

# ASEAN CUSTOMS

PCA Bulletin • Volume XIII • April 2022

**Scaling up Customs  
Digital Transformation on PCA**



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# **FOREWORDS**



Recover Together, Recover Stronger. Welcome to the Thirteenth Edition of the PCA (Post Clearance Audit) Bulletin.

As we all know, number thirteen (13) usually relates to something bad. But this time, I can assure You that this edition must be a great edition of PCA bulletin.

We realize that there are still many improvements needed in the years ahead. Thus, as a PCA country coordinator in South East Asia, we are looking forward to gaining more opportunities for cooperation and sharing knowledges, as well as experiences, to enhance the capabilities among ASEAN member states of Customs.

Nowadays, We are facing the transition from pandemic to endemic era. Although Covid-19 is no longer terrifying threat for us, we should consider it as a challenge. During the crisis, Customs Administration is in the urge to support industries by implementing proper regulation to stimulate growth on international trade. Meanwhile, I also would like to emphasize the importance of PCA. Post clearance control means that the traders take responsibilities to ensure the highest levels of compliance in order to make better use of their resources and to gain better revenue assurance.

Furthermore, in this industrial revolution age 4.0, international trade has grown remarkably, both the growth of volume of trade and the growth of value of trading goods. This global competition and high intensity of traffic goods, especially in border line, require customs administrators to conduct effective and efficient customs inspection. However, PCA is still the most effective procedure to measure the compliance level of companies towards Customs regulations as customs administrators are able to conduct comprehensive examination by accessing all company data. Therefore, it is necessary for all customs administrators to study more PCA cases comprehensively.

Finally, I do hope that this bulletin will remain useful for the readers. We are also trying to continuously innovate and evolve to keep this bulletin as informative and interesting as possible. We are looking forward to receiving your valuable feedbacks for our continuous improvements.

Regards,

**Decy Arifinsjah**

*Director of Customs and Excise Audit*

*Directorate General of Customs and Excise*

*The Republic of Indonesia*

## Forewords from the Country Coordinator



# Forewords from ASEAN Directors- General of Customs



The ASEAN Customs Community bears witness to the profound work and efforts of the ASEAN Customs Enforcement and Compliance Working Group (CECWG) in bolstering, among others, Post Clearance Audit (PCA). As the ASEAN Customs seeks to balance its role as revenue generator, trade facilitator, and protector of society, it similarly commits to combat and prevent Customs fraud, promote compliance and integrity among traders, and strengthen Customs-to-Business partnerships.

In support of our common goals and aspirations, the ASEAN CECWG has continued to showcase the ASEAN Customs Administrations' respective cases and best practices on PCA through the annual publication of the ASEAN Customs PCA Bulletin. As we explore the archive of PCA cases for 2021, we are able to unveil not only common, but importantly, ingenious fraudulent acts and patterns. In response to such threats, we are duty-bound to further drive compliance and integrity in the complex trading and Customs environment.

Guided by Customs laws and regulations, the ASEAN Customs shall remain firm in upholding a unified and dynamic approach in addressing challenges that impact the Customs community and the global society.

With the gradual reopening of economies, the ASEAN Customs shall anticipate increased cross border trade, which will pave the way for post-COVID-19 economic recovery. Parallel to this, the ASEAN Customs shall recognize and stand guard over the looming and significant rise of transnational organized crimes and illicit cross border trade in goods.

To further strengthen the capacity and develop the competence of the ASEAN Customs in responding to threats on border security, the ASEAN Customs Enforcement and Compliance Working Group (CECWG) has been afforded the responsibility to devise holistic and inclusive regional measures and countermeasures to protect our region's borders.

Through enhanced cooperation and coordination among ASEAN Member States (AMS), the ASEAN CECWG has made significant progress in the development of knowledge-sharing tools on Customs Enforcement. Likewise, the ASEAN CECWG has worked to advance strategic partnerships with ASEAN Customs Dialogue Partners (DPs), notably Australia and Japan to further support us in our pursuit to combat illicit cross border trade in goods.

As we recall the encounters and issues we have overcome in the past year, which are reflected in the ASEAN Customs Enforcement Bulletin XIII, we must bear in mind that the ASEAN Customs is the first line of defense against illicit cross border trade in goods. Thus, we shall soldier on and weather through the circumstances that threaten the security of our borders and our societies.

**REY LEONARDO B. GUERRERO**

*Commissioner*

*Philippine Bureau of Customs*

# Forewords from Chairman of ASEAN CECWG

It gives me great pleasure to present the 13th Volume of ASEAN Customs Post-Clearance Audit (PCA) Bulletin published by the Directorate General of Customs and Excise (DGCE) of Indonesia.

The key objective of PCA is to gain assurance that customs declarations have been completed in compliance with Customs requirements via a structured examination of a trader's relevant commercial systems and processes, financial and non-financial records, physical stock and other assets, as a means to measure and improve compliance. PCA is conducted after the release of the goods from Customs control.

On that account, the CECWG had conducted several capacity building activities for the ASEAN Member States (AMS) throughout these past years, with the aim to enhance PCA knowledge amongst ASEAN Customs officers.

From its beginning, the PCA Bulletin was established as one of its primary functions in regular collection, publication, and dissemination of important international PCA cases. Thus, I would like to give my hats off to all AMS for contributing exceptional PCA cases to be shared amongst AMS for future guide and reference.

However, the PCA bulletin would not have been successful without the experience, effort and enthusiasm of the publication team. Thank you all for making this bulletin a memorable and an outstanding one.

Finally, let us work together in contributing extraordinary PCA cases and I believe the information from this bulletin is very useful for future reference.

With warm regards,  
**Mr Sazali Mohamad**  
*Chairman*  
*ASEAN Customs Enforcement and Compliance*  
*Working Group*







# **PCA CASES**





## Case I

### Facts of the Case:

1. In April 2021, PCA Unit made an assessment on the importation of heavy machineries plus equipments and tools.
2. There was a doubtful HS Code used on some of the importation made by HBS Pte. Ltd.

### Findings:

1. Initial assessment on the data importation of few items were suspected to be wrongly classified.
2. PCA Unit decided to assess the importation of HBS Pte. Ltd. from January 2020.

### Modus Operandi:

1. HBS Pte. Ltd. declared Metal Rolling and Roller under HS Code 8455.90.00.00 – Metal-rolling mills and rolls therefor ≈ 0%

Should be 8466.94.00.00 – Parts and accessories suitable for use solely or principally with the machines-tools (including presses) for working metal by forging, hammering or die-stamping; machine-tools (including presses) for working metal by bending, folding, straightening, flattening, shearing, punching or notching; presses for working metal or metal carbides ≈ 2.5%

2. These HS Codes were verified by Valuation, Classification and Tariff Unit with all the details based on the descriptions of goods and photos provided by the company.

### Decision:

1. The shortage amount of excise duties of \$2,402 (USD 1,820@1.32) was paid.
2. HBS Pte. Ltd. was given a warning letter and reminded to use the actual HS Codes on next importation of metal rolling and rollers.

## Case II

### Facts of the Case:

1. In February 2021, PCA Unit received information from Muara Container Terminal, one of Customs Branch regarding doubtful value of items used for the importation of equipments and tools by T Pte. Ltd.

### Findings:

1. Initial assessment was from the importation data on the details on high valued items for T Pte. Ltd.
2. PCA Unit decided to audit all the declarations on the importation of T Pte. Ltd. for the year 2020.
3. Upon investigation and assessment of the importation documents collected, PCA Unit discovered that there were two different invoices for the same consignment, whereby one invoice was used for Customs declaration and the other was for making payment to the supplier.

There were also discrepancies found in the freight charges and other charges.

### Modus Operandi:

1. The invoices provided directly to the forwarding agent by T Pte. Ltd. were of lower values and it is not as the same price as the payment made.
2. T Pte. Ltd. used double invoices for the undervalued for two of the declarations of goods.

### Decision:

1. The shortage amount of duties of BND 4,052 (USD 3,001@1.35 ) was paid and penalized for committing offence under Section 136, Customs (Amendment) Order, 2018 and Section 142, Excise (Amendment) 2018.



## Case I

### FACTS OF THE CASE

- Company A is registered in Cambodia, a subsidiary of Company B in country X. Company B (franchisee) has exclusive right to sale and import products and equipment under trademark YYY. Company C is franchiser of trademark YYY in country Z.
- Company A import products and make payment directly to its related suppliers (related companies).
- Company A uses local ingredients to make drinks under trademark YYY. Also mixed imported products with local ingredients to make foods and beverage too.
- There is a trademark agreement that requires company A to pay royalty 6% of net sales of each month to Company C (franchiser).

### FINDING

- There are two payments regarding the import of equipment and products that Company A must pay. 1st payment is happened whenever there is an importation of equipment and products. The 2nd payment is the royalty payment to trademark owner for 6% of net sales.
- There are three kinds of royalty payment paid to franchiser:
  - a. Local purchase foods and beverages
  - b. Imported products, and
  - c. Mixed imported with local ingredients.

- Under the Cambodian customs law and regulations, royalties and license fees, including payments for patents, trademarks, and copyrights in respect of the imported goods that buyer must pay, directly or indirectly, as a condition of the sale of the goods for export to Cambodia.

### MODUS OPERANDI

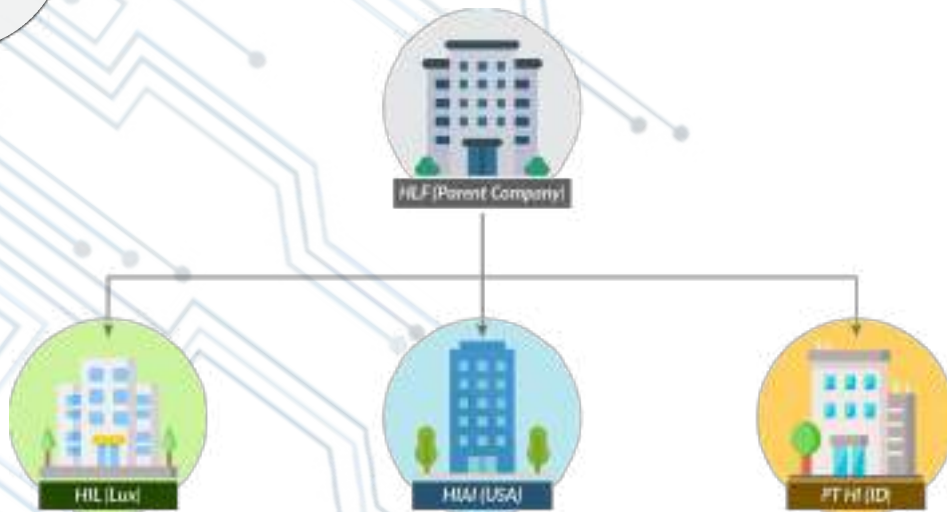
- PCA officials review financial statements, bank statements, payment vouchers and asked the company to provide the royalty contracts.
- Royalty payments for the sale of imported products are subjected to include in customs value.
- Royalty payment for local purchase foods and beverage are not subjected to include in customs value.
- Royalty payment for mixed imported with local ingredients are not subject to include in customs value.

### DECISION

Company A had to pay additional duty and tax and penalties 260,071,100 KHR or approximately 63,742.92 USD.



# INDONESIA



## Case I (Customs Valuation)

### FACTS OF THE CASE

PTHI (Indonesia) is a part of Multinational Corporate owned by the parent company, HLF. PTHI is engaged in the business of food supplement products. It does not own any patent or copyright of the brand of the products and does not perform any manufacturing or research and development functions.

The company is involved in intercompany distribution transactions within its MNC group members. It purchases the products from its foreign related party, HIL (Luxembourg), and pays for intercompany “service fees” to another related party, HIAI (USA).

### FINDINGS

The audit team decided that the intercompany “service fees” can be defined as Proceeds. Based on the Ministry of Finance of Republic of Indonesia Regulation Number 34/PMK.04/2016, Proceed is the value of any part that received by the buyer from any resale, disposal or use of the imported goods that accrues directly or indirectly to the seller.

Thus, the payment that The Company made toward HIAI, should be added into the customs value.

### MODUS OPERANDI

1. Hiding in plain sight. Some MNC Groups disguise Payments that are supposedly related to the import goods as a “Management Fee” or “Service Fee”. Hoping it will not get recognised and do not have to be added into the customs value.
2. Indirect Payment. Because all parties involved are part of the MNC group, the parent company can control flow of goods distribution and payment within its group.

### DECISION

There is a shortage of customs duties, import tax and fines that PTHI must pay with a total of IDR 44.736.980.000,00 (approximately USD 3,122,000.00)



## Case II

(Classification and Identification)

### FACTS OF THE CASE

ABC company is a company engaged in pest eradication as well as the rice and palawija trading industry. Most of the imported goods are declared and classified as: Paraquat Dichloride (2933.39), Plenum (3808.91), and Difenoconazole (2934.99). In addition to chemicals used for raw materials, ABC company also imports machinery and machine spare parts for its production process.

### FINDINGS

The identification process and customs laboratory analysis found differences between the classification of Paraquat Dichloride declared and audit team examination result.

### MODUS OPERANDI

The company declared “Paraquat Dichloride” in the import documents and classified it under HS code 293339 (0%) with description below:

2933.39 -- Other:  
2933.39.10 --- Chlorpheniramine and  
isoniazid  
2933.39.30 --- Paraquat salts

The identification process and laboratory analysis identify Paraquat Dichloride as a chemical product in the form of intermediate herbicide containing 1,1' dimethyl-4,4'-bipyridinium dichloride, emetic (PP796), and dye.

According to Chapter 29 Notes 1 (a), (d), (e), (f), and (g) of the Harmonized System 2017, substances that can be added into the goods classified in this chapter for safety reasons are anti-dusting agents or a coloring or odoriferous substance. Meanwhile, identification of goods shows that Paraquat Dichloride contains emetic (PP796), which is not an anti-dusting agent or a coloring or odoriferous substance. Thus, the goods cannot be classified under Chapter 29.

Regarding the letter of the Directorate General of Agricultural Infrastructures and Facilities, Paraquat Dichloride's technical materials were categorised as pesticides.

They already contained the pesticide's characteristics despite not being added yet with some additional materials (such as solvents, odorants, emulsifiers, dyes, carriers, graders, adhesives, dispersants, and stabilisers). According to both the identification of goods and this letter, the imported goods meet the explanation of Chapter 38 Notes 1:

1. - This Chapter does not cover:  
(a) Separate chemically defined elements or compounds with the exception of the following:

...  
(2) Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up as described in heading 38.08;  
and Explanatory Notes Fifth Edition (2017) page VI-3808-1 and VI-3808-2

These products are classified here in the following cases only:

...

(2) When they have the character of preparations, whatever the presentation (e.g., as liquids, washes, or powders). These preparations consist of suspensions or dispersions of the active product in water or in other liquids (e.g., a dispersion of DDT (ISO) (clofenotane (INN), (1,1,1-trichloro-2,2-bis(p-chlorophenyl)ethane) in water), or of other mixtures. Solutions of pyrethrum extract (other than standardised pyrethrum extract), or copper naphthenate in a mineral oil).

Intermediate preparations, requiring further compounding to produce the ready-for-use insecticides, fungicides, disinfectants, etc., are also classified here, provided they already possess insecticidal, fungicidal, etc., properties.

Moreover, the Report to Customs Co-operation Council on the 59th Session of The Harmonized System Committee (Annex K/2) stated that regarding the classification of a product commercially named Paraquat Dichloride, the Committee decided by 29 votes to 1 to classify the product under consideration in heading 38.08, more specifically subheading 3808.93.

Therefore, the audit team classified “Paraquat Chloride” under HS code 380893 (5%).

3808.93      - - Herbicides, anti-sprouting products and plant-growth regulators:  
                  - - - Herbicides:  
3808.93.11   - - - - In aerosol containers  
3808.93.19   - - - - Other

## Case III

### BONDED ZONE DATA EXCHANGE (COOPERATION WITH TAX AUTHORITY)

#### FACTS OF THE CASE

AMP company is an Electronic Appliance Manufacturing Company and was audited for the 7th time. The company was given bonded zone facility which are Suspension of import duties and the absence of Value Added Tax levies if the imported raw materials are being processed and the finished goods are to be exported (T&C apply). Most of its imported goods are plastic pellets and electronic components. The electronic components are exchangeable between their export and domestic product. AMP also have their own brands, sells in domestic market.

#### FINDINGS

In bonded zone examination, the audit team found there is a gap between local sales value that reported in BC 2.5 Customs Declaration and local VAT report to Tax Authority.

#### MODUS OPERANDI

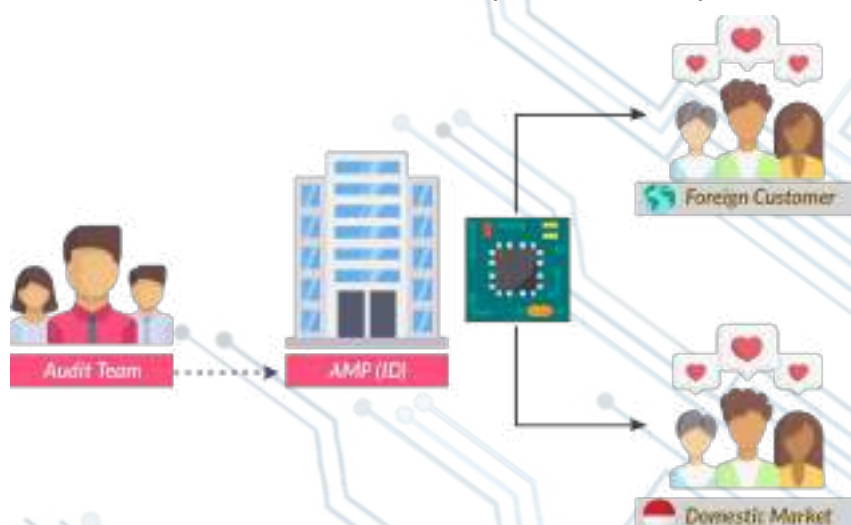
- The company purchased imported goods using bonded zone facility with the intention of raw materials are being processed and the finished products are exported.

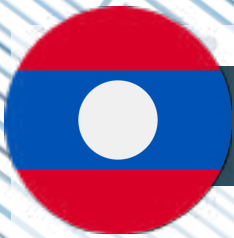
- Amid company's activities, instead of being processed some of the imported goods/materials are sold locally. This problem can be noticed by examination of BC 2.5 Customs Declaration which is notification of released goods from bonded zone area.
- From the company's perspective, this fraud is profitable economically. While company got profit from customs and tax avoidance but also local sales.
- The gap between local sales value in BC 2.5 Customs Declaration and VAT report to Tax Authority become the trigger for Audit Team to conduct an examination regarding the customs value of local sales and also the risk of imported goods being sold locally without clearing its customs duties.

#### DECISION

There is a shortage of import duties, tax and administration fines that the company must pay with a total IDR 8.491.660.000 (approximately USD 594.468).

The audit team also gave recommendation to the company to be more precise in controlling the flow of imported goods of raw materials in their manufacturing business since in the bonded zone, imported goods are still subject to customs duty and tax except the finished products are exported.





# LAOS

## Case I

### FACTS

In 2020, PCA Division received information from Regional Customs about importation of engine oil 2709.00.20 declaration under tariff and tax exemption scheme granted by Lao Government to a foreign investment company

### FINDINGS

Customs Auditor coordinated with Exemption Management Division and Legislative Division regarding to importation of engine oil importation of the company. It is found that this product importation was not stated in the Annual Master Plan of the company. Also there were no exemptions on tariff and tax. Customs Authority proceed recollecting revenue

### MODUS OPERANDI

The company paid 0% on tariff and tax rate, whereas tariff is 10% and consumption tax rate is 9% and VAT 10%

### DECISION

PCA Unit recalculated the duty of each declaration and penalty. The total revenue we collected back was equally to USD 391,500. It took one year to complete the process.





## Case I

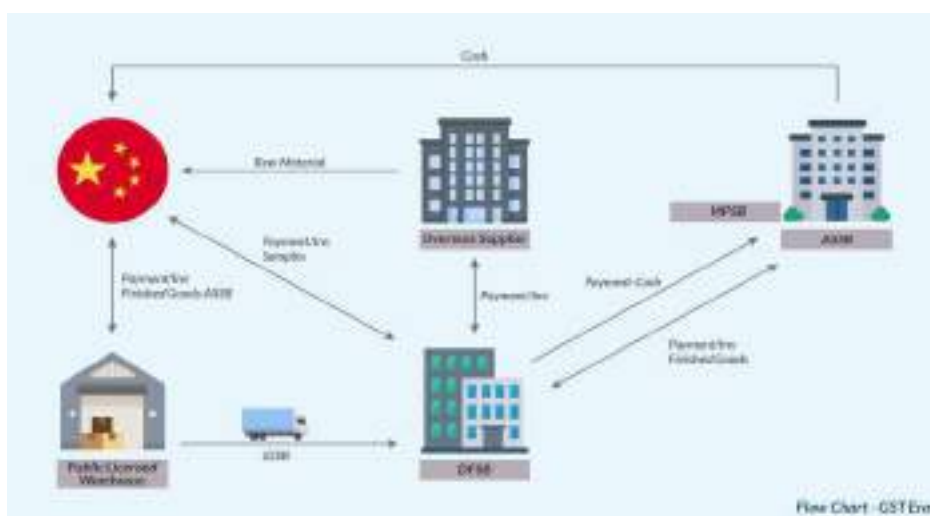
### TAX PLANNING

#### Facts of the Case

DFSB engages in a trading activity of branded leather goods such as handbags and wallets. DFSB conducts the following transactions:

- imports samples of finished goods from China
- purchase raw materials from overseas suppliers and directly deliver to China
- deliver cash to China for raw material and mould through MPSB
- buys finished goods from ASSB (local supplier).

In Goods & Service Tax (GST) era which was implemented from April 2015 until August 2018, ASSB imported the finished goods from SC Pte Ltd (China) and placed the goods in a public licenced warehouse before import clearance. ASSB's transporter, LGSB will deliver the goods to DFSB. ASSB issued sales invoice to DFSB & received payment. In GST era, ASSB was entitle to claim 6% GST on the imported goods. ASSB, MPSB and LGSB are related companies.



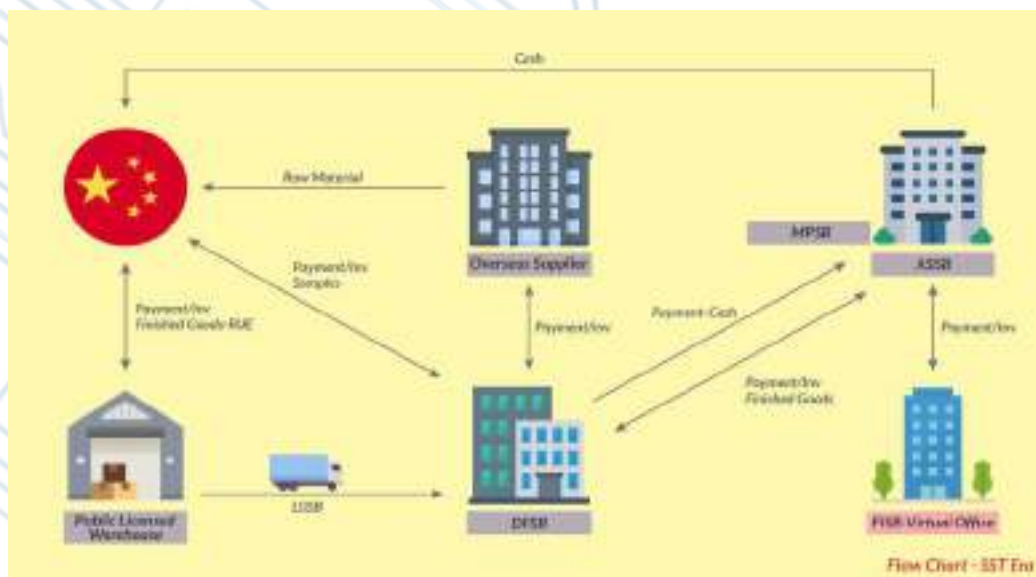
However, the taxation system has transitioned from GST to SST which effective on 1st September 2018. In Sales & Service Tax (SST) era, ASSB stopped importing and only purchased the finished goods from FISB (local supplier). In SST era, importers are not allowed to claim 10% SST on the imported goods.

#### PCA Findings

Based on customs information system, SC Pte Ltd still exporting the finished goods to Malaysia and stored in a public licenced warehouse but through different importer, RUE. The highest declared price per unit by ASSB (GST era) was MYR400 compared to RUE (SST era) MYR15. The stock of finished goods owned by RUE in the public licenced warehouse was managed by ASSB.

RUE is a sole proprietorship business and the owner is a housewife. Her husband had registered the business using her identity but was unaware of the business activities. The husband has been imprisoned for drug case on August 2020.

Tax payment was made by Mr T on cash transactions for import clearance. RUE only carried out importing activities from September 2018 until October 2020. The audit team unable to trace Mr T & FISB (local supplier to ASSB). No importation record of FISB and the company only has virtual office.



## Modus Operandi

Based on the storage rental invoice and movement of goods, ASSB's transporter (LGSB) deliver the RUE's goods from the public licenced warehouse to DFSB. Warehouse lot number will be stated on the sales invoice issued by ASSB to DFSB. There are no documents produced by RUE after the import clearance.

In fact, ASSB supplies imported goods to DFSB. Total payments made by DFSB from September 2018 until June 2020 for finished goods, raw material and mould is MYR-34million (USD8,160,000).

If DFSB direct import the finished goods, adjustment of all the expenses should be made to the value of imported goods and subject to 10% sales tax which is amounting to MYR3.4million (USD816,000).

## Decision

Section 2 Customs Act 1967 define the importer as any owner or other person for the time being possessed of or beneficially interested in any goods at and from the time of importation thereof until such goods are duly removed from customs control. In this case, importer of record is RUE and no documents can be linked to ASSB/DFSB. Limitation of proof to establish prima facie case can cause the claim to be challenged and not to be defended in court.

In conclusion, in order to prevent revenue leakage in the future, the following actions has been taken such as channeled information to Import Division to be vigilant on import transactions involving RUE or SC Pte Ltd by conducting physical inspection of the goods. Details of the forwarding agent has been submitted to agent control unit for risk profiling.

## Case II

### CLASSIFICATION AND IDENTIFICATION

(Avoiding anti-dumping duty and Violating ATIGA requirements)

#### Facts of the Case

1. The principal activities of the ABC Sdn Bhd (ABC) are importing and selling construction and hardware goods. The consignment has been brought in from Thailand. The information on the import declaration form are as follows:

Good Description	HS Code	Import Duty	GST/ SST	Anti Dumping Duty	Classification
Fiber Cement Board	6811.82.9000	10%	6%	-	Articles of asbestos cement, of cellulose fibre cement or the like. - Containing asbestos : - Other articles : - - - Other

2. Import duty on goods has been exempted because ABC has provided certificate of country origin under Asean Trade in Goods Agreement (ATIGA).



Wood plank teak Plank smooth

#### PCA Findings

1. PCA was done to identify the correct classification on goods imported. Catalogues and samples of goods were forwarded to the classification department for classification purposes. Based on a study made by the technical department found that the trade was wrongly pledged which should have been declared as follows:

Good Description	HS Code	Import Duty	GST/ SST	Anti Dumping Duty	Classification
Fiber Cement Board	6811.82.9000	20%	6%	31.14%	Articles of asbestos cement, of cellulose fibre cement or the like. - Containing asbestos : - - Other sheets, panels, tiles and similar articles : - - - Other

2. Under local tax law Malaysia has imposed anti-dumping tax for these products. The Importer declared incorrect tariff code and consequently no anti-dumping duty was imposed on the imported goods.
3. Based on the audit findings the Importer did not meet the import requirements using ATIGA approval.
4. Therefore, the importer has committed an offence and is not eligible to enjoy the preferential tariff facility and has to repay the tax involved according to the prescribed rate.

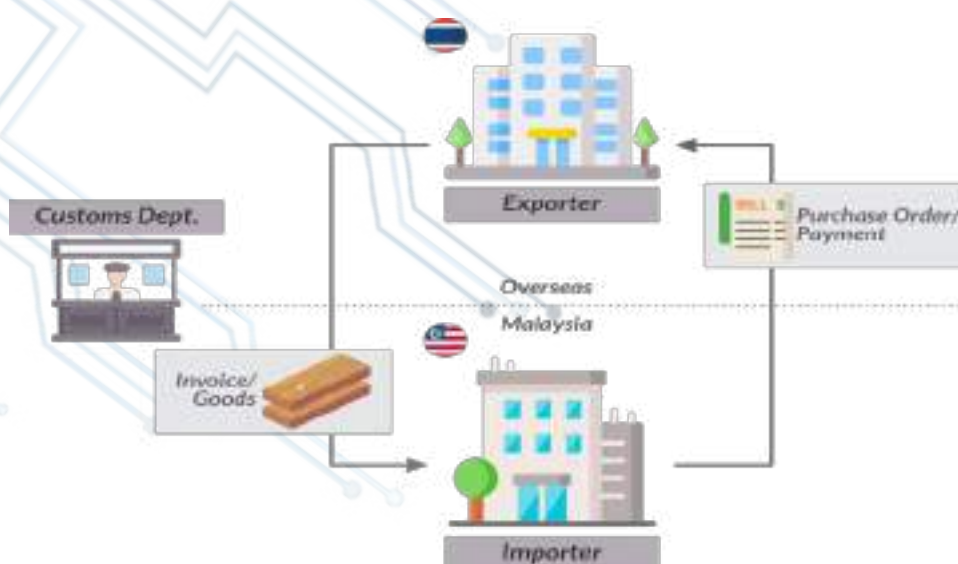
## Modus Operandi

There had been an indication of shifting HS Code intentionally.

## Decision

1. The Importer has committed offences under Section 133(1)(e) of the Customs Act 1967 and Section 43(4) and 43(5) Goods and Services Tax Act 2014.
2. Importers fail to declare the product of Cellulose Fiber Reinforced Cement Flat and Pattern Sheets Originating from Thailand under the actual tariff code.
3. Bill of demand was issued for MYR2,195,184.28 (USD543,019.70).

## Flowchart





## Case III

### FACTS OF THE CASE

1. BL Sdn Bhd was licensed with the Association of Importers & Traders Malay Vehicle (PEKEMA) Warehouse facility under section 65 of the Customs Act 1967.
2. BL Sdn Bhd conducts the sales of imported used cars with foreign brands in the local market.

### FINDINGS

1. Suspicions in the declaration of customs Form K1.
2. The results of the audit found that the CIF declaration is not based on the price gazette under Section 12 of the Customs Act 1967 is to the power of the minister to impose tax.
3. From assessment found the age of the vehicle is less than 1 year/ 12 months.

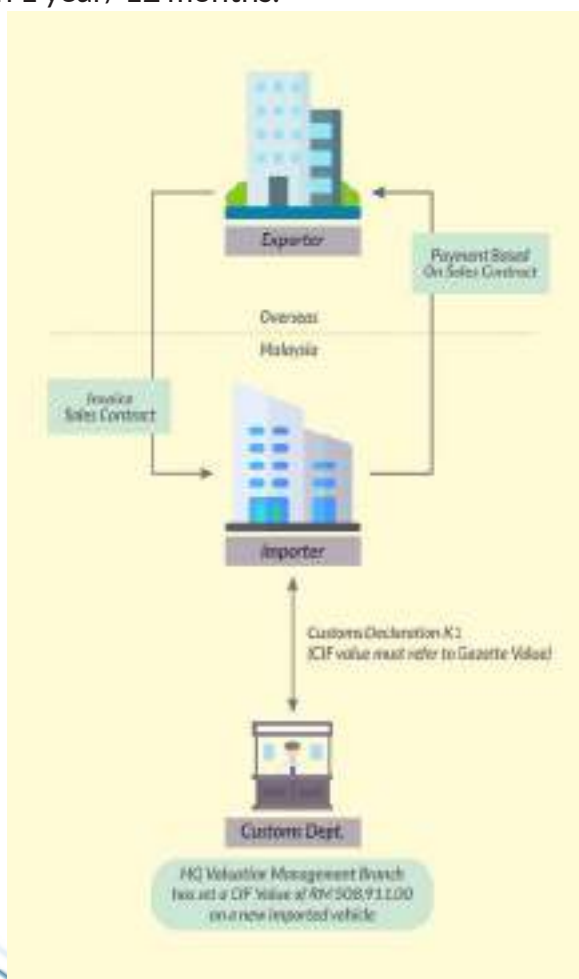
4. HQ Valuation Management Branch has set a CIF customs value of RM508,911.00 on a new imported CBU vehicle.
5. The declaration made is much lower than the actual price.

### MODUS OPERANDI

BL Sdn Bhd was found to have declared an inaccurate CIF value to avoid tax which is the Customs Value Declaration was lower than Price Actually Paid or Payable (PAPP)

### DECISION

Base on Audit findings, BL Sdn Bhd had responsible for paying the total amount of billing was RM868,877.55 (USD 204,895.92)



## CUSTOMS DECLARATION DETAILS

CDN LARKIN - J31

Form Reg. No: 1-07-000001/19 JSD Transaction Type: 1 NORMAL IMPORT (TO PCA) Duty Status: D **OUTTABLE**

Form Header Participant Item Cargo QGA / Remark Vehicle KJA PE #

Physical Examination  
Instruction: PEKEM RET Title: PEMERIKSAAN KENDERAAN **COMPLETED**  
PEKEM

No.	Instruction	Y/N	Result
01	BUTIR-BUTIR PEMERIKSAAN FIZIKAL	<input type="checkbox"/>	
02	ATAS KENDERAAN :	<input type="checkbox"/>	
03		<input type="checkbox"/>	
04	1. KEADAAN :	<input checked="" type="checkbox"/>	USED MERCE BENZ AMG GT63 S
05	2. JENIS :	<input type="checkbox"/>	
06	3. CHASIS NO :	<input checked="" type="checkbox"/>	WDD2906892A006202
07	4. ENJIN NO :	<input checked="" type="checkbox"/>	17798060100881
08	5. MODEL :	<input checked="" type="checkbox"/>	AMG GT63
09	6. THN PENDAFTARAN ASAL :	<input checked="" type="checkbox"/>	2018
10	7. KAPASITI :	<input checked="" type="checkbox"/>	3982CC
11	8. KILOMETER :	<input type="checkbox"/>	
12	9. BARAN TAMBAHAN YG DIPASANG :	<input type="checkbox"/>	
13		<input type="checkbox"/>	
14		<input type="checkbox"/>	

CDN LARKIN - J31

Form Reg. No: 1-07-000001/19 JSD Transaction Type: 1 NORMAL IMPORT (TO PCA) Duty Status: D **OUTTABLE**

Form Header Participant Item Cargo QGA / Remark Vehicle KJA PE #

General Desc: USED MERCEDES BENZ AMG GT63 S

Item Entry  
Item No: L/1 Desc: C/NO: WDD2906892A006202 YR: 2018 E/NO: 17798060100881 CAP: More TE:

Tarif Code: 8703.24.5990 SS CALC Type: F Country of Origin: DE PM4/ADM2

Statment Qty: 1.00 UNT Declared Qty: 1.00 UNT PM3/C/S

Declared Value: 69065.00 Total Value: 69065.00 PM1: 0001 PM2:

Duty		Exemption	
Import Duty:	A 30.00	Import Duty:	
Duty Amount:	17719.50 Rev Class: 209	Duty Amount:	
Excise Duty:	A 105.00	Excise Duty:	
Excise Amount:	80623.73 Rev Class: 351	Excise Amount:	
Sales/GST:	A 10.00	Sales/GST:	
Sales/GST Amount:	15740.62 Rev Class: 010	Sales/GST Amount:	0.00
Total Duty:	114084.05 HP: <input type="text"/> Strength: <input type="text"/>	Total Duty:	0.00 Revenue: <input type="text"/> Decket: <input type="text"/>

No.	P	V	D	Description	Tarif Code	Origin	Statistics Qty./Unit	Declared Qty
1	K	Y		C/NO: WDD2906892A006202 YR: 2018 E/NO: 17798060100881 CAP: 3982CC	8703.24.5990	DE	1.00/UNT	1.0

### Vehicle Registration Form- Road Transport Department Malaysia (JPJ)

No. Pendaftaran Kendaraan: VCB9  
 No. Casis: WDC29068924006202  
 Busan: MERCEDES BENZ  
 Kuasa Enjin: 3082  
 Nama: KELABU  
 Kod Kegunaan: AB  
 No. Rujukan Pemilik: 1790503095013  
 Tarikh Daftar: 22/07/2019  
 Syarat 1: -  
 Syarat 3: -  
 No. Siri FIS  
 No. Siri LKM: MDutmg0  
 Tarikh Mula LKM: 22/07/2020

No. Enjin: 17799060100681  
 Nama Model: AMG GT63 S 4MATIC+  
 Jenis Badan: MKR-MOTOKAR  
 Jenis Bahan Bakar: 0-PETROL  
 Kapasiti Tempat Duduk: 4  
 Status Asal: B-KENDERAAN IMPORT TERPAKAI  
 ID Kendaraan: VDM439  
 No. Pendaftaran Kendaraan Terdahulu: VDM439  
 Syarat 2: -  
 Status Kendaraan: 0-AKTIF  
 Tahun Dibuat: 2018  
 No. Siri VOC: MY6ZT5GA  
 Tarikh Luput LKM: 21/07/2021

## Case IV

### COMPLIANCE OF CUSTOMS (“COMPLETELY KNOCKED DOWN” AND “COMPLETELY BUILT-UP”) (DEFINITION NO.1) REGULATIONS 1988

#### Facts of the case

MTBSB was a commercial vehicle assembler such as truck and bus in Malaysia. The main sold commercial vehicle of MTBSB in Malaysia was truck. It promotes various models of truck to the local customers through their strong marketing team. After confirming the order, MTBSB will purchase and import trucks in CKD pack from their parent company (“MSE”) located in Germany. The appointed forwarding agent will clear the imported trucks in CKD pack at the port and directly send to MTBSB plant to be assembled locally. The assembly process for a truck will take around 24 hours. The flow chart below shows the process of purchase and importation:

Flowchart



However, based on the information and preliminary checking by Verification & Profiling Branch Central Zone (“V&P”), MTBSB did not comply certain conditions stated in Schedule A of Customs (“Completely Knocked Down” and “Completely Built-Up”) (Definition No.1) Regulations 1988, where this regulation was regulated by Royal Malaysia Customs Department (“RMCD”).

#### PCA Findings

During site visits, it was found that the imported truck cabins were painted and in partially assembled. Several interviews were conducted with the MTBSB Finance Director and Manager regarding the imported truck in CKD pack. Both the Finance Director and Manager had confirmed that the truck cabins were painted and partially assembled before importing them into Malaysia. Reason being, it was costly to built-up a painting plant, and for certain parts such as the windscreen, it needs a highly technology machine to seal it at the cabin.

Furthermore, the Finance Director and Manager showed a few approval letters from the Ministry of International Trade and Industry (“MITI”) which granted MTBSB to import trucks in CKD pack together with fully assembled cabins. Thus, MTBSB followed precisely as stated in the approval letter from MITI to declare the imported trucks in CKD pack together will fully assembled cabins in a single tariff code of CKD with 0% of Import Duty. MTBSB had declared CKD tariff code with 0% of Import Duty from the year 2010 until the date of PCA.



## Modus Operandi

Based on the documents provided by MTBSB, the payment made from local customers to MTBSB and from MTBSB to MSE were in order according to the amount stated in sales invoices. However, by checking on the imported cabins, MITI approval letters, and letters to RMCD, it was found that in year 2008 MTBSB had once applied Customs Ruling to allow them using tariff code of CKD with 0% of Import Duty for their imported trucks in CKD form together with fully assembled cabin. In year 2009, Classification Branch from Technical Services Division Head Quarters had issued a Customs Ruling based on an application made by MTBSB and ruled out that MTBSB cannot use tariff code of CKD with 0% of Import Duty. In year 2010, MTBSB had appealed to MITI, and it was stated in the letter that RMCD did not allow them to use tariff code in CKD and they also realized that the importation did not comply with the conditions set in Customs (“Completely Knocked Down” and “Completely Built-Up”) (Definition No.1) Regulations 1988. In the same year, MITI had replied to the letter and allowed MTBSB to continue importing trucks in CKD pack together with fully assembled cabins with tariff code of CKD with 0% of Import Duty, despite RMCD disallowing them to do so.

As the imported truck in CKD pack together with fully assembled cabin did not comply certain conditions stated in Schedule A of Customs (“Completely Knocked Down” and “Completely Built-Up”)(Definition No.1) Regulations 1988, thus the imported truck in CKD pack was defined in CBU form as Regulation 7 stated that those motor vehicles which does not fall within the definition of CKD of a motor vehicle under Regulation 6 shall be deemed to be CBU motor vehicle. And Regulation 6 mentioned that a CKD motor vehicle is imported in the form of parts and sub-assemblies for which the manner or degree of knocked down condition is prescribed in Schedule A. The tariff code for CBU brings 30% of Import Duty.

## Decision

Several demand notes which amounted to MYR 26million (USD 6.37million) issued to MTBSB in year 2019 to 2020. MTBSB had made an application for judicial review to challenge the validity of the issued demand notes. In year 2020, the High Court ruled out that the proper forum to resolve this matter is the Customs Appeal Tribunal. In the same year after judgment was made by the High Court, MTBSB applied for tax remission from the Ministry of Finance and had granted 70% remission in year 2021.

In conclusion, to prevent any issues raised regarding truck importation either in CKD or CBU form, there is a need for relevant ministries and authorities to study the validity of conditions in Schedule A of Customs (“Completely Knocked Down” and “Completely Built-Up”) (Definition No.1) Regulations 1988 to conform to the current economic environment.

## Case V

### CLASSIFICATION AND IDENTIFICATION (Avoiding anti-dumping duty)

#### Facts of the case

Established in Year 1993, LNMSB is one of the leading local metals roofing manufacturer, supplying metal roofing throughout Malaysia. LNMSB acquired its raw materials from overseas and through local suppliers. Most of imported raw materials have been brought in from China and Vietnam. The information on the import declaration forms is as following:

Goods Description	HS Code	Import Duty	GST/ SST	Anti-Dumping Duty	Countries of Origin
Hot-Dip Zinc & Zinc Alloyed Steel Sheet	7210.49.9900	15%	0%	-	China
Prefinished sheet metal product	7225.99.9000	0%	0%	-	Vietnam

Import duty on goods has been exempted because LNMSB has provided certificate of country origin under Customs Duties (Goods under the Framework Agreement on Comprehensive Economic Co-Operation between ASEAN and China) Order 2019.

Importer had been declaring transaction “S” and not transaction “AD” for importation of “Hot-Dip Zinc & Zinc Alloyed Steel Sheet” and “Prefinished sheet metal product” for the period of 8 November 2018 until 31 December 2019. This implies that the importer had not been paying any anti-dumping duties on both goods brought in from China and Vietnam.

#### PCA Findings

PCA was done to identify the correct classification on goods imported. Under a local tax law, Malaysia has imposed anti-dumping tax for these products as following:-

Good Description	HS Code	Countries of Origin	Exporters	Related Acts	Anti-Dumping Duty
Hot-Dip Zinc & Zinc Alloyed Steel Sheet	7210.49.9900	China	Yieh Phui (China) Technomaterial Co	Customs (Provisional Anti-Dumping Duties) Order 2018	3.99%
Hot-Dip Zinc & Zinc Alloyed Steel Sheet	7210.49.9900	China	Yieh Phui (China) Technomaterial Co	Customs(Anti-Dumping Duties) Order 2019	3.76%
Prefinished sheet metal product	7225.99.9000	Vietnam	Maruichi Sun Steel Joint Stock Co.,	Customs (Anti-Dumping Duties) Order 2019	15.69%

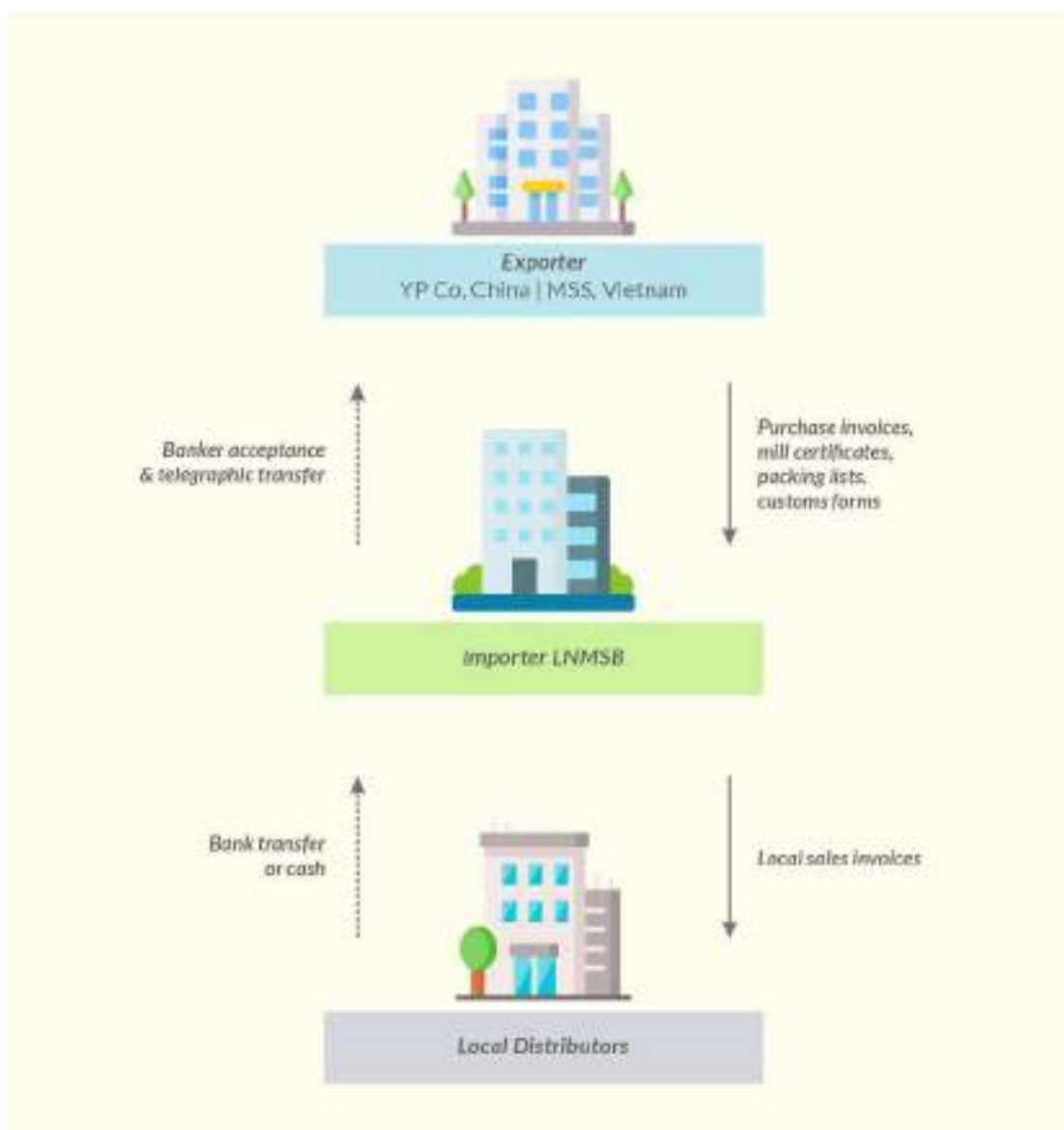
The Importer declared incorrect transaction types and consequently no anti-dumping duty was imposed on the imported goods.

### Modus Operandi

There had been an indication of shifting wrong transaction types intentionally.

### Decision

The Importer has committed an offence under Section 133(1)(e) of the Customs Act 1967. Bill of demand was issued for MYR 503,126.21.





## MYANMAR

### Case I

#### FACTS OF THE CASE

Company A is a company which is importing cosmetics and it was audited for the first time by Myanmar Customs.

#### FINDINGS

It was found that the price of goods had been under declared during their importations according to its' price lists.

#### MODUS OPERANDI

The company submitted the make-up Invoices.

#### RESULT

After Audit team delivered preliminary findings to the company, the company accepted all findings and company paid 120,278,563.00 Kyats (approximately USD 80,185).

### Case II

#### FACTS OF THE CASE

The PCA Section of Myanmar Customs Department audited the company "A" which had imported the furniture according to the risk analysis results.

#### FINDINGS

It was found that the price of goods had been under declared during their importations by providing incorrect information on the import declaration forms and relevant documents.

#### MODUS OPERANDI

The company submitted the make-up invoices to the customs at the time of importation.

#### RESULT

After Audit team delivered preliminary findings to the company, the company accepted all findings and company paid 25,306,480 Ks (approximately USD 14,886).





## Case I

### Background of the Company

Company A is an entity organized under the Securities and Exchange Commission (SEC) primarily engaged in the business of wholesaling, retailing, and importing agricultural products.

### Audit Findings

It was determined that importations of Company A for the audit period were affected by the reversion of the reduced Most Favoured Nation (MFN) Rates of Duty on certain agricultural products affected by the provisions of Republic Act (RA) No. 11203 of the Rice Tariffication Law.

### Decision

The company was found to be liable for the payment of the customs duties and taxes due on its affected importations of agricultural products, and imposition of the 20% surcharge for its importations for which no records were found in the total amount of Php 3,233,498.58 and Php 5,774,104.60, respectively.

## Case II

### Background of the Company

Company B is a domestic corporation primarily organized to engage in the manufacture of printed cartons and boxes for constructive export to registered economic zone locators.

### Audit Findings

The importations covered by the compliance audit on the Company are its importations of raw materials through the warehousing scheme used in the manufacture of printed cartons and boxes for constructive importation into the economic zone registered enterprise. It was determined that Company B effected the cancellation of the bond posted as security for the payment of its customs duties and taxes due on goods constructively imported into the economic zone despite of the lack of the documents required to effect the same. Likewise, it was determined that there were unaccounted raw materials which were imported through the warehousing scheme.

### Decision

Company B was imposed with the penalty under Section 1430 of the CMTA, and liable for the payment of the customs duties and taxes for the unaccounted raw materials determined during the course of the compliance audit in the total amount of Php 1,100,000.00 and Php 7,133,642.12, respectively.

## Case III

### Background of the Company

Company A is a corporation organized to manufacture, mill, buy, sell, export, import, trade or deal in, as principal, agent, factor, or broker, for commission or otherwise, animal and aquatic feeds and feed ingredients agricultural and aquatic products such as but not limited to vegetables, fruits, cattle, hogs, poultry, fish prawns, crabs, squid, machineries, equipment and facilities.

### Audit Findings

It was determined that importations of Company A for the audit period were affected by the reversion of the reduced Most Favored Nation (MFN) Rates of Duty on certain agricultural products affected by the provisions of Republic Act (RA) No. 11203 of the Rice Tariffication Law.

### Decision

Company A was found to be liable for the payment of the customs duties due on its affected importations of agricultural products, and imposition of one hundred twenty-five percent (125%) of the revenue loss for failure to pay the correct duties and taxes as well as the twenty percent (20%) legal interest in the total amount of Php1,627,849.42 (31,645.60USD).

## Case IV

### Background of the Company

Company C is a domestic corporation organized under the Securities and Exchange Commission (SEC) to engage in the business of trading, import and export of goods on a wholesale basis.

### Audit Findings

It was determined that importations of Company C for the audit period were subject to the imposition of the price based special safeguard duty under the Safeguard Measures Act on certain agricultural products.

### Decision

The company was found liable for the payment of additional customs duties, taxes, interest and 125% penalty due on its affected importations of agricultural products and were found in the total amount of Php 6,420,000.00 (9124,805.63USD).



## Case I

Singaporean woman fined \$9,000 for making false declaration in export permit

### Facts/Findings

In December 2019, Singapore Customs received information from the Directorate General of Customs and Excise of Indonesia on an attempt to smuggle two vehicles from Singapore into Indonesia. Investigations traced the shipment to one export permit which was falsely declared to Singapore Customs to contain “13.98 tonnes of refractory bricks” when it contained two luxury vehicles.

Investigations revealed that a Singaporean woman who is the director of a freight forwarding company was engaged by an unknown person to export the two luxury vehicles to Indonesia. In return, she received about S\$2,000 for arranging to export the shipment, including making a declaration for the shipment’s export permit. The woman claimed that she received instructions from the same unknown person to declare the items as “refractory bricks”, despite being fully aware that they were luxury vehicles.

### Modus Operandi

The woman had submitted the false declaration under the instructions of an unknown person, and by allowing the freight forwarding company to be used for the export shipment, the woman had facilitated the transnational smuggling of two luxury vehicles from Singapore to Indonesia.

### Decisions

The woman was sentenced by the State Courts on 29 April 2021 to a fine of \$9,000, in default 36 days’ imprisonment, for making a false declaration in an export permit. She pleaded guilty to one charge of making the false declaration to Singapore Customs.

## Case II

Importer fined \$64,000 for fraudulent evasion of GST

### Facts/Findings

In February 2021, Customs officers inspected a consignment of bicycle wheels imported into Singapore. Investigations revealed that a Singapore permanent resident who is the director of a company had declared the value of the consignment as \$1,615.84. However, from supporting documents provided by the freight forwarder of the consignment, it was established that the actual value of the bicycle wheels was \$23,357.66. This resulted in a short payment of \$1,521.93 in Goods and Services Tax (GST).

Investigations also revealed that between June and December 2020, the same individual had declared the values for 31 shipments to be less than \$400 for each shipment. GST relief is granted on goods (excluding intoxicating liquors and tobacco) imported by post or air with a value not exceeding \$400. By understating the import values, it resulted in the non-payment of GST amounting to \$8,933.15 for these 31 shipments. In two other shipments, the man had suppressed the actual values which resulted in the short payment of \$72.75 in GST.

Between January and April 2021, the man had also underdeclared the values in 12 other shipments. Two shipments were declared as less than \$400 which resulted in the non-payment of GST amounting to \$366.46. The values for the other 10 shipments were suppressed which resulted in the short payment of GST amounting to \$2,589.60.

### Modus Operandi

The man had suppressed the value of the goods when submitting the import declarations to Singapore Customs, resulting in evasion of GST payment.

### Decisions

The man pleaded guilty to one charge of fraudulent evasion of GST amounting to \$9,005.90 and was fined \$64,000 by the State Courts on 15 September 2021. Another charge of fraudulent evasion of GST amounting to \$4,477.99 was taken into consideration during sentencing.





## Case I

### Restricted goods

#### Facts of the case

1. Company A is a company in Bangkok that imported In vitro diagnostic (IVD) kits, for both human and animals.
2. The company imported infectious diseases kit for animals in various HS Code.

#### Findings

1. PCA team searched from Thai Customs database and decided to audit the company.
2. The team found that the goods are considered as medical instruments.
3. According to Notification of Ministry of Public Health (Issue no.34): Prescription medical devices that are restricted from being imported or sell (2006) B.E.2549.
4. Company A imported these medical devices without requesting permission from Food and Drug Administration, Ministry of Public Health.

#### Modus Operandi

Company A must have a license and obtain the permission from Food and Drug Administration, Ministry of Public Health before importation.

#### Decision

1. This case is an offense to bring restricted goods without permission for various consignments.
2. The settlement for this offense requires the proceeds of sale of the exhibits, if the exhibits have not been forfeited or cannot be sold. The company must pay the fine to the same amount of such products.
3. The exhibits were used. Therefore, the company agreed to pay the fine (approximately \$10,000)

## Case II

#### Facts of the case

1. Company A is a company in Bangkok that imported children toys from China. Children toys, which imports from China using FORM E has to pay 5% customs duty.
2. The company imported adult scooter under children toys HS code to avoid paying 60% customs duty.

#### Findings

1. PCA team decided to audit the company.
2. The team found that the goods are considered as adult scooters, not children scooters.

#### Modus Operandi

Company A attempted to avoid paying 60% customs duty.

#### Decision

The company accepts all findings and paid 460,000 THB (approximately USD 1,500)



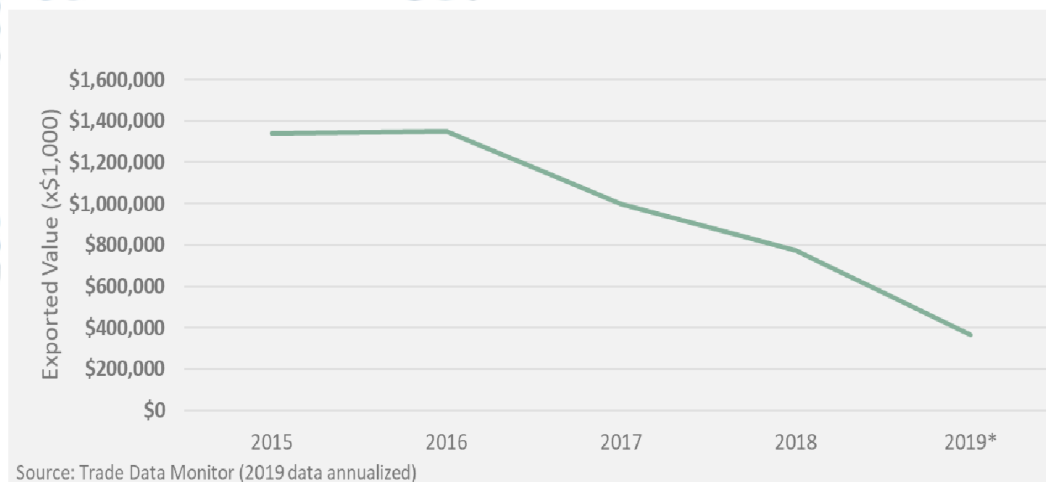
# VIETNAM

## Case I

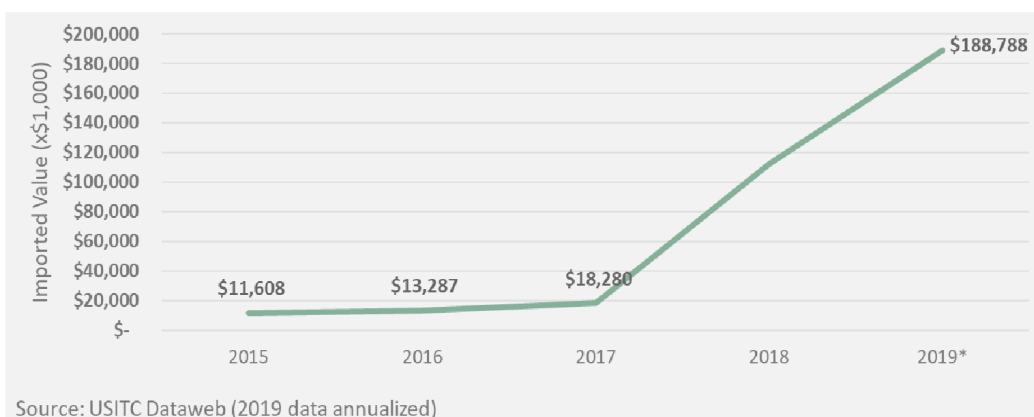
Country of origin fraud using Vietnam as a transit country

### Facts of the case

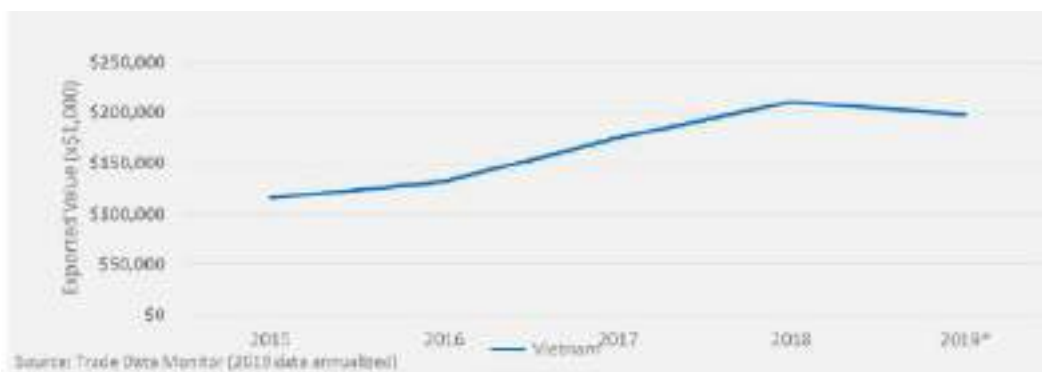
Since the middle of 2018, the trade war between the US and China has occurred in which the US is imposing higher taxes on many goods originating from China. In response to the substantial duties, Chinese hardwood plywood producers and U.S importers have engaged in numerous schemes to circumvent order.



Chinese exports of hardwood plywood to the US have decreased



U.S Import of Hardwood plywood from Vietnam have skyrocketed



Chinese exports of hardwood plywood to Vietnam have greatly increased

## Findings

Since hardwood plywood furniture from China is imposed 20% additional tariff, Chinese producers are utilizing various circumvention schemes through Vietnam:

- Simple transshipment
- Import almost-finished materials from China and only perform a few simple processes in Vietnam, such as:
  - + Gluing face and back veneers to cores.
  - + Laying-up veneers.

PCA team analyzed import and export data, discovered more than 30 companies importing hardwood plywood material from China and exporting final products (furnitures) to the US with the significant increase in the exporting volume from 2017-2020.

## Modus Operandi

Digging deeper into the import export data of the above companies, we focused on Company A with the following signs:

- Imported almost all materials and accessories to produce finished products from China, then exporting those products to the US (with corresponding quantities).
- Newly established in 2017 by Chinese owner. The exporting volume to the US increase rapidly from 2017-2019, products was declared originated from Vietnam.
- The first product is exported right after the company was established. The company didn't import any machinery nor equipment for production.

Therefore, we have selected this company to conduct an audit.

First, we work with the production department to understand the whole manufacturing process as well as machinery system of the company. We found that although the company has machinery and equipment, they do not work. The production process of the company was just simple process such as punching, grooving, etc.

The Company's accounting books showed that the machinery and equipments were not owned by the company and were just borrowed. The labor cost of the company was surprisingly low compared to the import-export volume.

Finally, we identified more than 1,200 exported products with almost no production in Vietnam. For other products, after calculating LVC, we determined that they did not meet the regulations on Vietnamese origin standards.

## Decision

Determining that this is an act of illegal transshipment and origin fraud, we sanctioned the enterprise with VND 2.5 billion and confiscated all infringing goods in the enterprise's warehouse (equivalent to VND 10 billion).



# REPORTS





## International Conference on Customs and Tax Cooperation

### Synergy in optimizing state revenue

On 8 and 9 February 2022, the Customs and Excise Education and Training Center as the WCO Regional Training Center Asia Pacific (RTC Indonesia) held a virtual International Conference on Customs and Tax Cooperation. The international conference aims to increase the capacity and knowledge of employees of the Ministry of Finance, customs administration employees of countries in the Asia Pacific Region, and also the general public regarding the importance of cooperation between the institutions of the Directorate General of Customs and Excise (DGCE) and the Directorate General of Taxes (DGT) in optimizing state revenues, increasing compliance, as well as improving services to Taxpayers.

The conference was hosted by the Financial Education and Training Agency and presented by speakers from the World Customs Organization (WCO), The Organisation for Economic Co-operation and Development (OECD), Central Transformation Office (CTO), Regional Office for Capacity Building (ROCB) Asia/Pacific, Directorate General of Customs and Excise (DGCE), Directorate General of Taxes (DGT), Delegation from Malaysia and Russia. The conference was held via Zoom Cloud Meeting and the Youtube Channel of the Customs and Excise Education and Training Center, attended by 904 participants on the first day and 758 participants on the second day from Indonesia and fifteen countries in the Asia Pacific

region. The first day's material is Strengthening Cooperation Between Customs and Tax Authorities to Optimize State Revenue, and the second day's material is Enhancing the Changing of Information Between Customs and Tax Authority to Improve Compliance.

Representatives from the Directorate General of Customs and Excise (DGCE) were delivered by Mr. Decy Arifinsjah, Director of Customs and Excise Audit, as the Head of the Working Group on the Implementation of the DGCE Reform Synergy Program. In the presentation, He stated that to support the objectives of the Ministry of Finance in optimizing state revenues, increasing compliance, and improving services to taxpayers, DGCE has facilitated data exchange with other government units such as DGT and Director General of Budget (DGB). One of the collaboration programs is the joint audit, an activity including tax examination, customs and/or excise audit conducted together by tax examiners and customs and excise auditors to taxpayer (auditee). The joint audit supported by integrated data analytics tools (SMART PCC and CEISA 4.0) allows DGCE to conduct profiling, targeting, and examining based on the data exchange. Joint audit also supported by confirmation of taxpayer status (KSWP), an activity to get information about taxpayers' tax status before given a certain facility. When the result of examination indicates the auditee is uncomply, customs authorities can automatically block the auditee using auto-blocking system. This collaboration program has succeeded in increasing revenue, compliance, and control over high-risk imports, exports and excise.



Based on the presentation of the speakers and the results of the discussions at the conference, there are several conclusions and follow-up plans:

- a. Joint program between Directorate General of Customs and Excise (DJBC) and Directorate General of Taxes (DGT) is necessary to optimize state revenues, improve compliance, and improve services to taxpayers.
- b. Transfer pricing is an important topic in the discussion of the collaboration between DJBC and DGT due to the different points of view in the transfer pricing assessment. An understanding of the basis of this assessment is needed so that both parties are able to map out the amount of value that can be subjected to taxes and/or import duties/export duties/excise.
- c. Ensuring political will and leadership commitment is also an important thing to do to ensure that cooperation will lead to optimizing state revenues and increasing compliance. In addition, there is also a need for a legal framework, government processes and resources, data confidentiality and protection, information technology, data analysis, and an understanding of organizational culture to further strengthen the collaboration between DGCE and DGT.





**DID YOU KNOW?**



# G20 PRESIDENCY OF INDONESIA

## About The G20

The G20 is a strategic multilateral platform connecting the world's major developed and emerging economies. The G20 holds a strategic role in securing future global economic growth and prosperity. Together, the G20 members represent more than 80 percent of world GDP, 75 percent of international trade and 60 percent of the world population.

Starting in 1999 as a meeting for the Finance Minister and Central Bank Governors, the G20 has evolved into a yearly summit involving the Head of State and Government. In addition to that, the Sherpa meetings (in charge of carrying out negotiations and building consensus among Leaders), working groups, and special events are also organized throughout the year.

## Origins of the G20

The G20 was formed in 1999 with the aim of discussing policies to achieve international financial stability. This forum was formed as an effort to find a solution to the global economic conditions hit by the global financial crisis in 1997-1999 by involving middle-income coun-

tries and having systemic economic influence, including Indonesia.

On the advice of the G7 Finance Ministers, the G20 Finance Ministers and Central Bank Governors began holding meetings to discuss the response to the global financial crisis that occurred. After that, the Minister of Finance level meeting is held regularly in the fall.

Nine years later, on November 14-15, 2008, the leaders of the G20 countries gathered for the first G20 Summit. On that occasion, the country's leaders coordinated the global response to the impact of the financial crisis that occurred in the US at that time and agreed to hold a follow-up meeting.

To prepare for the annual summit, the G20 Finance Ministers, and Central Bank Governors, together with Sherpas meet several times a year.

## Participants of G20

The members of the G20 are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union. Spain is also invited as a permanent guest. Each year, the Presidency invites guest countries, which take full part in the G20 exercise. Several international and regional organizations also participate, granting the forum an even broader representation.

Indonesia's G20 Presidency Departing from various other multilateral forums, the G20





does not have a permanent secretariat, its agenda and activities are established by the rotating Presidencies in cooperation with the membership. As agreed at the Riyadh Summit 2020, Indonesia will assume the G20 Presidency in 2022, with the baton passed from Italy at the Rome Summit on 30th-31st October 2021.

**Theme “Recover Together, Recover Stronger”**

Through this theme, Indonesia invites the whole world to work together, recover together, grow stronger and sustainably together.



**Bali Summit**

The 17th G20 Heads of State and Government Summit will take place in 2022 on 15-16 November in Bali. The Summit will be the pinnacle of the G20 process and intense work carried out within the Ministerial Meetings, Working Groups, and Engagement Groups throughout the year.

**Indonesia’s G20 Presidency Priority Issues**

Recognition of the importance of collective action and inclusive collaboration among major developed countries and emerging economies around the world has always been the core purpose of the G20. Today, the world needs it more than ever. The global pandemic has affected every aspect of the society, from health, education, to international trade. At the same time, gaps in countries’ capacities to address the crisis continue to prevent the world from fully controlling the common problems and crises facing us right now.

Understanding the challenges and the need for collective action, Indonesia will focus on three main pillars for its G20 2022 Presidency namely: Global Health Architecture, Sustainable Energy Transition, and Digital Transformation. Through these pillars, Indonesia will continue to take the lead on ensuring equitable access to COVID-19 vaccines, promoting sustainable and inclusive economic development through MSMEs (Micro, Small and Medium Enterprises) participation and digital economy. While also maintaining the aspiration to continue to improve our collective capacity in securing the shared prosperity among nations, through various reform efforts in global taxation, stronger cooperation in fighting corruption, deepening of infrastructure financing, and pushing for a more democratic, and representative international cooperation.





## Global Health Architecture

The path to global recovery requires stronger collective cooperation that ensures equality of global health standards and closer collaboration to ensure the global community's resilience towards any future pandemic. The global impact of the pandemic should be momentum for the global community to start holding hands together. Through the G20 forum, Indonesia will encourage the strengthening of global health resilience and help make a global health system more inclusive, equitable, and responsive to crises. The Discussion of global health architecture issues will be the focus of series of meetings on Indonesia's G20 Presidency. Addressing pandemic preparedness and advancing transformative infrastructure post-Covid-19 will be discussed through various forums, namely: Health Working Group, Joint Finance and Health Task Force, Development Working Group, Civil 20, Science 20, and many more.



## Digital Transformation

Achieving the true potentials from rapid digitalization of the global economy requires a new landscape of cooperation among nations and all stakeholders to secure common prosperity in the digital age. Restoring the post-pandemic global economic order to be stronger inclusive and collaborative by leveraging digitalization is essential in overcoming various problems of mankind, digitalization is the key. The discussion of the agenda for creating a more inclusive digital transformation to the world shows how significant the role of the G20 forum is to the world. Digital and economic cross-issues including the acceleration of MSMEs into the digital ecosystem, digital entrepreneurship, and revitalizing the role of women in the workplace by increasing digital capabilities are some of the priority agendas that will be discussed through several forums namely: Economy Working Group, G20 Empower, Business 20, and many more.

## Sustainable Energy Transition

As we continue the global effort to ensure energy security, the urgent need to accelerate transition towards cleaner energy sources will need to be addressed with new approaches and dimensions, ensuring a cleaner and brighter future for the global community. The impacts of climate change are becoming increasingly real and are beginning to affect local and global development. However, this energy transition requires a very large investment. G20 member countries share a big responsibility in ensuring energy sustainability can run optimally and providing a platform for investment. Conversations about the environment and energy in the form of Securing Energy Accessibility, Increasing Smart & Clean Energy Technology, and Promoting Energy Financing will be discussed at various meetings such as the Energy Transitions Working Group and the Environment Deputies and Climate Sustainability Working Group.



# **GALLERIES**



# CECWG 30





# CECWG 31



# G20





# International Conference on Customs and Tax Cooperation





# ARTICLES





# A Sneak Peek into The Implementation of Data Analytics in Indonesia's Post Clearance Control (PCC)

By : Mochamad Abdul Rochim & Siti Arifa'atus Saadah

In today's era of globalization and the 4th industrial revolution, international trade plays a key role in shaping a country's economy, including Indonesia. In 2021 alone, Indonesia's trade value reached over 427 million USD, which is 27% higher than the previous year and represents 30% of the country's total GDP (Statistics Indonesia). The most critical characteristic of current international trade is how it is highly time-sensitive, which makes the Directorate General of Customs and Excise (DGCE) has to implement a policy that is not only able to facilitate and control trade most efficiently but also optimize state revenue most effectively. Thus, shifting trade control from conventional border clearance to post clearance is highly needed to reduce time and optimize resources (World Customs Organization, 2012).

To strengthen the post clearance control (PCC), implementing data analytics in PCC has become one of DGCE's strategic initiatives. The Directorate of Customs and Excise Audit, as one of the units in charge of PCC, has been developing an integrated system that utilizes data analytics and comprehensive analysis.

## What is Data Analytics?

The term "Big data" and "Big data analytics" has been a hot issue in the era of digitalization. But what are the definition of big data and big data analytics? According to Madaan et al. (2020), big data is data whose scale, distribution, diversity, or timeliness require the employment of new technical architectures, analytics, and tools to enable insights that unlock new sources of business value. Big data's five main characteristics are volume, variety, veracity, value, and velocity, or the Five Vs (another reference use Three Vs: volume, variety, and velocity to characterize big data). Volume refers to the magnitude of data, which has exponentially increased, posing a challenge to the capacity of existing storage devices. Variety refers to the fact that data can be generated from heteroge-

neous sources, which then produce various types of data. Velocity refers to the speed of data generation and delivery. Veracity stresses the importance of data quality and level of trust due to the concern that many data sources contain a certain degree of uncertainty and unreliability. Value refers to the process of revealing underexploited values from big data to support decision-making (Husamaldin & Saeed, 2020). Meanwhile, big data analytics are interpreted as a help to predict future volumes, gain insights, take proactive actions, and give better strategic decision-making (Zaker et al., 2015). The analysis activity for big data should start with the descriptive method to gain insight from historical data, then proceed to diagnostic analysis for categorizing risks and predictive analysis to designate the future outcomes before using the analysis result for decision-making purposes.

## How does big data analytics strengthen post clearance control in Indonesia?

In PCC practice in Indonesia, two situations contradict each other in the decision-making process: the excessive number of entities on customs-related activities and the limited resources. Effective and accurate planning is needed in order to classify entities according to their risks. This planning is where data analytics are used to enhance the accuracy of risk-based planning in PCC. With data analytics, DGCE can target entities with high risks to be further examined rather than randomly selecting entities as PCC's objects. Data analytics can also be used if there is any specific issues or recommendation from other authorities or institutions.

For the past three years, the Directorate of Customs and Excise Audit has been developing an integrated system for PCC, including SMART PCC. This system implements data analytics and comprehensive analysis using various data analytics programs (i.e. R programming language, Python, etc.) and data analytics tools (i.e. Arbutus, Microsoft Power BI, etc.)

## Customs Compliance Matrix (CCM)

One example of data analytics embedded in SMART PCC is the Customs Compliance Matrix (CCM), a 9-quadrants matrix that categorizes entities based on their compliance risk level (x-axis) and amount of contribution towards state revenue (y-axis). In building this matrix, large amounts of data from variables related to both axis are counted, such as previous border clearance, audit results, the number of duties paid or exempted, etc. Big data analytics then used these variables to categorize each entity on its perspective quadrants.

Using CCM in PCC planning accelerates analyzing stage in selecting entities as PCC objects. More often than not, entities with high compliance risk and contribution (quadrant 9) are prioritized as PCC objects. However, there is still the possibility to select entities from other quadrants if there is any indication of a violation. Furthermore, this matrix can also give feedback and recommendations for more eligible entities to be examined in pre-clearance or on-clearance control, such as those with high compliance risk levels but lower revenue contributions.

## What's next?

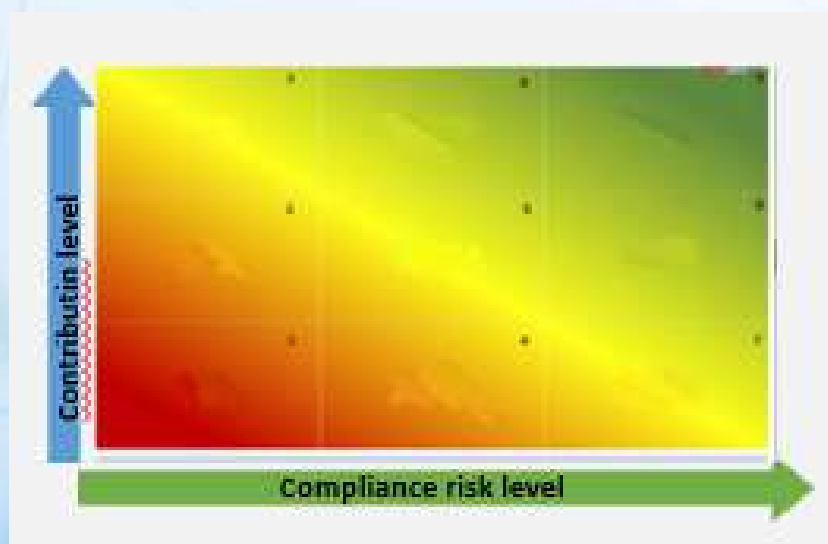
Since implementation, usage of data analytics in PCC has shown positive results, especially in PCC Planning. For instance, it offers a higher accuracy rate, an increase in state revenue collected, and more. However, we believe that there is still room for improvements in both tools and data to generate better results to achieve DGCE's vision as the world's leading customs organization.

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Picture 1. The illustration of Customs Compliance Matrix





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