

# CUSTOMS

1.60

## WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
The FIC proposes the following improvements of the efficiency and transparency of the customs clearance procedure:				
Transparently communicate the planned liberalization of customs preferences with the interested industries and ensure the industry's consent at least 12 months prior to the commencement of the preference.	2018		√	
We propose the following changes to customs declarations: (1) the date of issue of the customs invoice - it is recommended that the date of issue of the customs invoice should be the final date of clearance of goods and not the date of the acceptance of a declaration; 2) allow the use of a comprehensive guarantee with a reduced reference amount for several customs procedures, as well as relief from the obligation to provide the guarantee, in the manner prescribed for the transit procedure.	2018		√	
A significant number of legal provisions require a further specification through by-laws as well as compliance with other relevant laws, such as: (1) alignment of customs procedure with VAT Law, regarding the treatment of a foreign legal entity in a customs procedure; (2) decrease the frequency of sample-taking for core products and accept the analysis of accredited foreign laboratories; (3) we propose that opinions of the Customs Administration should be more precise and detailed; (4) specify the procedure for determining and changing the customs value in the event of a goods' price change; (5) specify the procedure for temporary export in order to customs authority approval is not required and regular export procedures can be applied in practise; (6) adoption of an act of the CA which would explain the procedure for determining and changing the customs value in case of transfer prices; (7) ensure the full applicability for "new" rules of origin on trade with PAN-EU members; (8) improve efficiency for issuing "BTI" documents, (9) introduce an exemption from conducting misdemeanour proceedings for a person who only requests to change the data on the quantity of goods in the customs declaration after the end of the procedure and after determining the actual quantity of delivered goods; (10) consider the introduction of customs relief for the import of new equipment that is not produced in the country.	2021		√	
Increase the efficiency at all levels of administration: efficient handling of requests that are in the administrative procedure; a better on-line information system available to all parties involved in customs process; introducing a simplified correction of a customs document based on the correction of the quantity of goods cleared, improve the risk analysis system according to which goods and / or importer type would be identified for an accelerated or simplified import procedure.	2018			√
Align the Decree on Customs Procedures and Customs Formalities with the new Customs Law, in such a way that the additional costs of the laboratory analysis are not borne by the applicant for the issuance of a binding information and abolish the fee for using customs terminals.	2019			√

## CURRENT SITUATION

The general rules and procedures that apply to goods brought into and out of the customs territory of the Republic of Serbia (later "RS") are regulated by the Customs Law ("Official Gazette of the RS No. 95/2018, 91/2019, 144/2020, 118/ 2021, 138/2022) and other bylaws; Customs tariff that is adjusted once a year with the Combined Nomenclature of the European Union; then international free trade agreements signed with members of the following agreements: CEFTA, EFTA, EU, Turkey, Eurasian Economic Union, Great Britain, Republic of China, United Arab Emirates, Egypt; as well as by applying different customs procedures: NCTS, NCTS-P5, AEO, as well as other procedures regulated by the Customs Law.

Continuous amendments to the Customs Law and by-laws significantly facilitate and simplify the application of customs procedures for legal entities operating on the territory of the RS. However, a very significant role is played by international agreements on free trade, since their application increases the competitiveness of products on the regional and international markets.

The Republic of Serbia has recognized the importance of expanding business cooperation with the EU and, during 2022, adopted and ensured the effective implementation of transitional rules on the preferential origin of goods. Starting from 2025, it has also adopted new rules under the framework of the Regional Convention on the Pan-Euro-Mediterranean Union (PEM Convention).

With the goal of improving technical functionality, we support investing in the "National One-Stop System" project, which will connect all participants in foreign trade, both state authorities and the business community, and enable faster and more efficient exchange of data and documents. The project was initially presented in 2020, and the completion of the project has been postponed and is now expected in 2027.

Serbia shares land borders with European Union (EU) member states, Montenegro, North Macedonia, and Bosnia and Herzegovina, making efficient goods transit a crucial factor. Slow customs procedures at border crossings - especially those with the EU - are among the main issues addressed by the Customs Administration, and concrete, significant improvements are needed. A positive example is the "Green Corridors" initiative, which introduced specific

operational enhancements, such as dedicated lanes for trucks to accelerate the flow of goods and reduce waiting times. These corridors are active at crossings: Sremska Rača, Gostun, Merdare, and Preševo, with planned expansion to Horgoš, Batrovci, and Dimitrovgrad. Their goal is faster border crossing for freight trucks, digitalization of documentation, and reduction of paperwork. At Horgoš, two new truck lanes and a sensor-equipped parking area have been built as part of the modernization under the "Green Corridors." Previously, there was a priority lane for trucks transporting fruits and vegetables, but the Customs Administration discontinued this practice due to misuse (trucks falsely declaring perishable goods out of season). Nevertheless, reintroducing this benefit - especially during the summer months - is strongly recommended.

## POSITIVE DEVELOPMENTS

The following positive developments have been identified that affect day-to-day business operations:

- Additional alignment with EU regulations and acceptance of more flexible rules on the concept of origin of goods between Serbia, CEFTA and PAN-EU members.
- Free Trade Agreement between Serbia and China entered into force in July 2024, with preferential rates that will undergo successive alignment over a five-year period.
- Customs Administration is intended for introduction of Automated Import and Export systems by establishing the Institutional Framework for the Implementation of "AIS/AES" jointly with EU. Numerous benefits are expected from paperless business, such as reducing the time and costs necessary to carry out import and export customs procedures, increasing the competitiveness of our economy and protecting citizens through better control of import and export, improving security and safety aspects as well as more efficient budget filling.
- New regulations are proposed for the Electronic Bill of Landing (E-CMR), that is expected to be aligned and to have a positive impact on the system of electronic invoices. As a signatory to the CMR Convention, Serbia has a legal basis for introducing the electronic protocol (e-CMR), but it has not yet been fully implemented into national legislation. Currently, digital solutions (eCMR) are offered by private IT providers and freight forward-

ing companies, but their use is voluntary and not legally mandated. EU regulation (eFTI): Starting in 2029, the EU will require mandatory electronic submission of transport data, which means that Serbia, as a candidate for EU membership, will need to align its regulations by that deadline.

## REMAINING ISSUES

### General Comments of the FIC

- I. Liberalization of customs preferences for import significantly affects existing operations of legal entities in terms of planning and making future business decisions. In order to ensure the continuity of operations of existing legal entities, it is very important that planned preferences are timely and transparently communicated, as well as to ensure an agreement with the affected industry regarding the abolishment or reduction of import duties.
- II. Since 2015, a significant customs relief for the import of new equipment not produced domestically - intended to support the expansion and modernization of existing production - has been abolished. We believe that customs duties on equipment, as prescribed by the Customs Tariff Law, should be revised and reduced or eliminated for products not manufactured in Serbia. In general, exemption from customs duties can be a key driver for business expansion and further investment.
- III. According to the Decree on Customs Procedures and Customs Formalities, when reviewing a request for the issuance of binding information, if an inspection of goods is required that cannot be performed by the competent customs laboratory, the Customs Administration will obtain a quote from an organization or individual to carry out the analysis, and the applicant is obliged to cover the cost of such analysis. Considering that, under the new Customs Law, the administrative fee for the analytical service must be paid to the competent authority, it would be appropriate for the applicant to pay only the prescribed amount of the administrative fee, while the cost of the authorized laboratory service should be borne by the Customs Administration.
- IV. The Customs Law stipulates that economic operators may be authorized to use a comprehensive guarantee with a reduced amount for customs debt and other

charges, or to be exempt from providing a guarantee altogether. Amendments to the Regulation on Customs Procedures and Customs Formalities, which enter into force on July 8, 2023, have been adopted. However, the Customs Administration has introduced certain restrictions through its explanatory notes that are not provided for in the legal regulations. For example, full exemption from providing a guarantee for the customs warehousing procedure is not permitted for most goods, including excise goods, goods imported from Asia, and motor vehicles. In the case of inward processing, this restriction applies to all goods, including excise goods. It should be noted that Article 84 of the Customs Law provides that the Government may introduce certain restrictions, with the possibility of exceptions to those restrictions. Therefore, the selective application of this article by the Customs Administration through non-transparent explanatory notes leads to legal uncertainty in its implementation.

- V. Most of the explanations provided by the Customs Administration are not published on its website, and even when they exist, it is difficult to access the documents issued by the Administration that clarify the implementation of customs procedures, which is very important for users in their regular operations.

### Application of legislation

- VI. The Customs Law stipulates that the maturity period of a customs debt may not exceed 8 days, which is too short for taxpayers who process a lot of customs documents on a daily basis. We suggest that customs authorities should enable the debtor to pay the customs debt within a period not exceeding 31 days. We believe that this would allow flexibility in customs clearance, resulting in a reduced number of errors in the processing of customs documents.
- VII. The Customs Law excludes the possibility of rectifying customs documents if, following customs clearance, based on the inventory stock count of goods at the receiving dock, the receiver identifies a discrepancy in the inventory relative to the quantity reflected in the customs documents. Such omissions are mainly unintentional and occur during the loading or delivery of goods, yet in certain cases they are still treated as violations, even when the customs debtor voluntarily reports the omission.

- VIII. Quality control inspections are regular at each importation of goods but are slowing down the customs clearance process even for the regularly imported goods that have been inspected by foreign accredited laboratories. Overall, the quality control tests are without deficiencies in the case of regular importers.
- IX. The Decree on Customs Procedures and Customs Formalities provides that, until the date of deployment of electronic systems the movement of goods between the temporary storage facilities shall be affected by applying the transit procedure. This restricts the rights of holders of the AEO authorization.
- X. The following deviations have been noted in practice: i) decisions on the request to amend the customs declaration are made after the prescribed deadlines; ii) full implementation of Article 158 of the Law is not allowed, declarations are still forwarded electronically, although the Law allows the holder of the approval to submit a declaration in the form of recording in business books, iii) restrictive approach is still applied when it comes to discounts and still insists on submitting contracts in writing although it is no longer necessary.
- XI. Customs regulations do not define temporary export as a special customs procedure, which means that the temporary export of goods does not require the approval of the customs authority, but to apply the provisions relating to the export of goods. However, the customs authorities require temporary export to be applied for and an authorization issued, which unnecessarily slows down and complicates the implementation of the export procedure.
- XII. The problem was noticed that in the case of the need to change a large number of declarations related to a longer period of time, the changes would be made for each declaration individually.
- XIII. FTA are applied without major difficulties, but documents of origin and "BTI" should be issued and processed more efficiently.
- XIV. Although the Customs Law has been in force for six years, there is still no act issued by the Customs Administration that explains the implementation of the inward processing procedure. As a result, customs offices rely on an act issued under the provisions of the previously applicable Customs Law, despite the fact that there have been significant changes in this area.

### FIC RECOMMENDATIONS

The FIC proposes the following improvements of the efficiency and transparency of the customs clearance procedure:

- I. Transparently communicate the planned liberalization of customs preferences with the interested industries and ensure the industry's consent at least 12 months prior to the commencement of the preference.
- II. We propose the following changes to customs declarations: (1) the date of issue of the customs invoice - it is recommended that the date of issue of the customs invoice should be the final date of clearance of goods and not the date of the acceptance of a declaration; 2) allow the use of a comprehensive guarantee with a reduced reference amount for several customs procedures, as well as relief from the obligation to provide the guarantee, in the manner prescribed for the transit procedure.
- III. A significant number of legal provisions require a further specification through by-laws as well as compliance with other relevant laws, such as: (1) alignment of customs procedure with VAT Law, regarding the treatment of a foreign legal entity in a customs procedure; (2) decrease the frequency of sample-taking for core products and accept the analysis of accredited foreign laboratories; (3) opinions issued by the Customs Administration should contain interpretations, not merely quotations of regulations; (4) specify the procedure for determining and changing the customs value in the event of a goods' price change; (5) specify the procedure for temporary

export in order to customs authority approval is not required and regular export procedures can be applied in practise; (6) adoption of an act of the CA which would explain the procedure for determining and changing the customs value in case of transfer prices; (7) improve efficiency for issuing "BTI" documents, (8) introduce an exemption from conducting misdemeanour proceedings for a person who only requests to change the data on the quantity of goods in the customs declaration after the end of the procedure and after determining the actual quantity of delivered goods; (9) consider the introduction of customs relief for the import of new equipment that is not produced in the country; (10) It is necessary to adopt a new explanatory note from the Customs Administration regarding the inward processing procedure, as a large number of major economic operators base their business operations on this procedure; (11) the adoption of an act by the Customs Administration that would clarify the procedure for consolidated accounting of customs debts.

- IV. Increase the efficiency at all levels of administration: efficient handling of requests that are in the administrative procedure; a better on-line information system available to all parties involved in customs process; introducing a simplified correction of a customs document based on the correction of the quantity of goods cleared, improve the risk analysis system according to which goods and / or importer type would be identified for an accelerated or simplified import procedure. Enable full implementation of the simplified customs procedure based on recording in the declarant's business records, by sending an appropriate notification to the Customs Administration, without the obligation to submit an electronic declaration. Allow the declarant to simultaneously use different types of simplifications (e.g., so-called "home clearance" and incomplete declaration).
- V. Align the Decree on Customs Procedures and Customs Formalities with the new Customs Law, in such a way that the additional costs of the laboratory analysis are not borne by the applicant for the issuance of a binding information and abolish the fee for using customs terminals.