



# CUSTOMS PROCEDURES



A Publication of the Ghana Revenue Authority - Customs Division

Vol. I

Empowered lives.  
Resilient nations.

## The Customs Division of GRA - In Reform

### Tax Reforms in Ghana

To address the constraints inherent in the tax administrative system, new organizational reforms have made Customs a vital part of the Ghana Revenue Authority (GRA) under the Ghana Revenue Act, Act 791, 2009 to integrate the erstwhile IRS, VATS, and CEPS

Visit: [www.gra.gov.gh](http://www.gra.gov.gh) for more information on the GRA.

### Mandate / Role of Customs Division

Under PNDC Law 330 (1993), Customs plays the following critical roles in international trade:

1. Collection and Protection of Tax Revenue on imports / exports
2. Expedited clearing processes (facilitation)
3. Ensures compliance with national laws
4. Ensure environmental security and protection of society
5. Collection and Storage of Trade data for statistical and regulatory purposes and for policy formulation.

### Customs Reform and the Stakeholder

With Trade and Customs operating in an increasingly Globalized Environment, Customs Reform involves improved techniques for clearing goods and processing passengers. Our reforms thus aim at addressing the expectations of key stakeholders who demand of Customs effective policies and procedures that ensure expedited clearance, public accountability, disciplined workforce, and a working environment devoid of corruption.

Furthermore the reforms involve more than the introduction of new techniques for clearing goods and processing passengers, and an awareness of new developments in international trade.

### The Way Forward

The crux of Ghana Customs reform process is thus premised on the ff:

- To make Ghana a gateway to the sub region by becoming the Investment Hub.
- Implementation of national policies, strategies and measures to attract foreign direct investment to accelerate economic growth among which are the:
  - ⇒ Gateway Project
  - ⇒ Automation of Customs Procedures
  - ⇒ Modernization of Ports
- Pursuit of the Customs Division standardisation of processes and procedures to ensure a Total Quality Management System and thus sustain its ISO 2009:2008 certification through continual organizational and operational reforms. ...Cont'd Pg. 6

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Contact: [info@gra.gov.gh](mailto:info@gra.gov.gh)

*"Traditionally, Customs authorities fulfill a three-fold mission - a fiscal mission by collecting revenue for the State; an economic mission by helping businesses to be more competitive and compiling foreign trade statistics; and an environmental mission of protecting society and combating fraud" - WCO*

## Suspense Regimes: Free –Zones, Transit, Warehousing, Temporary Importation

International trade involves the movement of goods across national frontiers which requires procedures expressed in national legislations and implemented by Customs

These procedures may pertain to security while others emphasize revenue interests, standards, protection of public safety/morality, intellectual property protection, and trade facilitation.

Customs procedures are essentially preceded by the declaration of intent by importers through authorized declarants. These

declarations of intent are termed "Customs Regimes" which are numerically coded as follows:

- 10--- Direct Export
  - 20--- Temporary Export
  - 30--- Re-Export
  - 40--- Direct Import (Home Consumption)
  - 50--- Temporary Import
  - 60--- Re-Import
  - 70--- Warehousing
  - 80--- Transit, transshipment
  - 90--- Free-Zone, ship stores, Duty-free shops
- Some cargo clearance transaction

involve a combination of these regimes: 47--- Home Consumption (Import) following Warehousing.

The above stated collection of regimes may be broadly classified under "closed" and "Suspense regimes.

With closed regimes, further transactions may not be required while suspense regimes require subsequent require transaction as a matter of course.

With suspense regimes revenue interest remain outstanding but Customs has in place monitoring and control mechanisms to protect the revenue.

**The Free Zones Concept** is a private-sector driven programme introduced as a gateway project which seeks to make Ghana a Gateway to West Africa through trade facilitation and investment.

Free Zones means a part of Customs territory of a contracting party where goods introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the Customs territory. Free Zone are thereby, considered a "foreign land or territory" for all transactions with Customs.

### OBJECTIVES

- Attracting Foreign Direct Investments
- Creating employment opportunities
- Increasing foreign exchange earnings
- Provision of business opportunities for foreign and local investors to undertake joint-ventures.
- Promotion of transfer of technology and diversification of exports.
- Enhancement of technical and managerial skills of Ghanaians

### TYPES

**Industrial Free Zones:** importation of raw materials for manufacture for re-exportation.

**Commercial Free Zones:** importation of goods for subsequent sorting, mixed, re-bagged, re-labeling, or further processing into finished products. Service Rendering Free Zones.

## The Free Zones System

Free Zones Enterprises may be sited at designated "enclaves" or scattered as single-factory enterprises at various locations.

### Priority sectors

In Ghana priority sectors include Information and Communication Technology, textile/apparel, Floriculture, manufacturing, Seafood processing, Jewellery production, Pharmaceuticals, Metal fabrication, Light industry/ assembling plant. beauty products, etc.

### CUSTOMS CONTROLS

The operations of Free Zones are regulated by the National laws of the host country.

In Ghana, the regulatory authority of the Free Zones is the Ghana Free Zones Board operating under the Free Zones Act, 1995, Free Zones Amendment Act 618, 2002 and Free Zones Regulations (LI 1618) of 1996.

The interest of Customs in Free Zone activities is occasioned by the entry of duty-free consignments and the potential abuse of the regime and resultant revenue loss.

**Customs controls** include the ff:

- Ensure goods are delivered into licensed facilities.
- Ensure exemptions granted are to the benefit of only licensed facilities, developers of their authorized agents.

"International trade involves the movement of goods across national frontiers which requires procedures expressed in national legislations and implemented by Customs"

- Ensure that Customs documents bear the license number of the Free Zone Enterprise in its transactions with Customs.
- Monitor movement of persons, vehicles and goods in and out of the facility from the national customs territory as by regulation prescribed.
- Ensure removal of goods from the facility is covered by GFZB and customs declarations and where appropriate revenue interests are secured.
- Check records of movement of goods received into and delivered from the facility.
- Examination of goods in the facility prior to export and to inspect or take extracts from available records.
- Allow temporary export to the national (host) Customs territory of goods and semi-processed products for further processing and return within a period not exceeding three(3) months.
- Ensure that the totality of annual output of products from the facility sold or offered as gifts does not exceed thirty percent (30%).
- Ensure that products stored in the facility and subsequently found to be missing without reasonable explanation are subjected to appropriate taxes and penalty.

**Cont'd ... Pg 3**

## Free Zones System ... Cont'd

### **IMPORTS INTO FREE ZONE**

GFZB Form 9 is attached to customs documents with the appropriate regime (90)

External examination is conducted by Customs to ensure seal is intact and container number is correct.

Goods are removed under GCE-Tract device.

Goods are received by resident officer at the facility.

### **Exports from Free Zone**

Customs regime 19 and applicable procedure code(19X00) are employed.

Removal bond required for movement of consignment to the Port or exit point.

Goods are packed and loaded under the supervision of the Resident Officer.

Containers are sealed and are not permitted to be opened at the point of exit.

Monthly and quarterly returns are presented to the Customs Headquarters (Export) on all transaction in the facility.

### **DOMESTIC SALES**

Sale of finished products and valuable waste to the local market should be approved by the Ministry of Trade.

Sales to the local market shall not exceed 30% of annual output.

Sales to the local market are considered as imports and therefore, dutiable. Valuable waste is considered as part of the quota(30%).

### **Overview**

While recognizing the free zone concept facilitates trade and investment, it is pertinent to periodically review operations to ensure that the objectives for which they were established are met and challenges that confront the operations are adequately addressed.

## The Transit Trade

Customs transit refers to a customs procedure under which goods are manifested for importation at an approved port in a country for removal by road, inland waters or rail to an exit point in that country for exportation to a final destination in another country.

These procedures are intended to protect the revenue of the country of transit, and to avoid the circumstances where goods intended for transit are leaked into the domestic market.

### **Factors Affecting Transit**

- Geographical: The situation of inland countries with no sea ports renders it imperative to establish transit transactions with neighboring countries with good sea ports.
- Economical: economic relevance where cost is reduced by use of sea port facility in a neighboring country instead of expensive air transportation.
- Political: good neighborliness lends itself to the establishment of a transit regime.

### **Customs Controls**

#### **Legal requirements:**

Transit to be manifested separately and stated as such.

With a few exceptions transit goods are not subjected to prohibitions and restrictions.

Transit goods do not attract duties but may be entered for home consumption with the approval of

the Commissioner.

Transit goods are only permitted at approved ports only (Tema, Takoradi, Elubo, Aflao, Paga, Gonokrom, Hamile and Kulungugu)

### **Security requirements**

#### **Transit bond**

As security for the revenue, this is assessed by the Transit Compliance Officer and transmitted electronically to the national Guarantor (SIC).

In situations where the consignee is the country of destination, the bond requirement is dispensed with.

Electronic monitoring devices are deployed and in some isolated circumstances human escort.

Non-interference with transit goods: interference with goods in transit can be effected only with the prior consent of the nearest Customs Office.

#### **Entry procedure**

Trader executes bond in CB.12 or deposits cash as security.

Customs declaration is processed through GCNet/GCMS with the relevant CPC(80x01) Trader pays administrative fees.

Transit cargo may remain in shed for 14days rent-free.

Transit transactions are required to be completed within two(2) months.

Transit bond is discharged electronically when consignment has duly exited the exit point.

### **The Role of Customs**

Registration of Transitors in GCMS.

Registration of transit trucks in GCMS in collaboration with Ghana Ports and Harbors Authority.

Updating of transit flag in GCMS for transitors.

Monitoring and control of movement of transit goods to prevent diversion.( by employing the Satellite Tracking System and the Mobile Patrol Team

### **The Role of Declarants**

Indicate the exact number of sub-consignments. Lower numbers than the actual results in post-entries and needless delay.

Use only Registered Transit Trucks.

Ensure transit consignments exit the country within the stipulated period.

Transit regimes seeks to facilitate the transport of

goods through customs territory without payment of duty and taxes in the countries of departure.

This is in accordance with the destination principle of taxation which states that indirect tax should only be levied in the country of consumption.

This system therefore requires an efficient monitoring and control system to ensure that benefits in the facility are not unduly abused through revenue leakages and undesirable security concerns.

“Transit regimes seeks to facilitate the transport of goods through customs territory without payment of duty and taxes in the countries of departure.”

## The Warehousing Regime

**Customs warehousing** is the procedure under which imported goods are stored under customs control in a Government or Private Bonded warehouse without payment of taxes and under customs control until the goods are entered for home consumption (and taxes are paid) or until such goods are re-exported or otherwise disposed of - home-consumption, removed to another warehouse, re-exported, re-entered into a free zone among other transactions.

This system enables the importer to defer payment of taxes and also offers the advantage of accessing both local and foreign markets without payment of customs duties without any loss of money in respect of duty.

In some instances, the trader is allowed to have products sorted and repacked and any loss thereof in the warehouse may be tolerated by Customs.

### Types of Warehouses

#### 1. Government warehouse:

Property of government approved by the Minister where goods are kept, lodged and secured.

2. **State Warehouse:** a place approved by the Commissioner for the deposit of un-entered, unexamined, detained or seized goods are kept for the security thereof and the duties thereon.

3. **A Private Bonded Warehouse** is any licensed premises that is covered by a premises bond and secured with revenue locks while Government Warehouse, a property of government, is secured with a revenue lock.

Goods in a warehouse may be entered for home consumption, export or re-warehoused.

#### Advantages of Warehousing:

The procedure meets the axiom of "convenience" in tax payment.

The capital of the trader is not locked up in duty payment until the goods are needed for home consumption

Small traders can hold large stocks

of goods under the system

Export trade is fostered by reason of reserve stock and freedom of trade on duty-free basis.

Goods may be exposed for sale and samples drawn.

Remission of duty due to natural losses.

Importer has double security for the goods: customs has interest in goods and warehouse keeper also has interest in rent.

#### Disadvantages of warehousing:

Extra cost: Cost of revenue supervision is extra cost to the state.

Deferment of revenue payment represents great loss to the state.

Writing off of duty is loss of revenue.

Final consumer bears extra cost.

#### Entry procedure:

Trader executes a premises Bond in CB. 6 and Removal Bond in either CB.7 or CB. 8. Processes direct entry into Bonded Warehouse through the GCNet/GCMS with CPC 70X01. CPC 70X01 is employed for manufacturing operations

Processing of Ex-Warehousing for Home consumption via CPC 47D01

For Re-Warehousing CPC 79X93 is employed.

#### Approval and Licensing

Application in Form C. 66 to be made to the Commissioner through the Assistant Commissioner of the Collection

A plan of the proposed warehouse, showing its relation to other buildings.

Physical inspection of the facility is conducted by Customs after which the reverse of the application form is completed.

**A license fee** of \$2,000.00 must be paid and a license in Form C.24 is issued by the Commissioner.

This license is renewable annually. A license shall be valid for a period of one year from date of issue.

The renewal fee is \$600.00 annually.

The Warehouse is to be marked with a number allocated on the principal entrance or elsewhere directed by

the Commissioner.

Security: This is by bond in Form C.B.

#### Conditions for appointment:

Customs must be satisfied that goods can be stored in the Warehouse without serious risk of loss due to theft, theft, diversion and other problems.

#### The specification of the warehouse, therefore are as follows:

The facility should be safe, secure, waterproof and rat-proof.

The facility should be suitable as regards proximity to other buildings

It should be fitted with adequate light and suitable ventilators

It should be fitted with doors capable of being fastened with revenue locks.

Where there exists more than one door, only one should be locked from the outside and this should open into a public road. The others should be locked from within.

Doors, when shut should not be capable of being open off the hinges.

Windows should be barred and fitted with shutters.

#### Security:

Bond should be entered into to cover the Premises (premises bond:CB.6) and the removal of goods (removal bond:CB.7 or 8) from the port to the premises.

There are 3 parties to the Bond: The principal, surety and government.

#### Receipt of goods

##### into a Private Bonded Warehouse

Upon receipt of goods meant for warehousing, the resident officer performs physical examination of the goods and details in the Customs declaration.

When the details are found to correspond, the officer appends his signature to the Certificate of warehousing to signify that the consignment has been

duly warehoused.

A second copy of this certificate is dispatched to the Bond to enable discharge of the Bond.

*This system enables the importer to defer payment of taxes and also offers the advantage of accessing both local and foreign markets without payment of customs duties without any loss of money in respect of duty.*

## Types of goods excluded from warehousing

Perishable goods, arms, cinders, clay, stone, fireworks, matches, sand, tar just to mention a few.

### Duration for Warehousing

The under-mentioned goods may be warehoused in a Bonded Warehouse within the period indicated against them:

<b>Type of Goods</b>	: Allowable Period
<b>Perishables</b>	: Three (3) Months
<b>General Goods</b>	: Twelve (12) Months
<b>Raw Materials</b>	: Up to Two (2) years

There will be no option for the re-warehousing of general goods. Perishable goods may, however, be re-warehoused for a limited period of only one (1) month upon application and approval by the Commissioner of Customs.

### Conclusion

Traditionally, warehouse control relied heavily on physical controls. Many countries have shifted from this traditional method to documentary and accounts-based systems, thereby improving the efficiency of warehouse operations and reducing the cost of both regulation and compliance.

## COMMISSIONER-GENERAL'S ORDER (CGO) NO. 2013/001

FILE REF: H/ORG/1 DATE: 8<sup>th</sup> JANUARY, 2013

### REVISED REQUIREMENTS FOR THE LICENSING OF PRIVATE BONDED WAREHOUSES BY THE GHANA REVENUE AUTHORITY CUSTOMS DIVISION

Recent events in the warehousing regime have necessitated the reinforcement of controls as well as other measures to facilitate the recovery of duties and taxes.

Accordingly the following revised requirements shall apply for the licensing of Customs bonded warehouses and the registration of manufacturers by the Customs Division of the Ghana Revenue Authority.

#### REQUIREMENTS FOR PRIVATE BONDED WAREHOUSE LICENCE

##### 1. PROCESS:

**Application and plan to be submitted** - Application for the approval and licensing of any premises as a private bonded warehouse is to be submitted on Form C.66 to the Sector Commander. The form must be accompanied by a plan of the proposed warehouse and its situation in relation to other building and thoroughfares. Other documents required are as stated in "2" below.

##### Inspection for proposed Warehouse

- on receipt of an application for the approval and licensing of any premises as a private bonded warehouse the proposed warehouse shall be inspected. The inspecting officer shall satisfy himself that the premises are:-

safe, secure, waterproof and rat proof; suitable for use as a bonded warehouse in so far as the construction, situation in regard to other building and accommodation are concerned; fitted with adequate lights and suitable ventilators; fitted with doors capable of being locked with Revenue locks. Only one door should be locked from the outside and all other doors should be locked from within. The entrance doors should be

constructed such that, when shut, they cannot be lifted off the hinges. When the premises are fitted with sliding doors the inspection officer shall satisfy himself that suitable stopping arrangements are provided on the rails to prevent the doors being slid off when locked and that the doors cannot be levered off the rails;

(c) All windows of the warehouse must be barred and fitted with shutters which can be securely fastened from the inside; and

(d) **OFFICE ACCOMMODATION MUST BE PROVIDED FOR THE CUSTOMS OFFICER COMPLETE WITH ACCESS TO THE GCNET AND GCE-TRAK SYSTEMS.**

**Marking of Warehouses** – The words "Customs Bonded Warehouse" and the number allocated to the warehouse are to be clearly marked on the principal entrance to the warehouse, or elsewhere, as the Sector Commander may approve.

These marking must be removed when a warehouse ceases to be licensed under the Customs laws.

**Security** – before any licence is issued for any private warehouse a Premises Bond is required to be given with collateral security. A Removal Bond shall also be required for the movement of bonded goods to and from the Bonded Warehouse.

**Licence** – The licence fee is the Cedis equivalent of \$2,000.00 for each year. Part-year licences are not issued. When the premises have been approved and the licence fee paid a licence in the Form C.24 will be issued by the Sector Commander.

##### 2. SUPPORTING DOCUMENTS:

- CERTIFICATE OF REGISTRATION
- CERTIFICATE OF INCORPORATION (WHERE APPLICABLE)

- CERTIFICATE TO COMMENCE BUSINESS
- COMPANIES' CODE (WHERE APPLICABLE)
- PASSPORT PICTURE(S) OF OWNER (S) OR DIRECTORS: **to be supported with photocopy)/(ies) of National Identity Card/ Drivers' Licence (s)/Bio Data Page of Passport (s)**
- POLICE CLEARANCE OF CRIMINAL RECORDS OF THE DIRECTOR(S)
- PARTICULARS OF OTHER DIRECTORSHIPS
- VAT REGISTRATION CERTIFICATES
- IRS CLEARANCE CERTIFICATE (RENEWABLE ANNUALLY)
- SITE PLAN
- BLOCK PLAN
- VALID BUILDING PERMIT
- DIRECTIONAL MAP
- G.N.F.S. FIRE SAFETY CERTIFICATE (RENEWABLE ANNUALLY)
- ENVIRONMENTAL PROTECTION AGENCY CERTIFICATION (WHERE APPLICABLE)
- FOOD AND DRUGS AUTHORITY CERTIFICATION (WHERE APPLICABLE)

**This Order takes effect from 8<sup>th</sup> January, 2013**

**GEORGE BLANKSON  
COMMISSIONER-GENERAL**

**TO: ALL PORTS AND STATIONS**

**COMMISSIONER-GENERAL'S ORDER (CGO) NO. 2013/001**  
**FILE REF: H/ORG/1. DATE: 8<sup>th</sup> JANUARY, 2013**  
**REVISED REQUIREMENTS FOR THE REGISTRATION OF MANUFACTURERS**  
**BY THE GHANA REVENUE AUTHORITY CUSTOMS DIVISION**

**REQUIREMENTS FOR REGISTRATION FOR MANUFACTURERS' LICENCE**  
 CERTIFICATE OF REGISTRATION

CERTIFICATE OF INCORPORATION (WHERE APPLICABLE)

CERTIFICATE TO COMMENCE BUSINESS

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- FOOD AND DRUGS AUTHORITY CERTIFICATION (WHERE APPLICABLE)

OTHER REQUIREMENTS INCLUDE:

- MANUFACTURING PROCESS
- FLOW CHART OF MANUFACTURING PROCESS
- LIST OF PLANTS/MACHINERY
- LIST OF RAW MATERIALS
- STATEMENT OF COMPOSITION
- LIST OF FINISHED PRODUCTS

You are to ensure that all facilities already licensed or registered take note of the revised requirements and update their records at the customs offices of licensing or registration, with the documents not yet submitted.

This order is to be read in conjunction with:

PNDCL 330 Sections 124-152

PNDCL 330 Part XIV (*as applicable*)

LI 1060 Regulations 73-92

Customs Code of Instructions Vol. 2 Part 5

Customs Code of Instructions Vol. 3: the Excise Code (*as applicable*)

Any other relevant customs legal instruments on manufacturing and warehousing.

This Order takes effect from 8<sup>th</sup> January, 2013



**GEORGE BLANKSON**  
**COMMISSIONER-GENERAL**  
**TO: ALL PORTS AND STATIONS**

## Concepts Underlying Reforms in Customs Gateway Project

The main objective is the modernization of the frontline institutions/agencies that deal with investors by re-engineering them into trade facilitators.

For Customs the objective of the trade facilitation has been to remove constraints in the import and export of goods whilst enhancing compliance and reducing the cost of doing business. The reforms also seek to reduce malfeasance and more importantly maximize revenue collection

### Trade Facilitation

The simplification, harmonization, use of new technologies and other measures to address procedural and administrative impediments to trade.

Comprehensive and integrated approach to reducing the complexity and costs of the trade transaction process, and ensuring that all these activities can take place in an efficient, transparent and predictable manner based on internationally accepted norms, standard and best practices.

### Modernization

Customs modernization is to bring the activities of the Division in line with modern Customs practices with particular reference to:

- The Revised Kyoto Convention
- The SAFE Framework of Standards
- The Revised Arusha Declaration

### Revised Kyoto Convention

- Transparency and predictability of Customs actions
- Maximum use of information technology
- Simplified procedures for authorized persons

- Standardization and simplification of the goods declaration and supporting documents
- Minimum necessary control to ensure compliance with regulations
- Use of risk management and audit based controls
- Coordinated interventions with other border agencies
- Partnership with the trade
- Harmonized and simplified procedures

### Revised Arusha Declaration

- Leadership and Commitment
- Regulatory Framework
- Transparency
- Automation
- Reform and Modernization
- Audit and Investigation
- Code of Conduct (Staff)
- Human Resource Management
- Morale and Organizational Culture
- Relationship with the Private Sector

### Safe Framework

- Harmonization of advance electronic cargo information
- Employment of a consistent Risk Management approach to address security issues
- Based on comparable risk targeting methodology the sending nation's Customs administration will perform high risk cargo outbound inspection of cargo using non-intrusive inspection
- Benefits to businesses that meet supply chain security standards and best practices

## Customs Tax / Procedures Q & A

### What is The Customs Division?

The Customs Division is one of the three divisions of the Ghana Revenue Authority (GRA), the state organization responsible for the collection of both direct and indirect taxes on behalf of government.

The other two divisions are the Domestic Tax Revenue Division (DTRD), responsible for the administration of all domestic taxes and levies, and the Support Services Division (SSD) which is responsible for the provision of all administrative and other specialized services to the organisation.

### What are the functions of the Customs Division?

As their core functions, the Customs Division is responsible for the collection of indirect taxes for the state. These include Import duty, Import VAT, Export Duty, Petroleum Taxes, Import Excise and other levies. These taxes and levies are collected on general goods as well as vehicles.

The Customs Division also protects revenue by preventing smuggling. This is done by physically patrolling the borders and other strategic points, examination of goods as well as documents relating to the goods, and search of premises.

As a frontline institution at the country's borders, and part of its security network, the Customs Division also plays a key role in surmounting external aggression and protecting the territorial integrity of Ghana.

In addition to these functions, the Customs Division also performs agency duties on behalf of other government departments and ministries. These duties relate to prohibitions and restrictions of imports and exports, and aim to enforce laws on facilitation of international trade, import and export restrictions, foreign exchange control, public health, security and safety, etc.

### How do Customs arrive at the duty someone should pay on his

### imported goods?

All items that go into international trade appear, in accordance with their characteristics in a customs document called the Harmonized Code.

The codes are assigned to goods with related specified rates of duty and other taxes.

Upon importation of an item, the Customs finds out under which code in the tariff the item can be placed and hence the rates of duty and taxes to apply.

This process is called classification and is one of the considerations that



go into the assessment of duty and taxes on an item.

The other factor is the cost, insurance and freight value (explain) of the item. This value is supplied by a destination inspection company after examining the invoice and other relevant import documents from the importer. This process is called valuation.

These factors form the bases upon which correct duty and taxes of an imported item are calculated.

### What is the procedure for clearing imported goods and vehicles?

#### General Goods:

Importer (or his agent) is required to:

- ◇ Submit original bill of lading or air waybill, IDF, invoices and packing lists to the appropriate destination inspection company for classification and valuation and the issuance of a Final Classification and Valuation Report (FCVR)
- ◇ Obtain any relevant License/Permit/Exemption from the appropriate ministry/department/agency
- ◇ Submit a Customs Declaration

electronically (via GCNet), for validation

- ◇ Print hard copy of validated declaration, sign it and proceed to the designated bank to pay applicable duty and taxes
- ◇ Submit hard copy of declaration with all attachments and the bank receipt to Document Verification for verification and release, where no physical examination is required or Compliance for document verification and physical examination, prior to release.

At land frontiers where the electronic system exists, the procedure is similar to the above one, with appropriate variations. Where the electronic system does not exist, the goods are examined by the Customs, classified, and values assigned, using values provided by the appropriate inspection companies.

The appropriate rates are then applied to arrive at the duties and taxes to be paid.

#### Vehicles:

**New:** (not more than 6 months old from the date of manufacture):  
- Same procedure as above

#### Used:

- ◇ Submit relevant documents for initial assessment using manufacturer's value, depreciated according to the age of the vehicle.
- ◇ Submit declaration electronically, for validation
- ◇ Print hard copy of validated declaration
- ◇ Make payment at the bank
- ◇ Submit declaration, bank payment receipt and all other relevant documents to Compliance for document verification and physical examination and release

At the frontier stations where the electronic system does not exist, manual clearance is done at the regional offices of the Customs Division. An imported vehicle arriving at any frontier station is first detained and escorted by an officer to the regional headquarters where an examination is conducted and assessment done for duty payment and subsequent release.

## TAX EDUCATION Q & A

### What is GCNet?

GCNet/GCMS is a Customs electronic processing system which enables all registered stakeholders to transact business with the customs online.

**GCNet** – Ghana Community Network

**GCMS** - Ghana Customs Management system

**A man visited a friend in the United States of America who had in his garage a vehicle he had bought new five years ago. The vehicle had covered only 50km at the time. He gave the vehicle to his friend as a gift. If this vehicle arrives at the Tema Port, will it be described as a new or used vehicle?**

It will be described as used. Under the law, the age of a motor vehicle imported shall be calculated from the year in which the motor vehicle was first manufactured and not the time of first registration outside Ghana.

**Two vehicles of the same model with the same cubic capacity and of the same age were bought from the UK market. One of the vehicles was extensively used whilst the other looked very new with only a few kilometres covered.**

**This indeed influenced the market price in the UK. On arrival at the Tema Port both vehicles were assessed to pay the same amount of duty. Why should this be the case?**

Both vehicles would pay the same duty because:

They are of the same age

It is the first purchase price (manufacturer's value) that would be applied, to determine the FOB, not the market prices.

**What factors determine the duty on a vehicle?**

- Age
- Cubic capacity
- Type of vehicle (make & model)
- Value (HDV) of vehicle
- Other accessories (extras)

- Freight /Insurance

**Why does Customs impose overage penalty on vehicles?**

To curtail the importation of old vehicles which pollute the environment by the fumes they release from their exhausts. This is a public health and safety measure.

Also, importation of spare parts to service such vehicles, which breakdown frequently, places a heavy toll on the import bill of the country and hence disturbs the economy. Again spare parts of such vehicles are sometimes difficult to come by.

**I bought a vehicle from Togo last year and cleared it at Ho office. I was issued with a pink document. Around the same time, I bought another vehicle and cleared it at Aflao. I was issued a document coloured white. What is the difference between these two documents?**

The vehicle cleared at Aflao went through the electronic clearance procedure i.e. the GCNet system. The Ho office on the other hand uses a manual processing system as the GCNet system is yet to be deployed.

This explains the colour differences in the documents from the two stations. Both documents are accepted.

**It is perceived that vehicles sold at the Togo Port are far cheaper than those sold in the Ghanaian market. If this perception is true, why is it so?**

Vehicles bought from the Togo port, meant to be exported to Ghana are processed as transit vehicles in Togo. Unlike vehicles cleared for use in Togo, those coming to Ghana do not pay import duty and other taxes.

Therefore prices paid by buyers intending to bring the vehicles to Ghana do not include import duty and other taxes.

On the other hand, vehicles on sale on the Ghanaian market have paid duty and other taxes at the time of importation and these are added costs which are factored into the pricing of

the vehicles.

**Under what conditions can someone, bringing his foreign-registered vehicle from the ECOWAS sub-region enjoy the Temporary Importation facility and use the vehicle in Ghana?**

The importer must be usually resident outside Ghana. He needs to produce the following documents:

**ECOWAS Brown Card** (an insurance certificate) in the name of the owner

An **International driver's license** in the name of the owner or driver (if different from the owner)

In addition the importer is to comply with conditions on the Temporary Importation document: Not to use vehicle for commercial purposes.

Not to lend, sell, pledge, exchange, give away or otherwise dispose of the vehicle in Ghana.

### Why does Customs impose overage penalty on vehicles?

This is to curtail the importation of old vehicles which pollute the environment by the fumes they release from their exhausts.

This is a public health and safety measure.

**How many days would I be granted under the Temporary Importation facility?**

You would be allowed a maximum of 90 days if your vehicle is private and a maximum of 30 days if commercial. These periods could be extended, normally at the Customs Headquarters, at a fee.

**Under what circumstances can a vehicle be considered to have overstayed under the Customs laws?**

When the vehicle remains in the country beyond the period given on the Temporary Importation declaration form (C59A) at the time of importation



## TAX EDUCATION Q & A

### **How are such vehicles monitored to ensure that they do not abuse the Temporary Importation facility?**

Such vehicles are processed through the electronic system (GCNet) only, and the system will always show as outstanding, any such vehicles remaining in the country beyond the expiry date of the temporary importation document.

The Ghanaian addresses given on the documents could then be used to trace the importer or owner of the vehicle. The vehicle could also be intercepted if found on the road.

### **Is it possible to enter Ghana through the Honuta Border Post with my car?**

Not currently. Under the Temporary Importation Regime, vehicles can only be processed where the GCNet system has been deployed.

### **How do you dispose of confiscated vehicles and goods?**

Generally, through sale by public auction or by allocation

#### **Public auction:**

Seizure after normal importation: - if vehicle remains un-cleared 60 days after final discharge from ship, it is seized. It remains seized for 30 days, within which period the owner can petition the Commissioner for restoration.

After the 30 days the vehicle is forfeited to the state and gazetted for 14 days (owner can still petition for restoration).

After the 14 days, an auction sales list is prepared by the officer in charge and submitted to the Commissioner General who fixes a date for a public auction to be carried out and publicizes it.

On the appointed date, an appointed Auctioneer conducts a public auction to sell the vehicle(s).

Seized for smuggling or other crime: - 30 days allowed for owner to apply for restoration after which vehicle is gazetted for 14 days and everything follows as above.

#### **Allocation:**

Under section 93 of PNDC Law 330

the commissioner shall dispose of any motor vehicle forfeited to the state as the government may direct.

The procedure for general goods is the same as for vehicles once they are forfeited to the state.

### **If an importer does not have money to readily pay the duty on his goods, will the Customs seize the goods?**

The importer could take advantage of the warehousing facility available to importers who find themselves in such situations.

Under the facility, the importer can store the goods in a Customs bonded warehouse until he is ready to pay the duty on the goods.

The warehouse is under Customs control, to ensure the security of the goods. The good thing about this facility is that the goods can be cleared in bits if the importer cannot pay the full duty at one go

### **What are some of the benefits of the Warehousing facility?**

It is convenient as the importer's capital is not locked up in duty paid.

A large stock of goods could be held, thereby avoiding shortage.

Since warehoused goods can be re-exported, an importer can always take advantage of a better market outside the country.

### **How do I register and operate a bonded warehouse?**

You need to apply to the Commissioner of the Customs Division, providing details by way of a plan, of the building intended to be used as the bonded warehouse.

A completed Customs form (Form C66), obtainable from the Customs division needs to accompany your application.

You must also possess other relevant documents, such as Certificate of Registration, Certificate of Incorporation, certificate of commencement of business, etc for inspection purposes.

If upon recommendation by the inspecting officer, approval is given, the warehouse will be licensed and registered for operation upon payment of a specified licensing fee. The license is valid for one year and is renewable each year at a specified fee.

### **If I am importing goods from Togo to Cote d'Ivoire, do I pay duty in Ghana?**

Imported goods on which duties are levied are those meant for use in Ghana. Goods only passing through Ghana to destinations outside Ghana do not pay duty in Ghana.

Such goods if transported overland or by inland waterways, are said to be in transit. So your goods from Togo to Cote d'Ivoire are transit goods and therefore will not pay duty.

### **Seizure of Vehicle after normal importation**

If vehicle remains un-cleared 60 days after final discharge from ship, it is seized.

It remains seized for 30 days, within which the owner can petition the commissioner for restoration.

After the 30 days the vehicle is forfeited to the state and gazetted for 14 days (owner can still petition for restoration).

### **Am I allowed to carry with me on a trip outside, my digital camera which I imported previously and paid duty? Will I be made to pay duty again when I bring it back?**

Yes, you can take your camera along on your trip. You however, need to inform Customs about it at the point of departure and you will be made to fill a form (C&E37) to the effect that you are carrying the camera along and that you will bring it along on your return.

If you are just going to use it while on your trip, then you will not be made to pay any further duty on your return. If however, you are taking it for repair and return, for example, then you will be made to pay duty on the cost of repair.

## TAX EDUCATION Q & A

### Are there some goods, the importation of which are restricted or prohibited?

Some goods cannot be imported into Ghana unless certain conditions are first met. For example, to import live animals into the country it is required that valid health documents from the agric authorities in the exporting country accompany the animals.

To import live plants, valid documents (Phytosanitary certificates) must accompany the plants. Upon arrival at the entry point Port health and Plant Quarantine officials first examine these documents and animals/plants prior to their clearance by the Customs. Goods in this category are described as restricted goods.

Some other goods are entirely prohibited to be imported into the country. Non-traditional export goods do not attract export duty. They include yams, pineapples, handicrafts, cashew nuts, etc.

e country. For example, animals and animal carcasses infected with disease, dangerous weapons like flick knives and knuckle dusters, etc. Such items would be seized outright from anyone who imports them.

**Non-traditional export goods do not attract export duty. They include yams, pineapples, handicrafts, cashew nuts, etc.**

### Do Customs have anything to do with goods going out of the country?

Goods going out of the country are called export goods and Customs is involved in the processes prior to their exportation. Two types of exports are carried in Ghana: traditional exports and non-traditional exports. Traditional export goods are goods that attract export duty and include

Cocoa, Timber/Lumber, Mineral Resources, electricity etc.

Non-traditional export goods do not attract export duty. They include yams, pineapples, handicrafts, cashew nuts, etc.

To export any commodity, the exporter needs to:

- Register with the Registrar general's Department and the Ghana Export Promotion Council.
- Complete a Bank of Ghana Foreign Exchange Declaration Form (FXD Form 4A)
- Obtain permits/certificates from relevant institutions
- Obtain certificates of origin (EUR1)
- Complete FXD Form 4A and customs entry form for a traditional export commodity or customs non-traditional export form appropriately

Present all documents to Customs for official processing

Present product /produce to Customs for examination and release for export.

## Customs Hotlines

The Customs Division of the Ghana Revenue Authority wishes to inform the public that its Client Service Centers are open at the Headquarters, 28<sup>th</sup> February Road, Ministries, Accra and Tema Port Longroom. Hence, the public can contact the Centers and other Customs Stations as follows:

UNIT	PHONE NUMBER	UNIT	PHONE NUMBER
Headquarters Main Lines	0302-666841-4 ext 1150 /1151	Wa	0392-022185
Headquarters Client Service Direct Line	0320-668319	Bole	0392-092227
Headquarters Client Service Mobile	028-9530218	Hamile	0392-092224
Internal Affairs and Intelligence Unit (Complaints on Staff)	028-9533990 / 0302- 675724	Tumu	0392-092228
Tema Assistant Commissioner	0303-202667	Lawra	0372-022799
Tema Public Relations Office	0303-201225	Ho	0362-026615
Jamestown	0302-662025	Bolgatanga	0382-023450
Aflao	0362-530450	Zuarungu	0382094232
Kumasi	0322-083878	Zebilla	0382093142
Gonokrom	0200-613120	Namoo	0382-093683
Elubo	0312-022121	Tamale	0372022799
Takoradi	0312-022021/0312-022163	Sunyani	0352-023175/0352- 027185
Koforidua	0312-024215	Kpetoe (Customs Academy)	0289-14984/5
<b>Website:</b>	www.gra.gov.gh	<b>Email:</b>	info@gra.gov.gh

# General Import Procedures

## Requirements

1. Original Bill of Lading/Airway Bill
2. Invoice
3. Packing List
4. Final Classification and Valuation Report (FCVR)
5. Import Declaration Form (IDF) from the Ministry of Trade and Industry.
6. Tax Clearance certificate from the Domestic Tax Revenue Division issued in the name of the importer or 1% of CIF payment fee.
7. Tax Identification Number (TIN) from the Ghana Revenue Authority.
8. Permit or License from the appropriate Ministry/ Agency Department / as applicable for restricted goods.
9. Appropriate letter of Exemption from payment of duty and/or taxes as applicable.

## Procedure

1. Submission of Import Declaration Form (IDF), Bill of Lading, Invoices and Packing List to the appropriate Destination Inspection Company for the issuance of a Final Classification and Valuation Report (FCVR)
2. Submission of application to appropriate Ministry/ Department/Agency for the relevant License/Permit/Exemption
3. Electronic submission of declaration
4. Payment of Duties and Taxes at the designated Banks located at Longroom

5. Subject yourself and goods to Customs documentary and physical verification as may be determined
6. Release and/or further processing depending on regime

## General Exemption from Payment Of Duty

Specified Government, privileged persons Organizations Institutions and category of goods may enjoy exemption from payment of import duty and some other taxes examples of which are :-

1. Diplomatic missions
2. Some advertising materials e.g. trade samples that will be re-exported, stickers and posters, framed posters and reproducing of paintings, drawing, engraving and etching (but excluding menu cards and stationery) having an advertisement indelibly printed, engraved or lithographed thereon and imported solely for the purpose of advertising.
3. Aircraft parts and accessories
4. Baggage and personal effects (Bona fide)
5. Foodstuff including raw foodstuff and gari but excluding meat and alcoholic beverages originating from West Africa
6. Fish caught by Ghanaian owned canoes, fishing floats and gear
7. Educational, cultural or scientific materials
8. Food specially put up for infant feeding

9. Machinery, plant and apparatus and spare parts for agricultural purposes

## Mail Shipment/Parcels

### Regulations

In accordance with the provisions of the Post Office Guide or the regulations of the Universal Postal Union (UPU),

- All postal packets are required to have a parcel declaration or a green label affixed to them.
- Postal packets must not contain any good, letter, printed matter or any other thing that is prohibited or restricted by law to be imported into the country. These include seditious or defamatory material and ammunition.
- An official of the Post Office would act as an agent for the importer for Customs purposes.
- Postal packets would be opened and examination by a Customs Officer in the presence of the person to whom the parcel is addressed or his accredited representative.
- Duty will be levied on all chargeable items and prohibited or restricted items will be seized or detained.
- Unclaimed postal packets would at the appropriate time limit be sold by public auction and proceeds paid into government chest.

## Valuation of Goods -

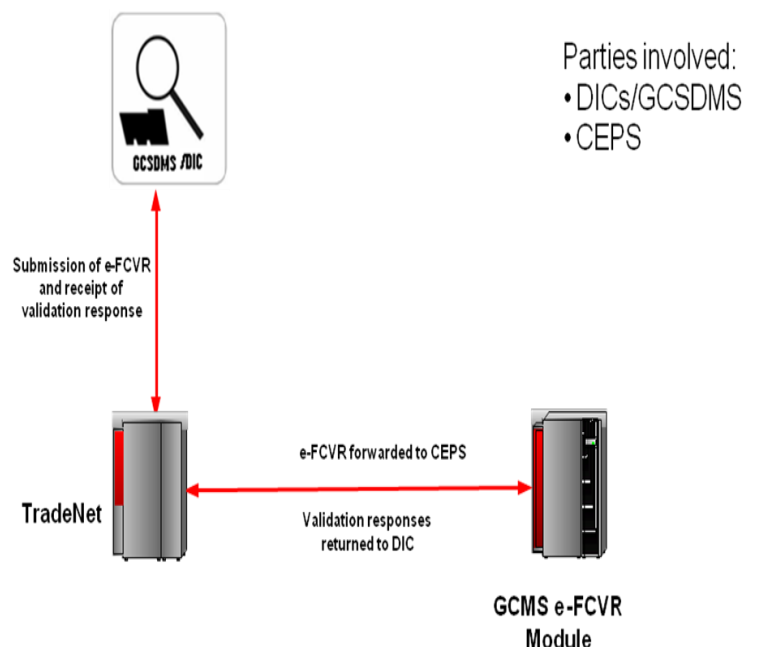
### Destination Inspection Companies (DICs)

Valuation and Classification are critical functions in the clearance of goods. The functions are outsourced to the private sector (DICs) where traders submit invoices for review and issue of FCVRs. Final valuation and classification decisions, however, rest with customs.

### e-FCVR Valuation Assurance

The Valuation module in GCMS provides for a structured database of validated reference values for selected commodities for the use of Officer and other relevant Customs Departments.

The Valuation Database is to be used for the Valuation Assurance of all items. The use of the Valuation Database is mandatory for selected HS Codes that have been carefully chosen based on their risk levels.



## The Temporary Vehicle Imports Procedure

### Legal Background

Section 47 of PNDCL 330 of 1993  
Regulation 157-159 of Customs regulations, 1976

### Definition

This is a system which permits motor vehicles to be imported temporarily without payment of Import Duty and other Customs Taxes for eventual re-exportation of the vehicles.

Such vehicles are said to be conditionally free of duty since they must be re-exported within (3) months of their first importation, either in the same state or after having undergone specified process or repairs.

The system is also designed primarily to enable traders to import such vehicles for advertising purposes with a view to soliciting orders and also enable tourists import them for their use or comfort while in Ghana without monetary handicap.

### General Conditions for Vehicles Normally Admitted

Vehicles for Local Exhibition or Entertainment

#### Ownership:

Vehicles should at the time of Importation be owned by a person or a firm whose principal place of business is outside Ghana.

#### Purpose:

Vehicle must relate to the exhibition and any tools and office equipment, technical equipment and other articles to be used in connection with display or to facilitate or assembly of vehicles

Vehicles Imported Solely for Renovation or Repair

The process or repair must not change the character of the Vehicle, e.g. M/Benz Saloon Car should be maintained as M/Benz Saloon Car.

### Road Vehicles including Trailers -General Conditions for entitlement to facilities:

Vehicle must have been registered outside Ghana.

Owned and operated by a person or persons whose principal place of

business is outside Ghana.

Vehicles engage on a journey beginning and ending outside Ghana.

The importer must be a person whose principal place of business is outside Ghana or is not principally resident in Ghana.

Importer has not principally kept identical make vehicle in Ghana.

While in Ghana the vehicle must not be offered for sale, lent, sold, pledged, hired, given away, exchanged or otherwise disposed of and must not be used for the purpose of picking up passengers or goods at any place in Ghana for the conveyance to another place within Ghana.

### Legal Conditions

Vehicles must be declared at the place of importation to the satisfaction of the Proper Officer to the effect that they are imported only temporarily with the view to subsequent re-exportation.

Vehicles must be re-exported within (3) months or such further period as the Proper Officer may allow.

Cash Deposit or bond to cover potential duty and Tax liabilities (if any) must be given.

Vehicles must not be disposed of in the country without prior approval of Commissioner of Customs.

### Temporary Vehicle Imports

This is a system which permits motor vehicles to be imported temporarily without payment of Import Duty and other Customs Taxes with view of eventual re-exportation

### Documentation

Forms and official documents used are:

- Form C59 or SAD Forms where

appropriate

- Undertaking form C & E 165

- Carnet and Triptique

- Bond – CB 15

TVI New Electronic System (Declaration)

### Exception from Compliance with Instruction

Vehicles which are the property of the Government of another West African Territory (Revised 59)

Vehicles which are the Property of West African Research Organization e.g. UNHCR.

### Why Should Customs apply such a Regime despite Apparent Revenue Leakages?

It is one of the international conventions of which Ghana is signatory to e.g. Kyoto and ECOWAS convention.

To facilitate movement of goods and people among ECOWAS member countries.

### What are the Challenges?

Customs actual challenge is how to effectively monitor and control the temporal importation of vehicles into Ghana across our land borders.

### Causes

Lack of Structural System of reconciliation of vehicles entering and leaving Ghana.

### Consequences

Risks of Revenue leakage through non re-export of vehicle

### Solutions

With the introduction of GCMS

1. Electronic TVI data are captured at Entry Point
2. Automatic processing of TVI charges
3. Electronic TVI Extension of Permitted Stay
4. Automatic Calculation of overstay Penalty
5. Electronic TVI Reconciliation at Exit Point
6. Provision for Management Reports.

With C59 monthly submission of C59 returns to headquarters for monitoring and evaluation.

## Measures by Customs to Check Vehicle Imports Fraud

### The Vehicle Task Force Team

Customs has instituted VEHICLE TASK FORCE TEAMS to intercept the ff:

- ⇒ Uncustomed vehicles
- ⇒ Vehicles on which duties have been short paid
- ⇒ Vehicles which have been improperly described.
- ⇒ Stolen vehicles from foreign which have been declared wanted by Interpol.
- ⇒ Vehicles used contrary to the declared function/purpose i.e. ambulance used for commercial purposes without authorization from Customs
- ⇒ Overstayed temporarily vehicles importation
- ⇒ Right Hand Drive Vehicle banned by Section 89 of PNDCL 330 of 1993 and amended by ACT 552.
- ⇒ Vehicles seized at gun point by armed robbers.
- ⇒ Transit vehicles diverted for home consumption.
- ⇒ Vehicles with Chassis Numbers tampered with.

### Legal Background

Section 234 of PNDCL 330 of 1993 states that all Customs Officers shall have the same powers, authorities and privileges as are given by Law to Police Service.

- ◇ Section 235 power of arrest and detention
- ◇ Section 238 powers to patrol freely
- ◇ Section 240 power to examine stock
- ◇ Section 241 power to seal premises, buildings and companies
- ◇ Section 243 power to search premises
- ◇ Section 244 power to stop ships, aircrafts, vehicles
- ◇ Section 245 power to board ships, aircrafts vehicles for rummaging
- ◇ Section 246 power to seize abandoned ships or aircrafts

### Procedures for Vehicle Processing in Regional Offices

- ⇒ Importer proceeds to the Customs Regional Office with the Vehicle and its supporting documents.
- ⇒ He declares his intention to enter same for home consumption /home

use.

- ⇒ The application is acknowledged and referred to Examination Officer for processing.
- ⇒ The examining officer scrutinizes the genuineness of vehicle documents, conducts physical examination on the vehicle and issues a Detention Receipt pending payment of Customs duty.
- ⇒ Covering letter is attached to the importer's application, record of examination, detention receipt and dispatched to The Commissioner of Customs requesting for value on the vehicle.
- ⇒ Upon the receipt of the appraisal letter by the registrar of the Collection, and subsequent referral by the Assistant Commissioner, Landing Account is raised to capture all details for the documentation purposes.
- ⇒ The Landing Account is referred to compliance officer for vetting and further scrutiny.
- ⇒ It is further referred to the declarants' representation/agent to submit a declaration to Customs via the GCNET.
- ⇒ Information such as importer's name, particulars of the vehicle, exporter's name and address, assessed duty and tax liabilities are captured and routed to Customs.
- ⇒ The GCNET automatically validates the entry and submits a feedback to the front end of the agent.
- ⇒ Hard copy of the validated entry is printed and given to his representative to make payment at GCNET participating BANK.
- ⇒ The Bank generates a receipt and prints a hard copy of the receipt to the importer and makes input in GCMS.
- ⇒ The importer proceeds to compliance officer with the hard copy of the set of Entries.
- ⇒ The compliance officer assesses the declaration in GCMS from the main menu.

- ⇒ He conducts the first, second and third level Checks.
- ⇒ 1<sup>st</sup> Level checks is Based on the information from the Declaration print out and the declaration details on screen. This first level checks is performed to ensure that documents submitted correspond truly to information on GCMS.
- ⇒ 2<sup>nd</sup> Level checks prompt the compliance officer to focus on particular aspects of the transaction for scrutiny.
- ⇒ 3<sup>rd</sup> Level checks corresponds to the standard review of the Declaration otherwise called Face Vet. The compliance officer looks at the HS Code declared, values declared, and identifies any specific aspects of the declaration, which may be clarified in the course of physical examination.
- ⇒ The Declaration is then routed to the Examination officer for physical examination
- ⇒ Once the declaration has been routed to the Examination officer, the compliance officer stamps and initials the supporting documents and hands over the hard copy of the Declaration together with the document to the Declarant.
- ⇒ The Declarant proceeds to the examination officer who has been randomly selected by the system.
- ⇒ In cases where Examination reveals irregularities the Declaration is routed by Examination Officer to the Compliance Officer.
- ⇒ The compliance officer also refers it to CCC for further review.
- ⇒ The CCC may request for a Post Entry or may open a COR.
- ⇒ In the absence of any irregularities, the examination officer makes input in GCMS and releases it for home consumption if satisfied.

# The WTO System of Classification and Valuation

## Customs Classification and Valuation of Goods

Valuation and Classification are critical functions in the clearance of goods.

The function is currently outsourced to the private sector - **Destination Inspection Companies (DICs)**

Final decisions on valuation and classification rest with Customs after the issuance of the Final Classification and Valuation Report (FCVR) by the DICs.

### Valuation Assurance

The Valuation module in GCMS is a structured database of validated reference values for selected commodities for the use of Officer and other relevant Customs Departments.

The Valuation Database is to be used for the Valuation Assurance of all items. The use of the Valuation Database is mandatory for selected HS Codes that have been carefully chosen based on their risk levels.

### Vehicle Valuation

To remove the subjectivity and the unscientific appreciation/depreciation of values for most vehicles, a computerized system of valuation of vehicles was introduced in September 2005.

### Introduction

The term "**Customs Value**" reflects the concept of "Worth" in terms of the physical movement of goods from one country to another, with the importer/ buyer making a "customs value" declaration to the importing country's customs administration. Customs value determinations (decisions) provide the basis on which customs duties are calculated.

### What is Value?

"Value" is defined by the Concise Oxford Dictionary as worth; desirability; purchasing power; equivalent of a thing which may be substituted or exchanged for a thing. The essential ingredients which give a "good" or "thing" its value are desire, need, choice, access and means.

### History of Customs Valuation

- ⇒ 1948 GATT incl. Art. VII comes into force
- ⇒ 1950 CCC on the valuation of goods incorporating BDV signed
- ⇒ 1953 Convention enters into force
- ⇒ 1967 CCC amends the BDV
- ⇒ 1972 Amendments enter into force
- ⇒ 1979 First Agreement on implementation of GATT Article VII- GATT Valuation Code
- ⇒ 1980 First GATT Members implement code-EC,US and Japan
- ⇒ 1994 Second Agreement on implementation of GATT Art. VII
- ⇒ 2000 All signatories to the Uruguay Round should have implemented the code.
- ⇒ ART. VII of the GATT AGREEMENT
  - ◇ Value for customs purposes should be based on the actual value of the imported goods
  - ◇ Value should not be based on goods of national origin/ fictitious or arbitrary values
- ◇ Actual value =price at which sold, at a time e.g. at export.

### GATT Valuation Code

The text of the Agreement on the Implementation of Article VII of GATT, 1979 comprised the ff:

- ◇ The General Introductory Commentary and Preamble
- ◇ 24 Articles in 4 parts
- ◇ Annex 1 giving the Interpretative Notes
- ◇ Annex II dealing with the responsibilities of Technical Committee on Customs Valuation.
- ◇ Annex III dealing with the Constitution and responsibilities of Adhoc Panels and Protocol to the Agreement.

### Valuation Code Principles

- ◇ Fair, uniform and neutral system
- ◇ Basis for valuation to be transaction value
- ◇ In the absence of transaction value, follow hierarchical methods
- ◇ No arbitrary up-liftments/ adjustments allowed
- ◇ Transactions between related parties are acceptable unless influenced by relationship

### Purpose of Customs Valuation

- ◇ To determine the basis on which ad valorem import duties are to be calculated
- ◇ Not an instrument for protection
- ◇ Not a substitute for anti-dumping duties

### Hierarchical Methods of Valuation

- Method 1 – Transaction Value: Article 1
- Method 2 - Identical Goods: Article 2
- Method 3 – Similar Goods: Article 3
- Method 4 – Deductive Method: Article 4
- Method 5 – Computed Method: Article 6
- Method 6 – Fallback Method: Article 7

### Valuation Method 1

1. The customs value of imported goods shall be the transaction value,
2. That is the price actually paid or payable for the goods when sold for export to the country of importation
3. Adjusted in accordance with the provisions of Article 8, provided:-
  - ◇ That there are no restrictions as to the disposition or use of the goods by the buyer other than restrictions which:
    - \* Are imposed or required by law or by the public authorities in the country of importation;
    - \* Limit the geographical area in which the goods may be re-sold; or
    - \* Do not substantially affect the value of the goods;
  - ◇ That the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;
  - ◇ That no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of Article 8; and
  - ◇ That the buyer and seller are not related, or where the buyer and seller are related, that the transaction value is acceptable for customs purpose.

### Valuation Method 1 Article 15 – Related parties

For the purposes of this Agreement, persons shall be deemed to be related only if:

- \* They are officers or directors of one another's business
- \* They are legally recognized partners in business
- \* They are employer employee
- \* Any person who directly or indirectly owns, controls or holds 5 per cent or more of the outstanding voting stock or shares of both of them
- \* One of them directly or indirectly controls the other
- \* Both of them are directly or indirectly controlled by a third person
- \* Together they directly or indirectly control a third person
- \* They are members of the same family

### Adjustments – Article 8

Added to the price actually paid or payable for the imported goods:

- ◇ The following, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods, namely:
  - Commissions and brokerage, except buying commissions
  - The cost of containers which are treated as being one for customs purpose with the goods in question
  - The cost of packing whether for labour or materials
  - The value, apportioned as appropriate, of the goods and services where supplied
- ◇ Directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable
- ◇ Materials, components, parts and similar items incorporated in the imported goods
- ◇ Tools, dies, moulds and similar items used in the production of the imported goods
- ◇ Materials consumed in the production of the imported goods
- ◇ Engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the country of importation and necessary for the production of the imported goods.
- ◇ Engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the country of importation and necessary for the production of the imported goods
- ◇ Royalties and licence fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable
- ◇ The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller

### Valuation Method 2: Identical Goods

The customs value shall be the transaction value of identical goods sold for export to the same country of importation and exported at or about the same time as the goods being valued.

### Valuation Method 3: Similar Goods

The customs value shall be the transaction value of similar goods sold for export to the same country of importation and exported at or about the same times as the goods being valued.

### Valuation Method 4: Deductive Method

The Customs Value shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity, at or about the time of the importation of the goods being valued, to persons who are not related to the persons from whom they buy such goods, subject to deductions for the following:

- ◇ Either the commissions usually paid or agreed to be paid or the additions usually made for profit and general expenses in connection with sales in such country of imported goods of the same class or kind
- ◇ The usual cost of transport and insurance and associated costs incurred within the country of importation
- ◇ Where appropriate, the costs and charges referred to in paragraph 2 of Article 8
- ◇ The customs duties and other national taxes payable in the country of importation by reason of the importation or sale of the goods

### Valuation Method 5: Computed Method

The customs values shall be the transaction value of similar goods sold for export to the same country of importation and exported at or about the same time as the goods being valued. Computed value shall consist of the sum of:

- ◇ The cost or value of materials and fabrication or other processing employed in producing the imported goods
- ◇ An amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportations for export to the country of importation
- ◇ The cost or value of all other expenses necessary to reflect the valuation option chosen by the Member under paragraph 2 of Article 8.

### Valuation Method 6: Fallback Method

When customs value cannot be determined under any of the other methods of valuations, the same has to be determined applying those methods in a flexible manner and in accordance with the Principles and General Provisions of Article VII of GATT 1994 on the basis of Data available in the country of importation

No customs value shall be determined under the provisions of this Article on the basis of:

- ◇ The selling price in the country of importation of goods produced in such country
- ◇ A system which provides for the acceptance for customs purposes of the higher of two alternative values
- ◇ The price of goods on the domestic market of the country of exportation
- ◇ The cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of Articles 6
- ◇ The price of the goods for export to a country other than the country of importation
- ◇ Minimum customs values
- ◇ Arbitrary or fictitious values

## General Information on Rates of Duties and Taxes

All imported goods apart from the baggage concessions and those for specified government, privileged persons, organizations and institutions attract import duty and other taxes. Different rates of import duty as well as different types of taxes may be applicable depending on the category of item.

Tax Type	Tax Rate (%)	Tax Base
Import Duty	0	Cost + Insurance + Freight (CIF)
	5	
	10	
	20	
VAT	15	CIF + Import Duty
NHIL	2.5	CIF + Import Duty
ECOWAS Levy	0.5	CIF
EDIF	0.5	CIF
Processing Fee	1	CIF
Examination Fee (Used Vehicles)	1	CIF
Special Import Levy	2	CIF
Import Excise	25	CIF + Import Duty +VAT
Environmental Tax	20	CIF
GCNet Charge	0.4	FOB
Destination Inspection Fee	1	CIF
Withholding Tax IRS	1	CIF
Overage Penalty	<p>The rates are between 2.5 to 50%. The applicable rate depends on the age and the category of vehicle-</p> <ul style="list-style-type: none"> <li>• Motor car</li> <li>• Bus coach or van</li> <li>• Truck ,lorry</li> </ul>	CIF

The **Overage Penalty** is imposed on all vehicles which are more than ten (10) years old except Ambulances and Agricultural tractors

**Processing Fee** is paid on:

- Zero rated goods
- Re-exports of goods from the warehouse
- Goods which are exempted from payment of import duty