

## CHAPTER 17

### RETURNED GOODS RELIEF (RGR)

#### 17.1 Introduction

In this chapter we're going to cover another relief, called **Returned Goods Relief** or **RGR**. The legislation is contained in Articles 185 to 187 of the Code and Articles 844 to 856 of the Implementing Regs.

[Art 185-187  
2913/92](#)

[Art 844-856  
2454/93](#)

#### Illustration 1

You manufacture bicycles in the UK and you export them to your customer. However, due to an outbreak of war, the country concerned is not allowing imports from other countries at present. The bikes get returned to us, but do we have to pay customs duty when they arrive back in the UK? Given what we know already, we would need to complete our import declaration C88 and without special rules would have to pay customs duty and import VAT to Customs.

However, seeing as these goods are community produced goods, and it is not our fault that they are being returned, this would seem a bit harsh. This is where RGR can help.

It applies where:

- **Community goods have been exported;**
- they are **re-imported** to free circulation in the EU **within a 3-year period**. Although Customs may extend this 3-year period, if it is due to special circumstances; and
- they are **re-imported in the same state** in which they have been exported.

If these conditions are satisfied, then the goods will be allowed in **free of duty**. **RGR also gives relief for excise duty and import VAT**.

#### 17.2 Import VAT relief

If you want to look up the details of the VAT relief in your legislation, then you will find it in a couple of places. One is Reg 121D of SI 2518/1995. This implements the European legislation which is contained in Council Directive 2006/112.

Dir 2006/112

[Reg 121D  
2518/1995](#)

There are separate conditions that apply for goods to qualify for excise duty relief. We are only going to concentrate on the customs duty relief.

[Art 845  
2454/93](#)

RGR is also available if you only re-import a proportion of the exported products.

### 17.3 Re-importation in the same state

We have already mentioned that one of the conditions for obtaining duty relief under RGR is that the goods must be re-imported in the same state as they were originally exported. Like with most rules, there is an exception to this. The goods can be "**handled**" - which means they can **undergo operations**, but only if the purpose is to **maintain them in good condition**.

[Art 846  
2454/93](#)

Does this mean that if our products have been processed in any other way, before being re-imported into the EU, that we cannot get any duty relief?

#### Illustration 2

You are a producer of a chemical in the UK. You have carried out research into the production of a new type of household cleaner. In order to manufacture this cleaner, you need to send your chemical abroad to be combined with another chemical. The overseas manufacturer carries out the process and combines the chemicals into the new cleaner.

However, the operation is not very successful. For some reason the two chemicals react in such a way to make a cleaner that severely burns skin. It turns out that it is your chemical that has caused this. The overseas manufacturer is not very pleased so he sends all your unused chemical back to you, saying that it has proved to be unsuitable for its intended use.

Now when the chemical arrives back in the UK you have to declare it to Customs on a C88 as normal, but, do you have to pay duty on it - given that it originated in the EU in the first place? In these circumstances you can obtain total relief from customs duty as the goods have been **re-imported in the same state** as they were originally exported.

Now, what if the overseas manufacturer, as well as returning any unused chemical, also sends you the finished household cleaner product that he has made. Perhaps he does this because he doesn't want to dispose of it in his own country. Can you claim RGR on its import, even though it has received processing, other than handling to maintain it in good condition?

[Art 846\(1\)\(a\)  
2454/93](#)

You can claim RGR by virtue of Article 846 (1)(b) of the Implementing Regs. It applies **where goods have been processed but have proved to be unsuitable for their intended use or are defective**, and this **did not become apparent until after the processing had started**. This is what has happened in our illustration.

[Art 846\(1\)\(b\)  
2454/93](#)

In this case, however, your chemical is being returned with a non EU chemical that has not yet had duty paid on it. You might not get full relief. To calculate the relief, you have to imagine the goods had been exported under **Outward Processing Relief**.

[Art 846\(2\)  
2454/93](#)

## 17.4 RGR conditions

In order to claim RGR correct export and import formalities must be carried out. On importation to free circulation we need to **attach evidence that the product was originally exported**. This could be in the form of an **export declaration**, or an **information sheet** that may have been completed at the time of export by the Customs authorities, an **INF3**. These are often used where goods are exported from one Member State and re-imported into another.

[Annex 110](#)  
[2454/93](#)

On our import declaration, the C88, it is important to ensure that we use the **correct CPC or Customs Procedure Code**. This will tell the authorities that we are importing the goods to RGR and therefore don't have to pay the full duty.

We said a minute ago that an acceptable form of evidence is the INF3 and that it is issued at the time of export. This means the exporter would need to know at that point that the goods are likely to be re-imported. In our illustration earlier, the exporter of the chemical did not think that his chemical would be unsuitable for its intended use. So, unless he was psychic he wouldn't have requested an INF3! If you don't happen to have such foresight and planning then **Customs may retrospectively issue an INF3**. They will need to be satisfied that the goods were exported.

What if we don't have the export declaration or the INF3? Relief might still be given on production of alternative evidence. For example, this could be a **bill of lading** or an **invoice** showing the destination of the goods.

[Art 848](#)  
[2454/93](#)

## 17.5 Conditions for CAP goods

For products within the Common Agricultural Policy, there may be additional considerations.

For example, their exportation might have given rise to **export refunds**. Where this has happened, RGR will be given if the importer **repays the refunds** he has received.

For these types of product there are **more restrictive circumstances** as to why the goods have had to be returned to the UK. These are covered in Article 844 of the Implementing Regs.

[Art 844](#)  
[2454/93](#)

To give you an illustration:

- the goods were returned by the consignee because they turned out to be **defective**;
- the **goods are not able to enter the intended country of use, due to the laws of that country preventing them**. For example, you are sending beef abroad and the country concerned implements a ban; or
- where **the goods could not be used for their intended purpose and this was beyond the UK exporter's control**. For example, for consumption or sale in the course of a trade fair, and they have not been consumed or sold at that trade fair.

For these types of products the 3 year time limit does not apply, they must be re-imported **within 12 months**.

### Example 1

You need to answer the following statements with either 'true' or 'false'.

<b>Statement</b>	<b>True</b>	<b>False</b>
Returned Goods Relief (RGR) gives relief from customs duty		
RGR gives relief from import VAT		
For RGR to be given, non agricultural goods should be imported within 3 years of export		
Agricultural goods can be imported under RGR		
RGR gives relief from excise duty		
Evidence of export must be in the form of an export declaration		
Customs cannot extend the RGR time limit		

**Answer 1**

<b>Statement</b>	<b>True</b>	<b>False</b>
Returned Goods Relief (RGR) gives relief from customs duty	✓	
RGR gives relief from import VAT	✓	
For RGR to be given, non agricultural goods should be imported within 3 years of export	✓	
Agricultural goods can be imported under RGR	✓	
RGR gives relief from excise duty	✓	
Evidence of export must be in the form of an export declaration		✓
Customs cannot extend the RGR time limit		✓