Inward Processing

Overview

Inward Processing (IP) is a UK special procedure that allows businesses to import goods for processing or repair without paying import duties and VAT, provided the goods are later re-export-ed or diverted in an approved way. IP is designed to support businesses involved in manufacturing, repair, or processing activities by improving cash flow and reducing production costs.

Types of Inward Processing Authorisation

The main types of approval are:

• Authorisation by Declaration
• Full Authorisation

Full authorisation is available in the UK and also in
Northern Ireland & EU. Retrospective applications are also possible if activity has already occured which falls within scope.

Authorisation by declaration is restricted to 3 imports a year each not exceeding £500,000, beyond this criteria a full authorisation would be required by the trader.

How Inward Processing can be used

IP can be used in several ways, including:

Manufacturing: Goods imported for transformation into finished products before export.

Processing: Intermediate processing such as refining, blending, or assembly.

Repair & Maintenance: Goods brought in for repair or refurbishment before being returned to the owner.

Testing & Quality Control: Goods imported temporarily for examination or testing.

Import Process

Goods can only be declared to inward processing during the import process by using the correct Cus-toms Procedure Code (CPC), authorisation reference and economic code. In the UK the declaration is made in the Customs Declaration Service (CDS).

Record Keeping

Detailed records must be held for all goods entered and released from inward processing, including

customs declaration numbers, customs procedure codes, tariff codes, econimic codes and details of the goods.

Export & Discharge Process

Goods can be discharged from inward processing in the following ways:

• Re-export customs declaration and proof of export
from the UK
• Diversion to free circulation following repair or
processing (when following processing, this can often result in a lower duty rate payable)
• Diversion to another customs special procedure
such as customs warehousing
• Diversion to another inward processing holder
including Transfer of Rights & Obligations (TORO

Bill of Discharge

The final stage to release goods from inward processing is to compelte and submit a bill of discharge to confirm how the goods were discharged from the procedure.

• BOD1: Submitted monthly or quarterly for full authorisation holders

• BOD3: Submitted for each authorisation by declaration import

Our Services

Application service. We work to collect the necessary information, complete and submit the application and
respond to any HMRC questions.

Management service. Taking care of your record keeping and bills of discharge.

Auditing. Auditing of your existing authorisation against your HMRC approval terms.

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