

Featured topics in customs audits in 2021

Buket Altinkök

During customs audits, not only customs declarations related to import transactions, but also all information and documents related to these transactions are checked for compliance with customs and international trade legislation.

In this context, the featured topics in customs audits in 2021 are issues related to the submission of proof of origin documents, transfer pricing, royalty declarations and engineering services declarations within the scope of customs valuation, inward processing regime, rules of origin, the accountant information in the declaration, Additional Customs Duty problems within the frame of FTA signed with the UK, additional financial liability collection for products imported with medicine exemption, declaration of products (samples) for analysis to the customs, and RUSF risk in the transfer of goods in the warehouse.

It is seen that especially the issue of origin comes to the fore. Until the amendment made in the first paragraph of Article 38 of the Customs Regulation, companies that did not submit any proof of origin document to the customs administration to prove that the products subject to additional financial obligation are not of US origin faced an administrative fine. Yet, the said practice by the Customs Administrations continued in 2021 as well. Furthermore, as is known, no additional customs duty is collected for goods originating in countries included in a cross-origin cumulation system, in case of submission proof of preferential origin. Especially considering the relatively high additional customs duty rates in this period, the obliged parties who did not submit a supplier/long-term supplier declaration to prove the preferential origin of the goods in question were faced with very serious additional accrual and penalty decisions.

One of the most important topics in customs audits in 2021 is the Free Trade Agreement (FTA) signed between Turkey and the United Kingdom (UK). As there is no cross cumulation between EU-UK-TR under the said Agreement, Additional Customs Duty (ACD) must be paid for UK origin goods coming from EU with A.TR Certificate.

Moreover, considering that countries' origin-based protectionist measures come to the fore, we consider that companies have a lot of commercial risks regarding rules of origin and therefore they need to be more sensitive about the issue.

As is known, customs value has always been one of the most critical issues since it basically expresses the customs duty base. Therefore, it is important that the value increases that occur within the scope of transfer pricing, royalty payments and engineering payments are included in the customs value.

We are of the opinion that problems of origin come first among the issues faced by companies in audits. On the other hand, we consider that calculation of customs value, commercial and quality characteristics of equivalent goods within the scope of inward processing regime, and examination of customs declaration and its annexed documents are also critical.



Explanations in this article reflect the writer's personal view on the matter. EY and/or Kuzey YMM ve Bağımsız Denetim A.Ş. disclaim any responsibility in respect of the information and explanations in the article. Please be advised to first receive professional assistance from the related experts before initiating an application regarding a specific matter, since the legislation is changed frequently and is open to different interpretations.