

# Luxembourg Freeport

## Customs aspects

**Marc Valette**

Managing Director, Centre Logistique de Bettembourg (CLB)  
and Lentz multimodal (LMM)

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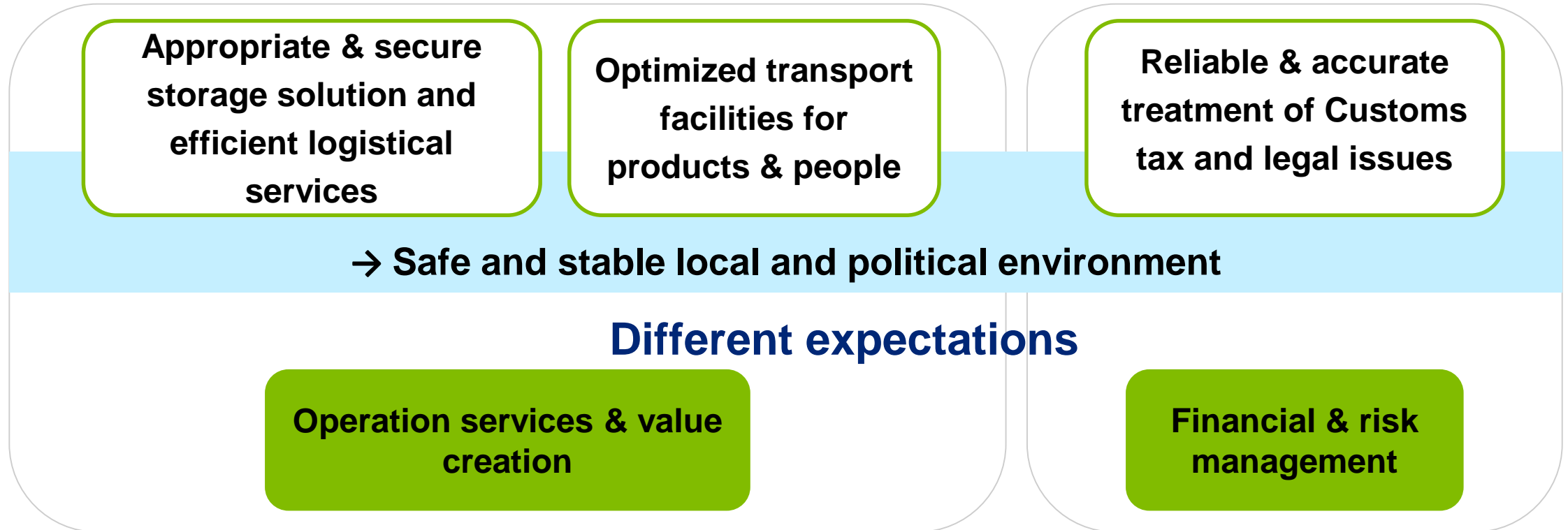
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# Introduction

## Success factors for Freeport users : 3 pillars



→ Main challenges linked to **customs aspects** in the Luxembourg Freeport

# CFL Group and the Luxembourg Freeport



## CFL group (2013):

- National railways in Luxembourg
- 4th industrial group in Luxembourg
- 4 050 employees
- 684 Mio € turnover

## CFL Multimodal (2013):

- Integrated supply chain solutions
- 1st multimodal operator in Luxembourg
  - 355 employees
  - 48 Mio € turnover

## Values and project of CFL Fret

- High-performing logistics and transport actor
- Added-value logistics service
- Serving
  - National and Regional Economy
  - Sustainable development



- Interest in Luxembourg Freeport operations as an committed actor in Luxembourg innovation & continuous improvement in logistics
- Highly proficient on customs operations enabling to respond to operators customs and tax issues

**Selected and retained for providing Luxembourg Freeport on-site customs services**

# CFL Fret strategy & Luxembourg Freeport objectives

- Development of rail transport to lead Luxembourg to the heart of future rail motorways network
- Development of special transport and logistics scheme integrating rail, fiscal representation, bounded warehouse and VAT advantages to promote Luxembourg place
- Huge logistical projects in coming years



*New rail terminal in Bettembourg*

*Operational in  
2016*



*New centralized warehouse*

**→ Luxembourg Freeport, CFL projects & VAT environment  
are key to promote Luxembourg global attractiveness  
on supply chain operations**

# Luxembourg Freeport stakeholders participating to customs process

## **Customs authorities**

- Deliver (or cancel !) agreement to the logistic operators active in the Freeport,
- Monitor the customs functioning of the Freeport

## **Authorized operator**

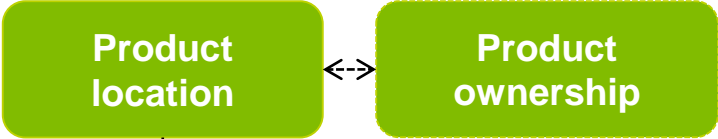
- Notifications to customs
- Goods accounting
- Record of services provided

## **Customs agent**

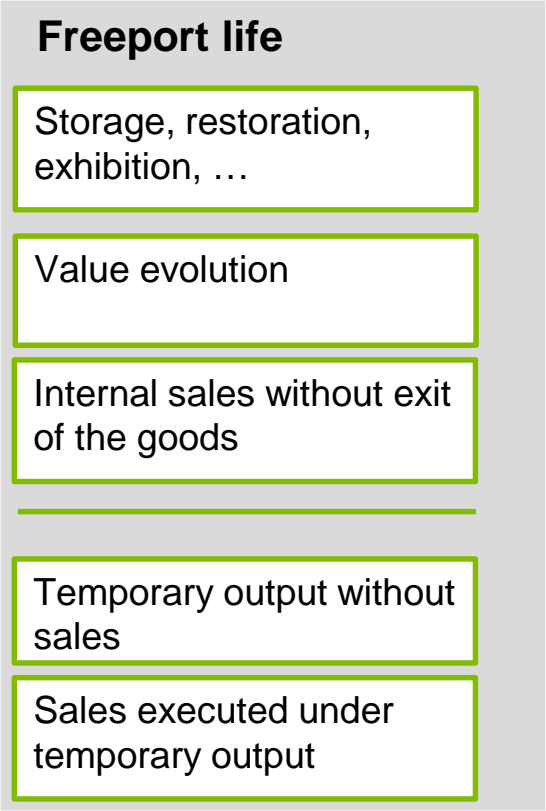
- Customs declaration including transit, temporary admission,...
- Edition of VAT for non professional owner (exit process)
- Collection of information regarding cycle life operations for declaration

# Process flows and customs impacts into the Luxembourg Freeport

For investors, **reliability on inbound customs & tax processes** are key to avoid **“BAD SURPRISES” at the end**



- Inbound process**
- Evaluation of entrance situation
    - Nature of underlying transaction (transfer, sale)
    - Customs status of the valuables
    - VAT status of owner
    - Origin of products
  - Creation of declaration if necessary
  - Valuation & Insurance evaluation



- Outbound process**
- Evaluation of exit situation
  - Estimation of exit value
  - Customs declaration if necessary
  - Validation by customs

- Temporary Outbound process**
- Organization of export model
  - Organization warranties (transit, carnet ATA,...)
  - Declaration if necessary
  - Evaluation of exit value for customs perspective

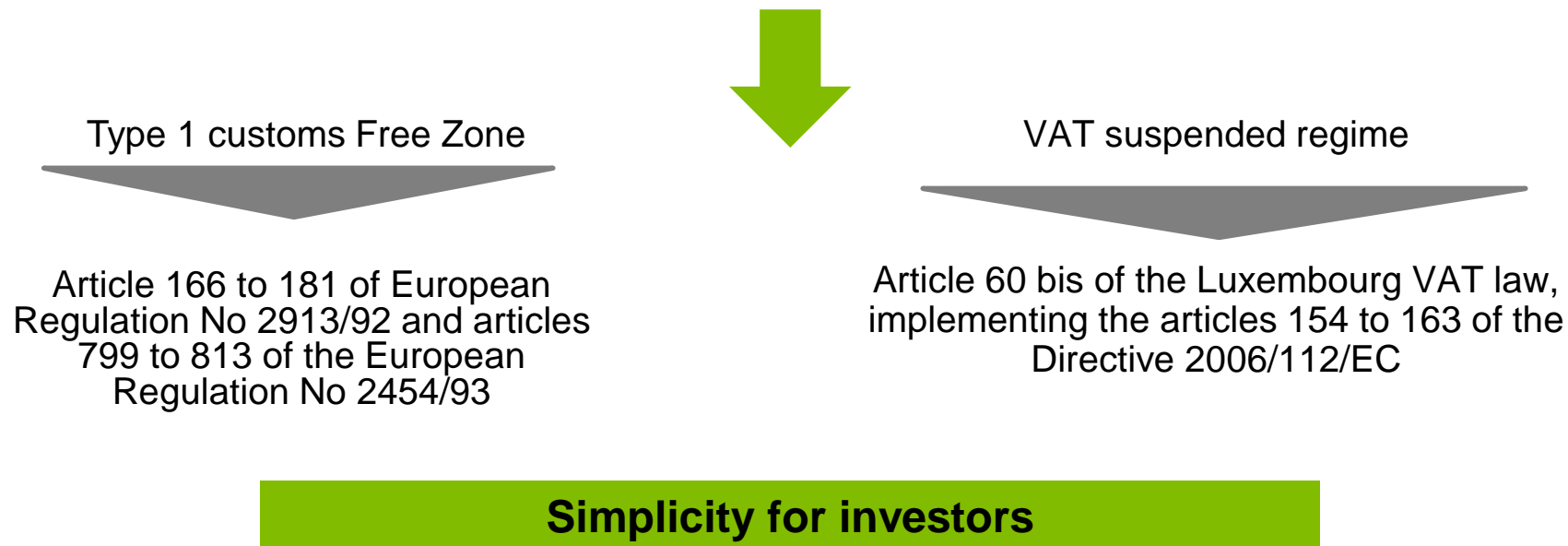


# Advantages of Luxembourg Freeport on customs & VAT perspectives

## In comparison with other regimes

More **flexibility** for users especially in:

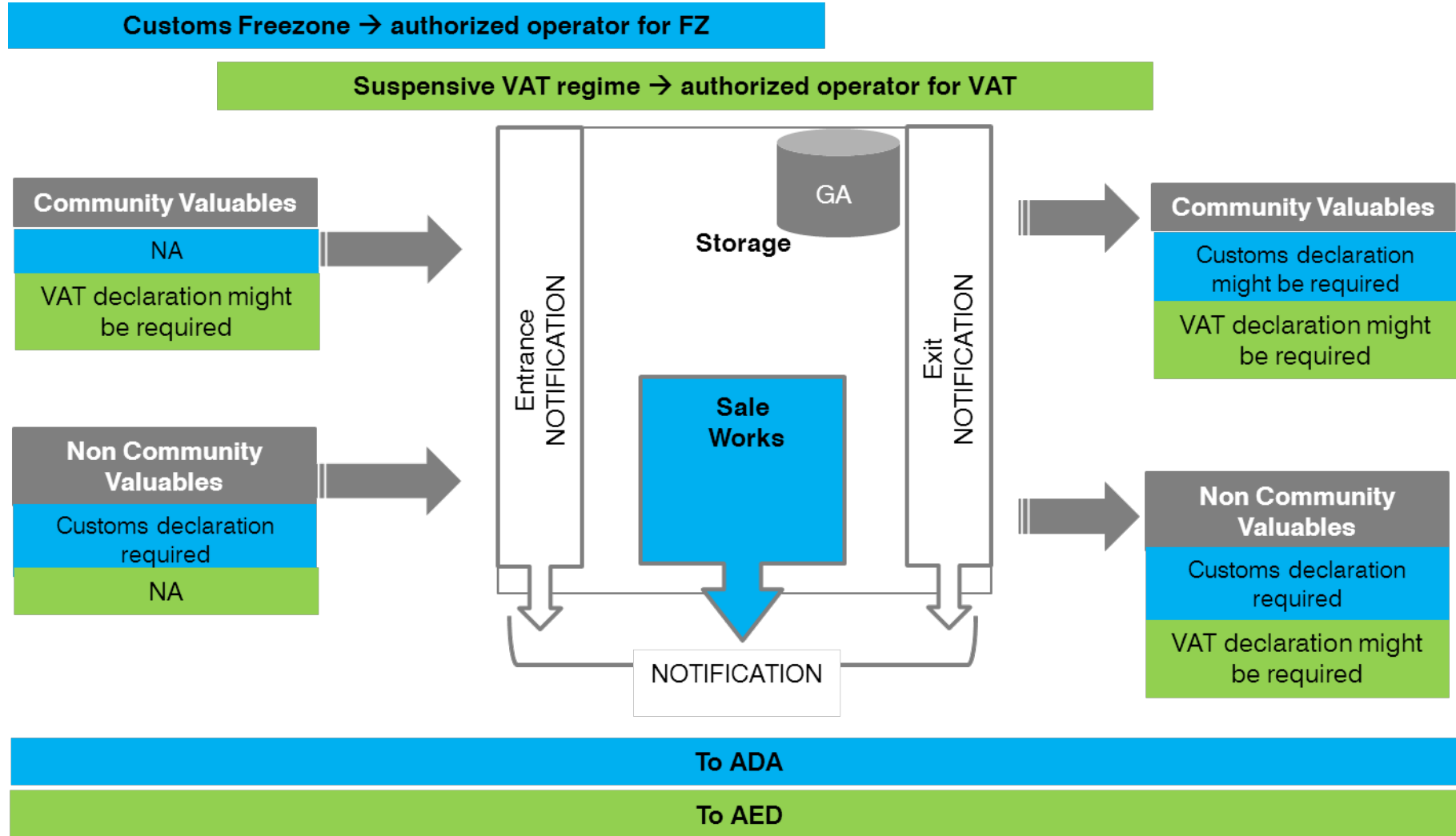
- Facilitating the **communication with authorities** (notification oriented vs. declaration oriented)
- Combining different **special regime for VAT and customs** on one place (operator agreement vs. customs authorization)





# Advantages of Luxembourg Freeport on customs & VAT perspectives

## General overview



AED : authorities in charge of VAT

ADA : customs authorities

# Advantages of Luxembourg Freeport on customs & VAT perspectives

## A concrete example

*Italian gallery purchasing a art picture from Switzerland and selling to Chinese client with a doubling of price in three years*



Purchasing value : 1 Mio €  
Transport and safety : 1%

### Entrance process

Transport to Luxembourg Freeport via Luxembourg Airport

Evaluation of situation related to entrance : Collection of information on client and product situation

- Entrance notification to customs by authorized operator
- No customs declaration, no duties to pay
- No VAT declaration, VAT suspended regime

### Cycle life

- Exhibition
- Storage in Free port
- Special Insurance

**Hypothesis : 10 % of the entry value**

- Sale to Chinese gallery

**Hypothesis : 150% of the entry value**

The authorized operator shall

- Keep records of operations and costs
  - Notify the sale to customs
- Evaluation of situation related to exhibition and sale
- No VAT declaration, VAT suspended regime

### Exit process

Transport to China via Luxembourg airport

**Hypothesis : 200 % of the entry value**

Evaluation of situation related to exit : Collection of information on client, product and cycle life events  
Determination of current value of product

- Analyse of export condition for paper documentation
- Exit notification to customs
  - Declaration to customs
  - VAT declaration, exempt transactions

EACH SITUATION IS DIFFERENT

For customs agent,

- reliability of information is crucial
- to declare correctly and appropriately

# Conclusion

## Luxembourg Freeport from customs perspectives

- Huge advantages to simplify processes and reduce risks for owners, requiring:
  - Smart and deep analysis at inbound stage
  - Transparency on product life cycle within the Freeport
  - Good assessment of exit constraints
- Reduce administrative burden linked to indirect taxation
- Appropriate place for safe management of valuables

# Team resumes

## CFL Multimodal – Customs agency services



Marc Valette  
Managing Director  
*Luxembourg*

Centre Logistique de Bettembourg  
(CLB) and Lentz multimodal (LMM)



Gilbert FRASELLE  
Responsable Agence Douane  
*Luxembourg*

Lentz Multimodal



Karine Bellony  
Partenaire douane  
*Luxembourg*

Lentz Multimodal (LMM)

CFL multimodal  
thanks you  
for your attention



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