

INFORMATION

C.O.N.S.U.M.E.R.S.

A TOLERANCE BECOMES A RIGHT
(New franchise at the frontiers)

22/72

"Customs examination - have you anything to declare ?"

Often indeed have we heard this phrase at many frontiers. Often indeed we have waited fearfully - let us be frank about it - for the customs officer to come up to our car, to come back to our railway compartment or to have us stopped as we are leaving the airport. Inside the Common Market, since it was set up, the frontier post control had become somewhat more flexible, slightly more tolerant. Nevertheless, despite the good will of many customs officials, the old law which applied with but little variation in all the countries was still there. It might indeed happen that a box of cigars, a packet of cigarettes, a bottle of spirits or perfume might pass from one side of the frontier to the other in the traveller's luggage; but the law made nothing perfect and, if we got across safely, it was due to the understanding attitude of a human being to that spirit of tolerance which, luckily enough, tempers almost all restrictions.

The Community Council of Ministers has been thinking for some time about frontier franchise; and as long ago as May 28, 1969, it drew up a first list. As European integration advanced, however, this proved less than enough. As a result, two new measures have been taken. The first was a directive abolishing the frontier inspection of the green card (compulsory insurance), which motorists have to carry. This comes into force on October 26 1972. In addition, on June 12 1972, the Council approved another directive. It is rather clumsily named, for it has to do with the "harmonisation of legislative provisions, regulations and administrative practices connected with systems of turnover taxation and excise applicable in the international passenger traffic".

In fact, this directive came into force on July 1 1972; and its effect is to increase the existing franchise enacted in May 1969. Another of its aims is to diminish the impact of frontier control, by simplifying the declarations which have to be made by travellers passing from one community country to another when the quantity or value of the goods they carry does not go beyond the authorized franchise.

The first point to make clear is that the directive only applies to travellers crossing the frontiers between member countries of the European Community. A traveller coming from an outside country, therefore, has no right to claim the same franchise. Great Britain, Ireland, Denmark and Norway, however, will have the benefit of the same franchise as from January 1 1973.

In practice, and remembering the old tolerances, this directive may seem at first sight to be of little importance. To think this, however, would be to neglect the psychological and the human side. Hitherto, the incoming traveller, though he had the right to certain franchises since May 28, 1969, was nevertheless required to make a formal declaration of the goods he carried and for which he claimed this franchise.

The new arrangement, however, means that the franchised goods are now legally covered by the words "nothing to declare". In article 7 bis the directive is that "the member countries shall make whatever arrangements are necessary to give travellers the chance of affirming, whether tacitly or by simple verbal declaration, that they respect the limits and conditions of the authorised franchise". When, therefore, you declare "nothing", what you mean is "merchandise which, in quantity and value comes within the rules laid down".

There will ultimately have to be a new Community regulation about purchases in the customs-free sky shops at airports, and on board aircraft and sea-going vessels. If, in fact, goods bought on these terms were to come within the franchise provided, it would amount to a virtual absence of all taxations both in the countries where the goods are bought, and the countries in which they are taken. It must be borne in mind that on sales by retail, there will no longer be any refund of tax, in so far as the goods may benefit from the franchise provided in this directive.

Another point to be noticed is, that the franchise cannot in practice be claimed by travellers who, even though they may have come from a Community country, enter Italy from either Austria or Switzerland. In these cases, it is up to the traveller to be able to prove that the goods were in fact bought, not in either of the transit countries, but in a Community country. He can do this by producing the bill or, perhaps, the name of the shop-keeper on the wrapping. This is particularly important in air travel, when the aircraft has touched down at some airport, such as Geneva, where the customer will have had access to a sky shop.

The directive of June 12, 1972 has not solved all the problems, nor done away with all the irritations forever besetting travellers when they cross frontier posts. A day may, perhaps, come, when the franchise is total; for inside the Common Market the purchase, sale and transport of merchandise, of whatever description, in quantities and value which are clearly not those of organised commerce, must and will be totally free.

Nevertheless, a directive by the Council of Ministers, however perfect it may be, is not a panacea for all customs house complications.

For this reason we must be careful to have in our wallets all the justification documents we may need, such as bills and receipts -- especially we must repeat, when our route has lain across a non-Community country, or has involved our stopping at an airport outside the EEC.

A last piece of advice -- always keep a copy of this note in your pocket. A time may come when it will serve your turn; for there are countless frontier posts between the Community countries, and it may be that in one or other of them, the "instructions resulting from the directive of the Council of Ministers of the European Communities dated June 12, 1972, modifying a first directive by the same Council dated May 28, 1969" may not yet have come through.

And here is a list of the new franchises, both in value and quantity :

A franchise of turnover tax and excise taxes chargeable on import, is applicable in respect of the passenger traffic between member States, to merchandise contained in the traveller's personal baggage, in so far as these are not imports of a commercial character, and the total value of the merchandise does not exceed 125 units of account per person.

For travellers aged less than 15 years, the franchise is reduced to 30 units of account. When the total value of several items of merchandise exceeds, on a per person basis, the amounts respectively, of UC 125 and, for children of less than 15 years, UC 30, the franchise is accorded up to these amounts for such of the merchandise as, imported separately, could have had the benefit of the said franchise, but subject to the condition that the value of any one piece of merchandise may not be partially charged.

To make this clear, we should add that a traveller carrying a single item of merchandise exceeding UC 125 in value, will have to pay the tax on the whole value of this item.

Supposing for example, the traveller has with him a transistor valued at UC 50, and a television set valued at UC 200, the franchise will apply only to the transistor, and the television will have to pay the tax in full.

National parities with the unit of account

unit of account	BF	Lit	FF	F1	F.lux	DM
1	48.657	631.34	5.554	3.522	48.657	3.987
125	6,082	78,920	694.25	440.35	6,082	437.30
30	1,460	18,940	166.60	105.65	1,460	104.95

	<u>Passengers from non-Community countries</u>	<u>Passengers from member countries</u>
a) <u>tobacco products</u>		
- cigarettes or	200	300
- cigarillos (cigars weighing not more than 3 grammes) or	100	150
- cigars or	50	75
- pipe tobacco	250 gr	400 gr
b) - distilled or spirituous drinks of a gravity above 22° alcohol or	One standard bottle (70-100 cl)	Up to 1.5 litres
- distilled or spirituous drinks, apéritifs based on wine or alcohol of a gravity not exceeding 22° alcohol; sparkling wines, liquer wines	Up to 2 litres	Up to 3 litres

	<u>Passengers from non-Community countries</u>	<u>Passengers from Community countries</u>
and		
- still wines	Up to 2 litres	Up to 3 litres
c) <u>perfume</u> and toilet waters	50 gr. ¼ litre	75 gr 3/8 litre
d) <u>coffee</u> or coffee extracts or essences	500 gr 200 gr	750 gr 300 gr
e) <u>tea</u> or tea extracts and essences	100 gr 40 gr	150 gr 60 gr

The directive also considers the problem of goods imported from a member country by persons residing in the frontier zone of that member country, or the frontier zone of the neighbouring member country, by frontier workers or by those concerned with operating the means of transport used in international traffic.

For these classes the franchises may be reduced to a 10th of the values and quantities provided for the other categories. For the products listed below, however, the franchise may be raised to the limits stated :

a) <u>tobacco products</u>	
- cigarettes or cigarillos (cigars weighing up to 3 gr) or	40 20
- cigars or	10
- pipe tobacco	50 gr
b) <u>alcoholic drinks</u>	
- distilled or spirituous drinks of gravity exceeding 22° alcohol or	0.25 litres
- distilled or spirituous drinks, wine or alcohol-based, apéritifs of a gravity not exceeding 22° alcohol ; sparkling wines, liqueur wines and	0.50 litres
- still wines	0.50 litres

It stands to reason that citizens in these classes are free to prove (by production of train or airline tickets, hotel bills, bills for goods etc), that their present journey is not an ordinary working journey. In this case they are entitled to the full franchise.
