unless the goods remain in the same state in which they were exported,
- b) goods which have been subject to a measure requiring their exportation to other countries. The circumstances in which and the conditions under which this provision may be derogated from shall be determined in the implementing provisions.

Article 210

(Condition for importation of goods in the same state, derogation)

The relief from import duties under Article 209 of this Law shall be granted only if goods are re-imported in the same state in which they were exported. The circumstances in which and the conditions under which this provision may be derogated from shall be determined in the implementing provisions.

Article 211

(Goods under inward processing procedure)

(1) The provisions of Articles 209 and 210 of this Law shall also apply, as appropriate, to compensating products exported or re-exported subsequent to an inward processing procedure.

(2) The amount of import duties for the goods under paragraph 1 of this Article shall be determined on the basis of the rules applicable to the inward processing procedure, the date of re-export being regarded as the date of release for free circulation.

CHAPTER III. PRODUCTS OF SEA-FISHING AND OTHER PRODUCTS TAKEN FROM THE SEA

Article 212

(Products of sea-fishing and other products taken from the sea)

Without prejudice to Article 28 (2) (f) of this Law, the following shall be granted relief from import duties when they are released for free circulation:

- a) products of sea-fishing and other products taken from the territorial sea of other countries by vessels registered or recorded and flying the flag of Bosnia and Herzegovina,
- b) products obtained from the products referred to in point (a) of this Article on board factory ships fulfilling the conditions laid down in that point.

TITLE VII – CUSTOMS DEBT

CHAPTER I. SECURITY TO COVER CUSTOMS DEBT

Article 213

(Provision of security to cover customs debt)

(1) Where, in accordance with the customs regulations, the customs authorities require a security to be provided in order to cover a customs debt, such security shall be provided by the debtor or the person who may become the debtor. Security to cover a customs debt shall include security to cover all prescribed import

duties, taxes, excise and other duties which shall, in accordance with the customs and other legislation, be chargeable on import and export of goods by the customs authorities.

(2) The customs authorities shall require one security to be provided in respect of one customs debt. The security provided for a specific customs declaration shall apply to all goods covered by or released against that declaration.

(3) The customs authorities may permit the security to cover a customs debt to be provided by a person other than the debtor.

(4) No security shall be required from judicial and public administration authorities.

(5) The customs authorities may waive the requirement for the provision of security to cover a customs debt which does not exceed the amount of 1,000.00 BAM.

(6) The implementing provisions may also provide for other cases in which the provision of security shall not be required or in which a reduced amount of security to be provided may be authorised.

Article 214

(Other cases in which security is provided)

(1) Where, under the customs legislation, the provision of security is optional, such security may be required by the customs authorities if they consider that a customs debt or a customs debt that may be incurred is not certain to be paid within the prescribed period.

(2) Instead of the security referred to in paragraph 1 of this Article, the customs authorities may require the person referred to in Article 213 (1) of this Law to submit a written undertaking in respect of discharging his/her obligations in accordance with this Law.

(3) The security to cover a customs debt under paragraph 1 of this Article may be required:

- a) at the time of application of the rules requiring security to be provided,
- b) at any subsequent time, if the customs authorities find that the customs debt which has been or may be incurred is not to be paid within the prescribed period.

Article 215

(Comprehensive security)

(1) At the request of the person referred to in Article 213 (1) or (3) of this Law, the customs authorities may authorise comprehensive security to be provided to cover two or more operations in respect of which a customs debt has been or may be incurred.

(2) The conditions and the procedure for the provision of security referred to in paragraph 1 of this Article shall be provided for in the implementing provisions.

Article 216

(Amount of security)

(1) Where the provision of security is compulsory under the customs legislation, and subject to the specific provisions relating to the transit procedure, the customs authorities shall fix the amount of security at a level equal to:

- a) the precise amount of the customs debt or debts the security is provided for, where that amount can be established with certainty at the time when the security is required,
- b) in other cases, the maximum amount of the customs debt or debts which have been or may be incurred.

(2) In the case of comprehensive security to cover more than one customs debt which vary in amount over the secured period, the amount of security shall be set at a level enabling the customs debts to be covered at all times.

(3) If the customs authorities require security to be provided where, under the customs legislation, the provision of security to cover a customs debt is optional, the amount of security must not exceed the amount provided for in paragraph 1 of this Article.

(4) The circumstances in which and the conditions under which an individual guarantee may be provided shall be determined in the implementing provisions.

Article 217
(Types of security)

A security to cover a customs debt may be provided:

- a) by a cash deposit, or
- b) by a guarantee.

Article 218
(Cash deposit and other means of payment)

(1) A cash deposit shall be made in the currency of Bosnia and Herzegovina.

(2) A cash deposit shall be deemed equivalent to the submission of any other instrument which, taking into account the person who issued it, the payment conditions and method, shall be accepted as a means of payment in Bosnia and Herzegovina.

(3) Security in the form of a cash deposit or payment deemed equivalent to a cash deposit shall be provided in accordance with the provisions in force in Bosnia and Herzegovina.

Article 219
(Guarantor)

(1) The guarantor shall undertake in writing to pay jointly and severally with the debtor the secured amount of a customs debt which falls to be paid, including interest rates and costs incurred under the procedure for recovering the outstanding customs debt.

(2) The guarantor must be a third person established in Bosnia and Herzegovina.

(3) The customs authorities may refuse the guarantor or type of security proposed where they do not consider them certain to ensure the payment of the customs debt within the prescribed period.

Article 220
(Choosing type of security and refusing security)

(1) The person liable to provide security shall be free to choose between the types of security laid down in Article 217 of this Law.

(2) The customs authorities may refuse to accept the type of security proposed where they consider that such security does not ensure the proper functioning of the customs procedure concerned. The same shall apply as regards the security proposed. The customs authorities may require that the type of security chosen apply for a specific period of time.

Article 221

(Other types of security and refusing security)

(1) The implementing provisions may provide for types of security other than those referred to in Article 217 of the Law.

(2) Where the provision referred to in paragraph 1 of this Article so provides, the customs authorities may also accept a different type of security where it is certain to ensure the payment of the customs debt.

(3) The customs authorities shall refuse the security proposed by the debtor where they do not consider that the type of security in question is certain to ensure the payment of the customs debt.

(4) Without prejudice to paragraph 3 of this Article, the customs authorities may accept a cash deposit to be made without the conditions laid down in Article 218 (1) and (2) of this Law being fulfilled.

Article 222

(Additional or new security)

Where the customs authorities establish that the security provided does not ensure or is no longer certain to ensure the full or timely payment of the customs debt, they may require the person referred to in Article 213 (1) of this Law to provide additional security or to replace the original security with a new one.

Article 223

(Release of security)

(1) Security to cover a customs debt shall not be released until such time as the customs debt in respect of which it was provided is extinguished or circumstances arise in which the customs debt can no longer be incurred. When the customs debt is extinguished or circumstances arise in which it can no longer be incurred, the security to cover such customs debt shall be released forthwith.

(2) Where a customs debt has been extinguished in part or may arise only in respect of the part of the amount which has been secured, part of the security shall be released at the request of the person providing the security, unless the amount involved does not justify such action.

Article 224

(Derogations)

Derogations from certain provisions of Articles 213 to 233 of this Law may be provided for in the implementing provisions where this is necessary for the purpose of meeting obligations under international agreements.

CHAPTER II. INCURRENCE OF CUSTOMS DEBT

Article 225

(Incurrence of customs debt)

(1) A customs debt on importation shall be incurred through:

- a) the release for free circulation of goods liable to import duties, or
- b) the placing of such goods under the temporary importation procedure with partial relief from import duties.

(2) A customs debt shall be incurred at the time of acceptance of the customs declaration in question.

(3) The debtor shall be the declarant. In the event of indirect representation, the person on whose behalf the customs declaration is made shall also be a debtor.

(4) Where a customs declaration in respect of one of the procedures referred to in paragraph 1 of this Article shows false information which led to all or part of the import duties not being calculated and collected, the person who provided the information indicated on the declaration and who knew, or who ought reasonably to have known that the information was false, shall also be considered a debtor.

Article 226

(Customs debt relating to unlawful introduction of goods)

(1) A customs debt on importation shall be incurred through:

- a) the unlawful introduction into the customs territory of Bosnia and Herzegovina of goods liable to import duties,
- b) the unlawful introduction of the goods referred to in point (a) of this paragraph from a free zone into another part of the customs territory of Bosnia and Herzegovina.

(2) Within the meaning of this Article, the unlawful introduction of goods shall mean any introduction in violation of the provisions of Articles 49 to 52 and Article 195 (1) (b) of this Law.

(3) A customs debt shall be incurred at the moment when goods are unlawfully introduced into the customs territory of Bosnia and Herzegovina.

(4) Where the amount of customs debt cannot be precisely determined, it shall be determined by the customs authorities on the basis of the tariff classification of the goods having the highest customs duty under the corresponding tariff heading.

(5) The debtor shall be:

- a) the person who introduced goods unlawfully,
- b) any other person who participated in the unlawful introduction of goods and who were aware or should reasonably have been aware that such introduction was unlawful,
- c) any other person who acquired the ownership or possession of the goods referred to in paragraph 1 of this Article and who were aware or should reasonably have been aware at the time of acquiring or receiving the goods that they had been introduced unlawfully.

Article 227

(Customs debt relating to removal of goods under customs supervision)

(1) A customs debt on importation shall be incurred through the unlawful removal under customs supervision of goods liable to import duties.

(2) A customs debt shall be incurred at the moment when goods are removed under customs supervision.

(3) Where the amount of customs debt cannot be precisely determined, it shall be determined by the customs authorities on the basis of the tariff classification of the goods having the highest customs duty under the corresponding tariff heading.

(4) The debtor shall be:

- a) the person who removed the goods under customs supervision,
- b) any other person who participated in the removal of goods under customs supervision though they were aware or should reasonably have been aware that the goods were being removed under customs supervision,

- c) any other person who acquired the ownership or possession of the goods removed under customs supervision, if they were aware or should reasonably have been aware at the time of acquiring or receiving the goods that they were goods removed under customs supervision,
- d) the person who was required to comply with the obligations arising from the temporary storage of goods or the customs procedure under which the goods were placed.

Article 228

(Customs debt incurred through non-compliance with obligations or conditions)

(1) A customs debt on importation shall be incurred through:

- a) non-compliance with one of the obligations arising, in respect of goods liable to import duties, from their temporary storage or from another customs procedure under which the goods were placed, or
- b) non-compliance with one of the conditions for the placing of the goods under the customs procedure in question or for the granting of a reduced or zero rate of customs duty on account of the end-use of the goods.

(2) Notwithstanding paragraph 1 of this Article, a customs debt shall not be incurred if it is established that the failures had no significant effect on the correct operation of the temporary storage or the customs procedure in question.

(3) A customs debt shall be incurred at the moment when the obligation the non-fulfilment of which gives rise to the customs debt ceases to be met or at the moment when the goods were placed under the customs procedure concerned where it is established subsequently that one of the prescribed conditions for placing them under that procedure or for the granting of a reduced or zero rate of customs duty on account of the end-use of the goods was not fulfilled.

(4) The debtor shall be the person who was required, according to the circumstances, to fulfil the prescribed obligations arising from the temporary storage of goods or the placing of goods under the appropriate customs procedure, or to comply with the conditions for the placing of the goods under that procedure.

Article 229

(Customs debt incurred through incorrect treatment or use of goods in free zones)

(1) A customs debt on importation shall be incurred through the consumption or the use, in a free zone, of goods liable to import duties in the manner and under conditions other than those laid down by the legislation in force. Where goods disappear in a free zone and the customs authorities consider that evidence relating to their disappearance is not acceptable, such goods shall be regarded as having been consumed or used in the free zone in violation of the legislation.

(2) A customs debt shall be incurred at the moment when goods are consumed or are first used under conditions that are not in accordance with the legislation.

(3) The debtor shall be the person who consumed or used the goods, as well as any person who participated in the consumption or the use of the goods if s/he was aware or should reasonably have been aware that the goods were being consumed or used under conditions that were not in accordance with the legislation.

(4) Where the customs authorities regard goods which have disappeared as having been consumed or used in a free zone, and it is not possible to determine the debtor within the meaning of paragraph 3 of this Article, the last person known to the customs authorities to have been in possession of the goods shall be liable for paying the customs debt.

Article 230

(Non-incurrence of customs debt)

(1) Notwithstanding Articles 226 and 228 (1) (a) of this Law, no customs debt shall be incurred in respect of specific goods where the person concerned proves that the obligations which arise from:

- a) Articles 49 – 52 and Article 195 (1) (b) of this Law, or
- b) the temporary storage of the goods in question, or
- c) the use of the customs procedure under which the goods have been placed,

could not have been fulfilled owing to the total destruction or irretrievable loss of the goods as a result of the actual nature of the goods, unforeseeable circumstances, force majeure, or subject to authorisation by the customs authorities.

(2) For the purposes of paragraph 1 of this Article, goods shall be irretrievably lost where they are unusable by any person.

(3) No customs debt shall be deemed to have been incurred in respect of goods released for free circulation at a reduced or zero rate of customs duty by virtue of their end-use, where such goods have been exported or re-exported with the permission of the customs authorities.

Article 231

(Rules relating to scrap and waste under end-use procedure)

Where, in accordance with Article 230 (1) of this Law, no customs debt is incurred in respect of goods released for free circulation at a reduced or zero rate of customs duty on account of their end-use, any scrap and waste resulting from the destruction of such goods shall be deemed to be foreign goods.

Article 232

(Customs debt in respect of goods under end-use procedure)

(1) Where, in accordance with Articles 227 or 228 of this Law, a customs debt is incurred in respect of goods released for free circulation at a reduced or zero rate on account of their end-use, the amount paid when the goods were released for free circulation shall be deducted from the amount of the customs debt incurred.

(2) Paragraph 1 of this Article shall apply, as appropriate, in the case where a customs debt is incurred in respect of the scrap and waste resulting from the destruction of such goods.

Article 233

(Incurrence of customs debt on exportation where customs declaration is made)

(1) A customs debt on exportation shall be incurred in respect of goods liable for export duties which, after the customs declaration is made, are exported from the customs territory of Bosnia and Herzegovina.

(2) A customs debt shall be incurred at the time of acceptance of the export customs declaration for such goods.

(3) The debtor shall be the declarant. In the event of indirect representation, the person on whose behalf the export customs declaration is made shall also be a debtor.

Article 234

(Incurrence of customs debt on

exportation where customs declaration is not made)

(1) A customs debt on exportation shall be incurred through the removal from the customs territory of Bosnia and Herzegovina of goods liable for export duties, although the customs declaration in respect of them has not been made.

(2) A customs debt shall be incurred at the time when such goods actually leave the customs territory of Bosnia and Herzegovina.

(3) The debtor shall be the person who:

- a) removes the goods,
- b) participated in the removal of such goods and who was aware or should reasonably have been aware that a customs declaration had not been but should have been lodged.

Article 235

(Other cases of incurrence of customs debt on exportation)

(1) A customs debt on exportation shall be incurred owing to the failure to comply with the conditions under which the goods were allowed to leave the customs territory of Bosnia and Herzegovina with total or partial relief from export duties.

(2) A customs debt shall be incurred at the time when the goods reach a destination other than that designated when the goods were allowed to exit the customs territory of Bosnia and Herzegovina with total or partial relief from export duties, or should the customs authorities be unable to determine that time, on the expiry of the time limit set for the production of evidence that the conditions under which the relief was granted have been fulfilled.

(3) The debtor shall be the declarant. In the event of indirect representation, the person on whose behalf the export customs declaration is made shall also be a debtor.

Article 236

(Customs debt relating to goods
subject to prohibitive or restrictive measures)

(1) The customs debt referred to in Articles 225 to 229 and Articles 233 to 235 of this Law shall also be incurred in respect of goods subject to measures of prohibition or restriction on importation or exportation of any kind.

(2) No customs debt shall be incurred if counterfeit currency, narcotic drugs and psychotropic substances which do not enter into the economic flows and which are subject to strict supervision and control by the competent authorities with a view to their use for medical and scientific purposes, are unlawfully introduced into the customs territory of Bosnia and Herzegovina.

(3) For the purposes of the criminal and minor offence legislation as applicable to actions in violation of customs legislation, a customs debt shall be deemed to have been incurred where, under the criminal and minor offence legislation, import or export duties are the basis for determining penalties or the existence of a customs debt is grounds for instituting criminal proceedings.

Article 237

(Customs debt relating to goods subject to favourable
tariff treatment or relief from import duty)

Where, pursuant to Articles 26, 96 and 163 or Articles 207 to 211 of this Law, customs legislation provides for favourable tariff treatment of goods, or total or partial relief from import or export duties by reason of their nature or end-use, such favourable tariff treatment, or total or partial relief shall also apply where a customs debt is incurred under Articles 226 to 229, Articles 234 or 235 of this Law, on condition that the actions of the person concerned were not deliberate or did not involve obvious negligence and s/he produces evidence that all other conditions for favourable tariff treatment, or total or partial relief from duties have been satisfied.

Article 238

(Joint liability)

Where several persons are liable for the payment of the same customs debt, they shall be jointly liable for such debt.

Article 239

(Time when customs debt is incurred)

(1) Save as otherwise provided by this Law, and without prejudice to paragraph 2 of this Article, the amount of import or export duties in respect of specific goods shall be calculated on the basis of the rules of assessment applicable to those goods on the date on which the customs debt is incurred.

(2) Where it is not possible to determine precisely when a customs debt was incurred, the debt shall be deemed to be incurred when the customs authorities establish that the goods are in a situation which gives rise to the incurrance of a customs debt.

(3) Where, on the basis of the information available, the customs authorities are able to establish that the customs debt was incurred prior to the time referred to in paragraph 2 of this Article, the amount of import or export duties in respect of the goods in question shall be determined on the basis of the regulations applicable to those goods at the earliest time when the existence of the customs debt may be established from the information available.

(4) Under the conditions and in the circumstances defined by the implementing provisions, compensatory interest shall be charged on the amount of customs debt in order to prevent the wrongful acquisition of a financial advantage due to the deferment of the date on which the customs debt was incurred or charged.

Article 240

(Place where customs debt is incurred)

(1) A customs debt shall be incurred:

- a) at the place where the events from which it arises occur,
- b) if it is not possible to determine the place referred to in point (a) of this paragraph, a customs debt shall be deemed to be incurred at the place where the customs authorities conclude that the goods are in a situation in which a customs debt is incurred,
- c) if the goods have been placed under a customs procedure which has not been ended and the place where the customs debt is incurred cannot be determined pursuant to points (a) and (b) of this paragraph within a period of time determined, the customs debt shall be incurred at the place where the goods were placed under the customs procedure concerned or at the place where they were introduced into the customs territory of Bosnia and Herzegovina under that procedure.

(2) Where, on the basis of the information available, the customs authorities are able to establish that a customs debt was incurred when the goods were in another place at an earlier date, the customs debt shall be

deemed to have been incurred at the place where the goods were established to have been at an earlier date, i.e. at the earliest time when the existence of the customs debt may be established.

Article 241

(Prohibition of repayment or exemption from customs duty)

(1) If international agreements concluded between Bosnia and Herzegovina and other countries provide for the granting of preferential tariff treatment on importation into those countries of goods originating in Bosnia and Herzegovina in accordance with such agreements, where the goods have been obtained under the inward processing procedure, goods not originating in Bosnia and Herzegovina or in the country an agreement has been concluded with, which are incorporated in the said originating goods, shall be subject to the import duties payable thereon. A customs debt on importation shall be incurred through the validation of the document necessary to obtain such preferential tariff treatment in another country.

(2) The customs debt referred to in paragraph 1 of this Article shall be incurred at the time of acceptance of the export declaration relating to the goods in question.

(3) The debtor shall be the declarant. In the event of indirect representation, the person on whose behalf the export customs declaration is made shall also be a debtor.

(4) The amount of import duties corresponding to the customs debt shall be determined in the same manner as in the case of a customs debt that would be incurred if at the same moment, the customs declaration was accepted for release for free circulation of foreign goods for the purpose of ending the inward processing procedure.

CHAPTER III. CALCULATION AND RECOVERY OF CUSTOMS DEBT

SECTION A. ENTRY IN ACCOUNTS AND COMMUNICATION OF AMOUNT OF DUTY TO DEBTOR

Article 242

(Entry in accounts of customs debt)

(1) Each amount of import or export duties resulting from a customs debt (hereinafter referred to as: the amount of duty) shall be calculated and entered in the accounting records or in any other equivalent records by the customs authorities, as soon as they have the necessary particulars (entry in the accounts).

(2) Paragraph 1 of this Article shall not apply where:

- a) a provisional antidumping or countervailing duty has been introduced,
- b) the amount of duty legally due exceeds that determined on the basis of binding information,
- c) the amount of duty is below that prescribed pursuant to paragraph 5 of this Article.

(3) The customs authorities need not enter in the accounts the amount of duty which, under Article 246 (4) of this Law, could no longer be communicated to the debtor.

(4) The customs authorities shall prescribe the procedure for the entry in the accounts of the amount of duty. Entries in the account may differ according to whether or not, in view of the circumstances in which the customs debt was incurred, the customs authorities are satisfied that the said amounts will be paid.

(5) The amount of duty that shall not be entered in the accounts may be provided for in the implementing provisions.

Article 243

(Time limits for entry in accounts)

(1) Where a customs debt is incurred as a result of the acceptance of the customs declaration for goods placed under a customs procedure other than temporary importation with partial relief from import duties, or of any other act having the same effect as such acceptance, the amount of such customs debt shall be entered in the accounts as soon as it has been calculated and, at the latest, on the working day following that on which the goods were released.

(2) Provided that payment has been secured, the total amount of customs debt relating to all the goods released to one and the same person during a period fixed by the customs authorities, which may not exceed 31 days, may be covered by a single entry in the accounts at the end of that period. Entry in the accounts shall be made within five days of the expiry of the given period.

(3) Where it is provided that goods may be released before the conditions governing the determination of the amount of a customs debt incurred or the obligation to pay a customs debt have been met, the debt shall be entered in the accounts no later than two days of the date on which the amount of debt is calculated or the obligation to pay that debt is finally fixed.

(4) Where the customs debt relates to a provisional anti-dumping or countervailing duty, that duty shall be entered in the accounts no later than two months following the publication of the decision establishing a definitive anti-dumping or countervailing duty.

(5) Where a customs debt is incurred under conditions other than those referred to in paragraphs 1 and 2 of this Article, the amount of debt shall be entered in the accounts within two days of the date on which the customs authorities are in a position to:

- a) calculate the amount of duty, and
- b) determine the debtor

Article 244

(Extension of time limits for entry in accounts)

(1) The time limits for entry in the accounts laid down in Article 243 of this Law may be extended for reasons relating to the administrative organisation of the customs authorities, and in particular, where accounts are centralised, or where special circumstances prevent the customs authorities from making entry in the accounts within the prescribed time limit. The extended time limit shall not exceed 14 days.

(2) The time limits referred to in paragraph 1 of this Article shall not apply in unforeseeable circumstances or in the case of force majeure.

Article 245

(Subsequent entry in accounts)

(1) Where the amount of duty resulting from a customs debt has not been entered in the accounts in accordance with Articles 243 and 244 of this Law or has been entered in the accounts at a level lower than the amount owed, the amount of debt to be recovered or which remains to be recovered shall be entered in the accounts within two days of the date on which the customs authorities establish this situation and are in a position to calculate the amount of debt legally owed, and determine the debtor (subsequent entry in the accounts). Those time limits may be extended in accordance with Article 244 of this Law.

(2) Except in the cases referred to in Article 242 (2), (3) and (5) of this Law, subsequent entry in the accounts shall not occur where:

- a) the original decision not to enter a duty in the accounts or to enter it at a figure less than the amount of duty legally owed was taken on the basis of provisions invalidated at a later date by a court decision,

- b) the amount of duty owed was not entered in the accounts as a result of an error on the part of the customs authorities which the person liable for payment, having acted in good faith and complied with the provisions as regards to the declaration, could not have detected.

(3) Where the preferential status of goods is established within the framework of a system of administrative cooperation involving the authorities of another country, the issue of a certificate by those authorities, should it prove to be incorrect, shall constitute an error that could not have been detected within the meaning of paragraph 2 (b) of this Article.

(4) The issue of an incorrect certificate shall not constitute an error where the certificate is based on an incorrect account of the facts by the exporter, except where it is evident that the issuing authorities were aware or should have been aware that the goods did not satisfy the conditions laid down for the preferential status.

(5) The person liable to pay the customs debt may plead good faith if s/he can demonstrate that, in performing the trading operation concerned, s/he has taken due care to ensure that all the conditions for the preferential status have been fulfilled.

(6) The person liable to pay the customs debt may not plead good faith if the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina has published a notice in the Official Gazette of Bosnia and Herzegovina, stating that there are grounds for doubt concerning the proper application of the preferential arrangements in the beneficiary country.

(7) The implementing provisions shall provide for the amount of duty up to which the subsequent entry in the accounts of a customs debt shall not be made.

Article 246

(Communication of debt to debtor
and time limits for communication)

(1) After it has been entered in the accounts, the amount of duty shall be communicated to the debtor in an appropriate manner.

(2) Where the amount of duty payable is equal to the amount entered in the customs declaration, the amount of debt shall not be expressly communicated to the debtor by the customs authorities and the release of goods shall be considered equivalent to communication to the debtor. Where the amount of duty entered in the customs declaration does not correspond to the amount calculated by the customs authorities, the customs authorities shall communicate the amount of debt to the debtor in an appropriate manner.

(3) In the case of the application of Article 243 (2) of this Law, release of goods shall be considered as communication to the debtor of the amount of customs debt entered in the accounts.

(4) Communication to the debtor of a customs debt shall not take place after the expiry of a period of three years from the date on which the customs debt was incurred. Where an appeal is lodged within the meaning of Article 10 of this Law, the said period shall be extended by the period of duration of the appeal proceedings.

(5) Where the customs debt is the result of an act which, at the time it was committed, was liable to give rise to criminal proceedings, the three-year period referred to in paragraph 4 of this Article shall be extended to a period of ten years.

(6) The period referred to in paragraph 4 of this Article shall be suspended by virtue of any official action taken by the customs or other competent authorities with a view to determining or recovering a customs debt, which the debtor has been aware of, as well as by virtue of any other action taken with a view to establishing criminal and minor offence liability. In this case, the period shall run again from the beginning.

SECTION B. TIME LIMIT AND PROCEDURE FOR PAYMENT OF AMOUNT OF DUTY

Article 247

(Time limits for payment of debt, extension of time limits, suspension of recovery)

(1) The debtor, to whom the amount of debt has been communicated in accordance with Article 246 of the Law, shall pay the customs debt within the following periods:

- a) if the debtor is not entitled to any of the payment facilities laid down in Articles 249 to 254 of this Law, payment shall be made within a period not exceeding ten days following the communication to the debtor of the amount of debt owed, except in the case referred to in Article 12 (1) of this Law. In the case of aggregation of entries in the accounts under the conditions laid down in Article 243 (2) of this Law, the period shall be so fixed as not to grant the debtor a longer period for payment than if he had been granted deferred payment. An extension of the period may be granted ex officio if it has been determined that the debtor received the notification too late to make the payment within prescribed time limit. An extension of the period may be granted by the customs authorities at the request of the debtor where the amount of duty payable results from action for post-clearance recovery which, without prejudice to Article 254 (a) of this Law, relates to a period not exceeding the time necessary for the debtor to take appropriate steps to discharge this obligation,
- b) if the debtor is entitled to any of the payment facilities laid down in Articles 249 to 254 of this Law, payment shall be made no later than the expiry of the period or periods specified in relation to those facilities.

(2) The cases and conditions in which the debtor's obligation to pay the debt shall be suspended may be provided for in the implementing provisions, where:

- a) an application for remission of debt is made in accordance with Articles 262, 264 or 265 of this Law, or
- b) goods are seized with a view to subsequent confiscation in accordance with Article 259 (1) (d) second indent, or (e) of this Law, or
- c) the customs debt was incurred in accordance with Article 227 of this Law and there is more than one debtor.

Article 248

(Payment method)

Payment shall be made in cash or by other means in accordance with the provisions governing payment. Payment may also be made by adjustment of credit balance where this is provided for.

Article 249

(Deferment of payment)

Provided that the amount of customs debt payable relates to goods declared for a customs procedure which entails the obligation to pay such debt, the customs authorities may, at the request of the person concerned, grant deferment of payment of that amount under the conditions laid down in Articles 250, 251 and 252 of this Law.

Article 250

(Provision of security and obligation to pay expenses)

(1) The granting of deferment of payment shall be conditional on the provision of security by the applicant.

(2) Where in the course of the granting of deferred payment, incidental expenses are incurred by the customs authorities, such expenses shall be paid by the applicant.

Article 251

(Procedures relating to deferment of payment)

The customs authorities shall decide which of the following procedures must be used when granting deferment of payment:

- a) separately in respect of each amount of duty entered in the accounts under the conditions laid down in Article 243 (1) or Article 245 (1) of this Law, or
- b) globally in respect of all amounts of duty entered in the accounts under the conditions laid down in Article 243 (1) of this Law within a period fixed by the customs authorities not exceeding 31 days, or
- c) globally in respect of all amounts of duty forming a single entry in the accounts in accordance with Article 243 (2) of this Law.

Article 252

(Calculation of time limits relating to deferment of payment)

- (1) The period for which payment is deferred shall be 30 days, and it shall be calculated as follows:
 - a) where payment is deferred in accordance with Article 251 (a) of this Law, the period shall be calculated from the day following the date on which the amount of duty is entered in the accounts by the customs authorities. Where Article 244 of this Law is applied, the period of 30 days calculated as referred to above shall be reduced by the number of days corresponding to the period in excess of two days used to enter the amount in the accounts,
 - b) where payment is deferred in accordance with Article 251 (b) of this Law, the period shall be calculated from the day following the date on which the aggregation period expires. It shall be reduced by the number of days corresponding to half the number of days in the aggregation period.
 - c) where payment is deferred in accordance with Article 251 (c) of this Law, the period shall be calculated from the day following the expiry date of the period during which the goods in question were released. It shall be reduced by the number of days corresponding to half the number of days in the granted period.

(2) Where the number of days in the periods referred to in paragraph 1 (b) and (c) of this Article is an odd number, the number of days to be deducted from the 30-day period pursuant to paragraph 1 (b) and (c) of this Article shall be equal to half the next lowest even number.

(3) Where the periods referred to in paragraph 1 (b) and (c) of this Article are a calendar week or a calendar month, in order to simplify matters, the customs authorities may permit that the amount of duty in respect of which deferment of payment has been granted shall be paid as follows:

- a) if the period is a calendar week, on the Friday of the fourth week following that calendar week,
- b) if the period is a calendar month, by the sixteenth day of the month following that calendar month.

Article 253

(Special cases of deferment of payment)

(1) The customs authorities cannot grant deferment of payment in respect of the amount of duty which, although relating to goods declared for a customs procedure which entails the obligation to pay such duty, is entered in the accounts in accordance with the provisions concerning acceptance of incomplete customs declarations, because the declarant has not, by the time of the expiry of the period set, provided the information necessary for the definitive customs valuation of goods or has not supplied the information or the document missing when the incomplete declaration was accepted.

(2) The customs authorities may grant deferment of payment in the case referred to in paragraph 1 of this Article where the amount of duty payable is entered in the accounts before the expiry of a period of 30

days from the date on which the amount originally charged was entered in the accounts or, if it was not entered in the accounts, from the date on which the customs declaration relating to the goods in question was accepted. The duration of the deferment of payment granted in such circumstances shall not extend beyond the date of the expiry of the period which, pursuant to Article 252 of this Law, was granted in respect of the amount of duty originally fixed or which would have been granted had the amount of duty fixed in accordance with legislation been entered in the accounts when the goods in question were declared.

Article 254

(Conditions for other payment facilities)

The customs authorities may grant the debtor payment facilities other than deferred payment under the following conditions:

- a) the granting of facilities shall be conditional on the provision of security, and the requirement for security may be waived where such requirement would, because of the situation of the debtor, create serious economic and social difficulties,
- b) interest shall be charged on the amount of duty in respect of which a facility has been granted. The interest shall be calculated by applying the reference rate of the European Central Bank in force on the date on which the amount of duty is paid, plus one percentage point. The customs authorities may refrain from charging the interest where this would, because of the situation of the debtor, create serious economic and social difficulties.

Article 255

(Payment of duty before expiry of period)

Whatever the payment facilities granted to the debtor, the latter may in any case pay all or part of the amount of duty before the expiry of the period s/he has been granted for deferred payment.

Article 256

(Third person)

An amount of duty may be paid by a third person instead of the debtor.

Article 257

(Enforcement of customs debt and interest on arrears)

- (1) Where the amount of customs debt has not been paid within the prescribed period:
 - a) the customs authorities shall avail themselves of all measures prescribed under legislation to recover a debt, including enforcement, with a view to payment of that amount. The implementing provisions may provide for special provisions in respect of guarantors within the framework of the transit procedure,
 - b) the customs authorities shall charge interest on arrears on the amount of debt at a rate prescribed for indirect taxes, from the date of the expiry of the period prescribed for payment.
- (2) The customs authorities may waive the collection of interest on arrears:
 - a) where such requirement could, on the basis of the documents used to assess the situation of the debtor, create serious economic and social difficulties,
 - b) where the amount of interest on arrears does not exceed the amount prescribed in the implementing provisions which is not chargeable, or
 - c) where the customs debt is paid within five days of the expiry of the period prescribed for payment.
- (3) The implementing provisions may provide for:

- a) the minimum period in respect of which interest on arrears is not calculated,
- b) the minimum amount not payable as interest on arrears

Article 258

(Calculation of interest on arrears during post-clearance examination of customs declaration)

(1) Interest on arrears shall be calculated and collected in the case where, during the post-clearance examination of a customs declaration pursuant to Article 92 of this Law, the customs authorities establish that the amount of customs debt has been paid at a figure lower than the amount legally owed.

(2) In the case referred to in paragraph 1 of this Article, interest on arrears shall be calculated at a rate of interest on arrears applicable to the indirect taxes valid in the period for which the calculation and recovery of interest is made. Interest on arrears shall be calculated when the deadline expires for the payment of the customs debt as per the customs declaration in question until the date of collection of the lesser amount of the customs debt paid. Interest on arrears shall not be calculated for the duration of the period for the voluntary execution of the decision on the mentioned debt.

(3) The interest on arrears referred to in paragraph 1 at the rate referred to in paragraph 2 of this Article shall also apply to other duties calculated during the post-clearance examination of a customs declaration.

CHAPTER IV. EXTINGUISHMENT OF CUSTOMS DEBT

Article 259

(Procedure for extinguishment of customs debt)

(1) A customs debt shall be extinguished:

- a) by payment of the amount of debt,
- b) by remission of the amount of debt,
- c) where the statute of limitations on a debt has expired and in the event of the insolvency of the debtor established by the court,
- d) where, in respect of goods declared for a customs procedure entailing the obligation to pay import duties:
 - 1) the customs declaration is invalidated,
 - 2) the goods, before their release, were seized and simultaneously or subsequently confiscated, destroyed on the instructions of the customs authorities, destroyed or abandoned to the state in accordance with Articles 200 and 201 of this Law, or destroyed or irretrievably lost as a result of their nature or unforeseeable circumstances or force majeure,
- e) where goods in respect of which a customs debt is incurred in accordance with Article 226 of this Law are seized due to their unlawful introduction and are simultaneously or subsequently confiscated.

(2) In the event of the seizure and confiscation of goods, the customs debt shall not be deemed to have been extinguished where it provides the basis for determining penalties for minor or criminal offences, or the existence of a customs debt is grounds for instituting criminal or minor offence proceedings.

(3) The customs debt incurred in accordance with Article 241 of this Law shall be extinguished where all customs formalities carried out in order to become entitled to the preferential tariff treatment as referred to in Article 241 of this Law are cancelled.

Article 260

(Statute of limitations on customs debt)

The statute of limitations on a customs debt shall, in any case, pass after the expiry of a period of ten years from the date on which the debt was incurred.

CHAPTER V. REPYMENT AND REMISSION OF DUTY

Article 261 (Definitions)

The following definitions used in this Chapter shall apply:

- a) repayment: means the total or partial refund of import duties or export duties that have been paid,
- b) remission: means a decision to waive all or part of a customs debt, or a decision to render void an entry in the accounts of all or part of a customs debt which has not been paid.

Article 262 (Conditions and procedure for repayment and remission)

(1) Import duties or export duties shall be repaid where it is established that when they were paid, the amount of such duties was not legally owed or where the amount has been entered in the accounts contrary to Article 245 (2) of this Law.

(2) Import duties or export duties shall be remitted where it is established that when they were entered in the accounts, the amount of the duties was not legally owed or where the amount has been entered in the accounts contrary to Article 245 (2) of this Law.

(3) No repayment or remission of import or export duties shall be granted when the facts which led to the payment or entry in the accounts of an amount which was not legally owed are the result of a deliberate action by the person concerned.

(4) Import duties or export duties shall be repaid or remitted on the basis of an application submitted to the customs authorities before the expiry of a period of three years. The period of three years shall run from the date on which the amount of those duties was communicated to the debtor.

(5) The period referred in paragraph 4 of this Article shall be extended if the person concerned provides evidence that s/he was prevented from submitting his/her application within the said period as a result of unforeseeable circumstances or force majeure.

(6) The customs authorities shall grant the repayment or remission of duties *ex officio* where, within the period referred to in paragraph 4 of this Article, they themselves establish the irregularities referred to in paragraphs 1 and 2 of this Article.

Article 263 (Repayment of duty relating to invalidation of customs declaration)

Import duties or export duties shall be repaid, upon an application submitted by the person concerned within the periods laid down for the submission of the application for invalidation of the customs declaration, where the customs declaration is invalidated and the duties have been paid.

Article 264 (Repayment or remission relating to defective goods)

(1) Import duties shall be repaid or remitted where it is established that the amount of import duties entered in the accounts relates to goods placed under the customs procedure in question and rejected by the

importer because at the time of acceptance of the customs declaration they were defective or did not comply with the terms of the contract on the basis of which they were imported.

(2) Defective goods, within the meaning of paragraph 1 of this Article, shall also be deemed to be goods damaged before their release to the declarant.

(3) Repayment or remission of import duties shall be granted on condition that:

- a) the goods have not been used, unless the initial use was necessary to establish the defects of the goods or their non-compliance with the terms of the contract, and
- b) the goods are exported from the customs territory of Bosnia and Herzegovina.

(4) At the request of the person concerned, the customs authorities shall permit goods to be destroyed or to be placed, with a view to re-export, under the external transit procedure, the customs warehousing procedure, in a free zone, instead of being exported. For the purposes of placing goods under one of the said customs procedures or uses, the goods shall be deemed to be foreign goods.

(5) Repayment or remission of duties shall not be made in respect of goods which, before being released for free circulation, were imported temporarily for testing, unless it is established that the fact that the goods were defective or did not comply with the terms of the contract could not have been detected by such tests.

(6) Repayment or remission of duties shall be granted for the reasons referred to in paragraph 1 of this Article if an application is submitted to the customs authorities within 12 months from the date on which the amount of that debt was communicated to the debtor.

(7) The customs authorities may extend the period referred to in paragraph 6 of this Article in duly justified exceptional cases.

Article 265

(Other cases of repayment or remission)

(1) Cases of repayment or remission of duties other than those referred to in Articles 262, 263 and 264 of this Law, which do not result from deception or obvious negligence on the part of the debtor or other parties in the customs procedure, may be provided for in the implementing provisions. Special conditions and the procedure for the repayment or remission of duties may be provided for in the implementing provisions.

(2) The repayment or remission of duties in the case referred to in paragraph 1 of this Article shall be granted upon an application submitted to the customs authorities within 12 months from the date on which the amount of duties was communicated to the debtor. The customs authorities may extend this period in duly justified exceptional cases.

Article 266

(Amount of duty in respect of which repayment or remission is not made)

Import or export duties shall be repaid or remitted under the conditions laid down in this Chapter only if the amount to be repaid or remitted exceeds the amount prescribed pursuant to Article 242 (5) of this Law.

Article 267

(Interest relating to repayment of duty)

(1) Interest on arrears shall be calculated and paid to the amount of import or export duties repaid by virtue of Article 262 (1) of this Law, including the amount of interest paid on the occasion of payment of the duties from the date the duties were paid to the date the repayment was made.

(2) Interest on arrears referred to in paragraph 1 of this Article shall not be paid when the repaid import or export duties relate to the customs declaration accepted without a check done by customs authorities in line with Article 83 (2) of this Law.

(3) Interest on arrears shall be calculated and paid also in the case when the decision granting repayment was not effected within three months from the date of passing the decision. Interest on arrears shall be calculated as from the date the decision becomes effective to the date of repayment.

(4) Interest on arrears referred to in paragraphs 1 and 3 of this Article shall be calculated at a rate of interest on arrears applicable to indirect taxes which was in force in the period for which the calculation is made and interest on arrears is repaid.

Article 268

(Obligation to pay original
customs debt and repayment of interest)

Where a customs debt has been repaid or remitted unlawfully or in error, the debtor shall pay the original debt. The debtor shall also repay to the customs authorities any interest that may have been paid under Article 267 of this Law.

TITLE EIGHT – SALE OF GOODS

Article 269

(Sale of goods)

(1) Foreign goods seized or abandoned to the state pursuant to the provisions of this Law or confiscated under a minor offence procedure and ceded by the court to the customs authorities shall be subject to sale.

(2) The customs authorities may immediately and directly sell animals, food and other easily perishable goods referred to in paragraph 1 of this Article.

(3) The Governing Board shall prescribe conditions and manner of selling the goods referred to in paragraph 1 of this Article.

Article 270

(Other ways to dispose of goods)

(1) The goods referred to in Article 269 of this Law which cannot be sold or used for health, veterinary, phytosanitary, safety or other reasons laid down in special regulations shall be destroyed under customs supervision.

(2) The costs of destruction shall be borne by the owner or the importer of the goods, and where they are not known or unavailable, the costs of destruction shall be borne by the customs authorities.

Article 271

(Special regulation relating to other ways to dispose of goods)

The Council of Ministers of Bosnia and Herzegovina may, at the proposal by the Governing Board, by virtue of a special decision, abandon free of charge the goods referred to in Article 269 of this Law or dispose of them in some other way, under conditions stipulated by that decision.

TITLE NINE – TRANSITIONAL AND FINAL PROVISIONS

Article 272
(Language used in
official customs documents)

Official customs documents used in respect of customs procedures shall be completed in one of the official languages of Bosnia and Herzegovina.

Article 273
(Reliefs from customs duty)

The rights and obligations deriving from decisions and other individual administrative acts in respect of relief from import duties or other reliefs from customs duty which have not been, or have not fully been, exercised or fulfilled by the date on which this Law is applied, shall be exercised, i.e. fulfilled within the time limits specified in those acts.

Article 274
(Customs procedures)

Customs administrative procedures initiated prior to the date on which this Law is applied shall be completed in accordance with the regulations in force by the date on which this Law is applied.

Article 275
(Authorisations)

Authorisations relating to customs warehouses and authorisations relating to simplified procedures issued before the date on which this Law is applied shall remain in force no longer than six months as from the date on which this Law is applied.

Article 276
(Adoption of implementing provisions)

(1) The implementing provisions referred in the article 4 (d) shall be adopted by the Council of Ministers of Bosnia and Herzegovina, at the proposal by the Governing Board, within six months as from the date on which this Law enters into force.

(2) Regulation referred to in Article 32 (3) and Article 208 of this Law shall be adopted within six months from the date on which this Law enters into force.

Article 277
(Repealed regulation)

The Customs Policy Law of Bosnia and Herzegovina (“Official Gazette of Bosnia and Herzegovina”, nos. 57/04, 51/06, 93/08, 54/10 and 76/11) shall be repealed on the date on which this Law is applied.

Article 278
(Relation to other laws)

In the case where the issues relating to customs-approved treatments or uses and reliefs from import duty are regulated otherwise by another law, the provisions of this Law shall apply.

Article 279

(Entry into force and application)

(1) This Law shall enter into force on the eight day following that of its publication in the “Official Gazette of Bosnia and Herzegovina”, and shall apply as from the date on which the implementing provisions referred to in Article 276 (1) of this Law are applied.

(2) Notwithstanding paragraph 1 of this Article:

- a) the provisions of Articles 45 to 47 and Articles 203 to 206 of this Law shall apply as from the date of establishing the information system for electronic submission of entry and exit summary declarations and for electronic data exchange, in respect of which the Indirect Taxation Authority shall adopt a separate decision to be published in the “Official Gazette of Bosnia and Herzegovina”.
- b) the provisions of Article 207 of this Law shall apply as from the date on which the regulation referred to in Article 208 of this Law is applied.

PA BiH Number 01,02-02-1-35/14
15/07/2015
Sarajevo

Chairperson
House of Representatives
BiH Parliamentary Assembly
Šefik Džaferović

Chairperson
House of Peoples
BiH Parliamentary Assembly
Bariša Čolak