

## Harmonization of Ukraine's Customs Legislation with EU Standards

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The article discusses the issue of adapting customs legislation to EU standards. The authors show what changes have been made for the integration of Ukraine into the European Community, and at the same time justify the prospective directions of improving the customs legislation of Ukraine for accelerated integration with the EU. In conclusion, the authors suggest that digitization, the implementation of EU requirements for the IT system, and the adoption of a new Customs Code in accordance with EU requirements should be promising areas of integration. The research was based on the legal edition as of March 5, 2024.

**Keywords:** harmonization, customs legislation, EU norms, digitalization, legal support, automation

**JEL Classification:** K34

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The unification of customs rules is one of the measures to increase the profitability of the enterprise and the growth of revenues to the budget. Ukraine considers its EU membership as an important step in the continuation of democratic transformations and the acquisition of membership in the EU will be a sign that Ukraine has reached European standards of living. In order to become a member of the EU, Ukraine must bring its legislation in the field of medical care, business activities, taxation, and crossing the customs border closer to European standards. On June 23, 2023, 27 countries of the European Parliament decided to grant Ukraine

the status of a candidate state for EU membership. This was a significant victory for Ukraine, since at the end of the 90s of the 20th century it began to work fruitfully on EU membership and take measures to approximate its legislation in the field of electoral law, justice, the formation of democratic values, in particular, the formation of human and citizen rights and freedoms. A large amount of work of the Ukrainian government for the EU accession consists in reforming the country despite the war in order to obtain the membership in the shortest possible time. Preparation for EU membership involves the completion of a compre-

hensive transformation of all spheres of Ukrainian life, which will create living conditions according to the principles of the European Union, aimed at protecting the interests of citizens and businesses. The reform will create conditions for Ukrainians to approach the standard of living and legal protection as in other EU countries.

Approaching the system of state management in all spheres, the Ukrainian government can count on consulting assistance from the European Commission. Acquiring the status of a candidate country opens up opportunities for obtaining financial assistance for the purpose of reforming the society, legal support, and the economy to accelerate integration processes. At the same time, having received the status of a candidate country, reform processes in Ukraine have become a priority for the EU.

Financial assistance will be available to Ukraine for countries that are preparing to join the EU (Instrument for Pre-Accession Assistance, IPA). Such assistance is provided in the form of grants, investments or, if necessary, in the form of technical assistance. In addition, after obtaining the status, Ukraine has an opportunity to participate in EU programmes and initiatives. An important role in integration processes is played by the activities of customs authorities as a factor that should accelerate integration processes, which will consist in transparency, safety, convenience, speed, and comfort of implementation of customs regulations regarding customs guarantees, simplification of customs formalities, expansion of the use of the procedure joint transit between countries (including between Ukraine and EU member states). The relevance of this study is due to the fact that after Ukraine becomes a member, it should become the eastern border of the EU.

## Literature review

Such Ukrainian scientists as K. Sandrovskiy, C. Perepiolkin, I. Berezhniuk, S. Slivka, B. Kormych, R. Voynovich, and P. Pashko have devoted their work to the issues and problems of introducing foreign experience into the activities of the customs au-

thorities of Ukraine and customs regulation. Taking into account Ukraine's prospective membership in the EU, the establishment of uniform customs rules with the countries of the European Union (hereinafter referred to as the EU) is a priority task for our country. Customs reform in this direction will not only contribute to the improvement of economic ties, but will also improve the image of our country on the international arena.

Various aspects of reforming the customs legislation of Ukraine have been considered by such scientists as V.V. Varava, Honcharuk, M.M. Dorosh, N.A. Lipovska, A.V. Mazur, V.P. Martyniuk, V.B. Marchenko, V.M. Melnyk, and many others. At the same time, there is no scientific work in the field of customs law that would reveal the current stage of transformation of customs legislation of Ukraine during the transition from a candidate country to a member of the EU. The purpose of the article is to investigate current issues of reforming the Ukrainian customs law in the context of European integration.

## Research methods

While writing of the article, the methods of comparison (by proposing the implementation of best practices in Ukraine taking into account the Ukrainian realities in the customs sphere), analysis (current analysis of the fight against corruption in customs authorities), and synthesis (unification of directions for improving the activities of customs authorities) were used. The application of these methods aptly reveals the problems faced by Ukraine in the direction of the integration of the customs system of Ukraine into the European community.

## Results

### The current state of activity of the customs authorities of Ukraine

The Ukrainian choice is the European integration of Ukraine into the European community in

the shortest possible time, therefore, preparatory processes for joining the EU in the field of customs are being strengthened. This work is important and difficult. After all, it is necessary, on the one hand, to comply with European procedures regarding the unification of customs legislation, and on the other hand, to take into account the realities of Ukrainian life and the needs of domestic business in the new Customs Code of Ukraine. At the same time, uninterrupted work of the customs office must be ensured: avoiding the stoppage of goods turnover or movement across borders for even a moment.

Considering the irreversible path to Ukraine's European integration with EU countries, harmonization of our legislation with European legislation has become an urgent issue that will ensure Ukraine's EU membership.

The urgent task of modern customs authorities of Ukraine is to promote international trade. The application of European practices of simplifying customs formalities and reducing the time of registration of goods and vehicles will contribute to the intensification of export-import operations at the Ukrainian border. An important role in the process of European integration is played by European colleagues who provide professional and technical assistance, which they have been doing for a long time.

Harmonization is the stage of adaptation of customs legislation, within the framework of which common legal principles are formed, through which legal standards of a universal character are subsequently approved, that is, developed by Ukraine together with European institutions.

In order to implement the Plan for the Harmonization of Customs Legislation to EU Standards, the rules for customs control and customs clearance of goods in the export and import regime have changed since November 7, 2023. Currently, goods must be delivered to the customs control zone of customs, where customs clearance will be carried out. In addition, according to the Customs Code of Ukraine, in accordance with the amendments made to the Customs Code of Ukraine, export cargo must be presented to the customs. The business

community states that obtaining simplification is quite difficult, since the criteria for obtaining such a status are quite demanding, related to financial support, improvement of the accounting system, which also requires financial resources from the owner of exported goods. Such a situation has created the need to present the exported cargo to the customs authorities. Accordingly, customs authorities are modernizing their infrastructure to ensure customs inspection of exported cargo. To avoid queues, the existing infrastructure of customs terminals has been prepared taking into account the increase in the number of trucks requiring customs checks. Additional customs control zones are being created to avoid overpayments for commercial customs terminals, as the opening of additional state-owned zones will provide free access to customs control.

The business community hopes that after the adoption of the changes (which will simplify the procedure for obtaining an AEO), the number of companies that will be able to receive the simplification will significantly increase.

At the same time, experts at EVA insist on simplifying and reducing the criteria for the financial stability of the applicant company and the requirements for the preservation of information.

### **Perspective direction of improving customs legislation**

The National Revenue Strategy for 2024–2030 was adopted by the Government of Ukraine on December 27, 2023. It provides for the reform of the work of the customs authorities, which will consist in the transformation of the Ukrainian customs into the eastern customs of the EU and harmonization of Ukrainian customs legislation with EU customs norms. Improving the activities of customs authorities is a component of a series of initiatives to reform the customs system of Ukraine. The basic element of the renewal should be the development and adoption of the Customs Code of Ukraine on the basis of the EU Customs Code. At the same time, attention is expected to be paid to strengthening legal support in the field. This direction will

cover the bringing of Ukrainian norms to the EU regarding criminal liability for smuggling, incorrect or unreliable declaration of goods and vehicles, as well as giving customs authorities the right to pre-trial investigation of smuggling and conducting operational and investigative activities by customs authorities. The implementation of measures to criminalize smuggling, the granting of pre-trial investigation authority, and the adoption of the new Customs Code in accordance with EU norms will ensure the implementation of customs administrative reform and contribute to the integration of Ukraine into a single economic and regulatory space in the EU, strengthening its position as an eastern customs partner. The adoption of such a strategy was one of the conditions of the IMF for receiving extended financing of the EFF of Ukraine in the amount of 15.6 billion dollars. The Foundation constantly emphasizes that the government of our country should strengthen its capacity to collect taxes and customs duties. However, since February 24, 2022, Ukraine has been currently unable to strengthen its own capabilities, taking into account the Russian invasion and constant hostilities on the territory of Ukraine.

The main topics for the harmonization of Ukrainian customs to EU norms are the IT system, the organization of support services, the introduction of the export control system (AES), and the electronic customs declaration system. The preparation of the Customs Code is aimed at fulfilling the requirements for Ukraine as a candidate country for joining the EU.

Harmonization of the customs legislation of Ukraine to the requirements of the EU is an important direction of the integration of the customs system into the European one. Currently, the following is proposed to introduce into the customs legislation of Ukraine, within the limits of the commitments undertaken by Ukraine:

- 1) the concept of customs representation was developed, similar to that of the EU countries:

This concept defines the essence of the definition of “customs representative office”, its general principles of activity, it describes

the possible types of direct and indirect representative offices, establishes the responsibility of the foreign trade entity and the customs representative;

- 2) bringing the legislation on customs regimes in line with EU regulations:
  - a) it is envisaged to introduce authorization when placing goods in the customs regime of import, temporary importation, processing in the customs territory of Ukraine, processing outside the customs territory; the conditions for their receipt are established and the details of monitoring their compliance are described;
  - b) it is allowed to move goods under customs control within the relevant regime without changing the customs regime to the transit regime;
  - c) the list of transactions with goods is increased and the requirements for them are defined;
  - d) details of completion and termination of the customs regime are described, details are given on how to report upon the end of the customs regime.

In the future, the delivery of goods, the presentation of goods to the customs authorities, temporary storage, the criteria for obtaining authorizations for obtaining simplifications will need to be harmonized with EU norms.

The Ministry of Finance announced a plan of measures to improve the activities of customs authorities until 2026. Such measures will contribute to the fastest possible integration of the customs system of Ukraine with the European one. The action plan provides for the abandonment of paperwork and the transition to paperless procedures, including through the creation of e-customs, cyber protection of IT systems, harmonization of the customs system with EU customs regulations. Digitization is an urgent need as one of the conditions for joining the EU and an international obligation of the Association Agreement with the EU.

Ukraine is clearly oriented towards European integration and, in accordance with this course,

has clearly defined requirements that it must meet before joining the EU. That is, at the moment when the question of Ukraine's accession to the EU arises, all IT systems, not only of customs but also of other state bodies, should work according to European principles. Ukrainian business associations support the chosen course and are oriented towards European integration. The digitization process requires a lot of money, but the result is worth these changes. First of all, it is necessary to modernize the IT system in accordance with European living standards. Cyber protection of the customs system and the activities of state bodies is very relevant in the conditions of military aggression. In Ukraine, there are systematic hacker attacks on government bodies, and in order to strengthen the avoidance of information system failure, the viability of the IT system will be strengthened.

EU countries have established requirements for cyber protection of personal data and commercial information, taking into account the inadmissibility of the situation regarding commercial information getting into free access, which is also one of the good reasons for strengthening cyber protection. These risks are especially increased in the conditions of martial law. Not only civilians and goods pass through customs, but also military aid and weapons, and the enemy must not get this information.

Changing customs rules is urgent under the conditions of integration processes, therefore, business supports state measures aimed at harmonizing legislation. Enterprises in the field of international trade are interested in the work of customs in the European manner to speed up customs procedures. One of these directions is the introduction of automated information exchange between customs authorities and other states in the activities of customs authorities. On the other hand, the task of the state is to take care of the safety of resident importers or exporters. Due to long stops at the customs border, customs officers spend a lot of time checking data and confirming information that can be obtained directly from European customs. But for this it is necessary to meet the requirements of their IT systems and sign

additional international agreements. The EBA assures that everything is moving towards this, but it is a very long way. In Ukraine, this process of joining international agreements began ten years ago and will take time. At the same time measures to join the requirements of European IT systems were taken as well. Our customs system is developing quite quickly. The European Parliament announced the customs development plan until 2035, which includes similar measures to bring the European information network closer to the Ukrainian one in order to accelerate integration processes. Customs is a convenient way to implement illegal schemes and create a shadow market of the Ukrainian economy. The hidden activities of the customs zone feed the shadow sector of the state. Digitization of the activities of customs authorities contributes to the prevention of corruption and fraud. The fight against corruption is an important reform, the implementation of which will bring the accession to the EU closer. The head of the State Customs Service always emphasizes the need to fight corruption. Digitalization is considered as a measure to ensure the transparency of the activities of customs authorities.

The stamp is considered the biggest helper of the briber, because it does not have a date of receipt of documents, which allows one to do anything with the documents (lose, throw away). The use of the electronic system allows for avoiding suspicious situations, since it is impossible to delete documents. In the case of refusal of customs clearance, there must be an official justification. In the case of wrongful refusal, there is a basis for a complaint, which can be addressed to the relevant state authorities. The use of the electronic system will contribute to combating corruption.

The Ministry of Statistics fights corruption, but in today's Ukrainian realities this is not enough. When it comes to illegal decisions, it is necessary to develop an appropriate control system. If in the court proceedings the company proves that the customs service acted illegally, no one is responsible for it.

Moreover, the delegation of the State Customs Service of Ukraine offered to conduct expert con-

sultations in the near future regarding the comparison of data of customs statistics of foreign trade in order to determine the causes of discrepancies. In addition, the Ukrainian side offered to review the Protocol between the State Customs Service of Ukraine and the Minister of Finance of the Republic of Poland on cooperation in the field of customs statistics dated April 14, 2004 for the purpose of updating the provisions.

## **Conclusion**

The adoption of the decision to obtain the status of a candidate state by the EU countries set a number of tasks to reform all spheres of activity in order to obtain the EU membership and integrate into the European community as soon as possible. One of these important areas of reform is the activities of customs authorities. The Ukrainian choice is the European integration of Ukraine into the European community in the shortest possible time, therefore, preparatory processes for joining the EU in the field of customs are being strengthened.

The urgent task of modern customs authorities of Ukraine is to promote international trade. The application of European practices of simplifying customs formalities and reducing the time of registration of goods and vehicles will contribute to the intensification of export-import operations at the Ukrainian border. An important role in the process of European integration is played by European colleagues who have been providing professional and technical assistance for a long time.

The profits of enterprises and revenues to the state budget depend on the coordinated work of Ukrainian customs as a component of the European system. For the fastest integration and approximation of customs legislation to EU standards, it is advisable to pay attention to the development of the Customs Code, digitization, and improvement of the risk analysis system.

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consist in the transformation of the Ukrainian customs into the eastern customs of the EU and harmonization of Ukrainian customs legislation with EU customs norms. Improving the activities of customs authorities is a component of a series of initiatives to reform the customs system of Ukraine. The basic element of the renewal should be the development and adoption of the Customs Code of Ukraine on the basis of the EU Customs Code. At the same time, attention is expected to be paid to strengthening legal support in the field. This direction will cover the bringing of Ukrainian norms to the EU regarding criminal liability for smuggling, incorrect or unreliable declaration of goods and vehicles, as well as giving customs authorities the right to pre-trial investigation of smuggling and conducting operational and investigative activities by customs authorities. The Ukrainian customs authorities are modernizing their infrastructure to ensure customs inspection of exported goods.

Currently, Ukraine has developed a concept of customs representation similar to that of EU countries. In the future, the delivery of goods, the presentation of goods to the customs authorities, temporary storage, the criteria for obtaining authorizations for obtaining simplifications will need to be harmonized with EU norms.

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The prospects of further scientific research are the provision of proposals and recommendations regarding the alignment of the Customs Code of Ukraine in accordance with EU requirements.

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Received: March 6, 2024

Accepted: March 20, 2024

Published: June 30, 2024



Centre for Analyses and Studies of Taxation  
Centrum Analiz i Studiów Podatkowych

· PUBLISHER ·

CENTRE FOR ANALYSES AND STUDIES OF TAXATION SGH · Al. Niepodległości 162 · Warsaw 02-554 · Poland  
DOMINIK J. GAJEWSKI (General Editor) · ADAM OLCZYK (Managing Editor)

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