



e waste
swiss e-waste competence



Summary report

Procedures for electronic equipment of STP-units

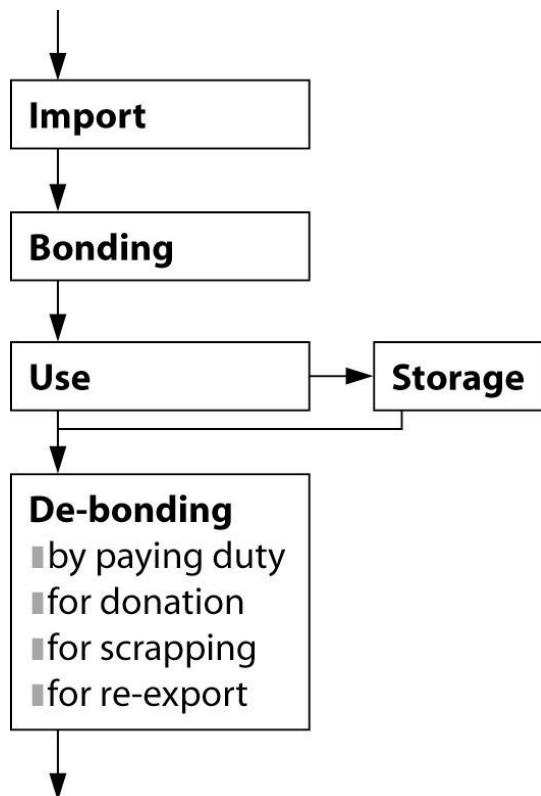
(21st September 2007, Donald Sigrist)

Content

A	Introduction	3
B	De-bonding of electronic equipment	4
B.1	De-bonding by paying duty.....	4
B.2	De-bonding for donation	4
B.3	De-bonding for scrapping/destruction	4
B.4	De-bonding for re-export.....	5
B.5	Storage of e-waste instead of de-bonding	5
B.6	When can I «de-bond»?.....	5

A Introduction

The import, the bonding and the de-bonding of corporate equipment of STP-units are well defined, straight-forward procedures. The involved institutions are STPI and the custom authorities. The most important documents are the bond register and the CG-balance (bonded capital goods balance). In the bond register all the bonded goods of a company are listed (e.g. for a computer the serial number, date of import, etc.). In the CG-balance the actual value of all the bonded corporate capital goods can be found. A company will get in trouble if it does not care about keeping the needed documents up-to-date (bond register, CG-balance, bills of entry, STPI approvals, etc.). This seems to be the reason for some companies having problems with bonding and de-bonding of corporate equipment.



B De-bonding of electronic equipment

B.1 De-bonding by paying duty

If a company fulfils the minimum export performance ("Positive Net Foreign Exchange Earnings") and the export obligation it has the possibility to de-bond electronic equipment by paying duty. The standard depreciation time for such equipment is set to 5 years. The later the company de-bond the equipment the lower is the duty on it. The duties on most electronic office equipment have been reduced to a minimum in 2004 (normally it is only a nominal duty which is 5% or even lower). After 5 years or even before, the de-bonding of equipment bought after 2004 costs almost nothing. And even equipment bought before 2004 can be de-bonded after five years by paying low duty on the residual value of the equipment.

The advantage of de-bonding by paying duty is that the company can use the obsolete equipment for any purpose (sell, personal use, etc.). This could be a reason why companies store their obsolete equipment until it is depreciated.

B.2 De-bonding for donation

Equipment like computers and some peripherals (monitor, keyboard, printer, etc.) can be donated to public institutions (schools, hospitals, libraries) or non-profit organizations without paying any duty. A company can do this two years after import or later and it does not need to fulfil the export obligation for the balance period. According to the experience of STPI de-bonding for donation is one of the most frequent chosen way to de-bond electronic equipment (pre-condition: equipment has to be suitable for donations, see above). After getting the NOC (no objections certificate) from STPI, the company can donate the equipment. From this point, STPI is no more responsible for the equipment.

The company has to make sure, that the donated equipment is not misused for commercial purposes within 5 years from the date of the receipt of the said goods from the donor. The customs make random checkups and do not accept any exception. This is the reason that some companies hesitate to donate their equipment. For a big company it is maybe affordable to have a monitoring system but not for a small company. Unfortunately it is not possible to "outsource" the donation, the responsibility can not be transferred (e.g. to an NGO). For this reason there are some companies which de-bond their material by paying duty (actually the pay almost nothing, see above) and donate it afterwards. In this case, the company is no more responsible for the equipment.

B.3 De-bonding for scrapping/destruction

After fulfilling the minimum export performance and the export obligation a company has the possibility to scrap its equipment if it has become obsolete. The company has not to wait 5 years to go for this procedure. If there is a reasonable proof that the equipment has become obsolete for the company, STPI will issue the NOC for scrapping/destruction. With the NOC from STPI the company can

approach the customs (STPI is no more responsible for the equipment). The customs will supervise the destruction of the equipment since they want to make sure that it can not be reused. If the equipment is sold to a recycler, the company has to pay applicable duties (September 2007: 25%) on the price of sale. This is the reason why the customs are interested to know the prices for e-waste.

B.4 De-bonding for re-export

A company has the possibility to re-export its equipment. Certainly, it can be re-exported for replacement, for repair and return. If the equipment becomes obsolete and the company fulfils the minimum export performance and the export obligation it can re-export the equipment back to the supplier/client/parent company without paying duty.

B.5 Storage of e-waste instead of de-bonding

Certainly, the company has the possibility to store its e-waste without de-bonding (normally for 5 years after import). In this case it is important to keep the needed forms up-to-date and to have a monitored inventory. After 5 years the customs will approach the company. If the equipment is not de-bonded, the company has to pay duty on the residual value.

B.6 When can I «de-bond»?

Except for donations which can be made after two years, there is no prescribed time a company has to wait until it can de-bond its equipment even if it is for scrapping. At any time STPI will accept reasonable proof that the corporate equipment has become obsolete.

The de-bonding requests are treated individually but the company can always follow the same straight forward procedure: After getting the No Objections Certificate (NOC) from STPI it can approach Customs to finalize the de-bonding.

► For any open question companies can contact STPI and Customs.