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Compliance Update



Message from the National Manager Compliance Assurance

The new year has certainly provided significant challenges for the nation with floods inundating significant parts of Queensland, and areas in New South Wales and Victoria. I would like to take this opportunity to express my best wishes on behalf of Customs and Border Protection to all those who were affected or in some way touched by this disaster. A number of Customs and Border Protection staff in Brisbane were impacted by the floods and those

in the respective communities that bore the brunt of the flooding will no doubt continue to experience a difficult time of rebuilding for some time to come.

Just after the worst of the flooding, staff from the Cargo Control and Accounting team in Brisbane contacted all of our licensed depot and warehouse clients to see if any were impacted. I was relieved to know that the only interruptions were in relation to staff being unable to get to work or because of the temporary closure of the port due to the amount of debris being washed down the Brisbane River.

We are now waiting to see the impact of Cyclone Yasi on far north Queensland.

If your business has been impacted in any way by these events please contact us as we would like to hear from you and may have ways of assisting you with meeting your obligations with Customs and Border Protection while you are recovering.

This edition of the Compliance Update highlights the recent campaign being undertaken by Compliance Assurance in relation to gathering information on the level of non-compliance with the payment of GST and customs duty concessions for imports with a value of \$1000 or less. This is a Government response to allegations that some parties are seeking to exploit the GST and duty free threshold.

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Other compliance information in this edition includes:

- the reporting of vessels and cargo, and how we can assist you in industry to improve in this area to ensure that cargo moves as efficiently as possible across the border;
- an update on some issues from the National Refund Centre;
- details on the transfer of depot and warehouse licensing to New South Wales;
- news relating to asbestos importations;
- recent changes to Tariff Concession Orders (TCOs) and Free Trade Agreements (FTAs); and
- Compliance Assurance results.

Please feel free to contact us or provide feedback to ensure that we are providing you with information that is informative and assists you with your compliance with Customs and Border Protection requirements.

Craig Sommerville

National Manager
Compliance Assurance

Compliance campaign into low value imports

Customs and Border Protection is undertaking a three month compliance campaign to gather information about the level of non-compliance with the payment of GST and Customs duty concessions for imports with a value of \$1,000 or less. The campaign commenced on 1 January 2011 and will run until 31 March 2011, and is occurring across the mail, sea and air cargo environments.

CUSTOMS DECLARATIONS

Where Customs and Border Protection makes an assessment on a declaration or SAC and determines that it has an incorrect valuation or other material error, the importer or their agent is required to amend the declaration and pay any duties and taxes owing.

WHAT IS THE LOW-VALUE THRESHOLD?

The low value threshold, currently legislated for goods valued at \$1,000 or less, determines whether goods imported into Australia are required to be entered on a full import declaration and subject to payment of Customs duty and GST. Customs and Border Protection administers this legislation.

The Government will use the information gathered during this campaign to inform any future policy considerations regarding the threshold. Also, the Government has tasked the Productivity

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Commission to commence an inquiry into the implications of globalisation for the Australian retail industry, which will include an assessment of the administrative costs of collecting indirect taxes and duty on imported goods.

Customs and Border Protection routinely identifies parties that attempt to misuse the threshold by deliberately mis-stating the true value of their goods, or by mis-describing them in order to reduce payment of Customs duty or GST. To take advantage of the low value goods threshold of \$1,000 importers must ensure that a consignment of goods they have ordered or had sent to them has a Customs value that does not exceed the threshold of \$1,000, does not consist of or contain tobacco or alcohol products, and is not part of a larger order that was split to avoid duty and/or GST liabilities.

It is an offence under the Customs Act 1901 (Customs Act) to undervalue goods, incorrectly describe or mis-classify goods or to make any false statement to Customs and Border Protection.

Customs and Border Protection undertakes a range of post transaction verification (PTV) activities to ensure importers have complied with the law. The campaign will also utilise pre clearance intervention (PCI) and PTV activity to identify and gather the required information.

Customs and Border Protection may seek supporting evidence from importers or their agents where there are concerns that reporters are not reporting correctly or a declaration has been incorrectly made. This may include requests to importers or their agents to provide evidence of the price paid for goods.

We aim to clear any goods held as quickly as possible, but ultimately turn around time will be dependant on the provision of validation information by owners or their agents.

FURTHER INFORMATION

Further information about online purchasing can be found on the [Buying Over the Internet](#) page on the Customs and Border Protection website.

Further information about duty rates on imported goods can be located on the [Working Tariff](#) page on the Customs and Border Protection website.

A FAQ section is included in Australian Customs Cargo Advice 2011/01 [Preparation of Documents for Self Assessed Clearances](#) that has been made available to assist reporters in providing information to Customs and Border Protection in relation to SACs.

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Changes to Incoterms

The International Chamber of Commerce (ICC) has revised Incoterms 2000 to reflect changes in international and domestic trade. The new Incoterms came into effect on 1 January 2011.

The ICC has reduced the number of Incoterms from 13 to 11 by replacing four existing terms with two new terms.

The two new Incoterms are:

- Delivered at Place (DAP); and
- Delivered at Terminal (DAT).

On 1 January 2011, these new Incoterms replaced:

- Delivered Ex Ship (DES);
- Delivered Ex Quay (DEQ);
- Delivered Duty Unpaid (DDU); and
- Delivered at Frontier (DAF – Not applicable in Australia).

Delivered at Place means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination.

Delivered at Terminal means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. Terminal includes any place, whether covered or not, such as quay, warehouse, container yard or road, rail or air cargo terminal.

DAT and DAP may be used irrespective of transport and are a substitute for Incoterms 2000 DES, DEQ and DDU.

Customs and Border Protection had the new Incoterms added to the Integrated Cargo System (ICS) from 1 January 2011.

An Australian Customs Cargo Advice [ACCA 2010/13](#) was also published on the Customs and Border Protection website, and further information on the Incoterms 2010 is available on the [ICC website](#).

For queries concerning the implementation of the new Incoterms, please email the Customs Information and Support Centre at cargosupport@customs.gov.au.

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Incoterms are a series of international sales terms, published by the ICC and widely used in international commercial transactions. These terms are accepted by governments, legal authorities and practitioners worldwide and facilitate commerce by promoting understanding of the specific, respective tasks of trading parties. They define the roles of buyers and sellers in the arrangement of transportation; they also outline when transfer of risk of merchandise takes place.



Focus on reporting in 2011

Customs and Border Protection has welcomed improvements from industry in relation to the timeliness of cargo reporting and cargo control matters, and is committed to further developing communication with industry to see improvements in other areas.

Compliance Assurance has recently developed advanced research tools to identify reporting errors across cargo reports, outturn reports and declarations lodged by brokers and owners. These reports will assist Compliance Assurance in targeting parties that continue to be non-compliant with their reporting obligations.

Some of the areas of focus in 2011 in relation to the reporting of cargo and vessels will include the following:

IMPROVEMENTS IN THE USE OF CARGO LIST REPORTS (CLR)

There are a number of instances where cargo is being incorrectly reported on CLRs resulting in misreporting and in some cases, cargo being delivered in error. Some of these instances are where imported or transshipment cargo has been reported on a CLR instead of a Sea Cargo Report. It is important for shipping companies to ensure they enter the correct cargo type and submit full cargo reports for all imported goods into Australia. The CLR is only to be used to report empty, domestic, or export cargo. It should also be noted that

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shipping company empty containers that were loaded overseas are the only containers that can have an overseas load port.

Cargo Support has a [helpful hints guide](#) on the proper use of the CLR on their website.

INACCURATE USE OF VOYAGE NUMBERS

Reporting accuracy has been an ongoing concern for both Customs and Border Protection and the importing community. Customs and Border Protection is working closely with shipping agencies, Cargo Terminal Operators (CTOs) and cargo reporters to address reporting accuracy, however it has become evident the incorrect use of voyage numbers can have significant impacts on a range of reports and the risk assessment of the cargo.

The use of incorrect voyage numbers on Sea Cargo Reports (SCR), Underbond Movement Requests (UBMR), Impending Arrival Reports (IARs), Actual Arrival Reports (AARs), Progressive Discharge Reports (PDRs) and Sea Cargo Outturn (SCO) reports creates significant problems affecting the status of cargo, cargo delivery, and the ability of Customs and Border Protection to reconcile cargo that has been landed in Australia.

Customs and Border Protection depends on the accurate use of voyage numbers to identify all cargo, including high risk cargo. It is paramount that shipping agencies, stevedores and freight forwarders report the correct information (especially voyage numbers) to each other and Customs and Border Protection and ensure any changes to voyage numbers are communicated to all affected parties.

OUTTURN REPORTING FOR BULK AND BREAK BULK STEVEDORES

In 2011 Customs and Border Protection will be increasingly focusing on bulk and break bulk CTO outturn reporting. As such it is timely to remind industry of their cargo outturn reporting obligations in relation to bulk and break bulk cargo.

When cargo is unloaded from a vessel or aircraft, the terminal nominated on the Impending Arrival Report must communicate an outturn report electronically in respect of the cargo as required by section 64ABAA of the Customs Act.

This includes domestic cargo and any cargo that has an approved underbond movement. The outturn report is an important part of the risk assessment process as it provides an accounting mechanism to link reported cargo against discharged cargo and identify any discrepancies.

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The purpose of the outturn report is to identify cargo discharged from a vessel or aircraft that is:

- not expected at all – Surplus Consignment (SC);
- as reported on the Sea/Air Cargo Report (SCR/ACR) with no discrepancies (NIL);
- greater than the amount reported on the SCR/ACR (Surplus – SU); or
- less than the amount reported on the SCR/ACR (Short – SH).

TIME FRAMES

Time frames for the lodgement of the outturn differ according to the type of cargo or environment.

CONTAINERS

The outturn of containers at a CTO must be:

- on a Progressive Discharge Report (PDR); and
- required when the first container is unloaded and at the end of every three hour period until completion.

The first report must state the time the first container is unloaded and the last report must state the time when the unloading of the containers was completed.

BULK & BREAK BULK CARGO

The outturn report must:

- be lodged within 5 days after the day on which the unloading of the cargo from the ship was completed; and
- state the time when the unloading of the cargo was completed.

AIR CARGO

When cargo is unloaded from an aircraft, an outturn report must be:

- communicated within 24 hours of the aircraft's arrival; and
- state the date and time the cargo was received.

AT A SECTION 77G DEPOT

- When cargo is received at a section 77G depot via underbond movement, an outturn report (receival) must be lodged within 24 hours to receipt the underbond movement; or
- if a container is to be deconsolidated or unpacked at the depot, an outturn report (unpack) must be lodged within 24 hours for each lowest level bill.

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DUPLICATE REPORTING

An increase in duplicate reporting is creating some concern for Customs and Border Protection. Duplicate reporting occurs when a shipping agency incorrectly reports cargo on a CLR when it already has an UBMR lodged. These duplicate reporting errors impede Customs and Border Protection in effectively risk assessing the goods.

For further explanation of what can and cannot be included on a CLR, please refer to the attached CLR [Helpful Hints document](#). It is the responsibility of both shipping companies and industry to communicate the correct information between parties and to Customs and Border Protection.

Customs and Border Protection is anticipating further improvements in our communication with our industry stakeholders, and any questions, comments or feedback are encouraged.

New arrangements for depot and warehouse licences

From November 2010, the depot and warehouse licensing team was relocated from Canberra to Sydney. Broker licensing will continue to be administered from Canberra.

As the Australian Taxation Office (ATO) is now responsible for the administration of warehouses that store excise equivalent goods (EEGs) excluding Customs and Border Protection duty free stores, providores and air catering bonds, any EEG warehouse applications or administrative matters for existing EEG licences should be addressed to the ATO.

Customs and Border Protection still manages all other licensed warehouses, including duty free stores, providores and air catering bonds.

For all depots and Customs and Border Protection administered warehouses, the depot and warehouse licensing team will perform the following roles:

- licence applications;
- licence renewals, variations and payment of licence fees;
- licence surrenders, suspensions, cancellations and withdrawals;

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- approval of Continuing Permissions (CPs); and
- approval of weekly settlement permissions.

To contact the depot and warehouse licensing team, please email licensing@customs.gov.au, or call (02) 8339 6347. The mailing address is:

Depot and Warehouse Licensing Team
Australian Customs and Border Protection Service
Locked Bag 3000
SYDNEY INTERNATIONAL AIRPORT NSW 2020

Licensing information is also available on the Customs and Border Protection website at www.customs.gov.au.

Any enquiries about EEG warehouse licensing should be directed to the ATO, by calling 1300 137 290. (Select option 4, between 8am and 6pm, Monday to Friday).

If you have any policy questions about depots or warehouses, not related to a specific licence, please email Compliance1@customs.gov.au

Asbestos operation branches out to Brisbane

As reported in the October 2010 edition of the Compliance Update, the Customs and Border Protection operation to address the importation of goods containing asbestos continues to be a priority, particularly with pre-assembled modules for a Liquefied Natural Gas project by a major Australian oil and gas company.

After an initial response was implemented, profiles were established to identify other suppliers and importers of goods that posed a similar risk, resulting in further asbestos products being intercepted at the border.

A two-pronged approach was adopted to treat the risk – identifying high risk imports through profiling and engaging directly with clients through a targeted industry outreach program.

Director Compliance and Trade Western Australia/South Australia, John Davies, said that more than 1000 asbestos items had been detected since the operation began. However, since the peak in May 2010 the number of detections has declined due to the effectiveness of the outreach part of the program.

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In October 2010, the asbestos operation was expanded to include Queensland to manage the eastern states component of the operation. This extension of the operation, while still in the very early stages, assists the team from Western Australia in focusing on the national aim of the operation which is to prevent hazardous shipments of goods containing asbestos from presenting a risk to the Australian public, while still assisting industry to conduct their normal business.



Refund applications and withdrawn entries

Numerous instances of incorrect withdrawal of import declarations resulting in refunds are continuing to be identified. This article is intended to remind customs brokers and owners of the correct procedure for refund applications resulting from the withdrawal of entries, and penalties applicable where these procedures are deliberately circumvented.

There are only two valid reasons for withdrawing an import declaration, these are:

- duplicate import declaration finalised in the system where the goods are not dealt with in accordance with the Authority To Deal; and
- owner wishes to utilise another broker.

Upon withdrawing an entry owners/brokers will be requested to respond to two questions:

- have the goods been delivered into home consumption (N10 or N30) or into a section 79 warehouse (N20)?
- are you entitled to a refund of GST from Customs and Border Protection for these goods? (This question will only populate where GST has been paid.)

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Where the answer to the goods delivered question is **yes**, the withdrawal process **cannot** proceed.

If the answer to the GST question is no then any refund processing will only be calculated against the duty component.

In all other instances you should **only amend** the import declaration that will also generate a refund application process if the appropriate prescribed circumstances are also met.

It has been identified that in a number of instances the owner/broker has been withdrawing an import declaration where they should actually be following the amendment process. Amendments of finalised import declarations create new versions of that import declaration and effectively withdraw any previous versions.

When you incorrectly withdraw an entry it will become subject to the full 30 calendar day service standard. It is in your best interest to ensure that you follow the correct procedures in order to minimise any delays to the payment of your refund application.

PENALTIES

Any owner/broker identified as deliberately circumventing or acting with reckless indifference in regard to these procedures will be subject to a range of actions which may include but are not limited to increased Customs and Border Protection real time intervention, increased scrutiny of applications for refund, referral to National Customs Broker Licensing Advisory Committee (NCBLAC) in the case of customs brokers, and financial penalties.

SUPPORT

If you are not sure of the correct processes for amending an entry that may be subject to a refund application please contact the ICS Help Desk on 1300 558 009 or by email at cargosupport@customs.gov.au as your first point of contact for any ICS related enquiries.

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Expiry of TCOs and other significant changes

Customs and Border Protection advises that 11 TCOs have expired due to changes of the *Legislative Instruments Act 2003* (Legislative Instruments Act).

Customs and Border Protection was operating on the basis that the 'sunsetting' or expiry of legislative instruments, which includes TCOs, would not occur under the Legislative Instruments Act before 1 April 2015 (10 years and 3 months after the commencement of that Act).

Only a small number of TCOs are affected by the change. The relevant expiry dates range from 1 October 2006 to 1 April 2010. The effect of a TCO expiring under the Legislative Instruments Act is equivalent to the revocation of the TCO. The relevant TCOs and expiry dates are listed at length on Australian Customs and Border Protection Notice number [ACBPN 2010/57](#). (Australian Customs and Border Protection Notices replace Australian Customs Notices or ACNs.)

Customs and Border Protection is considering options for the future treatment of TCOs under the Legislative Instruments Act.

RECOVERY ACTION

Customs and Border Protection will not seek the recovery of any relevant duty foregone since the expiry of these TCOs unless there is

evidence that the person who received the concession did so through inappropriate conduct.

IN-TRANSIT ARRANGEMENTS

Customs and Border Protection will administratively apply in-transit arrangements to goods covered by the expired TCOs where the relevant goods were:

- imported into Australia on or before 22 December 2010, and are entered for home consumption, before, on, or within 28 days after that day; or
- in-transit to Australia on 22 December 2010, and are entered for home consumption before, on, or within 28 days after the day on which they were imported into Australia.

Goods shall be taken to be in transit to Australia if, and only if, they have left for direct shipment to Australia from a place of manufacture, or a warehouse, in the country from which they are being exported.

REFUND CLAIMS

Customs and Border Protection does not intend to pay refunds for goods imported into Australia after the expiry of the relevant TCOs. These goods have already been entered for home consumption and no reliance was placed on the concession when imported.

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ICS

Given the unique circumstances in this matter and Customs and Border Protection intended approach to recovery action, we will record the expiry of the TCOs in the ICS as 22 December 2010, notwithstanding that the TCOs legally expired on the dates as listed on [ACBPN 2010/57](#).

ENQUIRIES

If you have any questions about this notice, please direct those questions to the Manager Tariff Concessions on (02) 6275 6041 or by email to tarcon@customs.gov.au.

MORE INFORMATION

You can find out more about the Legislative Instruments Act on the Attorney-General's Department website at:

http://www.ag.gov.au/www/agd/agd.nsf/Page/Administrativelaw_BackgroundtotheLegislativeInstrumentsAct2003

Other significant changes

On 1 January 2011 a number of tariff and statistical code changes came into effect. [ACBPN 2010/51](#) provides further advice on these changes.

REDUCTION OF DUTY RATES UNDER FREE TRADE AGREEMENTS

Schedules 5 and 7 of the Customs Tariff specify reduced duty rates for certain US and Chilean originating goods. These rates of duty apply automatically on imports of these goods from 1 January 2011.

ENTRY INTO FORCE OF THE ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT FOR LAOS AND CAMBODIA

The ASEAN-Australia-New Zealand Free Trade Agreement formally commenced on 1 January 2011 for Laos and on 4 January 2011 for Cambodia. For more information refer to [ACBPN 2010/52](#).

STATISTICAL CODE CHANGES

The ABS has advised of changes to statistical codes in the Customs Tariff Working Pages for imports, from 1 January 2011, for tariff subheadings 2903.59.00, 2908.19.00, 2908.99.00, 2910.90.00, 2930.90.00, 2934.99.00, 3808.91.90, 3808.92.00, 3808.93.00, and 3808.99.00.

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AMENDMENTS TO THE AHECC

The Australian Bureau of Statistics will make corresponding changes to the Australian Harmonized Export Commodity Classification. [ACBPN 2010/53](#) provides further information.

TARIFF REPRINT PAGES

Tariff reprint pages are now available in hard copy and also on the Customs and Border Protection website.

FURTHER INFORMATION

If Customs and Border Protection clients receive error messages in the ICS when accessing the statistical codes, they should contact Customs Systems Support, either by email at cargosupport@customs.gov.au or by phone on 1300 558 099.

For further information about these changes, contact Manager Tariff Legislation on (02) 6275 6542.

Compliance Assurance results

1. RISK PROGRAM

Pre-clearance Intervention (PCI)

For the period 1 July to 31 December 2010, there were 75,917 documents profiled for a number of risks through PCI activities. Errors were detected in 4,219 documents (5.55%).

PCI revenue results

The total revenue overstated was \$1,055,027 and total understated was \$4,669,749.

Description	Overstated	Understated
Actual duty	\$47,078.91	\$930,162.28
GST	\$984,274.25	\$3,115,264.10
LCT	\$0.00	\$272,856.70
WET	\$23,675.36	\$14,495.58

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PCI regulated goods detections

Regulated goods type	YTD total
Consumer safety	27
Environmental goods	8
Firearms, weapons, & strategic goods	9
Imports prohibited absolutely	18
IP / trade marks	33
Other regulated goods	50
Prohibited or restricted goods	4

Post Transaction Verification (PTV) imports

For the period 1 July to 31 December 2010, there were 218 PTV activities including audits and a number of complex voluntary disclosures. A total of 2429 lines were checked and 1478 errors detected (60.84%).

PTV revenue results

The total revenue overstated was \$40,887 and total understated was \$723,619.

Description	Overstated	Understated
Actual duty	\$33,392	\$463,779
GST	\$7,495	\$259,840

PTV regulated goods detections

Regulated goods type	YTD total
Consumer safety	3
Prohibited or restricted goods	6

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Cargo control and accounting

To date 32.2% of licensed premises (depots and warehouses) have been visited and subject to compliance activity.

The Infringement Notice Scheme (1 July to 31 December 2010)

False and misleading statement related offences

Offence	Description	INS	DWL	NDWL
243T(1)	False or misleading statements resulting in a loss of duty	3	25	14
243U(1)	False or misleading statements not resulting in a loss of duty	1	2	6
243V(1)	False or misleading statements in a cargo report or outturn report	0	0	2

Movement of goods related offences

Offence	Description	INS	DWL	NDWL
33(2), (3) & (6)	Moving altering or interfering with goods subject to Customs control without authority	52	20	21
36(2), (6) & (7)	Failure to keep goods safely or failure to account for goods	1	0	2

Cargo reporting and arrival related offences

Offence	Description	INS	DWL	NDWL
64(13)	Failure to meet reporting requirements for the impending arrival of a ship or aircraft	0	1	1
64AA(10)	Failure to meet reporting requirements for the arrival of a ship or aircraft	0	0	5
64AB(10)	Failure to meet reporting requirements for the report of cargo	0	0	2
64ABAA(9)	Failure to meet reporting requirements for outturn reports	0	0	11

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2. COMPLIANCE MONITORING PROGRAM (CMP)

Comparison of 2009/2010 and 2010/2011 CMP results

The total number of import declaration lines checked by CMP for the second quarter of 2010/2011 was 1,401 lines. This was 655 lines (or 31.97%) less than the same quarter for the 2009/2010 financial year. The reduction in the number of lines checked was to achieve a more even number of lines selected for testing over this financial year.

During the quarter, there was a decrease of 5.4% in the error rate and 1.7% in the significant error rate. The significant error rate is where errors are considered material and Customs and Border Protection requires amendment.

The samples for the two quarters were from a very large population. Statistically, there were no significant differences between the two quarters.

Comparison of 2009/2010 and 2010/2011 CMP Statistics

Imports activity	1 Oct – 31 Dec 2009	1 Oct – 31 Dec 2010	Difference
No. of lines checked (a)	2,056	1,401	-655
No. of lines detected to have error/s (b)	422	212	-210
Error rate = (b)/(a)	20.5%	15.1%	-5.4%
No. of lines amended (d)	238	138	-100
Significant error rate = (d)/(a)	11.6%	9.9%	-1.7%
No. of detections	678	244	-434

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Cargo report errors	1 Oct – 31 Dec 2009	1 Oct – 31 Dec 2010	Difference
No. of lines selected	NA	1,401	
No. of cargo reports detected to have error/s (a)	NA	48	
No. of cargo reports checked (b)	NA	1,153	
Error rate = (a)/(b)	NA	4.2%	
No. of reports amended (d)	NA	12	
Significant error rate = (d)/(b)	NA	1.0%	
No. of detections	NA	72	

Export error rates	1 Oct – 31 Dec 2009	1 Oct – 31 Dec 2010	Difference
No. of lines checked (a)	NA	253	
No. of lines with detection/s (b)	NA	36	
Error rate = (b)/(a)	NA	14.2%	
No. of lines amended (c)	NA	34	
Significant error rate = (c)/(a)	NA	13.4%	
No. of detections	NA	50	

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CMP STATISTICS 2010/2011 (DECEMBER QUARTER)

CMP imports

A total of 244 errors were detected for the quarter, with four error types representing more than 10% of all errors detected. These included:

- invoice terms (47 or 19.3%);
- related transaction indicator (45 or 18.5%);
- valuation date (32 or 13.2%); and
- currency (27 or 11.1%).

Invoice terms

Of the 47 errors detected, eight (17%) had a revenue implication but the error or margin in terms of revenue leakage was insignificant. Overstatement of duty and GST, particularly deferred GST, seems to be the most common error. The total effects on revenue were:

- duty understated by \$6.88 and overstated by \$5,312.47;
- deferred GST understated by \$1,384.60 and overstated by \$38,803.57; and
- no instances where collected GST was understated, however collected GST was overstated by \$484.72.

The net effect on revenue was duty overstated by \$5,305.59, deferred GST overstated by \$37,418.97 and collected GST overstated by \$484.72.

Related transaction indicator

Incorrect use of the related transaction indicator accounted for 100% of detections, most prominently where the indicator was entered as UT (unrelated transaction) when the documents indicated that it should have been entered as RT (related transaction).

Discussion with a number of customs brokers identified that most of their software is programmed to have the related transaction indicator defaulted to UT, and this is most likely the major cause of this error.

The number of errors detected over the current quarter was 15 for October, 14 for November and 16 for the month of December, taking the total to 45 or 18.5% of the total detections made for this quarter. This is an increase of 15 (50%) when compared to the previous quarter.

Valuation date

Of the 32 errors detected, 12 (37.5%) had a revenue implication but the error or margin in terms of revenue leakage was insignificant. Similar to the errors detected in invoice terms, the most common errors in valuation date were the overstatement of duty and GST,

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particularly deferred GST. The total effects on revenue were:

- duty understated by \$7.13 and overstated by \$38.32;
- deferred GST understated by \$94.75 and overstated by \$241,716.60; and
- collected GST understated by \$13.45 and overstated by \$297.25.

The net effect on revenue was duty overstated by \$31.19, deferred GST overstated by \$241,621.80 and collected GST overstated by \$283.80.

Of these 12 detections, eight had a date entered between two and seven days earlier than declared, three had a date one to three days later than declared, and one had a date one month earlier than declared.

Currency

Of the 27 currency errors detected for the period, six errors (22.2%) had revenue implications, including:

- duty to be understated by \$97.94;
- deferred GST to be understated by \$410.97; and
- collected GST to be understated by \$319.89.

Cargo Reporting Data Accuracy

72 accuracy errors were detected in the quarter. The most frequent errors were detected in consignee addresses (16 or 22.2%), consignee names (10 or 13.9%), consignor address (20 or 27.8%) and consignor name (12 or 16.7%).

Improving accuracy in these fields will significantly assist Customs and Border Protection to perform its role of efficiently protecting the Australian border while also supporting legitimate trade and ensuring the collection of border-related revenue and statistics.

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CMP Exports

FOB Value & FOB Terms

For the December quarter there were 20 errors detected relating to FOB values and terms. 16 (32%) were found to be attributed to FOB value and four (8%) were FOB terms. Of these 20 lines, four had the FOB values understated, with the amount understated between \$681.00 and \$21,689.92. The remainder had FOB values overstated. The amount overstated ranged from \$130 to \$21,520.

The majority of these errors were due to either incorrect data entry or keystroke errors, and some were attributable to export operators (particularly those in the fresh fruit and vegetable export industry) not understanding the term FOB and erroneously reporting their production costs as the FOB value.

Net Quantity

For the December quarter 10 errors were detected (20%). This was an increase of two when compared to the September quarter.

Consignee Name

For the December quarter, five errors were detected (10%). This was an increase of four when compared to the September quarter.

CMP import declarations data accuracy monitoring activities outcome

CMP imports – error rate and number of detections made

Imports activity	Sep Qtr	Dec Qtr	YTD
No of lines checked (a)	1,336	1,401	2,737
No of lines detected to have error/s (b)	208	212	420
Error rate = (b)/(a)	15.6%	15.1%	15.3%
No of lines amended (d)	147	138	285
Significant error rate = (d)/(a)	11.0%	9.9%	10.4%
No. of detections	250	244	494

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CMP imports – detection types

Import detection types	Sep Qtr	Dec Qtr	YTD	
Assists	0	0	0	0.0%
Discounts	1	2	3	0.6%
Foreign Inland Freight	1	0	1	0.2%
FTA concessions	0	0	0	0.0%
GST Exemption Code	1	0	1	0.2%
Import goods not declared when required	0	0	0	0.0%
Incorrect GST deferral outcome	0	0	0	0.0%
Incorrect owner identified	7	8	15	3.0%
Incorrect supplier identified	10	4	14	2.8%
Interest	0	1	1	0.2%
Invoice terms	42	47	89	18.1%
Non-declaration of imported goods	1	0	1	0.2%
Origin	11	11	22	4.5%
Other addition	2	1	3	0.6%

Import detection types	Sep Qtr	Dec Qtr	YTD	
Other deductions	1	0	1	0.2%
Outside packaging	0	2	2	0.4%
Overseas freight	2	3	5	1.0%
Overseas insurance	0	2	2	0.4%
Preference	0	3	3	0.6%
Price	12	12	24	4.9%
Quantity	6	6	12	2.4%
Related transaction	30	45	75	15.2%
Relevant transaction	3	0	3	0.6%
Royalties	0	0	0	0.0%
Tariff classification	53	24	77	15.6%
Tariff concession or other concession	7	13	20	4.1%
Other				
Transport and/or insurance	0	0	0	0.0%
Valuation fate	18	32	50	10.1%

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Import detection types	Sep Qtr	Dec Qtr	YTD	
VOTI – GST	4	0	4	0.8%
Other:	38	27	65	13.2%
Australian Inland Freight	0	0	0	
Air Way Bill/Bill of Lading	0	1	1	
Currency	35	24	59	
Goods description	2	1	3	
Gross weight	0	1	1	
Importer s ABN	0	0	0	
Importer s trading name not stated	0	0	0	
Invoice total	0	0	0	
Landing charges	0	0	0	
Package count	0	0	0	
Port of discharge	0	0	0	
Stat code	0	0	0	
Valuation method	1	0	1	

Import detection types	Sep Qtr	Dec Qtr	YTD	
Vehicle Importation Authority	0	0	0	
Weight	0	0	0	
Total detections	250	243	493	100.0%

CMP – cargo reporting data accuracy monitoring activities

CMP cargo reporting – error rate by lines and number of detections made

Cargo reporting errors	Sep Qtr	Dec Qtr	YTD
No of lines selected	1,320	1,401	2,721
No of cargo reports detected to have error/s (a)	52	48	100
No of cargo reports checked (b)	1,202	1,153	2,355
Error rate = (a)/(b)	4.3%	4.2%	4.2%
No of cargo reports amended (d)	22	12	34
Significant error rate = (d)/(b)	1.8%	1.0%	1.4%
Total no. of detections	72	72	144

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CMP cargo reporting – detection types

Cargo reporting detection types	Sep Qtr	Dec Qtr	YTD	
			No.	%
Air – Unique Consignment Ref No	0	0	0	0.0%
Air Way Bill No	1	1	2	1.4%
Air Waybill Origin Port Code	0	0	0	0.0%
Arrival date	2	0	2	1.4%
Consignee address	12	16	28	19.4%
Consignee name	9	10	19	13.2%
Consignor address	19	20	39	27.1%
Consignor name	9	12	21	14.6%
Country of origin of goods	3	0	3	2.1%

Cargo reporting detection types	Sep Qtr	Dec Qtr	YTD	
			No.	%
Currency code	1	1	2	1.4%
Declared value of goods	0	1	1	0.7%
Goods description	2	3	5	3.5%
Gross weight	5	3	8	5.6%
House Bill no	5	4	9	6.3%
Ocean Bill no	2	0	2	1.4%
Original port of loading	1	1	2	1.4%
Port of destination	0	0	0	0.0%
Sea – container no	1	0	1	0.7%

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Cargo reporting detection types	Sep Qtr	Dec Qtr	YTD	
			No.	%
Sea Bill of Lading Origin Port Code	0	0	0	0.0%
Total no of detections	72	72	144	100.0%

CMP export data accuracy monitoring

CMP export – error rate and the number of detections made

Export error rates	Sep Qtr	Dec Qtr	YTD
No of lines checked (a)	247	253	500
No of lines with detection/s (b)	35	36	71
Error rate = (b)/(a)	14.2%	14.2%	14.2%
No of lines amended (c)	30	34	64
Significant error rate = (c)/(a)	12.1%	13.4%	12.8%
No. of detections	49	50	99

CMP export – detection type

Detection types	Sep Qtr	Dec Qtr	YTD	
			No	%
FOB terms	5	4	9	9.1%
FOB currency	2	4	6	6.1%
FOB value	19	16	35	35.4%
AHECC classification	5	4	9	9.1%
AHECC multi-lines (should be split)	3	1	4	4.0%
AHECC – other	1	0	1	1.0%
Permits – not obtained	0	0	0	0.0%
Permits – other	4	0	4	4.0%
Net quantity	8	10	18	18.2%
Destination	0	1	1	1.0%
Origin	1	1	2	2.0%

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Owner name	0	2	2	2.0%
Consignee name	1	5	6	6.1%
Other	0	2	2	2.0%
Total no of detections	49	50	99	100.0%

Compliance terminology

AWB	Air Waybill
CLEAR status (depots)	A cargo status in the ICS that allows cargo to be delivered into home consumption from a depot
CP	Continuing Permission – allows a permission owner to move goods between nominated warehouses on a continuing basis
CTO	Cargo Terminal Operator (can be air or sea)
DCL	Deconsolidation or unpack at a depot
DWA	Delivery Without Authority – when underbond goods are delivered into home consumption without being authorised by the Customs Act (s33 <i>Customs Act 1901</i>)
EDI	Electronic Data Interchange
FAK	Freight of all kinds
FCL	Full container load
FCX	Full container multiple suppliers
FOB	Free On Board
HAWB	House Air Waybill

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HBOL	House Bill of Lading
LCL	Less than container load
Licensed depot	A depot licensed under s77G of the <i>Customs Act 1901</i>
Licensed warehouse	A warehouse licensed under s79 of the <i>Customs Act 1901</i>
MWA	Movement Without Authority – when underbond goods are moved to another licensed place or CTO – the goods are still under Customs control – without the movement being authorised by the Customs Act (s33 <i>Customs Act 1901</i>)
OBOL	Ocean Bill of Lading
STP	Single Transaction Permission – application must be made to Customs and Border Protection to move goods between nominated warehouses on a one-off basis (one movement per application)
UBM	Underbond movement
UBMR	Underbond movement request
Underbond movement	A movement of cargo subject to the control of Customs that moves on a permission granted under s71E of the <i>Customs Act 1901</i>

Find us on the internet

If you are looking for more information on compliance-related issues, or want to access previous editions of the Compliance Update, you can now find all the information you need in one convenient location.

From the Customs and Border Protection website menu, click on 'import export' and then select 'complying with customs and border protection'.

You can also follow this link or type this URL into the address bar on your internet browser: <http://www.customs.gov.au/site/page4271.asp>.

Tell us what you think...

Your valuable feedback helps us to provide you with useful and relevant information.

You can contact us with compliance-related feedback and queries by phoning 1300 363 263 or emailing us at compliance1@customs.gov.au