

How to - prepare for a Customs Audit



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How to - prepare for a Customs Audit



Chamber International 'How to Guide'



Understand what's required

There has never been a more important time to ensure that your business has customs related procedures in place to help control risk. Even if you leave it to your forwarding agent you should still check the accuracy of declarations after they have been submitted and obtain copies of entries.

This leaflet is designed to help those importers and exporters that are keen to improve their customs and international trade procedures but are not sure where to begin. By following a few simple rules you could improve your compliance, avoid duty reclaims and time consuming appeals, improve supply chain performance and reduce costs.

Implement systems and procedures

- Give somebody responsibility
- Write-up procedures
- Agree performance measures

- Conduct internal reviews
- Make regular checks of import and export declarations

Understand what's required:

- Record keeping and reports
- Regulations that apply to your shipments
- Accurate declarations

Customs audit topics:

- Commodity codes
- Valuation of goods
- Customs Procedures Codes
- Evidence of export
- Intrastat
- Preference
- Special regimes
- Reconciliation of payments
- Documentation

The importance of commodity codes:

- The most common area where errors occur

Avoid surprises

- Check the classifications you/your shipping agents are using
- Duty reclaims can go back 3 years if incorrect classification has led to underpayments
- Obtain 'Binding Tariff Rulings' for difficult classifications

Evidence of export – Ex-works:

- Ex-works is viewed as a domestic sale unless you can prove otherwise
- Certificates of Shipment from your carriers may not be accepted as proof of export if they lack sufficient detail e.g. trailer number, seal number etc.
- If you use Couriers download proof of delivery from their website

Preference:

- Ensure you keep copies of ATR and EUR forms
- Be able to demonstrate valuation build up for claims to preference
- Check that you hold 'suppliers declarations' (if applicable)

- Incorrect claims will mean your customer will be contacted and asked to pay the import duty they thought they had saved
- Look at introducing a clause in contracts with overseas suppliers allowing you to recover duty from them if claims to import preference are not allowed
- Know the 'direct transport rule'

Special regimes

- Includes IPR, OPR, Customs Warehousing, Returned Goods Relief, Processing under Customs Control and End-Use approval
- Ensure you have copies of your authorisation letter(s) and application(s)
- Have all import and export paperwork available
- Ensure you have access to relevant computer warehouse systems
- Ensure you have copies of customs entries from your forwarding agent
- Have all relevant Customs Public Notices available