



Mr Gary Banks
Chairman
Regulation Taskforce
PO Box 282
BELCONNEN ACT 2616

Dear

I refer to the recent Issues Paper on Reducing the Regulatory Burden on Business released by the Regulation Taskforce calling for submissions from interested parties. This submission provides one option for alleviating the compliance burden on business associated with regulation relating to Customs import declarations and the associated payment of Customs duties and import processing charges.

The *Customs Act 1901* (Customs Act) and related legislation provides the regulatory framework in relation to the importation and exportation of goods. The Customs Act requires an importer to lodge an import declaration providing extensive detail to enable revenue and border control implications to be assessed in relation to each and every consignment and to pay any customs duty due to the Commonwealth prior to the release of those goods into home consumption.

The *Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001* (ITM Act) introduced a scheme, the Accredited Client Program (ACP), by which highly compliant importers and exporters (in terms of both revenue and border control) would be able to enter into an import or export information contract with the CEO. In relation to the importation of goods, the ACP is intended to allow the importer to communicate minimal information regarding the goods at the time of entry into home consumption and then communicate full import details on a monthly basis using a periodic declaration. Under the contractual side of the scheme, a lower level of real time intervention to conduct physical checks of consignments is also expected on the basis of the client's good compliance record in relation to border control aspects of importing goods. Although the legislation supporting the scheme commenced on 19 July 2005, the ACP is not yet operating as further legislation is required to implement the mid-month duty payment model agreed by the Government in the 2005-06 Budget.

While the ACP will reduce the regulatory burden for a small population of importers of goods, it is considered that a regulatory scheme could be developed to provide the benefit of periodic declarations and the periodic payment of duty to a much wider population of importers, without impacting on the real time border control risk assessment function. The Australian Customs Service (Customs) has considered international developments with respect to the periodic payment of customs duty and believes that these developments could be adopted and extended to create a more streamlined import declaration process in Australia.

A periodic declaration and duty deferral scheme of the kind we have in mind would apply to approved importers and would allow those importers to submit border control related information to Customs at the time of entry into home consumption and then submit a full periodic declaration at the end of the month. Penalties would apply if the periodic declaration were not communicated to Customs by the specified time. The payment of all duty and import processing charges would be required by the 21st day of the month following the importations. Sanctions (such as interest on the outstanding amount and/or removal from the scheme) could apply to the late payment of deferred duty.

Access to the scheme would be regulated under the Customs Act and *Customs Regulations 1926*. Importers would be required to submit an application to Customs for access to the scheme. The CEO of Customs would only approve those applicants who meet the eligibility criteria. The criteria would be developed on the basis of the following general principles:

- The criteria should ensure that a minimal risk to the revenue is presented;
- The criteria should facilitate minimisation of administrative workloads;
- The criteria should be consistent with the GST deferral requirements to avoid confusion by clients.

On the basis of the general eligibility principles, it is estimated the scheme could potentially be open to applications from just under 8,000 importers representing just over 80% of the volume of imported goods (by Customs Value).

Customs would have the power to refuse an application or revoke an approval to access the scheme in specified circumstances. The decision to refuse an application or revoke an approval could be subject to internal review.

If the periodic declaration and deferred payment scheme is supported, Customs cost recovery charge structure would need to be revised. Customs also considers that the proposed new scheme would replace the ACP to the extent that it confers the benefit of periodic reporting and duty payment. The border control and security elements of the ACP would remain as an administrative partnership arrangement under which Customs would allocate appropriate risk ratings to participants for the purpose of deciding whether or not to physically check particular consignments.

Should your officers require further information in relation to this submission they might contact Mr Jeff Buckpitt, National Manager Compliance Branch on (02) 6275 6750.

Yours sincerely,

(L.B. Woodward)

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