



Customs Cooperation Committee

Regional Workshop on Risk Management and Post-Entry Audit
в Региональном семинаре Комитета по таможенному сотрудничеству
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COUNTRY REPORT

THE CUSTOMS GENERAL ADMINISTRATION MONGOLIA

During the transition period into market economy which began since earlier 1990s and with broadening foreign relations, especially after membership of Mongolia to the WTO the role of Customs is becoming more and more important every year. In recent years the foreign trade turnover has been increased by more than 20 per cent.

The Mongolian Customs carries out its activities according to the 1996 Customs Law and Customs Tariff Law as well as other laws governing the matters related to the goods or means of transport crossing the national border. Any economic entity or organization involved in foreign trade operations is entitled to declare its goods or means of transport by itself or through the Customs broker and is obliged to pay the respective Customs duties or other taxes.

The Mongolian Customs has taken under its full control all railway cargos, issues a manifest at the national border for such transit goods on the basis of their respective transport documents, processes the other Customs documents in accordance with the relevant regulations concerning the Customs procedures, collects the due Customs duties and other taxes and releases the goods after appropriate Customs inspection.

Where necessary it can be carried out a repeated Customs examination while the goods or means of transport are under Customs control or in the process of their Customs documentation or after summary examination.

Either the pre-clearance or simplified clearance or expedite clearance is allowed by the Customs legislation and the Customs examination can be carried out in either of selective, partial, random or detailed manner.

The post-clearance audit of Customs and financial documents of economic entities or organizations involved in foreign trade is permitted under Article 43 of the Customs Tariff Law and the Mongolian Customs is getting some more experiences in this regard.

The Mongolian Customs, as a Member of the WCO, pays a special attention to the various guidelines and recommendations issued by the latter.

In order to facilitate and simplify the Customs clearance procedures, since November 2002 there operates the Customs automated system (the GAMAS) developed by own efforts of the Mongolian engineering group. The effective use of the System is now encouraged.

As regards the risk assessment, the initial works for introduction of collection, compilation, processing and analyzing techniques have been started. The draft projects on data base development have been contracted.

During the Customs examination and the post-clearance examination as well the following risks are identified among which the tax evasion being prevailed:

- false declaration of Customs value, presentation of incomplete, forged or non-original invoices, non-presentation or loss of invoices;
- wrong procedure choice;
- wrong description of goods and their quantity;
- false declaration of weight (net and gross);
- false declaration of tariff classification
- declaration of prohibited or restricted goods under cover of other item;
- declaration of high tariff items covered by low tariff goods; and
- non-permitted use, sale, lease, alteration or possession of tax-relieved items.

Within the framework of lowering risks encountered by Customs, various training programs have been conducted for Customs brokers, declarants, importers, exporters, travelers and Customs inspectors as well. Also there have been taken other measures such as discussions, advices, alerts, warnings, information exchange, detailed interpretation of provisions of Customs legislation and publication of consolidated Customs normative acts.

Furthermore, under the self-compliance initiative, the honest economic entities or organizations are identified and are entitled for “green channel” clearance.

As the risk management is important for the post-clearance audit, some steps have been taken for introduction of advanced techniques. The risks are often assessed not adequately. For example, some companies targeted under high risk category are proved, during the examination, to be honest while some others regarded as having low risks are discovered to be operating in serious violation of Customs Law and other related laws.

In order to complete the provisions of the Customs and other laws, the amendments to them are being drafted and foreign Customs regulations are being studied.

In the course of implementation of post-clearance auditing provisions, the following difficulties occur:

- the addresses of businesses are indefinite;
- the businesses are not found by their addresses in the state registration certificates;
- financial records are incomplete or not adequate or in mess or not properly filed;
- no records have been made;
- non-presentation or incomplete presentation of documents;
- profits are kept in secret;
- incomplete documentation;
- false documentation;
- cash payment; and
- partial payments from several bank accounts.

For improvement of information exchange system the development of proper record keeping mechanism seems important. It is true for the fruitful international cooperation in order to exchange, on the regional basis, foreign trade statistical data, in particular, information on high risk goods, and to prevent Customs offences, including tax evasion.

The automated Customs system in Mongolia needs further development in order to connect all customs offices, the related government agencies such as immigration, taxation and law enforcement offices and banks or other financial services as well as carriers, brokers and freight-forwarding companies. To this end we have to overcome some practical difficulties.

Under the self-compliance initiative, the companies must be encouraged by the following incentives:

- review of the Customs and other related laws towards promotion of foreign trade or facilitation of international trade;
- official publication of statutory and regulatory acts with adequate period for entry into force;

- general training for Customs officials and trade communities;
- easy access to data bases and advices;
- clear (unified) interpretation of provisions of Customs and other laws;
- no or little bureaucratism;
- quick and polite services;
- gaining the confidence of business community;
- exemplary performances etc.