



**Revenue
Service of Georgia**

Implementation of the Common Transit Procedure

LEGAL ASPECTS

2024



- A country must be invited by the EU/CTC Joint Committee
- Formal accession procedure is described in Articles 15(5) and 15a of the common transit Convention (Articles 11(5) and 11a of the SAD Convention)
- Communication (COM(2001)289 of 31.5.2001) sets out the general conditions that must be met by EU pre-accession countries, and
- Communication (COM(2010)668 of 18.11.2010) sets out a strategy to prepare certain neighbouring countries for accession to the Conventions

<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52010DC0668>

- Council conclusions on a strategy to prepare certain neighbouring countries for accession to the Conventions (28.03.2011, 6800/2/11)

2.3. As emphasised in the 2001 Communication, a country can only be invited to accede to the Conventions if it is able to implement the whole of the acquis on common transit and the simplification of formalities in force at the time of the invitation to accede, on the legal, operational and computerisation levels. National legislation must therefore have been aligned on that of the Conventions; the customs service must be able to fulfil the practical and financial requirements and have a computerised transit system (NCTS).

General conditions for accession

- Ability to implement the whole acquis



1. adopt the legal provisions
2. have the operational administrative structure in place
3. implement the New Computerised Transit System (NCTS)

Accession process in practice

- A country signals its interest in acceding to the Conventions.
- The country may receive technical assistance (e.g. on gap analysis, software development and through twinning, financing, Customs 2020, etc.).
- The country may be granted observer status in the EU/CTC Working Group and Electronic Customs Coordination Group.
- The country prepares to implement the whole acquis, set up its operational administrative structure and develop its national NCTS application.
- The country applies common transit as national transit for at least 1 year before accession.
- The country communicates that all conditions have been met.
- The Contracting Parties monitor that the conditions are met.
- A formal invitation to join is adopted by the Joint Committee and sent to the country.
- The country deposits its instrument of accession to the Council of the EU, to take effect the first day of the second following month.
- The Conventions are amended by decision of the Joint Committee to take into account the impact of accession of a new country.
- The country accedes and becomes a new Contracting Party.

Commission will devise a series of measures designed to ensure the overall consistency of the preparations with the implementation of customs instruments on legislation and integrated application at administrative level.

What is needed to apply common transit as national transit.

- Ability to implement the whole acquis



1. implement the New Computerised Transit System (NCTS)
2. adopt the national legal provisions
3. have the operational administrative structure in place

Legal steps



CTC_SAD_Legal
Approximation

- **Translate the Conventions** in national language(s);
 - Full
- **Adopt national provisions** on transit identical to the ones of the Conventions;
 - Legal reference or copy and integrate
 - Basic process must be covered
 - Minimum required, NCTS 4 vs NCTS 5

Organisational steps



Operational
Monitoring

- **Project team to liaise IT, legal and international experts with senior management.** This project team should be in close contact with the Commission;
- IT project team includes **helpdesk**;
- **Determine** customs authorities and **offices competent** for national **transit** (departure, guarantee, destination, transit and incidents);
- Issue national instructions, **guidelines, training.**



Managers of GRS and Customs, International Relations and IT departments

Commission

Working Group

Customs
Department

International
Relations
Department

IT Department

Legal Department

**Project Team in close
cooperation with the
Commission**

EU - Georgia Association Agreement



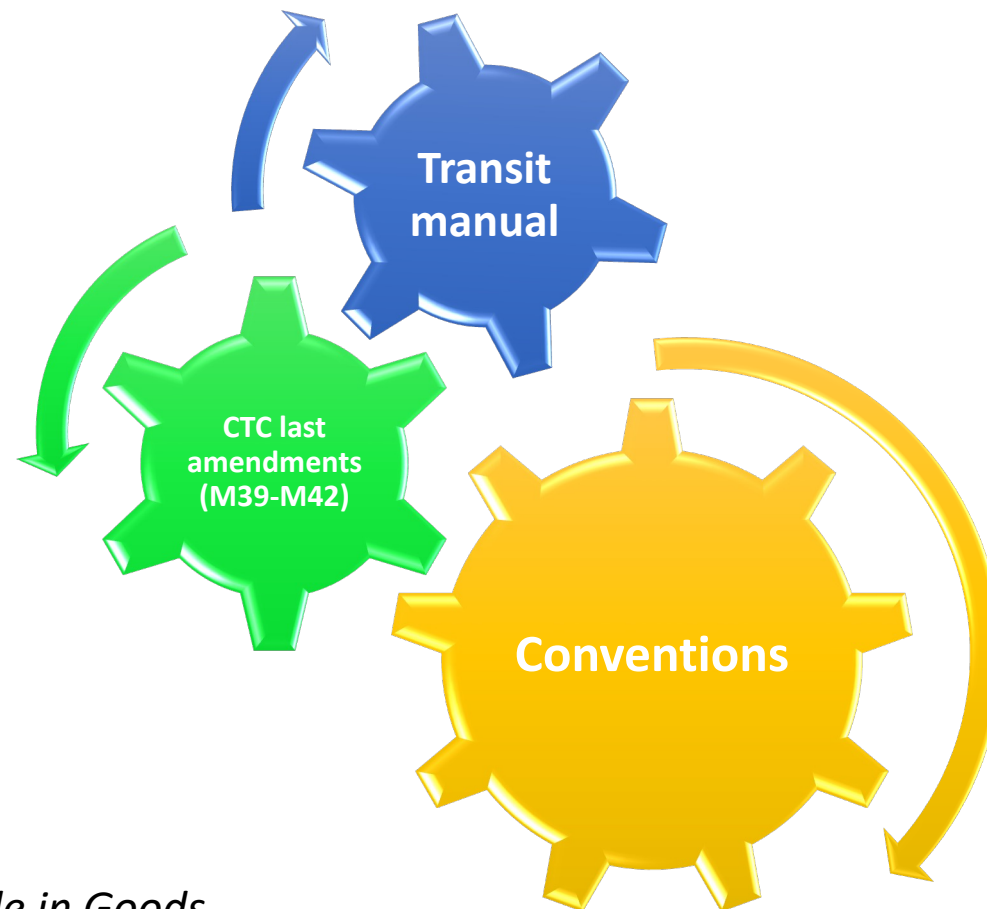
Parties shall pursue the progressive interconnectivity of their respective customs transit systems, with a view to the future participation of Georgia in the common transit system

ANNEX XIII

APPROXIMATION OF CUSTOMS LEGISLATION

Convention of 20 May 1987 on the Simplification of Formalities in Trade in Goods

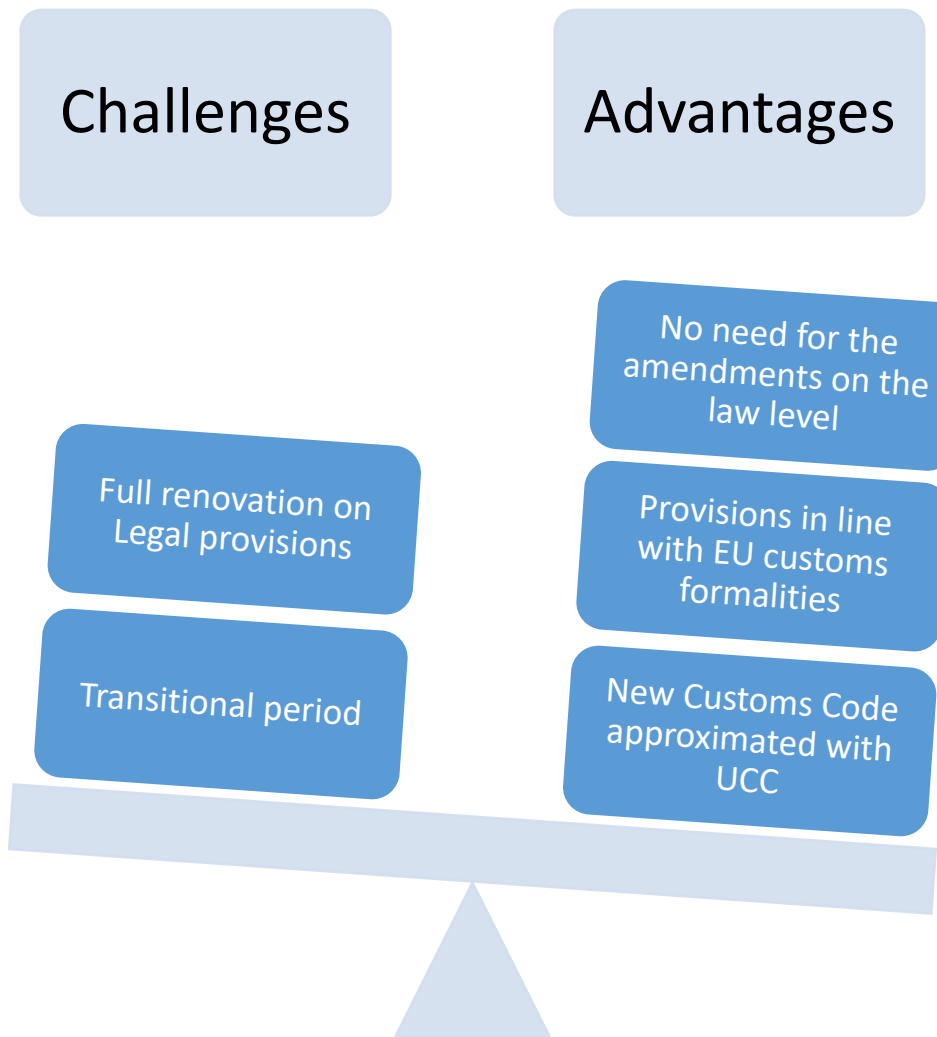
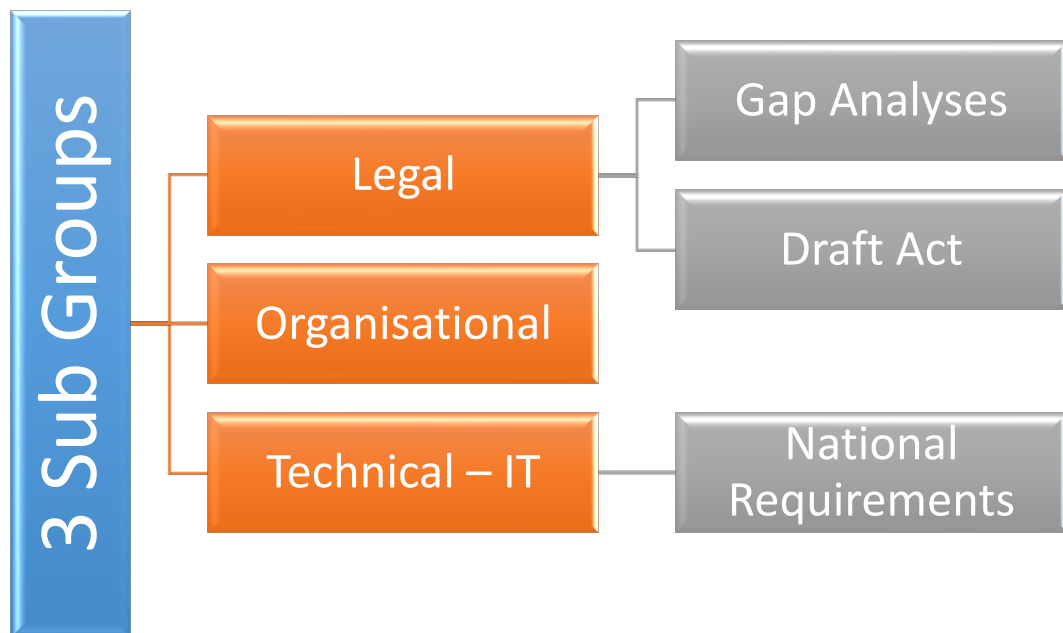
Convention of 20 May 1987 on a common transit procedure



Timetable: The approximation with the provisions of the above mentioned Conventions, including through a possible accession to those Conventions by Georgia, shall be carried out within four years following the entry into force of this Agreement.



Experts from Partner Countries: Poland, Finland, Latvia

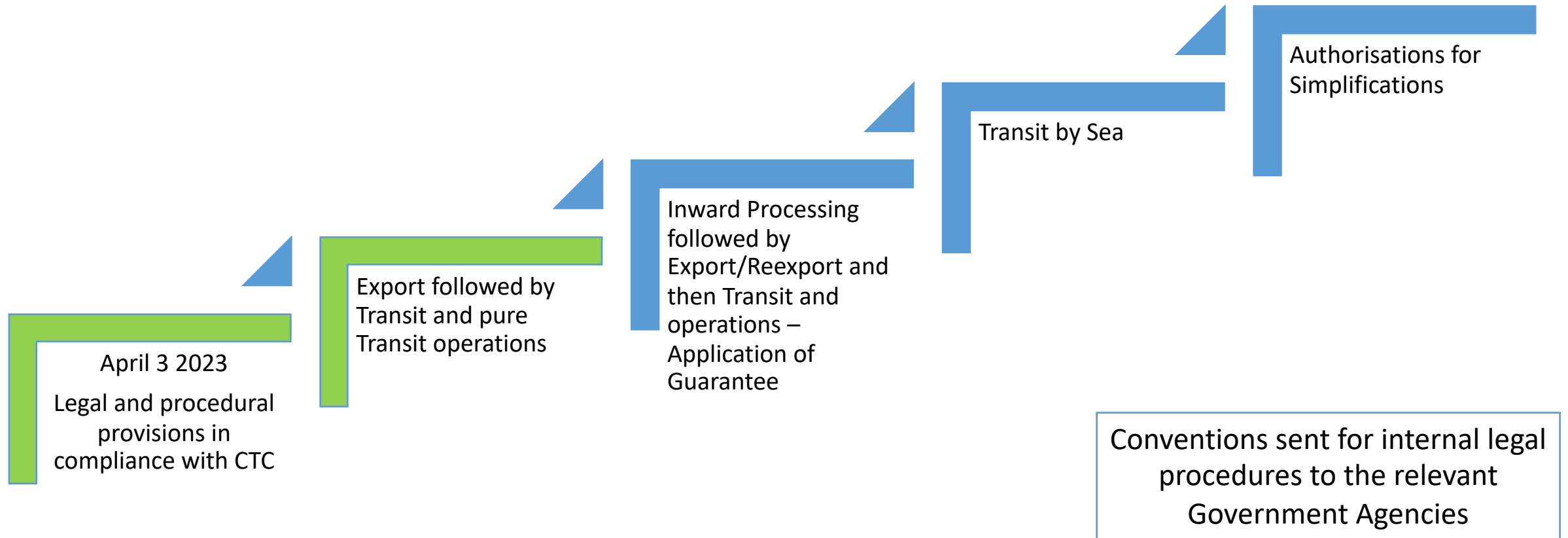


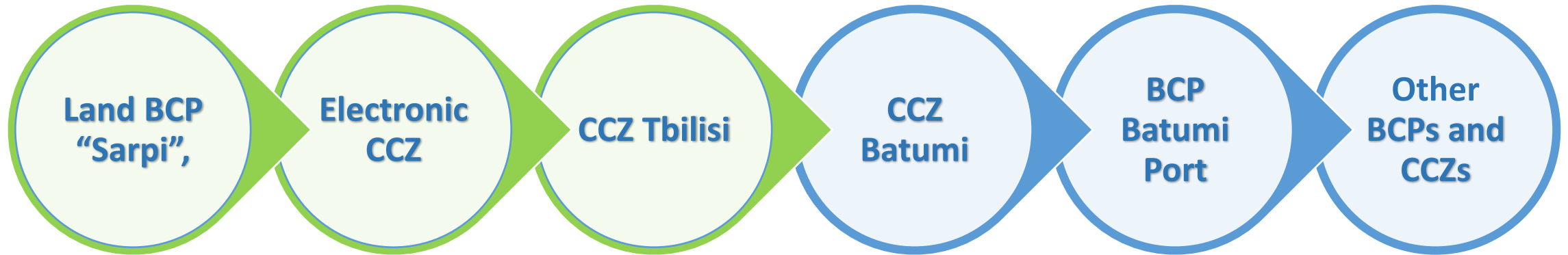


CTC Article	Title	MoF Order No 290 Article	Order No 12858 Article	DRAFT Customs Code of Georgia	Findings / differences Remarks	Conclusions / Recommendations
	General provisions					
1		does not exist (=X)	X	110, 118	par.1 covered by DCCG, In line with DCCG par.2 N/A Par 3. N/A par.4 Reference to be added to legislation (i.e. transit declarations / documents according to Appendix III of the Convention)	Reference to the forms used in transit to be introduced.
2		X	X	X		to be introduced
3		57 1	X	6(1)(3)	Par. 1 Alignment of the definition of "transit" (6(1) (3) DCCG) is needed. The content should be changed so that it covers also the cases where transit procedure is started or ended in Georgia. Missing definitions - "country" - "third country", - "common transit country" to be introduced in the legislation. See also APPENDIX I ARTICLE 3. Par 3. N/A	Missing definitions to be introduced. Definition of "transit" to be aligned.
4		X	X	X	The substance is needed only in the Convention level.	N/A
5		X	X	X	Application of a single transport document is missing	to be introduced



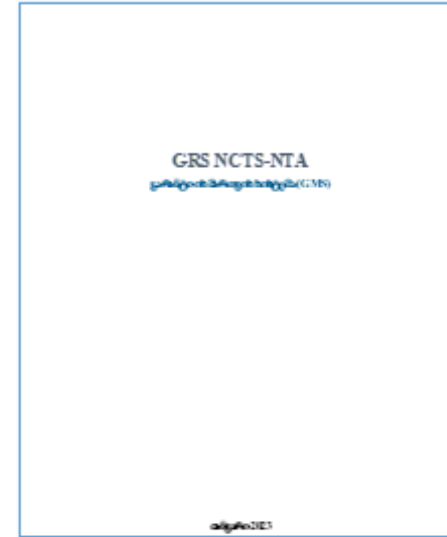
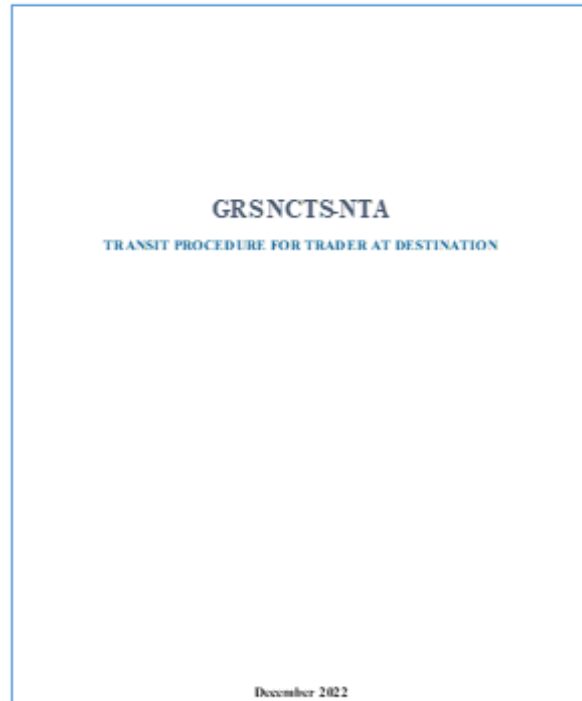
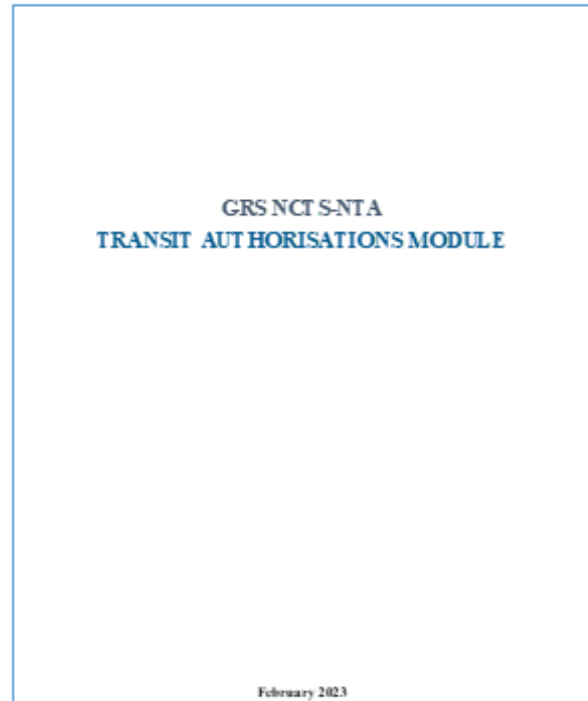
A	B	C	D	E	F	G	H	I	J	K	L	
Observer country :						Means of adoption	Comment(s) on discrepancy between CTC and bylaw	Reference of ongoing adoption	Reference of FINAL adoption	State of play	Comment(s)	
Version(s) of CTC:												
Update date:												
CONVENTION ON A COMMON TRANSIT PROCEDURE												
BODY												
General provisions												
	Article 1	scope										
	Article 2	T1 – T2 – Union status										
	Article 3	Definitions										
	Article 4	scope limitations										
	Article 5	Suspension of the procedure										
	Article 6	bilateral or multilateral agreements on simplified procedures										
Implementation of the transit procedure												
	Article 7	customs offices										
	Article 8	non-alteration of the state of the goods										
	Article 9	reconsignment of T2										
	Article 10	Guarantee										
	Article 11	Sealing of consignments										
	Article 12	compilation of statistics.										
Administrative assistance												
	Article 13	cooperation										
Recovery												
	Article 13 (a)	mutual assistance for the recovery of claims										
The Joint Committee												
	Article 14	Joint Committee										
	Article 15	Responsibility Joint Committee										
Accession of third countries												
	Article 15a	Accession of third countries										
Miscellaneous and final provisions												
	Article 16	Take appropriate measures										
	Article 17	keep each other informed of the provisions which they adopt for the implementation of this Convention.										
	Article 18	prohibitions or restrictions on the importation, exportation or transit										







- **Customs Officers Trained – 160**
- **Companies (Importers, Exporters, Carriers, Warehouse holders and Banks) Representatives Trained – 80**





Project title: “Development and Implementation of New Computerized Transit System (NCTS) of Georgia Revenue Service” (2021 - 2023)

Objective of The Project: Development of independent national transit application based on NCTS Phase 5

COMPLETED

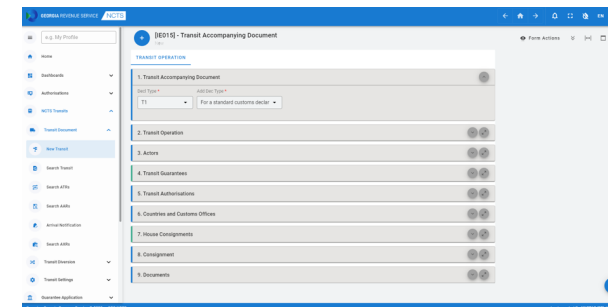
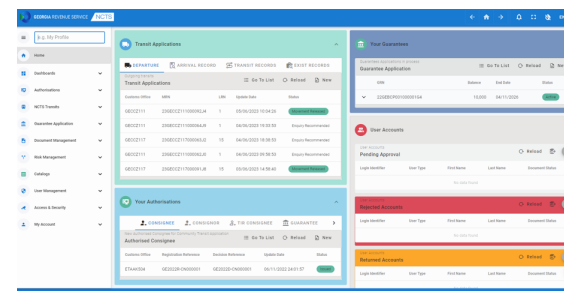
- New Transit Application – Transit Declaration
- Guarantee Management System
- Risk Management System
- Authorization System
- Testing Completed
- User Manuals Developed
- National Application of the System (April 6, 2023)
- Pre assessment mission (October 2023)
- Connection to CCN/CSI

IN PROCESS

- Training of Customs officers and Private sector representatives
- Conformance testing
- Legal Procedures

PLAN

- Start Of The Pilot Project On NCTS P5 Application with CTC contracting party



www.NCTS1.rs.ge

Accession to Conventions and implementation of Common NCTS P5 – end of 2024



Completed

Translation of the Conventions and Transit manual

Gap analysis

Act on Common Transit

Update of translation CTC considering last amendments (M39-M42)

User Manuals, Instructions and Training Materials

Update of National Plan and Strategy

On-going

Conventions under National Legal Procedures for the Accession

Update of translation of the Latest Version of Transit Manual

Planned

Update of Act on Common Transit for Common Level

Update of User Manuals, Instructions and Training Materials for Common Level

We will Communicate that all conditions have been met

Georgia deposits the instrument for the Accession

Q2 2024 (May)
Accession to CTC/SAD Conventions and implementation of Common NCTS P5



Guarantee
Management

Simplifications



Guarantee

- Individual guarantee:

- Covers a single operation
- By cash deposit, by guarantor or by voucher (€ 10.000)
- Covers the full amount of potential customs debt

- Comprehensive guarantee (simplification):

- Covers several operations
- Calculated as the potential debt of one week's operations (reference amount)
- Guarantee level 100% of potential debt or reduced to 50% or 30% or **guarantee waiver** (depending on meeting specific criteria)
- Guarantee furnished by guarantor (third party established in a Contracting Party)

not subject to bankruptcy proceedings, fulfilment his financial obligations (3 years), accounting system...

Guarantee Waiver:

- By Law: goods carried by a fixed transport installation
- On the basis of bilateral or multilateral agreement of the Contracting Parties for operations involving only their territories

Reference Amount:
The amount of the debt (Highest Rates) which may become payable in connection with each common transit operation in respect of which the guarantee is provided or fixed at EUR 10 000 per operation



Upon application the customs authorities may authorise any of the following simplifications:

(a) use of a comprehensive guarantee or guarantee waiver;

(b) the use of seals of a special type, where sealing is required to ensure the identification of the goods placed under the common transit procedure;

(c) the status of authorised consignor, allowing the holder of the authorisation to place goods under the common transit procedure without presenting them to customs;

(d) the status of authorised consignee, allowing the holder of the authorisation to receive goods moved under the common transit procedure at an authorised place to end the procedure in accordance with Article 48(1);

(e) the use of the paper-based common transit procedure for goods carried by air;

(f) the use of the paper-based common transit procedure specific for the goods carried by rail;

(g) the use of other simplified procedures based on Article 6 of the Convention;

(h) the common transit procedure based on an electronic transport document as a transit declaration for air transport;

(i) the use of a customs declaration with reduced data requirements to place goods under the common transit procedure.

Territorial scope of the authorisations of simplifications



(a) the applicant is established in the customs territory of a Contracting Party;

(b) the applicant has not committed any serious infringement or repeated infringement of customs legislation and taxation rules, including no record of serious criminal offences relating to his economic activity;

(c) the applicant regularly uses the common transit procedure or he has the practical standards of competence or professional qualifications directly related to the activity carried out.

Monitoring of the conditions for authorisations

The customs authorities shall monitor the conditions to be fulfilled by the holder of the authorisation.

Where the holder of the authorisation has been established for less than three years, the customs authority shall closely monitor that holder during the first year after the authorisation is granted.



**Revenue
Service of Georgia**

Thank you!

JUNE 15, 2023