

Lecture 7: Customs clearance of import and export cargo.

The goal of lecture: to consider the import-export operations, customs and brokerage services, modern methods in logistics and types of customs documentation

The main objectives of the lecture:

1. Import-export
2. Customs and brokerage services
3. Modern methods in logistics
4. Types of customs documentation

1.Import-export

Import-export customs clearance is a procedure that requires a qualified approach from experienced logisticians. The procedure consists in a set of required documents in accordance with the legislative norms established by the customs authorities of Kazakhstan.

This includes:

- customs declaration;
- calculation of duties and VAT;
- entering the declaration into the database;
- verification, cost control and tax write-off;
- provision of the required documents for consideration by customs control.

Cargo customs declaration (CCD) is the main document drawn up when goods are moved across the customs border of the state (export, import). The CCD is drawn up by the cargo manager and certified by the customs inspector, and later serves as the basis for crossing the border. The declaration contains information about the cargo and its customs value, the delivery vehicle, the sender and the recipient.

Customs duty and VAT are required in order to determine the security amount for the TIR Carnet. This value is needed in order to calculate the customs value of the cargo.

The amount of security for the payment of customs duties and taxes (also called the TIR guarantee amount) is determined on the basis of the amounts of customs duties and taxes (within the Customs Union).

You can use SQL (Structured Query Language) to insert data. This is a common way of adding certain types of data across large systems, often within multiple environments. In fact, database developers often create SQL scripts that create a whole database, and insert data at the same time.

Verification is the process of checking that a software achieves its goal without any bugs. Cost control is the practice of identifying and reducing business expenses to increase profits, and it starts with the budgeting process. A write-off is a business expense that is deducted for tax purposes. Expenses are anything purchased in the course of running a business for profit.

Customs clearance is a necessary procedure before goods can be imported or exported internationally. If a shipment is cleared, then the shipper will provide documentation confirming customs duties that are paid and the shipment can be processed.

Customs clearance is an even simpler process when a customs broker is used to refer to during imports and exports.

Before shipping various goods, a shipper may wonder what customs clearance means and how it's relevant to their shipping options. Every international ocean freight shipment must meet the quota of customs clearance in each country.

2. Customs and brokerage services

Customs clearance is a necessary procedure in permitting goods that are transported to a country through an authorized customs broker. Within this process, there's also information regarding shipments with imports and exports with parties involved in the process.

A customs broker is an agent for importers that assist importers with the transaction of their customs business.

These agents are authorized by tariff laws. A customs broker is either a private individual or firm that are licensed by the U.S. Customs and Border Protection (CBP) to organize custom entries, payment of duties, and how this process may be affected by CBP discharges goods from custody.

A customs broker can assist with HTS codes, which are based on product classification codes between 8-10 digits. The first six digits are HS codes and countries of import include proceeding digits that are provided for additional classification. All codes are administered by the U.S. International Trade Commission.

There are list of several items that cannot be imported into the countries freely and would require specific License. Alcoholic Beverages, Animals and Animal products, Fire Arms and Ammunitions, Meat and Meat products, Milk, Dairy and Cheese products, Plants and Plant products, Poultry and Poultry Products, Petroleum and Petroleum products etc would have to be imported under the License issued by various agencies and such imports would have to be in compliance with the rules and conditions laid down by respective agencies.

There are several other items such as art materials, artifacts and antiques, cultural property, hazardous and toxic materials, internationally banned products like ivory etc are usually prohibited for imports into the Country.

All cargo being imported as well as export from a country would have to be deposited at Customs Bonded warehouse to complete export and import formalities and receive Customs approval to hand over the cargo to the freight forwarder in case of Export and to the Importer incase of Imports. The customs bonded warehouse is a customs notified area and the cargo while in bonded warehouse is under the Customs Charge. Normally bonded warehouses are available and operated by Customs Departments at the Airports and Seaports. In case of larger airports and Shipping yards, the

3. Modern methods in logistics

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In case of larger airports and Shipping yards, the Government set up a separate corporation or agency to setup and operates such bonded warehouse. In many cases Governments do give licenses to the Customs Clearing Agents to setup bonded warehouses for exports wherein the cargo can be offloaded by the exporter, customs formalities completed and after customs approval the cargo can be stuffed into the Shipping container. Generally if the export cargo is of smaller lots, the clearing agents move the cargo to these bonded warehouses. If the export is of one full container volume, then the cargo is stuffed into the container at the exporter's premise itself and the container is deposited at the shipping yard in the customs bonded warehouse or designated area waiting for export clearance.

An imported consignment can be imported and warehoused in Customs bonded warehouse for certain period of time in bond. This gives the flexibility to the importer to custom clear the consignment in parts when required for consumption and pay customs duty only for the consignment that is being de bonded. They can further sell the materials to third party while in bond and it would be considered as high sea sale. Un till the importer files bill of entry for home consumption and pays customs duty to take delivery of the consignment, the import consignment technically is not considered to be imported and owned by the importer.

4.Types of customs documentation

Customs bonded warehouses charge normal warehousing rental and other transaction charges for the goods warehoused. Additionally beyond a certain free period ascertained by Customs in advance, the importer may be charge a certain interest on the customs duty payable on the said import, depending upon case to case basis.

Documents required for import custom clearance

- Bill of Entry

A bill of entry is a document filed by the importer of a cargo. It shows proof of the total value of outward remittances paid for the cargo. This document must be filed within a month of cargo arrival at the port of destination.

- Commercial invoice

A commercial invoice is used by customs officials to estimate the value of goods shipped into the country. With the information sourced from the commercial invoice, the customs official will be able to calculate the duty the importer should pay.

- Bill of Lading or Airway Bill

Bill of lading and Airway Bill are one and the same. A Bill of Lading is meant for cargo shipped in at seaports while an airway bill is for airports. This document is issued by the carrier, and it reveals the entire details about the cargo, including the delivery terms.

- Import License

Import licenses are required for special products. This license gives the bearer the legal right to ship in items that are highly regulated by the government. If you wish to import materials that fall under the list of regulated items, you need to apply for a license to do so. Once your goods arrive, custom officials demand this document for processing.

- Insurance Certificate

An insurance certificate is an evidentiary document supporting the importer's delivery declaration. This certificate helps the customs to ascertain whether the cargo has a selling price that is inclusive of insurance. Along with a commercial invoice, an insurance certificate is one of the documents used by the officials to determine the import duty charge.

- Letter of Credit

A letter of credit reflects all the terms and conditions agreed in the sale contract by the buyer and seller. A letter of credit is also a value assessment document submitted by the importer along with other documents.

Documents required for export customs clearance

- Pro Forma Invoice

A Pro Forma invoice signifies the intention of the exporter to sell a number of items at a predetermined price to the buyer or importer. It is generated based on the agreement of both parties to the transaction, and the exporters mail it to the buyer through any pre-agreed medium to complete the transaction.

- Custom Packing List

This is a list of all items contained in the shipment, and they are matched with the information available in the pro forma invoice. A custom packing list is pasted on the container detailing the port of destination so as to avoid shipping the container to a wrong destination.

- CO Certificate

A country of origin certificate is an exporter's declaration certifying that the goods about to be shipped have been produced and packaged in the country of origin.

- Customs Invoice

This is a mandatory document for all exports as it contains valuable information about selling price, product quality, packaging costs, weight volume, and product description. These details are what the custom authorities in the importing country use to assess the value of the consignment.

- Bill of Lading

An exporter's bill of lading is the same as the one for importers. It provides information about the transport contract between the carrier and the cargo owner, along with other vital details concerning the cargo. A Bill of Lading is a very important document without which items cannot be cleared by customs.

- Bill of Sight

This is a declaration made by the exporter to the customs if the buyer (importer) is not 100% sure about the nature or quality of the items being shipped. This bill allows whoever is receiving the items to inspect them first before making custom duty payments. Bill of sight documents can act as a substitute if there is a lack of a bill of entry certificate.

If you want to clear your goods, customs clearance and freight forwarding agent will handle the responsibility on your behalf. Freight forwarders, which also hold custom clearing licenses, process your documentation with the customs agency based on laid

down rules and procedures. They also provide other miscellaneous services such as packing, loading and general sea, air, express, or rail freight logistics services.

Questions for self-control:

- 1 What is Import-export
2. Tell about Customs and brokerage services
- 3.Explain Modern methods in logistics
4. Explain Types of customs documentation

Literature:

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