



Tax Talk

FRCS Introduces Fast Freight Initiatives

Steady increases in trade volumes and complexity in recent years have significantly changed the operating environment for the international trading community. Trade facilitation is particularly important for developing countries like Fiji. It enhances goods and people flow which directly impacts economic activity and multiplier effects that grows the economy and tax base.

It brings more efficient and reliable tax collection, a particularly important consideration for an economy like us that depends on taxes to finance our public goods and services and Fiji's infrastructural developments. With FRCS's aim for effective and efficient trade facilitation, partnership with stakeholders is imperative.

The growing trade in electronic commerce has generated enormous opportunities for the global economy. This unprecedented growth has revolutionized how businesses and consumers market, sell, and purchase goods, providing more choices and advanced shipping, payment, and delivery options.

It has also opened up global economic opportunities to micro-businesses and small and medium-sized enterprises for wider access to overseas markets by lowering entry barriers and promoting inclusive, robust global trade.

FRCS Customs Modernization plan

Beginning of last year, the Fiji Revenue and Customs Service undertook a comprehensive Customs Modernization plan to make processes and clearances faster and at the same time facilitating trade on a timely manner. This is not only sought to upgrade Customs rules and procedures and smooth out kinks in the supply chain but also included measures to protect Fiji and the industries in case of trade discrimination or harmful imports. Technology is used as an enabler to facilitate the modernization process.

One of the initiative implement by FRCS as part of its Customs Modernization plan is the Fast Freight Clearance strategy.

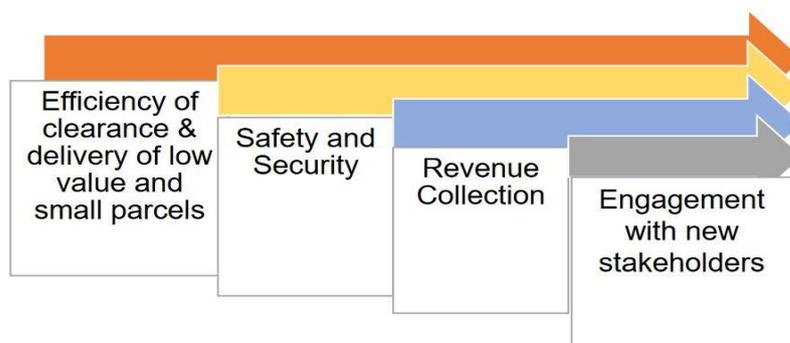
Fast Freight Clearance

Growing low-value cross-border e-commerce has changed the landscape of trading. FRCS is receiving large number of low-value small shipments (B2C & C2C) which create concern of revenue leakage.

There was a need to adapt to new systems and procedures for an effective and efficient revenue collection and border protection. FRCS designed a smart and effective policy that secures the border and at the same time facilitate trade. Fast Freight Clearance allows our Customs officers to do pre-arrival risk analysis with efficient facilitation.

Fast Freight Clearance allows FRCS to clear consignment on air and is ready for delivery upon arrival. It further allows efficient and effective risk profiling from a wide spectrum of risk and at the same time reduces release time and lowers the transaction costs.

Fast freight clearance allows FRCS, time for better human resource allocation particularly in areas of risk management in order to do effective profiling and targeting, which increases revenue and improves compliance with laws and regulations. Furthermore, it gives us an opportunity to improve collaboration between traders and agents and Improve efficiently and affects positively on the supply chain and on service delivery. The flowchart below summaries the advantages of Fast Freight Clearance.



The Fast Freight Clearance initiative was piloted at the DHL Fiji Nadi office and proved to be very successful. Apart from DHL, Fedex, UPS and TNT are also benefitting from this initiative. In the coming months, plans are also in pipeline to extend this initiative to Parcel Post.

Voluntary Compliance

We will look into the importance of voluntary compliance, improving processing time, determining the correct tariff classification, valuation of goods and other documents produced to with Customs Entry at Points of Clearance and authentication of appropriate tax and duty payable. Traders, Customs Brokers and Agents are well aware of what happens at our borders. FRCS has provisions under the legislation whereby traders can voluntarily disclose errors and omissions pertaining to cross border transaction without any penalties.

While FRCS commends those traders that have voluntarily complied in the recent past, it also encourages other traders to come forward and comply with tax and customs laws of the Fiji. Like other tax and customs administration, Fiji is also

vulnerable to fraudulent activities, however we have compliance improvement strategies to combat such non-complaint traders.

Partnership with Stakeholders

Whilst there is competition in the market for Customs Agents, FRCS is aware that importers shop around so as to obtain the cheapest deal, however, the low charge given by an Agent should not be used to understate duties hence defrauding the Government.

FRCS requests the Customs Agents to work with integrity by providing importers with correct and sound advice.

The Agents need to be honest when compiling and submitting the trade entry thus declaring the correct imported goods and importantly the tariff rate applicable. We cannot emphasise enough the importance of voluntary compliance.

When you undervalue or defraud duties and taxes, you not only deprive the Fiji Government but the people of Fiji from much needed development and social services.

Penalty Regime

The penalties for Customs Fraud is very clear under Customs Act.

1. Customs Offences – Under Section 137 of the Customs Act:

The penalty is \$25,000 or a term of imprisonment not exceeding 10 years or both

2. Penalty for fraudulent evasion of duty: under s139 of the Customs Act

"is liable to a fine not exceeding three times the value of the goods or \$25,000 whichever is the greater or a term of imprisonment not exceeding 10 years, or both".

The difference between Section 137 and Section 139 is that Section 137 are strict liability offences whereby it does not have to be proven but the offence is committed whether by lack of knowledge, negligence or being reckless. As for Section 139 – the intent has been proven that the importer deliberately intended to evade duty.

3. Under Section 135A of Customs Act any person who colludes, conspires or connive (plan) with any person to commit a Customs offence commits an offence and is liable on conviction to a fine not exceeding \$200,000 or to imprisonment for 12 years or to both such fine and imprisonment and the subject matter of the offence shall be liable to forfeiture.

Let us work together to build better future for all Fijians. For more information please email us on info@frcs.org.fj