

# ORGANISATION MONDIALE DU COMMERCE

G/VAL/N/1/LVA/1

17 mars 1999

(99-1075)

Comité de l'évaluation en douane

Original: anglais

## NOTIFICATION AU TITRE DE L'ARTICLE 22:2 DE L'ACCORD SUR LA MISE EN ŒUVRE DE L'ARTICLE VII DE L'ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE DE 1994

### RÉPUBLIQUE DE LETTONIE

La Mission permanente de la Lettonie a fait parvenir au Secrétariat la communication ci-après, datée du 4 mars 1999.<sup>1</sup>

Se référant aux engagements énoncés au paragraphe 124 du Rapport du Groupe de travail de l'accession de la Lettonie à l'OMC (WT/ACC/LVA/32 du 30 septembre 1998), la Mission permanente de la Lettonie a le plaisir de faire parvenir les notifications ci-après au titre de l'Accord sur la mise en œuvre de l'article VII du GATT de 1994:

- 1) le Règlement du Cabinet concernant la méthode de calcul de la valeur en douane des marchandises; et
- 2) la Loi douanière.

---

<sup>1</sup> Anglais seulement.

## CABINET OF MINISTERS OF THE REPUBLIC OF LATVIA

17. December, 1997  
Riga

Regulations no. 428  
(prot. no.     )

Issued in accordance with the  
Customs Law Articles 126. and 161.

### PROCEDURE FOR CALCULATING THE CUSTOMS VALUE OF GOODS

#### TERMINOLOGY USED IN THE REGULATIONS

1. ***Data processing equipment*** - any machinery or equipment in which data is processed, as well as such equipment which is included or works in conjunction with machinery that fulfils other functions.
2. ***Accounting principles*** - recognised consensual or substantial authoritative support within a country at a particular time as to which economic resources and obligations should be recorded as assets and liabilities, which changes in assets and liabilities should be recorded, how the assets and liabilities should be measured, what information should be disclosed and how it should be disclosed, and which financial statements should be prepared.
3. ***Customs valuation declaration*** - a document which the declarant submits to the customs authorities together with the customs declaration in order to determine the customs value of the goods.
4. ***Buying commission*** - means fees paid by an importer to his agent for the service of representing him in a purchase of the goods being valued.
5. ***Place of introduction of goods:***
  - 5.1. the port of unloading or transshipment (if the act of transshipment is noted in the customs control post for the port) - for goods imported by sea transport;
  - 5.2. any airport registered in the Republic of Latvia - for goods imported by air transport;
  - 5.3. the delivery address - for goods sent by post;
  - 5.4. the place where the customs border of the Republic of Latvia is crossed - for goods which are imported by rail, road, internal waterways or in any other way;
6. ***Sale of goods in the greatest aggregate quantity*** - the greatest number of units of the goods which are sold for one price.
7. ***Marketing activities*** - all activities relating to advertising and promoting the sale of the goods in question and all activities relating to warranties or guarantees in respect of them.
8. ***Goods of the same class or kind*** - goods which fall within a group or range of goods produced by a particular industry or industry sector. This notion includes both identical and similar goods within the meaning of Articles 162 and 163 of the Customs Law.

## GENERAL QUESTIONS

9. These Regulations prescribe the procedure how the customs value of goods (henceforth - customs value) imported into the customs territory of the Republic of Latvia or exported from the customs territory of the Republic of Latvia is calculated.
10. The customs authority which carries out the processing of cargo documentation has the right to examine the correctness of the customs valuation method selected by the declarant.
11. The customs value indicated by the declarant and information relating to its determination must be true and the facts documentarily corroborated. If the declarant cannot submit true information and documentarily corroborated facts to the Customs authorities, the customs authorities have the right to use the information at their disposal and make appropriate corrections to the said customs value, if necessary.
12. To determine the customs value, customs authorities may use information prepared abroad, based on the principles of accounting in the respective country.
13. If after the customs value has been determined it becomes clear that the information submitted for determining the customs value was untrue or incorrect, then the initially determined customs value is not recognised and the customs value is determined anew.
14. All extra expenses incurred by the declarant in determining the customs value with regard to specifying the customs value or submitting supplementary information to the customs authorities must be paid by the declarant.
15. If the declarant requires additional time to determine the customs value, he may request the customs authority to release the goods for free circulation against the appropriate security.
16. The customs authorities have the right to demand any information and documents necessary to determine the customs value.
17. A copy of the invoice, on the basis of which, the value of the imported goods is being declared, must be submitted to the customs authority. If the customs value is declared in writing, this copy shall be retained by the customs authority.
18. If the Customs authorities have doubts about the declared customs value, they can demand supplementary information. If the doubts remain after receipt of the supplementary information, the Customs authority shall inform the declarant and give an opportunity to submit any relevant explanations before arriving at a final decision.
19. The applicant is informed in writing of the final decision and the reasons why the decision was taken. The applicant is informed about his rights to appeal against the decision.
20. Charges for interest under a financing arrangement entered into by the buyer and relating to the purchase of imported goods, irrespective of whether the finance is provided by the seller or another person, provided that the financing arrangement has been made in writing and where required, the buyer can demonstrate that:
  - 20.1. such goods are actually sold at the price declared as the price actually paid, and
  - 20.2. the claimed rate of interest does not exceed the level for such transactions prevailing in the country where, and at the time when, the finance was provided,

shall apply *mutatis mutandis* where the customs value is determined by applying a method other than the transaction value.

21. Where containers referred to in Article 168 (1) 1) b) of the Customs Law are to be the subject of repeated importations, their cost shall, at the request of the declarant, be apportioned, as appropriate, in accordance with generally accepted accounting principles.

22. The customs value of goods to be exported corresponds to the value of the goods transaction - the price actually paid, payable or that may be paid for the said goods.

23. The declarants determined value of goods, which in accordance with the Latvian Goods Combined Nomenclature are classified under tariff headings 4901; 9701; 9702; 9703; 9706, and are older than 50 years, is checked by experts from the State Culture Statue Protection Inspectorate, their customs value being shown on the export permit.

#### **VALUATION OF GOODS BY THE TRANSACTION VALUE, IN ACCORDANCE WITH ARTICLE 165. OF THE CUSTOMS LAW**

24. The price actually paid or payable referred to in Article 165. of the Customs Law is the total payment made by the buyer, or which the buyer must make to the seller for the imported goods and includes all payments made or to be made to the seller in accordance with the conditions of the sale, or to a third party in order to meet all commitments to the seller. Payment may be made directly or indirectly, by bank transfer, in cash or in any other way acceptable to the buyer.

25. Activities, including marketing activities, undertaken by the buyer on his own account, other than those for which an adjustment is provided in of Article 168 of the Customs Law, are not considered to be an indirect payment to the seller, even though they might be regarded as of benefit to the seller or have been undertaken by agreement with the seller, and their cost shall not be added to the price actually paid or payable in determining the customs value of imported goods.

26. For the purposes of determining customs value of goods in regard to which the price has not actually been paid at the material time for valuation for customs purposes, the price payable for settlement at the said time shall as a general rule be taken as the basis for customs value.

27. Where goods declared for free circulation are part of a larger quantity of the same goods purchased in one transaction, the price actually paid or payable shall be that price represented by the proportion of the total price which the quantity so declared bears to the total quantity purchased.

28. Apportioning the price actually paid or payable shall also apply in the case of the loss of part of a consignment or when the goods being valued have been damaged before entry into free circulation.

29. Where the price actually paid or payable includes an amount in respect of any internal tax applicable within the country of origin or export in respect of the goods in question, the said amount shall not be incorporated in the customs value provided that it can be demonstrated to the satisfaction of the customs authorities concerned that the goods in question have been or will be relieved therefrom for the benefit of the buyer.

30. For the purposes of Article 168 (1) 2) d) of the Customs Law, the cost of research and preliminary design sketches is not to be included in the customs value.

31. Where, in applying Article 165 (2) 2) of the Customs Law, it is established that the sale or price of imported goods is subject to a condition or consideration the value of which can be

determined with respect to the goods being valued, such value shall be regarded as an indirect payment by the buyer to the seller and part of the price actually paid or payable provided that the condition or consideration does not relate to either:

- 31.1. marketing activities, if they are carried out by the buyer. The said activities are carried out at the buyers own expense even if such activities are foreseen in the contract signed between the buyer and seller;
- 31.2. activities, in respect of which an addition is to be made to the price actually paid or payable under the provisions of Article 168 of the Customs Law.

32. The expenses referred to in Article 168. (1). 3). of the Customs Law include payment for the right to use intellectual property and licence fees. By these payments are understood payments for the rights for:

- 32.1. manufacture of the imported goods (in particular, patents, design, models and special professional information);
- 32.2. sale of the imported goods for export (in particular, trade mark, registered designs);
- 32.3. use or resale of the imported goods (in particular, copyright, manufacturing processes inseparably embodied in the imported goods).

33. Payment for the right to use intellectual property and licence fees shall be added to the price actually paid or payable only if this payment is in relation to the goods being valued, and constitutes a condition of sale of those goods.

34. When the imported goods are only an ingredient or component of goods manufactured in the Republic of Latvia, an adjustment to the price actually paid or payable for the imported goods shall only be made when the payment for the right to use intellectual property or licence fee relates to those goods.

35. If the goods are imported in an unassembled state or are subject only to dilution or packaging before resale, then the payment for the right to use intellectual property or licence fee must be included in the price of the imported goods.

36. If the payment for the right to use intellectual property or licence fee relate partly to the imported goods and partly to other ingredients or component parts added to the goods after their importation, or to post-importation activities or services, an appropriate apportionment shall be made only on the basis of objective and quantifiable (received in the necessary quantity) data.

37. Payment for the right to use intellectual property or licence fees is only to be added to the price actually paid or payable for the imported goods where:

- 37.1. the payment for the right to use intellectual property or licence fee relates to goods which are resold in the same country, or are subject after importation, to the processing referred to in para 35. of these Regulations;
- 37.2. the goods are marketed under the trade mark, affixed before or after importation, for which the payment for the right to use intellectual property or licence fee is paid;
- 37.3. the buyer is not free to obtain such goods from other suppliers unrelated to the seller.

38. If the buyer pays for the right to use intellectual property or licence fee to a third party, the conditions of para 33. of these Regulations shall not be considered as met unless the seller or a person related to him requires the buyer to make that payment.

39. If the calculation of the payment for the right to use intellectual property or licence fee is derived from the price of the imported goods, it may be assumed in the absence of evidence to the contrary that the payment of that royalty or licence fee is related to the goods to be valued.

40. If the payment for the right to use intellectual property or licence fee is calculated regardless of the price of the imported goods, the said payment may nevertheless be related to the goods to be valued.

41. In applying Article 168. (1). 3). of the Customs Law, the country of residence of the recipient of the payment for the right to use intellectual property or licence fee shall not be a material consideration.

42. If the sale or price is subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued, the transaction value shall not be acceptable for Customs purposes.

43. The customs authorities need not determine the customs value of imported goods on the basis of the transaction value if they are not satisfied, on the basis of reasonable doubts, that the declared value represents the total amount paid or payable as referred to in Article 165. of the Customs Law.

**VALUATION OF GOODS BY THE VALUATION METHOD FOR IDENTICAL GOODS, IN ACCORDANCE WITH ARTICLE 166. (2). 1). OF THE CUSTOMS LAW**

44. In applying Article 166 (2) 1) of the Customs Law, the customs administration shall, wherever possible, use a sale of identical goods at the same commercial level and in substantially the same quantities as the goods being valued. Where no such sale is found, a sale of identical goods that takes place under any one of the following three conditions may be used:

- 44.1. under the same commercial conditions but in different quantities of goods;
- 44.2. under different commercial conditions but in the same quantity of goods;
- 44.3. under different commercial conditions and in different quantities of goods;

45. A condition for adjustment because of different commercial levels or different quantities is that such adjustment be made only on the basis of demonstrated evidence that clearly establishes the reasonableness and accuracy of the adjustments.

46. In determining the customs value under the valuation method for identical goods, differences in the costs of the identical goods and the goods being valued referred to in Article 168. (1). 5)., must be taken into account. These costs must be included in the customs value with the appropriate correction.

47. If, in applying the valuation method for identical goods, more than one transaction value of identical goods is found, the lowest such value shall be used to determine the customs value of the imported goods.

**VALUATION OF GOODS BY THE VALUATION METHOD FOR SIMILAR GOODS, IN ACCORDANCE WITH ARTICLE 166. (2). 2). OF THE CUSTOMS LAW**

48. In applying Article 166 (2) 2) of the Customs Law, the customs administration shall, wherever possible, use a sale of similar goods at the same commercial level and in substantially the same quantities as the goods being valued. Where no such sale is found, a sale of identical goods that takes place under any one of the following three conditions may be used:

- 48.1. under the same commercial conditions but in different quantities of goods;
- 48.2. under different commercial conditions but in the same quantity of goods;
- 48.3. under different commercial conditions and in different quantities of goods;

49. A condition for adjustment because of different commercial levels or different quantities is that such adjustment be made only on the basis of demonstrated evidence that clearly establishes the reasonableness and accuracy of the adjustments.

50. In determining the customs value under the valuation method for similar goods, differences in the costs of the similar goods and the goods being valued referred to in Article 168. (1). 5)., must be taken into account. These costs must be included in the customs value with the appropriate correction.

51. If, in applying the valuation method for similar goods, more than one transaction value of similar goods is found, the lowest such value shall be used to determine the customs value for the imported goods

**VALUATION OF GOODS BY THE VALUE OF ONE UNIT, IN ACCORDANCE WITH  
ARTICLE 166. (2). 3). OF THE CUSTOMS LAW**

52. If the imported goods or identical or similar imported goods are sold in the customs territory of the Republic of Latvia in the condition as imported, the customs value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are so sold in the greatest aggregate quantity, at or about the time of the importation of the goods being valued, to persons who are not related to the persons from whom they buy such goods

53. The following costs are not included in the customs value:

- 53.1. the commissions usually paid or agreed to be paid or the additions usually made for profit and general expenses (including the direct and indirect costs of marketing the goods in question) in connection with sales of imported goods of the same class or kind;
- 53.2. transport, insurance and other costs related to the transportation of the goods in the customs territory of the Republic of Latvia;
- 53.3. customs and other charges payable in relation to the importation or sale of the goods in the customs territory of the Republic of Latvia.

54. The conditions of paragraphs 52. and 53. of these Regulations are applicable even if the said goods are sold in an unaltered state within the customs territory of the Republic of Latvia no later than 90 days after their importation.

55. If neither the imported goods nor identical or similar imported goods are sold in the customs territory of the Republic of Latvia in the condition as imported, then, if the importer so requests, the customs value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons in the Republic of Latvia who are not related to the persons from whom they buy such goods, due allowance being made for the value added by such processing and the deductions provided for in paragraph 53. of these Regulations.

56. Any sale in the Republic of Latvia to a person who supplies directly or indirectly free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods any of the elements specified in Article 169 (1) 2) of the Customs Law should not be taken into account in establishing the unit price for the purposes of this paragraph.

57. The customs value may not be determined by the method of the value of one unit if the goods:

57.1. have lost their identity (are not identifiable);

57.2. have not lost their identity (are identifiable) but form only a small part of the goods sold.

**VALUATION OF GOODS BY THE COMPUTED VALUE, IN ACCORDANCE WITH ARTICLE 166. (2). 4). OF THE CUSTOMS LAW**

58. The customs authorities may not require or compel any person not resident in the Republic of Latvia to produce for examination, or to allow access to, any account or other record for the purposes of determining this value. However, information supplied by the producer of the goods for the purposes of determining the customs value under this method may be verified in another country by the customs authorities of the country of importation with the agreement of the producer.

59. The cost or value of materials and fabrication shall include the cost of elements specified in Article 168 (1) 1) b) and c) of the Customs law.

60. The computed value shall also include the value, duly apportioned, of any product or service specified in Article 168 (1) 2) of the Customs law which has been supplied directly or indirectly by the buyer for use in connection with the production of the imported goods.

61. The value of the elements specified in Article 168. (1). 2). d) of the Customs Law shall be included only to the extent that such elements are charged to the producer.

62. Where information other than that supplied by or on behalf of the producer is used for the purposes of determining a computed value, the customs authorities shall inform the declarant, if the latter so requests, of the source of such information, the data used and the calculations based on such data.

63. The general expenses referred to in the second indent of Article 166. (2). 4). b). of the Customs Law cover the direct and indirect costs of producing and selling the goods for export which are not included under the first indent of Article 166. (2). 4). a). of the Customs Law.

**VALUATION OF GOODS BY THE METHOD OF VALUATION IN SPECIAL CIRCUMSTANCES, IN ACCORDANCE WITH ARTICLE 167. OF THE CUSTOMS LAW**

64. The methods referred to in Articles 165. and 166, of the Customs Law are used taking into account the prescribed aims and conditions of Article 167. of the Customs Law.

**TRANSPORT COSTS:**

65. In applying Article 168. (1). 5). b). and Article 169.1. of the Customs Law:

65.1. where goods are carried by the same mode of transport to a point beyond the place of introduction into the customs territory of the Republic of Latvia, transport costs shall be assessed in proportion to the distance covered outside and inside the customs territory of the Republic of Latvia, unless evidence is produced to the customs authorities to show the costs that would have been incurred under a general compulsory schedule of freight rates for the carriage of the goods to the place of introduction into the customs territory of the Republic of Latvia.



- 65.2. where goods are invoiced at a uniform free domicile price which corresponds to the price at the place of introduction, transport costs within the Republic of Latvia shall not be deducted from that price.  
However, such deduction shall be allowed if evidence is produced to the customs authorities that the free-frontier price would be lower than the uniform free domicile price.
- 65.3. where transport is free or provided by the buyer, transport costs to the place of introduction, calculated in accordance with the schedule of freight rates normally applied for the same modes of transport, shall be included in the customs value.
66. All postal charges levied up to the place of destination in respect of goods sent by post shall be included in the customs value of these goods, with the exception of any supplementary postal charge levied in the country of importation. No adjustment to the declared value shall, however, be made in respect of such charges in determining the value of consignments of a non-commercial nature.
67. Paragraph 66. of these Regulations does not apply to goods which are carried as postal express consignments.

#### **DETERMINATION OF THE CUSTOMS VALUE OF ELECTRONIC CARRIER MEDIA, WHICH CONTAIN DATA FOR USE IN DATA PROCESSING EQUIPMENT OR INSTRUCTIONS**

68. The customs value of imported electronic carrier media, which contain data for use in data processing equipment or instructions shall be the value of the electronic carrier media itself, provided that such value is distinguishable from the value of the data or instructions in question.
69. The "electronic carrier media" referred to in paragraph 68. of these Regulations shall not be taken to include integrated circuits, semi-conductors and similar equipment or items incorporating such integrated circuits or equipment.
70. The data or instructions referred to in paragraph 68. of these Regulations shall not be taken to include sound, cinematographic or video recordings.

#### **USE OF THE CUSTOMS VALUATION DECLARATION**

71. When releasing goods for free circulation, a customs valuation declaration (Appendix) must be attached to the customs declaration.
72. The customs valuation declaration must be submitted in writing, it may be completed and signed by the declarant. The declarant is responsible for:
- 72.1. the accuracy and completeness of the information given in the declaration;
  - 72.2. the authenticity of the documents;
  - 72.3. the submission of any additional information or document necessary to establish the customs value of the goods.
73. The customs authorities may allow goods to be released for free circulation without completion of a customs valuation declaration:
- 73.1. if the value of the goods, which are declared in accordance with the customs declaration does not exceed Ls 2000;
  - 73.2. the quantity and type of goods imported by natural persons do not indicate a commercial purpose;

- 73.3. the buyer imports goods regularly and they are purchased from one and the same seller under one and the same commercial conditions;
- 73.4. a specific customs tariff is applied to the goods, i.e. the customs tariff is shown in Lats for one unit of the goods to be imported.

74. In the case of continuing traffic in goods supplied by the same seller to the same buyer under the same commercial conditions, the customs authorities may waive the requirement that all particulars under paragraph 73.3 be furnished in support of each customs declaration, but shall require them whenever the circumstances change and at least once every three years.

75. If any goods are subject to customs clearance in accordance with customs legislation, then at the demand of the customs authority, the buyer or consignee must submit a customs valuation declaration.

## **CONCLUDING MATTERS**

- 76. To recognise as no longer being in force the following Cabinet of Ministers Regulations:
  - 76.1. The Cabinet of Ministers 31. January, 1995 Regulations No. 27. "Regulations regarding the determination of the customs value of goods and other items to be imported and exported";
  - 76.2. The Cabinet of Ministers 9. September, 1997 Regulations No. 318. "Regulations regarding the calculation of the customs value of goods".
- 77. The Regulations come into effect on 1. January, 1998.

Appendix  
Cabinet of Ministers Regulations No. -----  
17. December, 1997.

### Customs Valuation Declaration

1. Name and address of seller: (printed letters)	For official use	
2 (a) Name and address of buyer: (printed letters)		
2 (b) Name and address of declarant: (printed letters)		
<b><u>Important note:</u></b> In signing and submitting the declaration, the declarant accepts responsibility for the accuracy and completeness of the information on this form, as well as for the authenticity of supplementary documents submitted. The declarant also accepts responsibility to supply any form of supplementary information or documents, which are necessary in order to determine the customs value of the goods.	3. Terms of supply	
	4. Invoice No. and date	
	5. Contract No. and date	
6. No. and date of previous Customs decision (in respect of boxes 7., 8. and 9.)		Enter <b>X</b> where appropriate:
7 (a) Are the buyer and seller <b><u>related persons</u></b> in accordance with Article 164 of the Customs Law? If "No", go to box 8.		<input type="checkbox"/> Yes <input type="checkbox"/> No
(b) Did this relationship <b><u>influence</u></b> the price of the imported goods?		<input type="checkbox"/> Yes <input type="checkbox"/> No
(c) (Answer by choice) Is the transaction value of the imported goods the value very close to the value referred to in Article 165. (3) of the Customs Law? If "Yes", give more detailed information		<input type="checkbox"/> Yes <input type="checkbox"/> No
8 (a) Are there any <b><u>restrictions</u></b> on the rights of the buyer in respect of use of the goods, other than: <ul style="list-style-type: none"> <li>restrictions determined by normative acts of the Republic of Latvia,</li> <li>territorial restriction on the further sale of the goods,</li> <li>restrictions that do not vitally influence the value of the goods being valued</li> </ul>		
(b) Is the sale or price subject to some <b><u>condition</u></b> or <b><u>circumstance</u></b> due to which the value of the goods being valued cannot be determined: Detail the respective nature (type) of restriction, condition or circumstance: If it is possible to determine the value of the condition or circumstance, indicate the amount in box 11 (b).		<input type="checkbox"/> Yes <input type="checkbox"/> No
9 (a) Are there any <b><u>licensed and other type of payments for use of intellectual property</u></b> , in connection with the imported goods, which directly or indirectly the buyer pays as a condition of the sale?		
(b) Is the sale subject to a procedure in accordance with which the income part of any following <b><u>onward sale, action or use</u></b> directly or indirectly accrues to the seller? If to any of the questions the answer is "Yes", detail the conditions and if possible, indicate the amounts in boxes 15. and 16.		<input type="checkbox"/> Yes <input type="checkbox"/> No
(*) Notes (box 7) 1. <b><u>Persons are to be regarded as related only in such cases if:</u></b> (a) one of the persons participates in the management of an enterprise which belongs to the other person; (b) both persons are co-owners of one and the same enterprise; (c) an employer/employee relationship exists with one another; (d) one of the persons with voting rights directly or indirectly owns or controls at least 5% or more of the other persons enterprise capital or shares; (e) one of the persons directly or indirectly controls the other; (f) both persons are directly or indirectly controlled by a third person;		10 (a) No. of pages further attached:  -----  10 (b) Place:  Date:  Signature:

(g) both persons together control a third person; (h) both persons have a family relationship one with the other. 2. The fact that the buyer and seller are related does not influence the transaction value in accordance with Article 165. (3). of the Customs Law.				
<i>For official use</i>				
		Item	Item	Item
<b>A</b> Basis of calculation	11 (a) Net price <b>in the invoiced currency</b> (price actually paid or payable for settlement within the respective time for the purposes of customs valuation) -----			
	(b) Indirect payments (see box 8 (b).) Rate of exchange: -----			
	<b>12. Total of Part A in national currency</b>			
<b>B</b> Supplementary - payments in the national currency not included in Part A (*)  Indicate below the most important customs decisions, if any:	13. Buyer's expenses:			
	(a) commission expenses, excluding buying commission			
	(b) brokerage fees -----			
	(c) value of packing and containers -----			
	14. Goods and services supplied by the buyer free of charge or for a reduced payment for use in manufacture or sale for export:			
	Indicate the elements included in the customs value:			
	(a) raw materials, components, semi-finished products, parts and similar items included in the value of the imported goods -----			
	(b) tools, dies, moulds and other similar items used to manufacture the imported goods -----			
	(c) supplementary materials (lubricants, fuel), consumed in the manufacture of the imported goods -----			
	(d) engineering, development, artwork, design work and plans which are produced outside of the customs territory of the Republic of Latvia and are necessary for manufacture of the imported goods -----			
	15. Licenced and other types of payment for the use of objects of intellectual property (9(a)) -----			
	16. Part of the seller's profit from any further sale or use of the goods being valued (9(b)) ---			
	17. Costs of supply to ----- (indicate place)			
	(a) transport ----- (b) costs for goods cargo operations ----- (c) insurance -----			
<b>18. Total of Part B</b>				

<b>C</b> <u>Deductions:</u> Cost in the national currency, included in Part A (*)	19. Transport costs for transportation within the customs territory of the Republic of Latvia -----			
	20. Costs of erecting, installing, maintenance or guarantee of imported manufacturing equipment			
	21. Other expenses (give details) -----			
	22. Customs duties and taxes paid in the country of manufacture or importation in respect of the importation or sale of the goods			
	<b>23. Total of Part C -----</b>			
<b>24. Declared value (A+B+C) -----</b>				
(*) Where amounts must be shown in <b>foreign currency</b> , show the amount in foreign currency and the rate of exchange based on the rate determined by the Bank of Latvia.				
Ref:		Quantity:	Rate of exchange:	

The Saeima has adopted  
and the President of the state  
announces the following Law.

## CUSTOMS LAW

### Title A General provisions

#### Chapter I Basic definitions

##### Article 1

For the purposes of this Law, the following definitions shall apply:

- (1) **“Non-resident”** - any person who is not a permanent resident in the Republic of Latvia.
- (2) **“Non-Latvia goods”** - goods other than those that are referred to as Latvian goods.
- (3) **“Free zone”** - a part of the state territory of the Republic of Latvia where any goods introduced are generally regarded, insofar as customs duties and charges, and commercial policy measures are concerned, as being outside the customs territory of the Republic of Latvia.
- (4) **“Declarant”** - the person making the customs declaration on a legal basis in his own name or the person in whose name a customs declaration is made.
- (5) **“Release”** - the act whereby the customs authorities make goods available for the purposes stipulated by the customs procedure under which they are placed.
- (6) **“Commercial means of transport”** - any means of transport used for the international transport of passengers or goods, including containers and other transport equipment.
- (7) **“Latvian goods”** means goods:
  - 1) goods which originate in the Republic of Latvia as defined in the second part of Article 172;
  - 2) goods released for free circulation in the customs territory of the Republic of Latvia;
  - 3) goods obtained or produced either from goods as defined in the first or second part, or from goods mentioned in the first and second parts.
- (8) **“Persons established in the Republic of Latvia”** - any natural or legal persons registered in the Republic of Latvia.
- (9) **“Customs control”** - measures applied with a view of ensuring that international agreements, this Law and other customs-related normative acts falling under customs supervision are observed.
- (10) **“Customs surveillance zone”** - part of the customs territory of the Republic of Latvia in which the movement of goods shall be allowed only with the approval and under control of customs authorities.
- (11) **“Customs declaration”** - a statement whereby a person indicates, in the form and manner prescribed by the Cabinet of Ministers, a wish to place goods under a given customs procedure.
- (12) **“Customs duties”** - in the sense implied by this Law, means customs duties and taxes collected by customs as provided for by the Law.
- (13) **“Customs debt”** - the obligation of a person to pay customs duties and charges.
- (14) **“Customs procedure”** - treatment and obligations applied to goods which determine the status of the goods to be moved across the customs border of the Republic of Latvia (Latvian or non-Latvian goods).

- (15) **“Customs clearance”** - the measures, as provided for by this Law, for applying a definite customs procedure.
- (16) **“Carrier”** - the person actually transporting goods or in charge of or responsible for the operation of the means of transport.
- (17) **“Movement of goods across the customs territory”** - activities in respect to the importation of goods into the customs territory of Latvia or exportation from the customs territory in any way or manner.
- (18) **“Pre-clearance”** - activities which shall be performed in respect to the goods before they are subject to customs clearance.
- (19) **“Goods”** - any movable items, including currency, valuables, any types of energy and vehicles, except commercial means of transport.
- (20) **“Holder of the goods”** - the person who is legally authorized to act in respect to the goods in his own name, irrespective whether he is the owner of the said goods.
- (21) **“Commercial policy measures”** - restrictions and reliefs applied to the movement of goods across the customs border which have been prescribed considering international agreements and the national economic policy.

## **Chapter II**

### **Customs matters**

#### **Article 2. Scope of customs matters**

Legal procedures, by which goods shall be moved across the customs territory, assessment of the said goods with customs taxes, clearance of the goods, customs control, as well as other measures taken to implement the policy of customs lie solely within the customs competence.

#### **Article 3. Customs territory and customs border**

- (1) The customs territory of the Republic of Latvia (hereafter-customs territory) shall include all the territory of the Republic of Latvia comprising the land territory, the territorial and inland waters, and the air space, as well as territories containing artificial islands and structures.
- (2) The border of the customs territory (hereafter-customs border) shall be the customs border.

#### **Article 4. Customs normative provisions**

- (1) Customs normative provisions of the Republic of Latvia shall comprise the Republic of Latvia Customs Law and other normative acts regulating customs matters.
- (2) Customs matters shall be dealt with in compliance with the customs normative provisions being in force at the date of acceptance of the customs declaration by customs authorities.

#### **Article 5. International agreements**

Unless an international agreement approved by the Saeima specifies it otherwise than it is provided for in the present Law, provisions of international agreements shall apply.

#### **Article 6. Administration of customs matters**

Direct customs management is effected by customs authorities - offices of the Republic of Latvia State Revenue Service entitled to perform the mission of the State Revenue Service to implement the customs policy.

**Article 7. Normative provisions of the State Revenue Service**

- (1) On the basis of this Law and other normative acts regulating customs matters, and within the scope of its competence the State Revenue Service issues normative provisions on customs matters mandatory to all customs authorities and customs officials.
- (2) Normative acts of the State Revenue Service relating to the movement of goods across the customs border or the customs procedures to be used shall take effect on the date indicated therein, but not earlier than the next day after their publication in the newspaper "Latvijas Vēstnesis".

**Article 8. Confidentiality**

- (1) All information which is provided by a person to the customs authorities according to this Law and other normative provisions regulating customs matters shall be used for customs purposes only.
- (2) Information containing state secrets or which by nature is confidential (information which is not generally available and may be detrimental to the legal rights and interests) shall not be disclosed, used by the customs officials in their personal interests, transferred to a third party or state institutions save the cases defined in the normative provisions.

**Article 9. Customs emblem, identification and flag**

- (1) The customs emblem shall bear two yellow diagonally crossed Mercury's scepters with the small coat of arms of the Republic of Latvia above them. The simplified customs emblem shall bear two yellow diagonally crossed Mercury's scepters. The simplified emblem shall be used together with the flag of the Latvian Republic and the inscription "LATVIJAS MUITA".
- (2) The identification emblem of land vehicles and aircraft at the disposal of the customs Service shall be a round Latvian Customs emblem on a black background with the inscription "LATVIJAS MUITA" under it.
- (3) The Customs Service and seagoing vessels and river boats at its disposal shall have a flag, but land vehicles and aircraft - an identification emblem. The national flag of the Republic of Latvia shall form the basis of the flag of the Customs Service and its seagoing vessels and river boats with the upper maroon strip of the said flag being interrupted 1/3 of the length of the strip at the Flagstaff. On a white background the width of the maroon strip the Customs simplified emblem shall be depicted.

**Chapter III**

**Officials of the Customs Service, decisions and obligations**

**Article 10. Obligations of customs officials**

- (1) In their activities, customs officials shall abide by the regulations and practices stipulated by this Law and other normative provisions.
- (2) When joining the Customs Service, the said officials shall take an oath of loyalty to the Republic of Latvia.
- (3) The text of the oath shall be as follows: "On joining the Customs Service of the Republic of Latvia, I recognize my responsibility in front of the laws of the Republic of Latvia, I promise to be on unwavering guard of the national sovereignty of the Republic of Latvia and its lawful interests, perform my official duties to the best of my conscience and abide by discipline of the Customs Service".
- (4) The procedure of the ceremony of taking the oath shall be stipulated by the State Revenue Service.



**Article 11. Official orders and requirements of customs officials**

- (1) The decisions taken, orders issued or requirements advanced in compliance with the scope of competence stipulated by this Law shall be binding to all persons subject to customs control.
- (2) Insults to dishonour a customs official when fulfilling his/her professional responsibilities, threats or violent acts, endangerment of customs officials life or health, as well as activities to hamper the fulfilment of service responsibilities shall be punishable under the existing legislation.
- (3) Officials of the Police, the Border Guard Forces, the Land Guards and other public authorities shall grant the necessary assistance to customs officials.

**Article 12. Decisions taken by customs officials**

- (1) In order to apply the procedures defined by this Law and other normative provisions regulating customs matters, customs authorities shall take a decision.
- (2) A decision is taken on the basis of the information submitted by the person concerned.
- (3) The decision shall be taken without delay, and the person concerned shall be notified. Where a decision may not be taken without delay, the person to whom the decision was addressed shall be notified, and the final date of taking the decision shall be stated.
- (4) The persons concerned may appeal against the decision taken by the customs authorities within 30 days since the receipt of the notification.
- (5) Customs authorities may revoke or amend their decision, provided an erroneous decision is taken, or in cases, when the decision was taken on the basis of incomplete or incorrect information submitted by the person concerned.
- (6) The revocation of the decision shall take effect from the date on which the annulled decision was taken, but the amendment of the decision - from the date on which the amendment was made, unless the decision or the amendments of the decision made by customs authorities prescribe it otherwise.

**Article 13. Information on customs matters**

- (1) Customs authorities shall provide state institutions and the persons concerned with the information about the procedures of application of this Law and other normative acts regulating customs matters, as well as normative acts issued by the State Revenue Service.
- (2) The information shall be supplied to the applicant free of charge. However, where special costs are incurred by the customs authorities as a result of providing information to the applicant, he may be charged the relevant amount.

**Article 13<sup>1</sup>. Binding tariff information on correspondence of goods with the code in the Combined Nomenclature of the Republic of Latvia**

- (1) The Customs Board of the State Revenue Service shall issue written binding tariff information on written request of applicant, acting in accordance with the procedure of the Cabinet of Ministers.
- (2) Binding tariff information of the Customs Board shall be binding only in respect of classification of the goods in accordance with the Combined Nomenclature of the Republic of Latvia.
- (3) The holder of the binding tariff information in case of necessity or at the request of the customs authority must be able to prove that the goods declared correspond to those described in the application.
- (4) Binding tariff information shall be valid for a period of six years from the date of issue. The Customs Board of the State Revenue Service annuls it where it is based on inaccurate or

incomplete information from the applicant. The notification concerning annulment of binding tariff information is made to customs offices and the applicant.

- (5) Binding tariff information shall cease to be valid where the respective regulations on classification of goods are amended or annulled or where binding tariff information is revoked by the competent authority which issued it. The fact of invalidation of binding tariff information shall be notified in writing (indicating reasons) to customs offices and the applicant.

#### **Article 14. Competence of customs authorities**

The scope of competence in relation to taking decisions on customs matters shall be defined by the relevant normative acts and normative acts issued by the State Revenue Service.

#### **Article 15. Appeal against decisions taken**

- (1) The person concerned has the right of appeal against any decision taken by the customs authority.
- (2) Decisions taken by customs authorities may be challenged as prescribed in the law "On the State Revenue Service".

#### **Article 16. Revocation of the decision**

- (1) If the appeal has been lodged against the decision taken by the customs authorities, the execution of the said decision shall be suspended in accordance with the normative provisions.
- (2) The customs authorities whose official has taken the decision shall suspend implementation of such decision where they have good reason to believe that the disputed decision is inconsistent with normative provisions.

#### **Article 17. Responsibility of customs officials**

Customs officials shall bear responsibility for taking unlawful decisions, illegal actions or negligence of this Law and other normative provisions.

### **Chapter IV Rights and obligations of persons**

#### **Article 18. Right of representation**

- (1) Any person may appoint a representative to perform the acts and formalities with the customs authorities as prescribed in the customs legislation.
- (2) Such representation may be:
  - 1) direct, in which case the representative shall act in the name of and on behalf of another person;
  - 2) indirect, in which case the representative shall act in his own name but on behalf of another person;
  - 3) negotiorum gestio referred to in Articles 2325 - 2342 of the Civil Law.
- (3) Save in the cases referred to in Article 136 (3) of this Law a representative must be established within the Republic of Latvia.
- (4) A representative must notify the customs authority that he is acting on behalf of the person represented, specify whether the representation is direct or indirect and be empowered to act

as a representative. A person who fails to state that he is acting in the name of or on behalf of another person without being empowered to do so shall be deemed to be acting in his own name and on his own behalf.

- (5) The customs authorities may require any person stating that he is acting in the name of or on behalf of another person to produce evidence of his powers to act as a representative.

**Article 19. Responsibility for violation of customs rules**

- (1) Responsibility of natural and legal persons for non-observance of provisions laid down in this Law and other acts regulating customs matters shall have the effect in accordance with the Administrative Violations Law of the Republic of Latvia, unless the nature of the said violations according to the existing legislation shall envisage criminal responsibility and the said person has had a previous criminal record.
- (2) The responsibility for violations in the matters concerning legal persons shall be taken by the natural person having committed the said violation acting in the name or on behalf of the legal person represented, or being employed by the said legal person.
- (3) Proceedings relating to customs violations shall be performed in accordance with the Republic of Latvia Administrative Violations Law.

**Title B**  
**Customs procedures**

**Chapter V**  
**General provisions of customs procedures**

**Article 20. Provisions applicable to goods brought into the customs territory**

- (1) Any goods may be brought into the customs territory of the Republic of Latvia, save the goods the conveyance of which across the customs borders of the Republic of Latvia is prohibited.
- (2) Conveyance of goods across the customs border refers to:
  - 1) the actual crossing of the border, bringing the goods into the customs territory and removing the goods from the free zone into the customs territory;
  - 2) lodging the customs declaration or any other act unambiguously indicating that the goods are taken out of the customs territory, or into the free zone territory.
- (3) Goods shall be conveyed across the customs border at the places specified by international agreements and the laws of the Republic of Latvia and during the working hours of the customs offices.
- (4) Conveyance of goods across the customs border in other places and outside the working hours of customs offices shall be performed only with the authorization of customs authorities and if necessary, in the presence of the representative of the sanitary border inspection.
- (5) Conveyance of goods across the customs border shall be performed as prescribed by this Law in accordance with the customs procedures applied.

**Article 21. Traffic of commercial means of transport across the customs border**

- (1) Traffic of commercial means of transport across the customs border shall not be declared with the customs authorities.
- (2) The waiting place and time for the commercial means of transport on the customs border shall be stated by the customs office, taking into account the time needed for customs examination and clearance.

**Article 22. Goods brought across the customs border by natural persons**

The procedure by which a natural person may bring goods and items for personal use across the customs territory, as well as restrictions and reliefs in respect to the goods are prescribed by the Cabinet of Ministers.

**Article 23. Restrictions regarding the movement of goods across the customs border**

Movement of particular goods across the customs border may be prohibited or restricted by international agreements or other normative acts.

**Article 24. Customs procedures**

(1) Customs matters are implemented through the following customs procedures:

- 1) release for free circulation;
- 2) temporary importation;
- 3) temporary exportation;
- 4) re-importation;
- 5) warehousing;
- 6) importation to a duty-free shop;
- 7) inward processing;
- 8) processing under customs control;
- 9) export;
- 10) outward processing;
- 11) re-exportation;
- 12) transit;
- 13) destruction;
- 14) abandonment to the Exchequer;
- 15) stores for commercial means of transport.

(2) Cabinet of Ministers shall have the authority to establish the procedure of customs treatment.

(3) Customs procedure shall be completed within the time fully ensuring the execution of the terms of the said procedure.

**Article 25. Selection and change of the customs procedure**

(1) A person may choose a particular customs procedure or change the procedure irrespective of the nature and amount of goods, or the country of origin.

(2) A person may apply for a particular customs procedure submitting a prescribed customs declaration to the customs authority.

**Article 26. Treatment concerning the movement of goods across the customs border**

Treatment concerning the movement of goods across the customs border shall comply with the customs procedures applied.

**Article 27. Treatment of goods eligible to the remission of customs duties**

Goods eligible to the remission of customs duties may be used only for the purposes for which such reliefs may be applicable.

**Article 28. Treatment of abandoned, damaged or left goods**

- (1) The procedure of treatment of abandoned goods, damaged goods and goods placed under customs control, and not demanded until the storage completion term by the holder of the goods, is prescribed by the Cabinet of Ministers.
- (2) The fact of abandonment, damage and destruction of goods is approved by the document of competent authorities, submitted in the order determined by the Cabinet of Ministers.

**Article 29. Types of guarantee and provision of security**

- (1) Customs authorities may require a guarantee to cover customs debt.
- (2) Types of guarantee:
  - 1) individual guarantee - envisaged for the execution of a single temporary storage of goods, single customs procedure, or a temporary storage of goods and customs procedure.
  - 2) comprehensive guarantee - envisaged for a limited period of time and fixed scope of customs debt that may be incurred.
- (3) The guarantee may be provided:
  - 1) by payment of security;
  - 2) by submitting the responsibility insurance policy;
  - 3) by submitting a bank guarantee;
  - 4) by submitting the documents certifying the guarantees provided by international agreements subscribed to by the Republic of Latvia;
- (4) A person shall have the right to select the type and provision of the security.
- (5) The security shall be provided by the person who is or may be responsible for the temporary storage of goods, the performance of the customs procedures. The customs authorities may not require security that exceeds the amount of the customs debt that may be incurred.
- (6) The customs debt that may be incurred is a customs debt arising where the goods are released for free circulation or upon exportation.
- (7) The procedure of lodging and acceptance of the security is prescribed by the Cabinet of Ministers.

**Chapter VI**  
**Release for free circulation**

**Article 30. Scope of the procedure of release for free circulation**

- (1) Release for free circulation shall be such a customs procedure that allows the goods imported into the customs territory to permanently remain in this territory without being liable to exportation from the said territory.
- (2) Release for free circulation shall confer on non-Latvian goods the customs status of Latvian goods.

**Article 31. Regulations applicable to the procedure of release for free circulation**

- (1) Release for free circulation shall entail the payment of customs duties and application of other commercial policy measures.
- (2) The procedure shall be deemed to be completed upon the moment of release of the goods.

**Article 32. Special cases for applying customs duties**

- (1) If the rate of duty is reduced after the date of acceptance of the declaration for release for free circulation, but before the goods are released, the declarant may request application of a more favorable rate.
- (2) Where a consignment is made up of goods subject to different rates of customs duties and the classification of goods would entail a burden of work and expense, the customs authorities may, at the request of declarant, agree that customs duties be charged on the whole consignment on the basis of the classification of the goods which are subject to the highest rate of customs duty.

**Article 33. Customs control after the release of the goods**

- (1) Where goods are released for free circulation at a zero rate of duty on account of their end-use, they shall remain under customs supervision.
- (2) Customs supervision shall end, when:
  - 1) the conditions laid down for granting a zero rate of duty cease to apply;
  - 2) the goods are exported or destroyed;
  - 3) the goods are used for other purposes subject to payment of the duties due.

**Article 34. Change of the status of goods**

Goods released for free circulation shall acquire the status of non-Latvian goods, where:

- 1) the declaration for release for free circulation is invalidated after the release of goods;
- 2) the customs duties payable on those goods are repaid or remitted.

**Chapter VII**  
**Temporary importation or temporary exportation.**

**Article 35. Scope of the procedure of temporary importation or temporary exportation**

The temporary importation or temporary exportation procedure shall allow the use of goods in the customs territory or outside its borders without their being subject to customs duties and commercial policy measures.

**Article 36. Regulations applicable to the procedure of temporary importation or temporary exportation**

- (1) Temporary imported or exported goods shall be returned in an unaltered state, save their natural depreciation or losses due to transportation or storage.
- (2) Cases when temporary importation or temporary exportation shall be admissible only upon providing a guarantee on the completion of the procedure are prescribed by the Cabinet of Ministers.
- (3) This procedure shall not be applied if the identification of goods which may affect the customs duties has not been provided.
- (4) The procedure shall be deemed to be completed upon the date of re-exportation or reimportation.

**Article 37. Period for temporary importation or temporary exportation**

The customs authorities shall determine the period for temporary exportation, account being taken of the purpose and circumstances of the said importation or exportation, however this term shall not exceed two years.

**Article 38. Treatment of goods, in case the period of temporary importation or temporary exportation of goods has expired**

Upon expiration of the specified period for temporary importation or temporary exportation of goods the goods must be returned or assigned a new customs-approved treatment or use.

**Article 39. Destruction or loss of temporary imported or temporary exported goods**

In accordance with this Law the liability shall not set in,

- (1) if the goods temporary imported or temporary exported are not returned within the time specified and, provided these goods are destroyed or irretrievably lost due to accidents or force majeure circumstances, natural depreciation, transportation and storage.
- (2) The event of the destruction or loss of the temporary exported goods shall be confirmed by documentary evidence issued by competent authorities in foreign countries ascertained by the foreign consular offices of the Republic of Latvia .
- (3) The event of the destruction or loss of temporary imported goods shall be confirmed by the customs authority.

**Chapter VIII  
Reimportation**

**Article 40. Scope of the reimportation procedure**

Reimportation shall be such a customs procedure that allows Latvian goods, after they have been exported from the customs territory of the Republic of Latvia in accordance with the customs procedure - export - to be returned to that territory without paying customs duties and not applying the commercial policy measures.

**Article 41. Regulations of applying the reimportation procedure**

- (1) In order to apply the reimportation procedure:
  - 1) the goods must be reimported into the customs territory within the period of two years, starting from the date of the exportation of the said goods;
  - 2) upon the date of reimportation the goods must remain in the same state as at the date of exportation, account being taken of their natural depreciation and losses due to their transportation and storage;
- (2) The procedure shall be deemed to be completed upon the date of the importation of the goods.

**Article 42. Drawback of customs duties**

- (1) Upon reimportation of goods the customs authority shall repay the customs duties levied on the exportation of goods from the state budget.
- (2) Upon reimportation of goods the (holder) of the goods shall repay into the state budget all charges he had received for the exportation of the said goods.

## **Chapter IX**

### **Customs warehousing**

#### **Article 43. Scope of the customs warehousing procedure**

- (1) The customs warehousing procedure shall allow the storage of goods in a customs warehouse, and this procedure is applied for:
  - 1) non-Latvian goods, without such goods being subject to customs duties applicable to goods being imported and without such goods being subject to commercial policy measures;
  - 2) Latvian goods where the legislation of the Republic of Latvia provides that this procedure shall entail the application of the same measures attached to the export of such goods.
- (2) Customs warehouse means any place approved by the State Revenue Service, where the goods may be stored in compliance with the customs legislation.
- (3) Cases in which the goods referred to in paragraph (1) of this Article may be placed under the customs warehousing procedure without being stored in a customs warehouse shall be determined by the Cabinet of Ministers.

#### **Article 44. Customs warehouses and their types**

- (1) A customs warehouse may either be a public warehouse or a private warehouse.
- (2) 'Public warehouse' means a customs warehouse available for use by any person for the warehousing of goods.
- (3) 'Private warehouse' means a customs warehouse reserved for the warehousing of goods by the warehousekeeper.
- (4) The warehousekeeper is a person authorized to operate the customs warehouse.
- (5) The depositor shall be the person bound by the declaration placing the goods under the customs warehousing procedures or to whom the rights and obligations of such a person have been transferred.

#### **Article 45. Operation of a customs warehouse**

- (1) Operation of a customs warehouse shall be subject to the issue of the authorization by the State Revenue Service, unless the said authority operates the customs warehouse itself.
- (2) Any person wishing to operate the customs warehouse must make a request in writing containing the information required for granting the authorization, in particular demonstrating that an economic need for warehousing exists. The authorization shall lay down the conditions for operating the customs warehouse.
- (3) The authorization shall be issued only to persons established in the Republic of Latvia.

#### **Article 46. Responsibility of the warehousekeeper and the depositor**

- (1) The warehousekeeper shall be responsible for:
  - 1) ensuring that while the goods are in the customs warehouse they are not removed from customs supervision;
  - 2) fulfilling the obligations that arise from the storage of goods covered by the customs warehousing procedure;
  - 3) complying with the conditions specified in the authorization as prescribed in Article 45 of this Law.



- (2) Where the authorization concerns a public warehouse, it may provide that the responsibilities referred to in this Article part (1)1) or 2) indent or 1) and 2) indents devolve exclusively upon the warehousekeeper and the depositor.
- (3) The depositor shall bear full responsibility for fulfilling the obligations arising from the placing of goods under the customs warehousing procedure.

**Article 47. Transfer of rights and obligations of a warehousekeeper**

The rights and obligations of a warehousekeeper may, with the agreement of the State Revenue Service, be transferred to another person.

**Article 48. Stock records**

- (1) The person designated by the State Revenue Service shall keep stock records of all the goods placed under the customs warehousing procedure in a form approved by this authority. Stock records are not necessary where a public warehouse is operated by the State Revenue Service.
- (2) The customs authority may dispense with stock records where the responsibilities lie with the depositor and the goods are placed under that procedure on a basis of a written declaration forming part of the normal procedure.

**Article 49. Special cases of warehousing**

- (1) Where an economic need exists and customs supervision is not adversely affected thereby, the customs authorities may allow:
  - 1) Latvian goods other than those referred to in Article 43 (1)2) to be stored on the premises of a customs warehouse;
  - 2) non-Latvian goods to be processed on the premises of a customs warehouse under the inward processing procedure, subject to the conditions provided for by that procedure;
  - 3) non-Latvian goods to be processed on the premises of a customs warehouse under the procedure for processing under customs control.
- (2) In the cases referred to in paragraph (1)2)3) the goods shall not be subject to the customs warehousing procedure.
- (3) The customs authorities may require the goods referred to in paragraph (1) of this Article to be entered in the stock records.

**Article 50. Time limits for stock accounts and records in a customs warehouses**

Goods placed under the customs warehousing procedure shall be entered in the stock records as soon as they are brought into the customs warehouse.

**Article 51. Time limits for storing the goods under the customs warehousing procedure**

- (1) There shall be no limit to the length of time goods may remain under the customs warehousing procedure. In cases prescribed by the customs legislation the customs authorities may set a time limit by which the depositor must assign the goods a new customs approved treatment or use.
- (2) Specific time limits for certain goods covered by the annual program of the agricultural policy of the Republic of Latvia may be laid down by the State Revenue Service.

**Article 52. Storage and handling of import goods in a customs warehouse**

- (1) Import goods may undergo the usual forms of handling intended to preserve them, improve their appearance or marketable quality or prepare them for distribution or resale. The methods of processing which shall be prohibited for goods covered by the annual program of the agricultural policy of the Republic of Latvia may be drawn up by the Cabinet of Ministers.
- (2) Latvian goods referred to in Article 43(1)2) which are placed under the customs warehousing procedure and are covered by the annual program of the agricultural policy of the Republic of Latvia may undergo only those methods of handling which are stipulated by this program.
- (3) The list of the methods of handling shall be established by the Cabinet of Ministers.
- (4) The methods of handling provided for in the first sentence of paragraph (1) of this Article must be approved in advance by the customs authorities which shall grant the authorization for handling and, if necessary, by the sanitary border inspection.

**Article 53. Removal of goods from a customs warehouse**

Where circumstances so warrant, goods placed under the customs warehousing procedure may be temporarily removed from the customs warehouse. Such removal must be authorized in advance by the customs authorities who shall stipulate the conditions on which it may take place. While they are outside the customs warehouse, the goods may undergo the methods of handling referred to in Article 52 of this Law on the conditions set out therein.

**Article 54. Transfer of goods to another customs warehouse**

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

**Article 55. Establishing of customs duties and charges when applying the warehousing procedure**

- (1) Where a customs debt is incurred in respect of import goods and the customs value of such goods is based on a price actually paid or payable which includes the cost of warehousing and of preserving goods while they remain in the warehouse, such costs need not be included in the customs value if they are shown separately from the price actually paid or payable for the goods.
- (2) Where the said goods have undergone the usual methods of handling within the meaning of Article 52, the nature of the goods, the customs value and the quantity to be taken into account in determining the amount of customs duties shall, at the request of the declarant, be those which would be taken into account for the goods, at the time when the customs debt was incurred, if the goods had not undergone such handling.

**Chapter X**  
**Introduction of goods into a duty-free shop**

**Article 56. Scope of the procedure of the introduction of goods into a duty-free shop**

The introduction of goods into a duty-free shop is a customs procedure that allows goods to be introduced into the customs control zones, airports or ports open to international traffic, without such goods being subject to customs duties and commercial policy measures, and allows to sell these goods to the natural persons leaving the customs territory for abroad.

**Article 57. Regulations for the application of the procedure of the introduction of goods into a duty-free shop**

- (1) Any goods, save those the movement of which across the customs border or whose sale in the customs territory is prohibited may be sold in a duty-free shop as prescribed by the existing legislation.
- (2) The procedure is deemed to be completed on the date of selling the goods.

**Article 58. Authorization for keeping a duty-free shop**

- (1) The duty-free shopkeepers may be persons established in the Republic of Latvia.
- (2) Operation of a duty-free shop, the procedure of issuing the authorization for keeping a duty-free shop and the validity term for the said authorization shall be determined by the Cabinet of Ministers.
- (3) The authorization for keeping a duty-free shop shall be issued, suspended or revoked by the State Revenue Service.
- (4) The authorization shall be revoked:
  - 1) where it is issued on the basis of incomplete or false information which has been relevant in taking the decision on granting the authorization;
  - 2) where the duty-free shopkeeper neglects the provisions prescribed by this Law and in cases where the duty-free shopkeeper has announced himself insolvent or has been recognized as such.
- (5) The decision on the revocation of the authorization shall become valid upon the date of its acceptance.
- (6) Further sale of goods and introduction of new goods into a duty-free shop shall not be admissible upon suspension or revocation of the authorization. The release of import goods shall be effected in compliance with this Law.

**Chapter XI**  
**Inward processing**

**Article 59. Scope of the procedure of inward processing**

- (1) The inward processing procedure shall allow the following goods to be used in the customs territory of the Republic of Latvia in one or more processing operations:
  - 1) non-Latvian goods intended for re-export from the customs territory in the form of compensating products, without such goods being subject to customs duties or commercial policy measures;
  - 2) goods released for free circulation with repayment or remission of the customs duties chargeable on such goods if they are exported from the customs territory in the form of compensating products.
- (2) The following definitions shall have the following meanings:
  - 1) suspension system - the inward processing relief arrangements as provided for in paragraph (1)1) of this Article;
  - 2) drawback system - the inward processing relief arrangements as provided for in paragraph (1)2) of this Article;
  - 3) processing operations:
    - a) the working of goods, including erecting or assembling them,
    - b) the processing of goods,
    - c) the repair of goods, including restoring them and putting them in order,

- d) the use of certain goods defined by the Cabinet of Ministers which are not to be found in the compensating products, but which allow or facilitate their production, even if they are entirely or partially used up in the process;
- 4) compensating products - all products resulting from processing the import goods;
- 5) equivalent goods - Latvian goods which are used instead of the import goods for the manufacture of the compensating products;
- 6) rate of yield - the quantity or percentage of compensating products obtained from the processing of a given quantity of import goods.

**Article 60. Regulations for the application of the procedure of inward processing**

- (1) Where the conditions laid down in paragraph (2) of this Article are fulfilled and subject to paragraph (4) of this Article, the customs authorities shall allow:
  - 1) compensating products to be obtained from equivalent goods;
  - 2) compensating products to be obtained from equivalent goods to be exported from the Republic of Latvia before importation of the goods for processing.
- (2) Equivalent goods must be of the same quality and have the same characteristics as the import goods. However, in specific cases determined by the State Revenue Service, equivalent goods may be allowed to be at a more advanced stage of manufacture than the import goods.
- (3) Where paragraph(1) applies, the import goods shall be regarded as equivalent goods.
- (4) Measures designed to prohibit or limit recourse to paragraph (1) of this Article may be adopted by the Cabinet of Ministers.
- (5) Where paragraph (1) of this Article is applied and the compensating products would be liable to payment of export duties if they were not being exported or re-exported under an inward processing operation, the holder of the authorization shall provide a security to ensure the payment of the duties should the import goods not be imported within the period prescribed.

**Article 61. Authorization for processing operations**

- (1) The authorization shall be issued at the request of the person who carries out processing operations or who arranges for them to be carried out.
- (2) The authorization shall be granted only:
  - 1) to persons established in the Republic of Latvia. The authorization is not required in respect of imports of non-commercial value;
  - 2) where without prejudice to the use of the goods referred to in the indent 'd' of part 2(3) of Article 59, the import goods can be identified in the compensating products, or in the cases referred to in Article 60 of this Law the authorization shall be granted where the compliance with the conditions laid down in respect of equivalent goods can be verified;
  - 3) where the inward processing procedure can help create the most favorable conditions for the export or re-export of compensating products, provided that the essential economic interests of the producers of the Republic of Latvia are not adversely affected.

**Article 62. Time limit of the application of the procedure of inward processing**

- (1) The customs authorities shall specify the period within which the compensating products must have been exported or re-exported or assigned another customs-approved treatment or use; that period shall take account of the time required to carry out the processing operations and dispose of the compensating products.
- (2) The period shall run from the date on which the non-Latvian goods are placed under the inward processing procedure. The customs authorities may grant an extension on submission of a duly substantiated request by the holder of the authorization. For reasons of

simplification of this procedure, it may be decided that a period which commences in the course of a calendar month or quarter shall end on the last day of a subsequent calendar month or quarter respectively.

- (3) Where Article 60 (1)2) of this Law applies, the customs authorities shall specify the period within which the non-Latvian goods must be declared for the procedure. That period shall run from the date of acceptance of the export declaration relating to the compensating products obtained from the corresponding equivalent goods.
- (4) Specific time limits may be laid down by the Cabinet of Ministers for certain processing operations or for certain goods.

**Article 63. Rate of yield when carrying out the processing operations**

- (1) The State Revenue Service shall set either the rate of yield of the processing operations or where appropriate, the method of determining such rate. The rate of yield shall be determined on the basis of the actual circumstances in which the processing operation is, or is to be, carried out.
- (2) Where the processing operation is carried out under clearly defined technical conditions and results in the production of compensating products of uniform quality, the State Revenue Service may set standard rates of yield on the basis of the previously presented information.
- (3) The Cabinet of Ministers shall set the cases in which goods in the unaltered state or compensating products shall be considered to have been released for free circulation.

**Article 64. Establishing of customs duties when applying the procedure of inward processing**

- (1) Where a customs debt is incurred, the amount of such debt shall be determined on the basis of customs duties applicable to the import goods at the time of acceptance of the declaration of placing of these goods under the inward processing procedure.
- (2) Where the import goods fulfilled the conditions to qualify for preferential tariff treatment within tariff quotas, they shall be eligible for any preferential tariff treatment existing in respect of identical goods at the time of acceptance of the declaration of release for free circulation.

**Article 65. Establishing of customs duties in respect to compensating products**

Compensating products:

- (1) shall be subject to the import duties appropriate to them where:
  - (a) they are released for free circulation and appear on the list adopted by the State Revenue Service, to the extent that they are in proportion to the exported part of the compensating products not included in that list. However, the holder of the authorization may ask for the duty on those products to be assessed as prescribed in Article 64 of this Law,
  - (b) they are subject to charges established under the annual program of the agricultural policy of the Republic of Latvia and if provisions adopted by the Cabinet of Ministers so provide.
- (2) shall be subject to import duties calculated in accordance with the rules applicable to the customs procedure in question, where the goods have been placed under a suspensive arrangement, however:

- (a) the declarant concerned may request that customs duty be assessed in accordance with Article 64,
  - (b) in cases where the compensating products have been assigned a customs-approved treatment or use other than processing under customs control, the amount of the import duty levied shall be equal to the amount calculated in accordance with Article 63;
- (3) may be made subject to the rules governing assessment of duty laid down under the procedure for processing under customs control where the import goods could have been placed under that procedure;
  - (4) shall enjoy favorable tariff treatment where provision is made for such treatment in the case of identical imported goods;
  - (5) shall be admitted free of import duty in accordance with the favorable tariff treatment as provided for by the legislation.

**Article 66. Temporary exportation of compensating products**

- (1) Some or all of the compensating products or goods in the unaltered state may be temporarily exported for the purpose of further processing outside the customs territory if the customs authority so authorizes, in accordance with the conditions laid down in the outward processing provisions.
- (2) Where a customs debt is incurred in respect of reimported products, the following shall be charged:
  - 1) import duties on the compensating products or goods in the unaltered state referred to in paragraph (1) of this Law, calculated in accordance with Articles 64 and 65,
  - 2) import duties on products re-imported after processing outside the customs territory, the amount of which shall be calculated in accordance with the provisions relating to the outward processing procedure, on the same conditions as would have applied had the products exported under the latter procedure been released for free circulation before such export took place.
- (3) Temporary exportation of compensating products carried out as provided for in paragraph (1) of this Article shall not be considered to be exportation within the meaning of Article 70 of this Law, except where such products are not re-imported into the Republic of Latvia within the period prescribed.

**Article 67. Application of the drawback system**

- (1) The drawback system may be used for all goods, with the exception of those which, at the time the declaration of release for free circulation is accepted:
  - 1) are subject to quantitative import restrictions;
  - 2) might, within customs quotas, qualify for a preferential tariff measure;
  - 3) are subject to customs duties.
- (2) The drawback system may be used only if no refund of customs duties has been set for the compensating products at the time the declaration of release for free circulation of the import goods is accepted.
- (3) Permission to use the drawback system shall be granted only if, at the time the declaration of exportation of the compensating products is accepted:
  - 1) the import goods are not subject to one of the charges referred to in the third indent of the first paragraph of this Article;

2) no refund of customs duties has been set for the compensating products.

**Article 68. Lodgement of the declaration of release for free circulation.**

- (1) The declaration of release for free circulation shall indicate that the drawback system is being used and shall provide particulars of the authorization.
- (2) At the request of the customs authorities, the said authorization shall be attached to the declaration of release for free circulation.

**Article 69. Exceptions in the application of the drawback system**

Under the drawback system Article 60(1)2), (3), (5), Article 62 (3), Article 63 and 64, and Article 65 1)b) and 3) shall not apply.

**Article 70. Drawback of customs duties when applying the procedure of inward processing**

- (1) The holder of the authorization may ask for the customs duties to be repaid or remitted where he can establish to the satisfaction of the customs authorities that compensating products obtained from import goods released for free circulation under the drawback system have been either:
  - 1) exported, or
  - 2) placed with a view to being subsequently re-exported under the customs warehousing procedure, the temporary importation procedure or the inward processing procedure (suspensive arrangement), or in a free zone, provided all conditions for use of the procedure have been fulfilled.
- (2) For the purposes of being assigned a customs-approved treatment or use referred to in the second indent of paragraph (1) of this Article, compensating products shall be considered to be non-Latvian goods.
- (3) The period within which the application for repayment must be made shall be determined by the State Revenue Service.
- (4) Compensating products placed under a customs procedure or in a free zone in accordance with the provisions of paragraph (1) of this Article shall be released for free circulation only where authorized by the customs authorities, which shall grant such authorization where circumstances so warrant. In this case, and without prejudice to Article 65(2) of this Law the amount of customs duties repaid or remitted shall be considered to constitute the amount of the customs debt.
- (5) For the purpose of determining the amount of customs duties to be repaid or remitted, or duties which are not chargeable after the submission of substantiating justification, indent 'a' of Article 65(1) shall apply.

**Article 71. Customs procedure of inward processing when applying the suspension system**

The inward processing procedure, applying the suspension system shall also apply in order that the compensating products may qualify for preferential tariff treatment for import goods to which identical products obtained from Latvian goods instead of import goods would be liable.

**Chapter XII**  
**Processing under customs control**

**Article 72. Scope of the procedure of processing under customs control**

The procedure for processing under customs control shall allow non-Latvian goods to be used in the customs territory in operations which alter their nature and state of being non-Latvian goods, without their being subject to customs duties applicable to import goods and without being subject to commercial policy measures, and shall allow the products from such operations to be released for free circulation, levying the customs duties applicable to goods released for free circulation. Such products shall be termed processed products.

**Article 73. Authorization for the procedure of processing under customs control**

- (1) Authorization for processing under customs control shall be granted by the customs authorities.
- (2) Authorization for processing under customs control shall be granted at the request of the person who carries out the processing or arranges for it to be carried out.
- (3) Authorization shall be granted only:
  - 1) to persons established in the Republic of Latvia;
  - 2) where the import goods can be identified in the processed products;
  - 3) where the import goods cannot be economically restored after processing to their description or state as it was when they were placed under the procedure;
  - 4) where use of the procedure ensures the compliance with the Law concerning origin and quantitative restrictions applicable to the imported goods;
  - 5) where the necessary conditions for the procedure to help create or maintain a processing activity in the Republic of Latvia without adversely affecting the essential interests of Latvian producers of similar goods are fulfilled.

**Article 74. Application of the procedure of processing under customs control**

In respect to the procedure of processing under customs control the provisions laid down in Article 62(1),(2),(4) and Article 63 of this Law shall apply.

**Article 75. Establishment of the customs debt when applying the procedure of processing under customs control**

Where a customs debt is incurred in respect of goods in the unaltered state or if products that are at an intermediate stage of processing as compared with that provided for in the authorization, the amount of that debt shall be determined on the basis of the items of charge elements appropriate to the import goods at the time of acceptance of the declaration relating to the placing of the goods under the procedure for processing under customs control.

**Chapter XIII**  
**Export**

**Article 76. Scope of the export procedure**

- (1) The export procedure shall allow Latvian goods to leave the customs territory. The export procedure shall entail the application of exit formalities, as well as commercial policy measures and, where appropriate, export duties applicable when exporting goods.
- (2) With the exception of goods placed under the outward processing procedure all Latvian goods intended for export shall be placed under the export procedure.
- (3) The cases in which and the conditions under which goods leaving the customs territory of the Republic of Latvia are not subject to an export declaration shall be determined by the Cabinet of Ministers.



- (4) The export declaration must be lodged at the customs office responsible for supervising the place where the exporter is established or where the goods are packed or loaded for export shipment.

**Article 77. Application for the export procedure**

- (1) Release for export shall be granted on condition that the goods in question leave the customs territory in an unaltered state - in the same condition as when the export declaration was accepted.
- (2) The export procedure shall be deemed to be completed at the date when the goods leave the customs territory or enter free zone or customs warehouse.

**Chapter XIV  
Outward processing**

**Article 78. Scope of the outward processing procedure**

- (1) The outward processing procedure shall, without prejudice to the provisions laid down in Articles 85 and 89 governing specific fields relating to the standard exchange system allow Latvian goods to be exported temporarily from the customs territory in order to undergo processing operations and the products resulting from those operations to be released for free circulation with total or partial relief from import duties.
- (2) The exportation of Latvian goods for outward processing shall entail the application of export duties, commercial policy measures and other formalities before exportation of the said goods from the customs territory.
- (3) The following definitions shall apply:
  - 1) temporary export goods - means goods placed under the outward processing procedure;
  - 2) processing operations - means operations referred to in Article 59(2)3) indents a,b,c;
  - 3) rate of yield - means the quantity or percentage of compensating products obtained from the processing temporary export goods.

**Article 79. Cases where the procedure of outward processing shall not be applied**

The outward processing procedure shall not be open to Latvian goods whose export gives rise to:

- 1) repayment or remission of export duties;
- 2) the granting of export refunds or in respect of which a financial advantage other than such refunds is granted under the annual program of the agricultural policy of the Republic of Latvia by virtue of the export of the said goods.

**Article 80. Authorization to use the outward processing procedure**

- (1) Authorization to use the outward processing procedure shall be issued at the request of the person who arranges for the processing operations to be carried out.
- (2) By the way of derogation from paragraph (1) of this Article, authorization to use the outward processing procedure may be granted to another person in respect of goods of Latvian origin, where the processing operation consists in incorporating these goods into goods obtained outside the Republic of Latvia imported as compensating products, provided that the use of the procedure helps to promote the sale of export goods without adversely affecting the essential interests of Latvian producers of products identical or similar to the imported compensating products.

- (3) Authorization shall be granted only:
- 1) to persons established in the Republic of Latvia;
  - 2) where it is considered that it will be possible to establish that the compensating products have resulted from processing of the temporary export goods;
  - 3) where the use of the outward processing procedure is not liable seriously to harm the economic interests of Latvian processors.

**Article 81. Time limit of the application of the outward processing procedure**

- (1) The customs authorities shall specify the period within which the compensating products must be re-imported into the customs territory of the Republic of Latvia. They may extend the period of submission of a duly substantiated request of the holder of the authorization.
- (2) The State Revenue Service shall set the rate of yield of the operation, or where necessary, the method of determining the rate.

**Article 82. Application of customs duty reliefs for the outward processing procedure**

- (1) The relief from import duties provided for in Article 83(1) of this Law shall be granted only where the compensating products are declared for release for free circulation:
  - 1) in the name or in behalf of the holder of the authorization;
  - 2) by the other person established in the Republic of Latvia provided that the person has obtained the consent of the holder of the authorization and the conditions of the authorization are fulfilled.
- (2) The relief from import duties provided for in Article 83 of this Law shall not be granted where one of the conditions or obligations relating to the outward processing procedure is not fulfilled, unless it is established that the failures have no significant effect on the correct operation of the said procedure.

**Article 83. Establishment of reliefs from customs duties for the outward processing procedure**

- (1) The relief from import duties provided for in Article 78 shall be effected by deducting from the amount of the import duties applicable to the compensating products released for free circulation the amount of the import duties that would be applicable on the same date to the temporary export goods if they were imported into the customs territory of the Republic of Latvia from the country in which they underwent the processing operation or last processing operation.
- (2) The amount to be deducted pursuant to paragraph (1) of this Article shall be calculated on the basis of the quantity and nature of the goods in question on the date of acceptance of the declaration placing them under the outward processing procedure and on the basis of the other items of charge applicable to them on the date of acceptance of the declaration relating to the release for free circulation of the compensating products. The value of the temporary export goods shall be that taken into account for those goods in determining the customs value of the compensating products in accordance with Article 168(1)2) indent a) or, if the value cannot be determined in that way, the difference between the customs value of the compensating products and the processing costs is to be determined accordingly. However:
  - 1) certain charges determined by the Cabinet of Ministers shall not be taken into account in calculating the amount to be deducted;
  - 2) where, prior to being placed under the outward processing procedure, the temporary export goods were released for free circulation at a reduced rate by virtue of their end-

use, and for as long as the conditions for granting the reduced rate continue to apply, the amount to be deducted shall be the amount of import duties actually levied when the goods were released for free circulation.

- (3) Where temporary export goods qualify for their release for free circulation for a reduced or zero rate of duty by virtue of their end-use, that rate shall be taken into account provided that the goods underwent operations with such an end-use in the country where the processing operation took place.
- (4) Where compensating products qualify for a preferential tariff measure, the amount of import duties to be taken into account in establishing the amount to be deducted pursuant to paragraph (1) of this Article shall be that amount which would apply if the temporary export goods fulfilled the conditions under which that preferential measure may be applied.

**Article 84. Temporary export of goods for repair**

- (1) Where the purpose of the processing operation is the repair of the temporary export goods, they shall be released for free circulation with total relief from import duties where it is established to the satisfaction of the customs authorities that the goods were repaired free of charge either because of a contractual or statutory obligation or because of a manufacturing defect.
- (2) Paragraph (1) of this Article shall not apply where account was taken of that defect at the time when the goods in question were released for free circulation.
- (3) Where the purpose of the processing operation is the repair of temporary export goods and such repair is carried out in return for payment, the relief from import duties provided for in Article 86 of this Law shall be granted by establishing the amount of the duties pertaining to the compensating products on the date of acceptance of the declaration of release for free circulation of those products and taking into account as the customs value an amount equal to the repair costs, provided that these costs represent the only consideration provided by the holder of the authorization and are not influenced by any links between these persons.

**Article 85. Substitution of compensating products with replacement products in the outward processing procedure**

- (1) Under the conditions laid down in Articles 85 to 89 of this Law which are applicable in addition to the preceding provisions the standard exchange system shall permit an imported product, hereinafter referred to as a "replacement product", to replace a compensating product.
- (2) The customs authorities shall allow the standard exchange system to be used where the processing operation involves the repair of Latvian goods and other than those subject to the annual program of the agricultural policy of the Republic of Latvia or to the specific arrangements applicable to the certain goods resulting from the processing of agricultural products.
- (3) Without prejudice to Article 89, the provisions of this Law applicable to compensating products shall apply to replacement products.
- (4) The customs authorities shall, under the conditions laid down, permit replacement products to be imported before the temporary export goods are exported (prior importation). In the event of importation of replacement products, security shall be provided to cover the amount of the import duties.

**Article 86. Requirements to be observed in respect to the replacement products**

- (1) Replacement products shall have the same tariff classification, be of the same quality and possess the same technical characteristics as the temporary export goods had the latter undergone the repair.
- (2) Where the temporary export goods have been used before export, the replacement products must also have been used and may not be new products. The customs authorities may, however, grant derogation from this rule if the replacement product has been supplied free of charge either because of contractual or statutory obligation arising from a guarantee or because of the manufacturing defect.
- (3) The customs authorities may not authorize the standard exchange where it is not possible to ensure the observance of the requirements in relation to the replacement products referred to in paragraph (1) and (2) of this Article.

**Article 87. Time limits for the export of goods for the outward processing procedure.**

- (1) In the case of prior importation, the export goods shall be temporarily exported within a period of two months from the date of acceptance by the customs authorities of the declaration relating to the release of the replacement products for free circulation.
- (2) Where exceptional circumstances so warrant, the customs authorities may at the request of the person concerned, extend within reasonable limits the period referred to in paragraph (1) of this Article.

**Article 88. Establishment of the amount to be deducted for the outward processing procedure**

In the case of prior importation and where Article 83 of this Law is applied, the amount to be deducted shall be determined on the basis of the items of charge applicable to the temporary exported goods on the date of acceptance of the declaration placing them under the said customs procedure.

**Article 89. Restrictions in respect to the application of the outward processing procedure**

Article 80(3)2) and Article 82 (2) shall not apply in the context of standard exchange.

**Chapter XV  
Transit**

**Article 90. Scope of the transit procedure**

- (1) The transit procedure shall allow the movement of the following goods from one customs office to another within the customs territory of the Republic of Latvia:
  - 1) non-Latvian goods without such goods being subject to import duties and other charges or to commercial policy measures;
  - 2) Latvian goods which are subject to the completion of the export procedure.
- (2) Movement as referred to in paragraph (1) of this Article shall take place:
  - 1) under the transit procedure;
  - 2) under cover of a TIR carnet (TIR Convention) provided that such movement:
    - a) began or is to end outside the Republic of Latvia, or
    - b) relates to consignments of goods which must be unloaded in the customs territory or outside it;

- 3) under cover of an ATA carnet (ATA Convention) used as a transit document;
- 4) by post (including parcel post).

**Article 91. Regulations governing the application of transit procedure.**

- (1) When applying the transit procedure in respect to the goods:
  - 1) commercial means of transport shall meet the requirements of the international traffic of goods;
  - 2) goods shall remain in an unaltered state save the natural waste of goods and losses due to their transportation and storage; it is forbidden to use the said goods for purposes other than transit;
  - 3) goods shall be diverted to the customs office of destination within the time limit determined by the customs office of departure, account being taken of the capacities of the means of transport, the route intended and other provisions governing the transportation of goods.
- (2) The customs authorities may allow the transit procedure to be effected only in the cases provided the carrier:
  - 1) submits a security for the completion of the said customs procedure;
  - 2) makes use of the services by the customs agent;
  - 3) makes use of a customs convoy.
- (3) The procedure is deemed to be completed when the goods are produced at the customs office of destination (customs checkpoint).

**Article 92. Measures to be taken in case of accidents and unforeseeable or force majeure circumstances.**

- (1) By reason of an accident or force majeure circumstances, it is allowed to unload the goods. In this case the carrier shall be responsible for:
  - 1) the performance of all the necessary measures to be taken to ensure the security of goods and to exclude any unauthorized actions with the said goods;
  - 2) prompt notification of the customs authorities, and if necessary, the sanitary border inspection of the situation and the precise location of the goods;
  - 3) the conveyance of goods without delay to place designated by the customs authorities or the transportation of customs officials to the location of the goods.
- (2) The State Revenue Service shall not recompense the losses incurred to the carrier resulting from the measures to be taken as prescribed by this Article.

**Article 93. Guarantees to be furnished for the completion of the transit procedure**

- (1) The principal shall provide a guarantee in order to ensure payment of any customs debt or other charges which may be incurred in respect of the goods as prescribed by this Article.
- (2) Except in specific cases to be determined, where necessary, no guarantee need to be furnished for:
  - 1) journeys by sea and air;
  - 2) carriage by pipeline;
  - 3) national railway conveyances;

- (3) The guarantee waiver may be granted to persons by the customs authorities provided the said persons meet the following requirements:
  - 1) they are established in the Republic of Latvia;
  - 2) they are regular users of transit procedure;
  - 3) their financial situation is such that they can meet their commitments;
  - 4) they have not committed any infringement of customs or fiscal laws; and
  - 5) they, in accordance with a specimen form to be determined, undertake to pay, upon the first application, in writing by the customs authorities, any sums claimed in respect of their transit operations.
- (4) The customs authorities which grant the waiver shall issue to each person obtaining it one or more copies of a guarantee waiver certificate.

**Article 94. Obligations for the observance of the requirements of the transit procedure**

- (1) The person moving the goods under the transit procedure (principal) shall be responsible for:
  - 1) production of goods intact at the customs office of destination by the prescribed time limit and with due observance of the measures adopted by the customs authorities to ensure the identification of goods,
  - 2) observance of the provisions relating to the transit procedure.
- (2) A carrier or a recipient of goods who accepts goods, knowing that they are moving under transit, shall bear joint responsibility with the person moving the goods for production of the goods at the customs office of destination with due observance to ensure the identification of the goods.

**Chapter XVI**

**Provisions as to commercial means of transport**

**Article 95. Scope of the procedure for provisions as to commercial means of transport**

- (1) Provision of commercial means of transport is a customs procedure that allows the movement of stores intended for commercial means of transport across the customs border and complementing the said stores within the customs territory without subjecting them to customs duties and commercial policy measures.
- (2) The stores of commercial means of transport shall be:
  - 1) goods intended for the passenger and crew consumption of the commercial means of transport (ships, aircraft or trains) and sale during the journey;
  - 2) goods necessary for the operation and maintenance of the commercial means of transport (ships, aircraft or trains) including fuel and lubricants, except the spare parts and equipment placed on the commercial means of transport entering the customs territory or in case if the said means of transport is complemented within the customs territory and the said goods are intended for international conveyance of passengers or goods.

**Article 96. Regulations governing the procedure of provision of commercial means of transport**

- (1) The stores of commercial means of transport may be used only for the following purposes:

- 1) for the consumption by passengers and crew of the commercial means of transport, and sale of the said stores during the journey;
  - 2) for the operation and maintenance of the commercial means of transport.
- (2) The procedure shall be deemed to be completed at the acceptance date of the customs declaration.

## **Chapter XVII**

### **Other types of customs approved treatment or use**

#### **Article 97. Free zone**

- (1) A free zone shall be part of the customs territory of the Republic of Latvia which is separated from the rest of the said territory and where:
- 1) non-Latvian goods are considered, for the purposes of customs duties and commercial policy measures, to have the same status as the goods outside the customs territory of the Republic of Latvia;
  - 2) Latvian goods may qualify for being placed under the export procedure.
- (2) The introduction of goods into and the removal from the free zone shall be under the control of the customs authorities. Special customs control measures are determined by the Cabinet of Ministers.

#### **Article 98. Territory of the free zone and entry and exit points.**

- (1) A free zone shall be established as prescribed by special laws.
- (2) The territory of a free zone shall be enclosed, and the competent authorities shall define the entry and exit points of each free zone.
- (3) The construction of any building in a free zone shall require the prior approval of the customs authorities within the scope of their competence.

#### **Article 99. Check of goods in a free zone**

- (1) The location of the entry and exit points of a free zone shall be determined by the free zone administration having coordinated it with the State Revenue Service. The perimeter and the entry and exit points of a free zone shall be subject to supervision by the customs authorities.
- (2) Persons and means of transport entering or leaving a free zone may be subjected to a customs check.
- (3) The customs authorities may check goods entering, leaving or remaining in a free zone. To enable such checks to be carried out, a copy of a transport document, which shall accompany goods entering or leaving shall be handed to, or kept at the disposal of the customs authority or the person authorized by this authority. Where such checks are required the goods shall be made freely available to customs officials.

#### **Article 100. Requirements for presenting goods in a free zone**

- (1) Without prejudice to Article 99(3) of this Law, goods entering a free zone need not be presented to the customs authorities, nor need a customs declaration be lodged.
- (2) Goods shall be presented to the customs authorities and undergo the prescribed customs formalities only where:

- 1) they have been placed under a customs procedure which is discharged when the said goods enter a free zone; however where the customs procedure in question permits exemption from the obligation to present goods, such presentation shall not be required;
  - 2) they have been placed in a free zone on a customs authority decision to grant repayment or remission of import duties.
- (3) Customs authorities may require goods subject to export duties or to other export provisions to be notified to the customs authority;
  - (4) At the request of person concerned the customs shall certify the Latvian or non-Latvian status of goods placed in a free zone.

**Article 101. Time limit for goods to remain in a free zone**

There shall be no limit to the length of time goods may remain in a free zone.

**Article 102. Placing of different goods in a free zone**

- (1) Both Latvian and non-Latvia goods may be placed in a free zone.
- (2) The customs authorities may require that goods which present a danger or are likely to spoil other goods be placed in premises specially equipped to receive them.

**Article 103. Activities with goods in a free zone.**

- (1) Any industrial, commercial or service activity shall, under the conditions laid down in this Law, be authorized in a free zone. The carrying on of such activities shall be notified in advance to the customs authorities.
- (2) The customs authorities may impose certain prohibitions or restrictions on the activities referred to in paragraph(1) of this Article, having regard to the nature of the goods concerned or the requirements of customs supervision.
- (3) The customs authorities may prohibit persons who do not comply with the provisions laid down in this Law from carrying on an activity in a free zone.

**Article 104. Application of customs procedure in a free zone.**

- (1) Non-Latvian goods placed in a free zone may:
  - 1) be released for free circulation in accordance with the appropriate customs procedure;
  - 2) be subject to the inward processing procedure under the conditions laid down by this procedure;
  - 3) be subject to the procedure of processing under customs control in accordance with the conditions laid down by this procedure;
  - 4) be subject to the temporary importation procedure under the conditions laid down by this procedure;
  - 5) be abandoned to the state;
  - 6) be destroyed, provided that the person concerned supplies the customs authorities with all the necessary information.
- (2) Where goods are placed under one of the procedures referred to in paragraph (1)2),3) or 4) the State Revenue Service, in so far as is necessary to, may take account of the operating and customs supervision conditions of the free zones, adapt the control arrangements laid down.



**Article 105. Stock account and records in a free zone.**

- (1) All persons carrying on an activity involving the storage, processing, or sale or purchase in a free zone shall keep stock records in a form approved by the customs authorities. Goods shall be entered in the stock records as soon as they are brought into a free zone. The stock records must enable the customs authorities to identify the goods and record their movements.
- (2) Where goods are transshipped within a free zone, the documents relating to the operation shall be kept at the disposal of the customs authorities. The short-term storage of goods in connection with such transshipment shall be considered an integral part of the operation.

**Article 106. Costs not to be included in the customs value.**

Where a customs debt is incurred in respect of non-Latvian goods and the customs value of such goods is based on the price actually paid or payable which includes the cost of warehousing or of preserving goods while they remain in the free zone, such costs shall not be included in the customs value, if they are shown separately from the price actually paid or payable for the goods.

**Article 107. Re-exportation, destruction and abandonment in favor of the state.**

- (1) Re-exportation shall be a customs procedure allowing to export non-Latvian goods from the customs territory of the Republic of Latvia, where appropriate, involve the application of the formalities laid down for goods leaving, including commercial policy measures.
- (2) Destruction shall be a customs procedure allowing to destroy non-Latvian goods under customs control exempting them from customs duties and without subjecting them to the commercial policy measures.
- (3) Abandonment shall be a customs procedure, allowing a person to refuse from non-Latvian goods in favor of the State, without subjecting them to customs duties and commercial policy measures.

**Article 108. Regulations for the application of the procedures of destruction and abandonment in favor of the State.**

- (1) The respective customs authority shall be notified about the destruction of goods.
- (2) Destruction shall be prohibited in cases, where the destruction of the goods involves additional expenditures from the state budget or incurs damage to the environment.
- (3) Any waste or scrap resulting from the destruction of goods shall be subject to the prescribed appropriate customs procedure for non-Latvian goods. The waste and scrap shall remain under customs supervision as long as necessary for the performance of the said customs procedure.
- (4) The arrangement prescribing the performance of the destruction or abandonment of goods in favor of the state is defined by the provisions of the Cabinet of Ministers.

**Title C****Customs control****Chapter XVIII****General provisions for customs control****Article 109. Customs control and kinds of control**

- (1) Customs control shall be performed by customs officials checking documentation and information necessary for customs clearance, performing examination of goods, taking samples, keeping records of goods that are moved across the customs border, verifying the correctness of the accounts and records in customs warehouses, customs control zones, duty-

free shops, free zones and other places containing the goods under customs control, as well as practising other kinds of customs control prescribed by this Law and other provisions governing customs matters.

- (2) Where performing customs control, it shall be allowed to make use of technical means, without bringing harm to human lives and health, not being detrimental to animals or plants and without damaging goods and incurring losses to persons.
- (3) The methodology of customs control shall be defined by the State Revenue Service.

#### **Article 110. Customs control zones**

- (1) In order to perform customs control, the Customs Board shall define the customs control zones as prescribed by the Cabinet of Ministers.
- (2) The movement of goods, persons and commercial means of transport across the borders of the customs zones shall be effected only under authorization and control of customs authorities.
- (3) The presence and activities of foreign customs control services in the customs control zone shall be coordinated with the State Revenue Service.
- (4) In order to perform business activities in the customs control zone it is necessary to obtain an authorization issued by the State Revenue Service, unless stated otherwise in the existing customs legislation

#### **Article 111. Customs seals and fastenings**

- (1) Goods, commercial means of transport, premises and other places where goods under customs control may be located may be secured by affixing seals, stamps and other customs fastenings.
- (2) Customs seals and fastenings may be removed, changed or destroyed only by customs authorities or upon their authorization.
- (3) The application of customs seals and fastenings shall be defined by the State Revenue Service.

#### **Article 111.<sup>1</sup> Customs control measures**

- (1) Customs offices may perform all or separate customs control measures in cases provided by this Law and other customs - related normative acts.
- (2) Non-performance of customs control measures doesn't mean that persons are released from obligation to follow procedure determined by international agreements, this Law and other normative acts.

#### **Article 112. Exemption from customs control.**

- (1) Personal effects of diplomats and members of their families, the Parliament (Saeima) members of the Republic of Latvia, the members of the Cabinet of Ministers, diplomatic couriers shall be exempt from customs control unless the customs authorities have justified suspicions about the presence among the said personal effects of the following goods:
  - 1) goods not intended for personal use or official use of the diplomatic representation office (in respect to the diplomats of the Republic of Latvia);
  - 2) goods whose import or export is prohibited in accordance with the existing legislation;
  - 3) goods whose import or export is regulated by quarantine or any other special regulations.
- (2) The examination of goods shall be performed only in the presence of the said persons or their representatives.

- (3) Consignments of the diplomatic mail of the Republic of Latvia shall be exempt from customs control.

**Article 113. Physical examination of a person**

- (1) Physical examination of a person as an exceptional form of customs control may be performed upon a written decision by the head of the customs office or his deputy, where there is sufficient ground to deem that the person crossing the customs border, while being in the customs control zone, is hiding such goods on him the movement of which across the customs border is prohibited or which are introduced for commercial purposes.
- (2) Prior to physical examination of a person the customs official shall notify the respective person of its rights and obligations linked with the performance of such an examination and shall propose to produce on his free will the goods hidden.
- (3) The physical examination of a person may be performed by an especially authorized customs official of the same sex as the person to be examined in the presence of two persons of the same sex invited. The examination shall be performed in an isolated room meeting sanitary and hygienic requirements. Persons that do not participate in the physical examination of a person may not enter the said room, as well as observe the performance of the examination. Skin search of a person may be performed only by a medical officer.
- (4) The procedure of performing the physical examination of a person shall be defined by the Cabinet of Ministers.

**Chapter XIX**

**Regulations applicable to customs control in respect to goods**

**Article 114. Goods subject to customs control**

- (1) Customs control shall be applicable to all goods and commercial means of transport crossing the customs border, except the cases referred to in this Law.
- (2) In accordance with the regulations of the Cabinet of Ministers the respective goods shall be subject to the control of sanitary border inspection.

**Article 115. Customs control after release of goods**

After goods have been released for free circulation the customs control may be effected where there is justified ground to believe that international agreements and other normative acts have been violated.

**Article 116. Examination of customs declarations, other related documents and goods**

Customs authorities shall perform examination of customs declaration related freight documents and goods after the submission of the customs declaration and all the supporting documents and information, while in respect of the goods referred to in Article 132 of this Law, - in the priority order.

**Article 117. Taking of samples**

- (1) Customs authorities may take samples of the goods under customs control in the quantities necessary for performing analysis.
- (2) The procedure of taking samples is prescribed by the State Revenue Service.

**Article 118. Presence of the declarant during the examination of goods**

- (1) The declarant shall have the right to be present during the examination of goods.
- (2) The customs authorities shall be entitled to carry out examination of goods in the absence of the declarant in the following cases:
  - 1) if the person concerned does not arrive to the place of examination and at the time designated by the customs authorities;
  - 2) where the examination is to be performed for the purposes of ensuring national security, public order and ensuring human life and health;
  - 3) where examination of international postal items has to be effected.
- (3) The examination of goods referred to in paragraph (2) of this Article shall be performed in the presence of the witness invited.

**Article 119. Conveyances subject to control**

- (1) In accordance with international agreements or agreements with foreign customs authorities and other relevant institutions, in particular cases, customs control, may be performed, practising the method of the controllable conveyances, i.e., under customs control it is permitted to import, export or move in transit across the customs territory narcotic and psychotropic substances, and precursors included in the international illegal traffic as well as other conventionally prohibited goods.
- (2) The decision about the application of the controllable conveyance method shall be taken by the State Revenue Service in coordination with the Ministry of Interior Affairs.

**Title D**  
**Pre-clearance**  
**Chapter XX**  
**General provisions of pre-clearance**

**Article 120. Scope of the pre-clearance**

Pre-clearance activities in respect of goods brought into the customs territory are performed prior to the application of the customs procedure. In the course of pre-clearance operations the customs authorities shall take the control measures intended to prevent the movement of prohibited goods across the customs border and to identify the goods.

**Article 121. Presentation of goods and documents to customs (at the customs checkpoint)**

- (1) When crossing the customs border the carrier shall be responsible for presentation of goods and documents relating to goods to the customs office (the customs checkpoint) in an unaltered state and quantity.
- (2) Where by reason of an accident or unforeseeable circumstances or force majeure, the carrier fails to fulfill the obligations laid down in paragraph(1) of this Article, he shall be responsible for taking all measures to ensure that the goods and the evidence remain intact, preventing any unauthorized actions with the said goods, and promptly informing the nearest customs office of the situation, and, where appropriate, the sanitary border inspection about the nature of the event and the location of the goods. The customs authorities shall specify the customs control measures to be taken in this case.
- (3) The customs authorities are not entitled to compensate the losses incurred to the carrier for the execution of the requirement referred to in this Article.

**Article 122. Pre-clearance document**

- (1) A person may submit a pre-clearance document entering goods and the related documents after presenting them to the customs authorities (the customs checkpoint) until placing the goods under the customs procedure.
- (2) The pre-clearance document shall not be used where the goods presented to the customs authorities (the customs checkpoint) are not promptly assigned the appropriate customs procedure.
- (3) The pre-clearance document shall contain the most relevant particulars ensuring the identification of goods in further completion of customs formalities. The procedure of application of the pre-clearance document shall be defined by the Cabinet of Ministers.
- (4) Transport, commercial and other documents, also documents completed in other languages may be used instead of a pre-clearance document, provided that these documents contain the particulars needed for a pre-clearance document.
- (5) The pre-clearance document shall be completed without delay.

**Chapter XXI**  
**Temporary storage**

**Article 123. General provisions for the temporary storage procedure**

- (1) Goods from the acceptance date of the pre-clearance document until being assigned a customs procedure remain in temporary storage under customs control.
- (2) The period of temporary storage shall not exceed 45 days, if goods are transported by sea transport, and 20 days, if they are transported by other means of transport, starting with the date of the submission of the pre-clearance document.
- (3) The treatment of goods under the procedure of temporary storage shall be defined by the State Revenue Service.

**Article 124. Responsibility for the preservation of goods**

While goods remain under the procedure of temporary storage the holder of the goods or the person having accepted the goods for temporary storage or both of the said persons shall share the responsibility.

**Article 125. Activities in respect of goods under temporary storage**

The following activities shall be approved by the customs authorities in respect of goods in temporary storage ensuring their preservation in an unaltered state:

- 1) unloading of goods;
- 2) examination and measurement of goods
- 3) sampling of goods.

**Title E**  
**Customs clearance**  
**Chapter XXII**  
**General provisions for customs clearance**

**Article 126. Documentation and particulars required for customs clearance**

- (1) When moving goods across the customs border and performing activities under customs control, the holders of goods are obliged to submit to the customs authorities all the

documentation as well as the information required for customs clearance that may be presented also in a foreign language.

- (2) The list of the documents and information, the procedure of submission, the period of preservation of the said documentary evidence which may not be shorter than three years irrespective of the medium of information, in accordance with this Law and other existing legislation shall be defined by the Cabinet of Ministers.

#### **Article 127. Place and time for customs clearance**

- (1) Customs clearance shall be performed at the customs offices (customs checkpoints) during their office hours, but at the request and at the expense of the person concerned clearance may be performed at any other place and time.
- (2) The Cabinet of Ministers may define that customs clearance of particular kinds of goods shall be performed only in especially designated customs offices.

#### **Article 128. Presence of the declarant during the customs clearance**

The declarant shall be entitled to be present during the customs clearance of goods.

#### **Article 129. Language of completing the customs documents**

The customs authorities shall complete customs declarations of all kinds in the Latvian language.

#### **Article 130. Customs clearance after the control by the other state institutions**

In accordance with the legislation referring to particular cases the clearance of goods moved across the customs border may be completed only after the goods have undergone the mandatory veterinary, phytosanitary and other kinds of control.

#### **Article 131. Handling of uncleared goods**

No person has the rights to handle uncleared goods save the cases prescribed by this Law and other normative acts.

#### **Article 132. Simplified clearance procedure**

When moving goods forwarded as aid to those affected by natural disasters, accidents and similar calamities across the customs border, the clearance of the said goods shall be effected in a simplified and priority-based order specified by the State Revenue Service.

### **Chapter XXIII Declaration of goods**

#### **Article 133. General provisions of declaration**

- (1) All goods intended to be placed under a customs procedure shall be covered by a declaration.
- (2) Latvian goods declared for an export, outward processing, transit or customs warehousing procedure shall be subject to customs supervision from the time of acceptance of the customs declaration until such time as they leave the customs territory or are destroyed or the customs declaration is invalidated.
- (3) Non-Latvian goods are under customs control from the moment they are entered into the customs territory, until they obtain the status of Latvian goods, are entered into free zone, re-

exported from the customs territory, destructed or the person abandons them to the Exchequer.

**Article 134. Requirements for completing a customs declaration**

- (1) The customs declaration shall be made:
  - 1) in writing;
  - 2) using a data-processing and transmission media where provided for by the provisions laid down by the State Revenue Service;
  - 3) by means of an oral declaration; whereby the holder of the goods expresses his wish to place them under the customs procedure, where such a possibility is provided for by the rules adopted by the State Revenue Service.
- (2) Declarations in writing shall be made on a form corresponding to the official specimen prescribed for that purpose. The customs declaration shall contain all the particulars necessary for implementation of the provisions governing the customs procedure for which the goods are declared. The customs declaration shall be signed.
- (3) The customs declaration shall be accompanied by all the documents required for implementation of the provisions governing the customs procedure for which the goods are declared.

**Article 135. Acceptance of a customs declaration**

Declarations which comply with the conditions laid down in Article 134 of this Law shall be accepted by the customs authorities immediately, provided that the goods to which they refer are presented to customs.

**Article 136. Declarant**

- (1) Subject to Article 18 of this Law, a customs declaration may be made by any person who is able to present the goods in question to the customs authorities together with all the documents which are required to be produced for the application of the rules governing the customs procedure in respect of which the goods were declared.
- (2) However, where acceptance of the customs declaration is part of the obligations of the particular person, the declaration must be made by this person or any other person on its behalf. The declarant must be a person established in the Republic of Latvia.
- (3) However the conditions regarding the establishment in the Republic of Latvia shall not apply to persons who:
  - 1) make a declaration for transit or temporary importation; or
  - 2) declare goods on an occasional basis provided that the State Revenue Service consider this to be justified.

**Article 137. Amendments in a customs declaration**

The declaration shall at the request of the declarant, be authorized to amend one or more of the particulars of the declaration after it has been accepted by the customs authorities. The amendments shall not have the effect of rendering the declaration applicable to goods other than those it originally covered. However, no amendment shall be permitted to be made in the customs declaration after the customs authorities have performed at least one of the following activities:

- 1) have informed the declarant that they intend to examine the goods;

- 2) have established that the particulars in question are incorrect;
- 3) have released the goods.

**Article 138. Invalidation of the customs declaration**

- (1) The customs authorities shall, at the request of the declarant, invalidate a declaration already accepted where the declarant furnishes proof that goods were declared in error for the customs procedure covered by that declaration or that as a result of special circumstances, the placing of the goods under the customs procedure for which they were declared is no longer justified. Nevertheless, where the customs authorities have informed the declarant of their intention to examine the goods, a request for invalidation of the declaration shall not be accepted until after the examination has taken place.
- (2) The declaration shall not be invalidated after the goods have been released, except in cases defined by the State Revenue Service.
- (3) Invalidation of the declaration shall be without prejudice to the application of the penal provisions in force.

**Article 139. Date of acceptance of the customs declaration**

The date of acceptance of the customs declaration by the customs authorities shall be the date to be used for the respective customs procedure for which the goods are declared.

**Article 140. Verification of the customs declaration**

For the verification of declarations which they have accepted, the customs authorities may:

- 1) examine the documents covering the declaration and the documents accompanying it, as well as they may require the declarant to present other documents;
- 2) examine the goods and take samples for analysis or for detailed examination.

**Article 141. Obligations and rights of the declarant**

- (1) Transport of the goods to the place where they are to be examined and samples are to be taken, and all handling necessitated by such examination or taking of samples, shall be carried out by or under responsibility of the declarant. All costs incurred shall be borne by the declarant.
- (2) The declarant shall be entitled to be present when the goods are examined and when samples are taken. Where they deem it appropriate, the customs authorities shall require the declarant to be present or represented when the goods are examined or samples are taken in order to provide them with the assistance necessary to facilitate such examination or taking of samples.
- (3) Provided that samples are taken in accordance with the provisions in force, the customs authorities shall not be liable for payment of any compensation in respect of the samples but shall bear the costs of their analysis or examination.

**Article 142. Examination of goods covered by the customs declaration**

- (1) Where only part of the goods covered by the declaration are examined, the results of a partial examination shall be taken to apply to all the goods covered by that declaration. However, the declarant may request a further examination of the goods if he considers that the results of the partial examination may not be applied to the remainder of the goods declared.
- (2) Where a declaration form covers two or more items, the particulars relating to each item shall be deemed to constitute a separate declaration.



**Article 143. Application of the results of the verification of the information included in the declaration**

- (1) The results of verifying the information included in the declaration shall be used for the purposes of applying the provisions governing the customs procedure under which the goods are placed.
- (2) Where the customs declaration is not verified, the provisions referred to in paragraph (1) of this Article shall be applied on the basis of the particulars contained in the declaration.

**Article 144. Identification of the goods declared**

- (1) The customs authorities shall take the measures necessary to identify the goods where identification is required in order to ensure the compliance with the conditions governing the customs procedure for which the said goods have been declared.
- (2) Means of identification affixed to the goods and means of transport shall be removed only by the customs authorities or with their permission unless, as a result of unforeseeable circumstances or force majeure, their removal or destruction is essential to ensure the protection of the goods or means of transport.

**Article 145. Release of goods without examination when accepting the customs declaration**

- (1) Without prejudice to Article 146 of this Law, where the conditions for placing the goods under the procedure in question are fulfilled and provided the goods are not subject to any prohibitive or restrictive measures, the customs authorities shall release the goods as soon as the particulars in the declaration have been verified or accepted without verification. The same shall apply where such verification cannot be completed within a reasonable period of time and the goods are no longer required to be present for verification purposes.
- (2) All the goods covered by the same declaration shall be released at the same time.

**Article 146. Cases when goods are not released when accepting the customs declaration.**

- (1) Where acceptance of a customs declaration gives rise to a customs debt, the goods covered by the declaration shall not be released unless the customs debt has been paid or secured. However, without prejudice to paragraph (2) of this Article, this provision shall not apply to the temporary importation procedure with partial relief from import duties.
- (2) Where, pursuant to the provisions governing the customs procedure for which the goods are declared, the customs authorities require the provision of a security, the said goods shall not be released for the customs procedure in question until such security is provided.

**Article 147. Special cases when handling declared goods**

Any necessary measures, including confiscation and sale shall be taken to deal with goods which:

- (1) cannot be released because:
  - a) it has not been possible to undertake or continue examination of the goods within the period prescribed by the customs authorities for reasons attributable to the declarant, or
  - b) the document which must be produced before the goods can be placed under the customs procedure requested have not been produced,
  - c) payments or security which should have been made or provided in respect of customs duties have not been made,
  - d) they are subject to bans or restrictions;

- (2) are not delivered to the customs warehouse within a reasonable time after the completion of the respective customs formalities.

### **Chapter XXIII<sup>1</sup>** **Simplified declaration procedure**

#### **Article 147<sup>1</sup>. The form and content of simplified customs declaration**

- (1) In order to simplify the clearance procedure of goods, customs authorities shall allow:
  - 1) not to produce a particular information in the customs declaration or not to accompany the customs declaration by particular documents necessary for completion of the customs procedure;
  - 2) to lodge a commercial document accompanied by an application concerning the discharge of particular customs procedure instead of customs declaration;
  - 3) to discharge the customs procedure by registering necessary information a data-processing technique. In such case presenting of goods to customs is not compulsory.
- (2) Applying simplified customs declaration, it shall contain particulars necessary for identification of goods.

#### **Article 147<sup>2</sup>. Supplementary declaration**

- (1) Applying the simplified declaration procedure, declarant is responsible for presenting a supplementary declaration of a general, periodic or recapitulative nature to customs authorities.
- (2) Supplementary customs declaration together with simplified customs declaration forms a single and indivisible instrument, taking effect on the date of acceptance of the simplified customs declaration.
- (3) Data-processing technique has the same legal effect as a customs declaration in writing.
- (4) Types of simplified customs declaration and procedure of their application is determined by the Cabinet of Ministers.

### **Chapter XXIV** **Customs clearing agent**

#### **Article 148. Status of customs clearing agent.**

The customs clearing agent is a person established in the Republic of Latvia, who carries out in his name and on behalf of the holder of the goods the intermediary functions between the holder of the goods and the customs authorities, ensuring the customs clearance prescribed by this Law and paying all the customs duties and other charges specified by the existing legislation.

#### **Article 149. Authorization of customs clearing agents**

- (1) The activities performed by the customs clearing agent, the procedure of granting the authorization and the term of validity shall be defined by the Cabinet of Ministers.
- (2) The authorization for performing activities of customs clearing agent shall be issued, invalidated or revoked by the State Revenue Service.
- (3) The authorization shall be invalidated, where it has been issued on the basis of incomplete or incorrect information having an essential effect on taking the decision to issue the said authorization. The decision on the invalidation of the authorization shall take effect on the date of acceptance of the said decision.

- (4) The authorization shall be revoked in case the customs clearing agent has not complied with the requirements prescribed by this Law, as well as in cases when the customs clearing agent is recognized or announces himself to be insolvent. The decision on the invalidation of the authorization shall take effect on the date of acceptance of the said decision.
- (5) The authorization shall be suspended for the period not exceeding three months by the customs authorities supervising the performance of the customs clearing agent, having sufficient ground for suspecting the said agent for not complying with the requirements specified by the existing legislation.

**Article 150. Registration of customs clearing agents**

The State Revenue Service shall perform the registration of customs clearing agents and shall provide regular inclusion of the list of the said agents in official publications.

**Title F**

**Reliefs from customs duties in respect to certain categories of non-Latvian persons.  
(deleted 22.10.1998)**

**Section G**

**Provisions of the Application of Customs duties**

**Chapter XXVII Value of goods for Customs purposes**

**Article 151. Determination of customs value**

The customs value of goods is the base for calculation of customs duties. The order of calculation of customs value of goods is determined by the Cabinet of Ministers.

**Article 152. Similar goods**

- (1) Similar goods means goods which, although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable and are produced in the same country.
- (2) The quality of the goods, their reputation and the existence of a trademark are among the factors to be considered in determining whether goods are similar.
- (3) Goods produced by a different person shall be taken into account only when there are no identical goods or similar goods, as the case may be, produced by the same person as the goods being valued.

**Article 153. Identical goods**

- (1) Identical goods means goods which are the same in all respects, including physical characteristics, quality and reputation and are produced in the same country.
- (2) Minor differences in appearance would not preclude goods otherwise conforming to the definition from being regarded as identical.

**Article 154. Related persons**

Persons shall be deemed to be related only if:

- 1) they are officers or directors of one another's businesses;
- 2) they are legally recognized partners in business;
- 3) they are employer and employee;

- 3) any person directly or indirectly owns, controls or holds 5 percent or more of the outstanding voting stock or shares of both of them;
- 4) one of them directly or indirectly controls the other;
- 5) both of them are directly or indirectly controlled by a third person;
- 6) together they directly or indirectly control a third person;
- 7) they are members of the same family.

**Article 155. Valuation of goods based on the transaction value**

- (1) The Customs value of imported goods shall be the transaction value, that is, the price actually paid or payable for the goods when sold for export to the Customs territory of the Republic of Latvia, adjusted, where necessary, in accordance with Articles 168 and 169, provided that the provisions of paragraph (2) of this Article are taken into account.
- (2) The customs value of the goods being valued is deemed to be the transaction value if:
  - 1) there are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which:
    - a) are imposed or requested by a Law or by the public authorities in the Republic of Latvia,
    - b) limit the geographical area in which the goods may be resold,
    - c) do not substantially affect the value of the goods;
  - 2) the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;
  - 3) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 168; and
  - 4) the buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for Customs purposes under paragraph (2).
- (3) In a sale between related persons, the transaction value shall be accepted and the goods valued in accordance with paragraph 1 wherever the declarant demonstrates that such value closely approximates to one of the following occurring at or about the same time:
  - 1) the transaction value in sales, between buyers and sellers who are not related in any particular case, of identical or similar goods for export to the Republic of Latvia;
  - 2) the Customs value of identical or similar goods, as determined under Article 166 (2) 3);
  - 3) the Customs value of identical or similar goods, as determined under Article 166 (2) 4).
- (4) In applying the foregoing tests, due account shall be taken of demonstrated differences in commercial levels, quantity levels, the elements enumerated in Article 168 and costs incurred by the seller in sales in which he and the buyer are not related and where such costs are not incurred by the seller in sales in which he and the buyer are related.
- (5) The tests set forth in paragraph 3 are to be used at the initiative of the declarant and only for comparison purposes. Substitute values may not be established under the said paragraph.

**Article 156. Determination methods of identical or similar goods**

- (1) Where the Customs value cannot be determined under Article 165, it is to be determined by proceeding sequentially through subparagraphs 1), 2), 3) and 4) of paragraph (2) to the first subparagraph under which it can be determined, subject to the provision that the order of application of subparagraphs 3) and 4) shall be reversed if the declarant so requests; it is only when such value cannot be determined under a particular subparagraph that the provisions of the next subparagraph in a sequence established by virtue of this paragraph can be applied.

- (2) The Customs value as determined under this Article shall be:
- 1) the transaction value of identical goods sold for export to the Republic of Latvia and exported at or about the same time as the goods being valued;
  - 2) the transaction value of similar goods sold for export to the Republic of Latvia and exported at or about the same time as the goods being valued;
  - 3) the value based on the unit price at which the imported goods for identical or similar imported goods are sold within the Republic of Latvia in the greatest aggregate quantity to persons not related to the sellers;
  - 4) the computed value, consisting of the sum of:
    - a) the cost or value of materials and fabrication or other processing employed in producing the imported goods,
    - b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to the Republic of Latvia,
    - c) the cost or value of the items referred to in Article 168 (1) 5).

**Article 157. Valuation method of special cases**

- (1) Where the Customs value of imported goods cannot be determined under Articles 165 or 166, it shall be determined, on the basis of data available in the Republic of Latvia, using reasonable means consistent with the principles and general provisions of:
- 1) the agreement on implementation of Article VII of the General Agreement on Tariffs and Trade,
  - 2) Article VII of the General Agreement on Tariffs and Trade,
  - 3) the provisions of this chapter.
- (2) No Customs value shall be determined under paragraph 1 on the basis of:
- 1) the selling price in the Republic of Latvia of goods produced in the Republic of Latvia;
  - 2) a system which provides for the acceptance for Customs purposes of the higher of two alternative values;
  - 3) the price of goods on the domestic market of the country of exportation;
  - 4) the cost of production, other than computed values which have been determined for identical or similar goods in accordance with Article 166 (2) 4);
  - 5) prices for export to a third country;
  - 6) minimum Customs values; or
  - 7) arbitrary or fictitious values.

**Article 158. Expenses included in the customs value**

- (1) In determining the Customs value under Article 165, there shall be added to the price actually paid or payable for the imported goods:
- 1) the following, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods:
    - a) commissions and brokerage, except buying commissions,
    - b) the cost of containers which are treated as being one, for Customs purposes, with the goods in question,
    - c) the cost of packing, whether for labour or for materials;
  - 2) the value, apportioned as appropriate, of the following goods and services where supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection

with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:

- a) materials, components, parts and similar items incorporated in the imported goods,
- b) tools, dies, molds and similar items used in the production of the imported goods,
- c) materials consumed in the production of the imported goods,
- d) engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the Republic of Latvia and necessary for the production of the imported goods;
- 3) royalties and license fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable;
- 4) the value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller;
- 5) to the place of introduction into the Customs territory of the Republic of Latvia:
  - a) the cost of transport and insurance of the imported goods, and
  - b) loading and handling charges associated with the transport of the imported goods

(2) Notwithstanding paragraph (1) 3):

- 1) charges for the right to reproduce the imported goods in the Republic of Latvia shall not be added to the price actually paid or payable for the imported goods in determining the Customs value; and
- 2) payments made by the buyer for the right to distribute or resell the imported goods shall not be added to the price actually paid or payable for the imported goods if such payments are not a condition of sale for the export of the goods to the Republic of Latvia.

#### **Article 159. Expenses that are not included in the customs value**

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

- 1) charges for the transport of goods after their arrival at the place of introduction into the Customs territory of the Republic of Latvia;
- 2) charges for construction, erection, assembly, maintenance or technical assistance, undertaken after importation of the imported goods such as industrial plant, machinery or equipment;
- 3) charges for interest under a financing arrangement entered into by the buyer and relating to the purchase of imported goods, irrespective of whether the finance is provided by the seller or another person, provided that the financing arrangement has been made in writing and where required, the buyer can demonstrate that:
  - a) such goods are actually sold at the price declared as the price actually paid or payable, and
  - b) the claimed rate of interest does not exceed the level for such transactions prevailing in the country where, and at the time when, the finance was provided;
- 4) charges for the right to reproduce imported goods in the Republic of Latvia;
- 5) buying commissions;
- 6) import duties or other charges payable in the Republic of Latvia by reason of the importation or sale of the goods.

**Article 160. Re-calculation of currency**

Where factors used to determine the Customs value of goods are expressed in a currency other than that of the Republic of Latvia, the rate of exchange to be used shall be that duly published by the competent authorities of the Republic of Latvia.

**Chapter XXVIII  
Customs tariff**

**Article 161. Customs tariff**

- (1) Goods to be moved across the customs border shall be subject to customs tariffs the rates of which are defined in accordance with the law "On customs tariff".
- (2) Customs tariff is a definite system of the rates of customs duties.  
The customs tariff shall comprise:
  - 1) the Combined Nomenclature of the Republic of Latvia based on the Nomenclature of the Harmonized Commodity Description and Coding System;
  - 2) the rates of customs duties.
- (3) The Combined Nomenclature of the Republic of Latvia is the nomenclature based on the Nomenclature of the Harmonized Commodity Description and Coding System and the EU Combined Nomenclature.  
Code numbers 1-6 of the Combined Nomenclature of the Republic of Latvia to the code of the Nomenclature of the Harmonized Commodity description and Coding System, code numbers 1-8 - to the code of the EU Combined Nomenclature, but code 9 is reserved for designating specific goods of the Republic of Latvia.
- (4) The Nomenclature of the Harmonized Commodity Description and Coding System is used as the nomenclature of goods for statistical, customs and commercial purposes. Classification of the Harmonized System includes all the goods used in international trade. The harmonized System comprises six classification levels - chapters, groups, subgroups, headings and subheadings.
- (5) The rates of customs tariff shall comprise:
  - 1) the basic rate- the rate which is established in accordance with the law "On customs tariffs";
  - 2) rates applicable in trade with countries with the preferential tariff treatment;
  - 3) rates applicable in trade with countries having free trade agreements with the Republic of Latvia;
  - 4) rates applicable in trade with countries granted the preferential tariff treatment by the Republic of Latvia.
- (6) Where the customs legislation or international agreements define quotas in respect to the application of customs rates specified in paragraph(5) indents 2) to 4) of this Article, the rates shall not be applicable unless the volumes of goods specified by the quota are reached.

**Chapter XXIX  
Origin of goods**

**Article 162. Non-preferential origin of goods**

- (1) Non-preferential origin of goods obtained or produced in the Republic of Latvia shall be established in compliance with paragraph (2) and (3) of this Article, but goods imported into

the Republic of Latvia - based on documents certifying the origin of goods, provided in respective international agreements and normative acts, in order:

- 1) to apply the rates of the customs tariff referred to in paragraph (5) indents 1) and 2) of Article 171 of this Law;
  - 2) to apply other commercial policy measures as prescribed by customs legislation;
  - 3) to prepare and issue non-preferential certificates of origin.
- (2) The country of origin is the country where goods are wholly obtained and produced. Goods shall be considered to be wholly obtained or produced in that country if they are:
- 1) mineral products extracted within the country;
  - 2) vegetable products harvested therein;
  - 3) live animals born and raised therein;
  - 4) products derived from animals raised therein;
  - 5) products of hunting or fishing carried on therein;
  - 6) products of sea-fishing and other products taken from the sea outside the country's territorial sea by vessels registered in the country concerned and flying the flag of that country;
  - 7) goods produced on board of factory ships registered in that country and flying the flag of that country, from the products referred to in paragraph (2) indent 6) of this Article.
  - 8) products taken from the seabed outside a country's territorial sea provided that that country has rights to exploit it;
  - 9) waste or scrap products derived from manufacturing operations, as well as used articles if collected in that country and are fit only for the recovery of raw materials;
  - 10) goods which are produced therein from goods referred to in paragraph (2) indents 1) to 9) of this Law.
- (3) Goods whose production involves more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working operation resulting in the manufacture of a new product. The Cabinet of Ministers or a relevant institution authorized to do so can define which operations shall be considered the last, substantial, economically justified processing or working operations.
- (4) Conventional origin of goods shall be proved by providing documentary evidence, presenting the certificate of origin of goods and other documentary evidence proving the origin to the customs authorities as prescribed by the respective international agreements and legislation.

#### **Article 163. Preferential origin of goods**

- (1) Preferential origin of goods shall be defined to apply the rates of customs duties pursuant to paragraph (5) indents 3) and 4) of Article 171 of this Law or to make use of commercial preferences rendered to the Republic of Latvia - GSP (General System of Preferences).
- (2) Preferential origin of goods shall be determined in accordance with the rules laid down in international trade agreements.
- (3) Preferential origin of goods shall be proved by providing documentary evidence, presenting the certificate of origin of goods and other supporting documents to the customs authorities as prescribed by the respective international agreements and legislation. Customs authorities may require also other kinds of evidence proving the origin of goods.



**Chapter XXX**  
**Drawback**

**Article 164. General provisions of drawback**

- (1) Customs duties shall be repaid provided that the customs authorities have been submitted documentary evidence that the amount of such duties was not legally owed.
- (2) Application on the drawback shall be submitted within a period of three years from the date on which the amount of the said customs duties was paid.

**Article 165. Drawback on invalidation of the customs declaration**

Customs duties shall be repaid where a customs declaration is invalidated.

**Title H**  
**Customs debt**  
**Chapter XXXI**  
**Kinds of customs debt**

**Article 166. Customs debt on the release for free circulation of goods**

- (1) A customs debt on the release of goods for free circulation shall be incurred at the time of acceptance of the customs declaration.
- (2) The debtor shall be the declarant.

**Article 167. Customs debt on exportation**

- (1) A customs debt on exportation shall be incurred at the time of acceptance of the declaration.
- (2) The debtor shall be the declarant.

**Article 168. Customs debt in respect to the illegal movement of goods**

- (1) A customs debt in respect to the illegal movement of goods shall be incurred at the time when the said goods are illegally moved across the customs border or the border of the free zone.
- (2) The debtor shall be:
  - 1) the persons who removed the goods illegally;
  - 2) any persons who participated in such removal and who were aware or should reasonably have been aware that such movement was illegal;
  - 3) any persons who have purchased and owned such goods and who were aware or should reasonably have been aware at the time of purchasing that the goods were moved illegally.

**Article 169. Customs debt in respect to avoidance from customs control**

- (1) A customs debt in respect to avoidance from customs control shall be incurred at the time when the person evades from subjecting the goods to the customs control.
- (2) The debtor shall be:
  - 1) the persons evading from subjecting the goods to the customs control;
  - 2) any persons who participated in such process and who were aware or should reasonably have been aware that they are evading from subjecting goods to customs control;

- 3) any persons who have purchased and owned such goods and who were aware or should reasonably have been aware at the time of purchasing that they are evading from subjecting goods to customs control.

**Article 170. Customs debt in respect to the non-fulfilment of the obligations and provisions**

- (1) A customs debt in respect to the non-fulfilment of the obligations and provisions shall be incurred where:
  - 1) one of the obligations in respect to the payment of customs duties for keeping the goods in question in temporary storage or the use of the customs procedure under which the goods have been placed is not fulfilled;
  - 2) the provisions requiring the payment of customs duties in respect to exemption of goods from customs duties are not fulfilled.
- (2) A customs debt shall be incurred either at the time when one of the obligations is not fulfilled or the provisions in respect to placing the goods under a customs procedure or conditions in respect to the exemption of goods from customs duties are not fulfilled.
- (3) The debtor shall be a person responsible for the execution of the liabilities referred to in this Article.

**Article 171. Customs debt in respect to unauthorized activities with goods in the free zone**

- (1) A customs debt shall be incurred where activities in respect to goods in the free zone are performed against the provisions laid down in this Law and other legislation governing customs matters.
- (2) A customs debt shall be incurred:
  - 1) where the goods in question disappear and where their disappearance cannot be explained to the satisfaction of the customs authorities;
  - 2) where the goods are subject to such activities that are not prescribed by this Law and other legislation governing customs matters.
- (3) The debtor shall be the person who:
  - 1) have performed the said activities with goods;
  - 2) have participated in such activities and who was aware or should reasonably have been aware that the goods were used for the purposes other than those laid down in this Law and other provisions governing customs matters.
- (4) Where a customs debt incurs due to the loss of goods, the debtor shall be the last person known to have been in possession of the goods.

**Article 172. Customs debt in respect to exportation of goods without a customs declaration**

- (1) Where goods liable to customs duties are removed from the customs territory without presenting a customs declaration, the customs debt shall be incurred at the time when the said goods actually leave the customs territory.
- (2) The debtor shall be:
  - 1) the persons who removed the goods from the customs territory;
  - 2) any persons who participated in such removal and who were aware or should reasonably have been aware that a customs declaration had not been but should have been lodged.

**Article 173. Special provisions in respect to the customs debt**

A customs debt shall not be incurred where the customs procedure under which the goods have been placed could not have been fulfilled due to unforeseeable circumstances or force majeure, or the goods have been destroyed or irretrievably lost with the permission of the customs authorities.

**Chapter XXXII**  
**Calculation of the customs debt**

**Article 174. Basis for calculation**

A customs debt shall be calculated on the basis of the rates set in the normative provisions effective on the date of the insurance of the customs debt.

**Article 175. Calculation of the customs debt and entry in the accounts**

- (1) The amount of customs duty resulting from a customs debt shall be calculated, entered in the accounts and communicated to the debtor by the customs authorities.
- (2) Where the amount of duty payable has been calculated by the debtor himself in the customs declaration, in accordance with paragraph (1) of this Article the notification shall be sent only when the amount of duty payable does not correspond to the amount of duty calculated by the customs authorities.

**Article 176. Persons sharing the debt**

Where the debt has been incurred by several persons, they shall cover the customs debt jointly.

**Article 177. Settlement of the customs debt**

- (1) Amounts of duty payable communicated to the debtor shall be paid within the period set by the customs authorities that shall not exceed 10 days following communication to the debtor of the amount of the duty owed. An extension shall be granted where it is established that the debtor received the communication too late to enable him to make payment within the period prescribed.
- (2) Any customs debt may be paid by a third person instead of the debtor.

**Article 178. Security to cover customs debt**

- (1) Where, in accordance with this Law, the customs authorities require security to be provided in order to ensure payment of a customs debt, such security shall be provided by the person who is liable or who may become liable for that debt. Where the debtor is a public authority, no security shall be required. The security may be provided by a third person. The customs authorities shall require only one security to be provided in respect of one customs debt.
- (2) The amount of the security shall correspond to the amount of the customs debt, but where the customs debt has not come into effect to the approximate highest possible amount of the customs debt.
- (3) The security shall not be released until such time as the customs debt in respect of which it was given is extinguished or can no longer arise (when the customs procedure is discharged).
- (4) The Cabinet of Ministers shall define the scope and the procedure of applying the security.

**Article 179. Remission of customs duty**

- (1) The obligation to pay the customs duty shall be remitted where substituted proof has been provided to the satisfaction of the customs authorities that the amount of such duties entered in the accounts was not legally owed.
- (2) The request on the remission from the obligation to pay the customs duties shall be submitted not exceeding the period of three years after the said amount of customs duties has been entered in the accounts.

**Article 180. Extinction of customs debt**

A customs debt shall be extinguished:

- 1) by payment of the amount of customs duty;
- 2) by remission of the amount of customs duty;
- 3) upon invalidation of the customs declaration;
- 4) when goods are seized and confiscated, destroyed or abandoned in favor of the state, or, before their release, the said goods are damaged or irretrievably lost due to unforeseeable circumstances or force majeure.
- 5) granting the term extension of tax payment or applying the term and procedure of tax payment envisaged in respective law, customs debt remains for those duties and taxes included in tax payment, to which term extension of tax payment or the term and procedure of tax payment envisaged in respective law does not refer.

**Article 181. Restitution of customs debt**

Where a customs debt has been remitted or the corresponding amount of duty repaid in error, the original debt shall again become payable.

**Title I**

**Customs statistics and the Latvian Combined Nomenclature of Goods**

**Chapter XXXIII  
Customs statistics**

**Article 182. Customs statistics or international trade**

With the view of ensuring public authorities and other institutions with the data on international trade and customs duties, the Customs Board shall collect and process data on the movement of goods across the customs border and shall present and publish the statistical customs data in accordance with the existing legislation.

**Chapter XXXIV  
Latvian Combined Nomenclature of Goods**

**Article 183. Updating of the Latvian Combined Nomenclature of Goods**

The Ministry of Finance shall ensure the updating of the Latvian Combined Nomenclature of Goods:

- 1) by keeping up with the amendments of the Combined Nomenclature of Goods;
- 2) by harmonizing the Latvian Combined Nomenclature of Goods with the EU Combined Nomenclature;

- 3) by representing the Republic of Latvia in the international organizations dealing with the elaboration, amendments and explanations in respect to the Combined Nomenclature and the Harmonized Commodity Description and Coding System.

#### **Article 184. Identification of goods**

The customs authorities shall identify goods according to the Latvian Combined Nomenclature.

#### **Transitional provisions**

1. With this Law entering into effect the following laws and regulations are hereby repealed:
  - a) the law "On approval of the Customs Code of the Republic of Latvia" (The Bulletin of the Supreme Council and the Government of the Republic of Latvia, 1991, No.41);
  - b) The Customs Code of the Republic of Latvia (The Bulletin of the Supreme Council and the Government of the Republic of Latvia, 1991, No.41; 1992, No.42; 1993, No.34; 1995, No.17; 1996, No.22);
  - c) Regulations No.113 "Amendments to the Customs Code of the Republic of Latvia" issued by the Cabinet of Ministers in compliance with Article 81 of the Satversme (the LR Constitution) (The Bulletin of the Saeima and the Cabinet of Ministers of the Republic of Latvia, 1995, No.10).
2. Chapter XXVII of Title G of this Law "Customs value" shall enter into force as of September 1, 1997. Until the date of the provisions of the said chapter entering into force the customs value shall be defined as prescribed by Chapter 4 of the Law "On customs tariffs".

The Law shall take effect as of July 1, 1997. Adopted by the Saeima on June 11, 1997.

In the name of the  
President of the state  
Chairman of the Saeima

A.Čepānis

Riga, June 27, 1997

---