

USAID/MACEDONIA COMMERCIAL LAW PROJECT

Center for Financial Engineering in Development, Inc.

Osma Udarha Brigada br. 24

91 000 Skopje - Macedonia

.....

Tel.: 389 91 137-178;

Fax: 389 91 119-013;

e-mail: cfed@nic.mpt.com.mk

TRANSLATION

TO

THE MACEDONIAN

LAW ON CUSTOMS

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Translators:

Irena Kacarski

Angela Kostova

Frosina Georgievska

English language editor:

Ilene Lashinsky

Legal advisors:

Dejan Gorgievski

Aleksandar Sahov

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LAW ON CUSTOMS

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I. GENERAL PROVISIONS

Article 1

This law shall govern the customs procedure, the rights and obligations of the participants in the customs procedure, as well as the scope, the manner of operation and the organizational setting of the administrative body competent for customs affairs.

Article 2

Customs Procedure

The customs procedure, as provided by this law, shall consist of: declaring goods for trade, warehousing, temporary import and export, transit (transportation), import and export, establishing customs liability, collection, refund and exemption from customs duties. All participants in the procedure shall acquire rights and obligations related to the goods.

Article 3

Definitions

The terms used in this law shall have the following meaning:

1. *Party* means any natural or legal person.
2. *Customs authorities* means Customs Administration, customshouse, customs outpost, department and unit.
3. *Customs liability* means the obligation of the party to pay the import duties (customs liability for import) or the export duties (customs liability for export).
4. *Import duty* means the duty payable for import of goods.
5. *Import fee* means the fee payable for import of goods; encumbering payable for import of agricultural and food products as provided by law.
6. *Export duty* means the duty payable for export of goods
7. *Export fee* means the fee payable for export of goods; encumbering payable for export of agricultural and food products.
8. *Customs obligor* means the party liable to clear the customs liability.

9. *Customs custody* encompasses the measures of the customs authorities for preventing illegal customs procedure and for preserving their authenticity until the goods are released for trade, at which point other provisions shall be applicable to the goods in customs custody.

10. *Customs control* encompasses the following activities of the customs authorities: examination and inspection of the goods, the means of transport, the existence, the authenticity and the accuracy of the documentation, the authenticity and the accuracy of the business books and other records, the personal luggage and goods that the passengers have with them, examination of the passengers and official inquires and other similar activities for the purpose of providing custody for the goods, in compliance with the customs and other relevant regulations.

11. *Customs cleared use of goods* means goods in customs procedure; placing goods in free customs zone or warehouse; re-export of goods from customs area; destruction of goods in customs custody; delivery of goods to customs authorities for free disposal.

12. *Customs declaration* means a document in which, in a prescribed form and manner, the party states an intention to place the goods in certain customs procedure.

13. *Customs declarant* means the party that presents customs declaration on its behalf or on behalf of the party in whose name it presents the customs declaration (customs representative, shipping agent, intermediary, etc.)

14. *Declaration of goods* means a notification in a prescribed form to the customs authorities that goods have arrived in a customs outpost or any other location specified and approved by the customs authorities.

15. *Release of goods* means a document of the customs authorities that releases goods to be used for the purposes of the underlying customs procedure.

16. *Customs party* means the party on whose behalf a customs declaration is presented or the party that is assigned rights and obligations in regard to administration of the customs procedure by the customs obligor.

17. *Beneficiary of an approval* means a party having received certain approval.

18. *Production operations (refining)* mean: treatment of goods, including assembling, joining or integrating the goods with other goods; processing goods; repair of goods, including assembling, refreshing and adjusting of goods, and use of certain goods that are not incorporated in the final goods but enable their production and are fully or partially utilized in the production process.

19. *Final products* are all products that are a result from the production operations listed

in item 18 of this article.

20. *Identical goods or goods with same value* means domestic products that substitute imported goods in the production of final products.

21. *Standard* means the quantity or percentage of products produced for certain quantity of imported goods.

22. *Smuggling* means avoiding customs control when importing or exporting goods pursuant to Article 278 of the Criminal Code, import and export of goods outside the approved customs points and violation of the regulations pertaining to possession and transportation of goods in the territory of the Republic of Macedonia; violation of Articles 5, 23 and 56 of this law; avoidance of customs control when the border is crossed by vehicles, aircraft and navigable objects with hidden parts in which goods may be stored regardless of whether or not such goods have been discovered, as well as use of vehicles, aircraft and navigable objects equipped to transport goods over the border with remote control and no crew.

Article 4

Customs Area

The customs area of the Republic of Macedonia (hereinafter: customs area) shall be the territories, the territorial waters and the air space over the territories of the Republic of Macedonia, the state border, and, in conformity with international treaties, parts of the territories of other states. The customs area shall be marked with the customs frontier which shall be identical to the state borders.

Article 5

Customs Border Area

(1) The customs border area on land shall be part of the customs area of the Republic of Macedonia and from the customs frontier in the depth on the territory of the Republic of Macedonia it shall cover 15 km. The customs border area on the border lakes shall be a part of the customs zone of the Republic of Macedonia and shall cover in width the customs frontier of the lake and up to 5 km inland from the shore of the lake. Where the border area covers localities, the entire locality shall be considered to be within the border area.

(2) The customs border area may also be established around international airports or parts of state territories that are considered to be foreign territories.

(3) The Government of the Republic of Macedonia shall define the frontiers of the border area.

(4) The customs officers shall have authority to control the identity of the individuals and to inspect goods and vehicles that enter, exit or circulate through the customs border area.

(5) Goods at the customs border area must have a document for legal entrance in the customs area of the Republic of Macedonia and the customs liability must be paid.

(6) Customs authorities may control individuals who enter, exit or move through the customs border area, detain individuals that do not possess the documentation required for entrance on the territory of RM and retain in customs custody the goods for which there is no evidence for legal import and payment of duties and taxes. Such goods shall be deemed smuggled. Vehicles used for transportation of such goods may also be retained.

(7) Customs officers who have continuously followed individuals who have avoided customs control when crossing the border, shall be authorized to enter and inspect buildings in which such individuals were noticed to have stayed, whereas residential premises shall be inspected with a court order.

Article 6

Application of the Law

This law shall apply to the entire customs area of the Republic of Macedonia, unless otherwise provided in a separate law or international treaty.

Article 7

Customs Goods

(1) Customs goods, as provided in this law, shall be:

- any object imported in the customs area, but not yet in trade;
- any object for which customs declaration for export from the customs zone is presented.

(2) Customs goods, as provided in this law, shall not be:

- public records;
- parcels with written (printed) materials, that do not include customs goods or other parcels consisting of books;
- commercial correspondence, business books, commercial, legal and financial documentation pertaining to the goods, and
- effective currency, checks, bills of exchange, shares and other securities that are used as

payment instruments.

Article 8

Application of International Treaties

This law shall not be applicable to payment of duties for imported goods or implementation of customs procedures, if such payment of duties or implementation of customs procedure is otherwise provided for in an international treaty ratified or joined by the Republic of Macedonia.

II. SCOPE OF WORK, MANNER OF OPERATION AND ORGANIZATIONAL SETTING OF CUSTOMS AUTHORITIES

Article 9

Customs Administration

(1) The Customs Administration representing a body within the Ministry of Finance shall be the body responsible for customs affairs.

(2) Customs Administration shall be a legal entity. The affairs and the tasks of the Customs Administration shall be performed through the customhouses which represent organizational units of the Customs Administration.

(3) A Director shall manage the Customs Administration.

(4) The Director of the Customs Administration shall be appointed and discharged by the Government of Republic of Macedonia.

(5) The Government of Republic of Macedonia shall also appoint and discharge the Deputy to the Director of the Customs Administration.

(6) Due to the type, the nature and the complexity of the work and tasks performed by the officers that have special duties and authorities, as well as to the difficulty of the work and the special conditions under which the work is performed, the funds designated for salaries for the performance of such work and tasks shall be increased up to 30%.

(7) The Director of the Customs Administration shall admit to office and assign to different posts the customs officers as provided by law.

Article 10

Authorities of Customs Administration

(1) The Customs Administration shall control the goods, the individuals and the vehicles when entering on, in transit or exiting from the territory of Republic of Macedonia.

(2) The Customs Administration shall:

- calculate and collect duties, import levies, taxes, excises and other foreign trade payments provided for by law;
- administer administrative proceedings on customs cases;
- undertake foreign currency control in the international transportation and in the customs area foreign trade;
- initiate proceedings for misdemeanors in the customs procedure that are provided for in this or another law;
- prevent misdemeanors in the customs procedure and prevent and discover foreign currency misdemeanors, in compliance with the foreign currency control pursuant to sub-item 3 of this paragraph;
- collect on-the-spot fines for misdemeanors provided for in this law;
- investigate, prevent and discover customs misdemeanors and initiate misdemeanor proceedings before the court that has jurisdiction;
- draft customs regulations;
- be responsible for application of the regulations pertaining to foreign trade;
- provide export and import data for statistical purposes;
- organize the customs information system in a manner that will enable exchange, follow-up and standard format of the information between state agencies in and outside the country, and
- other affairs provided for by law.

Article 11

Rights and Obligations of the Customs Officers

(1) All customs officers shall wear official uniforms while inspecting individuals, vehicles and goods in official premises. In any other case of discovering and preventing misdemeanors, if necessary, the customs officers may wear civilian clothes.

(2) The customs officers shall be authorized to stop, control and inspect individuals and their vehicles in the entire territory of Republic of Macedonia, whereas the manner and the procedure of control and inspection shall be governed by an enactment of the

Government of Republic of Macedonia.

(3) Each and every customs officer shall, if so required, identify him/herself with an official identification.

(4) Customs officers who are directly involved in field work or work on international crossings are entitled to wear firearms under terms provided by law.

(5) Customs officers shall have access to international premises for sorting mail in post offices and express mail offices for the purpose of tracking goods and collection of duties, other payments and the costs of the customs procedure. Post office officers must declare to the customs authorities all parcels that are subject to this law. Under no circumstances may the confidentiality of the mail be violated.

(6) Customs officers shall have access to railway stations, platforms, wagons, yards and other parts that are under the jurisdiction of railway stations and airport buildings and fields, for the purpose of implementing this law.

(7) In case of reasonable doubt that a person has hidden drugs and other goods in his/her body, the customs officers may subject such a person to medical or other examinations for the purpose of tracking the hidden drug or the other goods.

(8) For the purpose of discovering the misdemeanors provided for in this law and smuggled goods, the customs officers may inspect, without a court order, all places and private premises where goods or documents related to the misdemeanors may be stored. The customs officers may temporarily keep such goods and documents.

(9) Customs officers shall be entitled to request information and documentation that are in disposition of other state agencies and organizations.

(10) Customs officers shall be entitled to request from the participants in the procedure information and documentation related to the procedures of their offices.

(11) Customs officers shall be authorized to follow perpetrators of customs misdemeanors, and if the perpetrators are caught at the moment of perpetration of the misdemeanor, the customs officers shall detain such perpetrators in conformity with the requirements of this law.

(12) Customs officers shall be entitled to control already controlled deliveries of goods, in conformity with the requirements of this or another law.

(13) Customs officers shall be entitled to request support and protection from police forces and border area military forces in proceeding to investigation, control, fight against smuggling, detecting customs misdemeanors and other acts that are subject to penalties.

(14) Only customs authorities shall have access to data and information in disposition of the customs officers, except in case of Article 20 of this law.

(15) Customs officers who work on vehicles for public transportation or inside vehicles for public transportation shall be entitled to free of charge transport in such vehicles and to the same insurance as the passengers that have paid for the transportation with such vehicles.

Article 12

Communication between Customs Administration and Foreign Authorities

The Customs Administration may, under conditions provided for by this law and international treaties, request information and documentation from the authorities of foreign states on the basis of reciprocity.

Article 13

Official Uniform and Identity Card

The official uniform, the markings of the ranks and the manner of presentation and use, as well as the form, the contents and the terms for issuing the official identity card for the customs officers, shall be prescribed by the Minister of Finance.

Article 14

Use of Firearms

Customs officers may use firearms when performing their duties in case of:

- self-defense;
- stopping the individuals crossing the border and ignoring the customs officer repeated orders to stop;
- stopping vehicles and animals crossing the border and ignoring the customs officer repeated orders to stop;
- preventing intentional damage to the Customs Administration facilities and assets.

Article 15

Application of the Law on General Administrative Proceedings

(1) Unless otherwise provided by this law, the Law on General Administrative proceedings shall be applied by the customs authorities that administer the customs procedure.

(2) If the customs authorities fully approve the request of the customs procedure, the approval may be granted on its own request based on the record.

(3) An appeal may be filed to the Minister of Finance from a decision that is rendered by the customs authority in the administrative proceedings.

(4) The appeal shall not postpone the enforcement of the decision.

Article 16

Requiring Information

Every person is entitled to be informed of the application of the customs regulations pertaining to import and export procedures by the customs authorities. If such information is requested in writing, costs shall be covered by the applicant.

Article 17

Certificate for Categorizing Goods According to the Customs Scale of Rates

(1) The Customs Administration shall, based on a written request from the participant in the procedure, issue a Certificate for categorizing goods according to the Customs Scale of Rates. The costs for issuing such a certificate shall be covered by the applicant.

(2) The certificate pertaining to paragraph 1 of this article shall be obligatory for the customs authorities only in respect to the categorizing of the goods according to the nomenclature of the Customs Scale of Rates, in the customs procedure in which the obtainor of the certificate is a participant. Such a Certificate shall be obligatory only for goods on which customs procedure has initiated on the date of issuance of the Certificate for categorizing goods according to the Customs Scale of Rates.

(3) The obtainor of such a certificate must prove that the declared goods are identical to the goods described in the certificate.

(4) The certificate pertaining to paragraph 1 of this article shall be valid for one year following the date of issuance, except where it has been confirmed that the certificate was annulled because it was based on incorrect and incomplete facts and information or documentation provided by the party requiring such a certificate.

(5) The Certificate shall cease to be valid if:

- it is no longer in compliance with the existing regulation due to changes in the regulation;
- it is no longer in compliance with the customs nomenclature due to changes in the

nomenclature or changes in the international regulation on which the customs nomenclature is based. In such a case, the certificate shall cease to be valid on the day following the date when the changes were officially published; and
- it is annulled or repealed.

(6) The certificate pertaining to paragraph 1 of this article may only be used for determining the amount of the import or export fees and for determining the amount of the export incentives and other refunds related to agricultural policy.

(7) The manner in which the certificate pertaining to paragraph 1 of this article shall be issued, its application for customs clearance, and the amount of the issuing costs shall be prescribed by the Minister of Finance.

Article 18

Right to Representation

Each person may appoint a representative to work with the customs authorities.

Article 19

Confidentiality of Information

All information that is confidential by nature or has been obtained on confidential basis shall be guarded as official confidential information. Official confidential information may not be revealed by the customs authorities without permission from the person from whom it was obtained. Exchange of official confidential information shall be allowed in instances permitted by law.

Article 20

Obligation to Present Documents

For the purpose of conducting customs procedures each party that is directly or indirectly involved in the affairs related to the goods shall, upon request from the customs authorities, present to the customs authorities for inspection all necessary documentation and explanations and shall provide the necessary assistance for enforcement of the law.

Article 21

Keeping the Documents

Parties shall retain the documents pertaining to Article 20 of this law for the purposes of the customs control for a period of five years, regardless of the form of the documents and such keeping period shall begin to run at the end of the year in which:

- declaration for import or export customs clearance for the goods was presented, without exception for the cases listed in sub-item 2 of this paragraph;
- has expired the period of customs custody for imported goods exempted from duties upon release for trade, and for imported goods for which the customs rate was lowered as a result from the purpose of import;
- other customs procedure related to the goods was administered; and
- the goods entered a free zone or customs zone, or exited from such.

Article 22

Control by Customs Authorities

The customs authorities shall, under conditions provided by this or any law, undertake all measures necessary for regular application of customs regulations.

Article 23

Goods Subject to High Duties, Excises, Taxes and Banned Goods

Individuals in the territory of Republic of Macedonia carry or keep goods that are subject to high duties, excises, taxes, or banned goods, according to the list that is annually adopted by the Government of the Republic of Macedonia, shall, upon first request from the customs officers, provide authentic evidence that the goods were legally imported, produced or obtained in the Republic of Macedonia. Goods for which such evidence cannot be provided shall be deemed smuggled.

III. GROUNDS FOR DETERMINING THE AMOUNT OF THE IMPORT AND EXPORT DUTIES AND OTHER MEASURES PERTAINING TO GOODS IN FOREIGN TRADE

1. Customs Rates and Classification of Goods According to the Customs Scale of Rates

Article 24

Customs Rates

- (1) Duties shall be paid in the cases provided for in this law, in conformity with the rates pertaining to the Customs Scale of Rates, unless otherwise provided by this law.
- (2) Customs rates shall be determined in a separate law.
- (3) The customs authorities processing the documents shall charge for the costs as

prescribed by the Government of the Republic of Macedonia. The costs charged by the customs authorities shall be the income of the Budget of the Republic of Macedonia.

2. Origin of Goods

Article 25

The Basic Rule Pertaining to Origin of Goods

(1) Where the payment of the import fees or the determination of the customs rates is dependent on the origin of the goods that are subject to payment of import fees, the origin of the goods shall be determined in compliance with this law, unless otherwise provided by other regulations or international treaties.

(2) As provided in this law, goods originating from a certain state shall be the goods:

- that have been obtained or produced in full in the state in question; and
- that have sufficiently been processed in the state in question.

(3) The Government of the Republic of Macedonia shall prescribe the criteria for confirming the origin of the goods.

Article 26

Goods Obtained or Produced in Full

Goods obtained or produced in full in the state in question pursuant to Article 25 paragraph 2 item one of this law shall be:

- minerals from the mines in the state;
- flora collected in the state;
- offsprings of live stock bred in the state;
- products from live stock bred in the state;
- products from hunting and fishing in the state;
- products from sea fishing and other products from the sea obtained with ships registered in the state that fly the state=s flag outside the territorial waters of the state;
- goods obtained or produced on manufacturing ships from the products listed in item 6 of this Article, provided the ships are registered in the state and fly under the state=s flag;
- products taken from the sea bed outside the territorial waters of the state provided that

the state has exclusive rights to use the sea bed and the earth underneath;

- waste and leftovers of products that are result of production operations or from used products, provided that such waste and leftovers are collected in the state only for the purpose of obtaining raw materials; and
- other goods produced in the state but only from the goods listed in items 1 through 9 of this Article or their derivatives in any production phase.

Article 27

Sufficiently Processed Goods

(1) Goods produced in more than one state, pursuant to Article 25, paragraph 2, item 2 of this law, shall be deemed to originate from the state where the final substantive and economically justified treatment or processing was performed which resulted in a new product or represented significant phase in the processing process.

(2) Final substantive and economically justified treatment or processing pertaining to paragraph 1 of this article shall not be:

- packing or re-packing of goods, regardless of where the packing was produced;
- division of bigger quantities into smaller quantities or integration of smaller into bigger quantities;
- sorting, classifying and dividing goods for cutting;
- labeling and marking of goods;
- preservation of goods for transport or storage;
- grouping of goods; and
- live stock imported for slaughtering, and slaughtered within three months following the date of import.

3. Customs Value

Article 28

Definition and Establishment Customs Value

(1) Customs value of goods shall denote the basis for application of the Customs Scale of Rates and calculation of all other obligations, performed by the Customs Administration.

(2) Customs value of imported goods shall be the contracted price (transaction value), i.e. the paid price or the price to be paid for goods purchased for import in the

Republic of Macedonia.

(3) The price that represents customs value shall:

- include all expenses and other expenditures related to the sale and purchase of the goods incurred prior to entrance of the goods in the customs area;
- exclude all expenses and other payments calculated at the customs area;
- exclude limitations for the buyers pertaining to disposition and use of the goods, except for the statutory limitations, the limitations pertaining to ban on further sale in third countries or limitations that have substantive impact on the value of the goods;
- imply that the sales contract does not provide for terms or obligations the value of which in relation to the goods that are subject to duties cannot be determined;
- imply that the seller shall not receive, directly or indirectly, share of income from further sale or any other disposition or use on behalf of the buyer, except in the cases pertaining to article 32 of this law; and
- imply that the buyer and the seller are not related (in management, in capital or in kinship), or if related that the contracted price shall not be impacted by the commercial, financial or any other relation between the seller and the buyer.

(4) Customs value of exported goods shall be the value of the goods at the place of exit from the customs area of the Republic of Macedonia increased by the transportation costs to the border, but shall not include export duties, taxes, fees and import levies, as well as duties, taxes, fees and import levies for which the exporter may request reimbursement.

Article 29

Application of Rules Pertaining to Identical and Similar Goods

(1) Where customs value cannot be established based on Article 28 paragraph 2 of this law, customs value shall be the price contracted for identical goods with equal quality and equal features, purchased for import in the Republic of Macedonia and imported at the same or approximately the same time as the goods that are being cleared through customs.

(2) If customs value on imported goods cannot be established based on Article 28 paragraph 2 of this law and paragraph 1 of this Article, customs value shall be the price contracted for similar goods purchased for import in the Republic of Macedonia and imported at the same or approximately the same time as the goods that are being cleared through customs.

(3) Customs value pursuant to paragraphs 1 and 2 of this article shall be the price contracted for identical or similar goods sold under equal conditions (wholesale and retail) and in approximately equal quantities as the goods that are being cleared through customs. If there is no such sales, the price contracted for identical or similar goods sold under different type of sale contract or in other quantities shall apply.

(4) Where there are several prices contracted for identical or similar goods, customs value of imported goods shall be the lowest contracted price.

Article 30

Other Rules Pertaining to Customs Value

(1) If customs value of imported goods cannot be established based on articles 28 and 29 of this law, it shall be established in the following manner:

1. If imported goods i.e. identical or similar imported goods are sold in the Republic of Macedonia in the same condition in which they were imported, customs value of such imported goods shall be established on basis of the price for unit of measurement according to which the imported goods are being sold in such state to parties that are not related to the parties from whom the goods were purchased, in the largest total quantity and at the same or approximately same time as the imported goods that are being cleared through customs, provided that such price be reduced for:

- the usual commissions, trading costs and other earnings related to the sale of identical or similar goods imported in the Republic of Macedonia, and
- duties and import duties, as well as other fees calculated for sale of goods in the Republic of Macedonia.

Where the imported goods, i.e. the identical or similar goods are not being sold in the Republic of Macedonia in the same condition in which they were imported, customs basis for imported goods shall, upon request from the customs obligor, be established based on the price per the unit according to which the imported goods are being sold in the largest total quantity to parties in the Republic of Macedonia that are unrelated to the parties from whom such goods were purchased, provided that such price shall be reduced by the value of the previously performed refining and the expenses pertaining to paragraph 1 of this Article.

2. If customs value cannot be established according to paragraph 1 of this Article, it shall be established on basis of calculated value which shall include:

- the value of the material and the expenses used in the production of the imported goods;

- the profit earned from import in Republic of Macedonia of identical or similar goods by manufacturers from the country of export, as goods subject to duties and import costs;
- the costs pertaining to Article 32 of this law.

(2) Upon request from the customs obligor, the order in which the provisions pertaining to paragraph 1 items 1 and 2 shall apply may be changed.

Article 31

Limitations When Establishing Customs Value

(1) If the customs value of imported goods cannot be established based on Articles 28, 29, 30 of this law, it shall be established in any other appropriate manner in compliance with law and on the basis of the available information.

(2) The customs value pertaining to paragraph 1 of this Article cannot be established on the basis of:

- the sale price of goods produced in the customs area of the Republic of Macedonia;
- a procedure that allows the customs value to be higher than the two alternative values;
- the sale price of goods on the domestic market of the exporting country;
- the production costs, except for the costs provided for in Article 30, paragraph 1, item 2, sub-item 1 of this law;
- the price of goods for export to other countries;
- the lowest customs values, or
- arbitrary or illusory values.

Article 32

Expenses Calculated in Customs Value

(1) When establishing customs value pursuant to Article 29 of this law, the following expenses, unless calculated in the paid price of customs value, shall be included:

1. Commissions of intermediaries and other commissions, except for buy up commissions;
2. Special packaging expenses, which may be regarded as part of the goods;
3. Packaging expenses, in particular expenses pertaining to materials and work;
4. The following expenses for transportation to the place of entrance at the customs area:
 - expenses for transportation and insurance of imported goods; and
 - warehousing expenses, as well as processing expenses incurred during transportation of

imported goods.

5. The proportional part of the raw materials, non-final products and built-in parts purchased abroad, that the buyer obtained free of charge or for a discounted price and were used in the production of the imported goods.

6. The proportional part of the value of imported goods that the buyer obtained free of charge or for a discounted price and were used in the production of the imported goods.

7. The proportional part of the value of tools, molds, matrices and similar products that the buyer obtained free of charge or for a discounted price and were used in the production of the imported goods.

8. Compensation and expenses related to the right to use patents, models, signs and foreign trade marks and manufacturing marks, directly or indirectly paid by the buyer, if the sale was contracted on the basis of such payment;

9. The share of the amount obtained with further sale, transfer or use of the imported goods, directly or indirectly paid to the seller, and

10. The proportional part of the value of services rendered abroad that the buyer pays separately, but are necessary in the production of the imported goods. The value of the services shall not include expenses for investigations performed abroad.

(2) As an exception from paragraph 1 item 8 of this Article, customs value shall not include compensation and expenses if goods are imported with the right to reproduction.

Article 33

Acceptance of Additional and Special Payments

(1) When importing goods for which the obligation pertaining to Article 32 paragraph 1 items 8 through 10 has been contracted, the customs obligor shall state so in the customs declaration.

(2) The customs obligor shall additionally declare to the customs authorities the sale, transfer or use of the imported goods from which the obligation to pay additional determined amount to the seller arises, within 30 days following the date of such transaction.

(3) Based on a filed declaration, the customs authorities shall render a decision in which the duties and other import fees that the customs obligor is liable to pay shall be calculated.

Article 34

Calculation of Total Expenses in the Customs Value for Several Types of Goods

(1) Where a delivery consists of several kinds of goods that are subject to customs clearance with different customs rates, the total expenses pertaining to the purchase of the goods and the expenses for transportation, insurance and delivery shall be proportionally calculated in the value of each type of goods.

(2) As an exception to paragraph 1 of this Article, the customs authorities may, upon request from the declarant, add the total expenses pertaining to several types of goods in the same delivery to the value of the goods for which the customs rate in the tariff number is the highest.

Article 35

Acceptance of Invoiced Value

(1) Customs value shall be the value of the goods listed in the seller's invoice, if such value corresponds to the value established under this law.

(2) The customs authorities may request that the declarant provide all information necessary to establish the customs value pursuant to Articles 28 through 32 of this law.

(3) Where invoice value is stated in foreign currency, such foreign currency shall be changed to domestic according to the exchange rate effective on the date when the liability to pay duties was created, in compliance with the law that governs foreign currency transactions.

(4) If the invoice was not delivered due to justifiable cause, or if the customs authorities, based on the circumstances of the import, are of the opinion that the value of the goods listed in the invoice does not comply with the provisions of this law pertaining to contract price, the customs value shall be established in conformity with Articles 28 through 32 of this law.

(5) Upon request from the customs obligor, the customs authorities shall provide a written notice on the amount of the customs value and the manner in which it shall be established.

Article 36

Financial Expenses

Interest on loans and expenses for securing financial assets abroad (financial expenses) pertaining to payment of imported goods shall not be calculated in the customs value, whereas the sales contract shall comprise the following elements:

- interest shall be separate from the actual payment of the price or prices due for goods purchased for import in the Republic of Macedonia;
- interest shall be contained in the price, but the buyer may prove that the paid price or the price due approximately equates the actual (real) price paid for equal or similar goods purchased without a financial agreement and that the interest rate is within the range of rates intended for such transactions in the country in which the loan was obtained.

Article 37

Acceptance of Discount and Reduction of Prices

(1) As a rule, the customs value for goods for which the contract price was not paid at the time the customs value was established, shall be the price due to satisfy the obligation.

(2) All reductions in price and *casa sconto* agreed upon and effectuated prior to the import of the goods, shall not be calculated in the customs basis value.

(3) As an exception to paragraph 2 of this article, *casa sconto* that has not been effectuated prior to import shall not be calculated in the customs basis, provided that the importer subsequently presents proof that such *casa sconto* was effectuated upon payment.

(4) Expenses for assembling performed in the Republic of Macedonia shall not be calculated in the customs value of machines, appliances and imported devices.

Article 38

Customs Value of Goods Delivered Free of Charge

(1) The customs value of goods imported without paying the counter-value shall be established in compliance with Articles 29 through 32 of this law.

(2) If imported goods are damaged before they are released for trade, their customs value shall be established by reducing the agreed price by the amount of the damage. The customs authorities shall assess the amount of damage by evaluation. Where based on writing off (approval of account) the new price shall conform to the conditions in Article

28 and such price shall be the new customs value.

Article 39

Special Rules and More Detailed Regulations Pertaining to Value

The Minister of Finance shall regulate in greater detail the manner in which customs value shall be established.

IV. PROCEDURE FOR GOODS THAT ENTERED THE CUSTOMS AREA BEFORE THEIR USE WAS APPROVED

1. Entry of Goods in the Customs Area

Article 40

Customs Border Crossings

- (1) Goods shall enter and exit from the customs area at customs border crossings.
- (2) The Government of the Republic of Macedonia shall determine the customs border crossings and their classification. The Minister of Finance shall give consent planning, construction and reconstruction of facilities for the customs border crossings upon proposal from the Director of the Customs Administration.
- (3) The transportation of goods that are subject to phytopathological, veterinarian and other prescribed control, shall be permitted only on customs border crossings specified for transport of such goods under separate regulations.
- (4) The Director of the Customs Administration shall determine and announce the time in which goods may enter or exit the customs area or in which individuals with customs goods may cross the customs frontier.

Article 41

Determination of the Customs Route

The Director of the Customs Administration shall determine the customs route that all customs goods must take regardless of whether the goods are in transit, imported or

exported.

Article 42

Customs Custody

(1) Goods shall be in customs custody from the moment of entry in the customs area until placed in an appropriate customs procedure.

(2) Aircraft and ships arriving in the customs area must be placed in custody of the customs authorities.

(3) The following shall not be placed in customs custody pursuant to paragraph 2 of this Article:

- domestic and foreign military ships and aircraft, and
- ships and aircraft of the police forces.

(4) As an exception to paragraph 3 of this Article, goods loaded or unloaded from the ships and aircraft pursuant to paragraph 3 of this Article shall be declared for customs custody. Goods carried by individuals on or off the aircraft and ships pursuant to paragraph 3 of this article shall also be placed in customs custody.

(5) Goods intended for export, temporary export for the purpose of refining and transit, as provided in article 130 of this law, as well as goods intended for customs warehousing for the purpose of additional export, shall be in customs custody from the moment of receipt of the customs declaration until the moment of leaving the customs area, destruction of the goods or withdrawal of the declaration.

Article 43

Particularities of the Customs Custody Related to the Type of Transportation

The Government of the Republic of Macedonia shall, based on previously obtained opinions of the Minister for Transportation and Connections, determine the particularities of the customs custody related to the type of transportation (road, railway, air, sea and mail).

2. Presenting Goods to Customs Authorities for Inspection

Article 44

Procedure for Delivered Goods

(1) Reloading, unloading and the transfer of delivered goods shall be made with

the previous approval of the customs authorities.

(2) The approval pursuant to paragraph 1 of this Article shall not be necessary in case of force majeure. In such a case the customs authorities should provide notice for the reloading, unloading or transfer as soon as possible.

(3) The customs authorities may measure, count or visually identify the delivered goods and the vehicle. For the purposes of the inspection of the goods or the vehicle the customs authorities may at any time require that the goods be disassembled or unpacked.

(4) With permission from the customs authorities, delivered goods may be examined or samples may be taken before their customs destination has been determined.

3. Declaration of Goods

Article 45

Declaration of Goods and Party Responsible for Declaring Goods

(1) Goods that enter into or exit from the customs area shall be declared at the customhouse.

(2) Goods that enter into the customs area of the Republic of Macedonia shall be declared by the party that entered such goods in the customs area of the Republic of Macedonia or by the party that undertook an obligation to transport such goods following their entry in the customs area.

(3) The obligation pertaining to paragraph 2 of this Article shall not apply to goods carried by passengers in the passenger traffic, goods in the local border trade, in the mail traffic and in the trade with goods of low value, if the customs control and custody are otherwise provided for.

(4) If the party from paragraph 2 of this article cannot fulfil its obligations due to force majeure or other unpredictable circumstances, it shall immediately notify the nearest customs authorities of the reasons for breach of the obligations and shall state the location and the state of the goods.

(5) The Minister of Finance shall prescribe the manner in which goods shall be declared.

4. Basic Declaration

Article 46

Presenting Basic Declaration

(1) By presenting goods for inspection to the customs authorities, the party that brought the goods in the customs area shall, in the absence of presenting a customs declaration, be required to present a basic declaration.

(2) Customs authorities may permit the party from paragraph 1 of this Article present basic declaration additionally, but not later than the first working day following the day when the goods were delivered.

(3) For goods that a passenger carries with him/herself and for mail deliveries, the customs authorities shall not necessarily require presentation of a basic declaration, unless the enforcement of the customs custody is placed at risk and if before the expiration of the time limit pertaining to paragraph 2 of this Article the passenger has filed a request for approval of a customs cleared use of the goods.

Article 47

Contents of the Basic Declaration

(1) The basic declaration shall contain information necessary to establish the authenticity of the goods and shall be signed by the person completing such declaration.

(2) The Minister of Finance shall prescribe the form for the basic declaration. Under conditions approved by the Minister of Finance, commercial and other documents that contain information necessary to establish the authenticity of the goods may also be used as the basic declaration.

(3) The Minister of Finance may allow use of technical devices for electronic processing of information of the basic declaration in compliance with the conditions pertaining to Article 63 paragraph 2 of this law.

Article 48

Confirmation of the Basic Declaration

Customs authorities shall confirm the receipt of the basic declaration and shall keep one copy for the purpose of additional check if customs declaration for certain customs procedure has been presented within the time limit provided for in Article 50 of this law.

Article 49

Determining a Procedure for Goods Presented for Inspection

For goods presented for inspection the customs authorities shall determine an appropriate customs procedure as provided by law.

Article 50

Time Limits Pertaining to Filing a Request for Customs Cleared Use of Goods

(1) If goods are presented to the customs authorities with a basic declaration, the declarant shall be obliged to present the customs declaration commencing the customs cleared use of the goods, no later than:

- five days following the receipt of the basic declaration when goods are transported with navigable objects, and
- three days following the receipt of the basic declaration when goods are transported by other types of vehicles.

(2) In case of force majeure, the customs authorities may extend the time limit pertaining to paragraph 1 of this Article, but not to exceed three days.

5. Temporary Detention of Goods

Article 51

Temporary Detention of Delivered Goods

(1) Between the entry in the customs zone and the commencement of the customs cleared use of the goods, customs goods may, as soon as they are presented to the customs authorities for inspection, be temporarily placed in customs custody unless the customs declaration is presented within the time limit required pursuant to Article 51 of this law.

(2) The goods described in paragraph 1 of this Article shall be kept in facilities and under conditions as determined by the customs authorities.

(3) Customs authorities shall request that the party placing the goods for temporary detention deliver an instrument for securing the collection in case of customs liability.

Article 52

Procedure for Temporarily Detained Goods

Temporarily detained goods may only be subject to such operations that guarantee preservation of the goods in an unchanged condition, and which do not change the appearance or the technical characteristics of the goods.

Article 53

Actions of the Customs Authorities When Time Limits of Article 50 of This Law Are not Met

(1) Customs authorities shall, without delay, undertake all necessary measures prescribed by this law, including confiscation and sale of goods placed for temporary detention, if the owner of the goods does not perform the formalities necessary to initiate the customs procedure within the time limits prescribed by Article 50 of this law.

(2) Pursuant to the measures pertaining to paragraph 1 of this Article, the customs authorities may transfer the customs goods to another special facility under customs custody. Pursuant to this paragraph the transfer shall be effected at the expense and responsibility of the owner of the goods.

(3) If, pursuant to paragraph 1 of this Article, the customs authorities sell the goods that are placed for temporary detention, they are required to act in compliance with Article 70 of this law.

6. Other Provisions

Article 54

Application of the Provisions Pertaining to Goods in Transit

The provisions pertaining to Articles 41 through 49 shall apply to goods in transit across the customs area of the Republic of Macedonia.

Article 55

Destruction of Delivered Customs Goods

(1) Customs authorities may destroy goods in customs custody if import, export or transit of such goods is banned under this or any other law, if such goods endanger the population, the environment, the nature or the facilities on the border crossing, if there is no safe way to store or remove such goods. Customs authorities shall notify the owner of the destruction of such goods.

(2) The owner may destroy the goods under customs custody due to economic or other justified reasons, with prior permission from, and under control of, the customs authorities.

(3) In the cases pertaining to paragraphs 1 and 2 of this Article, destruction costs shall be paid by the owner of the goods.

(4) Products remaining as a result from the destruction shall be considered to be

goods in customs custody for which a separate customs procedure shall be enforced.

Article 56

Illegal Entry of Customs Goods

If, upon request from the customs authorities, goods in customs custody cannot be presented for inspection to the customs authorities, such goods shall be deemed to have illegally entered the territory of the Republic of Macedonia.

V. CUSTOMS CLEARED USE OF GOODS

1. General

Article 57

Use of Goods and Bans and Limitations to the Use of Goods

(1) Goods may, at any time, obtain any customs status or clearance for use, regardless of the nature, the quantity, the country of origin, the sender or the final destination.

(2) As an exception to paragraph 1 of this Article, the Government of the Republic Macedonia may, for specific types of goods, ban or limit some of the prescribed customs cleared uses of the goods, in the best interest of the public moral policy, security, preservation of the health and life of the population, animals and plants, the protection of the environment and the nature, protection of the national resources of artistic, historical and archeological value or for the protection of industrial property.

(3) The Government of the Republic of Macedonia may determine that specific kinds of goods, because of their specific features and in relation to their customs cleared use, be subject to procedures of only specific organizational units of the Customs Administration.

2. Customs Procedures

Article 58

Obligation to Present Customs Declaration

(1) A customs declaration shall be presented for all goods in the customs procedure;

(2) Goods from the Republic of Macedonia declared for export, temporary export, transit or for customs warehousing, shall be placed in the procedure for customs custody from the moment of presentation of the customs declaration until the moment of exit from the customs area of the Republic of Macedonia or until the goods are destroyed.

(3) As an exception to paragraph 1 of this Article, a written customs declaration shall not be submitted by:

- passengers carrying personal items or items transported in the vehicle in which they came;
- receivers of goods from Article 183 of this law, except those from subitem 1 of the same Article;
- broadcasters of television, film or in otherwise recorded news or photos related profession or programs for direct broadcasting or transfer through the media for public information;
- parties listed under Articles 180 and 181, sub-items 1 through 8 and 10 of this law;
- parties importing or receiving from abroad, or sending abroad objects not considered customs goods pursuant to Article 7, paragraph 2 of this law; and
- parties receiving or sending printed materials relative to culture, education or science, government agencies, trade companies or other legal entities receiving documentation pursuant to international treaties.

Article 59

Form of Customs Declaration

(1) A customs declaration is in a form, the content and the format of which, as well as the manner of completion shall be prescribed by the Minister of Finance. A customs declaration may also be a computer message, electronic signature or remittance for document justification.

(2) The customs declarant shall present the customs declaration to the appropriate customhouse within the time period provided for Article 50 of this law.

Article 60

Customs Declarant

(1) The owners or declarants working on their behalf and for their own benefit, or

on their behalf and for the benefit of others, or customs representatives working on their behalf and for the benefit of others or on somebody else's behalf and for the benefit of others, shall declare the goods to the customs authorities.

(2) A customs representative must be registered to perform representative activities with the court having jurisdiction and such registration shall be recorded at the Customs Administration under a personal identification number.

(3) Customs representatives representing owners of goods shall conduct all customs procedures. Customs representatives are required to keep a record of all declarations as well as such declarations presented on behalf of third parties.

(4) Customs representatives and owners of goods shall be jointly liable to the customs authorities for the accuracy of their statements and the declarations, for adhering to the customs regulations, and for other rights and obligations arising from the customs procedure.

(5) Provisions pertaining to paragraph 1 of this Article shall not be applied to the customs representatives, in case of intentional deceit or negligence on the part of the owner of the goods has been discovered.

(6) The Minister of Finance shall prescribe in greater detail the manner of record keeping pursuant to paragraph 2 of this Article.

2.1 Receipt of Customs Declaration

2.1.1. Regular Procedure

Article 61

Completion of the Customs Declaration

(1) The customs declarant shall complete the data necessary for the elected customs procedure in the customs declaration. The customs declaration must be signed, or confirmed with a computer message by the customs authorities.

(2) The customs declarant shall state in the customs declaration the customs procedure in which the declared goods are to be placed.

(3) The customs declarant shall include with the customs declaration all documents necessary for enforcement of the required customs procedure by providing evidence that the prescribed veterinary, phytopathological or other prescribed control has been performed.

Article 62

Receipt of Customs Declaration

(1) A customs declaration that is a subject to an initial check and has officially been accepted as valid by the customs authorities, shall immediately be received and verified by the customs authorities, provided that the declared goods are available for customs inspection.

(2) As an exception to paragraph 1 of this Article, the customs authorities may, based on a written request from the presenter of the declaration, approve presentation, receipt and verification of the declaration, two days after the goods have been presented for inspection.

(3) Once the declaration is accepted and verified by the customs authorities, it shall be a legally binding document on the declarant.

(4) The regulations valid on the date of receipt of the declaration shall apply during the course of the customs procedure.

Article 63

Adding Information to the Customs Declaration

(1) Based on a request from the customs declarant, the customs authorities may allow the addition of information to such submitted declaration; however, such declaration shall not be extended to goods other than those initially declared in the declaration.

(2) The declaration shall not be changed after the customs authorities have informed the declarant of their intention to examine the goods or after it has been determined that the information the declarant wishes to change is inaccurate.

(3) The original declaration shall be enclosed with the new one.

Article 64

Withdrawal of the Customs Declaration

(1) Upon request of the customs declarant, the customs authorities shall approve the withdrawal of the already received custom declaration, if the declarant provides evidence that the declared goods listed in the declaration have been placed in an inappropriate customs procedure. When customs authorities have informed the declarant of their intention to examine the goods, the request for withdrawal of the declaration shall not be accepted until inspection of the declared goods is completed.

(2) A custom declaration shall not be withdrawn after release of the goods from customs custody.

Article 65

Inspection of the Customs Declaration

(1) In order to check the accuracy and the regularity of a received customs declaration, the customs authorities may:

- examine the documents enclosed with the declaration;
- request that the declarant provide other evidence in order to check the accuracy of the statements in the declaration;
- examine the goods, take samples for analysis and perform a more detailed inspection; and
- describe the findings of the completed inspection of the customs declaration. If the goods are not examined, it must be stated so in the declaration.

(2) The application of the provisions pertaining to the customs procedure requested by the declarant shall be based on the findings from the declaration inspection. In case a declaration inspection has not been performed, application of the provisions pertaining to the customs procedure shall be based on the information stated in the declaration submitted by the customs declarant.

(3) If the findings from the inspection of the declaration do not coincide with the statements in the declaration or if the statements in the declaration do not coincide with the real status of the goods, the customs authorities shall render a decision to conform with the law.

(4) An appeal from such a decision shall not delay its enforcement.

Article 66

Inspection of Goods and Other Customs Measures Pertaining to Customs Declaration Inspection

(1) Inspection of goods and other procedures related to such inspection of goods and taking samples shall be responsibility of the customs declarant. All expenses shall be paid by the declarant.

(2) The declarant shall be entitled to attend the inspection of the goods and the taking of samples. Customs authorities shall be entitled to request that the declarant, personally or through a representative, attend the inspection of the goods, or the taking of

samples, if such presence is needed to facilitate the inspection of the goods or the taking of samples.

(3) Customs authorities are not required to compensate the declarant for the samples taken from the goods, if the quantity or the value of the samples complies with the quantities for taking samples prescribed to allow regular control.

(4) The Minister of Finance shall prescribe the manner of taking samples and the expenses for such procedure.

Article 67

Partial Inspection of Goods

(1) The findings from a partial inspection of the declared goods shall also refer to the rest of the goods listed in the customs declaration.

(2) The declarant may request further inspection of the goods, if he/she considers that the partial inspection is not sufficient for determining the facts pertaining to the rest of the goods.

(3) Pursuant to paragraph 1 of this Article, if the customs declaration covers two or more kinds of goods, the separate elements related to each kind of goods shall be considered a separate declaration.

Article 68

Measures for Additional Establishing of the Authenticity of the Goods

(1) Customs authorities may undertake additional measures to enable establishment of the authenticity of goods, if that is necessary, to conform to the conditions provided under the customs procedure and as provided in the declaration.

(2) Customs marks placed on the goods or the vehicle may be removed or destroyed only by the customs authorities or a third party with the permission of the customs authorities, unless due to force majeure or other unforeseen reasons such removal or destruction is necessary for the purpose of protecting the goods or the vehicle.

(3) The types of customs marks and the manner in which they will be used shall be prescribed by the Minister of Finance.

Article 69

Release of Goods

(1) Customs authorities shall release the goods as soon as the information in the

customs declaration has been checked, or when the declaration has been accepted without checking the information, if the conditions for the elected customs procedure have been satisfied and if there are no limitations or bans on such goods to prevent the enforcement of the elected customs procedure.

(2) Where one declaration covers several types of goods, all goods shall be released at the same time.

(3) Where customs liability has been created, goods may not be released pursuant to paragraph 1 of this Article until such liability is paid or payment is secured pursuant to Article 172 of this law.

(4) If, in compliance with the prescribed conditions for satisfying certain customs procedure, the customs obligor must present an appropriate security for the collection of the customs liability, goods may not be released until such security is presented to the customs authorities.

(5) The declarant may not begin to use the goods before they are released pursuant paragraph 1 of this Article.

Article 70

Special Measures of the Customs Authorities

Customs authorities may apply special measures, including confiscation and sale of goods if:

1. Goods may not be released if:

- it was not possible to commence or proceed with inspection of the goods within the time limit set by the customs authorities, due to reasons caused by the declarant;
- the declarant did not present the required documents for approval of the elected customs procedure;
- the collection or the guaranty that must have been effected or presented for securing the obligation to pay duties was not obtained or presented in the prescribed period; or
- there are bans or restrictions on the goods preventing enforcement of the required procedure.

2. Goods are not removed from the temporary warehouse within ten days following their release.

Article 71

Sale or Donation of Confiscated Goods

(1) Goods confiscated in conformity with the provisions of this law shall be sold. The sale shall be by public auction. As an exception, the Government of the Republic of Macedonia may donate the confiscated goods to state agencies and humanitarian organizations, if such goods are necessary to perform such function or activities; whereas if goods are of historical, archeological, ethnographical, cultural, artistic or scientific value [the Government of the Republic of Macedonia may donate the confiscated goods]¹ to the authorities for protection of monuments.

(2) The Government of the Republic of Macedonia shall in greater detail prescribe the manner in which the goods under paragraph 1 of this Article shall be sold or disposed of, as well as the allocation of the funds obtained from such a sale.

2.1.2. Simplified Procedure

Article 72

Simplified Procedure in Regard to Customs Declaration

(1) Customs authorities may, in the cases and in the manner defined by the Government of The Republic of Macedonia, approve one of the following simplified procedures:

- exemption from providing information that, in conformity with Article 61 of this law, must ordinarily be provided in the declaration or exemption from submitting the documents that, in conformity with article 61 of this law, must be submitted with the declaration;
- submitting a commercial or other official document, together with the request for enforcement of a particular customs procedure, instead of the declaration required by this law;
- declaration of goods on the basis of the book keeping records, in which case customs authorities may relieve the declarant from the obligation to present the goods for inspection and
- oral customs declaration.

(2) As an exemption to paragraph 1 of this Article, the submitted documents must contain at least the information needed for record keeping of the goods and for determining their authenticity. If the declarant keeps accurate books and records, each

¹ Trans. note: text added by the translator

entry must be accompanied by the date of entry.

(3) Except for cases separately provided for in paragraph 1 of this Article, the declarant shall submit the declaration to the customs authorities, even though the simplified procedure has been approved.

(4) Additional customs declarations and the simplified declarations pertaining to sub-items 1 through 3 of paragraph 1 of this Article shall be unique, inseparable documents, effective immediately following the date of acceptance of the declarations pertaining to paragraph 1, sub-items 1 and 2 of this Article.

(5) The book keeping record pertaining to sub-item 3 of paragraph 1 of this Article shall have the same effect as the acceptance of the declaration pursuant to Article 59 of this law.

Article 73

Treatment of Goods by Other Government Agencies

(1) Competent Government Agencies shall immediately declare and deliver to the closest customs authorities all goods in their premisses for which there is a reasonable doubt that they are *customs goods*, if such goods have been temporarily or permanently repossessed.

(2) Temporarily or permanently repossessed customs goods may be transferred to a third party only if customs authorities have issued one of the prescribed customs permissions for usage of goods, or if the already created customs liability has been paid.

(3) Customs liability pertaining to paragraph 2 of this Article shall be collected from the customs obligor, i.e. shall be paid from the funds obtained from the sale of the goods, after the payment of expenses (in regard to the goods) pursuant to paragraph 1 of this Article (retention, sale).

Article 74

Additional Inspection of Customs Declaration

(1) Customs authorities may examine the customs declaration after the release of the goods, and up to the expiration of the time limit pursuant to Article 21 of this law.

(2) Customs authorities may, after the release of the goods, and up to the expiration of the time limit pursuant to Article 21 of this law, for the purpose of examining the

accuracy of the information in the declaration, additionally examine the commercial, technical and other documents and information related to such goods or to the following commercial procedures in regard to such goods. Such procedures may be performed on the premises of the declarant or a third party, directly or indirectly involved in the above stated operations or in the premises of any other party that has the above stated information and documents for business purposes. If it is possible, customs authorities shall examine the goods immediately.

Article 75

Release of Goods for Trade

(1) At the moment of release for trade, customs goods shall acquire the status of domestic goods.

(2) In order to release the goods for trade the declarant shall perform the necessary actions in regard to the import of goods, whereas the customs obligor shall pay the import fees and undertake other measures of foreign trade with goods.

(3) Goods released for trade shall lose the status of domestic goods, if the paid duties, prescribed for such goods, have been reimbursed or the payment has been canceled:

- within the procedure for import of goods for production intended for export as a reimbursement of the paid duties or
- in conformity with Article 179, paragraph 8 of this law due to damage of the goods or because the goods do not comply with the provisions of the contract and
- in other cases pertaining to Article 179 of this law because the reimbursement or the cancellation of duties has been agreed on import, or on re-export of the goods or due to acceptance of some other customs procedure.

Article 76

Joint Customs Rate

(1) If the delivery consists of goods that are under different tariff numbers and completion of the declaration by dividing and calculating the duties for each and every tariff number would incur labor and expenses not proportional to the calculated duties, the customs authorities may, upon declarant's request, allow calculation of duties for the whole delivery by placing under the tariff number such goods for which the customs rate

is the highest.

(2) The joint customs rate shall be applicable only for the goods whose total value does not exceed the value that will be established by the Government of the Republic of Macedonia.

Article 77

Duration of Customs Custody

(1) If particular goods have been released for trade and exempted from duties or the customs rate due to the purpose for which the changed use of goods were released for trade has been lowered, such goods shall remain in customs custody. Customs custody shall terminate when the conditions for such termination are satisfied or after the expiration of the time limits for exemption from duties or lowering the customs rate, or when such goods will be exported or destroyed, or when duties are additionally calculated and paid due to the use that was not in conformity to the purpose for which exemption from duties or customs benefit had been approved.

(2) Provisions pertaining to Article 80, paragraph 1 and 3 of this law shall apply to the goods under paragraph 1 of this law.

2.1.3. Customs Procedures Having a Commercial Effect

1. Joint Provisions

Article 78

Types of Customs Procedures Having a Commercial Effect

(1) Customs procedures having a commercial effect shall be:

- customs storage;
- procedure of temporary import of goods for refining;
- processing in customs custody;
- temporary import of goods and
- temporary export of goods for refining.

(2) Each procedure having a commercial effect shall be approved by a decision of the customs authorities.

Article 79

General Conditions for Approving a Customs Procedure Having a Commercial Effect

(1) The general conditions for approving the procedure pertaining to Article 78 of this law shall be:

- that the party filing a request for an approval must provide all the guarantees necessary for proper use of the approved procedure and
- that the party filing a request for approval must satisfy all other prescribed requirements for operation within the specific procedure.

(2) The conditions under which the decision for approval of the procedure pertaining to paragraph 1 of this Article is issued shall be stated in the decision.

(3) If the bearer of right does not fulfil its obligations, customs authorities shall withdraw the issued decision.

(4) The appeal filed against the decision for withdrawing the approval shall not delay its enforcement.

Article 80

Liabilities of the Bearer of Right and Assignment of Such Liabilities to a Third Party

(1) The party to whom the approval has been issued (hereinafter: the bearer of right) must inform the customs authorities of all actions undertaken after the approval has been issued and which are relevant to the content or the validity of the authorization.

(2) Customs authorities may request that the bearer of right provide an instrument for securing the payment of duties in the case of a customs liability in regard to the goods.

(3) The rights and liabilities of the bearer of right may be assigned to a third party who satisfies the conditions prescribed for that particular type of customs procedure.

Article 81

Conclusion of the Procedure Having a Commercial Effect

(1) A customs procedure having a commercial effect shall conclude when customs authorities issue another type of a customs approval: for use of the goods that were previously declared under a procedure having a commercial effect or for use of additional goods or for goods produced during the procedure having a commercial effect.

(2) Customs procedure having a commercial effect shall also conclude when the approval for such a customs procedure has been withdrawn or when the time limit for the

procedure that was determined in the approval has expired.

(3) In the case of paragraph 1 of this Article, customs authorities shall prescribe the time limit in which the customs declarant must file a new customs declaration for the goods subject to the customs procedure having a commercial effect.

(4) The time limit pertaining to paragraph 3 of this Article may not exceed 30 days.

(5) If the customs declarant does not conclude the customs procedure in conformity with the prescribed conditions or does not file a new customs declaration pursuant to paragraph 4 of this article within the prescribed time limit or does not provide evidence for conclusion of the approved customs procedure having a commercial effect within the prescribed time limit, customs authorities shall act in conformity with Article 71 of this law.

Article 82

More Detailed Criteria

The Government of the Republic of Macedonia shall establish more detailed criteria and the manner of effecting the procedure having a commercial effect.

2. Customs Storage

Article 83

Definition

(1) Customs warehouse shall be any location that is approved by the Director of the Customs Administration, is under customs custody and is suitable for storage of customs goods in conformity with the prescribed requirements. Goods entered into the customs warehouse shall not be subject to duties or taxes when they originate from abroad and such goods shall be deemed exported only when they originate from the domestic market.

(2) Customs authorities may allow storage of goods in other locations that are not primarily intended for customs storage of goods, provided that the requirements for customs custody are satisfied.

(3) If special requirements are prescribed for storage and handling of particular goods, customs authorities shall permit storage of such goods in the customs warehouse or in some other location, only if such requirements are satisfied.

Article 84

Goods That May Be Stored in Customs Warehouses

The following may be stored in customs warehouses:

- customs goods that are not subject to duties and are not subject to other measures in foreign trade with goods and
- domestic goods that by being kept in a customs warehouse obtain the status of imported goods.

Article 85

Types of Warehouses

- (1) A customs warehouse may be public or private.
- (2) A public customs warehouse shall be the customs warehouse in which goods of any foreign or domestic party may be stored, in conformity with the prescribed requirements.
- (3) A private customs warehouse shall be the customs warehouse intended for storage of goods that belong to the owner of the customs warehouse.

Article 86

Owner and Depositor

- (1) The owner of a customs warehouse shall be the party to whom the Head of the Customs Administration issued an approval for operation of the customs warehouse.
- (2) The depositor shall be the party required to deliver the goods for storage into the customs warehouse or the party to whom the rights and the obligations in regard to the storage of the goods have been assigned.
- (3) The owner and the depositor shall be jointly and severally liable to the customs authorities in regard to the stored goods. They shall be jointly and severally liable to pay the customs liability if, for any reason, the goods cannot be presented to the customs authorities, upon their first request.
- (4) In case of violation of the provisions of this law, the Director of the Customs Administration may withdraw the approval for operation of the customs warehouse.

Article 87

Guarantee

The owner of the customs warehouse must provide an instrument for securing the

payment (guarantee), in conformity with article 172 of this law.

Article 88

Special Permits for Operation of the Customs Warehouse

(1) Customs authorities may, as an exemption, approve the following in the customs warehouse:

- processing of customs goods in the customs warehouse, in accordance with the procedure for temporary import of goods for refining, if the conditions for such a procedure are satisfied and if the customs warehouse is appropriate for such a processing and
- processing of goods in the customs warehouse, in accordance with the procedure for processing in customs custody, if the conditions for such a procedure are satisfied and if the customs warehouse is appropriate for such a processing.

(2) Customs authorities may issue the approval pertaining to paragraph 1 of this Article only if the requirements for customs custody are satisfied.

(3) The goods pertaining to paragraph 1 of this Article shall not be subject to the procedure for customs storage.

Article 89

Records Keeping

(1) Upon the first request from the customs authorities, the owner of the customs warehouse shall present a detailed list of the goods in the customs warehouse and their location.

(2) The owner of the customs warehouse must maintain a record of all goods entering or leaving the customs warehouse for a period of five years following the date of ingress or egress of the goods.

(3) Customs authorities may, at any time, examine the documents and the goods in the customs warehouse.

(4) The Minister of Finance shall prescribe the format, the content and the manner of records keeping pursuant to paragraph 2 of this Article.

Article 90

Time Limits

- (1) As a rule, goods may be stored in a customs warehouse up to one year.
- (2) For justified reasons, customs authorities may extend the time limit for storage of goods for an additional six month period.
- (3) If, after the expiration of the period for customs storage, the customs declarant does not file a request for extension of the period for customs storage or does not file a customs declaration for another type of a customs procedure, the customs authorities shall apply Article 70 of this law to the goods.

Article 91

Treatment of Goods in Customs Warehouse

- (1) Customs goods in a customs warehouse may be subject to the usual procedures and actions, performed in order to preserve, prepare for market or sale of goods or to preserve their quality.
- (2) Customs authorities shall, in advance, approve the procedure, i.e. treatment of the goods pursuant to paragraph 1 of this Article. The conditions under which the above mentioned procedure may be conducted, shall be determined in greater detail for the approval, by the customs authorities.
- (3) The Government of the Republic of Macedonia, pursuant to Article 82 of this law shall determine the list of approved procedures and treatment pertaining to paragraph 2 of this article as well as the cases when the procedures pertaining to paragraph 1 of this Article are prohibited.

Article 92

Removing and Moving Goods from Customs Warehouses

- (1) Stored customs goods may be temporarily removed from a customs warehouse. The removal as well as the conditions of such removal must be approved by the customs authorities.
- (2) Goods may be subject to procedures and treatment pertaining to Article 95 of this law during the time period in which they are not in the customs warehouse, if provided in the approval pursuant to paragraph 1 of this Article.
- (3) Customs authorities may permit the goods to be moved from one to another customs warehouse.

Article 93

Customs Value of Stored Goods

(1) If customs liability is created in the goods in a customs warehouse and the customs value of such goods is based on the price paid or the price that should be paid including the expenses for storage and detention of goods between one and the other storage, such expenses shall not be included in the customs value of the goods, provided that they are shown separately from the price paid or the price that should be paid.

(2) If the goods were subject to the usual procedures and actions pursuant to Article 91 of this law, upon request from the customs declarant, with the exemption of Article 171 of this law, the nature of the goods, the customs liability and the quantity of goods shall be taken into consideration when determining the amount of the customs liability, as if they were not subject to the usual procedures and actions.

Article 94

Expenses of Storage

Expenses of storage in a public customs warehouse shall be calculated in accordance with the tariff for such expenses. The tariff for expenses shall be adopted by the owner of the warehouse.

Article 95

Ship and Aircraft Inventories

(1) Civil or military ships that exit the country may, under customs custody, get supplies of food or other necessary products from the customs warehouse. Civil or military ships may sell such goods to their passengers.

(2) Civil or military ships or aircrafts that enter the country may enter food or other necessary products duty free, provided that they remain on the ship or on the aircraft. If such goods are unloaded, they must be declared to the customs authorities and duties and taxes must be paid as for all imported goods.

Article 96

Duty Free Shops

(1) Duty free shops are facilities located at international airports after the customs control points which sell duty free and tax free goods to passengers leaving the territory of the Republic of Macedonia.

(2) The duty free shops shall operate under the same rules as the customs

warehouses.

(3) Goods in the duty free shops shall be supplied from the customs warehouses.

(4) The Director of the Customs Administration shall issue the approval for establishing a duty free shop if:

- the proponent of the request and the holder of the duty free shop are parties that have a principal place of business in the Republic of Macedonia;
- the holder of the duty free shop submits credible evidence that the requirements for operation of the duty free shop will be followed
- that customs custody is provided and unauthorized parties do not have access to the duty free shop.

(5) The holder of the duty free shop must deposit a guarantee in conformity with Article 172 of this law.

(6) Customs authorities shall have access to the duty free shops at any time in order to examine the goods and the documents. Customs authorities may check the identity of the individuals purchasing goods in the duty free shops.

(7) If the holder [of the duty free shop]² does not adhere to the provisions of this law, the Director of the Customs Administration may withdraw the approval issued to the holder and order that the duty free shop be closed.

3. Temporary Import of Goods for Finishing, Processing, Repair (Refining)

Article 97

Definition of the Procedure for Refining

In the temporary import procedure for finishing, processing and repairing - refining (hereinafter: temporary import for refining) the following goods may be used for one or more production operations in the territory of the customs area:

- goods already in trade for which the duties paid and import fees shall be reimbursed, provided that such goods are exported from the customs area as a final product (system of reimbursement of duties - draw back system) and
- temporary imported goods remaining property of the foreign party and are not subject to import duties, provided that the final products or the temporary imported goods will be re-exported in the prescribed time period (temporary import of goods for refining).

² Trans. Note: text added by the translator

Article 98

System of Reimbursement of Duties

(1) Customs authorities shall approve the system of reimbursement of duties, in conformity with Article 97, subitem 1 of this law, provided that the conditions pertaining to Article 107 of this law are satisfied and the bearer of right proves that the final products are exported.

(2) The manner and the procedure of the system of reimbursement of duties shall be prescribed by the Government of the Republic of Macedonia.

Article 99

Use of Identical Goods

(1) The Government of the Republic of Macedonia, in conformity with the document pertaining to Article 83 of this law, shall establish the cases and the following criteria:

- the final products to be produced from identical goods and
- the final products produced from identical goods to be exported from the Republic of Macedonia prior to the import of the imported goods.

(2) In the case pertaining to paragraph 1 of this Article the imported goods shall be deemed identical, and the identical goods shall be deemed imported.

(3) The identical goods, the use of which is allowed in conformity with paragraph 1 of this Article, must have the same quality, the same characteristics and must fall under the same mark of the tariff number as the imported goods. If so determined in the document pertaining to Article 82 of this law, the Customs Administration may allow use of identical goods that are treated better than the imported goods.

(4) When sub-item 2 pertaining to paragraph 1 of this Article is applied, and the final product is not exported or is not re-exported within the procedure for temporary import of goods for refining, such product shall be subject to an export fee. The bearer of right shall provide an instrument for securing the payment of the export fees in cases when the goods are not exported within the prescribed time period.

Article 100

Permit for the Temporary Import of Goods for Refining

(1) The permit for the temporary import of goods for refining shall be issued by the

customs authorities, based on the request filed by the party that conducts the production operations or the party that organizes such conduct.

(2) The permit may be issued only under the following conditions:

- if the person filing under paragraph 1 of this article is a person having its principal office in the Republic of Macedonia;
- if the imported goods, with exception of the cases pertaining to Article 3, item 18, sub-item 4 of this law, can be recognized in the final product or in the case pertaining to Article 99 of this law, if it is possible to check that the conditions for use of identical goods have been satisfied and
- if the approval for the procedure for temporary import of goods for refining may have an impact on improving the conditions for export or re-export of the refined products and if the basic interests of the domestic manufacturers (commercial conditions), prescribed under Article 82 of this law, are not affected.

Article 101

Time Limit

(1) In the permit pertaining to Article 100 of this law, customs authorities shall determine the time limit in which the bearer of right is obliged to export or re-export the refined products or to request an approval for another customs procedure for such goods. The above stated time period may not exceed 12 months.

(2) As an exemption to the case pertaining to paragraph 1 of this Article, the time limit may be extended upon a written request from the bearer of right, but such extension may not exceed six months.

(3) The time limit pertaining to paragraph 1 of this article shall begin to run following the date of approval of the procedure for temporary import of goods for refining.

(4) When a permit for use of identical goods has been issued, and the final products are exported prior to the import of the goods, customs authorities shall also determine the time limit in which the foreign goods must be declared for the purposes of the procedure for temporary import for refining. Such time period shall begin to run following the date of receipt of the export declaration referring to the final goods produced from the appropriate identical goods.

(5) The Government of the Republic of Macedonia may determine other time limits for particular production operations or specific types of imported goods, depending on the nature of the production process.

Article 102

Record of Goods in Trade

Importers of goods placed in the customs procedure shall submit a list of standards relevant for the production intended for export. Importers must, at any time, be able to present such a list to the customs authorities and to present for inspection all goods in stock.

Article 103

Releasing Goods for Trade

Imported goods in an unchanged condition or temporarily imported goods in an unchanged condition or final products may be released for trade in the domestic market, in conformity with the provisions of this or other laws pertaining to the release of goods for trade.

Article 104

Manner of Establishing Customs Liability

(1) If customs liability is created, the amount of such liability shall be established based on the information that was effective on customs goods at the moment of receipt of the declaration for the procedure for temporary import for refining of such goods.

(2) If the goods under paragraph 1 of this Article were subject to preferential customs treatment within the customs quotas and other limitations at the moment of receipt of the declaration for the procedure for temporary import for refining, such preferential treatment for such goods shall be abided for identical goods at the moment of receipt of the declaration for trading with the goods.

Article 105

Temporary Export of Goods for Refining

(1) Some or all final products or imported goods or temporarily imported goods for refining in an unchanged condition may be temporarily exported for refining, from the customs area, if so permitted by the customs authorities, in conformity with the procedure prescribed for temporary export of goods for refining.

(2) In case of an obligation for collection of duties on the re-exported products, the following shall be calculated:

- duties on the final products or the unchanged imported goods and
- duties on the value for the conducted services, including the value of the material used for such purposes and other expenses created outside the customs area in relation to the delivery of the goods, with application of the rates that are effective for imported goods.

Article 106

Securing the Possible Customs Liability

(1) If customs authorities approve the temporary import of goods for refining, the bearer of right shall submit an adequate guarantee prior to the release of the goods, in conformity with Article 172 of this law.

(2) The guarantee pertaining to paragraph 1 of this Article need not be submitted in the cases when the goods would be exempt from duties, released for trade or in the case the guarantee for regular conduct of the approved customs procedure was guaranteed in an other manner.

Article 107

Conditions and Manner of Reimbursement of Duties Paid

(1) The bearer of right may request reimbursement of the duties paid or exemption from customs liability for all goods, except for the goods that at the moment of receipt of the customs declaration were:

- subject to quantitative import limitations or
- within the customs limitations - subject to the preferential customs rate or another measure has been used for lowering the customs fees on such goods.

(2) It must be stated in the customs declaration for trading with the goods that the bearer of right will request reimbursement of duties or exemption from customs liability, in compliance with the system of reimbursement of duties and conditions that must be satisfied in regard to the reimbursement or the exemption.

(3) Application of the system of reimbursement of duties shall mutually exclude the application of the provisions for use of identical goods and simultaneous export of the final products prior to the import of the goods pertaining to Article 99 of this law.

(4) Temporary export of goods pursuant to Article 105 of this law cannot be deemed as export on the basis of which duties reimbursement or exemption from the liability may be requested, unless goods have been re-imported in the customs area, within the prescribed time limit.

(5) The bearer of right may require reimbursement of the paid customs, provided that the bearer can prove that the final goods produced from the imported goods that were in trade according to the system of reimbursement of duties:

- were exported or
- that a customs procedure for transit, customs storage, temporary import for refining or export for the purpose of further import in the free and customs zone was approved for such goods and that all requirements for such a procedure or procedures have been satisfied.

(6) Goods pertaining to paragraph 5, sub-item 2 of this Article shall be deemed customs goods.

(7) The bearer of right may file a request for reimbursement of duties paid within one year following the date when the conditions for reimbursement of the duties were satisfied.

4. Processing in Customs Custody

Article 108

Procedure for Processing in Customs Custody

The procedure for processing in customs custody shall enable the bearer of right to use the imported goods in the customs area for the purpose of a processing that will change the nature or the shape of such goods, not for the purpose of subjecting such goods to collection of duties or to other measures of foreign trade, but for the purpose of trading with the products that will be a result of such processing and such products shall be subject to collection of duties, in accordance with the rate prescribed for them (hereinafter: processed products).

Article 109

Approval

(1) The Customs Administration shall issue decisions for approval of processing in customs custody.

(2) A decision for approval may be issued upon request of the party that conducts the procedure for processing or upon request of the party that organizes such procedure.

(3) The decision pertaining to paragraph 1 of this article may be issued only:

- to a party that has its principal place of business in the Republic of Macedonia;

- if the imported goods may be identified with the processed products;
- if it is not possible, in an economically reasonable manner, to return the product, resulting from the processing of the goods, in the condition the goods were prior to processing, thus enabling the goods to regain their previous condition when imported;
- if the regulations pertaining to origin of goods and limitation of the quantity of the imported goods have not been violated for the purposes of the procedure for processing in customs custody and
- if the application of such procedure will help the realization or protection of the production in the country and if the essential interests of the domestic manufacturers who produce the same goods in the Republic of Macedonia (commercial conditions), provided for in the document pertaining to Article 82 of this law, are not endangered.

Article 110

Application of Other Provisions of this Law

The provisions of this law pertaining to procedures for temporary import of goods for refining that govern the time limits and standards applicable to the procedure for processing in customs custody, in conformity with Articles 101 and 102 of this law.

Article 111

Determining the Amount of the Customs Liability

If customs liability is created on unchanged imported goods or semifinished products, under the approved procedure for processing in customs custody, the amount of the customs liability shall be determined based on the elements that are effective for imported goods at the moment of receipt of the declaration for initiation of the procedure for processing under customs custody.

Article 112

Application of Preferential Customs Rates

(1) If preferential customs rates are effective at the moment when the procedure for processing under customs custody was approved, the preferential rates may also apply to products that are identical to the processed products in trade, as the duties for the processed products shall be determined by applying of the preferential customs rates.

(2) If the preferential customs rates pertaining to paragraph 1 of this Article, of imported goods apply only to customs quantitative limitations, preferential customs rates of the processed goods shall apply only if such rates may apply to the imported goods at

the moment of receipt of the declaration for trading with the goods. In such case, the quantity of the imported goods used in processing the product and which were exempted from customs custody, shall be deemed to be within the customs quantitative limitations at the moment of receipt of the declaration for trading with the goods, provided that the quantity of the imported goods used in processing of the product does not burden the customs quantitative limitations set for products identical to the processed products.

5. Temporary Import

Article 113

Definition

The bearer of right may, in the temporary import procedure, utilize the imported goods at the customs area with partial or full exemption from duties, if the particular goods are to be re-exported, and not to be altered, except for the usual depreciation resulting from their utilization.

Article 114

Approval

(1) The temporary import of goods shall be approved upon request of the party that utilizes the goods or organizes their utilization.

(2) If identification of the goods cannot be provided in the course of the procedure, the customs authorities shall not accept the customs declaration for the temporary import of goods.

Article 115

Time Period

(1) Customs authorities shall determine the time period in which goods must be re-exported or a different customs procedure shall be established.

(2) When determining the time period, customs authorities shall take into consideration the reasons for the goods= temporary export, in which case the time period for temporary export may not exceed 12 months.

(3) Customs authorities may, for justified reasons, extend the time period pertaining to paragraph 2 of this article in the cases prescribed in the document pertaining to Article 82 of this law.

Article 116

Full or Partial Exemption from Duties

(1) The bearer of right may request full exemption from duties for temporary export, in cases when:

- goods, if already in trade, would be exempted from duties according to this law;
- temporary goods are imported for inspection, presentation or test making, if the goods were provided by a foreign owner, free of charge, and for a limited period of time.
- temporary goods are imported as exhibits for international fairs, exhibitions and other events i.e. for goods for exhibits and goods that used to decorate the exhibition or fair premises;
- animals, instruments, requisites and other objects that are intended for film production, artistic, sports and other events;
- packing, cargo equipment and protection equipment used for delivery or forwarding of goods, where the owner of the goods is a foreign person or institution;
- equipment used in the governmental, non - governmental organizations, international and interstate organizations and committees that have a principal or a representative office in the Republic of Macedonia;
- equipment for preventing epidemic and natural disasters or for eliminating the resulting consequences;
- yachts, yawls and other navigable objects and their binding and anchoring equipment, if they are to be used for sports and recreation, provided that they are temporarily imported by a person registered to perform activities such as renting foreign yachts, yawls and other navigable objects and based on an agreement signed with foreign sports clubs and their unions for renting the yachts, yawls and other navigable objects to foreign tourists - members of those clubs and their unions in the Republic of Macedonia;
- temporary equipment imported by correspondents or branch offices of the foreign media, registered in the customs area.

(2) Partial exemption from duties may be approved when temporary imported goods remain property of a foreigner, and such goods are not listed in paragraph 1 of this Article.

(3) The manner and criteria according to which the bearer of right is entitled to full or partial exemption from duties as provided in paragraphs 1 and 2 of this Article shall be prescribed by the Government of the Republic of Macedonia.

Article 117

Calculation of Partial Duties Exemption

(1) Duties on temporary imported goods on which partial exemption from duties is applicable, shall be 3% for each month or part of the month for the duration of the temporary import and partial exemption from the duties that would be payable on such goods if they were in trade on the day when the temporary import of the goods was permitted.

(2) Duties payable pursuant to paragraph 1 of this Article may not exceed the amount of the fees that would be collected, if the goods were in trade on the day when the temporary import was permitted, without calculating the interest.

(3) Any favorable conditions of customs collection applicable to the bearer of right, when assigning such right and liability to a third party, shall be determined separately.

(4) If the assignment pertaining to paragraph 3 of this Article is effected by a partial exemption of duties between two bearers, within the same month, the bearer with the earlier approval shall pay the duties for the whole month.

(5) For the temporary import of goods for which a complete exemption of duties has not been approved, the bearer of right shall provide the customs authorities with an instrument for securing collection of duties as provided in Article 173 of this law.

Article 118

Calculation of Customs Liability

(1) Customs liability resulting from a temporary import of goods shall be calculated based on information for the goods= value at the moment of presentation of the declaration for temporary import.

(2) In the cases pertaining to paragraph 1 of this Article, the amount of customs liability shall be calculated based on valid information on the initial date of the customs liability.

(3) Customs liability resulting from other reasons, and not from the temporary import procedure with partial duties exemption, shall be calculated on the basis of the difference between the amount of the customs liability calculated as provided in paragraph 2 of this Article and the amount of the customs liability calculated as provided in Article 117, paragraph 1 of this law.

6. Temporary Export for Refining

Article 119

Definition

(1) The procedure of temporarily export of goods for refining shall enable the bearer of right, to temporary export the domestic goods from the customs area, for refining, and to return and trade with the products resulting from such refining, with partial or full exemption from duties.

(2) The measures of the macroeconomic policy and other actions applicable on goods that exit the customs area shall apply to temporary exported domestic goods and, if necessary, the export fee shall be calculated.

(3) According to this law, goods may temporarily be exported for refining, i.e. for performing the production operations pursuant to Article 3, item 18, subitem 1 through 3 of this law.

Article 120

Limitations

The temporary export of goods for refining cannot apply to the domestic goods:

- the export of which causes a refund or exemption from duties;
- that prior to export were in trade without customs clearance, due to final utilization of the goods until expiration of the conditions determined for such exemption from duties, and
- the export of which causes the receipt of export compensation or another financial benefit.

Article 121

Bearer of Right

(1) The customs authorities shall approve the temporary export of goods for refining upon the request of the party organizing the production operations.

(2) As an exception to the provision pertaining to paragraph 1 of this Article the customs authorities may, if so approved by the Minister of Finance, issue a license to a

third party for the temporary export of refined goods. Such license shall be issued provided that the goods are domestic, that preferential customs treatment does not apply to them, that the domestic products shall be integrated in goods manufactured abroad, shall then be imported as final products, that the procedure shall stimulate the sale of the exported goods, but that the exported final products shall not harm the interests of the domestic manufacturers of similar or the same products.

(3) Temporary export of goods shall be approved only:

- to a party having its principal office in the Republic of Macedonia;
- if it can be determined that the final products are a result of refining of the temporary exported goods; and
- if such approval does not harm the essential interests of the domestic manufacturers (economic conditions) as provided in Article 82 of this law.

Article 122

Time Period

(1) When approving the temporary export of goods for refining, the customs authorities shall determine the time period in which the exported goods shall be re-imported at the customs area. This time period shall not exceed 12 months. The pre-determined time period may be extended upon a timely request submitted by the bearer of right, if there are justified reasons for such requested extension; but such extension shall not exceed 6 months.

(2) Control and compliance with the standards for use of temporary exported goods shall be conducted as provided in Article 102 of this law.

Article 123

Conditions for Approval of Full or Partial Exemption from Duties

(1) Customs authorities may approve full or partial exemption from duties only for the final products that are declared for trade by or on the behalf of the bearer of right or a third party that has its principal office in the Republic of Macedonia, provided that the third party has the consent of the bearer of right and satisfies the conditions listed in the decision for approval. Partial or full exemption from duties shall not be approved if some of the conditions or obligations related to the procedure for temporary export for refining are not satisfied, except in the cases where the irregularities do not invalidate the procedure.

(2) Full or partial exemption from duties, provided for in Article 116, paragraph 1 of this law, shall be calculated as follows:

the amount of the duties, that for the temporary exported goods must have been calculated on the same day, if the goods were imported to the customs area from a country in which some production operations were performed on such goods or from the country in which the last production operation was performed shall be deducted from the amount of the customs calculated for the final products that will be in trade.

(3) The deducted amount pursuant to paragraph 2 of this Article shall be established according to the quantity and the type of the goods on the day of receipt of the declaration for temporary export of the goods for refining and according to other available information on the day of receipt of the declaration for trading with the final products.

(4) The value of the temporary exported goods taken into consideration when establishing the value of the duties on final goods shall be the value established in Article 32, item 6, paragraph 1 of this law; or, if the value need not be established in such manner, the value shall be the difference between the duties on final products and production expenses.

(5) If the production operation is a repair of the temporarily exported goods, such goods may be in trade with full or partial exemption from duties, if the customs authorities are provided with evidence that the repair was free of charge due to the liabilities arising from the warranty. Such benefit may not be obtained if the goods were damaged when they were in trade for the first time.

(6) In cases when the repair of the temporarily exported goods was not performed free of charge, such goods may be partially exempted from duties. This shall be determined in the following manner: the value of the duties for the final products shall be established on the day of receipt of the declaration for trading with the goods; the expenses of the repair shall be taken into consideration, if such expenses are the only compensation for the repair and the party performing the repair does not impact the expenses.

Article 124

Application of the Preferential Customs Rates

(1) When the temporarily exported goods satisfy the conditions for being in trade with a lowered or zero customs rate depending on their final use, the rate shall be taken

into consideration, provided that the goods were subject to production depending on the use in the country where the final production was performed.

(2) If the preferential customs rate is taken into consideration for final products, in compliance with the law that governs customs tariffs, and the preferential customs rate is applied on goods that fall under the same customs tariff number as the temporarily exported goods, the amount of the customs liability, pursuant to Article 123, paragraph 2 of this law, shall be subject to the customs rate that would apply if the temporarily exported goods satisfied the conditions required for the preferential customs rate.

Article 125

System of Replacement

(1) The system of replacement enables replacement of the final product with the imported product (hereinafter: the product for replacement), based on the provisions pertaining to Articles 119 through 124 of this law.

(2) Customs authorities may permit application of the system of replacement in the case of domestic goods intended for repair. Customs authorities may permit application of the system of replacement only if compliance with paragraphs 6 and 7 of this Article is possible.

(3) Conditions prescribed for final products shall also apply to products for replacement.

(4) Customs authorities may, under the conditions determined by the Government of the Republic of Macedonia, approve the import of products for replacement prior to the temporary export of goods (previous import).

(5) In the case of paragraph 4 of this Article, the bearer of right must provide an appropriate instrument for securing collection of the import fee, if the export is not completed in the prescribed time period, which may not exceed two months, and which is calculated from the date of receipt of the declaration for trading with the products for replacement. As an exception, upon request from the bearer of right, the time period may be extended, but may not exceed 6 months.

(6) Products for replacement must fall under the same customs tariff number and be of the same trade quality and have the same technical characteristics as the temporary exported goods intended for repair.

(7) If the temporary exported goods have been used prior to the temporary export, the product for replacement must not be new, but used, except if it was obtained free of

charge under a warranty for a production defect.

Article 126

Customs Liability on Pre - Imported Goods for Replacement

Pursuant to Article 125, paragraph 4 of this law, if duties on pre-imported goods for replacement are paid as provided in Article 123 of this law, the value that should be deducted shall be established based on the information applicable for temporary export of goods on the date of receipt of the customs declaration for temporary export of goods for refining.

Article 127

Application of Other Provisions of this Law

Provisions pertaining to Article 121, paragraphs 2 and 3, subitem 2 of this law shall not apply to the temporary export of goods for refining under the system of replacement.

2.1.4. Customs Procedure for Export of Goods

Article 128

Definition

(1) Export customs procedure shall denote performing activities and measures in foreign trade, as well as collection of customs fees prescribed in order to clear domestic goods through customs so that they may exit the customs area.

(2) Export customs procedure shall be applicable on all exported goods, except on transit goods and goods exported in compliance with the procedure for temporary export for refining.

(3) The export of goods may be permitted, provided that the goods, for which the export customs declaration has been submitted, exit the customs area in the same condition as at the moment of receipt of the export customs declaration.

(4) Goods declared for export shall be in customs custody from the moment of receipt of the customs declaration until the moment of exit from the customs area.

(5) Provisions, rules and privileges related to export shall be applicable from the date of receipt of the export declaration.

2.1.5. Transit Customs Procedure

1. Transit Procedure

Article 129

Definition

(1) In the course of the transit customs procedure (hereinafter: transit procedure) customs goods in customs custody shall be transported:

- through the customs area or
- from one place to another within the customs area, but not for the purpose of collecting duties on such goods or for the purpose of subjecting such goods to other measures of the customs procedure.

(2) The transit procedure applies only to goods the import of which is not prohibited.

Article 130

Initiation and Conclusion of the Transit Procedure

A customs procedure shall be initiated by placing the goods in the transit procedure and shall be concluded when the goods, together with the appropriate documentation, are presented for inspection to the customs authorities.

Article 131

Measures of Customs Custody

(1) Customs authorities may, with regard to goods in transit through the customs area, adopt such measures necessary for determining the authenticity of the goods and for conducting the transit procedure in compliance with the regulations.

(2) The customs authorities that will receive the declaration for transit procedure may, as a specific measure of customs custody, determine a special route for the goods, and the declarant must guarantee that the goods will be transported following such route.

Article 132

Securing of Customs Liability

Upon entry, the declarant shall be obliged to present to the customs authorities an instrument for securing collection of duties in case of a customs liability.

Article 133

Obligation of the Customs Obligor

(1) The customs obligor shall: (i) present the goods, in an unchanged state and in the prescribed time period, to the customs authorities for inspection, (ii) obey the measures adopted by the customs authorities in order to confirm and guarantee the authenticity of the goods and (iii) fulfill the obligations arising from the transit procedure.

(2) The transporter or the party collecting the goods, knowing that the goods are in the transit procedure, shall fulfill all obligations pursuant to paragraph 1 of this Article.

2. Transporting Domestic Goods from One Place to Another in the Republic of Macedonia Through Foreign Customs Area

Article 134

Definition

(1) Domestic goods within the transit procedure, are being transported from one place to another in the Republic of Macedonia through the foreign customs area shall remain domestic goods.

(2) Customs authorities shall apply the provisions of Articles 129, 130, 131 and 133 of this law on transport of domestic goods pursuant to paragraph 1 of this Article.

3. Other Types of Customs Use, i.e. Use of Goods

Free Zone and Customs Zone

3.1. Free Zone

Article 135

Definition of the Term AFree Zone@

(1) Free Zone shall be a separately fenced and marked part of the customs area in the territory of the Republic of Macedonia and shall represent a unit where commercial activities are performed under specific conditions.

(2) The free zone shall be a legal entity performing commercial, technical, administrative, professional and other services related to the activities being performed at the free zone.

(3) The free zone shall become a legal entity by filing the Act of Incorporation in

the Trade Registry.

Article 136

Establishing a Free Zone

(1) A free zone shall be established in an airport or at a lake pier that serves public international lines or a commercial-transportation center registered in compliance with the regulations governing the conditions for registration of commercial-transportation centers or on an international highway.

(2) The free zone may consist of several separate parts.

Article 137

Conditions for Establishing a Free Zone

A free zone may be established if:

- the requirements for space and power supply, as well as the technical and other requirements for performing activities in the free zone are satisfied;
- by establishing a free zone the exporting activities will be performed for a period of at least ten years and if 80 % of the goods produced or the services performed in the free zone are exported;
- the staff is qualified to perform the activities that are of common interest for each and every user of the free zone and
- goods that endanger nature and the working environment are not produced or stored and no services using such goods are performed.

Article 138

Activities That May Be Performed in the Free Zone

(1) The following activities may be performed in the free zone: (i) production of goods for export and performing services for export; (ii) foreign trade, banking and other financial activities; (iii) insurance and re- insurance of property and people and (iv) tourist services.

(2) Customs authorities may temporarily limit or prohibit performance of some of the activities of paragraph 1 of this Article, if such an action is necessary for conducting customs custody, provided that at the same time a misdemeanor procedure is being initiated against the user or the founder of the zone, in compliance with this law, or provided that the user or the founder is being accused, on the basis of reasonable doubt, of

having performed a criminal offence in regard to the operation of the free zone.

Article 139

Founder of a Free Zone

(1) A free zone may be incorporated by a trading company or other legal entity (hereinafter: founder of the free zone).

(2) The founder of the free zone shall provide funds for incorporation and initiation of the activities performed in the free zone and shall incorporate such free zone. The Act of incorporation of the free zone shall contain:

- name of the founder of the free zone;
- name of the free zone;
- area of the free zone, and
- activities to be performed in the free zone.

(3) In addition to the request for approval of incorporation of the free zone, filed with the Ministry of Finance, the founder of the free zone is required to submit the articles of incorporation of the free zone and evidence showing that the requirements of Article 137 of this law have been satisfied.

Article 140

Approval for Incorporation of a Free Zone

The Government of the Republic of Macedonia shall approve the incorporation of a free zone within 60 days from the date of filing the request, provided that the requirements prescribed by this law have been satisfied.

Article 141

User and Conditions for Use of the Free Zone

(1) The user of the free zone may be any foreign and domestic legal entity or natural person performing commercial activities.

(2) The founder of the free zone shall establish the conditions for using the area of the free zone, the conditions for performing the activities in such zone, shall organize the internal order and prescribe measures for protection of the natural working environment.

(3) The founder of the free zone shall provide each party using the free zone with equal conditions for performing its activities in the free zone.

(4) The document regulating the conditions of paragraph 1 of this Article shall be

published in the official newsletter of the Chamber of Commerce of the Republic of Macedonia.

Article 142

Arranging the Area of the Free Zone

- (1) The founder of the free zone shall fence and arrange the area of the free zone.
- (2) All necessary working conditions shall be provided for the customs authorities within the free zone.

Article 143

Keeping Records of Goods in the Free Zone

- (1) The user of the free zone shall keep records of the goods being exported from or imported in the free zone as well as of all activities regarding goods in the free zone for the purpose of performing customs custody.
- (2) The Minister of Finance shall regulate the record keeping pursuant to paragraph 1 of this Article in greater detail as well as the measures of customs custody in the free zone.

Article 144

Inspection of Goods in the Free Zone

- (1) Customs authorities may examine the goods entering, exiting or remaining in the free zone.
- (2) If customs authorities decide to conduct an inspection pursuant to paragraph 1 of this Article, the user shall provide the customs authorities with access to the goods and export - import documentation (transit documentation).

Article 145

Decision for Operation of the Free Zone

The free zone may start operating when the Director of the Customs Administration issues to its founder a decision for operation of the free zone, provided that all requirements for conducting customs custody in the territory of the free zone have been satisfied. Such decision shall be issued within 2 years from the date of receipt of the approval for incorporation of the free zone.

Article 146

Movement of Parties in the Free Zone

(1) Entry of a party in the territory of the free zone shall be regulated by the founder of the free zone.

(2) Customs custody prescribed for crossing the customs frontier shall apply to parties in paragraph 1 of this Article.

Article 147

Submitting a Financial Report

The free zone shall submit to the Government of the Republic of Macedonia, through the Ministry of Finance, a financial report for its operations in the previous year, before or on March 15 of the current year.

Article 148

Closure of the Free Zone

(1) The Government of the Republic of Macedonia shall render a decision invalidating the approval for incorporation of a free zone, if it is determined, in the course of operation of such free zone, that the conditions for its operating prescribed by this law, are no longer satisfied.

(2) In such case under paragraph 1 of this Article, the free zone shall be closed within a year of the date when the decision for invalidating the approval for incorporation of the free zone was rendered.

Article 149

Application of the Provisions of This Section of the Law

The provisions of this law relating to free zones shall also apply to zones regulated by international contracts and treaties for improving commercial cooperation, if that is of benefit to the operation of such zones and if such zones are not contrary to the provisions of the international contracts and treaties.

3.2. Customs Zone

Article 150

Definition of the Term A Customs Zone@

(1) Customs Zone shall be a part of the customs area in the territory of the Republic of Macedonia where specific measures of customs custody and fringe benefits regarding customs procedure shall apply.

(2) Entrance in the customs zone shall be permitted only to customs zone employees and parties entering the customs zone for business.

(3) Measures of customs custody for crossing the customs frontier shall apply to the parties under paragraph 2 of this Article.

Article 151

Establishing a Customs Zone

(1) A customs zone may be established in a territory of an airport or a lake pier serving public international lines or in commercial - transportation centers.

(2) The territory of the customs zone must be fenced and marked as a customs zone.

(3) The territory of the customs zone in a lake pier shall consist of docks, i.e. parts of the coast where ships can be anchored.

(4) If the territory of the customs zone consists of several parts, each part must be separately fenced and marked.

Article 152

Founder of a Customs Zone

(1) A customs zone may be incorporated by a trading company or other legal entity that is a bearer of the right to use the land at the pier, the airport or in the commercial-transportation center (hereinafter: founder of the customs zone).

(2) The request for incorporation of a customs zone shall be filed with the Ministry of Finance.

(3) In addition to the request required under paragraph 2 of this Article, the founder of the customs zone shall file the articles of incorporation of the customs zone, defining the scope of exchange of goods and services.

Article 153

Approval for Incorporation of a Customs Zone

The Government of the Republic of Macedonia, upon proposal from the Ministry of

Finance, shall approve the incorporation of a customs zone within 60 days from the date of filing the request, provided that the requirements prescribed by this law have been satisfied.

Article 154

Requirements for Initiation of the Operation of the Customs Zone

(1) The founder of the customs zone shall provide premises for operation of the customs authorities on the territory of the customs zone.

(2) The customs zone may start operating when the customs authorities shall determine that the conditions for customs custody in the territory of the customs zone are satisfied.

Article 155

Activities That May be Performed in the Customs Zone

(1) The following activities may be performed in the customs zone:

- loading, unloading, reloading and storage of goods that are to be imported and have not been cleared through customs, of domestic goods to be exported and have or have not been cleared through customs, goods that cross through the customs zone, and
- the usual preparation of goods for market, such as: sorting, measuring, marking, packing, compiling, separating and making samples.

(2) The term domestic goods to be exported and have not been cleared through customs pursuant to paragraph 1 of this Article shall denote domestic goods that must be completed for export or stored for export in the customs zone.

(3) With exception of the imported goods that are not cleared through customs and are reloaded in the customs zone and the domestic goods that have been cleared through customs and are to be exported, the goods pursuant to paragraph 1 of this Article may be cleared through customs only in the customs zone in which they have been stored.

(4) In order to provide supplies for the vehicles in international transport performed by parties providing supplies as well as retail trade with food for catering services offered within the customs zone, retail trade shall be permitted in the territory of the customs zone.

(5) If the goods are brought in the remaining part of the customs area the declarant shall act as with goods brought in on the territory of the customs area of the Republic of Macedonia before their use has been permitted.

(6) Customs authorities may temporarily limit or prohibit performance of some of the activities pursuant to paragraphs 1 through 5 of this Article, if such an action is necessary for conducting customs custody, provided that at the same time a misdemeanor procedure will be initiated against the user or the founder of the zone, in compliance with this law, or provided that the user or the founder is being accused, on the basis of reasonable doubt, of having performed a criminal offence in regard to the operation of the customs zone.

Article 156

Users of the Customs Zone

(1) User of the customs zone may be any foreign and domestic legal entity or natural person performing commercial activities.

(2) The user from paragraph 1 of this Article shall perform commercial activities in the customs zone based on an agreement executed between the user and the founder of the customs zone.

(3) Users of the customs zone may freely deliver goods in compliance with Article 154 of this law under the conditions provided for in Article 158 of this law.

Article 157

Presenting Goods for Inspection

(1) Goods that enter the customs zone need not be presented for inspection by the customs authorities and no customs declaration shall be needed for such goods, with the exception of the case pursuant to Article 160, paragraph 2 of this law.

(2) Regardless of paragraph 1 of this Article, goods must be presented to the customs authorities for inspection and the customs authorities shall apply the procedures provided for in this law if:

- by entrance of the goods in the customs zone, another customs procedure is initiated for the goods, except if the provisions of the procedure determine that the goods need not be presented to the customs authorities for inspection;
- by entrance of the goods in the customs zone, the goods satisfy the requirements for refund or exemption of customs fees and
- it is a case of goods under Article 155, paragraph 2 of this Law.

(3) Customs authorities may request the user to declare the goods which according to the regulations are subject to payment of export fees as well as in cases when other measures of foreign trade apply to the export of the goods.

Article 158

Customs Control

(1) Each access, entrance and exit of the customs zone shall be under customs control.

(2) Pursuant to paragraph 1 of this Article, parties and vehicles entering or exit the customs zone shall be subject to customs inspection.

(3) Customs authorities may prohibit or limit the access to the customs zone of the founder or the user of the customs zone when: *(i)* regulations are adopted pursuant to Article 149, paragraph 5 of this Law; *(ii)* a procedure has been initiated against the user or the founder of the customs zone because of a customs misdemeanor; *(iii)* the founder or the user of the customs zone has been arrested by the authorities because of probable cause that a criminal offence has been perpetrated.

(4) The founder or the user of the customs zone shall permit the customs authorities or other authorities to carry out customs or other regulations.

Article 159

Maintenance Records of Goods in the Customs Area

(1) The founder of the customs zone shall maintain records of the goods imported in the customs zone, exported from the customs zone, goods that cross through the customs zone or are stored in the customs zone, as well as all activities in the customs zone related to such goods, for the purpose of enforcing customs custody.

(2) The Minister of Finance shall in greater detail regulate the record keeping pursuant to paragraph 1 of this Article, as well as the measures of customs custody in the customs zone.

Article 160

Inspection of Goods

(1) Customs authorities may inspect the goods that enter, exit or remain in the customs area.

(2) In order to facilitate the inspection pursuant to paragraph 1 of this Article, the

users of the customs zone shall present or provide the customs authorities with a copy of the transport documentation of the goods entering or exiting the customs zone.

(3) If the customs authorities decide to conduct the inspection pursuant to paragraph 1 of this Article, the users shall provide the customs authorities with access to the goods and the documentation pertaining to such goods, which are subject to inspection.

Article 161

Rules of Operation

The rules of this Law pertaining to export and import and transportation of goods shall be valid and apply to users of the free zone and the customs zone, entrance of goods in such zones, presenting goods for inspection in the zones, customs control, inspection of goods, records, activities in the zones, approvals of storage of goods in the zones, exit of goods from the zones, value of the duties and calculation of the customs liability in the zones.

4. Re-export, Destruction and Relinquishing Goods to the Customs Authorities

Article 162

Definition and Conditions

(1) Customs goods may be:

- re-exported from the customs area;
- destroyed ; and
- relinquished to the customs authorities for disposition.

(2) When goods are re-exported all activities required for export of goods must be undertaken and the measures of the micro-economic policy must be followed, unless otherwise provided by this Law.

(3) The customs authorities must be notified prior to the re-export or destruction of goods, and unless the conditions of paragraph 2 of this Article are satisfied, the customs authorities shall ban the re-export or destruction of goods.

(4) Any destruction shall be undertaken at the expense of the declarant. Waste and remainders from destruction of goods shall be deemed customs goods and must be declared for customs cleared use under this Law.

(5) Goods relinquished to the customs authorities shall be treated as goods banned for import, that the transporter or the declarant did not remove same from the customs zone in the prescribed period.

Article 163

Treatment of Goods When Entrance Is Prohibited

(1) The customs authorities, having detected goods in the customs zone the entrance of which is prohibited, shall render a decision ordering the transporter, assistant or a third party responsible for the goods to return them abroad. The time limit shall be established taking into consideration the factual circumstances of each separate case, but it cannot in any such case exceed five days from the date the decision was delivered. Goods shall be confiscated unless returned abroad within the required time limit.

(2) Customs authorities shall sell the goods, transfer such goods free of charge to the individuals in Article 71 of this Law or shall destroy the goods in conformity with the existing regulations at the expense of the individual defined in paragraph 1 of this Article.

(3) Under this Law goods the entrance of which is prohibited, shall also be:

- goods the import of which is governed by special regulations and the importer does not satisfy the requirements, and
- goods that cause damage to or risk of life and the working environment.

VI. CALCULATION AND DETERMINATION OF DUTIES

1. General

Article 164

General Rules Pertaining to Customs Liability

(1) When importing goods customs liability shall be created through:

- releasing for trade the goods subject to customs clearance, or
- placing the goods in temporary import procedure with partial exemption from duties.

(2) Customs liability pursuant to paragraph 1 of this Article shall be created as soon as the customs declaration for the prescribed procedure has been accepted.

(3) The customs obligor of the customs liability pertaining to paragraph 1 of this Article shall be the declarant; in the case of indirect representation, the customs obligor

shall be the party on whose behalf the declarant has filed the customs declaration.

(4) If the customs declaration, for the purpose of the customs procedure pursuant to paragraph 1 of this Article, has been filed on the basis of information implying full or partial non-payment of duties, the party that submitted such information, who knew or shall have known that the information was not truthful, shall be deemed to be the customs obligor in accordance with this Article.

Article 165

Customs Liability in the Case of Illegal Import of Goods

(1) Customs liability when importing goods shall also be created through:

- illegal import from a free zone into the remaining customs area of goods that are subject to customs clearance;
- illegal import in the customs area of goods that are subject to customs clearance;
- illegal import of goods shall be entry of goods contrary to the provisions pursuant to Articles 40, 45 and 156 of this Law.

(2) The customs liability pursuant to paragraph 1 of this Article shall be created when illegal entry of goods occurs.

(3) Customs obligors pursuant to paragraph 1 of this Article, liable for paying customs liability, shall be parties that:

- illegally delivered goods into the customs area;
- conspired in the illegal entry of goods and knew or should have known that such entry was illegal;
- acquired or stored such goods, and at the time of the acquisition or storage knew or should have known that such goods had entered in the customs area.

Article 166

Customs Liability When Releasing Goods from Customs Custody

(1) When importing goods customs liability shall also be created by releasing from customs custody the goods subject to customs clearance.

(2) The customs liability pursuant to paragraph 1 of this Article shall be created at the moment such goods are released from customs custody.

(3) Customs obligor liable for the customs liability pursuant to paragraph 1 of this Article shall be parties that:

- assume control over the goods that were in customs custody;

- conspired in the release of the goods and knew or should have known that by such an action the goods were released from customs custody;
- acquired or stored such goods and at the time of acquisition or storage knew or should have known that the goods were released from customs custody;
- were obligated to fulfill the obligations arising from the temporary storage of the goods, i.e. from the customs procedure approved for such goods.

Article 167

Customs Liability for Failure to Satisfy Requirements

(1) When importing goods customs liability shall be created through:

- failure to satisfy any of the obligations arising from the temporary storage of the goods subject to customs clearance or subject to customs procedure approved for such goods and
- failure to satisfy any of the conditions for placing the goods in a certain customs procedure or for approval of an exemption or relief from duties, the goal of which is a specific use of such goods, unless such failure is based on the regular conduct of the temporary storage or the customs procedure.

(2) In cases pertaining to paragraph 1 of this Article, customs liability shall be created: (i) as a result of the failure to satisfy an obligation at the moment when such obligation should have been satisfied or (ii) at the moment when it was established that the prescribed conditions for placing the goods in a certain customs procedure have not been satisfied or (iii) at the moment when it was established that the prescribed conditions for approval of the exemption or relief from duties for specific use of the goods have not been satisfied.

(3) The customs obligor shall be the party required to satisfy the prescribed obligations for the goods subject to import duties, relative to their temporary storage or other procedures involving such goods or for compliance with the requirements determining the relevant procedure.

Article 168

Customs Liability due to Improper Use of Goods in the Free Zones

(1) Customs liability at import shall be created through the use of the goods subject to customs clearance in the free zone, contrary to prescribed conditions. Lost goods, the loss of which cannot be satisfactorily explained to the customs authorities, shall be deemed to have been used in the free zone, contrary to the prescribed conditions.

(2) The customs liability pertaining to paragraph 1 of this Article is created as soon as the goods have been used once, contrary to the prescribed conditions.

(3) In the case pertaining to paragraph 1 of this Article, a customs obligor shall be the party that:

- has used the goods, and
- has participated in the use of goods, provided that it knew or should have known that the goods have been used contrary to the prescribed conditions.

(4) When the customs liability pertains to lost goods and it is impossible to determine the customs obligor pursuant to paragraph 3 of this Article, the customs obligor shall be the last known owner known by the customs authorities.

Article 169

Cases When Customs Liability Shall not Be Created

(1) Customs liability for certain goods shall not be created, if the party proves that the obligations arise from:

- Articles 40, 45 and 134 of this Law;
- temporary storage of such goods, or
- a complete destruction or irretrievable loss of the goods as a result of their nature, unforeseen circumstances, vis major or as a result of an approval issued by the customs authorities.

(2) Under paragraph 1 of this Article, goods are irretrievably lost if they are useless to any other person.

(3) There is no customs liability on exported goods, when such goods have been released for trade with an exemption from duties, due to their final use, provided that such goods were exported and re-exported with the approval of the customs authorities.

(4) If, pursuant to paragraph 1 of this Article, it is deemed that the customs liability has not been created in relation to the goods that were released for trade with exemption from duties, due to their final use, the remainder or the waste from the destruction of the goods shall be deemed customs goods.

(5) If, pursuant to Articles 166 and 167 of this Law, customs liability has been created in relation to goods released for trade at reduced duties rate due to their final use, the value of the duties paid at the release of the goods shall be subtracted from the value of the customs liability. This provision shall also apply in cases when the customs liability has been created for the remainder or the waste from destruction of such goods.

Article 170

Obligation to Pay Export Fees

(1) The obligation to pay export fees shall conform with the regulations governing payment of export fees.

(2) If the regulations pertaining to paragraph 1 of this Article do not contain provisions for creation of the obligation to pay export fees and for the manner of payment of such fees, the obligation to pay export fees shall be created at the moment of the receipt of the customs declaration for:

- export of goods;
- customs storage of goods for export that have already been cleared through customs;
- export of domestic goods intended to enter the free zone as exported goods, pursuant to Article 168, paragraph 2 of this Law;
- temporary export of goods intended for processing.

(3) Obligation to pay export fees shall also be created through:

- exit of goods subject to export fees, from the customs area without submission of the customs declaration for such goods;
- failure to satisfy the requirements which should otherwise be satisfied in order for the goods to be exported from the customs area and fully or partially exempted from payment of export duties.

(4) The obligor liable to pay the export fees from paragraph 2 and paragraph 3, subitem 2 of this article shall be the customs declarant, and if the declarant submitted the declaration on another party's behalf, that other party shall also be deemed to be an obligor liable for the export fees.

(5) The obligor liable to pay the export fees from paragraph 3, subitem 2 of this Article shall be the party exporting the goods and the party who conspired in the course of such export, and that knew or should have known that the required customs declaration had not been submitted.

Article 171

Rules for Determination of the Amount of the Customs Liability

(1) Unless otherwise prescribed by this Law, the amount of the customs liability shall be determined on the basis of the rules which were effective on the day of the creation of the customs liability.

(2) If it is not possible to accurately determine that a customs liability has been created, the customs authorities, when determining the amount of the customs liability, shall take into consideration the regulations effective on the date when the existence of the customs liability was established.

Article 172

Securing Payment of Customs Liability

(1) The customs authorities may require security for the payment of the customs liability in all cases provided for in this Law. The customs authorities may also require security for the payment of customs liability in cases where the customs liability was or could be created and it is not certain that the liable party will fulfill the obligation in the prescribed time period.

(2) Providing relevant security may be required at the moment when the conditions for securing of the payment of the customs liability prescribed by this Law have been satisfied or at the moment when the customs authorities have confirmed that the existing or probable customs liability was not satisfied.

(3) If the customs authorities, in accordance with this Law, require security for the payment of the customs liability, the customs obligor or the party that may become customs obligor in relation to the given goods, shall immediately provide such security.

(4) The procedure and instrument for securing the payment of the customs liability shall be prescribed by the Minister of Finance in greater detail.

Article 173

Calculation and Payment of Customs Liability

(1) The customs liability shall be calculated on the basis of the customs declaration, and in the absence of such declaration, it shall be calculated on the basis of information submitted to the customs authorities.

(2) The customs obligor must pay the customs liability immediately, except in those cases under Article 174 of this Law.

(3) The payment of the customs liability shall be effectuated by using any legal means of payment.

Article 174

Deferred Payment of Customs Liability

(1) The payment of the customs liability may be deferred for a maximum of 60 days following the date when the such deferred payment was approved to the obligors.

(2) The Minister of Finance shall determine the conditions under which the obligors may defer payment pursuant to paragraph 1 of this Article. Those obligors having received approval to defer payment must provide documentation in the manner prescribed in Article 172, paragraph 2 of this Law.

(3) The approval may be withdrawn prior to expiration of the approved time limit.

Article 175

Additional Calculation of Customs Liability

(1) The customs authorities shall, in their official capacity or upon an obligor's request, render a decision requiring the obligor to pay the created liability within 30 days following the date when the customs liability was determined, if they find that:

- the customs liability was created by illegal treatment of the customs goods, or
- the customs liability has not been calculated,
- the calculation of the customs liability amounts to a value lower than the one prescribed in this Law.

(2) The provisions from Article 172 shall apply to the payment of the obligation under paragraph 1.

(3) If the goods described in paragraph 1 of this Article are still deemed to be customs goods, they may be released for trade only after the obligation of paragraph 1 of this Article has been paid, or after adequate documentation for securing such payment has been provided in accordance with Article 171 of this Law.

(4) Additional calculation of the customs liability, pursuant to paragraph 1, subitem 1 of this Article, may be assessed within five years following its creation. Additional calculation of the customs liability, pursuant to paragraph 1, lines 2 and 3 of this Article, shall be assessed within one year following its creation.

(5) If the value of the liability does not exceed the average salary in the Republic of Macedonia, the additional calculation of the customs liability shall not be assessed.

Article 176

Mandatory Collection

(1) If the obligor fails to pay the calculated customs liability in the prescribed time period, the customs authorities shall enforce such collection.

(2) A default interest rate shall be calculated as soon as the time limit has expired.

Article 177

Termination of the Obligation for Pay Customs Liability

The obligation to pay the customs liability shall terminate:

- with the payment of the customs liability;
- by receipt of an exemption from payment of the customs liability;
- if the goods, before they are delivered to the declarant, are confiscated or seized, destroyed upon request of the customs authorities, destroyed or delivered to the customs authorities in accordance with Article 162 of this Law, or destroyed, i.e. irretrievably lost due to their nature, unforeseen circumstances or force majeure;
- if the goods in relation to which the customs liability was created had been confiscated because of the illegal entrance of the goods to the customs area, and
- when the right to collect is time - barred.

Article 178

Time - Barred Right to Collect Customs Liability

(1) The right to collect customs liability shall become time - barred within five years following the date when the customs liability was created.

(2) Each document or action of the competent authority shall terminate the limitation period pertaining to paragraph 1 of this Article.

(3) The right to collect shall in all cases be finally time - barred after the expiration of a ten year period following the date when the customs liability was created.

2. Reimbursement of Overpaid Duties and Exemption from Duties

Article 179

Reimbursement or Exemption from Duties

(1) Reimbursement or exemption from paying customs liability may be full or partial.

(2) Where duties have been overpaid, the portion that the customs authorities determine not to be a liability under the law or the portion determined to have been additionally calculated contrary to Article 177 of this Law, shall be reimbursed.

(3) The payment of duties shall not be effected on the share for which the customs

authorities determined that no customs liability existed under the law, or that such share was paid on the basis of an additional calculation in under Article 177 of this Law.

(4) Reimbursement, or exemption from duties is not permitted, if the error in calculation resulted from an intentional and false statement by the debtor.

(5) Exemption from liability, or reimbursement shall be made upon request of the bearer of right filed with the customs authorities within one year following the date when such calculation was delivered to the customs obligor.

The customs authorities shall decide on the filed request within 30 days following the date of filing.

(6) If the customs authorities detect an error in the calculation within one year, they shall in their official capacity reimburse or exempt such party from the customs liability.

(7) Paid duties shall also be reimbursed when the declaration on the basis of which the customs liability was paid has been withdrawn. The bearer of right shall file a request within the time period prescribed for the withdrawal of the declaration.

(8) Paid duties may also be reimbursed or the liability written off for the amount that was paid or calculated if the importer canceled the goods that have been placed in a certain customs procedure due to damage. Goods that have been damaged before their delivery to the declarant shall be deemed damaged goods. Reimbursement of paid duties, or writing off such liability as provided for in this paragraph shall be allowed only if the following conditions have been satisfied:

- that the goods have not been used more than it was necessary to determine the damages, i.e. inconsistency with the agreed conditions, and
- that the goods are exported from the customs area. The goods from this subitem shall be deemed exported if upon request of an interested party the customs authorities allow entry or destruction of the goods in the free zone, the customs zone, or a customs warehouse for the purpose of additional export. In such case, goods placed in a procedure for approval of customs cleared use shall be deemed to be customs goods.

(9) Reimbursement or writing of the liability pursuant to paragraph 8 of this Article shall not be approved for goods that prior to import, were subject to temporary import for trial, unless it is established that the damages or the inconsistency with the agreed conditions of normal use were impossible to establish at the time of the trial.

(10) The request for exemption from duties or the reimbursement of the paid duties pursuant to paragraph 8 of this Article may be filed within one year following the date of

delivery of the calculation to the debtor.

(11) If the exemption from duties or the reimbursement were approved by mistake, the obligation to pay such duties may be re-established according to the prescribed requirements.

Article 180

Exemption of Foreign Parties

The following parties shall be exempted from duties:

- heads of foreign countries and chief representatives of foreign countries on special missions, as well as the members of their mission, on items intended for official or personal use;
- international and interstate organizations with principal offices in the Republic of Macedonia, as well as their representative offices in the Republic of Macedonia, for the period of their appointment, of items intended for official use;
- foreign citizens employed in the organizations stated in subitem 2 of this Article, for such items intended for personal use;
- diplomatic and consular representative offices of countries in the Republic of Macedonia, for items intended for official use, and
- chiefs of foreign diplomatic representative offices in the Republic of Macedonia and the members of their immediate families, for items intended for personal use.

Article 181

Exemption of Natural Persons

The following natural persons shall be exempted from duties:

- domestic and foreign travelers from abroad, for items intended for personal use (personal baggage), regardless of whether they carry it with them, or have given it to a transporter;
- citizens of the Republic of Macedonia - for medication intended for personal use that they carry with them or receive as a shipment from abroad;
- disabled persons - for special equipment and technical aids that they use for living or work, as well as for spare parts for the use of such equipment and aids, except for automobiles, if they are brought or received for personal use;
- drivers, for fuel and lubricants which are kept in the normal tanks of motor vehicles and motorbikes;

- citizens of the Republic of Macedonia who live in the bordering areas - for herbal and cattle breeding products from their own properties in the bordering area of the neighboring country, as well as offspring and other products acquired from the livestock that they have on those properties intended for agricultural activities, pastures or places to spend the winter;
- citizens of the Republic of Macedonia - students and pupils who receive their education abroad, as well as foreign students and pupils who receive their education in the Republic of Macedonia - for educational aids that they bring with them from abroad, intended for personal use;
- foreign professors, lecturers and other scientists who work in the Republic of Macedonia for educational and professional equipment subject to approval by the Government of the Republic of Macedonia ³
- winners of decorations, medals, diplomas, sports and other trophies and objects that they receive abroad at competitions, exhibitions or activities of international significance;
- goods that are imported through a registered humanitarian or charitable organizations and are intended for free distribution to victims of natural or other disasters;
- materials for setting up, maintenance or decoration of monuments, graves or graveyards of war victims, crosses, urns and burial items.

Article 182

Exemption of Legal Entities

The following legal entities shall be exempted from duties:

- the organization of the Red Cross in Macedonia, for goods imported from abroad that serve its humanitarian activities;
- firefighting organizations and other rescue services - for technical firefighting equipment and spare parts strictly intended for firefighting and other rescue activities;
- museums, art galleries and the National and University Library - for items intended for performance of their activities;
- items that are intended for performance of cultural events and are not produced in the Republic of Macedonia, unless the holder of the right is registered to perform a non-profitable cultural event;

³ the original text published in the Official Gazette is illegible and this is our wise guess as to what it should read

- items immediately intended for social and educational work;
- pharmaceutical products for health and veterinarian care, used at international sporting events organized in the Republic of Macedonia.

Article 183

Exemption of Goods

The following goods shall be exempted from duties:

- equipment and spare parts on the basis of a deposit by a foreign party;
- samples of goods with an insignificant value;
- printed materials such as catalogues, price lists, manuals, brochures and advertising materials;
- items of foreign exhibitors who participate in international fairs and trade exhibitions in the Republic of Macedonia brought or received from abroad for the purposes of ordinary course distribution and sales during the fair, or exhibition;
- products imported for research, analysis or testing, that will be completely used during such researches, analyses or testing, or completely destroyed in a manner that will not leave no usable value;
- tourist documented information, if it is intended for free distribution and the primary aim of which is presentation of the foreign tourist offer; lists of foreign hotels and brochures issued by national tourist agencies, if they are intended for free distribution; tourist advertising material intended for authorized representatives or correspondents of foreign tourist agencies, which is not intended for further distribution;
- trade marks, patents, models and supporting documents, as well as evidence for recognition of the patents and innovations which are submitted to the organizations for protection of the author and the intellectual property;
- feed for animals in transport, materials needed for protection of the livestock in transport.

Article 184

Exemption of Government Institutions

Government Agencies, the user-units of the Budget of the Republic of Macedonia B upon the concurrence of the relevant Ministry, the Courts and the National Bank of the Republic of Macedonia shall all be exempted from duties on items determined by the Government of the Republic of Macedonia.

Article 185

The exemption from duties pertaining to Articles 181 through 184 of this Law shall apply only to goods that are not produced in the Republic of Macedonia.

Article 186

Detailed Provisions

The Government of the Republic of Macedonia shall determine the type, value and quantity of goods, as well as the criteria and the manner in which the regulations pertaining to exemption from duties pursuant to Articles 180 through 184 of this Law shall apply.

Article 187

Ban on Disposition

(1) Goods which have been exempted from duties on the basis of Article 181, subitems 2 through 7 and subitem 9, as well as Articles 182 through 184 of this Law, shall not be alienated, or used by another, or otherwise used for purposes different from those that exempted such goods from such duties within a three year period following the date of import, unless the import fees have been paid. Such items shall not be pledged or given as security for other obligations.

(2) If the customs authorities, upon request by the bearer of right, allow a different use before the expiration of the time limit under paragraph 1 of this Article, the amount of the customs liability shall be calculated on the basis of the information effective at the time when the request for paying the customs liability was filed.

(3) In the case of failure to follow the provisions under paragraph 1 of this Article, the amount of the customs liability shall be calculated on the basis of the information at the time of the receipt of the customs declaration, on the basis of which the goods were exempted from such duties.

3. Re-import of Goods (Returned Goods)

Article 188

Definition, Time Limits and Services

(1) Domestic goods exported from the Republic of Macedonia, and re-imported to the customs area unmodified, within two years after the export, shall be exempted from duties, upon request of the declarant.

(2) If the goods were imported in the customs area and released for trade before the export, and full or partial exemption from duties was approved for the purpose of their final use, the benefit under paragraph 1 of this Article may be accepted only if the goods are re-imported for the same purpose that completely or partially exempted them from payment of the original import duties.

(3) If, at the re-import of goods in accordance with paragraph 2 of this Article, a customs liability is created, the initial duties paid for the goods at their first release for trade shall be deducted from the calculated amount of customs liability.

(4) Exemption from duties under paragraph 1 of this Article shall not be approved for goods exported within the procedure for temporary export of goods for refining, unless the goods remain in the country in which they were exported. Exemption from duties shall not be approved for goods subject to measures of foreign trade.

(5) The Government of the Republic of Macedonia shall prescribe more detailed criteria for exemption from duties pursuant to this Article.

VII. SUPERVISION

Article 189

Supervisory Body for Enforcement of the Law

The Ministry of Finance shall supervise the enforcement of this Law and the regulations enacted pursuant to this Law.

VIII. VIOLATIONS OF THE CUSTOMS LAW

1. General Provisions

Article 190

Definition of Violations of the Customs Law

(1) Failure to perform those activities provided for in this Law or a performance

contrary to the provisions of this Law shall be deemed customs violations. The violations of the Customs Law may constitute misdemeanors or criminal acts.

(2) Upon request by the customs authorities, the court that has jurisdiction shall initiate a procedure for determination of the responsibility of the perpetrator in regard to the activities under paragraph 1 of this Article and shall pronounce an adequate measure.

(3) A criminal attempt for an illegal act pursuant to paragraph 1 of this Article shall be subject to punishment with the same severity as for the actual crime.

(4) Preventive measures, including temporary confiscation of goods or vehicles may be undertaken by the customs authorities initiating the procedure before the court that has jurisdiction within 8 days following the confiscation. If the customs authorities fail to initiate a procedure within the prescribed time limit, the customs authorities shall be required to return the temporarily confiscated goods or vehicles to the party from which they have been confiscated.

Article 191

Endangering a Customs Officer

A party who in any way endangers a customs officer while the custom officer is on duty shall be prosecuted for a criminal act in accordance with the law.

Article 192

Safety Measures

(1) In addition to the penalty for a misdemeanor, the perpetrator shall be sentenced with a sanction consisting of confiscation of the goods used to perpetrate the misdemeanor, or goods that were subject of the misdemeanor, or that have resulted from the misdemeanor, consistent with the provisions of this Law.

(2) If for the purpose of perpetrating the misdemeanor, vehicles, aircraft or navigable objects are used, they shall be confiscated and may be sold immediately.

(3) If, for any reason, the customs authorities cannot confiscate the goods B vehicles, aircraft or navigable objects, from the perpetrator, they shall confiscate an equivalent amount of money.

Article 193

Action of the Customs Authorities for Misdemeanors

Customs authorities may collect on-the-spot fines for misdemeanors or initiate a court procedure.

Article 194

Guarantee of Confidentiality of an Informant

Customs authorities shall not disclose the identity of the party from whom they received information on illegal actions prescribed by this Law.

Article 195

Compensation for the Received Information

Customs authorities may establish compensation for any information received in regard to the customs procedure. The identity of the party who provides such information shall be strictly confidential in all circumstances. The amount of the compensation shall be proportionate to the amount of the collected fine.

Article 196

Confession of a Misdemeanor

(1) The confession by the perpetrator of a customs misdemeanor shall constitute part of the evidence in any court proceedings.

(2) If there is material evidence, the court procedure, initiated on the basis of a written statement signed by at least two customs officers, shall be at the expense of the perpetrator of such misdemeanor.

Article 197

Liability for Misdemeanors Perpetrated by Customs Officers

Customs officers shall be liable before a court for any perpetrated misdemeanors, and will also be disciplined before the customs authorities.

Article 198

Treatment of Goods That Are Subject of a Misdemeanor

During the trial, goods that are subject of misdemeanors shall be retained in customs custody at such premises determined by the court. If the court allows the owner to retain the goods, the owner shall be required to present them to the court and provide a

guarantee at any time.

Article 199

Enforcement of a Court Decision

The Court decision shall be binding for the customs authorities.

Article 200

Controlled Deliveries

(1) For the purpose of detecting recently committed illegal actions related to import, export, transport or retention of goods specified in Article 23 of this Law, customs officers shall be authorized to control the delivery of such goods, and according to this or other law shall not be liable for criminal acts or misdemeanors in the course of such official activities.

(2) Before enforcing such a delivery, customs officers must notify the appropriate public prosecutor, except when the controlled delivery is made very close to the border crossing area.

(3) For the purpose of investigating illegal actions, the appropriate public prosecutor shall allow the customs officers to retain, deliver or take over the goods specified in Article 23 of this Law.

Article 201

Relative and Absolute Statutes of Limitations

(1) The misdemeanor procedure on customs misdemeanors may not be initiated if more than two years have passed following the date when the misdemeanor was perpetrated.

(2) The limitation period shall be terminated by any action by the competent authority undertaken for prosecution of the perpetrator on the misdemeanor. Following a suspension of the time limit, the limitation period shall continue to run, but the misdemeanor procedure may not be initiated, nor proceeded with after the expiration of a four year period following the date when the misdemeanor was perpetrated.

Article 202

Bad Faith Possession of Goods Constitutes a Misdemeanor

A party who buys, sells out, sells, receives as a gift, conceals, receives for another or for

transport, holds, uses or acquires as property on any basis goods for which the party knew or should have known that such goods were used to commit a misdemeanor under this Law, shall be punished with the same penalty prescribed for the perpetrator of such misdemeanor.

Article 203

Collection of Fines Immediately after the Misdemeanor Has Been Perpetrated (On-the-Spot Fine)

(1) Customs officers may offer the perpetrator of the misdemeanor to pay an on-the-spot fine for the misdemeanor.

(2) If the perpetrator of the misdemeanor pays the on-the-spot fine, the case shall be closed and the perpetrator shall not be prosecuted under this Law. If the perpetrator does not pay the on-the-spot fine, the customs authorities shall turn the case over to the court having jurisdiction.

(3) On-the-spot fines shall be collected by authorized customs officers.

2. Punitive Provisions

Article 204

Customs Misdemeanor

(1) A triple or quintuple fine of the amount of the avoided customs duty, or two to eight times the value of the goods, if such goods are not subject to duties or if such goods are exempted from duties, shall be levied against a legal entity if:

1. It brings in or takes out, or tries to bring in or take out goods in the customs area outside the customs border crossings or at a time when the border crossing is not open (article 40, paragraphs 1, 3 and 4);
2. It brings in or takes out, or tries to bring in or take out hidden goods through the customs border crossing (articles 42 and 45);
3. Its conduct is contrary to the Article 45, paragraphs 1 and 2 of this Law;
4. It fails to present the basic declaration in compliance with Article 46 of this Law;
5. Its conduct is contrary to Article 44, paragraphs 1 and 2 of this Law;
6. It holds goods temporarily, contrary to Article 51, paragraphs 1 and 2 of this Law;
7. It uses the temporarily held goods, contrary to Article 52 of this Law;
8. In the declaration it lists the quantities, kind, value or origin of the goods incorrectly or

if the list of goods is not exhaustive (article 61);

9. It presents to the customs authorities documents pertaining to the customs procedure that contain different quality, kind, quantity, value or origin of the goods or other incorrect information (articles 20, 61, 116, 179 through 183);

10. It presents to the customs authorities documents pertaining to the export customs procedure that contain different quality, kind, quantity, value or origin of the goods, provided presentation of such documents causes incorrect statement of the information in the customs declaration when exporting such goods (articles 20,61 and 128);

11. Its conduct is contrary to Article 69, paragraph 5 of this Law;

12. Its conduct is contrary to Article 75, paragraph 2 of this Law, as if releasing goods for trade, although the activities for releasing the goods for trade were not undertaken and the import fees were not paid, nor have other measures of the macroeconomic policy been undertaken;

13. It fails to satisfy the requirements under the approval issued for the customs procedure having a commercial effect (Article 79, paragraph 3);

14. It fails to satisfy requirements under the Law when opening a customs warehouse (Articles 86 and 87);

15. In a customs warehouse it conducts the activities under Article 88 contrary to or without a permit issued by the customs authorities;

16. Its conduct is contrary to Article 95 of this Law;

17. Its conduct is contrary to Article 96 of this Law;

18. Its conduct is contrary to Article 97 of this Law;

19. It fails to transport goods on a route designated by the customs authorities (Article 131, paragraph 2);

20. Its conduct is contrary to Article 133, paragraphs 1 and 2 of this Law;

21. It hinders the customs or other authorities in the supervision of the work in the customs area or the free zone (Articles 135 and 150);

22. Its conduct in the free or the customs zone is contrary to Article 138, paragraph 1 and Article 155, paragraphs 1 and 4 of this Law);

23. Despite the prohibition by the customs authorities, it performs some of the activities in the free and the customs zone (article 138, paragraph 2 and article 155, paragraph 6);

24. Contrary to Article 155, paragraph 5 of this Law, it transports goods from the free and customs zones into another customs area;

25. It uses fraud during the course of the customs procedure to obtain an exemption from

payment of import fees or reduction of import fees, or falsely obtains any other such relief (Articles 20, 61, 79, 80, 88, 107, 116, 123, 124, 179 to 183 through 188);

(2) A fine, ranging from twice to five times the amount of the avoided duties, or once to three times the value of the goods, if such goods are not subject to paying duties or if they are exempt from payment of duties, shall be levied against the person responsible for the conduct pertaining to paragraph 1 of this Article.

Article 205

Customs Misdemeanor

(1) A fine two to ten times the amount of the avoided duties, or one to five times the value of the goods, if such goods are not subject to payment of duties or are exempt from duties, shall be levied against a legal entity for:

1. Failure to present documents or to provide appropriate explanations to the customs authorities, or failure to provide any other necessary assistance in the performance of the customs proceedings (article 20);
2. Failure to keep documents in compliance with this Law (Article 21);
3. Failure to present a customs declaration for the commencement of the customs cleared use of the goods within the prescribed time periods (Article 50);
4. Hindering the examination of the accuracy and the regularity of the received declaration (articles 65 through 67)
5. Removal of all customs marks or failure to adequately protect customs marks from damage or destruction (Article 68);
6. Failure to maintain the prescribed records in compliance with Article 72, paragraph 2 of this Law;
7. Failure to present such additional customs declaration as provided in Article 72, paragraph 3 of this Law;
8. Failure to inform the customs authorities of activities following the issuance of the approval, which are important for the contents, i.e. the validity of the permit (Article 80, paragraph 1 of this Law);
9. Failure to conclude the customs procedure required by law (Article 81, paragraph 5);
10. Failure to maintain records on goods that are placed in the customs warehouse pursuant to Article 89 of this Law;
11. Failure to export, or return the acquired goods in a given time period, within the import or export procedure, and failure to requests another customs procedure for the

goods (Article 101, paragraph 1);

12. Failure to import goods in compliance with the approval for use of equally valuable goods in the prescribed time period (Article 101, paragraph 3);

13. Failure to maintain records required for the use of the imported, or temporarily imported goods; failure to maintain records in compliance with the law, or failure to provide the customs authorities, at their request, with information on the standards; or disabling or hindering the inspection (Article 102);

14. Failure to comply with the prescribed time periods and the manner of record keeping required under customs custody (Article 110);

15. Failure to export the temporarily imported goods or requests another customs procedure (Article 115);

16. Failure to use the temporarily imported goods in compliance with the purpose for which complete or partial exemption from duties was allowed (Article 113 and 116);

17. Using goods, temporarily exported for the purpose of their refinement, contrary to the law (Article 119, paragraphs 1 and 3);

18. Conduct contrary to Article 157, paragraphs 2 and 3 of this Law;

19. Failure to present to the customs authorities copies of the transportation documents or disabling the access to the goods and the documentation, relative to such goods (Articles 144 and 160);

20. Failure to maintain the prescribed documentation in compliance with Articles 143 and 159 of this Law;

21. Destruction of the customs goods without prior notification to the customs authorities (Article 162, paragraphs 3 and 4);

22. Failure to remove from the customs area the goods the import of which is banned, within the time period prescribed by the customs authorities (Article 163), and

23. Contrary to Article 187 of this Law, alienating the goods, transferring the goods to a third person for use or using them for a purpose other than the one for which they have been exempted from duties; or pledging the exempted goods or otherwise used for the purpose of securing the obligations before the customs liability has been paid.

(2) A fine ranging from twice to four times the amount of the avoided duties; or one to two times the value of the goods, if such goods are not subject to the payment of duties or are exempt from duties, shall be levied against the responsible person conduct under paragraph 1 of this Article.

Article 206

Customs Misdemeanor of Natural Persons

(1) A fine, ranging from one to five times the amount of the avoided customs; or one to three times the value of the goods, if such goods are not subject to the payment of duties or are exempt from duties, shall be levied against a physical person if:

1. Such person fails to present the documents or provide the necessary information to the customs authorities, or fails to provide necessary cooperation in the performance of the customs procedures (Article 20);
2. Such person presents to the customs authorities documents pertaining to the customs procedure that contain different quality, kind, quantity, value or origin of the goods, or other incorrect information in order to, completely or partially, avoid paying the export fees (articles 20, 61, 116, 179 through 183);
3. Such person brings in or removes or tries to bring in or remove goods from the customs area outside a customs border crossing or at a time when the border crossing is closed (Article 40, paragraphs 1, 3 and 4);
4. Such person brings in or removes, or tries to bring in or remove hidden goods through the customs border crossing (articles 42 and 45);
5. Such person fails to present the goods for inspection by the customs authorities in contravention of Article 45 of this Law;
6. Such person fails to present the customs declaration, or request for approval of the customs cleared use of the goods in contravention of Article 46 of this Law;
7. Such person fails to present the customs declaration for the approved use of the goods within the prescribed time periods (Article 50);
8. Such person hinders or delays the examination of the accuracy and the regularity of the received declaration (articles 65 through 67)
9. Such person removes all the customs marks or fails to adequately protect customs marks from damage or destruction (Article 68, paragraph 2);
10. Contrary to Article 75, paragraph 2 of this Law, such person treats goods as if released for trade, although procedures for release of such goods for trade were not undertaken and the import fees were not paid;
11. Such person uses the goods purchased in a customs warehouse contrary to the purpose and the conditions of the sale (Article 95, paragraph 2);
12. Such person fails to use the temporarily imported goods in compliance with the purpose for which complete or partial exemption from duties was allowed (Article 113

and 116);

13. Such person fails to remove from the customs area the goods the import of which is banned, within the time period prescribed by the customs authorities (Article 163, paragraph 1);

14. Contrary to Article 187 of this Law, such person alienates the goods, transfers such goods to a third party to use or uses them for a purpose other than the purpose for which they have been exempted from duties; or the goods that have been exempted from duties such person pledges, encumbers or otherwise uses for the purpose of securing the obligations before the customs liability has been paid.

15. Such person by fraud during the customs procedure achieves or attempts to obtain exemption from payment of import fees or reduction of import fees, or falsely obtains any such relief (Articles 79, 80, 117, 179 through 183 and 188);

16. Such person fail to satisfy the requirements of the customs authorities or acts contrary to the regulations of the customs authorities, disregards orders of the customs authorities, as well as threatens or assaults the customs officers.

Article 207

Liability of a Bad Faith Owner B Holder of Items that Constitute Misdemeanor

(1) A legal entity or an individual that as part of their business buys, sells, sells out, receives as a gift, conceals, takes for keeping or transportation, keeps, uses or receives in ownership, on any basis, goods for which the legal entity or the individual knew or reasonably must have known that were used for perpetrating a misdemeanor pursuant to articles 204 and 206 of this law, shall be punished with the same punishment prescribed for the perpetrator of the misdemeanor.

(2) A fine, ranging from two to ten times the amount of the avoided duties; or one to five times the value of the goods, if such goods are not subject to payment of duties or are exempted from duties, shall be levied against the enterprise or other legal entity for the misdemeanor under paragraph 1 of this Article.

(3) A fine, ranging from one to five times the amount of the avoided duties; or one to three times the value of the goods, if such goods are not subject to payment of duties or are exempted from duties, shall also be levied against a physical person for the misdemeanor under paragraph 1 of this Article.

Article 208

Mandatory Forfeiture of Goods Used in Perpetrating a Misdemeanor

(1) The goods used in perpetrating a misdemeanor under Article 204, items 1 through 5, items 8 and 9, as well as items 23 and 24 of this Law, Article 205, item 22 of this Law, Article 206, items 2, 3 and 4 of this Law, and Article 207, shall be forfeited.

(2) The goods described in the previous Article shall be forfeited if, after the misdemeanor had been committed, such goods have been processed, cultivated or completed, and the incremental value does not exceed 30% of the customs value of the goods-subject of the misdemeanor.

(3) If the goods are not recovered, the perpetrator of the misdemeanor shall pay their value, which is the customs value and the cost of enforcement of the procedure for collection of import fees, under to the provisions of this Law.

(4) If for any reason, it is not possible to forfeit goods from the owner it shall be deemed that such goods have not been recovered. If, after the misdemeanor has been perpetrated, the goods that are subject of the misdemeanor have been processed cultivated or completed, and the incremental value does not exceed 30% of the customs value of the goods, it shall be deemed that such goods have not been recovered.

(5) If there is more than one perpetrator, such perpetrators shall be jointly liable.

(6) The goods, which are subject of customs misdemeanor for which forfeiture has been demanded, may be placed in customs custody until the conclusion of the misdemeanor proceedings.

Article 209

Forfeiture of the Means of Transportation

(1) The means of transportation used for transporting goods which are subject of the misdemeanor pursuant to Article 204, items 1 through 4, 5 and 24 of this Law, Article 206, items 3 through 7 of this Law, across the border or frontier or in the customs area; or if hidden in secret places in such means of transportation pursuant to Article 204, items 1 through 4, 5 and 24 of this Law, Article 206, items 3 through 7 of this Law, shall be forfeited provided the value of such goods exceeds 20% of the value of the means of transportation, or the driver or the participating party knew or should have known that such goods are in question.

(2) Regardless of paragraph 1 of this Article, the means of transportation shall be forfeited even if the value of such goods does not exceed 20% of the value of the means of transportation and if such means of transportation was used for transport of drugs, arms, ammunition or explosives, or if a special compartment was built in the means of transportation immediately upon manufacturing for such purpose.

Article 210

Forfeiture of Goods and the Means of Transportation Which Are not Owned by the Perpetrator of the Misdemeanor

(1) Goods subject of the misdemeanors listed in Article 208, paragraph 1 of this Law, shall be forfeited even if they are not owned by the perpetrator of the misdemeanor, provided the owner of the goods knew or reasonably should have known that the goods were the subject of any misdemeanors listed in Article 208, paragraph 1 of this Law.

(2) Provided that the conditions pursuant to Article 209 of this Law are satisfied, the means of transportation, listed in Article 209 of this Law, shall be forfeited even if not owned by the perpetrator of the misdemeanor, provided that the owner knew or reasonably should have known that the means of transportation was used for transport of goods pursuant to Article 204, items 1 through 4 and 24 of this Law and Article 206, items 3 through 7 of this Law, illegally across the customs frontier, or the customs area.

(3) Paragraphs 1 and 2 of this Article shall not infringe upon the rights of other parties to request compensation from the perpetrator.

Article 211

Seizure of Goods

(1) Customs officers shall seize any property subject of misdemeanors, or the means of transportation pursuant to Articles 208 through 210 of this Law, if such officers are officially notified of the misdemeanor or if they captured the perpetrator in action.

(2) The authorized official agencies for interior affairs shall seize the property that is the subject of misdemeanors, or the means of transportation pursuant to Articles 208 through 210 of this Law, if such officers are officially notified of the misdemeanor or if such officers observe the perpetrator engaging in the proscribed conduct in the bordering area or inside the customs area.

(3) Customs officers and the authorized officers of the agencies for interior affairs

may also forfeit the property that is not listed in paragraphs 1 and 2 of this Article, if such property was used or intended for perpetrating a misdemeanor, or was created in the course of the misdemeanor provided by this Law.

XI. TRANSITIONAL AND CONCLUDING PROVISIONS

Article 212

Validity of the Certificates and Measures for Exemption from Duties

(1) The certificates and measures pertaining to exemption from duties that were adopted by the appropriate agency in compliance with the Customs Law ("Official Gazette of Republic of Macedonia", no. 20/93, 63/95 and 15/97) may be obtained within the time period provided for in the Customs Law, if such rights were not obtained until the date when this Law became effective.

(2) If the customs obligor has realized the right to exemption from duties, before the ban on the disposition provided for in the Customs Law ("Official Gazette of Republic of Macedonia", no. 20/93, 63/95 and 15/97) has expired, the customs custody shall still be enforced, until the expiration of the time limit provided for in Article 24, paragraph 3; Article 25, paragraph 3; Article 26, paragraph 12; Article 28, paragraph 2 and Article 31, paragraph 3 of the Customs Law.

Article 213

Continuation of the Operation of the Existing Warehouses and Storage Facilities

(1) Customs warehouses, customs railroad storage facility, and consignment warehouses, established before this Law became effective, shall continue to operate as customs warehouses provided that they conform their operations to the requirements provided for in this Law within 6 months after the date when this Law became effective.

(2) Within the time period pertaining to the paragraph=s Article 213, customs authorities must render decisions for closing those facilities described in paragraph 1 of this Article that do not comply with the requirements for customs warehouses proscribed by this Law. Customs authorities shall issue permits for customs warehouses to those owners of the warehouses and storage facilities who have reconciled their operations in

the prescribed time period, where if the owners fail to conform their operations in the prescribed time period, the customs authorities shall issue a decision for closure of such facilities.

Article 214

Operation of the Free and Customs Zones

(1) The free and the customs zones established on the basis of the Law on Free and Customs Zones ("Official Gazette of SFRY, no. 3/90) shall continue to operate as free customs zones under this Law.

(2) The founders of the free zones pursuant to paragraph 1 of this Article shall be required to conform the organizational setting and operations of the free customs zones to the provisions of this Law and to present appropriate evidence of same to the Customs Office.

(3) In the event the free zone and the customs zones do not conform their organizational setting and operations to the provisions of this Law, such zones shall cease to operate as such, for which the Customs Administration shall render such decision.

Article 215

Concluding an Administrative Procedure

Any administrative procedure initiated before this Law became effective shall be concluded in conformity with the regulations that were valid until this Law became effective.

Article 216

Calculation of Customs Liability for Temporary Import

If the goods that are subject to payment of duties under Article 212 of the Customs Law (Official Gazette of the Republic of Macedonia, no. 20/93, 63/95 and 15/97) were temporarily imported in compliance with the regulations that were effective before this Law came into effect, the customs liability shall be calculated and paid in compliance with the regulations effective at the time of the receipt of the customs declaration for the temporary import of goods.

Article 217

Time Limit for Drafting Regulations

Regulations pertaining to the enforcement of this Law shall be enacted before the date when this Law becomes effective.

Article 218

Time Limit Pertaining to Representation

(1) The inspection of the minimum conditions for representation in the customs procedure pursuant to article 60, paragraph 2 of this law may not be initiated before the expiration of 6 months following the date when the requirements of Article 60, paragraph 6 of this Law became effective.

(2) As an exception to paragraph 1 of this article, parties acting as representatives in the customs procedure, may continue to do so after the effective date of this Law, provided however, that, before this Law becomes effective, they present evidence to the customs authorities that they satisfy the requirements pertaining to representation.

Article 219

Continued Operation of the Customs Administration

The Customs Administration shall continue to operate as an agency within the Ministry of Finance, as provided for in this Law.

Article 220

When Regulations Cease to Be Effective

On the effective date of this Law, the Customs Law ("Official Gazette of Republic of Macedonia", no. 20/93, 63/95 and 15/97), the Law on Customs Administration ("Official Gazette of Republic of Macedonia", no. 25/92) and the Law on Free and Customs Zones ("Official Gazette of SFRY", no. 3/90) shall cease to be effective.

Article 221

This Law shall come into effect on the eighth day following the date of publication in the "Official Gazette" of Republic of Macedonia, and shall apply all cases as of January 1, 1999.

