

NOTE ON ATA CARNET SYSTEM

ATA Carnet is an International Uniform Customs document issued in 81 countries including India, which are parties to the Customs Convention on ATA Carnet. The ATA Carnet permits duty free temporary admission of goods into a member country without the need to raise customs bond, payment of duty and fulfillment of other customs formalities in one or a number of foreign countries. The initials "ATA" are an acronym of the French and English word "Admission Temporaire / Temporary Admission".

2. The ATA Carnet System is a perfect illustration of how close co-operation between business and customs can facilitate and stimulate international trade. The ATA Carnet operates under International Customs Conventions administered by the World Customs Organisation(WCO). A World ATA Carnet Council manages the system in cooperation with the WCO. Within the ICC World Chambers Federation, the World ATA Carnet Council (WATAC) runs the ATA system and its international guarantee chain. The Council is made up of representatives from the countries and territories where Carnets are issued and accepted.

3. Each country in the system has a single guaranteeing body approved by the national customs authorities and the ICC World Chambers Federation (Until June 2001, the International Bureau of Chambers of Commerce). The WCF is sponsored by the International Chamber of Commerce (ICC) in Paris. In India, Federation of Indian Chambers of Commerce and Industry (FICCI), is appointed as National Guaranteeing & Issuing Association for ATA Carnets. The national guaranteeing association is entitled to issue Carnets and to authorize local chambers on the national territory to deliver them on its behalf. In major trading nations, dozens of local chambers have that authority.

4. The ATA international guarantee chain provides reciprocal guarantees assuring customs administrations that duties and taxes due in case of misuse will be paid.

Why ATA Carnet?

5. The ATA Carnet is a simple customs document which is readily made out by the holder and checked by the customs. For business people the ATA Carnet provides a simple and speedy way to travel abroad with business materials. It saves both time and money and this is a very important factor in international competition.

Trade circles, guaranteeing associations and customs administrations all acknowledge the excellent operation of the ATA Carnet System.

6. For the customs, the use of the ATA Carnet entails less administrative work and increased customs safety since the payment of import duties and taxes is guaranteed by the guaranteeing association affiliated to the WCF/ATA guarantee chain in the territory of the temporary admission. The guarantee is automatic and the customs need not check its validity for each Carnet. In addition, the system does not affect the revenue of the nation since the goods covered by the ATA Carnets are intended for re-exportation and not at all for sale in the country of temporary admission. The system is "self-policing" in that should the Carnet holder fail to re-export the goods within the period of validity of the Carnet, duties become payable.

What can be carried & Who can use?

7. The main categories of goods temporarily imported under cover of ATA Carnets are the following :

Antiques, machinery, machine-tools, catering equipment, canned food, footwear, toys, computers, office equipment, transformers, electric generators, electrical/electronic and scientific equipment, surgical and dental equipment, jewellery and articles of precious metal/stones, "hi-fi", audio-visual, photographic and filming equipment, lasers, musical instruments and records, display material, aircraft, films, motor vehicles and accessories, racing engine machinery, heating and lighting equipment, agricultural machinery, furniture, crockery, paintings and other works of art, umbrellas, race-horses, suitcases, perfume, theatrical effects and sets, concert and musical instruments, leather and sports goods, clothing, yachts and boats, display stands.

8. The ATA Carnet service is available to business and sales executives, exhibitors at trade fairs and traveling professionals, such as film crews, architects, artists, engineers, entertainers, photographers, sports teams and many more. Large companies, small companies, individuals on the move - all can benefit. Sales representatives with valuable samples and people with professional equipment are the largest users.

Items which are excluded from the ATA Carnet System :

9. Perishable goods and items such as paint, cleaning materials, food, oils, leaflets and brochures, which are considered as "consumable items" and intended to be given away, disposed of, or utilized abroad, are excluded from the system as they would not ordinarily be re-exported.

Also excluded from the ATA Carnet system are the following :

- Items already sold or offered for sale. Such
- items are not considered samples.
- Unmounted gems or gemstones; theatrical
- make-up, etc.
- Alcoholic beverages, tobacco and fuels, etc.
- Goods intended for processing or repair.
- Postal Traffic.

Advantages of ATA Carnet?

10. The ATA Carnet System offers advantages to all concerned.

- a. the customs authorities and the trading community, i.e., individuals, enterprises, trade organizations who need temporary duty free importation facilities to prospect outlets for their products on foreign markets.
- b. By replacing the national customs declaration normally required for the temporary duty free admission of goods in any given country the ATA Carnet does away with the need for a customs document at each border point. This means less paperwork for customs officials and Carnet holders.
- c. Since all goods accompanied by an ATA carnet are thus covered by the international surety furnished by the guaranteeing/issuing Chambers, no further action regarding the guarantee need to be taken, either by the customs or by the importer at the time of temporary admission.
- d. Thus, for businessmen the ATA Carnet does away with the need for the deposit of a personal or real guarantee at the border point of each country of temporary admission.
- e. As the ATA Carnet constitutes at the same time the temporary admission document and the proof of the customs security for temporary admission it considerably simplifies and expedites the accomplishment of the formalities for temporary admission for both the Carnet holder and the customs: no further customs document needs to be completed nor any other security produced upon arrival in the territory of temporary admission.
- f. The ATA carnet is valid for one year. During this period its holder can use it- and abroad the goods covered- for as many trips as he wishes from his home country to one or more of the other countries applying the ATA System, provided the ATA Carnet contains the appropriate number of sheets required for each trip. This is

particularly useful if the holder of the ATA Carnet intends to import goods temporarily into various countries in the course of the same journey (e.g. if a commercial traveler wishes to show samples to a number of potential buyer in different countries).

- g. For the customs, the use of the ATA Carnet entails less administrative work and increased customs safety since the payment of import duties and taxes is guaranteed by the Guaranteeing Association affiliated to the ATA guarantee chain in the territory of temporary admission. The guarantee is automatic and the customs need not check its validity for each carnet.
- h. The system does not affect revenue of the nation since the goods covered by the ATA Carnets are intended for re-exportation and not at all for sale in the country of temporary admission.
- i. The system is "self-policing" in that, should the Carnet holder fail to re-export the goods within the period of validity of the Carnet, duties become payable.

How to Get a Carnet

11. There are four basic components to any Carnet application:

- i. Carnet Application

Provides Information on the Customer and where the Carnet will be travelling. ATA Carnets are accepted by over 79 countries. A Carnet may be issued in the name of an individual or a company who must be a permanent resident of India. However, it may be used by any person providing the user carries a letter from the named holder authorizing such use. The holder may also allow an Agent to handle the Carnet through the customs on his behalf, again provided that the Agent holds a Letter of Authority.

- ii. Security Guarantee

The main purpose of the carnet is to guarantee to customs authorities, where the goods are being temporarily imported, that all duties and taxes will be paid if the conditions under which they allowed these goods into their country are breached. This security guarantee must be for an amount equivalent to the highest rate of duty and taxes applicable to the goods in any country of destination, and transit if applicable plus a further 10 per cent of the amount. FICCI, as the guaranteeing association in India, is responsible for ensuring payment of valid claims. The security guarantee acts as collateral and will be drawn upon to reimburse FICCI in the event duties and taxes are owed. It may

be in the form of Bank Guarantee or NEFT/RTGS / Credit Card / Electronic Funds Transfer.

iii. Invoice Proforma

Describes the Goods Covered by the Carnet.

iv. Processing Fees

A Nominal fee is charged for processing a Carnet.