# Unit 6

## Customs Duty

- duty" means a charge levied and collected on any imported or exported goods in accordance with the Customs Tariff Regulations issued pursuant to this Proclamation and the International Convention on the Harmonized Commodity Description and Coding System;
- "customs station" means any place designated as customs office at the **port *of entry or exit*** of goods, ***transit routes*** or ***customs area*** for the control of import and export goods or for accomplishment of customs formalities and collection of duties and taxes;

**Customs Control and Administration**

***A. Time of control***

The supervision time begins from

- ***the time they reached the customs port*** through the completion of *customs formalities* ***until received by the importer in case of imported goods***.
- Goods under drawback procedure are controlled from the time the drawback claim until exported.
- With regard to goods in transit, be it without owner, abandoned, forfeited or contraband, the authority supervises and controls until decision is passed and custom procedures are completed.
- When the thing remains under the control of the authority, the later has to render reasonable preservation and will be liable for any damage happened during the stay of the good.

***B. Treatment of Means of Transportation***

- Means of transportation is also under the control of the authority. ***Any master of means of transport engaged in the importation or exportation of goods assumes a number of obligations*** as per Art 16 of proc No 60/97.
- The means of transport, load or unload ***goods***, embark or disembark ***passengers*** only at customs port. But exceptionally, in some circumstances for instance in case of force majeure, the master of the means of transport may land or stop the means of transport in any place other than a customs port. Of course, the master of means of transport is under duty to immediately report the incident to the nearest customs and administration of office of the region.
- The master is also under obligation to report the authority and discharge the cargo for customs control, where the time for departure of the means of transport is cancelled or delayed for more than 24 hours after authorized to move.

## *C. Declaration, Examination and Release of Goods.*

- ***Customs declaration is lodged*** after the arrival of goods at the port. ***The application*** for customs declaration helps to clear goods from the authority with in short period of time. The clearing agent, with the application is required ***to provide all information, fill and sign the declaration***. The application also shall involve ***supporting documents*** of goods declared. The documents include:
- transportation documents
- bank permit, packing list, price documents, and other necessary documents.

- The documents are means of proving for the transportation of goods up to customs port of exit. Documents shall be in Amharic original transaction (proc 60/97) but for adequate reasons, copies are acceptable (amending proc No 368/2003). The authority then will verify documents and ***examine goods to assure the accuracy of the contents of the document***. At this juncture, the owner or his/her legal agent is required to attend the examination in whose default examination will be conducted in the presence of other officials who have direct/ indirect relation with customs duty activities.
- If all formalities are satisfied, the good will be cleared from the warehouse; goods not removed will be sold or disposed as abandoned things to the customs authority. This is an indication for discharging duties and responsibilities of the authority.

***Goods in Transit, Temporary Importation and Exportation of Goods***

- As clearly defined under Art 2(15) of the customs duty proclamation, “a transit good” is the movement of goods from one country to another or by crossing the Ethiopian territory, or from one customs station to another by the same or changing the means of transport.
- According to the requirements set under Art 24, transit goods are imposed to accomplish ***transit formalities***, before the commencement of transit operation. The customs clearing agent shall report forthwith to the customs destination office as to the arrival of the goods.
- As seen in the beginning, custom duties as a matter of fact is imposed on imported or exported goods. But, exceptionally, temporarily imported or exported goods may not be imposed on obligations of customs duty. To this end Art 71 to 77 have devised other procedures for such goods imported or exported. In this regard, the person/ owner who has get chance of importation or exportation is required to submit security /guarantee equivalent to the duties and Taxes that would have been imposed in case it was not temporary importation or exportation.

***Ware Houses***

- As per Art 50 of the proclamation customs warehouse may be established by the authority itself, by business organizations or by individuals to store goods imported or to be exported till accomplishment of all procedures.
- Goods are stored in ware house only up to accomplishing all procedural requirements of custom. The ware houses storage rooms, can be established by the customs authority. In this regard since storage, control and supervision are conferred up the authority as far as the authority needs, it can establish. But where business organizations or individuals need to build ware houses that provide storage services to imported or exported goods through the customs authority securing license is a requirement. Licenses to business organizations or individual persons can be secured through application for license accompanied by necessary documents as required under Art 40. The application for license shall include among other things, the following documents

- ***F. Valuation, Tariff classification and calculation of Duties and Taxes [Art 89-101]***
- The customs duty paying value of any import or export goods which is taken as the base to compute customs duty, is the actual total cost of the goods (Art 89[2&3] of the proclamation)

***Duty paying value of imports***

- The duty paying value of imported goods shall be the sum of the ***transaction value [90], flight cost and insurance premium paid to deliver the goods up on the prescribed customer port***. Transaction value and other related costs given by supplier who is associated in business with the importer shall be considered genuine unless the given price is influenced by their relationship. Where documents necessary to determine duty paying value of the goods are not presented or rejected by the customs authority, the transaction value of identical goods imported from the same country at or about the same time shall be taken to determine the value of the goods.

**Rates of customs Duty**

- Duties of custom are levied on goods imported or exported from Ethiopia at a rate specified under the proclamation which lists out grounds for ***commodity classification and tariff rate.***
- ***Any good imported or exported pursuant to Art 52 is subject to***
- ***Pay duties and taxes according to the tariff harmonized commodity description and coding system***
- ***Pay duties and taxes according to the preferential tariff rate where goods are imported from the preferred country***
- ***Pay duties and taxes at the rate in force on the day the declaration of the goods are presented to and accepted by the customs office***.