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Issues of Application of the Customs Procedure of a Free Customs Zone in the Arctic

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Abstract. The current regulation provides for the possibility of creating special (free) zones and equivalent territories (hereinafter — SEZ) in the Arctic (territories of advanced development and the Arctic zone of the Russian Federation). Within the framework of SEZs, the customs procedure of a free customs zone (hereinafter — FCZ) can be applied, which provides opportunities to conduct economic activities with foreign goods without paying customs duties. The purpose of the study is to investigate the peculiarities of applying the customs procedure of a free customs zone in the Arctic. The following research methods were used in the preparation of the article: economic, analytical methods, method of comparison and generalization. This simplification can be demanded by Russian organizations — residents (participants) of the territories of advanced development and the Arctic zone of the Russian Federation. The proposed article is devoted to the consideration of the mechanisms of the above-mentioned simplifications provided for the residents of the “Arctic” SEZ. At the same time, the application of the customs procedure of FCZ in the SEZ territories is an important tool of the state economic policy, designed to ensure the creation of comfortable conditions for taxation of foreign goods. Issues related to the status of goods manufactured in SEZs using foreign goods that are placed under the FCZ customs procedure are largely related to Russia’s international obligations underlying the current regulation. In practice, the set of legally established simplifications analyzed in the article creates conditions for more effective activity of SEZ residents.

Keywords: *customs procedure, free customs zone, Arctic, tax regulation, Arctic zone of the Russian Federation, customs control, Russian resident organization*

Introduction

Current regulations provide for the creation of SEZs in the Arctic: territories of advanced development and the Arctic zone of the Russian Federation. Within such SEZs, the customs procedure of the free customs zone (FCZ) may be applied, which provides opportunities to conduct economic activities using foreign goods without paying customs duties.

The Customs Code of the Eurasian Economic Union (hereinafter — EAEU) includes Chapter 27 “Customs procedure of the free customs zone” (formerly — FCZ), which provides for significant

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simplifications for SEZ residents (participants) in the application of the FCZ customs procedure, in comparison with other customs procedures, under which foreign goods can be placed, as well as with the mechanism that was in force for the FCZ customs procedure before the adoption of the EAEU Customs Code and related acts of the EAEU and Russia (hereinafter — simplifications)¹.

In order to implement the provisions of the EAEU Code related to simplifications, a decision of the Council of the Eurasian Economic Commission dated December 20, 2017 No. 88 “On certain issues of applying the free customs zone customs procedure” (hereinafter — the Decision) was prepared)².

These acts, in particular, stipulate that in relation to goods placed under the FCZ customs procedure, and (or) goods manufactured (obtained) from goods placed under the FCZ customs procedure, all kinds of operations are allowed on the territory of the SEZ, as well as the possibility of a simplified procedure for completing the FCZ customs procedure and, accordingly, terminating the presence of goods under customs control³.

With regard to the above-mentioned possibility of a simplified procedure for completing the FCZ customs procedure and terminating the presence of goods under customs control, a special term has been introduced into the current regulation — “other consumption”, which covers such operations as expenditure (consumption) of goods during creation, operation, repair and reconstruction of real estate objects on the SEZ territory, operation and (or) maintenance of equipment, expenditure for scientific purposes, etc.⁴

The possibilities for exporting goods placed under the FCZ customs procedure and (or) goods manufactured (obtained) from goods placed under the FCZ customs procedure from the SEZ territory without completing the FCZ customs procedure have also been expanded⁵.

¹ Chapter 27 of the EAEU Customs Code.

² Reshenie Soveta Evraziyskoy ekonomicheskoy komissii ot 20 dekabrya 2017 g. № 88 «O nekotorykh voprosakh primeneniya tamozhennoy protsedury svobodnoy tamozhennoy zony» [Decision of the Council of the Eurasian Economic Commission dated December 20, 2017 No. 88 “On some issues of applying the customs procedure of a free customs zone”]. Reshenie Soveta EEK ot 20.12.2017 № 88. Tamozhennye dokumenty [Decision of the EEC Council dated December 20, 2017 No. 88. Customs documents]. URL: alta.ru (accessed 14 August 2023).

³ Article 129 of the EAEU Customs Code.

⁴ O vnesenii proekta federal'nogo zakona «O vnesenii izmeneniy v ot del'nye zakonodatel'nye akty Rossiyskoy Federatsii, reguliruyushchie primeneniye tamozhennoy protsedury svobodnoy tamozhennoy zony v Rossiyskoy Federatsii» [On introducing the draft federal law “On amendments to certain legislative acts of the Russian Federation regulating the application of the customs procedure of the free customs zone in the Russian Federation”]. № 1148254-7 Zakonoproekt: Sistema obespecheniya zakonodatel'noy deyatel'nosti [No. 1148254-7 Draft law: System for ensuring legislative activity]. URL: дума.gov.ru (accessed 14 August 2023).

⁵ Reshenie Soveta Evraziyskoy ekonomicheskoy komissii ot 25.12.2023 g. № 18 «O vnesenii izmeneniy v Reshenie Soveta Evraziyskoy ekonomicheskoy komissii ot 20.12.2007 g. № 88» [Decision of the Council of the Eurasian Economic Commission dated December 25, 2023 No. 18 “On amendments to the Decision of the Council of the Eurasian Economic Commission dated December 20, 2007 No. 88”]. Reshenie Soveta EEK ot 25.01.2023 № 18 «O vnesenii izmeneniy v Reshenie Soveta Evraziyskoy ekonomicheskoy komissii ot 20 dekabrya 2017 g. N 88». Tamozhennye dokumenty [Decision of the EEC Council dated January 25, 2023 No. 18 “On amendments to the Council Decision Eurasian Economic Commission dated December 20, 2017 N 88”. Customs documents]. URL: alta.ru (accessed 14 August 2023).

This simplification also applies to cases of export of goods from the SEZ to the rest of the Russian territory for own production and technological needs, as well as for processing and manufacturing of goods ⁶.

This simplification may be in demand by Russian organizations — residents (participants) of the territories of advanced development and the Arctic zone of the Russian Federation.

Literature review

This topic seems to be very relevant, which is confirmed by the fact that more than 20 publications in journals and research papers (R&D) are directly related to it. The analysis of previously published works devoted to the problems of state economic policy in relation to SEZs allows us to identify the following areas of research.

Issues of customs control of transport flow through the Arctic zone [1, Komlichenko S.G., pp. 15–18], where the necessity to integrate the RF subjects of the Arctic zone into the unified transport system and into the economic space of the country is noted.

At the same time, tax and customs issues are considered in a limited number of works, the authors of which are Nikulkina I.V. [2, pp. 143–151; 3, pp. 144–153; 4, pp. 153–160; 5, pp. 90–100; 6, pp. 115–124; 7, pp. 29–36; 8, pp. 152–162; 9, pp. 31–36; 10, pp. 64–68; 11, pp. 42–49], Goncharenko L.I. [2, pp. 143–151], Sukneva S.A. [pp. 144–153], Filimonova L.M. [4, pp. 153–160], Grebnik V.V. [12, pp. 4–10].

Regarding the results of the above-mentioned studies, the following can be noted. Thus, Nikulkina I.V. and Filimonova L.M. [4, pp. 153–160] provide proposals for “an adapted set of tax and customs mechanisms for the implementation of state financial policy in the macroregion for the supporting development zones of the Arctic”. These authors propose to introduce a special tax regulation regime in the form of tax preferences and benefits, customs regulation measures, customs simplifications in order to stimulate investment and business activity in the Arctic zone of Russia. However, within the framework of this article, all the proposals are obvious and of a standard nature, but there is no explanation of the simplifications, which ones we are talking about. Similar proposals are presented in [7–11]. Goncharenko L.I. and Nikulkina I.V. [2] also propose a set of tax and customs mechanisms for the implementation of state financial policy in the Arctic. In addition to the measures mentioned in the article [4], they propose measures for small and medium-sized businesses and research activities in the Arctic. It is also proposed to adapt such a tax instrument as an investment tax credit for use in the Arctic zone of the Russian Federation, but it is unlikely that any special mechanisms for its application can be used in this zone. The article by Nikulkina I.V. [5] proposes a set of tax and customs mechanisms and instruments of influence for supporting development zones in the Arctic and for the

⁶ О внесении проекта федерального закона «О внесении изменений в отдельные законодательные акты Российской Федерации, регулирующие применение таможенной процедуры свободного таможенного зоны в Российской Федерации» [On introducing the draft federal law “On amendments to certain legislative acts of the Russian Federation regulating the application of the customs procedure of the free customs zone in the Russian Federation”]. № 1148254-7 Законопроект: Система обеспечения законодательной деятельности [No. 1148254-7 Draft law: System for ensuring legislative activity]. URL: duma.gov.ru (accessed 14 August 2023).

reference ports of the Northern Sea Route (member organizations implementing infrastructure investment projects and projects for modernization and creation of new industries in the Arctic). These measures are given in Table 1, but it seems that they largely coincide with the traditional tools that are used for the development of special territories.

The works of economists Grebenik V.V. and Nikulkina I.V. [6, 12] offer comparable proposals for tax incentives for the exploration and development of the Arctic zone of the Russian Federation. Thus, it is proposed to use a special tax regime for international activities, as well as a general regime. In order to address environmental issues, these authors propose the introduction of an ecological tax and the creation of an environmental fund of the Arctic. Of scientific interest is the proposal of the above-mentioned authors to establish a new special customs procedure, which would provide for exemption from customs duties and VAT for certain categories of imported goods. However, speaking about the practical aspects of this proposal, it should be noted that it is not based on the current regulation, which makes it possible to use other development tools, including the FCZ customs procedure provided for by the Customs Code of the Eurasian Union. In more detail, the main views on the issue under study by leading scientists in this field are presented in Table 1.

Table 1

Main views on the issue under study by leading scientists in this field⁷

Scientists	Scientific views
Nikulkina I.V., Filimonova L.M. [4]	The article proposes “an adapted set of tax and customs mechanisms for the implementation of state financial policy in the macro-region for the supporting development zones in the Arctic, involving the introduction of a special tax regulation regime in the form of tax preferences and benefits, customs regulation measures, customs simplifications in order to stimulate investment and business activity in Arctic zone of Russia, as well as improving the quality of life of the population in the Arctic” [4].
Goncharenko L.I., Nikulkina I.V. [2]	The article proposes the following measures: “tax and non-tax incentives for: small and medium-sized businesses; organizations carrying out research activities in the Arctic; economically active population working in the Arctic zone of the Russian Federation” [2]. It also recommends “similar measures in the form of tax incentives for a number of taxes and reduced rates of insurance premiums, “Arctic” investment tax credit” [2].
Nikulkina I.V. [5, 6, 7, 8, 9, 10, 11]	The article proposes “a set of tax and customs mechanisms and instruments of influence for the supporting development zones in the Arctic and for the reference ports of the Northern Sea Route” [5, p. 96]. It also proposes “a special procedure for taxation and customs regulation in the development of the Arctic zone of the Russian Federation, aimed at stimulating investment and business activities in the supporting development zones in the Arctic and the reference ports of the Northern Sea Route” [8]. As measures, the author proposes also “a special tax regime (here-

⁷ Source: compiled by the authors.

	<p>inafter — STR) for small businesses carrying out commercial activities in the Arctic zone of the Russian Federation; tax holidays and the establishment of a minimum tax under the STR” [10]. In addition to the above, the author recommends “introducing a special customs procedure for the subjects of the Arctic zone of the Russian Federation” [9]. We will consider this in more detail below.</p> <p>The article [6] proposes to “introduce an ecological tax and create an environmental fund of the Arctic” [6]. In articles [7, 11], the author talks about the need to “apply tax benefits for VAT when importing goods into the customs territory of the Russian Federation: goods — raw materials, materials, technological equipment (except for excisable goods) — for their use in export production or import substitution, according to list approved by the Government of the Russian Federation” [7, 11]. In addition, “it is proposed to widely use the stimulating function of customs duties, including in the form of tariff benefits (refund of previously paid duties, exemption from duty payments, reduction of duty rates, establishment of tariff quotas for preferential import (export) of goods)” [7, 11].</p>
<p>Grebenik V.V., Nikulkina I.V. [12]</p>	<p>In the article, the authors propose to introduce “STR both for the zone as a whole and for participants in foreign economic activity; make changes to the general taxation regime; introduce an ecological tax and create an environmental fund of the Arctic; introduce simplified customs procedures for participants of the innovative project “Arctic”” [12].</p>

It is also necessary to present the two most complete diagrams from the works of these authors, which systematically show their views on the transformation of the process under study (Fig. 1 and 2).

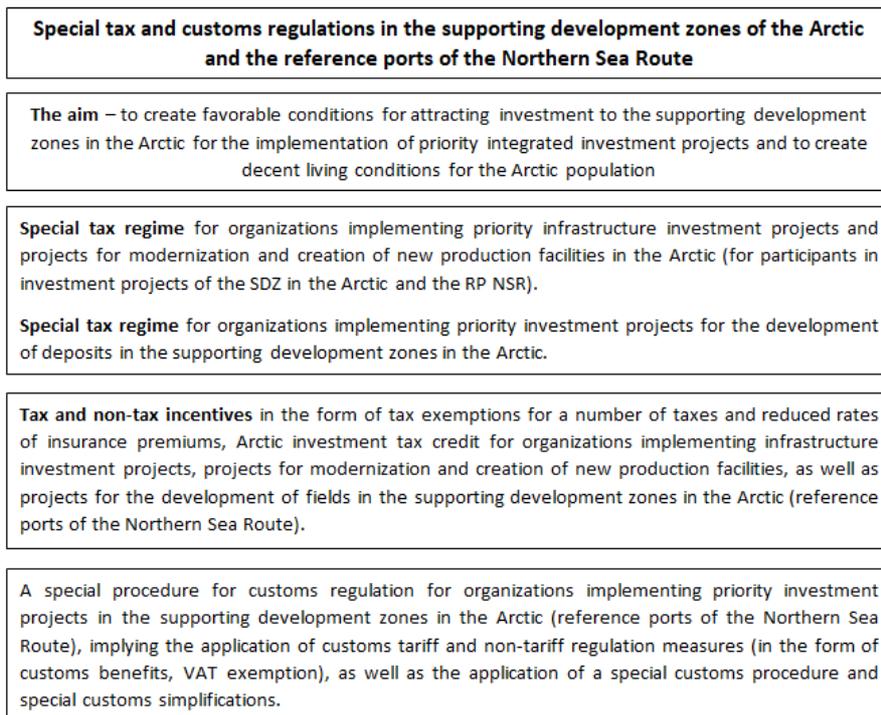


Fig. 1. Special procedure of taxation and customs regulation in the development of the Arctic zone of the Russian Federation [8, p. 160].

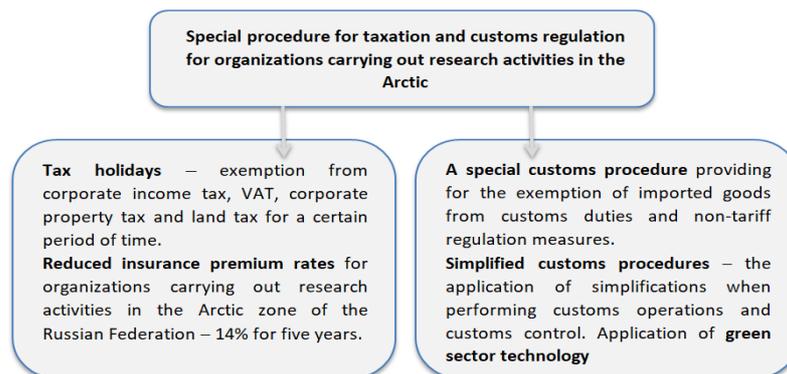


Fig. 2. The main elements of a special procedure for taxation and customs regulation for organizations carrying out research activities in the Arctic zone [2, p. 149].

According to the results of the analysis of previously published works, it can be noted that despite the fact that these works cover a wide range of SEZ development tools, it appears that one of the undeveloped areas is a set of issues regarding the application of the FCZ customs procedure in the Arctic.

The importance of understanding the specifics of the application of the FCZ customs procedure in the Arctic is related, among other things, to the fact that, as noted above, the current regulation offers a large number of tools aimed at providing economic entities — residents and participants of SEZs — with a wide range of simplifications that can be used within the framework of the FCZ customs procedure. However, as the analysis of the practice of application shows, these simplifications, being potentially in demand, are currently not used sufficiently, which may be due, as it seems to the authors of the proposed article, to an insufficient understanding of the mechanism of the FCZ customs procedure.

Taking into account the above, the aim of the study is the scientific and practical development of the mechanism for the operation of the FCZ customs procedures in the Arctic.

The research methodology:

- economic methods — for determining the status of goods placed under the FCZ customs procedure;
- analytical method — for studying special territories — SEZs, where goods can be placed under the FCZ customs procedure;
- generalization method — for systematization of scientific knowledge on the study of the essence and main advantages of the FCZ customs procedure;
- comparison method — for studying additional simplifications that SEZ residents can use.

Results and discussions

FCZ customs procedure — essence and main advantages

In customs relations, goods transported across the customs border of the Eurasian Economic Union (hereinafter — the EAEU, the Union) are usually placed under one of the legally established customs procedures. The exception is cases when special simplifications may be provid-

ed for certain categories of goods, such as, for example, the specific procedure and conditions for transporting goods for personal use across the customs border of the EAEU⁸.

The choice of customs procedure is carried out by the participant of foreign economic activity (FEA) independently. To a large extent, it is the customs procedure under which the goods are placed that determines the set of rights and obligations of FEA participant in relation to the goods with which he works.

The Customs Code of the EAEU defines the FCZ customs procedure as a customs procedure applied to foreign goods and goods of the Union, according to which such goods are placed and used within the territory of a special (free) economic zone (SEZ) or its part without payment customs duties, taxes (hereinafter — customs payments), special, anti-dumping, countervailing duties (hereinafter — special duties) subject to the conditions for placing goods under this customs procedure and their use in accordance with such a customs procedure. The FCZ customs procedure includes goods intended for placement and (or) use by residents (participants, subjects — SEZ residents) of the SEZ on the territory of the SEZ for the purpose of carrying out business and other activities in accordance with the agreement on carrying out (conducting) activities in the territory of the SEZ (agreement on the conditions of activity in the SEZ, investment declaration, entrepreneurial program), unless otherwise established by the legislation of a member state of the Union in relation to goods placed under the FCZ customs procedure for placement and (or) use in the territories of individual SEZs, created on the territory of such a state⁹.

With regard to the above definition, we can highlight the following circumstances characterizing the FCZ customs procedure, which seem to be significant.

1. In general, the application of the FCZ customs procedure is possible in relation to goods that have both the status of “Union goods” and the status of “foreign goods” in the customs sphere;

2. The possibility of placing goods under the FCZ customs procedure within a special territory — a “special (free) economic zone”, or a territory equivalent to it (SEZ), and in general — by special persons who are SEZ residents, within the framework of the purposes that are designated in agreements concluded with them on conducting activities in the SEZ;

3. The absence of necessity to pay customs payments and special duties when placing goods located on the SEZ territory under the FCZ customs procedure;

4. The need to comply with the legally established conditions for placing goods under the FCZ customs procedure and their use in accordance with the analyzed customs procedure.

In order to demonstrate the advantages — simplifications provided to SEZ residents as part of their application of the FCZ customs procedure, we will compare the FCZ customs procedure with other customs procedures most often used for foreign goods, namely the customs procedure

⁸ Chapter 37 of the EAEU Customs Code.

⁹ Clauses 1 and 2 of Article 201 of the EAEU Customs Code.

of release for domestic consumption and the customs procedure of temporary import (admission) (Table 2).

Table 2

Comparative characteristics of customs procedures

Customs procedure	Necessity to pay customs duties based on the taxation conditions established for the customs procedure	Necessity to complete the customs procedure	Possibility to perform operations with goods placed under the customs procedure
Release for domestic consumption	Customs duties are paid in full amount	No	Any operations
Temporary import (admission)	Customs duties are paid monthly at the rate of 3% of the total amount	The customs procedure must be completed. Maximum validity period — 2 years	Any operations other than transfer of goods
FCZ	Customs duties are not paid	The customs procedure must be completed only if the goods are exported from the SEZ. In the absence of export, goods can remain under the FCZ customs procedure for an unlimited period of time	Any operations, in some SEZs transfer of goods is possible

Based on the data in the table above, we will consider in detail the most significant of the above-mentioned circumstances in relation to economic activity in the Arctic zone of the Russian Federation.

Status of goods placed under the FCZ customs procedure

In customs relations, any movable property, including currency of the Union member states, securities and (or) currency values, traveller's cheques, electric energy, as well as other transportable things equated to immovable property, are considered as goods¹⁰.

At the same time, goods have such a characteristic as "status" in the customs sphere. In terms of status, all goods must be either "Union goods" or "foreign goods".

Union goods are the following goods located in the customs territory of the Union:

- fully produced (extracted, obtained, grown) in the customs territory of the Union;
- acquired the status of goods of the Union, or recognized as goods of the Union in accordance with the EAEU Code, or before its entry into force;
- produced (manufactured) in one or several EAEU member states from the goods specified above;
- exported from the customs territory of the Union and retaining the status of Union goods in accordance with the Customs Code of the EAEU.

¹⁰ Subclause 45 of clause 1 of Article 2 of the EAEU Customs Code.

Examples of Union goods, in addition to goods produced on the territory of the Union member states, are goods that were imported from abroad, that is, the country of origin of such goods is a country outside the Union, and are placed under the customs procedure of release for domestic consumption without providing benefits that stipulate restrictions on use in economic turnover [13, Andreeva M.Yu., Barinov A.Ya., Borodavkina N.Yu., et al., p. 251].

The status of “foreign goods” is given to goods that are not Union goods, including those that have lost the status of Union goods in accordance with the Customs Code of the EAEU, as well as goods that have acquired the status of foreign goods (recognized as foreign goods) in accordance with the Customs Code of the EAEU ¹¹.

Taking into account the fact that, in general, both Union goods and foreign goods can be placed under the FCZ customs procedure, both categories can be used (involved) in carrying out operations permitted in relation to goods placed under the FCZ customs procedure.

Such an approach, as it seems, is aimed at and makes it possible to create more favorable conditions for economic activity under the FCZ customs procedure when used in SEZs created in the Arctic zone of the Russian Federation.

It seems appropriate to pay special attention to the status of goods manufactured (obtained) from goods placed under the FCZ customs procedure.

With regard to the status of such goods, special rules have been established, according to which goods manufactured (obtained) from foreign goods placed under the FCZ customs procedure acquire the status of foreign goods ¹².

The status of Union goods is acquired only by goods manufactured (obtained) from Union goods placed under the FCZ customs procedure, as well as goods manufactured (obtained) from goods of the Union placed under the FCZ customs procedure, and goods of the Union not placed under the FCZ customs procedure ¹³.

The above norms of the EAEU Code are based on the provisions of paragraph 1124 of the Report of the Working Group on the Accession of the Russian Federation to the World Trade Organization ¹⁴, which provides the following.

Goods imported into the SEZ in the Russian Federation in accordance with the provisions that establish exemption from customs duties will be subject to customs duties and customs formalities when imported into the rest of the customs territory of the Union unchanged, or after processing in the SEZ, without exception. The Russian Federation will not recognize such goods as Union goods if they were not subject to customs duties and customs formalities at the time of their release for free circulation in the rest of the customs territory of the Union, and will take

¹¹ Subclause 12 of clause 1 of Article 2 of the EAEU Customs Code.

¹² Clause 9 of Article 201 of the EAEU Customs Code.

¹³ Clause 8 of Article 201 of the EAEU Customs Code.

¹⁴ Report of the Working Group on the accession of the Russian Federation to the World Trade Organization (accepted November 16, 2011 — November 17, 2011). Consultant Plus. Section "International legal acts". The document was not officially published (information provided by the Consultant Plus group of companies).

measures to ensure that any agreements or Union decisions related to the SEZ were subject to changes in order to comply with the requirements of the World Trade Organization (hereinafter — WTO)¹⁵.

Thus, the norms of Union law and Russia's obligations in the WTO stipulate that goods, that is, finished products manufactured (obtained) in the SEZ territory using foreign goods placed under the FCZ customs procedure, must acquire the status of foreign goods.

According to subparagraph 1 of paragraph 6 of Article 207 of the Customs Code of the EAEU, for the export of such goods from the SEZ territory to the rest of the customs territory of the Union, the effect of the FCZ customs procedure is completed by placement under the customs procedures used for foreign goods (subparagraphs 1, 4, 5, 7, 10, 14–16 of paragraph 2 of Article 127 of the Customs Code of the EAEU).

As a rule, in this case we are talking about the customs procedure for release for domestic consumption, which provides for the taxation of goods with customs duties, as shown in Table 1 [14, Artemyev A.A., p. 66–73].

At the same time, the current regulation makes it possible to calculate and pay customs duties in relation to finished products imported from the SEZ to the rest of the customs territory of the Union, based on the identification of the “foreign component” placed under the FCZ customs procedure.

Thus, if such identification is available, customs payments are calculated in relation to foreign goods placed under the FCZ customs procedure and used for the manufacture of goods made (obtained) from foreign goods placed under the FCZ customs procedure (finished products). If, in relation to finished products, there is no identification of foreign goods placed under the FCZ customs procedure, customs duties are calculated and paid in respect of goods manufactured (received) from foreign goods placed under the FCZ customs procedure (finished products)¹⁶.

Thus, the taxation mechanism provided for by the current regulation, based on the identification of the “foreign component” in finished products produced in the SEZ, can be used to formulate taxation with customs duties, ensuring optimal conditions for activity in the SEZ territory. The considered mechanism, according to the authors, is part of the system of simplifications provided for SEZ residents, whose activities are focused on the supply of finished products produced in the SEZ to the rest of the customs territory of the Union.

In addition, an important aspect of the FCZ customs procedure and the status of goods in relation to the SEZ in the Arctic zone of the Russian Federation is the following.

As the results of the analysis show, in most cases, SEZ residents in the Arctic zone of the Russian Federation focus their activities on the extraction of minerals and their processing. As part

¹⁵ Report of the Working Group on the accession of the Russian Federation to the World Trade Organization (accepted November 16, 2011 — November 17, 2011). Consultant Plus. Section "International legal acts". The document was not officially published (information provided by the Consultant Plus group of companies).

¹⁶ Subclauses 1 and 2 of clause 2 of Article 209 of the Customs Code of the EAEU.

of such activities, as a rule, there is the use of foreign goods placed under the FCZ customs procedure, which are equipment.

In this case, when exporting finished products manufactured (obtained) in the SEZ territory to the rest of the customs territory of the Union, such goods should be considered as Union goods; identification of the “foreign component” in them is not required.

The considered mechanism seems to be an important tool allowing to conduct production activities in SEZs using foreign goods (equipment), while obtaining goods (for example, minerals) that are Union goods and, accordingly, imported into the rest of the customs territory of the Union without taxation by customs duties.

Special territories in which goods can be placed under the FCZ customs procedure

In the sphere of customs legal relations, the Agreement on free (special, exclusive) economic zones on the customs territory of the Union and the FCZ customs procedure dated June 18, 2010 (hereinafter — Agreement) established that a free (special, exclusive) economic zone (formerly in the article — SEZ) is a part of the territory of a member state of the Union within the limits established by the legislation of a member state of the Union, in which a special (special legal) regime for carrying out business and other activities is in effect, and the FCZ customs procedure can also be applied¹⁷.

A SEZ resident (participant) is a legal entity or individual entrepreneur registered on the territory of a member state of the Union in the manner established by the legislation of that state and included in the register of SEZ residents (subparagraph 4 of paragraph 1 of Article 1 of the SEZ Agreement)¹⁸.

In Russia, as a member state of the Union, SEZs, based on the peculiarities of their legislative regulation, can be conditionally divided into several types, namely: “classical” SEZs; SEZs of “territorial” type, such as: “Kaliningrad”, “Magadan” and “Crimean”; SEZ of the “Far East-Arctic” type, to which the authors include the free port of Vladivostok, priority development areas and the “Arctic” SEZ [15, Sidorova E.Yu., Artemyev A.A., p. 1438].

With regard to the activities in the Arctic zone of Russia, the placement of goods under the FCZ customs procedure can be carried out in the SEZ of the “Far East-Arctic type”, operating in accordance with federal laws of July 13, 2020 No. 193-FZ “On state support for business activities in the Arctic zone of the Russian Federation”, dated December 29, 2014 No. 473-FZ “On territories of advanced development of the Russian Federation” and dated July 13, 2015 No. 212-FZ “On the free port of Vladivostok”¹⁹.

¹⁷ Subclause 1 of Clause 1 of Article 1 of the Agreement. Consultant Plus. Section “Legislation”.

¹⁸ Subclause 4 of Clause 1 of Article 1 of the Agreement. Consultant Plus. Section “Legislation”.

¹⁹ Federal'nyy zakon «O gosudarstvennoy podderzhke predprinimatel'skoy deyatel'nosti v Arkticheskoy zone Rossiyskoy Federatsii» ot 13.07.2020 N 193-FZ [Federal Law “On State Support of Entrepreneurial Activities in the Arctic Zone of the Russian Federation” dated July 13, 2020 No. 193-FZ]. Federal'nyy zakon «O gosudarstvennoy podderzhke predprinimatel'skoy deyatel'nosti v Arkticheskoy zone Rossiyskoy Federatsii» ot 13.07.2020 N 193-FZ (poslednyaya redaktsiya) [Federal Law “On State Support of Entrepreneurial Activities in the Arctic Zone of the Russian

The analysis shows that the creation of such SEZs is part of the global trend, as many countries are making attempts to form sustainable clusters of economic growth and development with the help of SEZs created in hard-to-reach, including “northern” territories.

Attention should be paid to the views expressed on the advisability of creating so-called “international” SEZs, in which foreign people could work, based on the legislation of the countries in which they are registered.

As noted above, the law of the Union provides that a person applying for inclusion in the register of SEZ residents and conducting activities as a SEZ resident must be registered in accordance with the legislation of the Union member state on whose territory the corresponding SEZ was created.

Consequently, the proposals providing for the application of the FCZ customs procedure in the international SEZ in strict accordance with the law of the EAEU and the legislation of the Russian Federation deserve support. In this case, a legal entity that is a commercial organization, the state registration of which was carried out in accordance with the legislation of the Russian Federation, can be recognized as a resident of an international SEZ.

Taking into account the requirements of the Union law, which stipulates that a person who applies for inclusion in the register of SEZ residents and conducting activities as a SEZ resident must be registered in accordance with the legislation of the Union member state on whose territory the corresponding SEZ was created, we believe that when developing initiatives (proposals) providing for the creation of international (cross-border) SEZs with the possibility of carrying out activities in them as residents (participants) of foreign entities, the FCZ customs procedure should not be used in such SEZs.

Additional simplifications available to SEZ residents

As noted above, current regulation provides for the possibility of creating SEZs in the Arctic (for example, advanced development territories and the Arctic zone of the Russian Federation). On the territory of the SEZ, the FCZ customs procedure can be applied, which makes it possible to conduct business activities using foreign goods without paying customs duties.

The EAEU Customs Code includes Chapter 27 “Customs procedure of a free customs zone” (FCZ), which establishes the conditions for the presence of goods under the FCZ customs procedure, such as the presence of goods in a special territory, intended use, etc.

Federation” dated July 07, 2020 No. 193-FZ (latest edition)]. URL: consultant.ru (accessed 14 August 2023); Federal'nyy zakon «O territoriyakh operezhayushchego sotsial'no-ekonomicheskogo razvitiya v Rossiyskoy Federatsii» ot 29.12.2014 N 473-FZ [Federal Law “On territories of rapid socio-economic development in the Russian Federation” dated December 29, 2014 No. 473-FZ]. Federal'nyy zakon «O territoriyakh operezhayushchego sotsial'no-ekonomicheskogo razvitiya v Rossiyskoy Federatsii» ot 29.12.2014 N 473-FZ (poslednyaya redaktsiya) [Federal Law “On territories of rapid socio-economic development in the Russian Federation” dated December 29, 2014 No. 473-FZ (latest edition)]. URL: consultant.ru (accessed 14 August 2023); Federal'nyy zakon «O svobodnom porte Vladivostok» ot 13.07.2015 N 212-FZ (poslednyaya redaktsiya) [Federal Law “On the Free Port of Vladivostok” dated July 13, 2015 No. 212-FZ (latest edition)]. URL: consultant.ru (accessed 14 August 2023).

At the same time, the law of the Union and the federal laws adopted in accordance with it on the “Far East-Arctic SEZ” for residents (participants) of the SEZ provide for significant simplifications in the procedure for applying the FCZ customs procedure (hereinafter — simplifications).

In order to implement the provisions of the EAEU Code related to simplifications, a decision of the Council of the Eurasian Economic Commission dated December 20, 2017 No. 88 “On some issues of applying the customs procedure of a free customs zone” (hereinafter — the Decision) was prepared)²⁰.

These acts, in particular, provide that in relation to goods placed under the FCZ customs procedure, and (or) goods manufactured (obtained) from goods placed under the FCZ customs procedure, any operations are allowed to be carried out on the territory of the SEZ, including consumption of goods other than the consumption of goods during operations for the processing of goods placed under the FCZ customs procedure (hereinafter — other consumption of goods).

For other consumption of goods, a simplified procedure has been established for completing the FCZ customs procedure and, accordingly, terminating the presence of goods under customs control²¹.

This simplification also applies to such cases of other consumption of goods as consumption of goods during the creation, operation, repair and reconstruction of real estate objects in the SEZ territory, operation and (or) maintenance of equipment, consumption for scientific purposes, etc.

The possibilities for exporting goods placed under the FCZ customs procedure and (or) goods manufactured (obtained) from goods placed under the FCZ customs procedure from the territory of the SEZ without completing the FCZ customs procedure have also been expanded.

This simplification also applies to cases of export of goods from the territory of the SEZ to the rest of the territory of Russia for own production and technological needs, as well as for carrying out operations for processing, manufacturing of goods.

This simplification can be practically in demand by Russian organizations — residents (participants) of the territories of advanced development and the Arctic zone of the Russian Federation.

Research results

1. The use of special territories, such as special (free) economic zones, where the customs procedure of a free customs zone (FCZ) can be applied, is an important instrument of state economic policy, which is aimed, among other things, at creating comfortable conditions for taxation of foreign goods by customs payments, used in such territories within the framework of the FCZ customs procedure.

²⁰ Decision of the Council of the Eurasian Economic Commission dated December 20, 2017 No. 88 “On some issues of applying the customs procedure of a free customs zone”. Decision of the EEC Council dated December 20, 2017 No. 88. Customs documents. URL: alta.ru (accessed 14 August 2023).

²¹ Article 129 of the EAEU Customs Code.

2. Issues regarding the status of goods manufactured in the SEZ using foreign goods that are placed under the FCZ customs procedure are largely related to Russia's international obligations that underlie the current regulation.

3. The practical use of the analyzed simplifications, the complex of which is established in the Customs Code of the EAEU and the national laws of the Russian Federation adopted in accordance with it for various types of SEZs, creates conditions for SEZ residents to conduct their activities more efficiently.

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