

WTO TFA Implementation

Article 7.1, 7.2, 7.3

(Release and Clearance of Goods)

May 30, 2017



KOREA CUSTOMS SERVICE

1. Pre-arrival Processing

Overview

The RKC covers prior lodgment and registration of the goods declaration. The relevant RKC standard provides for an advanced lodgment procedure that strikes a balance between the interests of traders and the actions of Customs.

WTO TFA

1.1

Each Member shall adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.

1.2

Each Member shall, as appropriate, provide for advance lodging of documents in electronic format for pre-arrival processing of such documents.

1. Pre-arrival Processing

RKC

General Annex - Chapter 3 (Clearance and other Customs Formalities)

Standard 3.25 of the General Annex to the Revised Kyoto Convention covers prior lodgment and registration of the goods declaration. This Standard provides for an advanced lodgment procedure that strikes a balance between the interests of traders and the actions of Customs.

Customs can process the information that is provided in advance and make their determination as to whether they need to examine the goods. If not, the goods can be released upon arrival. While this procedure enables the trading community to dispose of the goods as soon as possible, it also allows Customs to spread their workload.

It is a facilitation measure that reduces storage costs for importers and exporters and gives them more time to organize their post-clearance operations.

1. Pre-arrival Processing

WCO Tools

SAFE Framework of Standards

The Technical Specifications for Standards Implementation for Standard 1 (Integrated Supply Chain Management) set out detailed procedures on the submission of data, including the import/export goods declaration, cargo declaration and associated time limits.

Immediate Release Guidelines

The Guidelines operate on the principle of information being provided by the operator to Customs in advance of the arrival of the goods. They provide for the categorization of goods. They also identify a set of data that must be provided in order for the release of the goods under these categories to be granted, as well as the procedures to be followed.

1. Pre-arrival Processing

Best Practice

The Pre-arrival Examination System allows Customs brokers and importers to submit import-related documents to Customs before the cargo arrives or before the relevant import procedures are complete. By completing the examination before the cargo arrives, Customs can notify them whether an inspection is necessary.

Advantages of Pre-arrival Examination System

1. Documents are examined prior to the arrival of the shipment.
2. Some cargoes are required to undergo other legal procedures. This system allows such procedures to be conducted simultaneously with Customs procedures.
3. Since Customs brokers and importers know if inspection is required in advance, they can make prior arrangements to facilitate the handover of goods.

2. Electronic Payment

Overview

The TFA asks Members to adopt or maintain procedures that allow the electronic payment of duties and taxes collected by Customs. The RKC requires the application of information technology to support Customs operations.

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Each Member shall, to the extent practicable, adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees and charges collected by Customs incurred upon importation and exportation.

RKC

**General Annex
- Chapter 7
(Application of
Information
Technology)**

Standard 7.1 of the General Annex to the Revised Kyoto Convention requires the application of information technology to support Customs operations. The ICT Guidelines provide more detailed and technical information.

2. Electronic Payment

Best Practice

The Electronic Payment System allows Customs brokers and importers to make payment of Customs duties by accessing the website of the Customs duty payment agency . On the website (<http://www.cardrotax.or.kr>) of Korea Financial Telecommunications & Clearings Institute, is possible to choose the account you want to pay and make electronic payments by credit card.

3. Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

Overview

The TFA requests Members to adopt or maintain procedures allowing the release of goods prior to the final determination of Customs duties, taxes, fees and charges. The TFA contains provision relating to guarantees to ensure the payment of Customs duties, taxes, fees and charges.

The Revised Kyoto Convention allows for the early release of goods with a provisional or incomplete declaration and documentation. Chapter 5 of the RKC General Annex sets out basic principles relating to the security required by Customs administrations.

3. Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

WTO
TFA

3.1

Each Member shall adopt or maintain procedures allowing the release of goods prior to the final determination of Customs duties, taxes, fees and charges, if such a determination is not done prior to, or upon arrival, or as rapidly as possible after arrival and provided that all other regulatory requirements have been met.

3.2

As a condition for such release, a Member may require:

- (a) payment of Customs duties, taxes, fees and charges determined prior to or upon arrival of goods and a guarantee for any amount not yet determined in the form of a surety, a deposit, or another appropriate instrument provided for in its laws and regulations; or
- (b) a guarantee in the form of a surety, a deposit, or another appropriate instrument provided for in its laws and regulations.

3. Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

WTO TFA

3.3

Such guarantee shall not be greater than the amount the Member requires to ensure payment of Customs duties, taxes, fees and charges ultimately due for the goods covered by the guarantee.

3.4

In cases where an offence requiring imposition of monetary penalties or fines has been detected, a guarantee may be required for the penalties and fines that may be imposed.

3.5

The guarantee as set out in paragraphs 3.2 and 3.4 shall be discharged when it is no longer required.

3.6

Nothing in these provisions shall affect the right of a Member to examine, detain, seize or confiscate or deal with the goods in any manner not otherwise inconsistent with the Member's WTO rights and obligations.

3. Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

RKC

**General Annex
- Chapter 3
(Clearance and
other Customs
Formalities)**

Release of the goods must not be delayed solely due to the fact that Customs is not in possession of a complete goods declaration, provided that information on the nature and value of the goods is available, or that Customs is satisfied that this information will be given and all the obligations fulfilled.

In this regard, Standards 3.13, 3.14, 3.17 and 3.41 of the General Annex to the Revised Kyoto Convention allow for the early release of goods with a provisional or incomplete declaration and documentation.

**General Annex
- Chapter 4
(Duties and Taxes)**

Chapter 4 of the General Annex provides a framework for the collection and payment (including deferred payment), and repayment of duties and taxes. Standard 4.9 concerns payment after the release of the goods.

3. Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

RKC

General Annex - Chapter 5 (Security)

Security or collateral is frequently required by the Customs to ensure that the declarant discharges any obligations undertaken to Customs. The primary aim of security is to secure the payment of duties and taxes.

In other instances security may also be required to secure the fulfillment of any other obligations the declarant or operator may have in regard to a Customs procedure or practice or any other requirements that may be specified by Customs.

Chapter 5 of the General Annex sets out the basic principles relating to security required by Customs.

3. Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

WCO Tools

SAFE Framework of Standards

The SAFE Framework of Standards harmonizes the advance electronic cargo information requirements for inbound, outbound and transit shipments.

Immediate Release Guidelines

The Guidelines operate on the principle of information being provided by the operator to Customs in advance of the arrival of the goods. They provide for the categorization of goods. They also identify a set of data that must be provided in order for the release of the goods under these categories to be granted, as well as the procedures to be followed.

3. Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

Best Practice

As the production process is internationalized and the global supply chain is further developed, imports and exports of intermediate goods are accelerating. Accordingly, it is more important that the imported goods are delivered to the final purchaser on time. Therefore, some FTAs contain provisions for reducing the time required for Customs clearance.

For example, Article 7 of the Korea-US FTA introduces simplified Customs clearance procedures between Korea and the United States (Clause 1), permits the time required for Customs clearance to be less than 48 hours (Clause 2a), allows the receipt of electronic documents prior to arrival (Clause 2b), enables direct release without going through other facilities such as bonded warehouses (Clause 1c), and permits the removal of goods before paying taxes and fees (Clause 2d).



Thank you!



KOREA CUSTOMS SERVICE