

Free circulation

Article 28 of the Treaty on the Functioning of the European Union (TFEU) stipulates free movement of Union goods throughout the European Union (EU).

This principle applies not only to goods made in the Union, but also to imported goods which have been **released** for free circulation after payment of the import duty to which they are liable.

What is the purpose and scope of the procedure of release for free circulation?

The purpose of the release for free circulation is to fulfil all import formalities so that the goods can be sold on the Union market like any product made in the EU.

Release for free circulation thus confers on non-Union goods the **status of Union goods**.

Article 201 (2) of Union Customs Code (UCC) clarifies that release for free circulation entails:

- both the **collection of import duty and other charges** where goods are liable to them according to the Union Customs

Tariff and no duty and/or tax relief is applicable

- and the application of **commercial policy measures** (such as the presentation of an import license for goods subject to quotas) and **any other formalities** laid down in respect of the importation of such goods (such as the presentation of a veterinary certificate for certain animals or animal products).

How are goods entered for the procedure?

Imported goods are entered for the procedure by means of a customs declaration.

The time of **acceptance of the customs declaration** for release for free circulation (Articles 77(2), 172(2) and 85 UCC) determines, in principle, the date to be taken into account for calculating the amount of import duty if the goods are liable to duties (as well as value added tax and, if applicable, excise duty).

This applies both to the **nature, customs value** and **quantity** of the goods as well as the **duty** or **tax rate** to be applied.

Do Union goods keep their status forever?

No, goods released for free circulation, like goods made in the Union, may lose their status as Union goods.

This is notably the case where Union goods leave the EU customs territory (Article 154 UCC). However, the effect of this principle may be avoided, e.g. by placing Union goods under the internal transit provisions or requesting issuance of a proof of customs status for Union goods.