



ASEAN CUSTOMS

PCA Bulletin . Volume VI . May 2015



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FROM THE CHAIRMAN'S DESK

Welcome to the 6th Edition of the ASEAN Post Clearance Audit (PCA) in 2015. Malaysia is the Chair for the ASEAN for 2015 and the theme of its ASEAN Chairmanship is “Our People, Our Community, Our Vision”. ASEAN Member countries are moving towards achieving the ASEAN Economic Community with the timeline set at 2015.

Customs administrations strived to become effective tax administrations by promoting voluntary tax compliance. In realizing our ultimate goal of fostering voluntary compliance, audit activities through PCA send a strong signal to the evaders that any failure to comply would mean assuming a substantial risk of facing heavy penalties. Customs administrations, therefore, concentrate their controls on the post-importation environment, whilst retaining selective and targeted checks at the frontier. Therefore the purpose of PCA is not only to verify the accuracy and correctness of the declarations but also to give importance to speedier and timely customs clearance.

The purpose of this Bulletin is to give readers an opportunity to know about new developments as well as to share our experience through some interesting PCA cases in this region. I would like to thank all our officers for contributing feature articles and PCA cases to be compiled in this publications. I also hope that readers gain a better understanding of what is happening around our region and the development of Customs PCA.

With that I would like to congratulate the Editor and the team for taking up this task and delivering in time successfully. We are also grateful to the many PCA officers who took time to pen their stories and contribute articles. I hope you will enjoy reading this bulletin and that it will prove to be useful for all of you.

Best Wishes!

Dato' Hj. Zulkifli Bin Yahya

Chairman, ASEAN Customs Enforcement and Compliance Working Group



FROM THE COUNTRY COORDINATOR'S DESK

Welcome to the sixth edition of the Post Clearance Audit (PCA) Bulletin. With this Sixth edition, our beloved publication is still going stronger and better, and it gives me a great pleasure to be given the opportunity to greet our readers in this column.

As the country coordinator, I would like to express my gratitude to Customs Enforcement and Compliance Working Group (CECWG), Coordinating Committee on Customs (CCC), and Customs Directors-General and all ASEAN Member States for their contribution in making this bulletin a success. This Sixth edition of PCA Bulletin of 2015 is not only a compilation of cases and information but also other PCA-related articles that enable us to learn and share Member's experiences on Post Clearance Audit.

Post Clearance Audit is one of the defining characteristics of Modern Customs that constitutes the complement to reinforce customs control. It can be the most effective measure to detect frauds, negligence, and errors, and as an effective measure to detect not only valuation frauds but also other types of false declarations, such as misclassification and misstatements of quantity and origin.

An appropriate implementation of PCA can take above benefits of PCA by improving the terms of the audit techniques, regulations, and human resources' competencies and capabilities, in particular. Customs administrators conducting PCA must be able to enhance their insight about the current and upcoming international agreements, and PCA role to assure the success of its implementation. Through this bulletin, we are trying to continuously innovate, evolve, and keep this bulletin as informative and interesting as possible.

Finally, I truly hope that this bulletin will remain useful for our readers in expanding their capacity as customs administrators. Moreover, I also expect more customs administrators to be actively participating in constructing the bulletin. This will result in the improvement of the bulletin's materials, both in terms of quality and quantity, which, in the end, will benefit all the readers.

Regards

Supraptono

Acting Director General of Customs and Excise, Ministry of Finance of the Republic of Indonesia



BRUNEI DARUSSALAM

Post Clearance Audit Case

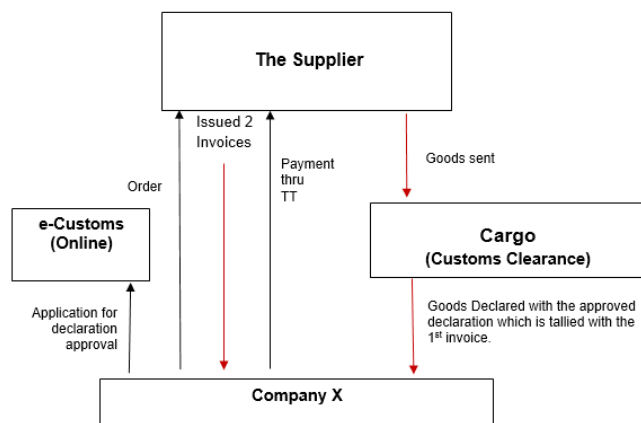
Fact of the Case

1. There was an information from one of the Government agencies regarding an anonymous letter on company X selling mobile phones lower prices compare to other companies thus requesting for further investigations on the company.
2. Demand letter for documentation was issued in accordance to Section 93 of Customs Order 2006 and/or Section 99 of Excise Order 2006. Investigation on the documentations by PCA unit began from December 2012. As a result, PCA unit found company X have declared incorrect value and incomplete documents by omitting a set of invoice for service charge on sourcing, handling and repacking of goods.
3. These charges should be included in accordance to Rule 12, Adjustment of PAPP (Price Actually Paid or Payable) – Customs (Valuation of Imported Goods) Rules, 2001 (Constitution of Brunei Darussalam).
4. There were 55 sets of declarations adjusted and a total amount of \$20,838.00 for duties shortage calculated.

invoice. For example;

- Invoice No. 12345 amounting to \$22,228.00 (Value of Mobile phones)
- Invoice No. 12345 – A amounting to \$ 5,636.00 (Additional costs)
- Proof of payment thru TT amounting to \$27,864.00.

Modus Operandi (MO)



Findings

1. Company X made an order and the supplier issued two tax invoices and payments were made using Telegraphic Transfer (TT) in accordance with both invoices.
2. Company X made Customs declaration by using e-Customs and the value for the goods was the same as the 1st invoice. This company declared the goods and paid duties as usual thus cleared by Customs officer.
3. The payment made thru telegraphic transfer was found not equivalent or tally with the tax invoice and from the details of the remittance made, as the payments were referred to two invoices with the same serial number with an extra (A) to the 2nd

Decision

1. Declaration value should be adjusted by adding the costs of 2nd invoices labeled (A) which were not included in the costs of goods. The initial CIF value was B\$1,356,781.17 with duty payable of B\$60,024.00 and after adjusted the CIF value should be B\$1,773,195.21 and duty payable of B\$80,862.00.
2. A compound of B\$1,000.00 was issued under Section 136(1) and was paid by company X.
3. The demand for payment of Import duties for B\$20,838.00 was issued to be payable by company X.

CASE 1

FUTURE CONTRACT

Facts of the case

Company X imported materials “ABC” from Company Y, its 100% owned subsidiary. The companies had agreement on purchase price, which based on future price, and time of delivery. The future price was calculated by average price at world price index within 2, 3, or 10 days before and after shipping. On the date of bill of lading (BL), Company Y prepared Proforma Invoice for customs purpose, enclosing estimated price. Company X used this Proforma Invoice to determine the import duty.

Based on agreement between the companies, Company Y would send the commercial invoice by 30 days after BL date. However, Company X did not submit the commercial invoice, which confirms the actual transaction price, to the Customs.

PCA Findings

The auditor found that there was significant difference between Proforma Invoice and commercial invoice. The first was 5-15% lower than the latest.

According to Company X, they had no power over the price. Custom value was based on the price in Proforma Invoice, which was settled on by Company Y. There was no means to revise it and the one reported for customs purpose was considered as transaction price. They also believed that the difference was inherent risk.

Results

The difference between Proforma Invoice and Commercial Invoice should be added to the customs value.

CASE 2

ROYALTY FEE

Facts of the case

Company X in country A imported material “N” from Company Y in country B.

Both Company X and Company Y were subsidiaries of Company Z in country C.

Company X used material “N” to exclusively produce “Product M”, a product with popular global brand owned by Company Z in country C.

The importation of material “N” could only be done by affiliated companies.

PCA Findings

In producing “Product M”, there was no chemical process to change the forms of material “N”. Company X was only cutting and repackaging the material before selling.

In the contract manufacture agreement between Company X and Company Y, there was no provision on royalty fee.

Other facts, based on license agreement between Company X and Company Z, are as follows:

1. Company Z gave the right to use the brand and other Intellectual Property Rights for producing and selling activity.
2. Company X would make sure the product they produce would be in accordance with the specifications from Company Z.
3. Company Z assisted Company X in producing and selling to meet the specifications
4. Royalty must be paid based on the percentage of net sales

Results

The royalty fee paid by Company X to Company Z should be added to the customs value of material “N” imported from Company Y.



LAO PDR

Post Clearance Audit Cases

CASE 1 UNDERVALUE DECLARATION: MEDICAL CASE

Importing medical goods which contain drug precursor. The company has permits to imports these goods.

Facts

ABC company has a medical factory in Laos and imports Pharmaceutical and medical equipment to Laos. In B country, ABC Company also has Mother Company which uses the same name. ABC Company imports a kind of precursor to produce medical compound at their factory. ABC Company also has the permission from relevant agencies to import these goods.

Findings

PCA audited the medical importation during 2011-2012 in the ASYCUDA System. One of the subsection companies is ABC Company because ABC Company imported risk medical goods. PCA furthermore send a letter to inform the company to prepare importation document for the audition. After auditing PCA found that ABC Company declared the price was under value and PCA team had the physical inspection of the factory and it is found that the imported medical contains drug precursor.

Decision

ABC Company action breached Article 89 on Customs Valuation of Lao Customs Law 2012. And so, ABC Company found guilty and had to pay for penalty and Tax and Duty for KIP 731,082,200 or USD 91,389.

CASE 2 UNDECLARED-UNPAID DUTY: GIFTS CASE

*Resisting PCA audit inspection.
There is no Customs Declaration form and the goods have been moved to Laos secretly.*

Facts

GHI company imported mobile phones, cooking rice machine, fruit shake machine, etc. (household goods and electronic devices). GHI Company won the bid to be the supplier of the telecommunication company. The telecommunication company ordered several types of goods: mobile phones, television, Sukiyaki-BBQ cooker, from GHI Company to make as gift for their customers whom win the lucky draws in the telephone top up card. PCA team read the Advertisement and newspaper about the Lucky Draw Project of the Telecommunication Company and investigate which company can supply these big amounts of goods to the telecommunication company. From The telecommunication company PCA has given the information that it was GHI Company who is their supplier of electronic goods.

Findings

PCA checked the ASYCUDA System and found nothing about these goods that GHI Company declared. Furthermore, PCA sent a letter to inform the company to prepare importation document for the audition. At first, PCA was denied by the GHI company to do the audition. Thus PCA sent the letter to the GHI company again for the second time, and met with the manager of the GHI Company. There was no Customs Declaration about the goods they supplied to the telecommunication. However, PCA found that there is the invoice between the seller and GHI company. PCA team had the market value between the seller and GHI Company but there was no Customs Declaration form (copied). GHI Company confessed that they did not declare and brought the goods in to Laos secretly.

Decision

GHI Company action breached Lao Customs Law 2011. GHI Company found guilty and had to pay for tax and duty KIP 449,680,300

CASE 3**UNDECLARED-UNPAID DUTY:
BEER CASE**

Sells beers with very high price than import margin.

Fact

There are several imported Beer brands in Lao PDR. PCA suspected this case due unusuality of DEF Company price, as DEF Company declare that the imported beer at very low margin thus sell in the market with very high price.

Findings

PCA Director assigned a group of auditors to conduct an audition of DEF Company from 2012 to 2013. PCA then sent a letter to inform the company to prepare importation document for the audition. PCA auditor found that the declaration value in the Customs Electronic System is undervalued and the price within original invoice is higher than in the declaration form.

Decision

DEF Company action breached Articles on Customs Valuation of Lao Customs Law 2011. DEF Company found guilty and had to pay for tax and duty KIP 31,436,700 or USD 4,000.

CTC Co.

CASE 1

**USE OF THREE SIMILAR INVOICES AND FREIGHT ADJUSTMENTS UNDER
REGULATION 5 (1) (A) (VII) OF THE CUSTOMS (RULES OF VALUATION)
REGULATIONS 1999.**

Fact of the Case

1. CTC Co. is a wholesaler of household items, kitchen, office equipment, toys, home furnishings and carpentry tools, foodstuffs, beverages and electrical goods. These goods were imported from various supplier mainly from China, Hong Kong and Taiwan.
2. CTC Co. was audited by Post Clearance Audit (PCA) Unit in 2013.

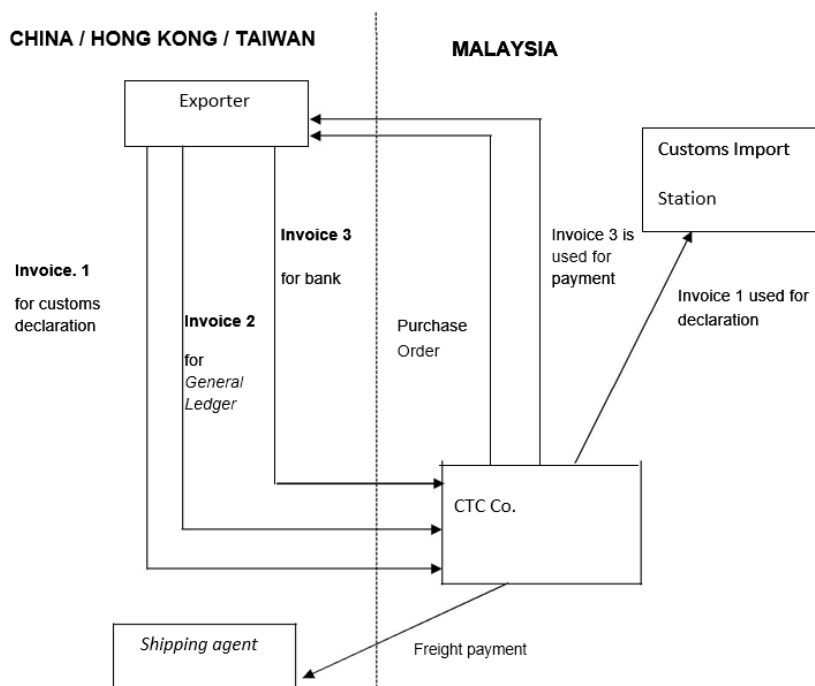
Findings

1. CTC Co. declared imported goods in customs declaration forms as Cost, Insurance and Freight (C.I.F.) but upon inspection it was noted that some of the invoices did not indicate the terms of delivery example Free on Board (F.O.B.), Cost and Freight (C.N.F.) or C.I.F.
2. Consequently audit officers found invoices pertaining to freight charges from the shipping agent. The findings revealed that the amount of the freight is different from the amounts declared in customs declaration forms.

3. On further investigation the officers detected three types of invoices that have the same serial number as follows:
 - i. Invoices used for declarations to Customs during importation
 - ii. Invoices recorded as purchase transactions in the purchases account.
 - iii. Invoices for payments purposes to suppliers in China, submitted to the bank.
4. These invoices have the same invoice number and date except quantity, price and type involved are different.

Modus Operandi

The modus operandi can be summarized by reference to the diagram below:



1. CTC Co. place orders from exporters abroad. Exporters issues invoices that are to be declared to Customs. The delivery terms were not stated in those invoices. Nevertheless, CTC Co. declared the goods as C.I.F. terms.
2. CTC Co. pays the freight charges separately to the shipping agent and store these documents in a separate shipping agent company file.
3. In addition, CTC Co. manipulates the invoice to three types of invoices used for different purposes. Payment to exporters is based on the third invoice submitted to the bank.

Decision

1. Declared value to the customs authority was rejected as customs value because the value is not the actual price paid or payable to the supplier / exporter.
2. Transportation Fee element needs to be added to derive the customs value in accordance with regulation 5 (1) (a) (vii) of the Customs (Rules of Valuation) Regulations 1999.
3. A claim for short payment of import duty and sales tax amounting to RM 180,000.00 was issued and the Company was compounded RM 5,000.00 for the offense committed. CTC Co. paid the duty/sales tax and compound accordingly.

CASE 2

XY Co

Under Declare Value Through Double Invoicing

*The exporter had given two invoices for the same transaction
The company did not declare the actual value of transactions
Only one invoice declared to Customs*

Facts of the Case

XY Company main activities are importing and selling peanuts. This product was imported from China. Terms of delivery that is used by this company is Cost & Freight (C.N.F.) and the method of payment is by telegraphic transfer (TT) and letter of credit (LC). XY Company was audited by Post Clearance Audit (PCA) Unit in year 2014.

Findings of PCA

1. PCA discovered accounting records and payment documents were inspected. Total payment to suppliers / exporters which were recorded in the company's bank ledger was higher than the value stated on the Customs declaration form.
2. Upon further examination it was discovered that the exporter had given two invoices for the same transaction to the importer. Importer will use one invoice only for submission to the customs authorities. For the purpose of payment to the exporter, the importer made payments for both these invoices.

Modus Operandi (MO)

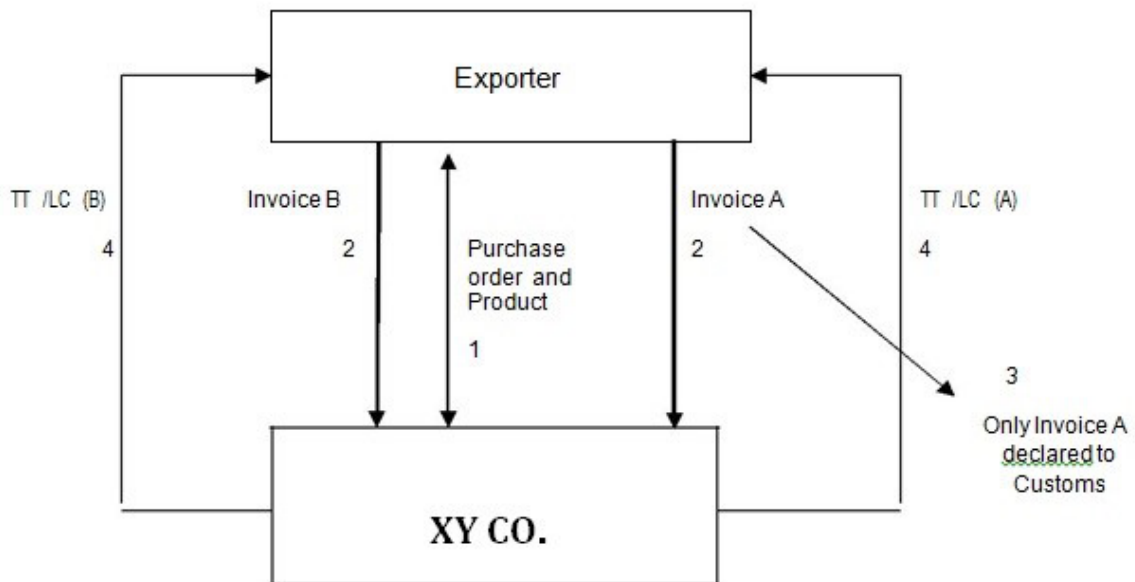
1. The purchase order will be made directly to the exporter.
2. Exporter will produce two invoices to XY Co. The total value of the two invoices is actually paid to exporters either via TT or LC. However, only the value of one invoice will be used for the purpose of declaration to customs authorities.

3. Examples of low price declared invoice is as follows:

Customs Form No. 1	: SFX000765
Exporter	: MINi too
Invoice declared no	: DEF07-113
Declared value (USD)	: 12,500.00
Invoice not declared no	: DEF07-113B

The value of the invoice : 13,000.00
is not declared (USD)

The actual value paid (USD): i. 12,500.00 (LC)
ii. 13,000.00 (TT)



Decision

- a. The Company did not comply with regulation 4 (1) of the Customs (Rules of Valuation) Regulations 1999, which is not declaring the actual value of transactions in which the customs value of imported goods is the value of its import, namely the price paid or payable for the goods when sold for export to Malaysia.
- b. The company committed an offense under section 133 (1) (a) of the Customs Act 1967.
- c. A claim for short payment of import duty and sales tax amounting to RM 450,000.00 was issued and the Company was compounded RM 5,000.00 for the offence committed. XY Co. paid the duty/sales tax and compound accordingly.



SINGAPORE

Post Clearance Audit Cases

CASE 1

IMPORTING DUTY-UNPAID LIQUO

*The Customs seal placed on the container broken and the goods in the container removed.
The company could not show documents that duty and GST had been paid*

Singapore Customs found a case for importing duty-unpaid beer and rice wine that involved an Ex-Company Director. That case caused the former company director was sentenced by the court for his role in importing duty-unpaid beer and rice wine. He also pleaded guilty to one charge of unauthorized breaking of a Singapore Customs seal.



Singapore Customs officers found duty-unpaid beer in the company premises.

Findings

The total of duty and Goods and Services Tax (GST) evaded on the 28,406 bottles and 13,193 cans of duty-unpaid beer and 9,165 bottles of duty-unpaid rice wine exceeded \$198,000.

Singapore Customs first began investigations into the company in May 2012, by sealing a targeted container of goods declared as soft drinks, instant noodles and vinegar.

However, two days later, when the company did not apply for Customs supervision to not stuff the sealed container, Singapore Customs officers proceeded to the company for an on-site inspection. The officers found the Customs seal placed on the container broken and the goods in the container removed. The officers searched the

company premises and seized a total of 15,780 bottles and 8,448 cans of duty-unpaid beer, and 1,500 bottles of duty-unpaid rice wine, which had been unloaded from the container. They also seized another 1,766 bottles and 4,025 cans of duty-unpaid beer and 120 bottles of duty-unpaid rice wine, as the company could not produce documents to show that duty and GST for these goods had been paid.

Singapore Customs officers found duty-unpaid beer in the company premises.

In Jun 2012, Singapore Customs officers checked another consignment of goods imported by the company, which were declared as soft drinks, seasoning and seasoning wine. When the officers opened the container, they had found 750 bottles of duty-unpaid rice instead.



Singapore Customs officers found duty-unpaid beer in the company premises.

Discrepancies in the quantities of liquor triggered the conduct of a post clearance audit. A comparison of the sales records against permit declarations between December 2011 and May 2012 revealed an additional 10,860 bottles and 720 cans of duty-unpaid beer and 6,795 bottles of duty-unpaid rice wine. The company could not produce documents to show that duty and GST were paid for the liquor sold.

Modus Operandi

The consignments were declared as soft drinks, instant noodles, vinegar, seasoning and seasoning wine.

Decisions/Opinions

The former company director was sentenced by the court on 14 Apr 2014 to a fine of \$1,957,000 or in default 29 months and three weeks' jail.

To deceive Customs Officers, retailers did not declare the values of the goods to avoid GST payment

Facts

Three online retailers of branded handbags and accessories were sentenced by the State Courts on 25 Sep 2014 for fraudulent evasion of Goods and Services Tax (GST). They were fined between S\$4,500 and S\$31,000.

Findings

In the first case, between Oct 2010 and Jun 2011, there are accused 1 imported 2,172 handbags and accessories via 15 import permits. The under-declaration of values of these goods resulted in a shortfall of about S\$9,400 in GST payment.

In the second case, between Jan 2011 and Aug 2012, there are accused 2 imported 269 handbags and accessories via five import permits. The under-declaration of values of these goods resulted in a shortfall of S\$1,216.47 in GST

payment.

In the third case, there are accused 3 imported 90 branded handbags via two import permits in Jan 2011. The under-declaration of values of these goods resulted in a shortfall of S\$502.93 in GST payment.

Modus Operandi

The values of the goods were under-declared.

Decisions

The three accused were fined between S\$4,500 and S\$31,000.

CASE

INVESTMENT PROMOTION CASE

Expired Raw materials used to avoid tariff and taxes.

Facts

Investment incentives have been one of various measures applied by the Thai Government to attract foreign investment in Thailand and to support the Government goals in decentralizing Thailand's industrial base. One key investment incentive set up by the Board of Investment (BOI), the agency directly responsible for investment promotion, is tax and duty incentives for promoted projects.

In this context, the Thai Customs Department, responsible for national revenue collection and promotion of exports, has set up regulations on importation of machinery and raw materials for entrepreneurs granted import tax and duty incentives from BOI and must be imported within the period specified by BOI. In case of machinery granted import tax and duty free allowance or 50 percent reduction of importing tax depending on the location of zones. In case of raw materials must be removed into the investment promotion zones for manufacturing export products shall be exempted from import taxes and duties depending on the location of zones.

Findings

Company A manufactured various plastic packaging and raw materials: polypropylene (PP) and low density polyethylene (LDPE) granted tax and duty exemption from BOI. After looking for the

information on the list of stock balance of the raw materials, report detailing items and quantities of raw materials granted tax and duty exemption as appeared in each invoice; it is shows that the time limit for importation of raw materials as specified by BOI was expired. Even most of the products were domestic sale; we discovered any discrepancies in excess quantities and time limit notified by BOI.

Modus Operandi

- Assess risk in database in order to focus on target group, investment promotion.
- Select the data for primary analysis, Risk Assessment and select the companies.
- Examine companies granted tax and duty exemption from BOI.
- Conduct post clearance audit at the company.

Decision / Opinion

- The excess quantities and expired raw materials as specified by BOI should be collected in accordance with the provision of Customs Act and the law on Customs Tariff. We can collect 2,800,000 Bath on tax and duty.
- This case is penalty for evasion, as referred to Section 99, 27 of Customs Act 1926.



Product Examples



VIET NAM

Post Clearance Audit Cases

CASE 1

THE IMPORTED GOODS ARE NOT SATISFIED THE CONDITIONS OF FIXED ASSETS BUT THE COMPANY DECLARED AS DUTY FREE GOODS FOR CREATING FIXED ASSETS OF PROJECTS

Regulations

- Conditions of tax exemption for imported goods for creating fixed assets of projects:
 - Being comfortable with investment projects field, objectives and scope
 - Satisfying the conditions on fixed assets according to regulations;
- Goods shall be regarded as fixed assets if meet the following three criteria's :
 - It is certain to gain economic benefit in the future from the use of such assets
 - Having the utilization time of over 01 year
 - Primary price of assets must be determined reliably, and is valued at 30,000,000 VND or more

Fact of the Case

Company imported goods to create fixed assets for project of preferential investment and registered list of duty free import goods to customs administration.

Findings

- a. Company imported goods in list of duty free import goods.
- b. Some items are not satisfied the conditions of fixed assets but the company still declared as fixed assets to be exempted from duty.

Modus Operandi

Examination of customs declaration: name of goods, unit price, declared value and examination the audit books. Comparison with list of duty – free imports goods registered to customs authority. In case of import goods for assembly with machinery, equipment => comparison with regulations of goods classification.

Decision

The imported goods above are INELIGIBLE for tax exemption. Customs administration made decision to legally demand the underpaid duty.

CASE 2

CONSTRUCTION MATERIALS WHICH ARE PRODUCED DOMESTICALLY (LISTED BY MINISTRY OF PLANNING AND INVESTMENT) BUT DECLARED AS DUTY FREE GOODS

Fact of the Case

The company imported construction materials for project of preferential investment and declared these goods as components, details for assembly with machinery. These goods are exempted from duty.

Findings

- a. Some items are IN the list of construction materials which are produced domestically.
- b. Some items are NOT components, detail imported for assembly with the machine.

Regulations

- Ministry of Planning and Investment issued the list of construction materials which are produced domestically to serve as a basic for tax exemption. Import construction materials are exempted from import duty if they are not on this list.
- Components, details, for assembly with the equipment, machinery and vehicles are eligible for tax exemption if falling into one of the two conditions as follows:
 - Being components, details or parts of equipment, machinery and vehicles are imported in knockdown form.
 - Being components, details, which are imported for synchronous machinery and equipment to ensure their normal operation.
- The identification of synchronism has to be based on regulations of classification of goods, catalog, and examination on site.

Modus Operandi

- a. Examination of goods declaration, examination of conditions of synchronism, components, spare parts were according to regulations of the classification and coding of goods.
- b. Physical inspection of goods and comparison with the list of domestically available construction materials.

Decision

The imported goods above are INELIGIBLE for tax exemption. Customs administration made decision to legally demand the underpaid duty.

CASE 3

TOTAL VALUE OF IMPORT GOODS EXCEEDED CAPITAL SPECIFIED ON INVESTMENT CERTIFICATE

Regulations

When adjusting an investment project's objectives, scale, location, form, capital or execution schedule, the investor shall carry out procedures to adjust the investment certificate.

Fact of the Case

The company imported goods for project of preferential investment. Capital on investment certificate is of 85 millions USD => company is only allowed to import goods a maximum of 85 millions USD.

Findings

Amounting of imported goods is of 100 millions USD (15 millions in excess). But, the company didn't carry out procedures to adjust capital on investment certificate.

Modus Operandi

Examination of investment certificate or adjusted investment certificate, and examination of audit books. In suspicious case, actual examination on site of project.

Decision

The imported goods (15 millions in excess) above are INELIGIBLE for tax exemption. Customs administration made decision to legally demand the underpaid duty.

Fact of the Case

1. Company A has the form of ownership is the capital with 03 company based in Italy that Company A EU (referred to as A EU) accounted for 51%.
2. Customs file do not included additions such as THC, copyright fees.
3. Company A VN declare a special relationship with Company A EU.

Findings

1. Rejecting the declared value for some types of imported motorcycles and determine the customs valuation for the reason: The company has a special relationship with A EU and this relationship has affected the value of imported goods. The company bought cars at a lower price compared with other companies in Vietnam that have purchased the same item, same origin.
2. Do not accept discounts, sales of car AZ, AF that the company has imported from China as the documents the Company does not present sufficient basic to prove the company has discount and sales. The inspection team identified the taxable value of above vehicles AZ, AF based on the price without discount or rebate.

3. THC (Terminal Handling Charge) fees: There are 342/1746 of the customs declaration and the Company does not declare tax and fee for THC.
4. Copyright fees: this fees must be added to the taxable value. This tax can not determine at the importing moment because it depends on sales revenue after importing. Determining the amount of payable tax on the basis of company funds that pay for A EU is 3.9% and on the net selling price (net revenue) of sold goods.

Modus Operandi

1. Methods of Risk Management: Focusing on the relationship of enterprise special report, A VN is the official distributor in Asia Pacific.
2. The inspection team focused on accounting audit, contracts, signed agreements between A and A VN EU which clarifies the special relationship that affects the transaction value and copyright fees that incurred after the paying of A VN for A EU.

Decision

Assign increase: 33.7 billion VND = 1.586.629USD



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