



**World Customs  
Organization**

# **Sub-regional Train-the-Trainer Workshop on Customs Valuation for ASEAN Members**

Bangkok, Thailand  
20 – 24 January 2020





# WCO Revenue Package Phase IV

“  
*...the pathway towards fair and  
efficient revenue collection*  
”

# Objective

- Explain the reason for the development of the RP
- Familiarise with the tools developed under the RP
- Apply the tools



# Background

Established in 2009 as response to Members' concerns regarding falling revenue returns in the context of the global financial crisis and declining duty rates

**Objective:** to strengthen Customs' capacity to collect duties legally due

- Phase I : 2009 - 2012
- Phase II : 2013 - 2015
- Phase III : 2015 - 2018
- Phase IV : 2019 - 2021

# Focus on duty liability topics

- ✓ Customs Valuation
- ✓ Preferential Origin
- ✓ Classification
- ✓ ... supported by post-clearance audit





## Valuation and Origin Infrastructure

Diagnostic tools for :

- a. **Control of classification, valuation and origin**
  - Supported by **Guidelines on infrastructure**
- b. **Establishing a PCA infrastructure**
  - Based on WCO Diagnostic Framework
  - Provide a route map and self-assessment mechanism
  - Help assess current level and identify weaknesses to strengthen infrastructures



# Diagnostic tool – example page

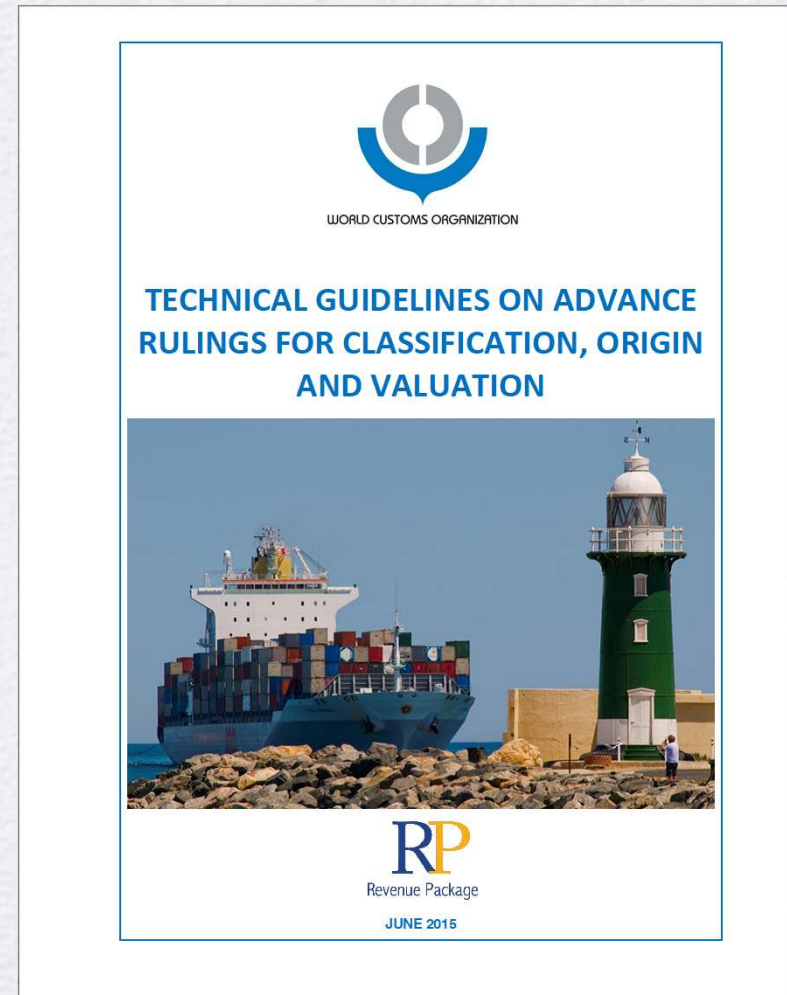
Diagnostic Questions	Common Weaknesses	Potential Solutions and Improvement Options	Useful Resources
<b>Pre-clearance stage/ Advance Rulings</b>			
<p>Does Customs provide advance rulings for valuation to the business community?</p> <p>If yes: is it centralized or decentralized (handled by regional/local Customs offices)? Are the WCO guidelines on advance rulings for valuation followed?</p>	<p>Without this facility, there can be lack of certainty regarding Customs valuation decisions.</p> <p>A decentralized system may lead to inconsistent rulings.</p>	<p>Consult WCO guidance.</p> <p>If not in place, consider establishing advance rulings system for valuation.</p> <p>Consider making advance rulings available to local offices as well as to business community, e.g. via Customs website.</p>	<p>Chapter 9 of the General Annex – Revised Kyoto Convention</p> <p>WCO Technical Guidelines on Advance Rulings for Classification, Origin and Valuation</p>
<b>Valuation controls at the clearance stage</b>			
<p>Are risk selection criteria used to determine which Customs declarations will be examined at the clearance stage for valuation control?</p> <p>If so, what criteria are used?</p> <p>What procedures are in place for checking declared Customs values goods when presented?</p> <p>When Customs have reasons to doubt the truth or accuracy of the declared value : is the declarant/importer consulted in accordance with WTO Decision 6.1? is a procedure available for immediate release of goods, as required under Article 13 of the Agreement ?</p> <p>Is the declarant allowed to amend genuine mistakes without penalty?</p> <p>Does the Customs administration require a Value declaration, in addition to the Customs entry?</p>	<p>Lack of risk-based selection leads to Inconsistent treatment of irregularities and delays in clearance of goods</p> <p>Lack of time to conduct thorough verification of Customs values prior to clearance</p> <p>Lack of available commercial documentation to facilitate thorough verification of Customs values, proof of payment, etc.</p> <p>Customs are not able to identify additional elements of the Customs value which are not identified on the invoice (e.g. selling commissions and royalties)</p> <p>Lack of opportunity to discuss directly with the importer.</p> <p>Failure to facilitate compliant traders.</p>	<p>Develop a comprehensive risk management strategy that supports the intelligence and risk assessment approach to declaration stage of the value of goods.</p> <p>Develop and issue guidelines detailing time frames for work, specific steps in the procedure, identification of optional procedures and making decisions.</p> <p>Consider introduction of voluntary disclosure programme.</p> <p>If not in place, consider establishing procedure for requiring Value declarations which helps to ensure importers are aware of, and</p>	<p>WTO Decision 6.1</p> <p>Chapters 3 and 6 of the General Annex – Revised Kyoto Convention and its Guidelines</p>



# Advance Rulings

## Technical Guidelines on Advance Rulings For Classification, Origin and Valuation

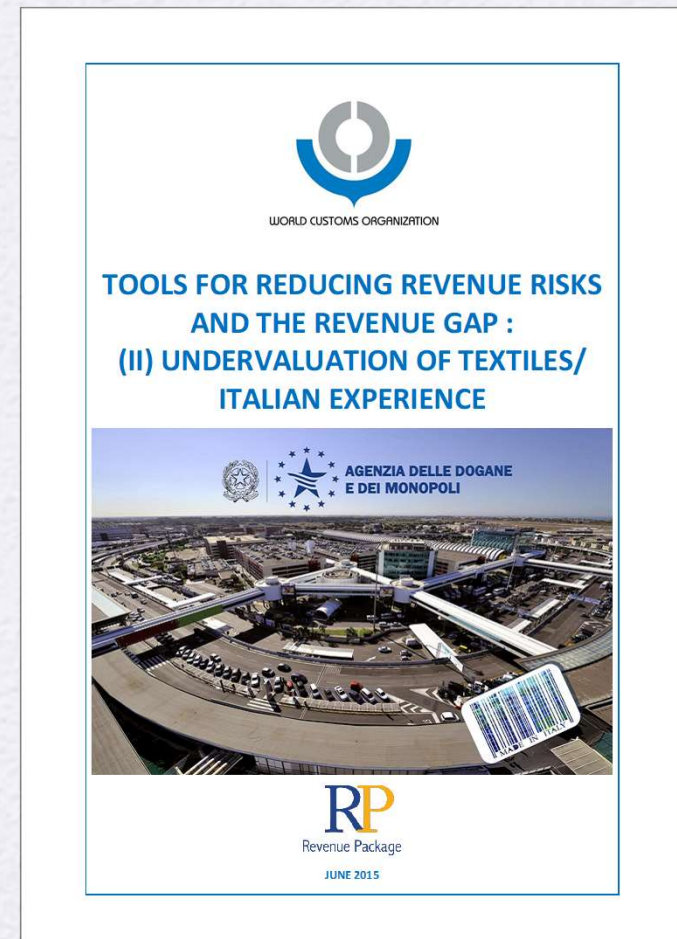
- Consolidates previous WCO texts
- Aligns to Article 3 of WTO Trade Facilitation Agreement:
  - *Obligation for classification and origin*
  - *Encouraged for valuation*





# Tools for reducing revenue risks and the revenue gap : Italian programme

- Italian Customs targeted undervaluation of textiles
- Based on analysis of aggregate trade data
- An average value per kilo for all textile imports was calculated
- Used to identify suspect undervaluations
- Stronger controls led to declared values increasing



# Tools for reducing revenue risks and the revenue gap : Mirror analysis

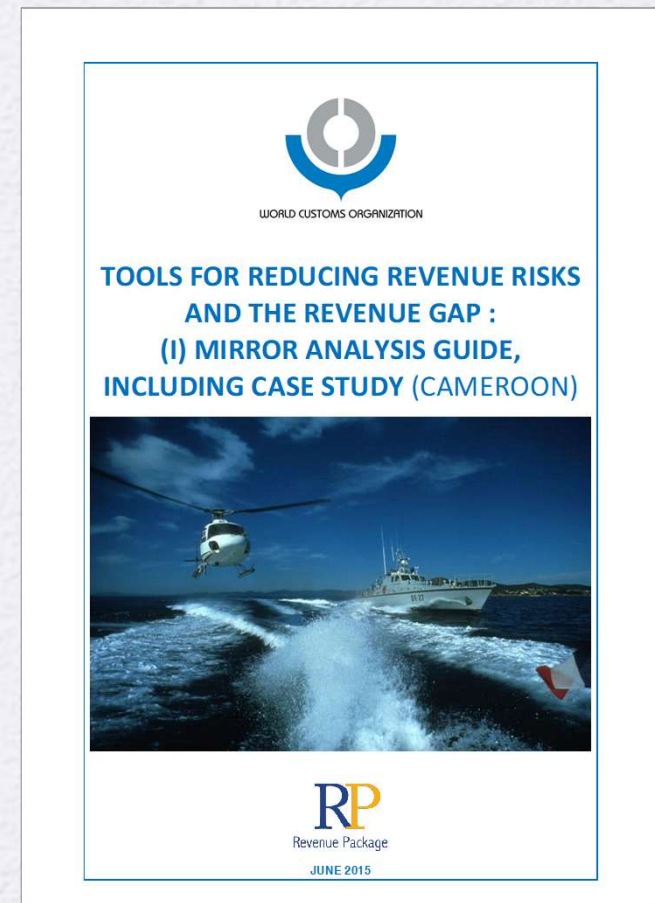
## Use mirror statistics to :

- Analyze and find discrepancies
- Identify indicators of possible undervaluation
- Track and understand fraud mechanisms
- Evaluate revenue losses
- Make risk selections

## Data available in UN COMTRADE:

- At HS 6-digit level
- Available via:
  - United Nations website, <http://comtrade.un.org>
  - World Integrated Trade Solution (WITS) website, <http://wits.worldbank.org>

**Guide includes EU-Cameroon case study**

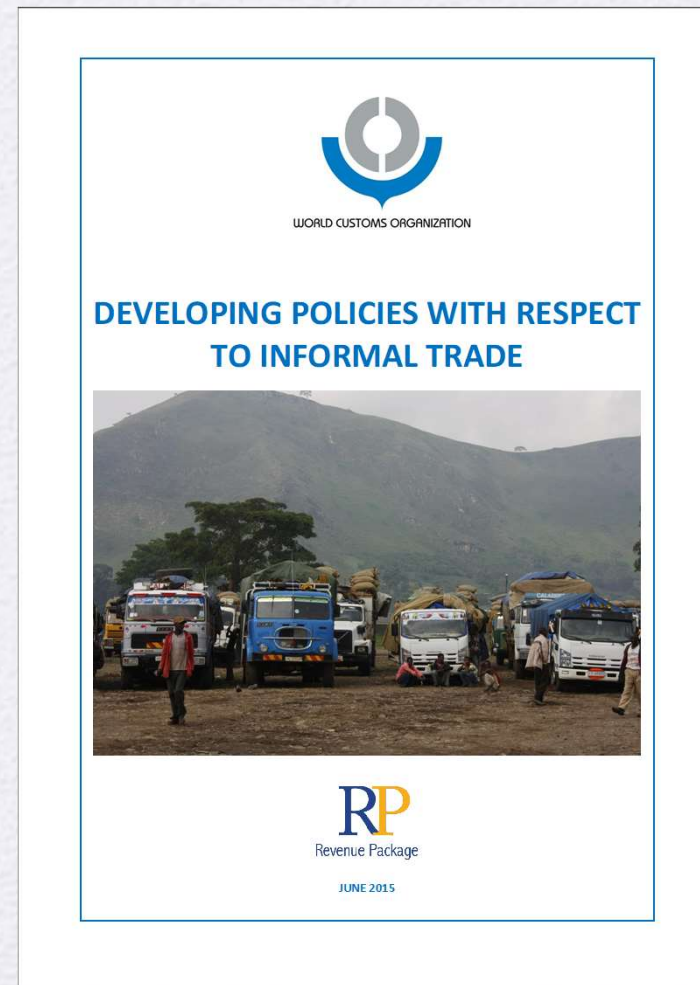




# Informal Trade

## Developing policies with respect to informal trade:

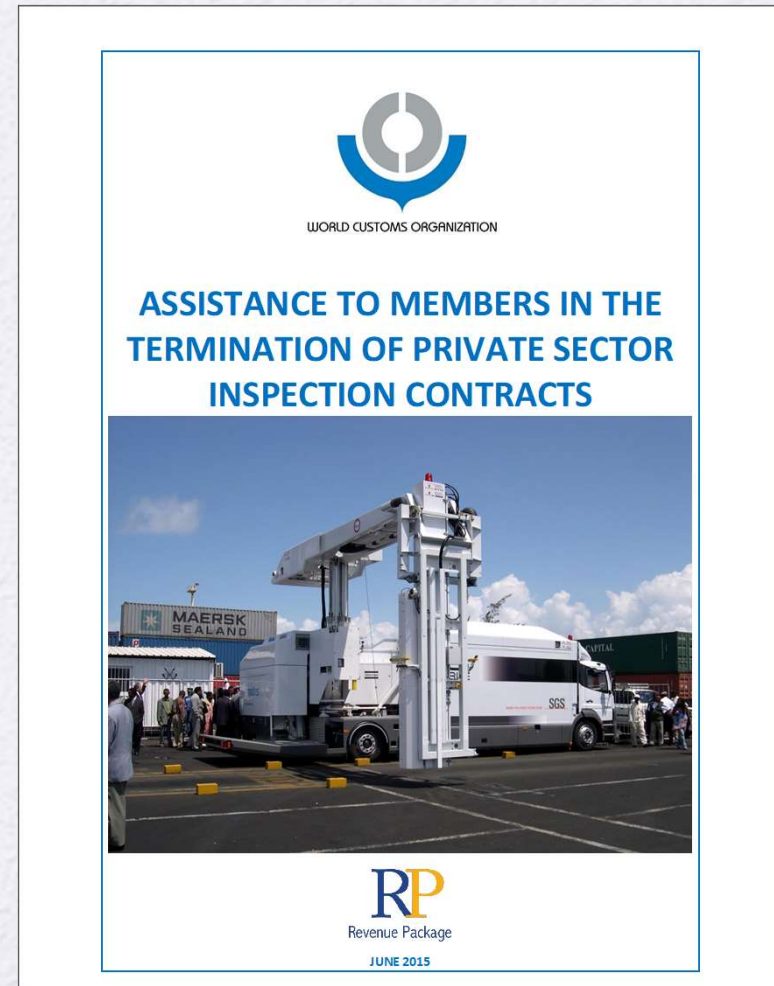
- Good practices guide
- *Case studies*
  - Mexico
  - Uganda



# Termination of PSI contracts

## Guidance for Members in the termination of private sector inspection contracts:

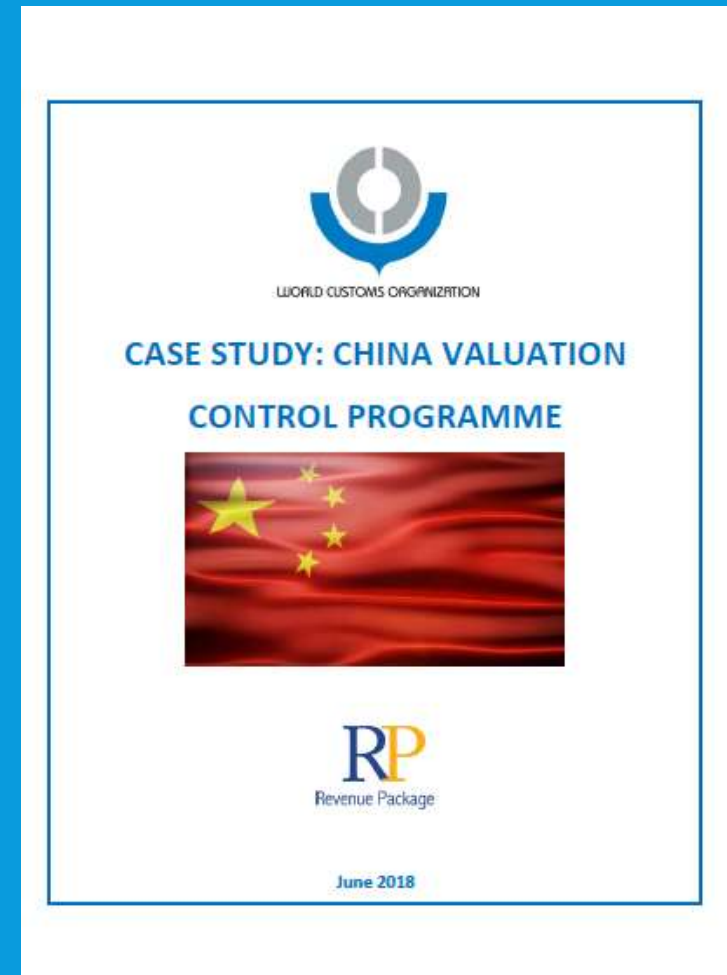
- Good practices guide
- *Case studies:*
  - Ecuador
  - Kenya
  - Nigeria





# VALUATION

**NEW**  
Case Study  
on Valuation control  
programme of China





WORLD CUSTOMS ORGANIZATION

CASE STUDY: ASYCUDA World valuation control module (UNCTAD, Moldova and Uganda)



**RP**  
Revenue Package

JUNE 2015



## VALUATION

**NEW**

Case Study for  
Valuation database  
Based on  
UNCTAD/ASYCUDA  
World system

Country case studies  
(Moldova and  
Uganda)





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**PRACTICAL IMPLEMENTATION OF THE  
WTO VALUATION AGREEMENT**  
*A BRIEF GUIDE FOR LEAST-DEVELOPED COUNTRIES*



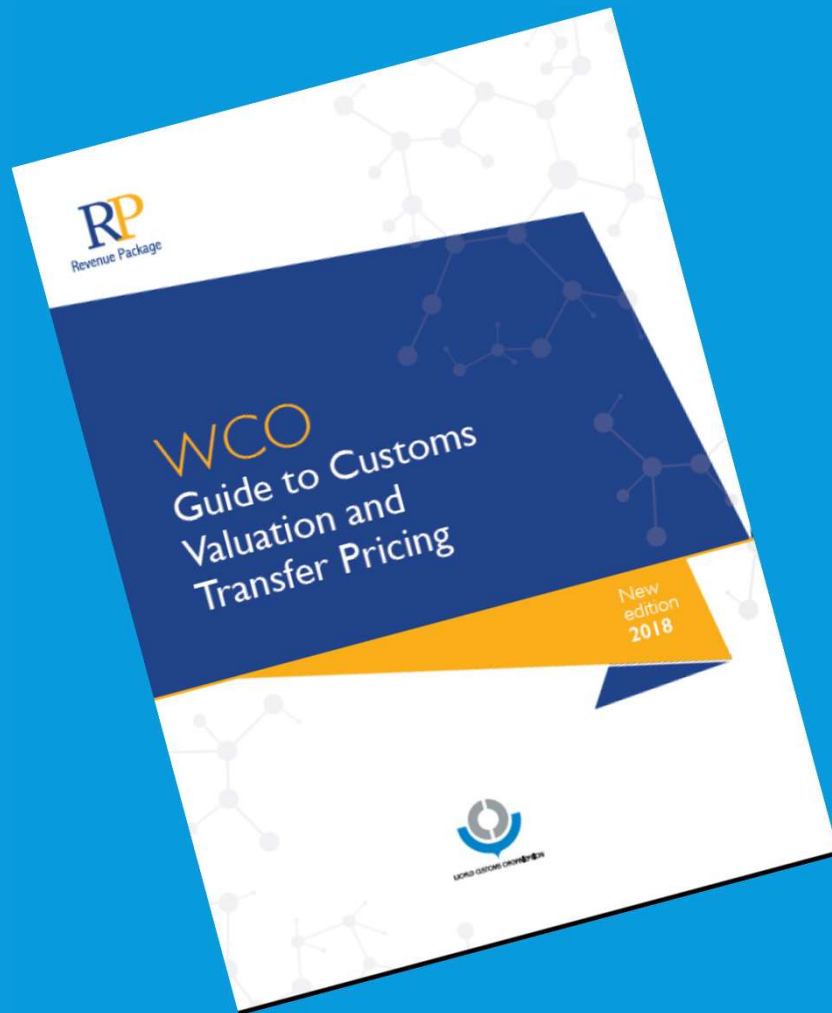
**RP**  
Revenue Package

JUNE 2018



# VALUATION

***NEW guidance***  
to assist Least  
Developed  
Countries in  
implementation of  
the WTO Valuation  
Agreement



## VALUATION

*Updated*  
Guide to  
Customs  
Valuation and  
Transfer  
Pricing





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## IMPLEMENTATION GUIDANCE ON POST CLEARANCE AUDIT (PCA)

One at a time, Step by Step



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Edition June 2016

Restricted – for WCO Members' use only



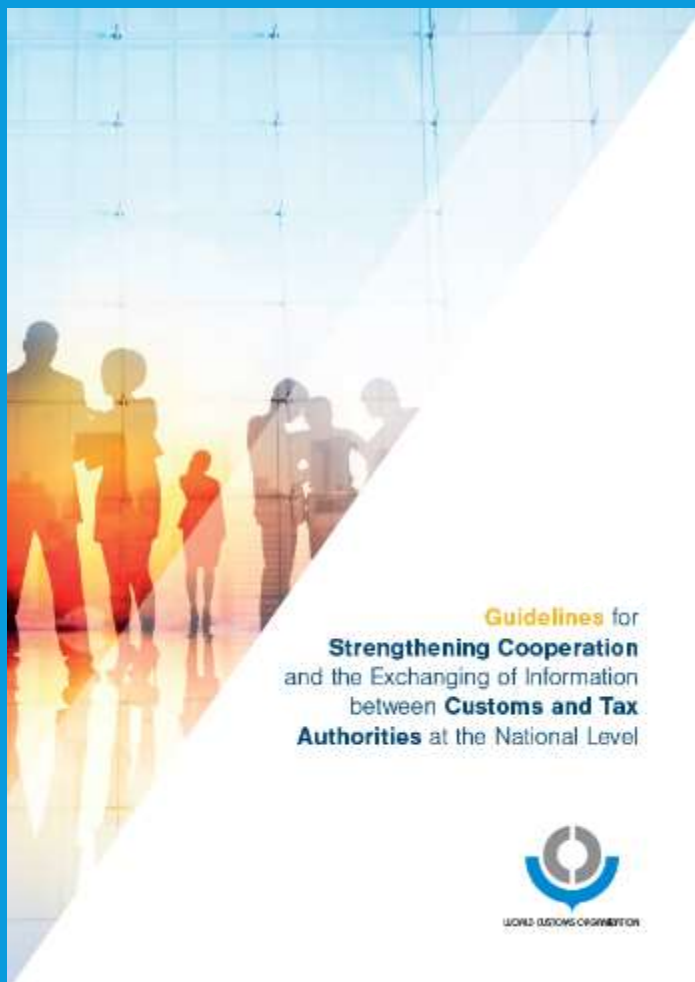
## PCA

***NEW guidance***  
to provide step-by-  
step guidance for  
Customs  
administrations to  
assist in the  
development of PCA  
in line with WCO  
recommended  
practices

# PCA

***NEW guidance***  
to provide field  
Auditors with  
information on  
common  
irregularities,  
together with  
practical techniques





ing and applying the Revenue and exchange of  
e tools developed under previous information  
by Members.

## CUSTOMS – TAX

*NEW guidelines*  
for strengthening  
cooperation  
between Customs  
and Tax Authorities  
at the National level



# Phase IV

## Part 1

### **Promoting and applying the Revenue Package tools developed under previous Phases by Members**

1. Work with Members on the application of the tools via diagnostic missions, technical assistance and capacity building programmes
2. Strengthen WCO's accredited experts pool

## Part 2

### **Development of new materials and initiatives**

- Focus on 5 topics
  - a) **Illicit Financial Flows**
  - b) **Valuation, classification and origin**
  - c) **Assessing the impact of the Revenue Package Programme**
  - d) **Revenue fraud and compliance issues related to e-commerce**
  - e) **Managing and collecting Customs debt**



# Thank You

