



REPUBLIC OF TURKEY
MINISTRY OF TRADE DG CUSTOMS



**INWARD PROCESSING
PROCEDURES**



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PART I: LEGISLATION & AUTHORIZATION



INWARD PROCESSING PROCEDURE



DEFINITION



The inward processing procedure (IPP) is a customs procedure 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.



PURPOSE



- **boosting exports by providing raw materials at the world market prices**
- **enhance the competitiveness of exporting products in the international markets**
- **improving and diversifying export markets**



- **Suspension System**
 - **Prior Importation**
 - **Prior Exportation**
- **Drawback System**



SUSPENSION SYSTEM-PRIOR IMPORTATION



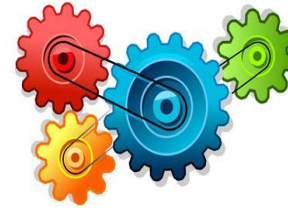
Receiving the Certificate / Permission



Providing Guarantee & Import



Processing Operations



Discharge & Return of Guarantee



Export



TURKISH CUSTOMS



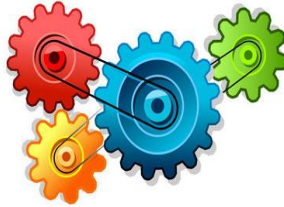
SUSPENSION SYSTEM-PRIOR EXPORTATION



Receiving the Certificate / Permission



Processing Operations using equivalent goods



Export



Guarantee



Discharge & Return of Guarantee



Import





DRAWBACK SYSTEM



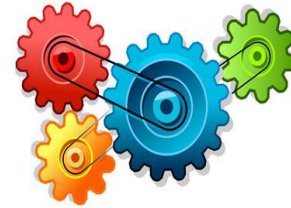
Receiving the
Certificate /
Permission



Tax Payment & Import
& Commercial Policy
Measures



Processing
Operations



Discharge & Tax Refund



Export





APPLICATION



**Inward Processing
Authorization
Certificate**



DG Export

**Inward Processing
Permission**



Customs Office



EVALUATION



Applications are evaluated on the basis of these economic criteria:

- **The imported goods should have been clearly determined that are used in the production of main compensating goods,**
- **Benefiting of IPP should not cause a serious damage to the domestic producers,**
- **Production process under IPP should have to create an additional production capacity, and increase the competitiveness.**



(CIF IMPORT/FOB EXPORT) %



Sector	Max. Rate
Leather & Leather products	60%
Cement	60%
Glass, soil, ceramic	60%
Automotive	65%
Textile	65%
Clothing, apparel	70%
Forestry	70%
Others	80%
Products containing agricultural secondary compensating products	100%



TIME LIMIT (IP Aut. Cert. & Permission)



General rule:

Up to 12 months (depends on the sectors)

Exceptional cases:

Time limit is given in accordance with the period of the project where the goods have more than 12 months production process

(defense industry products, ship building etc.)



DISCHARGE



Application for discharge & time limit:

**Inward Processing
Authorization
Certificate**



**Regional Directorates
(3 months)**

**Inward Processing
Permission**



**Customs Office
(1 month)**



LEGAL BASIS



Turkish Customs Law No.4458

Articles 108-122

Implementing Regulation of Customs Law

Articles 349-375,

Inward Processing Procedure Decree No.2005/8391

**Notification of the Inward Processing Procedure
No.2006/12**



DEFINITIONS



Processing operations means any of these:

- the working of goods (including erecting or assembling them or fitting them to other goods)
- the processing of goods,
- the repair of goods (including restoring them and putting them in order)
- the use of goods which are not to be found in the processed products, but which allow or facilitate the production of those products, even if they are entirely or partially used up in the process (production accessories)



DEFINITIONS II



Compensating Product: 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: The product obtained as a result of processing operation except for the main compensating product.



DEFINITIONS III



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



IPP ASSESSMENT BOARD



Est. on June 29, 2010

Aim is the consultation and suggestions on IPP matters.

Members:

Ministry of Trade (DG Export, DG Import, DG Customs)

Ministry of Agriculture and Forestry

Ministry of Industry and Technology

Ministry of Finance (Revenue Administration)

The Union of Chambers and Commodity Exchanges

Turkish Exporters Assembly