

**Kyiv National University of Trade and Economics**  
Commodity Science and Customs Affairs Department

**FINAL QUALIFYING PAPER**

*On the topic:*

**«Identification expert examination and taxation of furniture import from EU countries»**

2<sup>nd</sup> year student of 10m group  
Specialty 076 “Entrepreneurship,  
Trade and Stock Exchange Activity”  
Specialization “Customs Affairs”

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« » 2020

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- ### 3. Initial data of the final qualifying paper

*The subject* is assortment of the furniture imported from EU countries, criteria, methods and means of identification expert examination, customs taxation and customs clearance of furniture imported from EU countries.

- 4. Illustrative material:** tables, graphs, diagrams illustrated the base text of the final qualifying paper.



## 5. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task received

## 6. Contents of a final qualifying paper (list of all the sections and subsections)

### INTRODUCTION

#### **Chapter 1. Theoretical background of the identification expert examination and taxation of furniture import from EU countries.**

- 1.1. Dynamics of the EU furniture market.
- 1.2. Analysis of furniture classifications in international trade.
- 1.3. Legislation documents regulating import of furniture from EU countries.

#### **Chapter 2. Identification expert examination of furniture for customs purposes.**

- 2.1. Organization, object and research methods.
- 2.2. Analysis of assortment of furniture imported from EU countries.
- 2.3. Identification expert examination of furniture for customs purposes.

#### **Chapter 3. Customs clearance and taxation of furniture import.**

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### CONCLUSIONS AND RECOMMENDATIONS

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## 7. Time schedule of the paper

No.	Stages of the final qualifying paper	Terms of the final qualifying Paper	
		de jure	de facto
1.	Choosing and approval of the final qualifying paper topic	01.11.2019	01.11.2019
2.	Preparation and approval of task for the final qualifying paper	17.02.2020	17.02.2020
3.	Writing and pre defense of the 1 <sup>st</sup> chapter of the final qualifying paper	01.06.2020	01.06.2020
4.	Writing and pre defense of the 2 <sup>nd</sup> chapter of the final qualifying paper	25.06.2020	25.06.2020
5.	Writing and preparation of scientific article	till 01.05.2020	
6.	Writing and pre defense of the 3 <sup>rd</sup> chapter of the final qualifying paper	01.10.2020	01.10.2020
7.	Preparation of the final qualifying paper (title, content, introduction, references, appendences), presentation of master diploma paper on the department and pre defense in the committee	16.10.2020	16.10.2020
8.	Presentation of the final qualifying paper on the department and on the deanery, receiving of referrals for external peer review	10.11.2020	10.11.2020
9.	Additional processing, printing, preparation of material to final qualifying paper defense	25.11.2020	
10.	Defensing of the final qualifying paper in the Examination Board	According to the schedule	

**8. Date of receiving the task:** 25.02.2020

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Taras Karavayev

**11. The task received by the student** \_\_\_\_\_

Devid Pkhon



## 12. Resume of a scientific adviser of a final qualifying paper

The final qualification paper of Pkhon Devid reveals the problems of identification expert examination, customs valuation and taxation of furniture import from EU countries.

The final qualifying paper includes analyses of the dynamics of the EU furniture market, assortment structure of furniture imported to Ukraine from EU countries and current legislation on import of furniture from EU countries to Ukraine. The furniture classifications in international trade were studied, the criteria, means and methods for identification of furniture for customs purposes were developed and the identification expert examination of furniture imported from EU countries was carried out. The customs valuation, taxation and determination of the furniture country of origin of furniture imported into the customs territory of Ukraine was carried out. The customs clearance of furniture import according to the customs declaration on import was analyzed.

The final qualifying paper of Devid Pkhon is well-structured scientific work, including tables and graphs for better understanding of material. The conclusions present the results of final qualifying paper research and recommendations are of high practical value for customs authorities of Ukraine.

The final qualifying paper of Devid Pkhon meets all necessary requirements for such type of research, can be recommended for defense in the State Examination Board and deserves high positive "excellent" grade.

Scientific adviser of a final qualifying paper \_\_\_\_\_ O.G.Zolotarova  
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## 13. Resume about a final qualifying paper

A final qualifying paper of the student Pkhon Devid can be admitted to defense in the Examination Board.

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\_\_\_\_\_.2020



## АНОТАЦІЯ

**Пхон Д.Ч. Ідентифікаційна експертиза та оподаткування імпорту меблів з країн ЄС.**

У випускній кваліфікаційній роботі надано аналіз динаміки меблевого ринку ЄС, структури асортименту меблів, що імпортуються в Україну з країн ЄС та чинного законодавства щодо імпорту меблів з країн ЄС в Україну. Вивчено класифікацію меблів у міжнародній торгівлі, розроблено критерії, засоби та методи ідентифікації меблів для митних цілей та проведено ідентифікаційну експертизу меблів, що імпортуються з країн ЄС. Проведено визначення митної вартості, оподаткування визначення країни походження меблів, що імпортуються в Україну. Проаналізовано митне оформлення імпорту меблів згідно митної декларації.

**Ключові слова:** меблі, ідентифікаційна експертиза, оподаткування, імпорт, код УКТЗЕД, визначення митної вартості, країна походження, митне оформлення, митна декларація.

## ANNOTATION

**Pkhon D., Identification expert examination and taxation of furniture import from EU countries**

The final qualification paper includes analyses of the dynamics of the EU furniture market, assortment structure of furniture imported to Ukraine from EU countries and current legislation on import of furniture from EU countries to Ukraine. The furniture classifications in international trade were studied, the criteria, means and methods for identification of furniture for customs purposes were developed and the identification expert examination of furniture imported from EU countries was carried out. The customs valuation, taxation and determination of the furniture country of origin of furniture imported into the customs territory of Ukraine was carried out. The customs clearance of furniture import according to the customs declaration was analysed.

**Keywords:** furniture, identification expert examination, taxation, import, UCGFEA code, customs valuation, country of origin, customs clearance, customs declaration.

## ABBREVIATIONS

**ASCC** – Automatized system of customs clearance

**CCU** – Customs Code of Ukraine

**CRO** – Committee on Rules of Origin

**ECD** – electronic customs declaration

**EDS** – electronic digital signature

**EU** – European Union

**MD-2** – customs declaration of form MD-2

**MD-6** – addition to customs declaration of form MD-6

**NBU** – National bank of Ukraine

**SCS** – State Customs Service

**SLEER** – Specialized laboratory of expert examination and research

**TCRO** – Technical Committee on Rules of Origin

**UCGFEA** – Ukrainian Classification of Goods in Foreign Economic Activity

**VAT** – Value added tax

**WCO** – World Customs Organization

**WTO** – World Trade Organization



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## INTRODUCTION

**Topic actuality.** Over the last few years the furniture industry sector in Ukraine demonstrates an active and steady growth. The dynamic development is observed not only in the Ukrainian furniture production, but also in the import and export of manufactured furniture. The Ukrainian furniture market is one of a few markets showing the positive balance of international trade. Marketing survey of the Ukrainian furniture market conducted by the digital agency Rubarb stated that after the 2015 crisis, the domestic market growth rate increased by an average of 15% annually. Domestic producers displace imported furniture of the lower and middle price segments, reserving for importers mainly the segment of expensive furniture.

The wright identification of the imported furniture main characteristics for the purpose of customs valuation and classification is of great importance, taking into account that the most part of imported furniture consists of expensive or luxury segment. The specificity and significance of the customs identification expert examination is in close connection with the goods criteria, set out in the Harmonized Commodity System (HS) of the World Customs Organization used in Ukraine as Ukrainian classification of goods in foreign economic activity (UCGFEA).

The decision on the goods classification depends on the results of identification expert examination carried out during customs clearance. The importance of the correct classification of goods in foreign trade cannot be underestimated as it has an impact on customs duties, excise duties, import VAT, origin management, preferential duties and import and export restrictions.

**Research object** – furniture imported to Ukraine from EU countries.

**Research subject** – assortment of the furniture imported from EU countries, criteria, methods and means of identification expert examination, customs taxation and customs clearance of furniture imported from EU countries.

**The final qualifying paper purpose** is to conduct an identification examination and analyze the customs taxation and customs clearance peculiarities of furniture import from EU countries.



To achieve the mentioned above purpose, the following **tasks** should be solved:

- to analyse the dynamics of the EU furniture market;
- to carry out the analysis of furniture classifications in international trade;
- to learn the legislation documents regulating import of furniture from EU;
- to analyse the assortment structure of furniture imported from EU countries;
- to conduct the identification expert examination of furniture for customs purpose;
- to carry out the customs valuation and customs taxation of furniture import;
- to determine the furniture country of origin;
- to analyse the furniture import customs clearance under the customs declaration.

**Research methods:** analytical, organoleptic, measuring and general scientific methods (system analysis and synthesis, comparison).

**The final qualifying paper scientific originality.** The criteria and means for identification expert examination of furniture, imported from EU were developed.

**Obtained results practical value.** The result of the research on identification expert examination and taxation of furniture import from EU countries can be used by customs authorities of Ukraine during customs clearance of furniture import.

**Research results approbation.** The research results were presented and discussed at the III Ukrainian student scientific-practical conference "Actual problems of entrepreneurship, trade and marketing", the report «Furniture identification expert examination during import from EU countries» (Kyiv, KNUTE, 18.06.2020).

Based on of the research results the article was published in the digest of students articles: Pkhon D. Identification expert examination of furniture imported from EU countries // Митна справа: практичний аспект. – К. : КНТЕУ, 2020. – p.25-32 [51].

**The final qualifying paper structure and volume.** The paper consists of an introduction, three chapters, conclusions and recommendations, references, annexes. The main text of the paper includes 50 pages. The paper contains 15 tables, 7 figures. The list of references includes 44 items. 10 annexes are added on 27 pages.



## **CHAPTER 1**

### **THEORETICAL BACKGROUND OF THE IDENTIFICATION EXPERT EXAMINATION AND TAXATION OF FURNITURE IMPORT FROM EU COUNTRIES**

#### **1.1. Dynamics of the EU furniture market**

The furniture industry is traditionally labour-intensive and features a predominance of small and medium-sized enterprises (SMEs), as well as quite complex and fragmented supply chain, with many phases that are often outsourced. A common trend observed in the past decade is a growing degree of market openness, although important differences in the degree of openness of various national markets still remain. These stem from various factors including the history of the furniture industry, the structural conditions and the comparative advantage of the manufacturers located in each country [1].

The global furniture sector is in continuous transformation, with the emergence of new markets, the constant evolution of retailing channels, the appearance of fast growing suppliers on the scene and new rules affecting international trade. This is the scenario where companies compete and formulate development strategies [2].

Nowadays, consumers are replacing their furniture more frequently than in the past, which is largely due to increasing standards of living and a steady increase in disposable income across the board. These are some of the factors driving the continuous growth of the world furniture market. Moreover, aesthetic reasons coupled with the need for consumers to be comfortable in their apartment, as evidenced by the living room and dining room segment being the largest segment of the furniture market, and the adoption of online shopping are major contributing factors to the constant growth of the market [3].

Furniture retail and trade is an important part of the global economy. The furniture industry is comprised of the production, distribution, and retail of furniture for residential and commercial use. Be it in homes, offices, schools, or even outdoors, there are pieces of furniture to be seen almost everywhere. This market also includes

complementary products such as, mattresses and home furnishings. The global furniture market is a multibillion US dollar industry, which employs large numbers of people around the world.

As part of the fast moving consumer goods sector, the furniture market tends to rise and fall based on world economic trends. During a recession, the industry tends to be negatively impacted as consumers cut back on non-essential spending, putting off home redecoration and renovation projects due to lower disposable incomes.

According to Statista Business Data Platform [4] the value of the global furniture market in 2019 is accessed on the level of 560 US\$ billions (fig.1.1).

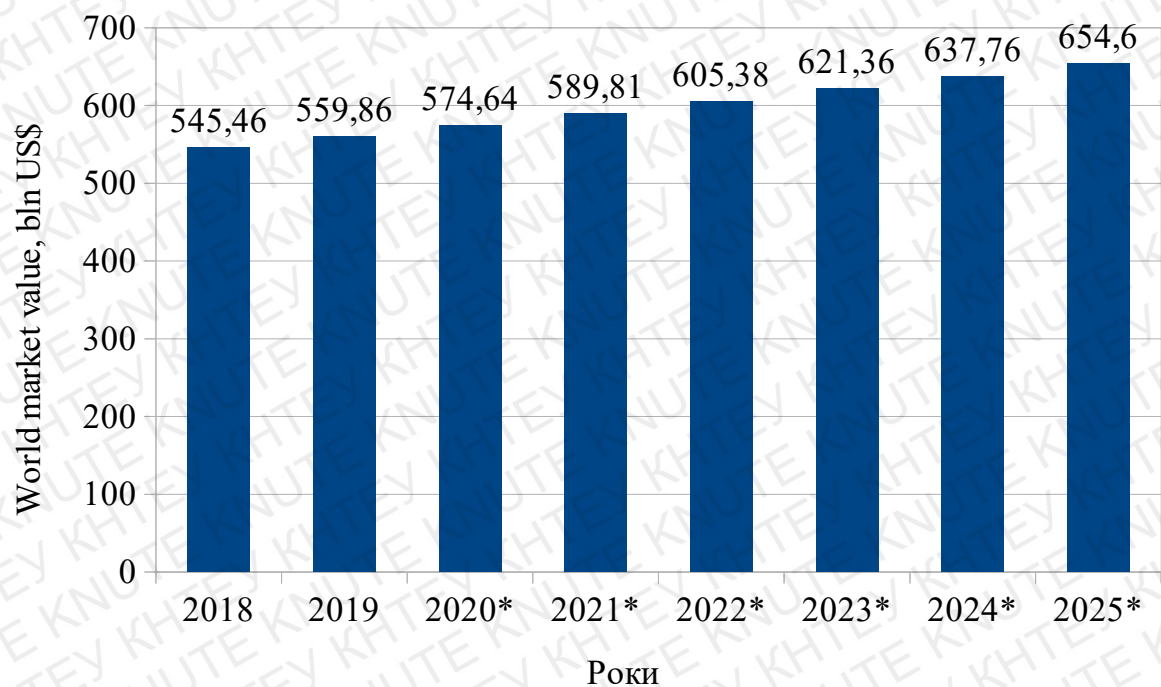


Figure 1.1. Furniture world market value, bln US\$ (\* forecast) [5]

The graph on the figure 1 shows the size of the furniture market worldwide from 2018 to 2025. The global market value of furniture was estimated to be worth 545.46 billion U.S. dollars in 2018, and was forecasted to reach about 654.6 billion U.S. dollars by 2025 [5].



The import and export of furniture is also impacted by above mentioned events, however trade values have been growing steadily in recent years. China is the dominant exporter of furniture and the United States leads for imports (fig.1.2) [4].

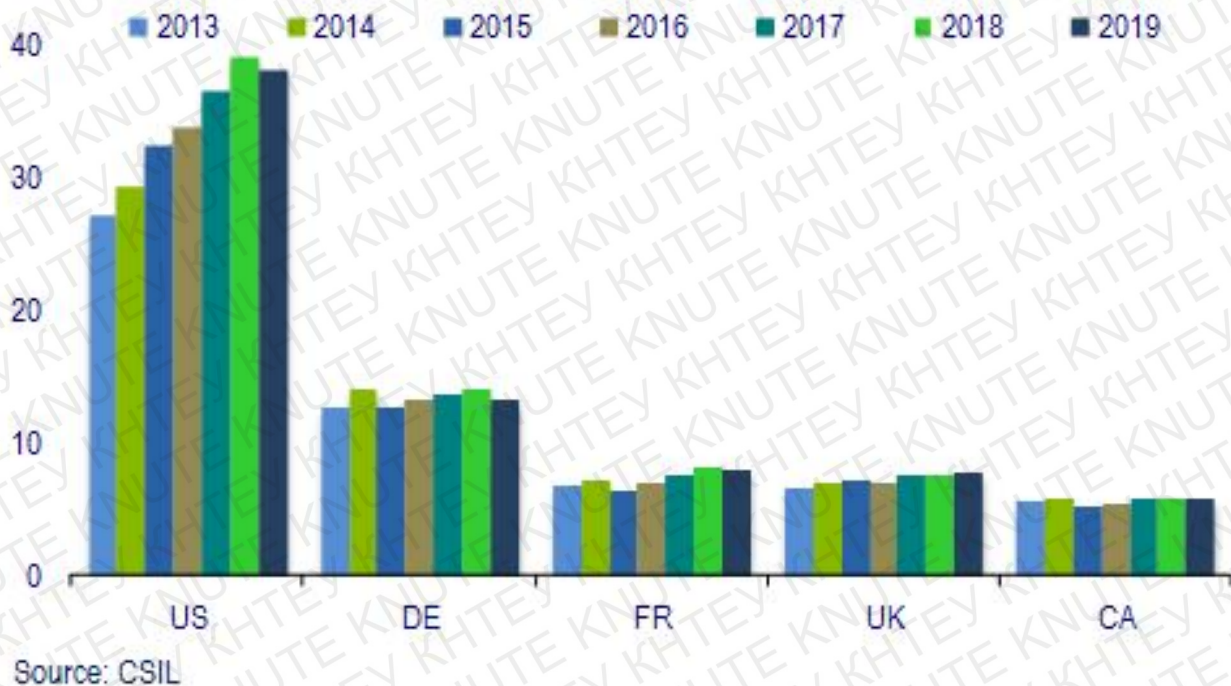


Figure 1.2. Top furniture importing countries in 2013-2019, bln US\$ [5]

The dynamics of the figure 1.2 show that the world leading importers of furniture are the United States, Germany, France, the United Kingdom and Canada. About 2/3 of the US imports was from Asia (China, Vietnam, Malaysia).

Despite recent deterioration in the European Union's (UN) balance of furniture trade, European manufacturers remain a major force in the international furniture sector. Europe still plays an important role in the global furniture industry, although major structural changes over the past decades at a world level have severely affected the area, reducing gradually its importance. Europe's role is evident not only in terms of production value but also in terms of market and international trade values. Europe still remains a major hub of world trade in terms of market size.

When referring to Europe, it is meant the 28 members of the European Union + Norway and Switzerland. In detail Western Europe includes the 15 Western EU members, Norway and Switzerland; Eastern Europe (EU13) the 13 new members of the European Union [8].

The furniture sector is an important industry of the European economy with a long-standing tradition. It employs a large workforce of almost 1 million people and in most European countries, it represents between 1% and 4% of each country's GDP. Moreover, the possibilities for further development of the industrial capacity are still significant. According to CSIL research [6], 85 out of the top 200 furniture manufacturers worldwide are located in Europe.

With almost 1 million workers employed in around 121,000 manufacturing firms (mainly micro and small sized), Europe's furniture production value reached over EUR 92 billion in 2018, accounting for around a little less than one-fourth of the global furniture industry. Western Europe is responsible for the largest share, but the New EU members are the fastest growing ones. Germany, Italy, Poland, the United Kingdom and France rank among the top 12 furniture manufacturers worldwide. [8]

According to United nations trade statistics [9] the annual growth of the furniture worldwide import to EU-28 countries was about 5-10% (table 1.1).

*Table 1.1*

**Volumes of worldwide furniture import to EU countries in 2015-2019 [9]**

Period	Trade flow	Reporter	Partner	Trade value, billion US\$	Netweight, 1000 * ton
9401 Seats (other than those of heading 9402), whether or not convertible into beds...					
2015	Import	EU-28	World	\$8,542	1644
2016		EU-28	World	\$8,910	1752
2017		EU-28	World	\$9,888	1892
2018		EU-28	World	\$10,661	1983
2019		EU-28	World	\$10,979	2106
9403 Other furniture and parts thereof					
2015	Import	EU-28	World	\$7,972	2661
2016		EU-28	World	\$8,044	2842
2017		EU-28	World	\$8,902	3026
2018		EU-28	World	\$9,569	3219
2019		EU-28	World	\$10,010	3482



The total value of the furniture (HS commodity code 9401 and 9403) imported by EU countries in 2019 from all over the world exceeded 20 billions US\$ (table 1.1). The average price of the furniture imported by EU-28 countries in 2019 was about 2,87-5,21 US\$ for 1 kg.

The volume of the European export to the world furniture market is presented in the table 1.2.

Table 1.2

**Volume of worldwide furniture export from EU countries in 2015-2019 [9]**

Period	Trade Flow	Reporter	Partner	Trade value, billion US\$	Netweight, 1000 * ton
<b>9401 Seats (other than those of heading 9402), whether or not convertible into beds...</b>					
2015	Export	EU-28	World	\$6,141	515
2016		EU-28	World	\$6,207	536
2017		EU-28	World	\$7,055	581
2018		EU-28	World	\$7,337	596
2019		EU-28	World	\$7,201	569
<b>9403 Other furniture and parts thereof</b>					
2015	Export	EU-28	World	\$10,743	2451
2016		EU-28	World	\$10,461	2469
2017		EU-28	World	\$11,021	2542
2018		EU-28	World	\$11,581	2563
2019		EU-28	World	\$11,140	2521

The data of the table 1.2 shows the constant growth of the EU export volumes of the furniture with HS commodity code 9401 both in monetary and qualitative terms of about 5-10% yearly. The year 2019 showed the slight decrease in the volumes of European export of the products of both 9401 and 9403 HS commodity code. Thus, the value of the exported furniture of the heading 9401 decreased by 136 million US\$, while of the heading 9403 – by 441 million US\$.

The furniture import volumes of EU-28 countries from Ukraine in 2015-2019 are presented in the table 1.3. The analysis of the EU import volumes in the period from 2015 to 2019 presented in the table 1.3 showed the 3 times import growth of the furniture of HS code “9401 Seats (other than those of heading 9402), whether or not

convertible into beds...” and 4 times growth for the furniture of the HS heading 9403 “Other furniture and parts thereof”.

Table 1.3

**Volumes of EU furniture import from Ukraine in 2015-2019 [9]**

Period	Trade Flow	Reporter	Partner	Trade value, million US\$	Netweight (ton)
<b>9401 Seats (other than those of heading 9402), whether or not convertible into beds...</b>					
2015	Import	EU-28	Ukraine	\$50,304	16488
2016		EU-28	Ukraine	\$85,661	32551
2017		EU-28	Ukraine	\$119,413	43065
2018		EU-28	Ukraine	\$142,930	46128
2019		EU-28	Ukraine	\$162,617	52397
<b>9403 Other furniture and parts thereof</b>					
2015	Import	EU-28	Ukraine	\$47,416	29133
2016		EU-28	Ukraine	\$75,679	55149
2017		EU-28	Ukraine	\$123,205	88962
2018		EU-28	Ukraine	\$171,631	111570
2019		EU-28	Ukraine	\$204,993	137724

Thus, the total value of the imported furniture of the HS heading “9401 Seats (other than those of heading 9402), whether or not convertible into beds...” raised from about 50 million US\$ in 2015 to 162 million US\$ in 2019. Speaking about furniture of the HS heading 9403 “Other furniture and parts thereof”, its import volume grew from 47 million US\$ in 2015 to almost 205 million US\$ in 2019.

The graph on the figure 1.3 presents the dynamics of the EU furniture volumes of export to Ukraine in the period from 2015 to 2019 [9].

The dynamics on the figure 1.3 shows the constant growth of the volumes of EU export to Ukraine of the furniture of both HS headings 9401 and 9403. Thus, the value of European export to Ukraine of the furniture of the heading 9401 “Seats...” raised by almost 2 times in 2019 comparatively to 2015 and reached 72 million US\$. While the value of export of the furniture coded 9403 showed growth of about 20% in the last 5 years and reached 98 million US\$ in 2019 compared with 82 millions US\$ in 2015.



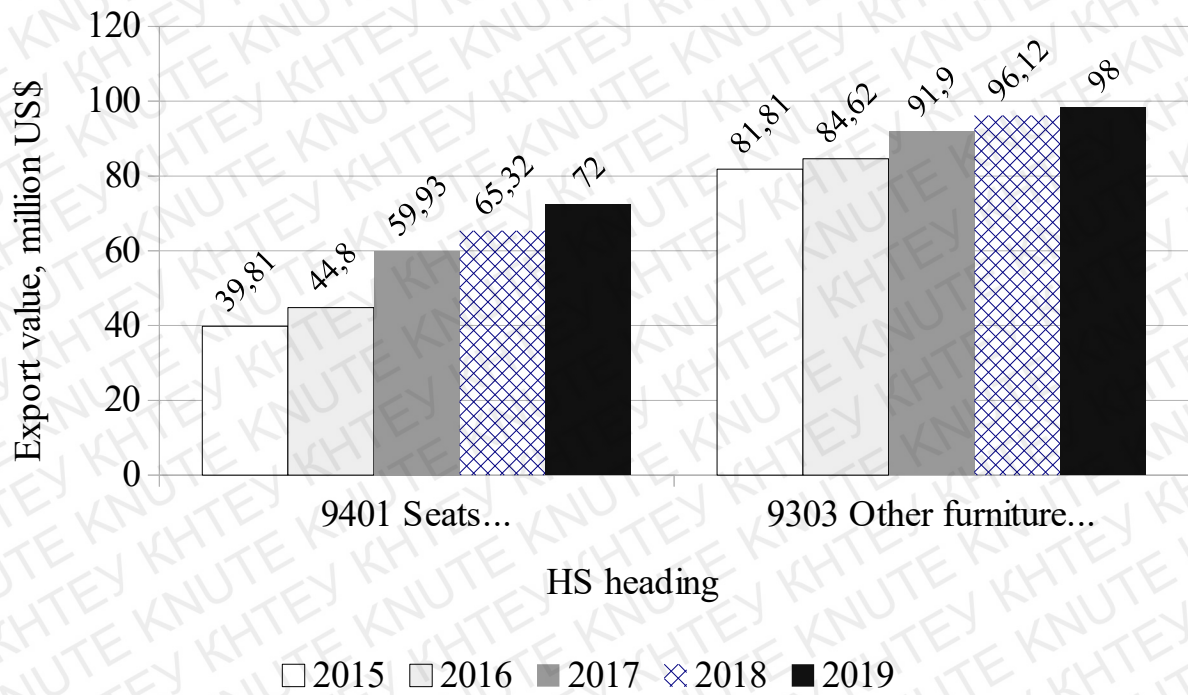


Figure 1.3. Dynamics of EU furniture export to Ukraine in 2015 – 2019, mln US\$

The analysis of the European furniture market showed that Europe plays a key role in the global furniture industry and this is evident not only in terms of production, but also in terms of market and international trade values. The world furniture market as well European demonstrates a constant growth of about 3-5%. The value of the EU import from all over the world in 2019 is estimated at the level of 20 billion US\$, while the total value of European export in 2019 was about 17 billion US\$. Ukraine imported the furniture of the HS headings 9401 and 9403 from Europe of the total value 160 million US\$. An average annual growth of European export to Ukraine was about 10-15%. The analysis of the dynamics of EU furniture market confirmed the importance of the qualification paper topic regarding the volumes of furniture international trade of Ukraine.

## 1.2. Analysis of furniture classifications in international trade

Goods and services in international trade are classified with one of two universal coding schemes: the Harmonized System (HS) or the Standard International

Trade Classification (SITC). Retrieving trade statistics or determining tariff rates requires using one of these standard coding systems to identify products and industries [10].

The Standard international trade classification is a product classification of the United Nations (UN) used for external trade statistics (export and import values and volumes of goods), allowing for international comparisons of commodities and manufactured goods. The groupings of SITC reflect the production materials, the processing stage, market practices and uses of the products, the importance of the goods in world trade, technological changes. The furniture is classified in the section 8 “Miscellaneous Manufactures” under code 82 “Furniture and parts thereof”[11].

The Harmonized Commodity Description and Coding System generally referred to as "Harmonized System" is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). It comprises about 5,000 commodity groups; each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification [12].

The system is used by more than 180 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics. Over 98 % of the merchandise in international trade is classified in terms of the HS. The HS is governed by The International Convention on the Harmonized Commodity Description and Coding System, which was adopted in June 1983 and entered into force January 1988 [12].

To meet the requirements of the Common Customs Tariff, EU's external trade statistic and intra-EU trade statistics the Combined Nomenclature (CN) is used as a tool for classifying goods. It is a further development of the World Customs Organization's Harmonized Commodity Description and Coding System. This is a systematic list of commodities applied by most trading nations (and also used for international trade negotiations).

Every year, Annex I to the basic Combined nomenclature Regulation (Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the



Common Customs Tariff) is updated and published as a stand-alone Regulation in the EU's Official Journal. Such updates take into account any changes that have been agreed at international level, either at the World Customs Organization with regard to the Harmonized System nomenclature or within the framework of the World Trade Organization with regard to conventional duty rates [13].

In 2002, by the Decree of the President of Ukraine of 17 may 2002 № 466/2002, Ukraine acceded to the The International Convention on the Harmonized Commodity Description and Coding System in order to ensure an appropriate level of Ukraine participation in international trade and economic relations and approximation of Ukraine's legal framework to recognized international law [14].

According to the article 67 “Structure and application of Ukrainian Classification of Goods for Foreign Economic Activity” of the Customs code of Ukraine [15] the Ukrainian Classification of Goods for Foreign Economic Activity (UCGFEA) is based on the Harmonized Commodity Description and Coding System and approved by the Law on Customs Tariff of Ukraine [16].

Furniture goods and mattresses in foreign trade are classified in chapter 94 of UCGFEA “Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings” of the UCGFEA. In fact Chapter 94 of the UCGFEA includes 6 headings:

- 9401 Seats (other than those of heading 94.02), whether or not convertible into beds, and parts thereof;
- 9402 Medical, surgical, dental or veterinary furniture ...;
- 9403 [Other furniture and parts thereof](#);
- 9404 Mattress supports; articles of bedding and similar furnishing ...;
- 9405 Lamps and lighting fittings including searchlights and spotlights and parts;
- 9406 Prefabricated buildings.

Only two headings of the Chapter 94 include furniture directly used by consumers: *9401 Seats and 9403 Other furniture* [17,18, 47].

So, the object of this work is the furniture classified in the headings 9401 and 9403 of the UCGFEA, that is imported into Ukraine from EU countries.



The furniture referred to in headings 9401 to 9403 is to be classified in those headings only if it is designed for placing on the floor or ground. There are, however, some types of furniture to be classified in the above-mentioned headings even if they are designed to be hung, to be fixed to the wall or to stand one on the other: cupboards, bookcases, other shelved furniture (including single shelves presented with supports for fixing them to the wall) and unit furniture; seats and beds.

The classification of furniture in the headings 9401 and 9403 of UCGFEA is presented in the Table 1.4.

*Table 1.4*

**Classification of furniture in the headings 9401 and 9403 of UCGFEA**

<b>UCGFEA code (6-digits)</b>	<b>Subheading name</b>
9401 “Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof”	
9401 10	Seats of a kind used for aircraft;
9401 20	Seats of a kind used for motor vehicles;
9401 30	Swivel seats with variable height adjustment;
9401 40	Seats other than garden seats or camping equipment, convertible into beds;
9401 50	Seats of cane, osier, bamboo or similar materials;
9401 60	Other seats, with wooden frames;
9401 70	Other seats, with metal frames;
9401 80	Other seats;
9401 90	Parts.
9403 “Other furniture and parts thereof”	
9403 10	Metal furniture of a kind used in offices;
9403 20	Other metal furniture;
9403 30	Wooden furniture of a kind used in offices;
9403 40	Wooden furniture of a kind used in the kitchen;
9403 50	Wooden furniture of a kind used in the bedroom;
9403 60	Other wooden furniture;
9403 70	Furniture of plastics;
9403 80	Furniture of other materials, including cane, osier, bamboo ...;
9403 90	Parts.

The analysis of the data of Table 1 shows that the main classification features of the seats in the heading 9401 “Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof” are the functional purpose and the raw material, while inside the heading 9303 “Other furniture and parts thereof” the



furniture is divided into subheadings by the raw material feature. Further more inside of each subheading of 9403 the furniture is classified by functional purpose and height.

### **1.3. Legislation documents regulating import of furniture from EU countries**

According to Customs code of Ukraine [15] the Ukraine's customs legislation shall consist of the Constitution of Ukraine, the Customs Code of Ukraine and other laws of Ukraine regulating matters referred to customs affairs, international treaties of Ukraine ratified by the Parliament of Ukraine as well as regulations issued on the basis and in pursuance of the Customs Code, and other legislative acts.

According to the Article 74 of the Customs code of Ukraine (CCU) [15] "import" means a customs procedure where foreign goods are released for free circulation in the customs territory of Ukraine when all customs charges imposed by the laws of Ukraine on import of such goods are paid and all customs formalities are completed. So, to carry out the analysis of the legislation on furniture import from EU countries it is necessary to analyse customs duty rates and customs formalities used while importing furniture from the European countries.

Article 4 of the CCU [15] defines "customs charge" as a duty, an excise tax in respect of excisable goods (products) imported into the customs territory of Ukraine and a value added tax in respect of goods (products) imported into the customs territory of Ukraine.

Article 272 of the CCU [15] states that import duty shall be imposed on the goods imported into the customs territory of Ukraine. Establishment of new and change in the current rates of import duty, defined by the Customs tariff of Ukraine, shall be carried out by the Parliament of Ukraine through the adoption of laws of Ukraine. The rates of the excise tax and value added tax in respect of goods (products) imported into the customs territory of Ukraine is established by the Tax code of Ukraine [19].

The Customs Tariff of Ukraine is an integral part of the Law of Ukraine On Customs tariff [16] and contains a list of national tax rates of import duty on goods imported into the customs territory of Ukraine and systematized according to the Ukrainian classification of goods for foreign economic activity (UCGFEA), compiled on the basis of the Harmonized Commodity Description and Coding System.

The Customs tariff of Ukraine [16] establishes the duty rates for different types of furniture imported from EU countries (table 1.5).

*Table 1.5*

**Duty rates on furniture imported to Ukraine [16]**

UCGFEA heading	Heading name	Duty rate	
		preferential	full
9401	Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof	0%	0%
9403	Other furniture and parts thereof	0%	0%

The analysis of the duty rates to be paid while importing furniture from EU countries established by the Customs tariff of Ukraine showed that there is now difference between the duty rates for different headings and subheadings of furniture according to UCGFEA. The import duty rate for all types of furniture is 0% either full or preferential. In the current situation it is not necessary to obtain any certificate of origin that gives right to importer to use preferential rate of import duty.

Association agreement between Ukraine and the European Union, the European Atomic Energy Community and their Member States dated 27.06.2014 [20] gives the right to importer to be exempted from duty payment if the certificate of origin EUR-1 is presented. In such case the preference “410” should be indicated in the customs declaration and the certificate of origin should be indicated in the field 44 of customs declaration under the number 0954.

In accordance with the provisions of the second part of Article 305 of the Customs Code of Ukraine [15], the import of certain goods into the customs territory of Ukraine is subject to the mandatory provision of customs duties to ensure the full



payment of customs duties on import. The list of the goods subject to provide assurance of the customs duties payment is defined by the Resolution of the Cabinet of Ministers of Ukraine dated 21.05.2012 № 461 [21]. According to the above mentioned Resolution [21] import of the furniture of the UCGFEA headings 9401 and 9403 to the customs territory and/or movement through the territory of Ukraine in transit is carried out on condition of obligatory granting of duties payment to customs authorities.

The methods of the customs duties payment securement (art. 306 of the CCU) may be provided by: a financial guarantee; a guarantee under the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) of 1975; a guarantee under the Convention on Temporary Admission (Istanbul, 1990) using the ATA Carnet [15].

Article 3 of the CCU [15] states that customs control and customs clearance of goods (including furniture) crossing the customs border of Ukraine shall be exclusively governed by the provisions of the customs laws of Ukraine and other customs-related regulations in force at the time of acceptance of the customs declaration by the customs authority of Ukraine.

The purpose of customs clearance shall be to ensure compliance with the procedures established by the legislation of Ukraine for movement of goods (in particular furniture) across the customs border of Ukraine, as well as to provide statistical records of the goods entering, leaving or transiting the customs territory of Ukraine. Customs clearance shall commence after presentation by the declarant or the authorised by him person of the customs declaration or a document in lieu thereof under the law, and documents required for customs clearance, to the customs authorities, and in the case of an electronic declaration, upon receipt of the electronic customs declarations or an electronic document in lieu thereof under the law by the customs authority from the declarant or the authorized person [22].

The rules for filling out the customs declarations on the blanks of a single administrative document of MD-2 form, its additional sheets – MD-3 form, specifications of MD-8 form, the information entry procedure to supplement sheet of



MD-6 form, cases of the specification application are established by the Order of the Minister of finance of Ukraine dated 30.05.2012 №651 [23].

The letter of the State Customs Service Of Ukraine dated 10.06.10 №11/2-10.27 5583-EP [24] defines the necessity to provide the enhanced control over customs clearance of imports of household appliances, furniture, clothing, live plants and cut flowers in order to prevent violations of the law. The focus should be taken on checking the weight, quantity and value indicators of furniture, their compliance with the accompanying documents, ensuring the completeness of the payments to the State Budget.

Among the peculiarities of customs declaration of furniture imported from EU countries should be mentioned the need to submit additional information necessary for goods identification, to be entered into the electronic invoice, attached to the customs declaration on the blank of single administrative document. The classifier of such additional information is approved by the Order of the Ministry of Finance of Ukraine dated 17.09.2012 №998 [2]. The required by the Order [25] additional information to be submitted into electronic invoice during customs clearance of the furniture imported to Ukraine from EU countries is presented in the table 1.6.

The analysis of the table 1.6 shows that the additional information to be submitted in the electronic invoice during the customs clearance of the furniture imported to Ukraine from EU countries includes such features as functional purpose of the furniture, furniture upholstery, frame type, material, manufacturer brand, furniture type and completeness (whether furniture is in sets or it is a single product).

The customs formalities should be passed to import furniture from EU countries to the customs territory of Ukraine. According to the CCU [15] “customs formalities” mean specific operations to be carried out by competent persons and the customs authorities in order to comply with the requirements of Ukrainian customs legislation. The procedure for completing customs formalities while importing of the furniture into the customs territory of Ukraine from EU countries is defined by the Order of the Minister of finance of Ukraine dated 30.05.2012 №631 [26].



**Classifier of additional information for the identification of furniture**

<b>UCGFEA code</b>	<b>Furniture name</b>	<b>Required additional information</b>
9401 30 9401 40 00 00	Swivel seats with variable height adjustment Seats other than garden seats or camping equipment, convertible into beds	Functional purpose
		Furniture upholstery
		Furniture frame type
		Manufacturer brand
9401 50	Seats of cane, osier, bamboo or similar materials	Furniture material
		Manufacturer brand
9401 61 00 00	Other seats, with wooden frames, upholstered	Furniture type
		Furniture material
		Furniture upholstery
		Manufacturer brand
9401 69 00 00	Other seats, with wooden frames, non upholstered	Furniture type
		Furniture material
		Manufacturer brand
9401 71 00 00	Other seats, with metal frames, upholstered	Furniture type
		Furniture upholstery
		Manufacturer brand
9401 79 00 00 9401 80 00 00	Other seats, with metal frames, non upholstered Other seats	Furniture type
		Manufacturer brand
9403 40 10 00	Wooden furniture of a kind used in the kitchen, sectional	Furniture material
		Furniture in sets
		Manufacturer brand
9403 40 90 00	Wooden furniture of a kind used in the kitchen, non sectional	Furniture material
		Manufacturer brand
9403 50 00 00	Wooden furniture of a kind used in the bedroom	Furniture material
		Furniture in sets
		Manufacturer brand
9403 60 10 00	Wooden furniture for dining rooms and living rooms	Functional purpose
		Furniture material
		Furniture type
		Manufacturer brand
9403 60 30 00 9403 60 90 00	Wooden furniture for shops Wooden furniture	Furniture in sets
		Manufacturer brand
9403 70 00 00	Furniture of plastics	Furniture material
		Manufacturer brand
		Furniture in sets
9403 81 00 00 9403 89 00 00	Bamboo or rattan furniture Furniture of various materials, including cane, wicker or similar materials, except metal, ...	Furniture type
		Manufacturer brand

Thus, the main legislation documents regulating import of the furniture from EU countries include the Customs code of Ukraine [15], the Tax code of Ukraine [19], the Law of Ukraine on Customs Tariff [16], appropriate documents of the Cabinet of Ministers of Ukraine and the State customs service of Ukraine regulating the procedure of customs clearance and payment of customs duties on the import of furniture to Ukraine. The importer should analyse carefully the customs legislation, analyse and calculate customs payments, prepare appropriate such as certificate of origin or others before importing furniture to the customs territory of Ukraine.



## CHAPTER 2



### IDENTIFICATION EXPERT EXAMINATION OF FURNITURE FOR CUSTOMS PURPOSES

#### 2.1. Organization, object and research methods

The identification expert examination for customs purposes of two furniture samples (table 2.1), imported from Poland according to the customs declaration on import №UA100430/2020/001052 dated 03/02/2020, which are the object of the final qualification paper, was carried.

*Table 2.1*

**Characteristics of the objects of identification expert examination for customs  
purposes according to MDN№UA100430/2020/001052 dated 03/02/2020**

№	Furniture name, manufacture (country)	Photo of the sample	The information stated in box 31 of the customs declaration
1	Chair, Bejot Sp. z o. o. (Poland)		Swivel chair skyline SK220 1N mech.A base -38CHROM/TF, color of plastic SK916, seat SV508
2	Armchair, Bejot Sp. z o. o. (Poland)		Swivel armchair Momo 102 Mech.SYNCHRO M BLS white, base22/ALPOL/DEMAD/armrest P3DW, seat SV065, backrest M09

The study was conducted in the sequence shown in fig. 2.1, according to the main stages of the final qualification work.

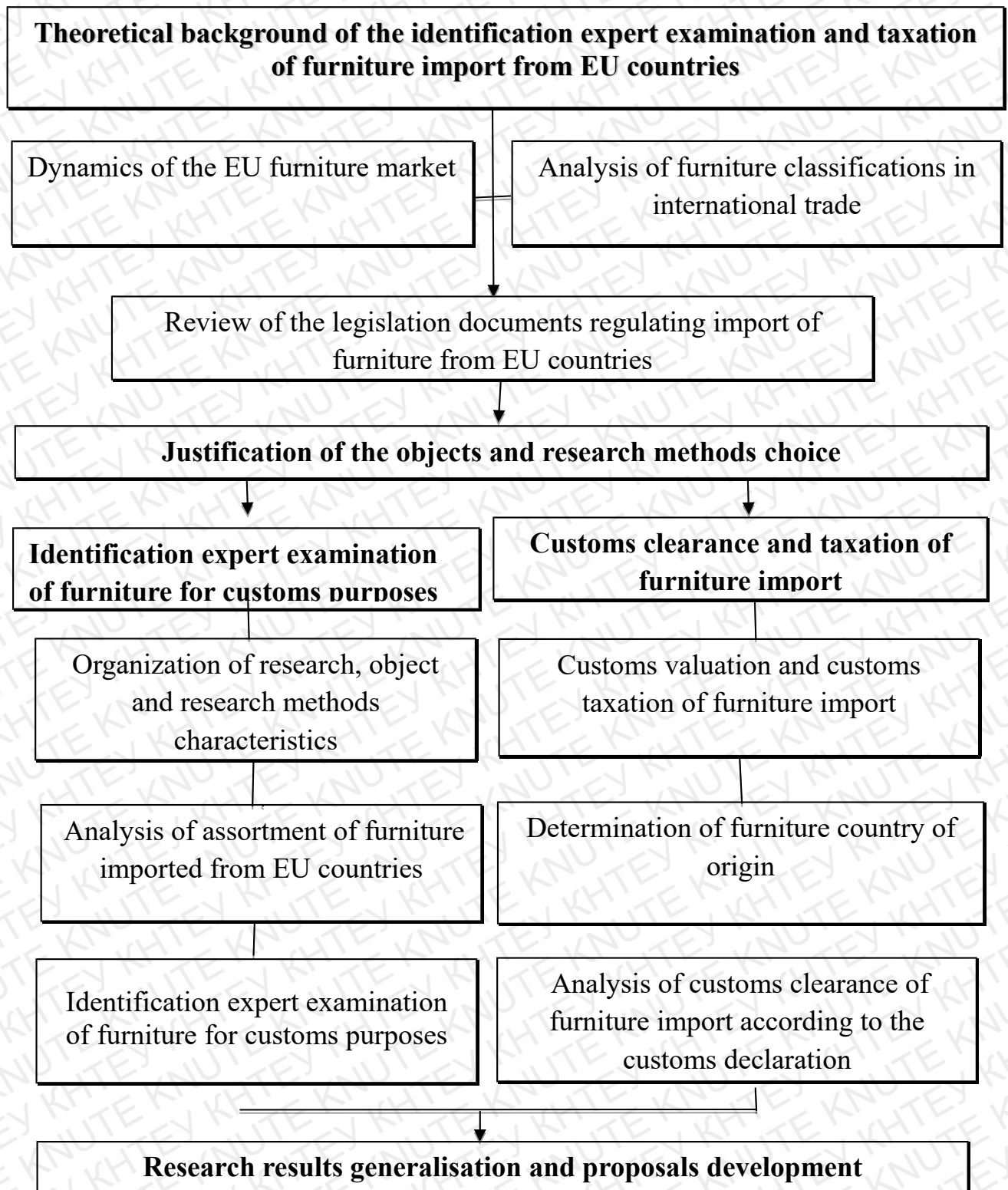


Figure 2.1. The organization of research scheme

The purpose of the identification was the expert examination for customs purposes of the furniture “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels”, imported from Poland under the CDN<sub>2</sub>UA100430/2020/001052 dated 03/02/2020.



Specification of the criteria for identification expert examination is the first and defining stage of its implementation. The criteria selection is based on the analysis of the shipping documentation, marking, packaging of the goods and their contents. In the process of furniture for sitting criteria specification for the purpose of identification and customs evaluation the type of the furniture, functional purpose, frame material, upholstery type, dimensions and functional features, as well manufacturer, country of origin and destination should be taken into account.

The study of furniture samples and documents submitted for identification expert examination was carried out in the following areas:

1. Study of the submitted documents, normative and technical literature.
2. Expert research: determination of raw material, product name, functional purpose.
3. Determination of overall dimensions, weight.

Criteria and means of identification expert examination of furniture for customs purposes have been developed.

The dimensions of the presented samples were determined using calibrated measuring equipment: roulettes FISCO professional steel (0-3000) mm № 0013; metal ruler 50 cm № 3.

The type and variety of furniture was established by studying the appearance and establishing specific features distinctive for this type of furniture, namely the shape, size, the presence of such structural elements as the frame, seat and back.

Visual assessment of the furniture appearance to determine the presence of upholstery and completeness of products was carried out by organoleptic methods.

Laboratory methods (if necessary, if it is impossible to establish them by organoleptic methods) install the material of the frame, back, seat (wood, type of metal, etc.), upholstery, soft element filler. These indicators were mainly determined by rapid methods of non-destructive testing.

The research was carried out by the Specialized laboratory for examination and research of the State customs service of Ukraine, that carries out expert research, classification, scientific and methodological activities for customs purposes in accordance with its tasks.



## **2.2. Analysis of assortment of furniture imported from EU countries**

The analysis of the furniture market of Ukraine showed the its constant positive growth till the worldwide lock-down in March 2020 caused by pandemic Covid-19. This was largely due to the increase in domestic production. One of the main trends was the focus of furniture consumers on the products of Ukrainian manufacturers, which reflects the fact of increasing consumer confidence in domestic products. As it was told in the previous chapter, the Ukrainian furniture manufactures in fact occupied middle and lower price furniture segments. Nevertheless, the segment of expensive and luxury furniture is still satisfied by the products imported mainly from EU countries. The total worldwide lock-down at the beginning of 2020 reduced significantly the volumes of furniture trade.

The analysis of assortment of furniture imported from EU countries was carried out using the data of UN Comtrade database, State statistics service of Ukraine and State customs service of Ukraine. The analysis of the total amounts of furniture import to Ukraine from EU countries carried out in Chapter I (fig.1.3) showed its constant growth in the period 2015-2019. Thus, the total value of import of the furniture of HS headings 9401 and 9403 reached about 170 million US\$ in 2019.

The results of the assortment structure analysis of the seats of different subheadings of the HS heading 9401 “Seats (other than those of heading 9402), whether or not convertible into beds” according to UN database are presented in the table 2.2.

The analysis of the assortment structure of Seats of the HS commodity heading 9401, imported from EU countries showed the total value of import was 72,37 mln.US\$ in 2019. Seats parts of the subheading 940171 composed the main part of import with the share of about 38%. If to speak about seats the main part of import is occupied by the products of subheading 940161 “Seats; with wooden frames, upholstered (excluding medical, surgical, dental, veterinary or barber furniture)”. The share of import of this product in total import of the heading 9401 was 21,3% with the value of 15,4 mln.US\$.



**The assortment structure of Seats (HS heading 9401) imported to Ukraine from EU countries in 2019 [28]**

<b>Commodity Code</b>	<b>Commodity name</b>	<b>Trade Value (mln.US\$)</b>	<b>Share in heading 9401, %</b>
<b>9401</b>	<b>Seats (other than those of heading 9402), whether or not convertible into beds</b>	<b>72,369</b>	<b>100%</b>
940190	Seats parts	26,940	37,29%
940161	Seats; with wooden frames, upholstered (excluding medical, surgical, dental, veterinary or barber furniture)	15,407	21,28%
940180	Seats; n.e.s. in heading 9401(excluding medical, surgical, dental, veterinary or barber furniture)	8,377	11,57%
940171	Seats; with metal frames, upholstered (excluding medical, surgical, dental, veterinary or barber furniture)	7,077	9,77%
940130	Seats; swivel with variable height adjustment, excluding medical, surgical, dental, veterinary or barber furniture	6,046	8,35%
940179	Seats; with metal frames, not upholstered (excluding medical, surgical, dental, veterinary or barber furniture)	3,877	5,35%
940140	Seats; convertible into beds, other than garden seats or camping equipment	2,173	3%
940169	Seats; with wooden frames, not upholstered (excluding medical, surgical, dental, veterinary or barber furniture)	1,262	1,74%
940110	Seats; of a kind used in aircraft	0,529	0,73%
940120	Seats; of a kind used for motor vehicles	0,493	0,67%
940159	Seats; of cane, osier or similar materials, other than bamboo or rattan	0,093	0,13%
940152	Seats; of bamboo	0,078	0,1%
940153	Seats; of rattan	0,016	0,02%

The second place in import value among the seats of the heading 9401 belongs to the seats of the subheading 940180 that includes seats (other than those of heading 94.02), whether or not convertible into beds other than seats of a kind used for aircraft; seats of a kind used for motor vehicles; swivel seats with variable height adjustment; seats other than garden seats or camping equipment, convertible into

beds; seats of cane, osier, bamboo or similar materials; seats with wooden frames; seats with metal frames. The share of this subheading is about 11,6% with the value of 8,38 mln.US\$.

The results of the assortment structure analysis of the furniture of different subheadings of the HS heading 9403 “Other furniture and parts thereof” according to UN database are presented in the table 2.3.

*Table 2.3*

**The assortment structure of Furniture (HS heading 9403) imported to Ukraine from EU countries in 2019 [29]**

<b>Commodity Code</b>	<b>Commodity name</b>	<b>Trade Value (mln.US\$)</b>	<b>Share in heading 9403, %</b>
<b>9403</b>	<b>Other furniture and parts thereof</b>	<b>98,313</b>	<b>100</b>
940360	Furniture; wooden, other than for office, kitchen or bedroom use	37,882	38,530
940320	Furniture; metal, other than for office use	12,884	13,110
940390	Furniture; parts	11,978	12,180
940350	Furniture; wooden, for bedroom use	11,126	11,320
940340	Furniture; wooden, for kitchen use	10,316	10,490
940389	Furniture; of cane, osier or similar materials (other than bamboo or rattan)	6,094	6,200
940330	Furniture; wooden, for office use	3,940	4,010
940310	Furniture; wooden, for office use	2,330	2,370
940370	Furniture; plastic	1,574	1,602
940382	Furniture; of bamboo	0,182	0,185
940383	Furniture; of rattan	0,003	0,003

The analysis of the furniture of the HS heading 9403 import to Ukraine from EU countries showed that the total import value of the furniture of this heading was about 98,3 mln.US\$ in 2019. About 50% of such import was composed by the furniture of the subheading 940360 “Furniture; wooden, other than for office, kitchen or bedroom use” (37,9%) and 940320 “Furniture; metal, other than for office use” (12,9%). Thus, the total value of furniture import in Ukraine composed 170682 mln.US\$ in 2019 according to UN database.



The analysis of the total import value of the furniture from EU countries to Ukraine (fig. 2.2) demonstrated that about 84% of furniture import is provided by the products of 7 subheadings, 2 of which include seats and furniture parts.

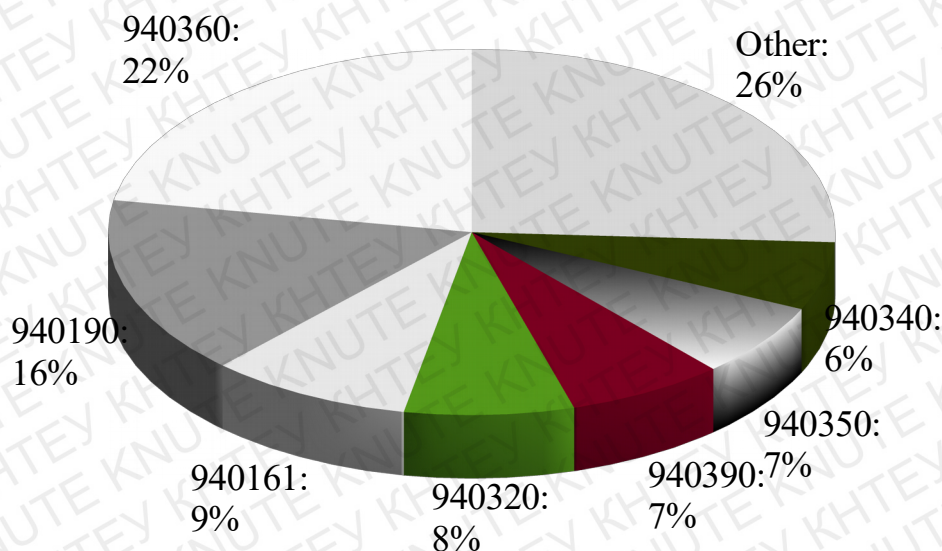


Figure 2.2. The structure of furniture import to Ukraine from EU countries by subheadings in 2019

The analysis of the furniture import structure showed that about 55% of import is provided by 4 subheadings: 940360 “Furniture; wooden, other than for office, kitchen or bedroom use” - 22%, 940190 “Seats parts” - 16%, 940161 “Seats; with wooden frames, upholstered (excluding medical, surgical, dental, veterinary or barber furniture)” - 9%, 940320 “Furniture; metal, other than for office use” - 8%.

Having analyzed the structure of furniture import in 2019 by subheading, it was decided to analyze also the furniture import structure by country of origin. The results of the analysis of the imported furniture assortment structure are presented in the table 2.4.[28,29]

The EU furniture import assortment structure analysis was carried out according to UN database. The data presented in the table 2.4 shows that about 87% of furniture of the heading 9401 in 2019 was imported to Ukraine from 4 EU countries: Poland (30,10%), Italy (24,30%), Germany (12,88%), Denmark (10,55%). The average price of of 1 kg of furniture exported from Poland to Ukraine in 2019

was about 4,31 US\$, while the average price of furniture exported from Italy to Ukraine was 17,6 US\$.

Table 2.4.

**Assortment structure of furniture import to Ukraine from EU by country in 2019**

Country of export	Trade Value (mln.US\$)	Share, %	Netweight, kg	Country of export	Trade Value (mln.US\$)	Share, %	Netweight, kg
<b>9401 "Seats (other than those of heading 9402), whether or not convertible into beds"</b>				<b>9403 "Other furniture and parts thereof"</b>			
<b>Total</b>	<b>72,37</b>	<b>100</b>	<b>8301556</b>	<b>Total</b>	<b>98,31</b>	<b>100</b>	<b>17480070</b>
Poland	21,79	30,10	5055525	Italy	49,36	50,20	3630007
Italy	17,59	24,30	998953	Poland	22,08	22,50	9964598
Germany	12,88	17,80	679461	Germany	9,32	9,47	1236783
Denmark	10,55	14,58	474991	Spain	2,49	2,53	269175
Lithuania	1,64	2,27	211347	Lithuania	2,03	2,06	429912
Others (13 countries)	7,92	10,95	881279	Others (13 countries)	13,03	13,24	1949595

The import structure analysis of the furniture of the heading 9403 (table 2.5) showed that 50,2% of this furniture was imported to Ukraine from Italy, 22,5% - from Poland and 9,47% - from Germany. The average price of the furniture of the heading 9403 imported to Ukraine from Italy in 2019 was 13,6US\$, from Poland – 2,2US\$ and from Germany – 7,54US\$.

The analysis of the data of State statistics service of Ukraine [30] demonstrated the different volumes of furniture import to Ukraine from European countries who are the main exporters of furniture to Ukraine according to the UN database (table 2.5).

According to Ukrainian statistics (table 2.5.) the volumes of furniture import to Ukraine differ much from the statistics of EU. Thus, if to speak about the import of the furniture of the heading 9401 the main part was imported in 2019 from Denmark – 9,99 mln.US\$, from Poland – 6,64 mln.US\$ and from Italy – 6,26 mln.US\$. The average price of the imported furniture is also much lower than the price indicated in the database of United nations.



### Ukrainian statistics on volumes of the EU furniture import to Ukraine [30]

Country of export	Trade Value (mln.US\$)	Netweight, kg	Price US\$/kg	Country of export	Trade Value (mln.US\$)	Netweight, kg	Price US\$/kg
<b>9401 "Seats (other than those of heading 9402), whether or not convertible into beds"</b>				<b>9403 "Other furniture and parts thereof"</b>			
Denmark	9,99	415674,1	24,03	Poland	15,04	7057237,5	2,13
Poland	6,64	1250956,9	5,30	Italy	12,94	2796746,3	4,62
Italy	6,26	1139373,7	5,49	Germany	4,68	1235776,3	3,79
Germany	3,06	367393,2	8,32	Spain	2,64	222118,5	11,89
Lithuania	2,00	204264,5	9,79	Lithuania	2,41	409459,0	5,8

Thus, the average price of Italian furniture of the heading 9401 exported to Ukraine is about 17,6US\$/kg according to European statistics, while Ukrainian statistics shows the price 5,49 US\$/kg of the same furniture imported to Ukraine from Italy.

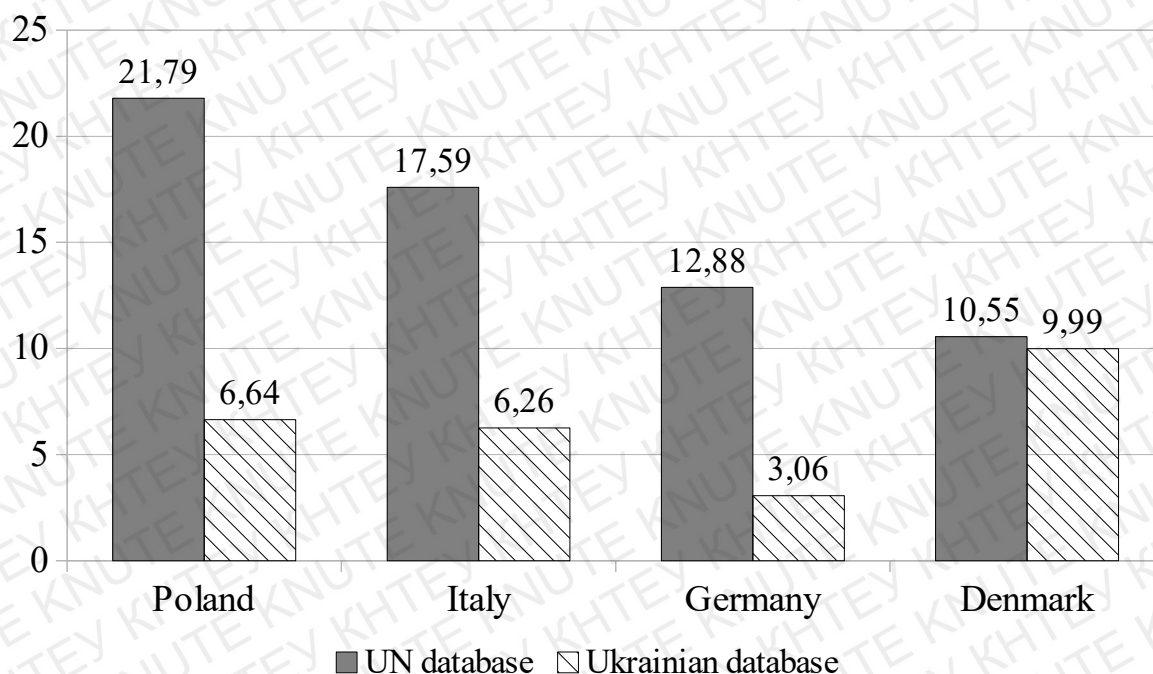


Figure 2.3. The structure of the furniture import to Ukraine (heading 9401) in 2019 according to UN and Ukrainian statistics

The data of the figure 2.3 shows that only the volumes of furniture import from Denmark almost correspond to the UN database, while the volumes of import from Poland and Italy are 3 – 3,5 times lower according to the database of State statistics service of Ukraine. The same situation is with the import of the furniture of the heading 9403 (fig.2.4).

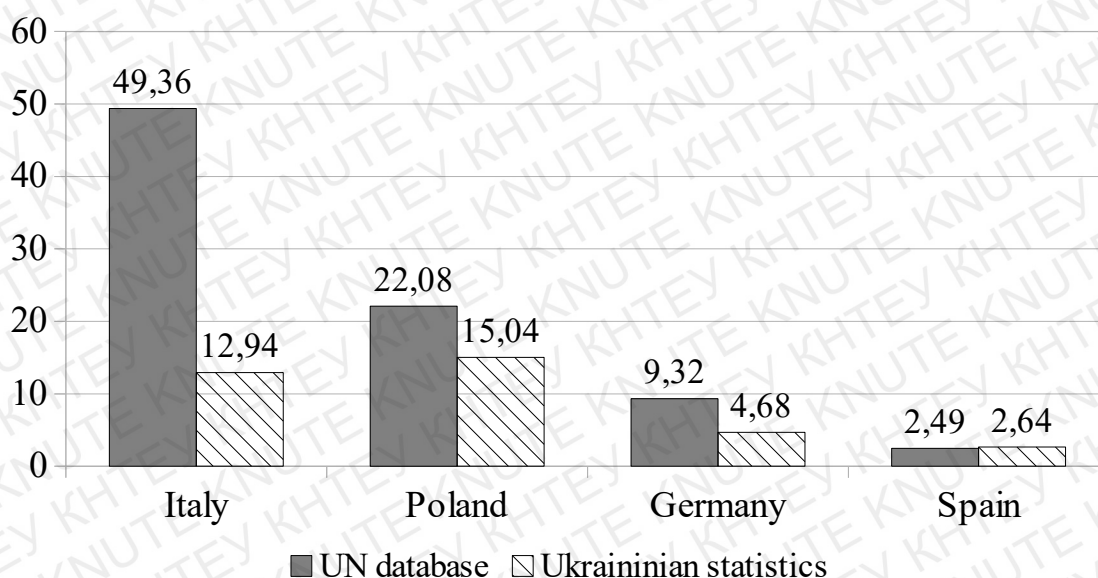


Figure 2.4. The structure of the furniture import to Ukraine (heading 9403) in 2019 according to UN and Ukrainian statistics

The comparative analysis of the furniture import structure (heading 9403) showed that according to the data of State statistics service of Ukraine the volumes of import of furniture of the above mentioned heading from Italy is 4 times lower than according to the UN database.

Analysis of assortment of furniture imported from EU countries showed that the import is mostly provided by the furniture of 4 subheadings: 940360 Wooden furniture; other than for office, kitchen or bedroom use – 22%, 940190 Seats parts – 16%, 940161 Seats with wooden frames, upholstered – 9%, 940320 Metal furniture, other than for office use – 8%.

The analysis of the furniture import was also carried out according to main EU countries exporting furniture to Ukraine. It showed about 87% of furniture of the



heading 9401 in 2019 was imported to Ukraine from such European countries: Poland 30,10%, Italy 24,30%, Germany 12,88%, Denmark (10,55%). The import structure analysis of the furniture of the heading 9403 showed that more than 82% of this furniture import to Ukraine are provided by 3 main European countries: Italy 50,2%, Poland 22,5% and Germany 9,47%.

Further analysis of the data of State statistics service of Ukraine demonstrated the problem of nonconformity of the Ukrainian statistics data of furniture import to Ukraine from EU countries to the data of UN database. Thus, the volumes of the European furniture import to Ukraine are from 2 to 4 times lower according to Ukrainian statistics.

### **2.3. Identification expert examination of furniture for customs purposes**

The analysis of dynamics of the EU furniture market and assortment of furniture imported from EU countries demonstrated that the most part of the furniture imported to Ukraine from EU countries consists of expensive or luxury segment. Thus the right identification of main characteristics of imported furniture for the purpose of customs valuation and classification is of great importance. When moving goods across the customs border, it is necessary to carry out a complex of general tasks of fiscal, control, economic, law enforcement, statistical and protective character requiring special knowledge and performance of various examinations.

The specificity and significance of the customs identification expert examination is in close connection with the goods criteria, set out in the Harmonized Commodity System (HS) of the World Customs Organization used in Ukraine as Ukrainian classification of goods in foreign economic activity (UCGFEA).

The goods identification is carried out for the purposes totally identical to the goods classification carried out in accordance with the HS and always precedes it. The decision on the goods classification depends on the results of identification expert examination carried out during customs clearance. The importance of the correct classification of goods in foreign trade cannot be underestimated as it has an

impact on customs duties, excise duties, import VAT, origin management, preferential duties and import and export restrictions [31].

Expert examination of goods for customs purposes is known as a special scientific and practical study conducted by experts and aimed to solve customs problems and to ensure the right application of customs legislation. The identification expert examination includes establishing of the type, material and function purpose of the furniture, determining the conformity of the objects being compared with the information provided in the accompanying documents.

The Customs Code of Ukraine does not clearly define the concept of customs expert examination but the article 515 stipulates that expert examination shall be appointed when there is a need in specialized knowledge/expertise in specific fields of science, engineering, art, religion to address the issues arising from the customs rules violation cases.

Article 356 of the Customs code of Ukraine states that probes (samples) of goods shall be taken by the customs officials as part of customs supervision and customs clearance to establish the characteristics critical for:

1. classifying goods according to the UCGFEA;
2. verifying the declared customs value;
3. identifying the country of origin;
4. identifying that goods are narcotic drugs, psychotropic substances, their analogues and precursors, potent or toxic substances;
5. identifying that goods are items of artistic, historic or archaeological value;
6. identifying that goods are produced with the use of intellectual property rights protected by the law [15].

The problem of correct identification of furniture while importing from foreign countries is of great importance as it could ensure correct classification preventing customs violations in the field of customs valuation, customs taxation and country of origin definition.

The identification expert examination of furniture is an important stage of its customs control and customs clearance that aims is to determine the characteristics



necessary for their further classification and customs evaluation, as well as to match the properties of the goods with the characteristics indicated on the marking, in the shipping documents and specifications [45].

To carry out the identification expert examination for customs purposes of the furniture “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels”, imported from Poland, terms of delivery FCA PL Brodnica, invoice value 17903,44 PLN the following shipping documents were presented:

1. Customs declaration on import №UA100430/2020/001052 dated 03/02/2020.
2. Delivery contract №15-10/2018 dated 15/10/2018.
3. Amendment to the Delivery contract №15-10/2018 dated 15/10/2018.
4. Export invoice №00009/SE/FE/01/2020 dated 31/01/2020.
5. Delivery specification WZ720 dated 31/01/2020.
6. CMR w/n dated 31/01/2020.
7. Transport costs certificate №123 dated 03/02/2020.
8. Export declaration №20PL394010E0084900 dated 31/01/2020.

The main regulatory documents for identification expert examination are

- Ukrainian classification of goods in foreign economic activity;
- Explanatory notes for UCGFEA;
- DSTU GOST 19917:2016 Furniture for sitting and lying. General specifications [32];
- DSTU 2081–92 Furniture details. Terms and definitions [33];
- DSTU GOST 16371:2016 Furniture. General specifications [34].

To carry out the identification expert examination of the furniture the author developed criteria, means and methods of furniture for sitting listed in Table 2.6.

Using the criteria, means and methods of the Table 4 the identification expert examination of the following furniture samples (swivel seats imported from Poland) was carried out:

1. Swivel chair skyline SK210 2N mech.A
2. Swivel armchair Momo 102 Mech.SYNCHRO M BLS white.

**Criteria, means and methods of furniture for sitting identification expert examination**

<b>Criteria</b>	<b>Means</b>	<b>Methods</b>
Name of the good	Goods, shipping documents, marking	Analytical
Type of the furniture	Goods, shipping documents, marking, DSTU GOST 19917:2016 [10]	Organoleptic, analytical
Model	Goods, shipping documents, marking	Organoleptic, analytical
Marking completeness	Goods, shipping documents	Analytical
Producer, trade mark	Goods, shipping documents, marking	Organoleptic, analytical
Country of origin	Marking, shipping documents	Organoleptic, analytical
Functional purpose	Shipping documents, marking, DSTU GOST 19917:2016 [10]	Organoleptic, analytical
Frame material	Shipping documents, marking, goods	Organoleptic, instrumental, analytical
Upholstery material	Shipping documents, marking, goods	Organoleptic, instrumental
Dimensions	Shipping documents, marking, goods	Analytical, measuring
Functional features	Shipping documents, marking, goods, DSTU GOST 19917:2016 [10]; DSTU 2081–92[11]; DSTU GOST 16371:2016 [12]	Organoleptic, analytical

The results of the identification expert examination of the furniture for sitting, imported from Poland is presentsd in the Table 2.7.

Thus, the results of identification expert examination presented in the table 2.7 showed that the sample 1 “Swivel chair skyline SK220” is furniture for sitting by functional purpose, with frame material: steel painted with chrome powder paint; upholstery material: surface 100% vinyl, basic material 100% polyester with weight 685g/m<sup>2</sup>; dimensions: height 880mm, width 620mm, length 580mm.



**The results of the identification expert examination of the furniture for sitting  
imported from EU**

Criteria	Sample 1	Sample 2
Name of the good	Furniture for sitting	Furniture for sitting
Type of the furniture	Chair	Armchair
Model	Swivel chair skyline SK220	Swivel armchair Momo 102
Marking completeness	Swivel chair skyline SK220 1N mech.A base -38CHROM/TF, color of plastic SK916, seat SV508	Swivel armchair Momo 102 Mech.SYNCHRO M BLS white, base 22/ALPOL/DEMAD/armrest P3DW, seat SV065, backrest M09
Producer, trade mark	Bejot Sp. z o. o. ul. Wybickiego 2a, Manieczki 63- 112 Brodnica k/Poznania	Bejot Sp. z o. o. ul. Wybickiego 2a, Manieczki 63- 112 Brodnica k/Poznania
Country of origin	Poland	Poland
Functional purpose	For sitting	For sitting
Frame material	Steel painted with chrome powder paint (color: SK916 white) Polished aluminium 5-star base (chrome effect) Ø 690	
Upholstery material	Surface 100% Vinyl, basic material 100% Polyester Hi-Loft2, weight 685g/m2,	Fabric: Light grey mesh CLASSIC (100% Polyester)
Dimensions	<p align="center">SK 220 1N</p>	<p align="center">MO 102</p>
Functional features	1N – Separators protecting against scratching when stacking; TF – felt feet for wooden floors and panels	DEMAD – Soft castors for hard floors Ø 65 with auto-brake

The sample 2 “Swivel armchair Momo102” is furniture for sitting by functional purpose, the frame material is polished aluminum (chrome effect) Ø 690; upholstery material is fabric light gray mesh Classic (100% polyester); dimensions:

height 1070mm, width 645mm, length 675mm. Both samples have country of origin Poland and are produced by Bejot Sp. z o. o.(Poland).

As a result of identification expert examination of the furniture imported in Ukraine under the ECD№UA100430/2020/001052 dated 03/02/2020 the Conclusion of the Specialized laboratory of expert examination and research of the State customs service of Ukraine was issued (Annex J).

Based on the results of the identification expert examination the UCGFEA code of the samples of seats imported from Poland was defined:

- the sample 1 “Swivel chair skyline SK220” should be classified in the subheading 9401710000 “Seating furniture (other than those of heading 9402), whether or not converted into beds, and parts thereof: - other furniture for sitting with a metal framework: - - upholstered”;
- the sample 2 “Swivel armchair Momo 102” should be classified in the subheading 940130000 “Seating furniture (other than those of heading 9402), whether or not converted into beds, and parts thereof: - rotating seating furniture with adjustable height.”

So, the identification expert examination confirmed the data declared by the declarant (importer) for the purpose of customs clearance of the samples of furniture for sitting “Seats with variable height adjustments with metal frame, upholstered with fabric”, imported from Poland on terms of delivery FCA PL Brodnica.



## CHAPTER 3

### CUSTOMS CLEARANCE AND TAXATION OF FURNITURE IMPORT

#### 3.1 Customs valuation and customs taxation of furniture import

The procedure and methods of the customs valuation of goods imported into the customs territory of Ukraine are established by Section III of the Customs Code of Ukraine (CCU) [15] and its art. 255 and are based on the provisions of art. VII of the General Agreement on Tariffs and Trade [35] and the Agreement on the Application of art. VII General Agreement on Tariffs and Trade [36].

The primary basis for Customs value under this Agreement [35] is "transaction value" as defined in Article 1. Article 1 is to be read together with Article 8 which provides for adjustments to the price actually paid or payable in cases where certain specific elements which are considered to form a part of the value for customs purposes are incurred by the buyer but are not included in the price actually paid or payable for the imported goods. Article 8 also provides for the inclusion in the transaction value of certain considerations which may pass from the buyer to the seller in the form of specified goods or services rather than in the form of money. [36]

In Ukraine the term customs value is determined by the article 49 "Customs value of goods" of the Chapter 8 "General provisions regarding the customs value" that states that customs value of goods moved across the customs border of Ukraine shall be the value of goods for customs purposes, that is, the price actually paid or payable for those goods. The information on customs value of goods shall be used for charging customs duties; applying other measures of the state regulation of foreign trade of Ukraine; keeping customs statistics; calculating the tax liability as per findings of documentary examination. [15]

According to article 57 of the Chapter 9 of the Customs code of Ukraine the customs value of goods imported into Ukraine under the customs procedure of import shall be determined:



1. by using a basic method, on the basis of the transaction value of the imported goods;
2. by using secondary methods, on the basis of the transaction value of identical goods; the transaction value of similar goods; the subtraction of value; the addition of value (computed value); fall-back method. [15]

Article 53 of the CCU [15] states that the documents confirming the customs value of goods shall include: a declaration of customs value; a foreign economic agreement (contract) or a substituent document; an invoice or a proforma invoice; a banking payment documents related to the goods being valued; other payment and/or accounting documents, that confirm the value of goods; a shipping (transport) documents where the shipment costs are not included in the value of goods under the terms and conditions of supply; a copy of the import license where such import is subject to licensing; insurance documents and other documents containing the information on the cost of insurance where the goods are insured.

The customs value of goods and the method of its determination shall be declared by the declarant to the customs authority during the movement of goods across the customs border of Ukraine by submitting a declaration of customs value in accordance with art.52 of the CCU [15]. The form of the customs value declaration and the procedure for its completion is approved by the Order of the Ministry of Finance of Ukraine № 599 dated 24.05.12 [37].

Let's analyse the procedure of customs valuation of goods imported to Ukraine from Poland under the customs declaration on import №UA100430/2020/001052 dated 03/02/2020 (Annex A). There were 3 goods imported in Ukraine under this customs declaration:

- good №1: Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels, UCGFEA code 9401300000;
- good №2: Seats with metal frames, UCGFEA code 9401710000;
- good №3: Furniture parts of metal, UCGFEA code 9403901000.

The analysis of the customs valuation and taxation of good №1 “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with



wheels” was carried out. It is indicated the UCGFEA code 9401300000, terms of delivery FCA PL Brodnica, invoice value 17903,44 PLN, quantity 23 pieces for the good №1 of the customs declaration on import №UA100430/2020/001052 dated 03/02/2020 (Annex A).

Box 43 of the customs declaration states that the customs value was determined using the basic method (1) – on the basis of the transaction value of goods imported according to the delivery contract №15-10/2018 dated 15/10/2018 between Bejoit Sp.z.o.o., Poland and LLC “Comfortzone”, Ukraine (Annex B) and the amendment 1 to the Delivery contract №15-10/2018 dated 15/10/2018 (Annex C).

The documents that confirm the customs value of furniture imported in Ukraine under the customs declaration on import №UA100430/2020/001052 dated 03/02/2020 (Annex A) are:

1. Delivery contract №15-10/2018 dated 15/10/2018 (Annex B).
2. Amendment to the Delivery contract №15-10/2018 dated 15/10/2018 (Annex C).
3. Invoice №00009/SE/FE/01/2020 dated 31/01/2020 (Annex D).
4. Invoice №00008/SE/FE/01/2020 dated 31/01/2020 (Annex E).
5. Delivery specification WZ720 dated 31/01/2020 (Annex F).
6. Transport costs certificate №123 dated 03/02/2020 (Annex G).
7. Export declaration №20PL394010E0084900 dated 31/01/2020 (Annex H).

The customs valuation of the furniture, imported to Ukraine under the customs declaration on import №UA100430/2020/001052 dated 03/02/2020 (Annex A) was carried out on the basis of transaction value, mainly value indicated in the invoice №00009/SE/FE/01/2020 dated 31/01/2020 (Annex D).

During customs valuation of imported furniture the terms of delivery in accordance with the Incoterms®2020 [38] should be taken into account to understand what costs were included by the seller into the transaction (invoice) value and if they were paid before or after customs border crossing.

The terms of delivery of the furniture “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels” imported in Ukraine are indicated in the invoice №00009/SE/FE/01/2020 dated 31/01/2020



(Annex D): FCA Franco carrier ... agreed place. As the seller of the imported furniture is located in Brodnica (Poland), the terms of delivery are stated FCA Brodnica.

Under the terms of delivery FCA, the seller is responsible for export clearance and delivery of goods to the carrier at the named place of delivery (Brodnica). Unless otherwise agreed upon, the seller is only responsible for loading the goods if the seller's place of business is the named place of delivery [39].

According to the terms of delivery FCA Brodnica the transaction value of the furniture "Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels" imported in Ukraine under the customs declaration №UA100430/2020/001052 dated 03/02/2020 (Annex A) includes only the costs of delivery to the carrier at Brodnica (Poland). So, to determine the customs value of this furniture the costs paid on the territory of Poland till the border of Ukraine should be added to the transaction value.

According to Incoterms-2020 [39] carrier is any person or company who undertakes the carriage, such as a shipping line, airline, trucking company, railway or freight forwarder. In the analyzed case, the furniture was transported by automotive transport, that is indicated in boxes 25 and 26 of the customs declaration on import №UA100430/2020/001052 dated 03/02/2020 (Annex A), while the individual car number is indicated in the box 21: BC1219HE. The transaction type is indicated in the box 24 of the customs declaration: 011 PLN:

- 011 – means that the transaction involve the transfer of ownership between a resident and a non-resident for financial or other compensation, mainly buying / selling without the mediation of a commission agent or consignor:
- PLN – shows that the payment of transaction was carried out in Polish zloty.

According to the terms of delivery of FCA (Brodnica, Poland) the customs value of the furniture imported to Ukraine under the customs declaration №UA100430/2020/001052 dated 03/02/2020 (Annex A) should be calculated using the formula (1) if the cost of delivery is in currency or formula (2) if the cost of delivery is in UAH:



$$CV = (TV + DV) * CR \quad (1)$$

$$CV = TV * CR + DV \quad (2)$$

CV – customs value;

TV – transaction value (invoice value);

DV – the cost of furniture delivery to the point of entry on the customs territory of Ukraine;

CR – National bank of Ukraine currency rate (UAH).

The transaction value (TV) of the good №1 of the customs declaration №UA100430/2020/001052 dated 03/02/2020 “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels” is indicated in the invoice №00008/SE/FE/01/2020 dated 31/01/2020 (Annex E) and invoice №00009/SE/FE/01/2020 dated 31/01/2020 (Annex D). The total transaction value of the goods declared under UCGFEA code 9401300000 “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels” is 17903,44 PLN.

The cost of furniture delivery (DV) to the point of entry on the customs territory of Ukraine – customs crossing point “Shegeni” is indicated in the transport costs certificate №123 dated 03/02/2020 (Annex G). It is indicated in this certificate that the cost of delivery of the 417kg of furniture to the customs crossing point “Shegeni” is 9000UAH. The total weight of the good №1 declared in the customs declaration №UA100430/2020/001052 dated 03/02/2020 under UCGFEA code 9401300000 is 391 kg. Having recalculated through the value of 1 kg transportation we obtained the cost of the delivery of 391kg of furniture to the customs cross point “Shegeni” – 8438,84 UAH.

The currency rate (CR) is National bank of Ukraine currency rate of the date of customs clearance. The currency rate of Polish zloty on 03/02/2020 is indicated in the box 23 of the customs declaration №UA100430/2020/001052 dated 03/02/2020 (Annex A): 6,42490000UAH.

So, we can calculate the customs value of the good №1 imported according to the customs declaration №UA100430/2020/001052 dated 03/02/2020 according to formula (2):

$$CV = 17903,4400 * 6,42490000 + 8438,85 = 123466,66 \text{ UAH}$$

So, the customs value indicated in the box 45 of the customs declaration №UA100430/2020/001052 dated 03/02/2020 (Annex A) corresponds to this customs value calculated: 123466,66 UAH.

Customs clearance of furniture imported to Ukraine according to the customs declaration №UA100430/2020/001052 dated 03/02/2020 (Annex A) may be carried out only after the appropriate customs taxation and the payment of all customs duties.

Object and base of taxation with customs charges during the movement of goods across the customs border of Ukraine shall be determined according to the Customs Code of Ukraine [15], the Tax Code of Ukraine and other laws of Ukraine. The taxation with import duty of the furniture is carried out in the manner and at the rates established by the Law of Ukraine "On Customs Tariff of Ukraine" [16]. Customs charges are accrued in the currency of Ukraine. For the purposes of customs taxation, the rates in force on the day of the submission of customs declaration on furniture import №UA100430/2020/001052 dated 03/02/2020 to the customs are applied.

In the case of import of furniture into the customs territory of Ukraine, the amounts of customs charges accrued by the customs authority shall be paid to the State Budget of Ukraine by the taxpayer before or on the day of submission of the customs declaration for customs clearance [19].

According to the Law of Ukraine "On the Customs Tariff of Ukraine" [16], the customs duty rate on the import of furniture (UCGFEEA code 9401300000) into the customs territory of Ukraine is 0% either full rate or preferential. Thus, the amount of the customs duty (CD) to be paid is determined according to the formula (3):

$$CD = (CV * 0\%) / 100\% \quad (3),$$

where, CV – customs value.

$$CD = 123466,66 * 0\% / 100\% = 0 \text{ UAH}$$



Furniture imported into Ukraine is also subject to taxation with value added tax (VAT) at the rate determined by the Tax Code of Ukraine [19], which is 20% of the tax base (basis for accrual), simultaneously with the payment of customs duties (at the time of customs clearance). The VAT value (VATV) on the import of the furniture under the customs declaration №UA100430/2020/001052 dated 03/02/2020 should be calculated according to the formula (4):

$$\text{VATV} = (\text{CV} + \text{CD}) \times \text{VAT} / 100\% \quad (4),$$

where VATV – VAT value to be paid on import; CV – customs value; CD – customs duty; VAT – value added tax rate (20%).

$$\text{VATV} = (123466,66 + 0) \times 20\% = 24693,33 \text{UAH}$$

The customs taxation on import of furniture is carried out in the box 47 of the customs declaration №UA100430/2020/001052 dated 03/02/2020 (table 3.1.).

*Table 3.1.*

**Customs taxation according to customs declaration №UA100430/2020/001052**

Charge type	Taxation base	Rate	Value	Payment mode
020	123466.66	0%	0,0	01
028	123466.66	20 %	24693.33	01

According to the classifier of the customs charges types the customs duty has code 020 and the VAT – 028. The taxation base for customs duty is customs value indicated in the box 45 of the customs declaration №UA100430/2020/001052 dated 03/02/2020: 123466.66. The taxation base for VAT is customs value plus amount of customs duty, as the customs duty rate is 0% the taxation base for VAT should include only customs value: 123466.66. The payment mode 01 (according to classifier of payment modes) means that the customs duties are paid in the mode: “non-cash payment through banking institutions”.

Thus, the analysis of customs valuation and customs taxation of furniture imported to Ukraine according to the customs declaration №UA100430/2020/001052

dated 03/02/2020 (Annex A), UCGFEA code 9401300000, delivery terms FCA Brodnica (PL), transaction value 17903,4400PLN showed that the total amount of customs charges to be paid is 24693UAH.

### **3.2 Determination of furniture country of origin**

WTO Agreement on Rules of Origin (part of the Annex 1A: Multilateral Agreements on Trade in Goods) was established by one of the annexes to the Marrakech Agreement [40]. The Agreement on Rules of Origin aims at harmonizing the non-preferential rules of origin, outlines general principles for the making of rules of origin and established two committees, the Committee on Rules of Origin (CRO) and the Technical Committee on Rules of Origin (TCRO). The WTO Members have agreed on the overall agreement and on the exclusion of preferential origin from the harmonization [41].

According to the article 36 of the Chapter 6 of the Customs code of Ukraine [15] the country of origin of goods shall be determined for the purpose of taxation of the goods moved across the customs border of Ukraine, application of non-tariff regulation of foreign economic activity, restrictions and/or limitations in respect of the movement across the customs border of Ukraine as well as appropriate record of those goods in foreign trade statistics. The goods country of origin shall be considered the country where goods were wholly produced or underwent substantial processing in accordance with the criteria set out in the CCU [15].

According to the Article 16 of the Protocol 1 [43] of the association agreement between the European union and the European atomic energy community and their member states, of the one part, and Ukraine, of the other part [42] the proof of origin of the products originating in the European Union shall, on importation into Ukraine benefit from the Agreement upon submission of either:

- (a) a movement certificate EUR.1, a specimen of which appears in Annex III to this Protocol; or



(b) in the cases specified in Article 22 (1) of the Protocol, a declaration, subsequently referred to as the "invoice declaration", given by the exporter on an invoice, a delivery note or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified; the text of the invoice declaration appears in Annex IV to the Protocol [43].

According to the art.22 of the Protocol an invoice declaration may be made:

- (a) by an approved exporter within the meaning of Article 23 of the Protocol [43], or
- (b) by any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed EUR 6,000.

The article 43 of the Customs Code of Ukraine [15] states that the documents of origin of goods shall include a certificate of origin (CO), a certified declaration of origin, a declaration of origin, and a regional appellation certificate. The 'certificate of origin' means a document that clearly states a country of origin of goods issued by the competent authority of that country or the country of export where it is issued in the country of export on the basis of the certificate issued by the competent authority of the country of origin [15].

The determination of the country of origin of furniture "Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels" imported in Ukraine under the customs declaration №UA100430/2020/001052 dated 03/02/2020 was carried out according to the invoice-declaration №000009/SE/FE/01/2020 dated 31/01/2020 (Annex D) and invoice-declaration №000008/SE/FE/01/2020 dated 31/01/2020 (Annex E).

The total value of invoice №000009/SE/FE/01/2020 dated 31/01/2020 (Annex D) is 15556,76PLN that corresponds to the value equivalent to EUR3620,63 on the date of customs clearance 03/02/2020 (1EUR=4.2967PLN). The total value of invoice №000008/SE/FE/01/2020 dated 31/01/2020 (Annex E) is 3277,00PLN that corresponds to the value equivalent to EUR762,68 on the date of customs clearance 03/02/2020 (1EUR=4.2967PLN).

Thus, the exporter of the furniture "Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels" according to the



contract №15-10/2018 dated 15/10/2018 (Annex B) Bejoit sp.z.o.o. (Poland) used his right to confirm the preferential origin of the furniture with the total value not exceeding EUR 6,000 issuing the invoice-declaration. The exporter Bejoit sp.z.o.o. (Poland) indicated in the invoice-declaration №00009/SE/FE/01/2020 dated 31/01/2020 (Annex D) and invoice-declaration №00008/SE/FE/01/2020 dated 31/01/2020 (Annex E) the phrase “The exporter of the product covered by this document declares that, except where otherwise clearly indicated, these products are of PL preferential origin”.

Table 3.2

**The box 44 of the CD №UA100430/2020/001052 dated 03/02/2020**

Additional information/ Submitted documents/ Certificates	0271	WZ 720	31.01.20
	0271	WZ 721	31.01.20
	<b>0380</b>	<b>00008/SE/FE/01/2020</b>	<b>31.01.20</b>
	<b>0380</b>	<b>00009/SE/FE/01/2020</b>	<b>31.01.20</b>
	0730*	B/N	31.01.20
	<b>0862</b>	<b>00008/SE/FE/01/2020</b>	<b>31.01.20</b>
	<b>0862</b>	<b>00009/SE/FE/01/2020</b>	<b>31.01.20</b>
	m4103*	1	15.10.18
	m4104*	15-10/2018	15.10.18

To show the preferential origin during the customs clearance it is indicated in the box 34 of the customs declaration №UA100430/2020/001052 dated 03/02/2020 the letter code of the country of origin: PL. At the same time the invoices should be indicated in the box 44 of the customs declaration two times (table 3.2):

- first time as invoice that proves the transaction value under the code of documents classifier approved by the Order of the Ministry of finance of Ukraine dated 20.09.2012 № 1011 [44]: 0380 – commercial invoice;
- second time as declaration-invoice under the documents classifier [44] code 0862 – declaration of origin.



The goods imported into Ukraine, originating in the EU and having the document of preferential EU origin are on the list of reductions in import duties of Ukraine, calculated for the years provided for in the Association Agreement between Ukraine and the EU [42]. If the reduction of the customs duty rate is applied it should be indicated the code 410 (preferential customs duty) in the box 36 of the customs declaration.

In the analysed situation of furniture import the full rate of customs duty is 0% according to Customs Tariff of Ukraine [16]. Thus the submission of the documents on preferential origin of furniture is used only for analytical and statistical purposes.

### **3.3 Analysis of customs clearance of furniture import**

The article 4 of the CCU [15] defines customs clearance as the customs formalities carried out for the release of goods and means of transport for commercial use. According to art. 246 of the CCU [15] The purpose of customs clearance shall be to ensure compliance with the procedure established by the legislation of Ukraine for movement of goods, means of transport for commercial use across the customs border of Ukraine, as well as to provide statistical records of the goods entering, leaving or transiting the customs territory of Ukraine.

The customs clearance of the furniture “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels”, imported from Poland under the customs declaration on import №UA100430/2020/001052 dated 03/02/2020 (Annex A), UCGFEA code 9401300000, terms of delivery FCA PL Brodnica, invoice value 17903,44 PLN was carried out in accordance to the requirements of the Order of the Ministry of Finance of Ukraine dated 30.05.2012 №631 [26].

To carry out the customs clearance of furniture imported to Ukraine, the declarant Tokovenko O.V. submitted to the customs clearance department № 1 of the customs post "Martusivka-specialized" (code UA100430) the customs declaration №UA100430/2020/... filled in accordance with the selected customs regime of



import: IM 40 DE. The ECD №UA100430/2020/... was submitted by the information technology means as part of electronic message certified by the electronic digital signature (EDS) of the declarant, from the e-mail address specified for the transmission of such electronic documents to the customs authorities. Together with the customs declaration the following documents were submitted:

- Delivery contract №15-10/2018 dated 15/10/2018 (Annex B);
- Amendment to the Delivery contract №15-10/2018 dated 15/10/2018 (Annex C);
- Invoice №00009/SE/FE/01/2020 dated 31/01/2020 (Annex D);
- Invoice №00008/SE/FE/01/2020 dated 31/01/2020 (Annex E);
- Delivery specification WZ720 dated 31/01/2020 (Annex F);
- Transport costs certificate №123 dated 03/02/2020 (Annex G);
- Export declaration №20PL394010E0084900 dated 31/01/2020 (Annex H).

Verification of ECD №UA100430/2020/... and appointment of an customs official to perform the customs formalities on the relevant customs declaration are carried out in the order of their arrival to the customs authorities by ASCC in automatic mode. ASCC automatically sends the ECD №UA100430/2020/... to the customs clearance department № 1 of the customs post "Martusivka-specialized" (code UA100430), which is appointed by the ASCC to perform customs formalities under this customs declaration. The customs officer with the personal stamp number 45/125 was appointed by the ASCC to carry out customs formalities (box J of the ECD №UA100430/2020/001052).

After the CD №UA100430/2020/... was accepted by the customs clearance department № 1 of the customs post "Martusivka-specialized" (code UA100430) for customs clearance, the following customs formalities were carried out according to the Order of the Ministry of Finance of Ukraine dated 30.05.2012 № 631 [48]:

1. Registration of ECD № UA100430/2020/ ... The electronic message is sent to the declarant Tokovenko O.V., fixing the date and time of ECD № UA100430/2020/ ... submission for registration by assigning ECD registration number using ASCC and entering it in the prescribed manner in box A of the ECD: №UA100430/2020/001052. The declarant Tokovenko O.V. received the notification



about the registration of the ECDN UA100430/2020/001052 and its acceptance to the database of the customs with the explanation "Accepted in the customs database".

2. Customs declaration control stage included the following operations:

- checking the availability of invoices and other documents submitted together with the ECD N UA100430/2020/001052, which determine the value of the furniture: invoice N 00009/SE/FE/01/2020 dated 31/01/2020 (Annex D); invoice N 00008/SE/FE/01/2020 dated 31/01/2020 (Annex E); delivery specification WZ720 dated 31/01/2020 (Annex F); transport costs certificate N 123 dated 03/02/2020 (Annex G);
- checking by means of ASCC software the boxes filling correctness (the format control) of the ECDN UA100430/2020/001052 in accordance with the requirements established by the legislation on state customs.

3. Customs declaration acceptance for customs clearance by entering into the box D/J of the ECDN UA100430/2020/001052 (PMK 45/1253 03.02.2020) of the number of customs officer responsible for customs clearance personal stamp "Under the customs control". From this moment the furniture is officially under customs control and the customs clearance started.

4. Customs clearance according to the customs declaration ECDN UA100430/2020/001052 dated 03.02.2020. At this stage the following customs formalities were performed:

- control with the use of risk management system, including risk assessment for ECDN UA100430/2020/001052 with the help of ASRM: no violations of the customs legislation of Ukraine were found;
- comparison control (automated comparison) of data contained in ECDN UA100430/2020/001052, and other documents submitted for customs clearance, in particular:
  - comparison of details of the authorized bank specified in box 28 of the ECDN UA100430/2020/001052 with the data contained in the list of authorized banks of Ukraine: PJSC "PROCREDITBANK" (CODE 2167733: MFO 320984);



- comparison of the exchange rate of the foreign currency PLN (currency of the transaction) specified in box 23 of the ECD with the NBU official exchange rate on the date of CD submission for customs clearance: 03.02.2020 – 6,42490000;
- check the correctness of classification and coding of furniture (good#1): UCGFEA code 9401300000;
- check the country of origin of goods correctness: box 34 indicates the code of the country of origin PL – Poland, that corresponds to the data of the invoice-declaration №00009/SE/FE/01/2020 dated 31/01/2020 (Annex D) and invoice-declaration №00008/SE/FE/01/2020 dated 31/01/2020 (Annex E);
- verification of the presence of the declared goods in the customs register of intellectual property rights objects – the furniture imported under the ECD№UA100430/2020/001052 is not included to the intellectual property objects list;
- verification of the customs valuation correctness: box 45 of the ECD№UA100430/2020/001052 in accordance with the prices specified in the contract (code of the customs valuation method indicated in box 43 is 1, that means that the transaction value was the basic for customs value).

5. Completion of customs clearance of the furniture by entering into box D/J of the ECD№UA100430/2020/001052 in accordance with the procedure [26] of the personal stamp number of the official, who completed customs clearance (ONP 45/125 03.02.2020).

Thus, the process of the customs clearance of the furniture “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels” (UCGFEA code 9401300000, terms of delivery FCA PL Brodnica, invoice value 17903,44 PLN) imported to Ukraine under the ECD№UA100430/2020/001052 dated 03/02/2020 (Annex A) was analysed. The analysis showed that all the customs formalities were carried out according to the rules of relative legislation [15,16,26].



## CONCLUSIONS AND RECOMMENDATIONS

As the result of the research carried out the following conclusions can be made.

The analysis of the EU furniture market dynamics was carried out, referring to Europe as the 28 members of the European Union + Norway and Switzerland. Despite the recent deterioration in the European Union's (UN) balance of furniture trade, European manufacturers remain a major force in the international furniture sector. The value of the global furniture market in 2019 is assessed on the level of 560 US\$ billions. The value of the EU import from all over the world in 2019 is estimated at the level of 20 billion US\$, while the total value of European export in 2019 was about 17 billion US\$. Ukraine imported the furniture of the HS headings 9401 and 9403 from Europe of the total value 160 million US\$. An average annual growth of European export to Ukraine was about 10-15%. The analysis of assortment structure of the furniture imported from EU countries was carried out using the data of UN Comtrade database, State statistics service of Ukraine and State customs service of Ukraine. The analysis of the data of UN database and State statistics service of Ukraine demonstrated the problem of nonconformity of the Ukrainian statistics data of furniture import to Ukraine from EU countries to the data of UN database. Thus the volumes of the European furniture import to Ukraine are from 2 to 4 times lower according to Ukrainian statistics.

Furniture goods and mattresses in foreign trade are classified in chapter 94 of UCGFEA "Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings" of the UCGFEA, mainly in the headings 9401 and 9403. The analysis showed that the main classification features of the seats in the heading 9401 "Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof" are the functional purpose and the raw material, while inside the heading 9403 "Other furniture and parts thereof" the furniture – the raw material feature. Further more inside of each subheading of 9403 the furniture is classified by functional purpose and height.



The main legislation documents regulating import of the furniture from EU countries include the Customs code of Ukraine, the Tax code of Ukraine, the Law of Ukraine on Customs Tariff, appropriate documents of the Cabinet of Ministers of Ukraine and the State customs service of Ukraine regulating the procedure of customs clearance and payment of customs duties on the import of furniture to Ukraine. The basic are Orders of the Ministry of Finance of Ukraine [23,25.26]. There no specific legislation on furniture import. It is carried out according to general legislation of goods import to Ukraine.

The identification expert examination for customs purposes of two furniture samples, imported from Poland according to the customs declaration on import №UA100430/2020/001052 dated 03/02/2020, which are the object of the final qualification paper, was carried out. Criteria and means of identification expert examination of furniture for customs purposes have been developed, of the type of furniture and their code according to UCGFEA determination was carried out, compliance of data on the cost of the furniture was controlled. The identification expert examination confirmed the data declared in the №UA100430/2020/001052 dated 03/02/2020 for the purpose of customs clearance of the samples of furniture for sitting “Seats with variable height adjustments with metal frame, upholstered with fabric”, imported from Poland on terms of delivery FCA PL Brodnica.

The analysis of the customs valuation and taxation, as well as determination of the country of origin, of furniture “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels” imported under the customs declaration on import №UA100430/2020/001052 dated 03/02/2020 (Annex A) was carried out. Box 43 of the customs declaration named "Code of customs valuation method" states that the customs value was determined using the basic method (1) – on the basis of the transaction value of goods imported according to the delivery contract №15-10/2018 dated 15/10/2018 (Annex B). The analysis proved that the customs value indicated in the box 45 of the customs declaration №UA100430/2020/001052 dated 03/02/2020 (Annex A) corresponds to this customs



value calculated: 123466,66 UAH. The customs charges to be paid to import furniture to Ukraine include customs duty and VAT and correspond to 24693UAH.

The determination of the country of origin of furniture “Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels” imported in Ukraine under the ECDN<sup>№</sup>UA100430/2020/001052 dated 03/02/2020 was carried out according to the invoice-declaration <sup>№</sup>000009/SE/FE/01/2020 dated 31/01/2020 (Annex D) and invoice-declaration <sup>№</sup>000008/SE/FE/01/2020 dated 31/01/2020 (Annex E). In the analysed situation of furniture import the full and preferential rate of customs duty is 0% according to Customs Tariff of Ukraine . Thus the submission of the documents on preferential origin of furniture is used only for analytical and statistical purposes.

The customs clearance of the furniture imported under the ECDN<sup>№</sup>UA100430/2020/001052 dated 03/02/2020 was carried out in accordance with the requirements of customs legislative documents [15,16,26] and included all necessary customs formalities: verification, registration, comparison control, risk management control of the ECDN<sup>№</sup>UA100430/2020/001052 and the completion of customs clearance of the furniture by entering into box D/J of the ECDN<sup>№</sup>UA100430/2020/001052 in accordance with the procedure of the personal stamp number of the official, who completed customs clearance (ONP 45/125 03.02.2020).

Based on the results of the research carried out in this final qualification paper it is possible to give the following recommendations;

1. To introduce into the practical activity of the Specialized laboratory for examination and research of the State customs service of Ukraine the developed criteria and means of identification expert examination of furniture.
2. For customs administrations to speed up the process of joining Ukraine to international database of good movement in international trade to prevent the violation of customs legislation.
3. Regarding the low tax burden on furniture import to introduce the automatic customs clearance process for entities with positive history of import operations with post audit control.



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## CUSTOMS DECLARATION

[illegible]








УКРАЇНА (Форма МД-6)		Додаток № 1													
		до ВРАТ №													
		UA100430/2020/001052													
<p>Товар № 1 до графі 31:  ар. W-PO-SB102-OB--01 Крісло робоче CLUB  IN SB102 кілєк.-3шт ар. W-PO-SB102-OB--01 Крісло робоче CLUBIN SB102 кілєк.-2шт  Країна виробництва: PL  Торговельна марка: BEJOT  Виробник: BEJOT пр. з о.о.  Дія: "електронний інвойс"  2. Міськ - 23 СТ/23/картонні коробки  3. 0</p>															
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Ім'я та прізвище керівника підприємства		Підпис													
04053 м. Київ, вул.Смирнова-Лещанська, буд. 3/5															
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tokovenkoassha@ukr.net															




# Delivery contract №15-10/2018 dated 15/10/2018

<p>ДОГОВІР ПОСТАВКИ № 15-10/2018</p> <p>15.10.2018</p> <p>Маневич</p> <p>Цей ДОГОВІР ПОСТАВКИ (далі – Договір) укладений в дату визначену вище між наступними Сторонами:</p> <p>ТОВ „БЕЈОТ”, юридичною особою створеною і діючою за законодавством Польщі (далі – Постачальник), в особі Генерального Директора Даріуша Вілька, що діє на підставі Статуту з однієї сторони,</p> <p>Та</p> <p>ТОВ «КОМФОРТЗОН» юридичною особою створеною та діючою за законодавством України (далі – Купувач), в особі Комерційного директора Савули Івана Івановича, що діє на підставі Довіреності № 2 від 26.02.2015 року, з іншої сторони,</p> <p>в подальшому кожна окремо іменується – Сторона, а разом – Сторони.</p>	<p>UMOWA DOSTAWY № 15-10/2018</p> <p>15.10.2018</p> <p>Manieczki</p> <p>Niniejsza UMOWA DOSTAWY („Umowa”) zawarta w dniu wskazanym na wstępie pomiędzy następującymi Stronami:</p> <p>Bejot Sp. z o.o., podmiotem prawa działającym w oparciu o prawo polskie, w dalszej części Umowy zwanym „Dostawcą”, reprezentowanym przez Prezesa Zarządu, pana Dariusza Wilka, działającego na podstawie umowy spółki, z jednej strony</p> <p>I</p> <p>TLC «COMFORTZONE» podmiotem prawa działającym w oparciu o prawo ukraińskie, w dalszej części Umowy zwanym „Kupującym”, reprezentowanym przez Handlowego dyrektora pana Iwana Sawulę działającego na podstawie spółki pełnomocnictwo № 2 od 26.02.2015 roku, z drugiej strony.</p> <p>Każda ze stron zwana jest osobno „Stroną” lub łącznie „Stronami”.</p>
<p><b>СТАТТЯ 1.</b></p> <p><b>ПРЕДМЕТ ДОГОВОРУ</b></p> <p>1.1. Постачальник бере на себе зобов'язання поставити (передати у власність) офісні мебелі та окремі частини офісних мебелів (далі – Товар), а Купувач бере на себе зобов'язання приймати та оплачувати поставлений Товар згідно з умовами Договору.</p> <p>1.2. Номенклатура, характеристика і кількість Товару узгоджуються Сторонами у відповідних замовленнях (проформах-фактурах), що розробляються для кожної окремої партії Товару, і які з моменту їх узгодження Сторонами стають додатками до Договору та його невід'ємними частинами.</p> <p>1.3. Кожна партія Товару постачається за узгодженим замовленням Купувача, яке може бути вислане Постачальнику у версії PDF – неможливої до редагування, факсом або електронною поштою.</p> <p>Адрес e-mail: orders@bejot.eu</p> <p>Телефон: 0048 61 28 12 23 54</p>	<p><b>ARTYKUL 1.</b></p> <p><b>PRZEDMIOT UMOWY</b></p> <p>1.1. Dostawca zobowiązuje się dostarczać meble biurowe i osobne części mebli biurowych (w dalszej części Umowy zwane „Produktami”), a Kupujący zobowiązuje się przyjąć i zapłacić za wskazane Produkty zgodnie z warunkami niniejszej Umowy.</p> <p>1.2. Opis i liczba Produktów zostaną uzgodnione przez Strony w potwierdzeniach zamówienia (proforma-faktury), które są przygotowywane dla każdej dostawy osobno oraz obowiązują oprócz Umowy.</p> <p>1.3. Każda dostawa Produktów będzie zgodna z pojedynczym zamówieniem Kupującego, które może być przesłane Dostawcy w wersji PDF nie możliwej do edycji faksem lub pocztą elektroniczną.</p> <p>Adres e-mail: orders@bejot.eu</p> <p>Fax: 0048 61 28 12 23 54</p>
<p>  </p>	<p> <b>„БЕЈОТ” Sp. z o.o.</b>          63-112 Brodnica k/Poznańa          MANIECZKI, ul. Wybickiego 2 B          NIP 7651614645, REGON 143112809          Tel. +48 61 28 12 225, Fax +48 61 28 12 254       </p>




## Amendment to the Delivery contract №15-10/2018 dated 15/10/2018

Додаток № 1	Załącznik nr 1.
до договору поставки № 15-10/2018 від 15.10.2018.	do umowy dostawy № 15-10/2018 від 15.10.2018.
Манечні	Manieczko
<b>I. ЗАГАЛЬНІ УМОВИ ГАРАНТІЇ</b>	<b>I. OGÓLNE WARUNKI GWARANCJI</b>
1. ТОВ БЕЙОТ гарантує справну дію своїх виробів.	1. Bejot sp z o.o. gwarantuje sprawne działanie swoich wyrobów.
2. Територіальна діяльність гарантійної охорони обіймає простір Республіки Польща, або територію країни Покупця.	2. Terytorialny zasięg ochrony gwarancyjnej obejmuje obszar RP lub obszar kraju Kupującego
3. Для здійснення гарантійного ремонту дефектних Товарів, поставлених Постачальником, Покупця повинен виконати наступні:	3. Naprawa gwarancyjna będzie świadczona po spełnieniu następujących warunków przez Kupującego:
3.1. при посиланні рекламції до дистриб'ютора виробів ТОВ БЕЙОТ або, якщо товар був закуплений безпосередньо в фабрики «БЕЙОТ» рекламція може бути заявлена електронним шляхом на адресу: <a href="mailto:reklamacje@bejot.eu">reklamacje@bejot.eu</a> (форма рекламційної заявки знаходиться на сторінці <a href="http://www.bejot.eu">www.bejot.eu</a> ).	3.1. przedaniu zgłoszenia reklamacyjnego do dystrybutora wyrobów Bejot Sp. z o.o. lub, jeżeli wyrób został zakupiony bezpośrednio z Bejot sp. z o.o. reklamacja może zostać zgłoszona drogą elektroniczną na adres e-mail: <a href="mailto:reklamacje@bejot.eu">reklamacje@bejot.eu</a> (druk zgłoszenia reklamacyjnego znajduje się na stronie <a href="http://www.bejot.eu">www.bejot.eu</a> ).
3.2. наданні важливого доказу покупки - фактури.	3.2. przedłożeniu ważnego dowodu zakupu - faktury.
3.3. залучення гарантійної картки 7	3.3. załączeniu karty gwarancyjnej 7
4. Період гарантії, що дється, на вироби ТОВ «БЕЙОТ» є диференційованим:	4. Okres udzielanej gwarancji na wyroby Bejot sp. z o.o. jest zróżnicowany:
4.1. Стандартний виріб, який експлуатується в порядку однозмінного робочого дня, має період гарантії 5 років.	4.1. Standardowy wyrób eksploatowany w trybie jednozmianowego dnia pracy posiada okres gwarancji 5 lat.
4.2. Стандартний виріб, який експлуатується в порядку двозмінного робочого дня, має період гарантії 2 роки.	4.2. Standardowy wyrób eksploatowany w trybie dwuzmianowego dnia pracy posiada okres gwarancji 2 lat.
4.3. Стандартний виріб, який експлуатується в порядку трізмінного робочого дня, має період гарантії 1 рік.	4.3. Standardowy wyrób eksploatowany w trybie tryzmianowego dnia pracy posiada okres gwarancji 1 rok.
4.4. Неткловий виріб, або виріб розміри якого, тип тканини, колір не вказані в актуальному прайс-листі та в зразках має період гарантії 1 рік.	4.4. Wyrób nietypowy, lub wyrób którego wymiary, rodzaj tkaniny, kolor nie są zawarte w aktualnej ofercie cennikowej i próbnikowej posiada okres gwarancji 1 rok.
4.5. Покупка елементів до стільця (робочі комодати, механізми, пластикові елементи і т.д.) має річний гарантію.	4.5. Zakup elementów do krzeseł (tj.: kółka, mechanizmy, elementy plastikowe itd.) jest objęty roczną gwarancją.
4.6. Якщо період гарантії елемента, що входить в конфігурацію продукту, був встановлений в актуальному прайс-листі на інший період ніж 5 років,	4.6. Jeżeli okres gwarancji elementu wchodzącego w konfigurację produktu został ustalony w aktualnym



Tel. +48 61 28 12 225, Fax +48 61 28 12 231  
OK-4





## Invoice №00009/SE/FE/01/2020 dated 31/01/2020

Original / Copy  
Place and date of issue: Marietchi, date 31.01.2020  
Delivery date/service date: 31.01.2020  
Description of method of payment: Transfer (5days)  
Terms of payment: 05.02.2020

**Faktura eksportowa 00009/SE/FE/01/2020**

<b>Seller</b> Bejot Sp. z o.o. 63-112 Brodnica Marietchi Rybackiego 2a POLAND VAT UE: PL7801814645 VAT-Number 7801814645 Phone: 061 28 12 225 Fax: 061 28 12 254 www.bejot.com.pl Sales Department Marietchi POLAND Bank: Konto: (RPP) Polbank Bank Polska S.A. w Warszawie PL30 1790 1019 0000 0000 0157 3019 SWIFT number: P048PLPXXXX	<b>Buyer</b> LLC COMFORTONE 01136 Kyiv Kyborvychislava Chernovola st. 27, of. 226 UKRAINE VAT-Number Purchaser code: 5096 Purchaser: as above Receiver: as above
--	--

Exchange rate: 1 PLN = 1,0000 PLN, z dnia 30.01.2020  
Nr zamówienia: 010502019  
Client order number: Order 19.11  
Storage documents: WZ/T30W31

On	Product Index	CN Code	Quantity	Unit	Net unit price [PLN]	Net Value [PLN]	VAT Rate	VAT amount [PLN]	Gross Value [PLN]
1	WFO-MD182-MB-01 Selvet armchair Milano MD182 Mech. SYNCHRO M BL.S white 3-22IN POLICE MACHINERY P30W-SV010-M09	94013000	8,000	pcs	612,5000	6 500,84	0	0,00	6 500,84
2	WFO-MD182-MB-01 Selvet armchair Milano MD182 Mech. SYNCHRO M BL.S white 3-22IN POLICE MACHINERY P30W-SV010-M09	94013000	8,000	pcs	612,5000	6 500,84	0	0,00	6 500,84
3	WFO-MD182-MB-01 Selvet armchair Milano MD182 Mech. SYNCHRO M BL.S white 3-22IN POLICE MACHINERY P30W-SV010-M09	94013000	2,000	pcs	612,5000	1 625,95	0	0,00	1 625,95
4	WFO-SK482NA-A-01 Selvet chair Sky line SK210 2N mech. A 3-35CHROMIT-7-SK010-7-SV005-7	94012100	2,000	pcs	480,1000	960,22	0	0,00	960,22
Total Volume [PLN]						15 586,76	0,00	0,00	15 586,76
Total Gross Value						15 586,76	0	0,00	15 586,76
Total Gross Value [PLN]						15 586,76	0,00	0,00	15 586,76

Total invoice: 15 586,76 PLN  
Balance to be paid: 15 586,76 PLN  
Verbally: fifteen thousand five hundred fifty six PLN 76/100

Delivery code: FGA Fracht prozessiert - zupothone mjepon  
Transport code: 3 Road transport  
The exporter of the products covered by this document declares that, except where otherwise clearly indicated, these products are of preferential origin.

Seller assistance: Miłgorzata Ziemiak  
Invoice drawn by: Michał Karczewski

**"BEJOT" Sp. z o.o.**  
63-112 Brodnica /Poznań/  
MANIECZKI, ul. Wyblekiego 2 a  
NIP 7801814645, REGON 411112609  
Tel. +48 61 28 12 225, Fax +48 61 28 12 254  
OK-2

Invoice received by:


Received by:

Stamp: 167 P 01022002 167  
MARIETCHI KONTROLA

Page 1/1

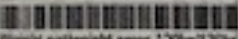
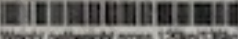




## Invoice №00008/SE/FE/01/2020 dated 31/01/2020

<b>Faktura eksportowa 00008/SE/FE/01/2020</b>		Original Copy Place and date of issue: Manieczki, date 31.01.2020 Delivery date/service date: 31.01.2020 Description of method of payment: Transfer (Days) Terms of payment: 05.02.2020									
<b>Seller</b> Bejot sp. z o.o. 63-112 Brodnica Manieczki Wysockiego 2a POLAND VAT UE: PL7851814845 - VAT-Number 7851814845 Phone: 061 28 12 225 Fax: 061 28 12 254 www.bejot.com.pl Sales Department Manieczki  POLAND Bank:  Kontor: SPP Paribas Bank Polska S.A. w Warszawie PL30 1700 1019 0000 0000 0157 3519 SWIFT number PPSWPL33XXXX		<b>Payer</b> LLC COMFORTONE 01133 Kyiv Kijiv Vyacheslava Chernomirskogo st. 27, of. 226 UKRAINE VAT-Number Purchaser code: 5096 Purchaser: as above Receiver: as above									
Exchange rate: 1 PLN = 3.5000 PLN, z dnia 30.01.2020 Nr zezwolenia: 005-000099 Client order number: Renault Storage documents: W02724MG1											
Qs	Product Index	CN Code	Quantity	Unit	Net unit price [PLN]	Net Value [PLN]	VAT Rate	VAT amount [PLN]	Gross Value [PLN]		
	Description Version										
1	WFO-CB102-OB-01	94013000	3,000	pcs	655,4000	1 966,20	0	0,00	1 966,20		
	Chair Clubin CB102 mech. SWIVEL 3-A-22ALPOLKOCMAV10-Y3189Y3189Y3189Y3189										
2	WFO-CB102-OB-01	94013000	2,000	pcs	655,4000	1 310,80	0	0,00	1 310,80		
	Chair Clubin CB102 mech. SWIVEL 3-A-22ALPOLKOCMAV10-Y3189Y3189Y3189Y3189										
Total Volume [PLN]						3 277,00		0,00	3 277,00		
Total Gross Value						3 277,00	0	0,00	3 277,00		
Total Gross Value [PLN]						3 277,00		0,00	3 277,00		
Total invoice: 3 277,00 PLN Balance to be paid: 3 277,00 PLN Verbally: three thousand two hundred seventy seven PLN 00/100  Delivery code: FCA Franco przewoźnik ..... uzgodnione miejsce Transport code: 3 Road transport The exporter of the products covered by this document declares that, except where otherwise clearly indicated, these products are not preferential goods.  Seller assistance: Małgorzata Ziemińska Invoice drawn by: Michał Kierczewski  "BEJOT" sp. z o.o. 63-112 Brodnica k/Poznań MANIECZKI, ul. Wysockiego 2 a NIP 7851814845, REGON 141112809 Tel. 48 61 28 12 225, Fax 48 61 28 12 254 OK-2										 Received by	
Kod dokumentu: 00008/SE/FE/01/2020, wersja: 1, wydruk: 01/01/20										Page 1/1	



## Delivery specification WZ720 dated 31/01/2020

Delivery specification WZ 720		Maracchi, date 31.01.2020	Page 01						
<b>Firma</b> Bejot sp. z o.o. 63-112 Brodnica Marszałki Wybickiego 2a WZ Number: 7551614645		<b>Receiver</b> LLC COMFORTZONE 01135 Kyle Kijie Vyacheslava Chernovola st. 27, of. 228 Kod Kontrahenta: 5306							
<b>Warehouse:</b> WZ1 MAGAZYN WYROBÓW GOTOWYCH <b>Status:</b> WZ <b>Priority document:</b> Zamówienie plan <b>Bejot order numbers:</b> 09188/2019 <b>Client order numbers:</b> Order 19.11. <b>Handlowcy:</b> MZ <b>Zamówienia zakupu:</b> <b>Sale documents:</b>		<b>Customer</b> as above <b>Notes:</b> proforma, wysłać reklamacje jest gotowa							
<b>On</b>	<b>Index</b>	<b>Article name</b>	<b>Version</b>	<b>Quantity</b>	<b>Unit</b>				
<b>Barcodes</b>									
<b>Notes</b>									
1	W-FO-MO102-MB-01	Szewel armchair Mono MO102 Mech. SYNCHRO M (BLS white)	base-220ALPOLIDEMADY17, armrest-P3DW, seat-SV010, backrest-M09	8,000	pcs				
 Weight net/weight gross 120kg/130kg									
2	W-FO-MO102-MB-01	Szewel armchair Mono MO102 Mech. SYNCHRO M (BLS white)	base-220ALPOLIDEMADY17, armrest-P3DW, seat-SV065, backrest-M09	8,000	pcs				
 Weight net/weight gross 120kg/130kg									
3	W-FO-MO102-MB-01	Szewel armchair Mono MO102 Mech. SYNCHRO M (BLS white)	base-220ALPOLIDEMADY17, armrest-P3DW, seat-SV211, backrest-M09	2,000	pcs				
 Weight net/weight gross 30kg/34kg									
4	W-FO-SK4R2NA-01	Szewel chair (Skylar) SK210 2N mech. A	base-380CHROMATF, colour of the plastic-SK016, seat-SV508	2,000	pcs				
 Weight net/weight gross 10kg/12kg									
<b>Total:</b>									
<b>Net</b>		<b>295kg</b>							
<b>Gross</b>		<b>316kg</b>							
<b>BEJOT Sp. z o.o.</b> Kancelaria Biuro 63-112 Brodnica k/Poznań Marszałki Wybickiego 2a WZ Number: 7551614645, RECON 411142800 t. 22 225 12 225, Fax: 22 225 12 224 REGON 143148254 OK-2						<b>Received by</b>		<b>Date edition</b>	



## Annex G

## Transport costs certificate №123 dated 03/02/2020

**hellmann®**  
EAST EUROPE

В Митні органи України

**Довідка № 123**  
про транспортні витрати

Вих. № 123  
Від: 03.02.2020

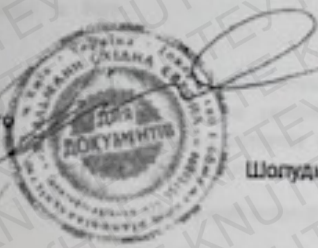
ТОВ «Хелльманн Східна Європа» повідомляє, що вартість транспортних витрат з перевезення вантажу вагою 458,00 кг за маршрутом м. Manieczki (Польща) – м/п Шегині (Україна) автомобілем держ. № BC1219HE складає 10 000 грн. 00 коп. (десять тисяч грн. 00 коп.), з яких:

- перевезення вантажу вагою 417,00 кг складають 9 000 грн 00 коп. (дев'ять тисяч грн. 00 коп.),
- перевезення вантажу вагою 39,00 кг складають 1 000 грн 00 коп. (одна тисяча грн. 00 коп.).

Страхування вантажу не проводилось.

Довідка видана: ТОВ «Комфортзон»

Начальник транспортно-експедиторського відділу автомобільних перевезень  
ТОВ «Хелльманн Східна Європа»



Шолудько В.С.

Службовий державний реєстр підприємств та організацій від 12.02.2008  
10651020000010620

Свідчення про реєстрацію юридичної особи № 407571, видавець МРС України № 251

Є платником податку на прибуток на загальному режимі

THANK IT A BANK



**Export declaration №20PL394010E0084900 dated 31/01/2020**

WSPÓLNOTA EUROPEJSKA		EX 1		20PL394910E0084000	
<b>Wydawca (1)</b> "BEKOT" Sp. z o.o. Mankiet, ul. Wysockiego 2a 65-152 Białobrzeg PL		<b>Wzrost (2)</b> 170		<b>Waga (3)</b> 65	
<b>Wzrost (4)</b> 170		<b>Waga (5)</b> 65		<b>Data wydania (6)</b> 2020-01-31 <b>Data ważności (7)</b> PL394910	
<b>Wzrost (8)</b> 170		<b>Waga (9)</b> 65		<b>Data wydania (10)</b> 2020-01-31 <b>Data ważności (11)</b> PL394910	
<b>Wzrost (12)</b> 170		<b>Waga (13)</b> 65		<b>Data wydania (14)</b> 2020-01-31 <b>Data ważności (15)</b> PL394910	
<b>Wzrost (16)</b> 170		<b>Waga (17)</b> 65		<b>Data wydania (18)</b> 2020-01-31 <b>Data ważności (19)</b> PL394910	
<b>Wzrost (20)</b> 170		<b>Waga (21)</b> 65		<b>Data wydania (22)</b> 2020-01-31 <b>Data ważności (23)</b> PL394910	
<b>Wzrost (24)</b> 170		<b>Waga (25)</b> 65		<b>Data wydania (26)</b> 2020-01-31 <b>Data ważności (27)</b> PL394910	
<b>Wzrost (28)</b> 170		<b>Waga (29)</b> 65		<b>Data wydania (30)</b> 2020-01-31 <b>Data ważności (31)</b> PL394910	
<b>Wzrost (32)</b> 170		<b>Waga (33)</b> 65		<b>Data wydania (34)</b> 2020-01-31 <b>Data ważności (35)</b> PL394910	
<b>Wzrost (36)</b> 170		<b>Waga (37)</b> 65		<b>Data wydania (38)</b> 2020-01-31 <b>Data ważności (39)</b> PL394910	
<b>Wzrost (40)</b> 170		<b>Waga (41)</b> 65		<b>Data wydania (42)</b> 2020-01-31 <b>Data ważności (43)</b> PL394910	
<b>Wzrost (44)</b> 170		<b>Waga (45)</b> 65		<b>Data wydania (46)</b> 2020-01-31 <b>Data ważności (47)</b> PL394910	
<b>Wzrost (48)</b> 170		<b>Waga (49)</b> 65		<b>Data wydania (50)</b> 2020-01-31 <b>Data ważności (51)</b> PL394910	
<b>Wzrost (52)</b> 170		<b>Waga (53)</b> 65		<b>Data wydania (54)</b> 2020-01-31 <b>Data ważności (55)</b> PL394910	
<b>Wzrost (56)</b> 170		<b>Waga (57)</b> 65		<b>Data wydania (58)</b> 2020-01-31 <b>Data ważności (59)</b> PL394910	
<b>Wzrost (60)</b> 170		<b>Waga (61)</b> 65		<b>Data wydania (62)</b> 2020-01-31 <b>Data ważności (63)</b> PL394910	
<b>Wzrost (64)</b> 170		<b>Waga (65)</b> 65		<b>Data wydania (66)</b> 2020-01-31 <b>Data ważności (67)</b> PL394910	
<b>Wzrost (68)</b> 170		<b>Waga (69)</b> 65		<b>Data wydania (70)</b> 2020-01-31 <b>Data ważności (71)</b> PL394910	
<b>Wzrost (72)</b> 170		<b>Waga (73)</b> 65		<b>Data wydania (74)</b> 2020-01-31 <b>Data ważności (75)</b> PL394910	
<b>Wzrost (76)</b> 170		<b>Waga (77)</b> 65		<b>Data wydania (78)</b> 2020-01-31 <b>Data ważności (79)</b> PL394910	
<b>Wzrost (80)</b> 170		<b>Waga (81)</b> 65		<b>Data wydania (82)</b> 2020-01-31 <b>Data ważności (83)</b> PL394910	
<b>Wzrost (84)</b> 170		<b>Waga (85)</b> 65		<b>Data wydania (86)</b> 2020-01-31 <b>Data ważności (87)</b> PL394910	
<b>Wzrost (88)</b> 170		<b>Waga (89)</b> 65		<b>Data wydania (90)</b> 2020-01-31 <b>Data ważności (91)</b> PL394910	
<b>Wzrost (92)</b> 170		<b>Waga (93)</b> 65		<b>Data wydania (94)</b> 2020-01-31 <b>Data ważności (95)</b> PL394910	
<b>Wzrost (96)</b> 170		<b>Waga (97)</b> 65		<b>Data wydania (98)</b> 2020-01-31 <b>Data ważności (99)</b> PL394910	
<b>Wzrost (100)</b> 170		<b>Waga (101)</b> 65		<b>Data wydania (102)</b> 2020-01-31 <b>Data ważności (103)</b> PL394910	
<b>Wzrost (104)</b> 170		<b>Waga (105)</b> 65		<b>Data wydania (106)</b> 2020-01-31 <b>Data ważności (107)</b> PL394910	
<b>Wzrost (108)</b> 170		<b>Waga (109)</b> 65		<b>Data wydania (110)</b> 2020-01-31 <b>Data ważności (111)</b> PL394910	
<b>Wzrost (112)</b> 170		<b>Waga (113)</b> 65		<b>Data wydania (114)</b> 2020-01-31 <b>Data ważności (115)</b> PL394910	
<b>Wzrost (116)</b> 170		<b>Waga (117)</b> 65		<b>Data wydania (118)</b> 2020-01-31 <b>Data ważności (119)</b> PL394910	
<b>Wzrost (120)</b> 170		<b>Waga (121)</b> 65		<b>Data wydania (122)</b> 2020-01-31 <b>Data ważności (123)</b> PL394910	



**STATE CUSTOMS SERVICE OF UKRAINE  
SPECIALIZED LABORATORY FOR EXAMINATION AND RESEARCH**

**Department of expert examination and research of chemical and industrial products**

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**CONCLUSION №1420003101-0118**

Done: February 03, 2020.

**1. Customer:** Customs clearance department № 1 of the customs post "Martusivka-specialized" of Kyiv customs.

**2. Request for research (analysis, examination)** / resolution on the appointment of expert examination in the case of violation of customs rules dated 03.02.2020 № 126.

**3. Object (s) of research (expert examination) and registration number (s):**  
Sample of goods declared for customs clearance in the box 31 ECD type IM40DE dated 03.02.10.2020 № UA100430 / 2020/ 001052:

The furniture "Swivel seats with variable height adjustments with metal frame, upholstered with fabric, with wheels": art.W-FO-MO102-MB—01 Office armchair MOMO MO102 – 18 pieces; art.W-FO-CB102-OB—01 Office armchair CLUB INCB102 – 5 pieces.

Manufacturing country: Poland.

Trade mark: BEJOIT

Manufacture: BEJOIT sp.z.o.o

Pieces: 23.

UCGFEA code in the box 33 ECD: 9401300000.

**4. Enterprise / citizen:** COMFORTZONE LLC, 01135, Kyiv, Chornovola street, 27, apt. 226.

**5. Manufacturer:** BEJOIT sp. z.o.o. 63-112 Brodnica Manieczki, Wybickiego 2a, Poland.

**6. Act on taking samples (samples) of goods / protocol on obtaining samples and specimens for examination in the case of violation of customs rules:** from 03.02.2020 № 118.

**7. Shipping documents (copies):**

- Delivery contract №15-10/2018 dated 15/10/2018.
- Amendment to the Delivery contract №15-10/2018 dated 15/10/2018.
- Invoice №00009/SE/FE/01/2020 dated 31/01/2020.
- Invoice №00008/SE/FE/01/2020 dated 31/01/2020.
- Delivery specification WZ720 dated 31/01/2020.
- Transport costs certificate №123 dated 03/02/2020.
- Export declaration №20PL394010E0084900 dated 31/01/2020.



**8. Grounds for sending a request / resolution:** ASUR risk indicator during customs clearance: "To take samples of goods for research to determine the characteristics necessary for classification according to UCGFEA .

**9. Purpose of request / resolution:** to determine the characteristics necessary for classification of furniture according to UCGFEA.

**10. Tasks for research (analysis, examination):** to establish indicators and characteristics necessary for identification:



10.1. To determine the organoleptic characteristics of the furniture;

10.2. To establish whether the provided samples of the goods correspond to the description and the data declared in box 31 ECDN<sup>o</sup> UA100430 / 2020/ 001052.

**11. Research (analysis, examination):**

**1) description of samples (samples) of the goods:**

**Characteristics of the objects of identification expert examination for customs purposes according to ECDN<sup>o</sup>UA100430/2020/001052 dated 03/02/2020**

<b>№</b>	<b>Furniture name, manufacture (country)</b>	<b>Photo of the sample The information stated in box 31 of the customs declaration</b>	
1	Chair, Bejot Sp. z o. o. (Poland)		Swivel chair skyline SK220 1N mech.A base -38CHROM/TF, color of plastic SK916, seat SV508
2	Armchair, Bejot Sp. z o. o. (Poland)		Swivel armchair Momo 102 Mech.SYNCHRO M BLS white, base22/ALPOL/DEMAD/armrest P3DW, seat SV065, backrest M09

This packaging is under customs security "Customs 430 № 125", with marking labels of the established sample.

Violation of the integrity of customs security and packaging was not detected. A package with a label containing the following product description was randomly selected for the research:

**2) research methods (analysis, examination):**

The identification expert examination of the furniture samples (swivel seats imported from Poland) was carried out using the following criteria, means and



methods:

### Criteria, means and methods of furniture for sitting identification expert examination

Criteria	Means	Methods
Name of the good	Goods, shipping documents, marking	Analytical
Type of the furniture	Goods, shipping documents, marking, DSTU GOST 19917:2016 [10]	Organoleptic, analytical
Model	Goods, shipping documents, marking	Organoleptic, analytical
Marking completeness	Goods, shipping documents	Analytical
Producer, trade mark	Goods, shipping documents, marking	Organoleptic, analytical
Country of origin	Marking, shipping documents	Organoleptic, analytical
Functional purpose	Shipping documents, marking, DSTU GOST 19917:2016 [10]	Organoleptic, analytical
Frame material	Shipping documents, marking, goods	Organoleptic, instrumental, analytical
Upholstery material	Shipping documents, marking, goods	Organoleptic, instrumental
Dimensions	Shipping documents, marking, goods	Analytical, measuring
Functional features	Shipping documents, marking, goods, DSTU GOST 19917:2016 [10]; DSTU 2081–92[11]; DSTU GOST 16371:2016 [12]	Organoleptic, analytical

The dimensions of the presented samples were determined using calibrated measuring equipment: roulettes FISCO professional steel (0-3000) mm № 0013; metal ruler 50 cm № 3.

The type and variety of furniture was established by studying the appearance and establishing specific features distinctive for this type of furniture, namely the shape, size, the presence of such structural elements as the frame, seat and back.

Visual assessment of the furniture appearance to determine the presence of upholstery and completeness of products was carried out by organoleptic methods.

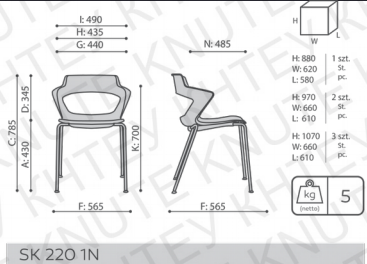

### 3) results of research (analysis, examination):

The results of the identification expert examination of the furniture for sitting, imported from Poland under ECD№UA100430/2020/001052 dated 03/02/2020 are presented in the table below.

#### The results of the identification expert examination of the furniture for sitting imported from EU

Criteria	Sample 1	Sample 2
Name of the good	Furniture for sitting	Furniture for sitting
Type of the furniture	Chair	Armchair
Model	Swivel chair skyline SK220	Swivel armchair Momo 102
Marking completeness	Swivel chair skyline SK220 1N mech.A base -38CHROM/TF, color of plastic SK916, seat SV508	Swivel armchair Momo 102 Mech.SYNCHRO M BLS white, base 22/ALPOL/DEMAD/armrest P3DW, seat SV065, backrest M09
Producer, trade mark	Bejot Sp. z o. o. ul. Wybickiego 2a, Manieczki 63-112 Brodnica k/Poznania	Bejot Sp. z o. o. ul. Wybickiego 2a, Manieczki 63-112 Brodnica k/Poznania
Country of origin	Poland	Poland
Functional purpose	For sitting	For sitting
Frame material	Steel painted with chrome powder paint (color: SK916 white)	Polished aluminium 5-star base (chrome effect) Ø 690
Upholstery material	Surface 100% Vinyl, basic material 100% Polyester Hi-Loft2, weight 685g/m2,	Fabric: Light grey mesh CLASSIC (100% Polyester)



Dimensions	 SK 220 1N	 MO 102
Functional features	1N – Separators protecting against scratching when stacking; TF – felt feet for wooden floors and panels	DEMAD – Soft castors for hard floors Ø 65 with auto-brake

**12. Conclusions.** The results of identification expert examination showed that the sample 1 “Swivel chair skyline SK220” is furniture for sitting by functional purpose, with frame material: steel painted with chrome powder paint; upholstery material: surface 100% vinyl, basic material 100% polyester with weight 685g/m<sup>2</sup>; dimensions: height 880mm, width 620mm, length 580mm. The sample 2 “Swivel armchair Momo102” is furniture for sitting by functional purpose, the frame material is polished aluminum (chrome effect) Ø 690; upholstery material is fabric light gray mesh Classic (100% polyester); dimensions: height 1070mm, width 645mm, length 675mm. Both samples have country of origin Poland and are produced by Bejot Sp. z o. o.(Poland).

### 13. References:

1. Explanatory notes to the Ukrainian classification of goods of foreign economic activity, approved by the order of the SCS of Ukraine dated 14.07.2020 № 256.
2. Ukrainian classification of goods in foreign economic activity.
3. DSTU GOST 19917:2016 Furniture for sitting and lying. General specifications.
4. DSTU 2081–92 Furniture details. Terms and definitions.
5. DSTU GOST 16371:2016 Furniture. General specifications.

**Note:** The results of research (examination) are valid for the provided sample of goods.

Experts

Tsopa T. M.

(signature)

Head of department

Ivanchenko D. S.

(signature)