

## **ANALYSIS AND CONTROL TEAM (FIO-AC)**

### **CUSTOMS EXEMPTIONS AND PROCEDURES**

The Panama Canal Authority (ACP) is exempt from customs duties (import, export, etc.). Consequently, on July 12, 2000, the ACP and the General Customs Directorate of Panama established a special procedure for handling the customs duties exemptions on the cargo imported or exported from or to the ACP.

#### **REQUEST PROCESS FOR CUSTOMS DUTIES EXEMPTION (TOTAL):**

The Contractor must send or request the exemption by email through the mailbox: **ACP-**

**Exoneraciones@pancanal.com**. The documents that must be enclosed with the request are the following (they must be in PDF format. Each attachment must not exceed 15 megabytes (MB)): (**Article 321 RECAUCA**)

- Freight documents (bill of lading, consignment letter, air waybill).

***Please note that the CONSIGNEE that appears on the transport documents must be the ACP or the internal (national) Contractor, and the document must indicate the physical address of the requesting administrative unit.***

***The COSIGNOR must be the external contractor (contractor of origin) or the shipper.***

- Origin commercial invoice.
- Copy of the ACP Purchase Order (complete).
- Commercial Movement Declaration (DMC clearance): For cargo cleared from special economic zones or the Colon Free Zone.

#### **REQUEST PROCESS FOR CUSTOMS DUTIES EXEMPTION (PARTIAL):**

In the cases where the cargo is consolidated (part for ACP and for the Contractor), the Contractor or his freight forwarder is responsible for submitting the corresponding Customs Pre-declaration, in addition to specifying — in the request email— the number of packages and weight that correspond to the exemption by the ACP.

The Contractor must send or request the exemption by email through the mailbox: **ACP-**

**Exoneraciones@pancanal.com**. The documents that must be enclosed with the request are the following (they must be in PDF format. Each attachment must not exceed 15 megabytes (MB)): (**Article 321 RECAUCA**)

- Freight documents (bill of lading, consignment letter, air waybill).

***Please note that the CONSIGNEE that appears on the transport documents must be the ACP or the internal (national) Contractor, and the document must indicate the physical address of the requesting administrative unit.***

***The COSIGNOR must be the external contractor (contractor of origin) or the shipper.***

- Origin commercial invoice.
- Detail of the cargo that corresponds to (or is consigned to) the ACP:
  - Specific line(s) in the purchase order.
  - Number of units.
  - Monetary value of the cargo that corresponds to the ACP.
  - Weight (kilos).
  - Number of packages.
- Copy of the ACP Purchase Order (complete).
- Commercial Movement Declaration (DMC clearance): For cargo cleared from special economic zones or the Colon Free Zone.

**ADDITIONAL CONSIDERATIONS (ALL REQUESTS):**

When the freight documents and/or invoices are not consigned to the ACP, the Contractor or his legal representative will have to endorse the documents in favor of the ACP. (**Article 325 RECAUCA**).

***Once the documents are received electronically, the Exemptions Office has 3 business days to prepare the simplified declaration (exemption).***

**DOCUMENT RETURN PROCESS:**

The Contractor is responsible for returning the documents listed below to the Exemptions Office and starting his invoice payment process. The Office is located in the neighborhood of Ancón, Building #710, Balboa, George Goethals roundabout and Morgan Ave., ground floor. Office hours are Monday through Friday, from 7:00 AM to 3:30 PM.

**Required Documents: (Articles 324 and 325 RECAUCA).**

- Simplified declaration with the seal, date, and signature of the Customs Inspector.
- Freight documents (the bill of lading, airway bill, and consignment letter must reflect freight information and freight release stamp).
- Commercial Movement Declaration (DMC).
- Origin commercial invoice (NOT Quotation, NOT Proforma).
- Copy of the ACP Purchase Order (complete).
- Screen print of the SIGA (Integrated Customs Management System) bill of lading registration (NOT the manifest). This document must be requested from the freight forwarder or shipping company that handled the shipment.

**ADDITIONAL CONSIDERATIONS:**

When the freight documents and/or invoices are not consigned to the ACP, the Contractor or his legal representative will have to endorse the documents in favor of the ACP. (**Article 325 RECAUCA**).

In the cases where the cargo is consolidated (part for ACP and for the Contractor), the Contractor or his freight forwarder is responsible for submitting the corresponding Customs Declaration and the customs duties payment receipt for the cargo that is not destined for the ACP, in addition to the aforementioned documents.

**ACP RE-EXPORTATION REQUEST PROCESSES:**

**Terms used in the process:**

**Cargo or shipment declared as 'NON-COMPLIANT' by the ACP:** When the ACP warehouse/storehouse rejects the cargo at its facilities due to the following reasons:

- Cargo received was not the cargo requested.
- Cargo received is damaged.
- Cargo is incomplete.
- Cargo did not pass quality inspection.
- Among other reasons.

**ACP Rejection Letter:** Document issued by the ACP explaining the rejection reason(s), detailing the quantity of the rejected goods and the related details. Additionally, the ACP warehouse/storehouse informs the Contractor of the maximum number of days (60) he has, to remove the cargo from ACP facilities; otherwise, it

will be considered abandonment and the ACP may dispose of the cargo in the best possible way, to the best interest of the ACP. (**Article 43 of the Panama Canal Authority Organic Law, clause 4.28.6**).

**Shipping Document Endorsement:** The consignee may authorize or transfer the rights of all the packages or cargo. This must be done with a signature on the backside of each shipping document that covers the cargo to be imported. (**Article 1251 of the Panamanian Commercial Code**).

### **The Contractor RESORTS TO the Re-Exportation Regime** (*Article 537 RECAUCA*).

The Contractor resorts to the process of returning to origin (place or country where the cargo originated), the cargo declared as **'Non-Compliant'** by ACP, and then importing the correct cargo.

For this procedure, the Contractor must request a simplified declaration through the ACP Customs Exemptions and Procedures Office and submit the request, enclosed with the following documents (**Article 321 RECAUCA**):

- ACP Rejection Letter.
- Copy of the purchase order.
- Commercial invoice (**Total re-exportation**: In this case, the Contractor may present the same invoice with which he imported the cargo. **Partial re-exportation**: In this case, the Contractor will have to present an invoice detailing the exact quantity of the goods to be re-exported and their value (this must match those detailed in the ACP Rejection Letter).
- Freight documents (bill of lading, consignment letter, air waybill). It is important to point out that the ACP must appear in the documents as the shipper, with the physical address of the requesting administrative unit, and the consignee must be the company to which the cargo is re-exported.

Once the re-exportation has been carried out, it is the Contractor's responsibility to return **the original re-exportation document** (sealed by the National Customs Authority, bearing the name of the official who is responsible for the action, and the date of inspection), along with **a copy of the freight documents**, all submitted to the ACP Customs Exemptions and Procedures Office. *This is a requirement to issue the simplified declaration of the new importation of the calibrated or repaired goods.*

### **The ACP Requesting a Re-Exportation**

The ACP may be the requesting party for a re-exportation process, for the following reasons:

- The warranty on the goods has expired.
- The goods must be calibrated, repaired, and imported again.

To submit the request, an employee authorized by the ACP must submit the following documents to the ACP Customs Exemptions and Procedures Office:

- Re-exportation bill of lading.
- Commercial invoice.
- Copy of the purchase order.

Once the re-exportation has been carried out, the employee or freight forwarder hired by the ACP is responsible to return the related documents (the simplified re-exportation declaration —duly sealed by the National Customs Authority— accompanied by the documents listed in the previous point). This is a requirement to issue the simplified declaration of the new importation of the calibrated or repaired goods.

## **The Contractor DOES NOT RESORT to the Re-Exportation Regime**

### **A. The Contractor declares the cargo:**

For the Contractor to retrieve his shipment or cargo, he will have to submit the following documents to the ACP warehouse/storehouse and to the ACP Customs Exemptions and Procedures Office:

- ACP Rejection Letter.
- Copy of the purchase order.
- Definitive customs declaration.
- Payment slip or proof of customs duties paid over the cargo or shipment, issued by the National Customs Authority.
- Commercial invoice (detailing the description of the items, quantity, unit price, and total cost). These lines must match those detailed in the ACP Rejection Letter.
- Freight documents (bill of lading, consignment letter, air waybill, or other equivalent documentation).

### **B. The Contractor leaves the cargo in the ACP warehouses/storehouses:**

Once the merchandise is rejected or declared '**NON-COMPLIANT**' by the ACP warehouse/storehouse, the Contractor is informed in the ACP Rejection Letter of the **maximum number of days (60)** in which he must retrieve his cargo from ACP facilities. Failure to do so is considered abandonment and the ACP may dispose of the cargo in the best interests of the ACP. (*Article 43 of the Panama Canal Authority Organic Law, clause 4.28.6*).

### **C. The Contractor is not present in the national territory and needs to declare the cargo:**

In these cases, the Contractor must submit the following documents to the ACP Customs Exemptions and Procedures Office (*Article 321 RECAUCA*), duly endorsed in the name of a national individual, foreign individual, or corporation (*Article 325 RECAUCA*):

- Commercial invoice (detailing the description of the items, quantity, unit price, and total cost). This must match those detailed in the ACP Rejection Letter.
- Freight documents: (bill of lading, consignment letter, air waybill).
- Definitive customs declaration.
- Payment slip or proof of customs duties paid over the cargo or shipment, issued by the National Customs Authority.

***The documents and information supplied for any procedure are handled confidentially and are for the exclusive use of the Exemptions Office and the National Customs Authority of the Republic of Panama.***