

ATA CARNET

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Contents

Heading Description	Page No.
Introduction	3
Establishment of the ATA System	3
Modernization of the ATA System (Istanbul convention)	4
Objectives and Principles of Istanbul Convention	4
Benefit of the ATA System	5
Legal Position	5
Condition to be fulfilled for Benefit of ATA System	7
National Guaranteeing and Issuing Agency	8
Goods allowed under ATA Carnet	9
Who can use ATA Carnet?	9
Items Excluded /not allowed under ATA Carnet	10
Relevant Websites and Reference Materials	10

ATA CARNET

Introduction:

The term "ATA" is a combination of the initial letters of the French words "*Admission Temporaire*" and the English words "*Temporary Admission*".

It is a system which allows free movement of goods across frontiers and their temporary admission into a Customs territory with relief from payment of duties and taxes. The goods are covered by a single document known as the 'ATA carnet' that is secured by an international guarantee system.

With this system the international business community enjoys considerable simplification of Customs formalities. The ATA carnet serves as a goods declaration at export, transit and import. In addition no import duties or taxes are collected for the temporary importation of goods covered by the system since internationally valid security has been established by the national associations issuing the ATA carnets. These national associations are approved by Customs and are affiliated to an international guaranteeing chain administered by the **ICC** World Chambers Federation (ICC/WCF).

The ATA carnet is the document which is now most widely used by the business community for international operations involving temporary admission of goods. The ATA system is an integral part of the WCO's ATA and Istanbul Conventions.

Establishment of the ATA system

The ATA carnet system was developed in response to the needs of various types of business to move their products to trade fairs or international exhibitions, as samples to potential buyers, or simply as their own professional equipments.

These goods must be able to be easily and rapidly transported across frontiers.

As a result the Customs Co-operation Council (now the World Customs Organization) adopted the Customs Convention on the ATA carnet for the

temporary admission of goods (ATA Convention) in 1961. In addition a number of other international Conventions for the specific types of goods were established.

Modernization of the ATA system (Istanbul Convention)

Between 1950 and 1970, there was a proliferation in the number of international Conventions, Recommendations, Agreements and other instruments on temporary admission, creating confusion for the international business community and complicating the work of Customs. In the early 1990's the WCO decided to take draft a world-wide Convention on temporary admission to combine 13 existing temporary admission agreements into a single international instrument.

The Convention on Temporary Admission was adopted in Istanbul in 1990 and became known as the "**Istanbul Convention**".

Objectives and Principles of Istanbul Convention

- To devise a single instrument for the simplification and harmonization of temporary admission formalities, replacing all the existing Conventions or Recommendations dealing solely or principally with temporary admission. The subjects covered by the former Conventions are now covered by the Annexes to the Istanbul Convention.
- Each Annex authorizes the temporary admission of goods imported for a specific purpose, e.g. Annex B.1. covers goods for display or use at fairs or exhibitions.
- Goods imported duty-free cannot remain indefinitely in the country of temporary importation. The period fixed for re-exportation is laid down in each Annex.
- The goods must be re-exported in the same state. They must not undergo any change during their stay in the country of temporary importation, except normal depreciation due to the use made of them.

- Economic prohibitions or restrictions at importation are not applied since they generally relate to goods cleared for home use, thus serving as a national protection measure.

Benefits of the ATA system

- The ATA carnet system (ATA Convention and Istanbul Convention) is beneficial to all parties, traders and travellers as well as Customs.
- The ATA carnet replaces national Customs formalities for temporary admission or transit, thus saving costs in clearing goods at each frontier.
- Any duties and taxes that may come due are guaranteed merely by the presentation of the carnet and its acceptance by Customs offices. There is, therefore, no need to furnish a cash deposit or other forms of security.
- The ATA carnet covers the transport of goods in Customs transit while enroute to or returning from a country of temporary importation and, where applicable, within that country.
- For the period of validity of the ATA carnet (normally one year), the goods can be temporarily imported under the same carnet in the Customs territories of as many Contracting Parties, and as often, as the carnet holder wishes.
- The seals affixed or the identification of the goods by a Customs office can be recognized by the Customs offices of other Contracting Parties where the goods subsequently pass. This facilitates
- Customs controls and saves the carnet holder time when the goods cross frontiers.
- The practical advantages of this system are reflected in the increasing number of Contracting Parties. The ATA Convention is currently applied by 63 Contracting Parties and the Istanbul Convention by 39 Contracting Parties.

Legal Position

India is signatory to the ATA convention. In discharge of its obligation with regard to implementation of ATA convention, India has taken following measures:

(i) *Vide* notification No. 14/90-Custom(NT), dated 6.4.1990, the Government has issued the ATA Carnet (Form of Bill of Entry and Shipping Bill) Regulations, 1990. These regulations prescribe the format of Bill of Entry and Shipping Bill for ATA Carnet.

(ii) *Vide* notification No. 157/90-Customs, dated 28.3.1990 as amended from time to time, the Central Government has exempted the goods temporarily imported into India for specified purposes under ATA carnet from payment of customs duty.

Under notification No. 157/90-Customs, dated 28.3.1990, the following goods are allowed to be imported temporarily under ATA Carnet without payment of duty.

- (a) Goods intended for display or demonstration.
- (b) Goods intended for use in connection with the display of foreign products, including -
 - (i) goods necessary for the purpose of demonstrating machinery or apparatus to be displayed:
 - (ii) construction and decoration material including electrical fittings, for the temporary stands of foreign exhibitors:
 - (iii) advertising and demonstration material which is demonstrably publicity material for the goods displayed, for example, sound recording, films and lanterns, slides and apparatus for use therewith :
 - (iv) equipment including interpretation, apparatus, sound recording apparatus and films of an educational, scientific or cultural character intended for use at international meetings conferences or congresses.

The goods specified above for the purposes of display and use for the following events as specified in Schedule II and III in the above said notification. The events specified are as under:

- (1). Trade, industrial, agricultural or crafts exhibition, fair, or similar show or display.
- (2). Exhibition or meeting which is primarily organised for a charitable purpose.
- (3). Exhibition or meeting which is primarily organised to promote any branch of learning, art, craft, sport or scientific, educational or cultural activity to promote friendship between peoples, or to promote religious knowledge or worship.
- (4). Meeting of representatives of any international group of organisations.
- (5). Representative meeting of an official of commemorative character.

Explanation:- The events specified in this Schedule do not include exhibitions organized for private purposes in shops or business premises with a view to promote the sale of foreign goods.

Schedule III (Events):-

- Display or demonstration before any department of Central Government or a State Government or a Union Territory Administration.
- Meeting, conference or congress organized by any company or organization.

Conditions to be fulfilled for benefit under ATA Carnet

- The event specified in Schedule II is being held in public interest and is sponsored or approved by the Government of India or the India Trade Promotion Organization;
- the goods are imported under an ATA Carnet issued in accordance with the Customs Convention on ATA Carnet for temporary admission of goods (hereinafter referred to as the ATA Carnet) and the Carnet is guaranteed by the Federation of Indian Chamber of Commerce &

Industry, which has been appointed as the guaranteeing association for ATA Carnet in India;

- the goods in all respects conform to the description, quantity, quality, value and other specifications given in the ATA Carnet duly certified by the Customs authorities at the country of exportation;
- the goods are exported within a period of six months from the date of importation. However, where the goods are exported within the said period of six months and again re-imported, the period of six months shall be computed from the date of first importation;
- Further, when the Central Government is satisfied that it is necessary in the public interest so to do, it may extend the said period of six months by a further period not exceeding six months;
- In the event of failure to export the goods within the period specified, the customs duty leviable on the goods as on the date of clearance shall be paid by the Federation. However, the Federation is not be liable to pay the customs duty in cases where the said goods are sold in exhibitions or fairs or otherwise disposed of in India on payment of customs duty with the prior approval of the Government of India in the Department of Revenue.
- Benefit of ATA Carnet is not available to goods imported through post.

National Guaranteeing and Issuing Agency

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.

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.

Goods allowed under ATA Carnet:

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.

Who can use ATA Carnet?

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 excluded / not allowed under ATA Carnet

- 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 as they would not ordinarily be re-exported.
- Items already sold or offered for sale. Such items are not considered samples.
- Un-mounted gems or gemstones; theatrical make-up, etc.
- Alcoholic beverages, tobacco and fuels, etc.
- Goods intended for processing or repair.
- Postal Traffic.

Relevant Websites and Reference material:

(a) www.wcoomd.org: It is the website of World Customs Organisation. For studying the text of ATA convention and Istanbul Convention, this Website may be referred to.

(b) www.atacarnet.in : It is website of Federation of Indian Chambers of Commerce and Industry, national Guaranteeing Agency in India for ATA Carnet. The detailed information including procedures with regard to ATA carnet is available on this website and may be referred to.

(c) www.cbec.gov.in: It is website of Central Board of Excise and Customs. For ATA carnet regulation, format of ATA Bill of Entry and Shipping Bill as well as notification providing duty exemption to ATA carnet, this website may be referred to.

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