



# INFORMATION SHEET

## CUSTOMS & EXCISE

### POST CLEARANCE AUDIT

#### *Complying with Customs Requirements: importers and Clearing Agents Information Notice*

#### What is a Post Clearance Audit?

A Post Clearance Audit is a process that enables Customs officers to verify the accuracy of declarations by examining the books, records, business systems and all relevant customs commercial data held by entities, directly or indirectly involved in international trade. The legal basis for conducting these audits is contained in Article 95 of Law 21/2006 of 28/04/2006 establishing the Customs System.

As an importer, you are legally responsible for the accuracy of all information supplied to Customs, even though you must use a Customs Clearing Agent to prepare and lodge your declarations. For your own protection, you should ensure that you examine and retain all documents supplied to Customs, check them for accuracy, and advise your clearing agent of any errors.

#### Businesses liable to audit

All entities directly or indirectly involved in the import or export of goods may be subject to Customs audit. Note also that a post clearance audit may as well be conducted on exempt importers and exporters.

#### How it works

Inline with common International practice and to facilitate trade, Customs no longer verify all declared details at importation. This measure

has been taken to reduce formalities at importation and improve clearance times for imported goods. Customs officers will however be routinely visiting selected importers at their principal place of business to examine records and books of account relating to goods they have imported.

If you are selected for audit it is not necessarily an indication that there are irregularities in the way you conduct your business. The purpose of the audit visit will be to verify the accuracy and completeness of Customs declarations made by you over a period of time. Customs have an obligation to provide assurance to Government that the importing community complies with their legal obligations to maintain records of account in relation to imported goods and to make complete and accurate declarations at importation.

#### A likely audit follows these steps:

- You will be notified in writing at least 10 working days before a proposed audit. The notification will include the date and time of the intended visit, the period to be audited, the names of the officers who will conduct the audit and details of the records that should be made available on the visit.
- At the beginning of the audit Customs will conduct an initial interview with you to discuss the proposed audit confirming the period of your business activity to

be examined and what documentation is required to be produced to the audit team.

- You are encouraged to examine your transactions prior to audit, as errors reported to Customs prior to audit will be viewed favourably.
- Customs will conduct an exit interview with you at the end of the audit. Where a business is found to be not complying with Customs requirements, the auditors will bring the matter to the attention of the management of the business and seek to have the issues resolved. Such resolution may involve the payment of additional revenue found to be due, the repayment of any revenue found to have been overpaid, or the amendment of accounting or control procedures which do not meet Customs requirements.

## Common Errors

Customs has identified some of the more common errors that lead to reduced compliance.

- **Failure to retain adequate records**

All relevant commercial documents must be retained for five years from the date of transaction with Customs as provided by Article 11 of law no 21/2006 of 28/04/2006 establishing the Customs System.

- **Customs Value does not include all associated costs**

All costs associated with the goods are legally required to be considered when determining the Customs Value. In many instances there are costs that may not be included in the invoice price but still have to be included in the Customs Value. These costs are detailed in Article 53 of Law 21/2006 of 28/04/2006 establishing the Customs System. If you are in doubt about whether a particular cost should be included in your declared value,

Customs can provide advice if all details and supporting documentation is provided to them.

- **Imported goods incorrectly entered**

All imported goods must be declared to Customs in accordance with the approved declaration form. They should be accurately classified using the Tariff of Rwanda which is based upon the Harmonized Commodity Description and Coding System. Any surplus goods, items not ordered, samples and promotional materials must be entered.

- **Failure to disclose related transaction**

Where you are buying goods from a supplier with whom you have a business relationship, other than the relationship created by the sale itself, you should advise Customs of the fact when making the import declaration. In many cases the price actually paid or payable cannot be accepted as the Customs Value as the relationship may have influenced that price.

- **Origin incorrectly identified**

A Certificate of Origin is required in order to claim preferential rates of duty. Customs are encountering Certificates of Origin that have been erroneously prepared by suppliers. You should ensure that the goods you are buying do qualify for any preferential duty rates claimed. For example, preferential duty rates can be claimed on goods imported from EAC or COMESA member States.

- **Incomplete information passed to the clearing agent**

Errors may occur if all relevant information regarding the transaction is not passed on to the person making the declaration on your behalf. Remember, every person dealing with Customs has a chance of being

audited. If you make false or misleading statements to Customs you will face the prospect of the imposition of sanctions and this may include prosecution in a court of law.

### Self Assessment

Remember, every person dealing with customs has a chance of being audited. If you make false or misleading statements to Customs you

will face the prospect of the imposition of sanctions, up to and including prosecution in a court of law.

### Legislative Reference

Law No. 21/2006 Of 28/04/2006 establishing Custom System.