

General Fiscal Representation

For all goods entering the European Union / Community, they must declare to the customs.

For goods entering the Netherlands, there are several formats involved, most commonly T1, CC and FR.

T1 is by keeping the goods under bond in a bonded warehouse and apply a T1 for this process informing the customs that goods are not cleared.

T1 in effect will transfer the tax liability from the entry point to the bonded warehouse location where this bonded warehouse processing the T1 license must take responsibility for the un-paid tax while the goods are under this bonded warehouse's custody.

CC is Customs Clearance, where goods will be declared customs by paying all necessary duty and tax. Once this process is done, goods become Free EC Goods – or more commonly known as Free Goods.

CC has been replaced by a similar process call direct representation since end of 2007.

FR represents Fiscal Representation and there are two types: General and Limited (GFR and LFR). FR is generally for importer not located in Holland, whether within the EU or not.

LFR is a temporary application restricted to per shipment only where goods can be customs Cleared under the none-Dutch EU Company's VAT number by the appointed Fiscal Representative of the importer, where the Dutch customs will then pass the tax liability onward.

For example, a UK importer importing goods via Holland using LFR. The due tax and duty will be declared to the Dutch customs under this UK's company's UK VAT number where the Dutch customs will inform the UK Customs & Exile to collect the due tax and duty on its behalf. Due to this reason, the goods must leave the Netherlands ultimately with a proof of the CMR or POD (Proof of Delivery) signed by the receiver outside Holland.

GFR is in principle the same as the LFR – except the importer using this method generally appoint one Fiscal Representative for all its fiscal declaration of tax and duty of all goods imported into Holland throughout the year – not restricted to one shipment only.

As there will be more than 1 shipment importing into Holland, so the declaration of customs clearance is restricted to only one representative in case of confusion.

The advantage of LFR is that it is one off only so more suited to customer importing goods into Holland very occasionally. However, there is no limit to the actual tax liability involved but purely on the total value of goods imported.

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For the unlikely event of the final tax not been paid, the actual importer and its representative are fully liable for every single penny of the tax due.

In order to do GFR, a bond must be deposited with the Dutch customs to the value equal to 1/12 of the VAT amount of the importer's expected total goods value of the forthcoming year in advance.

For example, the importer expect to import goods worth Euro 12 million in the next 12 months, then a deposit of 19% of Euro 1 million is required. In this case the bond value will be Euro 190,000.00

However, in an unlikely event that tax is not paid by the final buyer due to whatever reason, the customs office could only claim the maximum value equivalent to this bond.

For example, if the importer has sold a shipment worth 5 million to a client in EU and this buyer subsequently went bankrupt, leaving an amount of unpaid VAT at Euro 950,000.00. The EU tax central will inform the Dutch customs to confiscate the bond – in this case only 190,000.00 and the case will be closed.

To apply for GFR, you will need to provide:

1. Certificate / Article of incorporation – original and a translated in English / Dutch and authenticated by a law firm and Dutch Embassy.
2. Stamped and audited tax declaration from your company to the local tax authority. Again translated and authenticated.
3. A form signed to authorise our customs agent as your GFR – this we will provide to you when you decide to go ahead
4. A letter of authorisation confirming your company will give us the power of attorney

The Fiscal Rep will apply for a registration of a Dutch BV (limited company) in Holland with above. Once the company has been formed and registered, then a VAT number must be applied for.

During this, example of shipment entering the Netherlands is recommended and all import duty and VAT amount paid completely to show evidence to the Dutch government that VAT has been paid and article 23 is required.

The application of article 23 is subsequently submitted.

With this article 23 (also known as ED23 in Holland), the importer will be able to import goods into Holland in the future without physically paying for the VAT until the goods are sold- and without any limitation on the length of time as long as the goods can be proven to be at where it should be at any time when the customs officer requests

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