

Customs & excise Know your duty



What is the issue?

Customs duty is an area that often falls through the cracks when it comes to effective risk management. Customs duty tends to be owned within the business by Procurement or Logistics.

46% of respondents in a Deloitte survey of global in-house indirect tax personnel stated that either Procurement or Logistics was ultimately responsible for customs duties/excise in their business rather than Group Tax/Finance.

In many cases it is even fully outsourced to third-party customs brokers – in some cases multiple brokers in multiple locations.

How does your business shape up?

1. Who has ultimate ownership for customs duty obligations within your business?
2. What was the customs duty throughput last year?
3. When was the last time you reviewed customs duty from a risk management or security perspective?
4. What opportunities/efficiencies have you identified in relation to customs duty in the past year?
5. If you have third-party customs brokers when did you last review their treatment to see if it is correct/efficient?

From talking to our clients, we know that the management and verification of existing customs procedures is an area that businesses rarely address. This is despite the customs footprint of many businesses being significant in both compliance and financial terms

Talking the customs talk

This conversation is about getting Group Tax/Finance together with Group Logistics/Procurement to talk through the risk management controls a business should have in place around customs duties, and how the roles and responsibilities are divided between Tax and Procurement

'You don't know what you don't know' – without this basic building block, your business is unlikely to be managing and identifying risk, or identifying and implementing cost-saving opportunities as effectively as you could.

The global business environment also faces new challenges from terrorism, and global customs authorities actively encouraging businesses to manage risk and security. The new Authorised Economic Operator (AEO) status for business is an obvious example; this is not only a compliance and security accreditation, but also one of greater facilitation in export markets for those organisations that achieve AEO status.

Your next steps

Deloitte's experienced Customs & Global Trade team together with our Consulting team can deliver a high-level customs duty impact review to identify:

- The total customs duty throughput to the business
- Your current systems, processes and controls between Group Tax, Group Logistics and third-party brokers and whether this is 'best practice'
- Opportunities to deliver cash savings through existing concessionary programs
- Opportunities to deliver process efficiencies.

What are the benefits?

- Identify and manage risk
- Improve current customs procedures to achieve AEO status
- Utilise AEO accreditation and the interaction with business partners
- Ensure customs compliance
- Maximise customs duty relief
- Improved working capital with efficient materials and order handling procedures
- Robust and auditable import/export processes
- Identify business improvements
- Ensures new supply chain facilitation technologies dovetail with customs requirements.

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