



---

## **MINUTE PAPER**

### **Information sought by the Productivity Commission: Australian Customs and Border Protection Service's Responses**

#### **Key points**

1. The Australian Customs and Border Protection Service (Customs and Border Protection) is responsible for administering the low value import threshold that determines whether goods imported into Australia are liable for customs duty and Goods and Services Tax (GST). This threshold is currently set at \$1,000, although alcohol and tobacco products are subject to duty and GST, regardless of their value.
2. The current threshold was standardised to \$1000 in October 2005 following a review by the Competitive Neutrality Complaints Office of the Productivity Commission. The threshold was set to provide a balance between revenue thresholds, the impost of regulatory burden on industry, and the efficient movement of goods. Prior to 2005, goods imported by post had a \$1,000 threshold, while goods imported by sea or air cargo had a \$250 threshold. In addition, customs duty and GST was collected only if the combined duty and GST liability exceeded \$50.
3. The harmonisation of the threshold promoted a significant reduction in 'red tape' for a large number of importers and logistics service providers involved in the importation of low value goods. It means items arriving by all modes of transport are treated in the same manner resulting in a transparent method of calculating customs duty and GST.
4. The high volume of low value importations processed by Customs and Border Protection means its systems and processes are sensitive to a reduction in the low value import threshold. Any variations to the threshold under the current arrangements would result in increased cargo logistics costs and slow down cargo clearance times.
5. Under the current arrangements, low valued goods are generally cleared very quickly, providing they do not contain prohibited or restricted goods requiring an import permit and are not alcohol or tobacco products. For goods valued above the threshold, the vast majority of importers use the services of a Customs broker or agent to expedite the clearance process, as it requires a relatively detailed knowledge of Customs procedures and systems, and knowledge of tariff classification applicable to a variety of goods. Electronic access to Customs and Border Protection systems is reserved for clients who have applied for and been granted a digital certificate accessible after paying a fee to a digital certificate issuing authority.
6. Under the current administrative system, a reduction in the threshold will significantly increase the number of individuals faced with the cost of brokerage services to navigate processing requirements or opting for manual paper based lodgment. Individuals choosing the self service option often seek assistance from Customs and Border Protection either by phone or presenting at one of the six Customs and Border Protection Client Service counters available nationally.
7. The development of a simplified electronic solution would have particular benefits for private importers, as an alternative to extending current arrangements to require former manual declarations for low value goods. This would require additional funding to develop systems and provide resources for the collection of the additional GST (and, potentially, duty), and the implementation of a cargo intervention and compliance strategy for revenue collection for low value goods.

## 1. Processes

### ***International Mail***

Unlike other types of imported cargo, international mail articles are not electronically reported.

Under international agreements between the Universal Postal Union (UPU) and World Customs Organization (WCO) international mail is transported with a paper declaration affixed to the exterior of each article. There is an internationally agreement for the format and content of the declaration, which includes details of the sender, the recipient, and the description and value of the goods.

Due to the number of mail articles imported, Customs and Border Protection is not currently equipped to assess value for all mail articles. A risk based approach is in place whereby Customs and Border Protection arranges to be present only for a proportion of mail articles assessed as most likely to contain border risks. This includes identifying goods above \$1,000 and for other revenue risks. While revenue is one of the risks considered, highest priority is allocated to high risk goods such as narcotics, weapons and firearms. In 2010-11, Customs and Border Protection will inspect over 20 million mail articles.

The only way to identify articles for revenue liability is through an intensive physical process that requires manual checking of each article. As mail comes into the one of four Australia Post international mail gateways for processing, large cages or bags of mail are tipped onto conveyor belts. As this mail travels down the belts, for the mail Customs and Border Protection inspects, officers identify articles with a value above the threshold by reviewing the information affixed to individual packages. This activity is undertaken in conjunction with Customs and Border Protection's assessment of mail articles for the full range of border risks. Given the volumes, there is a very small window of time for Officers to review the label affixed to the parcel and make a decision.

Where articles are assessed as having a value above the threshold, the intended recipient of the goods is required to lodge a Full Import Declaration (FID) with Customs and Border Protection and pay assessed duty, tax and an import processing charge before the goods are released. The full process is outlined below.

For a small proportion of mail articles, Australia Post is able to provide a paper manifest (list of articles and values) and these are reviewed to identify articles requiring further intervention.

### Process

The current process for clearing and collecting revenue in international mail is:

- a) Mail bags arrive by aircraft or sea mail (surface) and are transported to an Australia Post facility.
- b) Where possible Australia Post sort out low risk mail articles according to guidelines received from Customs and Border Protection (CBP) and Australian Quarantine and Inspection Service.
- c) Low risk articles are released to Australia Post and taken to distribution centres for further sorting and delivery to the intended recipients.
- d) All other articles are placed onto a conveyor belt. These articles are x-rayed and assessed for border risks or revenue liability.
- e) Items identified as being a suspected border risk or revenue liability are referred for an examination or for Australia Post to send Customs and Border Protection Clearance notifications to the importer.
- f) If the mail articles are not of interest they are released to Australia Post for domestic delivery.
- g) If the article was referred for a secondary examination and it is assessed as having a GST or Duty liability the following occurs:
  - Customs and Border Protection refer the item to Australia Post;

- Australia Post input details into their own system and provide copy of the notice to the importer to Customs and Border Protection;
- Australia Post send the notice to the importer and associated information about the process and steps required;
- Importer downloads a declaration form from Customs and Border Protection's website (see Attachment A) and sends this to Customs and Border Protection. Alternatively, they can engage a broker to complete the declaration. Most importers in international mail send the paperwork to Customs and Border Protection;
- Customs and Border Protection manually enters data into ICS and calculates liabilities;
- Customs and Border Protection advises importer of liabilities;
- Importer pays liabilities by either:
  - the ICS EFT facility<sup>1</sup> (this would be where the form is generally lodged by a broker); or
  - Customs and Border Protection Online Payment facility (hosted by Westpac<sup>2</sup>); or
  - credit card; or
  - BPay; or
  - over the phone using a debit/credit card; or
  - post (money order/cheque); or
  - at the Customs and Border Protection Client Service counter;
- Customs and Border Protection advise Australia Post article is border cleared; and
- Australia Post delivers article.

It should be noted that full import declarations (FIDs) were originally designed for use by third party service providers in the air and sea cargo streams, and are predominately reported to Customs and Border Protection electronically through the ICS. The content of FIDs is designed to collect relevant commercial and statistical trade information that is then passed to the Australian Bureau of Statistics for a range of reporting purposes.

Customs and Border Protection has designed a manual FID that can be used in the postal stream by importers, however, they often experience challenges identifying the required tariff codes. As a result, this often leads to importers contacting Customs and Border Protection for assistance in completing the manual declaration. Any increases in the current number of manual FIDs being lodged would likely lead to an increase in enquiries. While the small numbers makes this achievable at the moment, increases would require a change to the existing process and manual FID (while ensuring alignment in requirements across import streams).

The onus on declaring goods shifts from the consignor for under \$1,000, to the consignee for over \$1,000 where a declaration is required. For some consignees, the mail article may be a gift and they may not have been expecting to receive a mail article. There is currently no concession for gifts of a non-recurring nature e.g. such as wedding gifts, birthday gifts. Goods that are gifted, donated, loaned or supplied free of charge are also subject to assessment for duty and other taxes and charges if they have a valued above \$1,000 or if the goods are tobacco and/or alcohol products.

Custom and Border Protection does not have statistics about the proportions of parcels that are gifts for either international mail or air and sea cargo. This information is not required to be reported to Customs and Border Protection on either FIDs or self assessed clearances. While some mail articles may have a physical declaration attached that identifies the goods as a 'gift', information on mail articles is not electronically reported to, or stored by, Customs and Border Protection.

---

<sup>1</sup> Only available for ICS generated invoices

<sup>2</sup> [https://pnpnet.qvalent.com/RegoTermsConditionsViewServlet?cd\\_community=ACS](https://pnpnet.qvalent.com/RegoTermsConditionsViewServlet?cd_community=ACS)

## ***Cargo (Air and Sea)***

### Overview

All cargo (air and sea cargo) arriving in Australia is subject to Customs control until Customs and Border Protection issues an "Authority to Deal" (Customs clearance) to release the goods into the marketplace. Customs clearance is given when all duty and tax liabilities and other charges have been paid, and all other regulatory requirements are met. Goods subject to Customs control remain in depots licensed under s77G of the Customs Act until Customs clearance is given (the process is outlined below).

To complete the process, all imported goods valued at or below \$1000 that arrive by air or sea cargo must be declared to Customs and Border Protection on a self-assessed clearance (SAC) declaration. SAC declarations are not required for goods that arrive by international mail.

If imported goods are valued above \$1000 and arrive by post, air or sea cargo, in most cases, the importer will be required to make an import declaration.

All information reported to Customs and Border Protection is used to assess cargo and goods for indicators of risk and to monitoring compliance with import requirements. Where risk is suspected or compliance checks are undertaken, this may result in document audits or real time physical intervention.

Customs and Border Protection uses intelligence from a range of sources to target and profile individuals or cargo to assess risks and monitor compliance with import requirements. The agency also analyses detections in order to enhance risk profiles for individuals and countries to assist to continuously improve compliance efforts.

### SAC Declarations

Generally, there is no requirement to pay duty and Goods and Service Tax (GST) on imported goods valued at or below \$1000 except for alcohol and/or tobacco products.

All SAC declarations must be lodged electronically with Customs and Border Protection. There is no documentary (paper) option for the lodgement of a SAC declaration. There are no Customs and Border Protection charges for making a SAC declaration.

There are three types of SAC declarations that can be made.

- Cargo report SAC declaration
- Short form SAC declaration
- Long form SAC declarations

#### a) Cargo reported SAC declarations

Cargo reporters are responsible for reporting cargo to Customs and Border Protection. Generally, the majority of SAC declarations lodged are made when a cargo reporter completes a cargo report for air cargo. If the goods have a bill of lading (usually a house bill) indicating that the goods are valued at or below A\$1000, the reporter can indicate on the cargo report that the goods are 'low value goods'. Subject to risk assessment in the Integrated Cargo System (ICS), low value goods are clear for delivery against the information supplied in the cargo report.

Some goods such as tobacco and alcohol products or products that are restricted or controlled cannot be reported as a SAC declaration made with a cargo report.

#### b) SAC declaration (Short form)

A SAC declaration (Short Form) is made where only minimal information is required. A SAC declaration (Short Form) can be used to pay duty and GST for imported goods that include alcohol and/or tobacco products. Anyone who has a digital certificate and is registered in the ICS can make a SAC declaration (Short Form).

#### c) SAC declaration (Full format)

In the following instances, goods that require a SAC declaration are cleared more quickly if a SAC declaration (Full Format) is used:

- an exemption or other concession applies

- a permit or approval is required
- duty and GST is payable because:
  - the goods include alcohol and/or tobacco products
  - the goods are part of a larger consignment or
  - of commercial reasons.

Full format SAC declarations can only be made by the owner of the goods (or their employee) or a licensed customs broker.

### Full Import Declarations

A full import declaration (FID) is a statement made to Customs and Border Protection providing information about imported goods that is used to assess the goods for duty, GST and other taxes and charges.

Customs and Border Protection also use import declarations to determine if any of the following apply:

- GST exemptions
- Tariff concessions
- Free Trade Agreements
- Other concessions or schemes
- If permits or approvals are required.

There may be a reduction in duty and/or GST if a concession or exemption applies.

An import declaration requires goods to be classified to the Tariff as well as detailed information to satisfy valuation elements for the calculation of duty and taxes, and statistical data for balance of trade purposes. Due to the complexity of the information required on an import declaration, the expertise necessary to classify goods in accordance with international standards and the legal consequences for false or misleading information in the calculation of revenue, only an importer, an employee of an importer or a licensed Customs broker may lodge an import declaration with Customs and Border Protection. A digital certificate is required or if preferred, an import declaration may be lodged by document.

### Summary of Import Process

- a) Goods to be imported may be carried to Australia on ships and aircraft or arrive by international mail and in some case by other means (e.g. pipeline).
- b) The cargo destined for Australia is reported into the ICS by authorised reporters in the supply change
- c) Information supplied in cargo reports is subject to risk assessment in the ICS Cargo Risk Assessment (CRA) module
- d) Cargo that match profiles are held and evaluated, examinations may take place.
- e) Together with a cargo report a SAC declaration may be made, with a very minimum data set (name and address of importer, description of goods and value). Certain low value goods cannot be reported in this manner.
- f) Before or when goods arrive in Australia SAC declarations (must be lodged electronically by anyone who holds a digital certificate) and import declarations can be lodged by the owner of the goods or a broker.
- g) Declarations of either type must match a cargo report unless they are for goods arrive by international mail or other means (e.g. pipeline).
- h) Declarations of both types are processed through the CRA module and profile matches set holds against the goods and the matches are evaluated, cargo exams scheduled and/or documents are requested.
- i) If there are no holds in place, or if holds are lifted then goods on SAC declarations are cleared and available for delivery and import declarations are available for payment.
- j) When payment is received (for duty taxes and charges) an import declaration is finalised and the goods are then available for delivery.

A special reporting scheme exists to import air cargo with goods valued under \$1000. Known as the Special Reporter Scheme, this allows abbreviated reports to be provided by authorised parties.

The import process outlined above is a very efficient model for the facilitation of low value goods across the border. This is because information is reported electronically to Customs and Border Protection, allowing for some processes to be automated. In cases where revenue liabilities may exist for goods above the threshold, one existing industry business model combines logistics with brokerage service and advance payment to expedite clearance of goods. The payment of revenue liability is subsequently recovered from the importer at a later stage for a small fee.

Any shift away from the current import processing model for air or sea cargo, with its efficient electronic reporting, would result in Customs and Border Protection incurring additional costs to process imports at a lower threshold

## **2. Volume/value of parcels**

### ***Air Cargo***

Data covering the periods 2008-09, 2009-10 and July 2010 to March 2011 for air cargo reported to Customs and Border Protection as SACs is enclosed at Attachment B. This data is supplemented by the volume and value of air cargo reported up to the value of \$1,500.

### ***Sea Cargo***

A similar dataset to air cargo is provided for sea cargo at Attachment C. Of note, the value of sea cargo below \$1,000 is not required to be reported.

### ***International Mail***

Customs and Border Protection does not collect data on the individual value of mail items. While all international mail parcels arriving into Australia are required to have a Customs Declaration, as per the international agreements between the Universal Postal Union (UPU) and World Customs Organization (WCO), this information is affixed to the parcel using an internationally agreed form, and is not required to be reported electronically.

To gain a view of the international mail population, Customs and Border Protection has compiled estimates of the percentage of mail articles across \$100 increments. These estimates are based off data collected during the recent sampling activities run in December 2010 and March 2011. Using information from both of these, estimates are provided at Attachment D.

### ***Regular Importers***

Customs and Border Protection has reviewed a snapshot of 'consignee' data reported during the campaign (January to March 2011) on air cargo reported SACs to provide an indication of importing practices. It should be noted that the 'consignee' field is a free text field, and this data is based on a simple unique extraction.

From March 2011 data, it shows that:

- only 0.07% of unique consignees lodged more than 10 ACRs; and
- unique consignees that lodged just one ACR accounted for 87% of all consignments imported.

The data is provided at Attachment E.

Customs and Border Protection is currently reviewing the data to provide indicative split between importations by businesses versus private importers.

## **3. Cost of processing**

### ***International Mail***

Identification of revenue liability within International Mail occurs as part of Customs and Border Protection's broader targeting for community protection risks, such as narcotics and firearms. The

integrated nature of our processing (as outlined earlier) makes attribution of a specific cost for the identification of revenue liability difficult.

Of the 20 million parcels inspected for border and revenue risk purposes, around 20,000 are identified with a value over \$1,000 and require lodgment of a FID. Customs and Border Protection's overall activity in International Mail is delivered at an approximate of \$19 million (this is predominantly employee related costs excluding technology e.g. x-ray). The cost implications of any change to the threshold would be sensitive to factors such as:

- The numbers of mail articles required to be inspected to identify those requiring revenue payment and whether a risk based process deliver policy intent.
- The number of mail articles identified that require to be held and assessed of revenue payment.

It is currently estimated that it takes Customs and Border Protection up to 45 minutes to manually process a declaration for postal articles which require an import declaration. We would seek to explore alternative arrangements to the current administrative process, such as mirroring the efficient processes used in air and sea cargo, to deal with any substantial increases and the use of electronic technology.

We would be pleased to work with Productivity Commission to explore different scenarios involving a different rate of inspection and anticipated number of mail items requiring inspections.

We are aware that the UPU is currently in the process of developing and trialling a pilot Customs Declaration System, which is intended as an electronic reporting tool between postal agencies and Customs administrations. This is at an early stage and would be reliant on data capture arrangements being agreed and implemented across the UPU membership. In any event, any investment in systems to provide electronic processing capability in Australia should take account of international developments.

### **Cargo - Self Assessed Clearance**

Electronic reporting for sea and air cargo has allowed Customs and Border Protection to automate identification of items declared as being over the threshold value for revenue collection, and the calculation and payment of liabilities. For this reason, cost sensitivities for Customs and Border Protection relate to;

- The extent of compliance monitoring considered necessary to ensure that value is being correctly reported at the new threshold level.

The cost of compliance monitoring under the current arrangements is around \$1million per annum (this is predominantly employee related costs). It is expected that this will change as growth in SACs continues.

### **Import Related Charges**

The Import Processing Charge (IPC) is applied to each import declaration lodged. The mode of transport determines the import processing charges payable (see schedule of charges below).

#### *Schedule of charges<sup>3</sup>*

Item	Charge	Paid By
<i>Import (N10) and warehouse (N20) declaration charges</i>		
Sea (electronic)	\$50.00 per declaration	the owner of their agent, when the declaration is communicated to Customs and Border Protection.
Air and post (electronic)	\$40.20 per declaration	
<i>Manual documentary import (N10) and warehouse (N20) declaration charges</i>		
Sea (documentary)	\$65.75 per declaration	the owner of their agent, when the declaration is communicated to Customs and Border Protection.
Air and post (documentary)	\$48.85 per declaration	

*Payment terms for Customs charges are 28 days unless otherwise advised. Overdue charges are subject to standard debt follow-up procedures up to and including interest penalties and legal recovery action.*

<sup>3</sup> AQIS charges and Air courier levy arrangements are not listed but may also apply

The IPC is a notional recovery of the cost elements of border processing that it is received to consolidated revenue and is not retained by Customs and Border Protection. Currently, Customs and Border Protection is funded for the costs it incurs in administering certain import processing activities through its departmental appropriation. Any reduction to the IPC threshold and the resulting increases in workloads would result in additional costs that would need to be borne by Customs and Border Protection. Supplementation for these additional costs, which would be the result of a policy change, would need to be sought from Government as part of the Budget process. In the current fiscal environment, however, it is unlikely that the government would agree to provide this additional funding to Customs and Border Protection without a corresponding offset for these costs. It is currently unclear whether the revenue collected from a reduction to the IPC threshold would offset the additional costs to implement this new threshold.

The IPC is reviewed periodically by government in line with its cost recovery principles. Although a review of the IPC was scheduled to be considered by Government as part of the 2011-12 budget process, this review has been deferred until the 2012-13 Budget process.

For low value goods, the cost of processing and administrative charges will represent a significant cost relative to the value of each article. For example, if the threshold were to be lowered to \$500, a purchaser of goods valued at \$510 could be faced with payment of \$51 in GST, \$25 in Customs duty (assuming an average of 5% duty), and \$48.50 IPC (assuming the goods are carried by post and entered manually) and there is no differentiation in the IPC applied. The additional revenue and charges total \$125, or approximately 25% of the value of the goods themselves.

Additional costs may also be incurred for brokerage services if the importer sought to use the expertise of a Customs broker or agent to expedite this process. While charges for brokerage services vary across the country, Customs and Border Protection estimates that the charge for lower value items is likely to be up to \$100.

The table below shows the relationship of GST, duty and charges at different rates (assuming manual entry without the use of a broker or agent):

Value of Goods	Manual Import Processing Charge	GST (10% + Duty (5%))	Total Charges	Total as a % of Value
\$100	\$48.85	\$15.00	\$63.85	64%
\$200	\$48.85	\$30.00	\$78.85	39%
\$300	\$48.85	\$45.00	\$93.85	31%
\$400	\$48.85	\$60.00	\$108.85	27%
\$500	\$48.85	\$75.00	\$123.85	25%
\$600	\$48.85	\$90.00	\$138.85	23%
\$700	\$48.85	\$105.00	\$153.85	22%
\$800	\$48.85	\$120.00	\$168.85	21%
\$900	\$48.85	\$135.00	\$183.85	20%
\$1,000	\$48.85	\$150.00	\$198.85	20%

### **Duty rates**

As part of the World Trade Organisation (WTO)'s Trade Policy review in March 2011, Australia reported that over 46% of all tariff lines are duty free. Of the lines that attract duty rates, 96% of are applied at an MFN<sup>4</sup> rate of 5% or less. The average applied tariff rate is 2.9%.

The Government is committed to a forward program of further tariff reductions. On 1 January 2010 Australia proceeded with scheduled tariff reductions on passenger motor vehicle (PMV) and textile clothing and footwear (TCF) tariffs, with tariffs on clothing and certain finished textile articles being reduced to 10%, and all other TCF and PMV tariffs being reduced to 5%. By 2015, all tariffs on TCF products will be no higher than 5%.

<sup>4</sup> MFN (most favoured nation) is a WTO trade description that means non-discrimination. Under WTO agreements, countries cannot discriminate between trading partners. When a low customs duty rate is granted to one trading partner, the same is done for all other WTO members.

### ***Other costs and considerations***

There are additional considerations and costs related to both Customs and Border Protection processes and industry from a lower import threshold. These include, but are not limited to:

#### *Customs and Border Protection*

- The ICS has been designed to manage transaction volumes in line with the current entry threshold, with reserve capacity to deal with the expected increased volumes of imported goods over its working life. A change to the threshold may require system capacity upgrades to reflect a new threshold as hundreds of thousands of new declarations would be introduced, and each of these must be validated and processed. Transitional management issues would also arise as SACs created prior to the change taking effect would require the old threshold to apply to accurately reflect import transactions that took place prior to the change.
- Any variations to the threshold that impact on systems performance could reduce the efficiency of cargo logistics operations by slowing down cargo clearance times.
- There would be significant costs if there was a need to change IT systems and business processes; and resources currently deployed across a range of border risks and compliance activity would need to be redeployed to deal with the additional workload.
- If current revenue and reporting obligations were both lowered, a reduced threshold would result in many clients previously unaffected by duty and GST matters being required to meet the more complex issues of formal declarations (such as classification and valuation) for the first time. This would lead to an increase in requests for assistance from Customs Information & Support Centre.

#### *Possible Impacts on Industry and Individuals*

There may be additional costs for individuals or industry related to:

- delays in receiving goods;
- need to engage an increased number of professional brokers to assess and clear consignments;
- changes to business models to incorporate greater requirements for collection of charges from clients on account, prior to or at the time of delivery; and
- increased need for storage, and expanded dead houses within licensed depots for secure storage of held goods prior to processing being completed.

Customs and Border Protection would recommend that industry groups involved in the movement of cargo to Australia (for example, air cargo express couriers or Australia Post) be consulted on the impacts of trade facilitation and flow of cargo.

## **4. Compliance**

Customs and Border Protection employs a risk-based approach to non compliance at the border. This includes revenue evasion.

- As part of our normal compliance activity, we target areas of high risk. Over 40,000 targeted assessments were undertaken between April and September 2010 (inclusive) on self assessed clearance (SACs). This population equates to approximately 1% of the total number SACs.
- From this targeted compliance activity, 1,959 revenue related errors were detected and approximately \$500,000 in GST and \$1M in deferred GST was collected.

The recent enhanced compliance campaign has established baselines for non-compliance and shown that the vast majority of importers are complying with the existing low value threshold rules. Sampling of the general population during the campaign showed:

- a non-compliance rate of 0.1% in international mail (compared to 3% from our high risk targeted activity); and

- a non-compliance rate of 2.0% in sea and air cargo declarations (compared to 9% from our high risk targeted activity).

For context, during the campaign, Customs and Border Protection:

- undertook over 33,000 physical examinations of international mail articles and 32,000 assessments of air and sea cargo declarations;
- contacted over 13,000 importers to confirm the purchase price paid for the goods;
- detected 1,942 instances of non-compliance with the low value threshold; and
- collected over \$550,000 in additional revenue and \$160,000 in deferred GST.

The majority of detections (1,620) during the campaign have been for undervaluation of goods, rather than bulk orders. The majority of undervaluations (1,312) occurred in air and sea cargo.

- There were 322 detections of bulk orders – this is where one order has been shipped in separate consignments and the low value concession claimed. The majority of these (292) also occurred in air and sea cargo. This is a non-compliance rate of less than 0.9%.
- Of the 292 bulk orders identified in air and sea cargo a total of \$32,663.05 was identified. This figure is made up of \$5,078.41 in duty and \$16,732.24 in GST and 10,852.40 in deferred GST.
- In general terms, these outcomes are consistent with previous assessments from targeted compliance activity, which have not revealed any significant evidence of widespread undervaluation of goods or splitting of shipments to avoid duty or GST liabilities.

While overall levels of non-compliance remain low, the campaign highlighted some specific destinations, suppliers and commodities that are more likely to be non-compliant than other types of goods or commodities:

- for commodities, this included textiles, clothing, footwear and electronic equipment; and
- for countries of origin, this included the United States of America and China (including Hong Kong).

Customs and Border Protection are currently tailoring their compliance activities to address these areas.



**Australian Government**  
**Australian Customs and Border Protection Service**

# Import Declaration (N10) - Post

APPROVED FORM SECTION 71K AND APPROVED STATEMENT SECTION 71L OF THE CUSTOMS ACT 1901

**Import Declaration ID**  
 (Customs and Border Protection use only)

**PRIVACY NOTICE:** The Privacy Act 1988 says we must tell you why we are collecting this information, how we will use it and if you have to give it to us. We require this information under the Customs Act 1901, so we can ensure that your goods are properly cleared for delivery into home consumption. The information you provide will be given to the Australian Quarantine and Inspection Service, the Australian Bureau of Statistics and the Australian Taxation Office. If you are required to hold a permit to import these goods, the permit details will also be given to the relevant permit issuing agency.

**HOW TO FILL IN THIS FORM:** Instructions on how to complete this form are available from [www.customs.gov.au](http://www.customs.gov.au). Please type your answers or print them in BLOCK letters. **PLEASE NOTE!** When sent by mail or fax, the declaration must be signed in the box provided in section 4. When sent by email, follow the requirements at the bottom of this form.

**OWNER / RECIPIENT DETAILS** Please provide at least one phone, email or fax contact — you must supply all (except fax) if available

First name:	Last name (or Organisation):	
Address:	Phone:	Mobile:
State: Postcode:	Fax:	Mobile:
Client identity reference (ABN/CAC or Customs Client ID IF KNOWN)	Email:	

**SENDER/SUPPLIER DETAILS** Please provide the details of the person or organisation that sent or supplied the goods

First name:	Last name (or Organisation):	
Address:	Phone:	Mobile:
Supplier identity reference (Customs Client ID IF KNOWN)	Fax:	

**PARCEL(S) INFORMATION** Please provide the details about the mail reference number, country of origin, date of export or invoice, the weight and number of parcels

Mail reference (As per the Australia Post Notice you received. Reference MUST BEGIN with N, V, Q or W)	Total number of parcel(s):
Country of origin (IF KNOWN)	Weight of parcel(s) (IF KNOWN): Kg
	Date of export or invoice:

**PARCEL(S) CONTENTS** Please provide a description of the goods, value of the goods, post and insurance costs and the tariff classification for the goods

Description of the goods (one type of goods per line)	Tariff classification of the goods	Stat Code	Quantity	Value of Goods	Concession (optional)

Value of the postage and insurance	<input type="checkbox"/> A\$ <input type="checkbox"/> US\$ <input type="checkbox"/> Other \$ _____ <small>Please specify</small>	Total value of the goods	<input type="checkbox"/> A\$ <input type="checkbox"/> US\$ <input type="checkbox"/> Other \$ _____ <small>Please specify</small>
------------------------------------	---	--------------------------	---

There is additional space over the page if you have more than three different types of goods to declare.

**DECLARATION** I am 18 years of age or older and I declare the information provided above and on any attached pages is true and correct, to the best of my knowledge.

It is an offence under the Customs Act 1901 to make a false declaration to the Australian Customs and Border Protection Service.	Name:		
	Signature:	Date:	/ /

When submitting this form by fax, mail or by hand, you must sign this declaration

No written signature is required when this declaration is sent by email:  
 As an individual you must include your full name separately in the email; or  
 For an organisation, you must include the Name and ABN of the organisation separately in the email and the full name of the individual sending the email.



# Instructions How to fill in the form *Import Declaration (N10) Post*

Additional assistance is available from the Customs Information and Support Centre – 1300 363 263 or online at [www.customs.gov.au](http://www.customs.gov.au)

Please type or print in BLOCK letters. Make your contact details clear to avoid delays.

 Most of the information required for this declaration may be on the First Notice you received from Australia Post.

## OWNER / RECIPIENT DETAILS

# 1

**NAME** – You must tell us the First Name and the Last name (or the Organisation Name) of the owner or importer of the goods – that is – the person, company or organisation to whom the parcel/s is/are addressed.

**ADDRESS** – You must tell us the address to where the parcel/s is/are being sent (delivered).

**PHONE, MOBILE, FAX** – If you have a phone number (land line), a mobile phone number and/or an email address you must provide those contact details – if we cannot contact you that may create delays in clearing your goods. At least one contact number must be supplied.

**CLIENT IDENTITY REFERENCE** – If you have an Australian Business Number use that as your Client Identity Reference and include your Client Activity Centre number as well. (Example: 99 123 456 789 / 001); or

If you already have a Customs Client ID (CCID) number (refer to a previous receipt where you paid duty and/or Goods and Services Tax (GST) to Customs and Border Protection) you may use that number. If known, you must provide your ABN or CCID otherwise you may leave this field blank if you do not know your CCID number or have not previously received a CCID number.

## SENDER / SUPPLIER DETAILS

# 2

You must tell us the name and address of the person or company who sent the parcel/s to you. If you purchased goods from an internet auction site and you do not know the seller's address mark the address field with the seller information – for example – 'Ebay Seller US' or 'Ebay Seller Japan' – do not leave this section blank. If known, you must provide your supplier's CCID.

## PARCEL(S) INFORMATION

# 3

**MAIL REFERENCE** – You must record the mail reference number here. You will find this reference number on the Australia Post First Notice at the top right of the page near the bar code. The reference number begins with N, Q, V or W. If you have more than one reference number, regarding parcels from the same supplier you can include those numbers in the additional information box on page 2 of the Import declaration.

**COUNTRY OF ORIGIN** – If known, you must tell us the country of origin of the goods. Country of origin means the country where the goods were made, grown, produced, mined, etc which may not be the same country from which the goods were exported to Australia. If you do not know the country of origin mark this section as 'not known' – do not leave this section blank. (A reduction in the duty payable applies to certain countries of origin; no reduction will be applied if you have marked this section 'not known'.)

**DATE OF EXPORT or INVOICE** – you must tell us the date the parcel/s was/were posted from overseas (that date may be shown on the Australia Post First Notice). If you do not know the date of export please record the date of purchase shown on your invoice.

**WEIGHT OF PARCELS** You must tell us the total weight of the parcel/s (it may be shown on the Australia Post First Notice). If you do not know the weight then mark this section 'not known' – do not leave this section blank. You must also tell us the number of parcels.

## PARCEL(S) CONTENTS

**DESCRIPTION OF GOODS** – You must be specific and describe the goods in a clear manner. For example, 12MP digital camera, a 32 cm digital television, a notebook computer, a silk and lace wedding dress. It is not acceptable to use terms like: gift, present, goods, equipment, gear, kit, donation and apparatus – if you use such terms there will be a delay in clearing your goods (see example below).

**CLASSIFICATION OF THE GOODS** – You must classify your goods in accordance with the Customs Tariff Act 1995 (the Tariff).

You may use the short Tariff (commonly imported items) included as part of the Notice to Importers provided by Customs and Border Protection (also at [www.customs.gov.au](http://www.customs.gov.au)). That notice tells you what you should do if you require assistance to classify your goods. You must provide the 8 digit Tariff number plus the 2 digit statistical code number. The tariff number determines the rate of duty that applies to your goods (see example below).

**QUANTITY** – You must tell us how much or how many of each item there is for each item you have listed (see example below) e.g. for wine 2.5L.

**VALUE OF GOODS** – You must tell us the true and correct value of the goods (that is the amount you paid for the goods) for each type of goods you have listed (see example below – 2 digital cameras at US\$700 ea.). Customs and Border Protection can demand to see your invoices or other evidence that shows what you paid. Do not provide values you know to be incorrect (even when those values are provided by the supplier). Undervaluing goods is an offence under the Customs Act 1901. Duty is calculated on this value.

### Example

Description of the Goods (one type of goods per line)	Tariff classification of the goods	Stat Code	Quantity	Value of Goods	Concession (optional)
DIGITAL CAMERA	8 5 2 5 8 0 1 9	1 9	2	1,400	

**CONCESSION (Optional)** – You may include information that will help determine the correct duty, GST and other taxes and charges. If you know a GST exemption code or an item number to Schedule 4 of the Tariff (or a by-law) that applies, you should record that information here. If you intend to claim that a free trade agreement applies, you need to state that here and you must record the 'country of origin' in the Parcel's Information section of the Import declaration. You may be required to provide qualifying evidence for any concession you claim.

**VALUE OF POSTAGE AND INSURANCE** – You must tell us the true and correct amount paid for posting the goods to you and the amount paid to insure the goods for carriage by post and you must indicate in what currency the amount was paid. GST is calculated by including the postage and insurance charges with the value and the duty payable.

**TOTAL VALUE OF THE GOODS** – You must tell us the total value of all the goods and in all cases; you must indicate in what currency the amount was paid, for example – \$1,400 in US dollars.

## DECLARATION

# 4

**DECLARATION** – You must sign the declaration if you intend to send it by fax or mail to Customs and Border Protection or deliver it by hand. No written signature is required if you send the completed declaration by email but the following information must be included separately in the same email.

- \* As an individual, you must include your full name; or
- \* For an organisation, you must include the Name and the ABN of the organisation and the full name of the individual sending the email.

## AIR CARGO

July 2008 to June 2009	
Consignments	Declared Value \$AUS
<b>0 - \$100</b>	
5,079,876	\$75,520,538
<b>\$101 - \$200</b>	
589,976	\$85,122,893
<b>\$201 - \$300</b>	
300,800	\$74,150,393
<b>\$301 - \$400</b>	
180,853	\$62,917,145
<b>\$401 - \$500</b>	
135,033	\$60,846,268
<b>\$501 - \$600</b>	
102,091	\$56,100,490
<b>\$601 - \$700</b>	
85,485	\$55,456,845
<b>\$701 - \$800</b>	
79,954	\$60,031,129
<b>\$801 - \$900</b>	
68,554	\$58,338,774
<b>\$901 - \$1000</b>	
58,437	\$55,457,104
<b>\$1001 - \$1100</b>	
35,037	\$36,757,317
<b>\$1101 - \$1200</b>	
31,273	\$35,960,086
<b>\$1201 - \$1300</b>	
28,757	\$35,933,171
<b>\$1301 - \$1400</b>	
25,749	\$34,767,288
<b>\$1401 - \$1500</b>	
24,703	\$35,853,718
<b>\$1501 - \$5000</b>	
360,956	\$1,001,971,863

July 2009 to June 2010	
Consignments	Declared Value \$AUS
<b>0 - \$100</b>	
5,819,109	103,367,711
<b>\$101 - \$200</b>	
820,159	\$116,533,459
<b>\$201 - \$300</b>	
409,585	\$100,793,229
<b>\$301 - \$400</b>	
258,597	\$89,594,124
<b>\$401 - \$500</b>	
182,895	\$82,452,436
<b>\$501 - \$600</b>	
145,588	\$80,173,743
<b>\$601 - \$700</b>	
116,575	\$75,656,823
<b>\$701 - \$800</b>	
99,090	\$74,363,667
<b>\$801 - \$900</b>	
94,922	\$80,926,612
<b>\$901 - \$1000</b>	
74,045	\$70,274,649
<b>\$1001 - \$1100</b>	
40,732	\$42,811,636
<b>\$1101 - \$1200</b>	
35,941	\$41,320,183
<b>\$1201 - \$1300</b>	
31,702	\$39,611,416
<b>\$1301 - \$1400</b>	
28,799	\$38,871,449
<b>\$1401 - \$1500</b>	
26,994	\$39,141,640
<b>\$1501 - \$5000</b>	
388,293	\$1,067,399,527

July 2010 to March 2011	
Consignments	Declared Value \$AUS
<b>0 - \$100</b>	
5,158,452	\$117,858,716
<b>\$101 - \$200</b>	
972,898	\$140,772,573
<b>\$201 - \$300</b>	
457,798	\$112,258,108
<b>\$301 - \$400</b>	
267,200	\$92,826,344
<b>\$401 - \$500</b>	
193,241	\$86,878,624
<b>\$501 - \$600</b>	
145,619	\$79,815,698
<b>\$601 - \$700</b>	
112,601	\$73,073,912
<b>\$701 - \$800</b>	
99,108	\$74,352,899
<b>\$801 - \$900</b>	
95,128	\$81,177,804
<b>\$901 - \$1000</b>	
77,540	\$73,478,744
<b>\$1001 - \$1100</b>	
33,793	\$35,389,115
<b>\$1101 - \$1200</b>	
29,480	\$33,896,835
<b>\$1201 - \$1300</b>	
26,972	\$33,679,845
<b>\$1301 - \$1400</b>	
25,040	\$33,801,924
<b>\$1401 - \$1500</b>	
23,426	\$33,985,815
<b>\$1501 - \$5000</b>	
321,323	\$882,081,710

## Notes:

- o Data is derived from the lowest level bill reported as cargo reported Self Assessed Clearances to Customs and Border Protection.
- o Data does not include the following air cargo that imported under the Special Reporter Scheme.

## SEA CARGO

Sea Cargo for July 2008 to June 2009	
Consignments	Declared Value \$AUS
<b>&lt;=\$1000</b>	
60,222	n/a
<b>\$1001 - \$1100</b>	
2,317	\$2,434,166
<b>\$1101 - \$1200</b>	
2,286	\$2,634,327
<b>\$1201 - \$1300</b>	
2,328	\$2,912,174
<b>\$1301 - \$1400</b>	
2,514	\$3,395,553
<b>\$1401 - \$1500</b>	
2,514	\$3,395,553
<b>\$1501 - \$5000</b>	
93,749	\$304,907,149

Sea Cargo for July 2009 to June 2010	
Consignments	Declared Value \$AUS
<b>&lt;=\$1000</b>	
47,369	n/a
<b>\$1001 - \$1100</b>	
3,029	\$3,182,698
<b>\$1101 - \$1200</b>	
3,216	\$3,703,373
<b>\$1201 - \$1300</b>	
3,131	\$3,915,984
<b>\$1301 - \$1400</b>	
3,142	\$4,244,267
<b>\$1401 - \$1500</b>	
3,246	\$4,713,549
<b>\$1501 - \$5000</b>	
116,489	\$378,126,618

Sea Cargo for July 2010 to March 2011	
Consignments	Declared Value \$AUS
<b>&lt;=\$1000</b>	
55,356	n/a
<b>\$1001 - \$1100</b>	
2,528	\$2,656,366
<b>\$1101 - \$1200</b>	
2,428	\$2,795,384
<b>\$1201 - \$1300</b>	
2,475	\$3,094,747
<b>\$1301 - \$1400</b>	
2,458	\$3,320,409
<b>\$1401 - \$1500</b>	
2,584	\$3,752,134
<b>\$1501 - \$5000</b>	
92,981	\$300,962,577

## Notes:

- o Data for values <\$1000 is derived from the lowest level bill reported as cargo reported Self Assessed Clearances to Customs and Border Protection.
- o Data for values >\$1000 is derived from the Full Import Declaration reported to Customs and Border Protection.

**NOTES:**

- In line with international agreements, data on the contents of international mail articles is recorded on labels affixed to the mail articles (this excludes letters). This data is not reported electronically to Customs and Border Protection, and is not recorded in a database.
- Customs and Border Protection has attempted to estimate the number of international mail articles in different value ranges through separate sampling activities (in December 2010 and in March 2011).
- **Table A** sets out the estimated percentage ranges by value. The percentage ranges are ordered to show the smallest and highest estimates from the sampling activities.
  - Given the nature of international mail, and the timing of the samples, the different ranges are not surprising. International mail is presented as it arrives at the Australia Post gateway facilities. This presents challenges in relation to systematic sampling approaches, without undertaking a 100% sample.

<b>TABLE A</b>		
<b>International Mail (Parcels) – Estimated Percentage Ranges by Value</b>		
	<b>Lower*</b>	<b>Upper*</b>
<b>&gt; \$0 to \$100</b>	68.59%	75.16%
<b>&gt; \$100 to \$200</b>	12.85%	12.95%
<b>&gt; \$200 to \$300</b>	4.85%	6.11%
<b>&gt; \$300 to \$400</b>	2.45%	3.73%
<b>&gt; \$400 to \$500</b>	1.61%	2.34%
<b>&gt; \$500 to \$600</b>	1.17%	1.18%
<b>&gt; \$600 to \$700</b>	0.88%	0.89%
<b>&gt; \$700 to \$800</b>	0.02%	0.37%
<b>&gt; \$800 to \$900</b>	0.02%	0.26%
<b>&gt; \$900 to \$1,000</b>	0.02%	0.28%
* Columns will not add to 100% as the data is sorted by lowest values from sampling exercises.		