



REPUBLIC OF TURKEY

MINISTRY OF CUSTOMS AND TRADE

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Inward Processing Regime

What is the Inward Processing Regime?

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1. What is the Inward Processing Regime?

The inward processing regime is a custom regime with economic impact; based on the principle that goods not in free circulation are imported temporarily to the customs territory of Turkey for processing operations and re-exporting of the compensating products obtained as a result of processing.

2. What is the purpose of the Inward Processing Regime?

The purpose of the Inward Processing Regime can be expressed as boosting exports by providing raw materials prices on world markets, bringing exporting products in a competitive edge in the international markets, improving and diversify export markets.

3. What are the applicable systems within the scope of the Inward Processing Regime?

There are two types of measure within the scope of the Inward Processing Regime called as Suspension System and Drawback System.

Suspension System: In Suspension System, raw materials, auxiliary materials, packaging and operating supplies not in free circulation and used in the production of the exported goods are imported by the residents in the customs territory of Turkey, without being subjected to import duties or commercial policy measures due to collateralizing that emerged during the import and the collateral received before is returned following the export of good obtained as a result of production within the scope of Inward Processing Authorization Certificate/ Inward Processing Permission.

Drawback System: In case of export of the compensating product obtained from raw materials, auxiliary materials, packaging and operating supplies in free circulation, duties taken during the import is refund. In this context, commercial policy measures are implemented by Customs Office for imported goods and other procedures, including technical regulations in foreign trade and standardization legislation for importation of goods must be completed.

4. What are Compensating product, Main Compensating Product, Secondary Compensating Product, Processing Operations and Deficiency?

Compensating Product: It refers to all products resulting from processing operations.

Main Compensating Product: The product that is intended to be obtained within the scope of inward processing.

Secondary Compensating Product: This term states the product obtained as a result of processing operation except for the main compensating product

Processing operations: The working of goods, including erecting or assembling them or fitting them to other goods, the processing of goods, and the repair of goods, including restoring them and putting them in order; the use of certain goods which are not to be found in the compensating products, but which allow or facilitate the production of those products, even if they are entirely or partially used up in the process.

Deficiency: It refers to non-economic valued waste which is lost and destructed especially in the form of desiccation, evaporation, leakage or gas leakage during processing operations

5. What is the usage of Equivalent Goods within the scope of Suspension System?

Equivalent goods are the goods in free circulation and used instead of the import goods for the manufacture of compensating products. Equivalent goods can be used in suspension system. Equivalent goods must be of the same quality, have the same characteristics and the minimum 8 digits HS code as the import goods.

In suspension System of the Inward Processing, compensating products obtained from equivalent goods to be exported before importation of the import goods. This application is called "Pre-Export" in the suspension system. Import corresponding with export can be completed until the Inward Processing Authorization Certificate

duration ends in case of pre-export. In this context, all taxes (including the value-added tax) are collateralized and commercial policy measures are not implemented.

6. Where should be applied to receive Inward Processing Authorization Certificate/ Inward Processing Authorization?

Ministry of Economy must be applied electronically in order to receive Inward Processing Authorization Certificate; on the other side Customs Office must be applied electronically in order to receive Inward Processing Authorization by the resident companies in customs territory of Turkey.

7. Is there a duration limitation within the scope of Inward Processing?

Duration of Inward processing authorization certificate or inward processing permission can be determined maximum 12 months according to sectors. On the other hand, duration of the certificate or authorization related with export of the products which have more than 12 months production process, together with ship building, complete facilities etc. and defense industry products can be identified in accordance with the Project duration.

8. How is application for closure of inward processing authorization certificate/ inward processing authorization done?

Companies must apply electronically for closure of Inward Processing Authorization Certificate to the Regional Directorate of Ministry of Economy in 3 months beginning from the end of certificate duration with the essential information and documents. On the other side, it obligatory to apply for closure of Inward Processing Authorization to the Customs Office in 1 months beginning from the end of permission duration with necessary information and documents.

9. What are the penalties in case of infringement of the Inward Processing Regime measures?

If there are import duties related to import which had done within the context of certificate/permission and the penalty fine according to Article 238 of the Customs Code are received in case of infringement of the Inward Processing Regime principles.

10. Who can receive the Inward Processing Authorization Certificate/Authorization?

The certificate/authorization is given in line with the request of the person who makes or arranges processing operations thereunder Article 110 of the Customs Code within the framework of inward processing permission in accordance with Article 80.

Resident companies in the customs territory of Turkey (except for free zones) can take advantage of Inward processing regime, however processing permission may also be allowed to persons established outside of the customs territory of Turkey in case of non-commercial import with inward processing purposes.

11. I want to repair my damaged goods brought from abroad in the country. What are the procedures that I have to fulfill?

Allowed operations, not allowed information on items by the customs authorities and conditions which are required Inward Processing Authorization Certificate are situated in numbered 2006/12 Notification of the Inward Processing Regime. In this respect, detailed information can be obtained from Articles 108-122 of the Customs Code, Articles 349-375 of the Customs Regulation, numbered 2005/8391 Inward Processing Regime Decree and numbered 2006/12 Notification of the Inward Processing Regime.



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Who We Are

Mission (/corporate/about-us/mission)

Vision (/corporate/about-us/vision)

History (/corporate/about-us/history)

Organizational Chart (/corporate/about-us/organizational-chart)

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