

Post – Clearance Audit

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The post-clearance audit initiative comes after the launch of Saudi Arabia's 2030 vision and the Saudi Customs initiatives in the 2020 National transformation, which aims to:-

- 1- Contribute to motivate the investment work environment by providing a distinct service to importers and exporters, and facilitate all their procedures professionally.
- 2- The Kingdom of Saudi Arabia shall be one of the distinct logistics centers among the countries of the world.
- 3- Achieve added value for customers who associated with import and export operations to contribute to promoting the service of the national economy by raising the advantages of the support ratio of the competitiveness index among all customs partners.

What is the Post-Clearance Audit?

It is an organized examination of commercial laws, sales contracts, financial and non-financial records, inventory and other assets as a means of measuring and improving compliance with statutory requirements. It is applied globally in more than 160 member states of the World Customs Organization to facilitate release and trade.

There are some different entities subject to audit after release operations, as follows:

- Importers and the like
- Exporters
- Customs brokers
- Other persons/ companies directly or indirectly involved in the treatment of imported goods

The provisions of application of post-clearance audit were presented in the context of the Unified Customs Law for the Gulf Cooperation Council Countries, its Executive Regulations, and its Explanatory Memorandum.

The Unified Customs Law stipulates that employees of the Department shall have the right to have access to papers, documents, records, correspondence, commercial contracts and documents of any kind, directly or indirectly, related to customs operations, and to seize them in the event of an offense. This is for the navigation and transport establishments and all-natural and legal persons who associated with customs operations. Establishments and persons shall keep all the papers referred to for five years from the completion date of the customs operations.

Objectives of the Post-Clearance Audit:

1. Ensure that the declared value of the transaction is correct for what was imported and that prices represent all payments, whether made directly or indirectly, including sale commissions, designs, and intellectual property rights.
2. Ensure that all customs data have been completed by customs requirements, by examining importer, exporter, accounting records and workplace systems.
3. Achieving revenue accrued systematically.
4. Ensure that goods subject to special import or export controls have been properly disclosed.
5. Facilitate international trade for compliance importers.
6. Developing communication and cooperation links between Saudi Customs and its customers.

Powers and Authorities of the Auditors:

1. Customs regulations and rules grant auditors the authority and powers to conduct the audit at the entity's facility subject to audit. These powers include:
2. Entering and inspecting the entities' facilities subject to the audit.
3. Audit records, systems, and commercial data related to customs declarations and financial statements.
4. Ask questions and inquiries to officials of companies subject to audit.
5. Raising and retaining commercial documents and records.
6. Inspection and take samples from goods and inventory.
7. The employees of the Saudi Customs Administration while doing their work are considered judicial officers.

Rights of the entity that subjected to an audit

1. Audit Notification

Notify the entity and coordinate with them in advance to arrange a suitable date for the audit, and include notification B (date of visit, place/location of the audit, documents required for the audit). If there are indications of hiding or ignoring documents and evidence about some violations. Customs shall have the right to visit the premises without prior notice.

2. Fair inspection

Customs are obliged to provide a fair inspection to ensure that the information provided by the importer is correct and factual. The review includes inspections carried out by a team supervised by the customs to ensure the reliability, validity, and integrity of documents, exhibits and commercial papers related to the process of import and export.

3. Confidentiality of the information

Saudi Customs is obliged to maintain high levels of confidentiality when examining documents and information, and not disclose any commercial information obtained during the inspection only to the extent that it requires disclosure in the course of judicial proceedings, following the provisions of the Unified Customs Law of GCC States.

4. Submit a Final Audit Report

The report describes the work procedures, the scope of the inspection and the auditor's findings based on the audit process.

5. Return all documents and records of the entity that subject to the audit

Customs is obliged to keep all documents, paper and electronic documents related to the entity under audit in the event of proper receipt, and return them to the entity in the event of completion of the audit process.

6. Right of objection

Collective decisions may be appealed within fifteen days to the Director-General for Subsequent Audit of Saudi Customs from the date of notification in writing following the Law. However, this shall not be suspended unless it is paid for the amounts claimed as insurance under a bank or cash guarantee.

Obligations of the importer

1. Keep records and documents in regular ways.
2. The entities that subject to audit shall keep all documents and records related to customs operations and transactions during the period specified in the system (5 years), whether these records are paper or electronic, with the obligation to submit the original document within 24 hours upon request.
3. Cooperate with customs and provide the necessary facilities to complete the audit process.
4. The entities that subject to audit shall cooperate with the customs officials to facilitate the completion of their duties and provide the required information and records.
5. Answer all queries of auditors
6. The presence of employees, department managers and concerned persons when the audit process to answer the queries of the auditors.

Limitation of Liability

The owners of goods, employers and carriers shall be responsible for the actions of their employees and all employees in their interest in respect of the duties and taxes collected by the customs service and the fines and confiscations stipulated in the Law.

Relationship with a customs broker

The importing entity shall ensure that the data related to all expenses and fees are matched and keep a copy of the import declaration and confirmed receipts for the payment of the customs duties and other service fees paid by the customs broker and the fees charged to him according to the form submitted to the Saudi Customs. The importing entity may inquire and review the data submitted by the customs broker through direct communication with the Saudi Customs.

Responsibility of the Customs Broker

- The customs broker shall be responsible for his actions and those of his affiliates before importers and exporters and before the Saudi Customs Directorate.
- The customs broker shall keep a record for five years in which he shall record the summary of the customs transactions completed for the account of others within the conditions specified by the Directorate. This record shall include the amount of fees paid to the Customs Service, the wages paid to the customs broker and any other expenditure incurred on the transactions, and the Saudi Customs at any time access to such records without any objection from the customs broker.

Compliance advantages

Proper compliance with customs and regulatory requirements achieves many benefits to customs clients, the most prominent of which are:-

1. Custom Fast Track in Customs Ports.
2. Priority in all customs procedures.
3. Recommend the company to the economic operator program and meet other requirements.
4. Release the consignment before paying the due fees by relying on bank guarantees.
5. Reduce the ratio of manual inspection and sample analysis.

Non-cooperation with the audit team after the release

Non-cooperation directly with the audit team exposes the establishment to the application of customs smuggling penalties in addition to other penalties stipulated in the unified customs law, one of these offenses, for example:

- Not to keep records, documents, exhibits and the like.
- Impeding customs officials from carrying out their duties and exercising their right to inspect and audit. The fine is imposed on anyone who participated in the offense.

The penalties that may be imposed on the customs broker in case of proving his violation

The Saudi Customs may impose on the customs broker and the representative of the customs broker, after conducting the necessary investigation with the competent authority of the Saudi Customs Directorate in proportion to the extent of his breach of the obligations imposed on him, the following penalties:

1. Cancellation of the license and prohibition of the practicing profession.
2. Suspension from work for a period not exceeding two years.
3. A fine not exceeding 5,000 SAR or its equivalent in other GCC currencies.
4. The Warn

Customs smuggling

Smuggling is the entry or attempt to bring goods into or out of the country, or attempt to take them out of the country in violation of the applicable legislation without paying customs taxes “duties” in whole or in part or contrary to the provisions of prohibition or restriction contained in this law and other regulations.

The smuggling provision includes the following:

- Submitting false, forged or fabricated documents or lists or placing false marks with the intent to evade from the payment of customs taxes "duties" in whole or in part or to bypass the provisions of prohibition and restriction.
- Increase, decrease or change in the number of parcels or their contents declared in a suspended position of the fees stipulated in chapter 7 of the GCC Unified Customs Law.

Penalties for non-compliance

Civil liability, in addition to the perpetrators of the offense and smuggling offenses, includes partners, financiers, sponsors, beneficiaries, brokers, clients, donors, carriers, holders, and consigners of goods.

Without prejudice to any more severe penalties provided for in other texts in force in the State, the penalty for smuggling and the like and for attempting either:

- If the smuggled goods are goods that are not subject to customs taxes "duties" (exempt), the penalty shall be a fine of not less than ten percent of the value of the goods and not exceeding their value, and imprisonment for a period not less than one month and not more than one year, or one of these penalties.
- For other goods, the penalty shall be a fine not less than double the customs tax payable and not exceeding the value of the goods, and imprisonment for a period not less than one month and not more than one year, or either of these two penalties.
- If the smuggling is a commodity subject to high customs duties, the penalty shall be a fine not less than double the customs tax due and not more than double the value of the goods and imprisonment for a period not less than one month and not more than one year or either of these penalties.

Communicate with the post-clearance audit team

If you have any questions, you can contact the unified telephone of Saudi Customs 1918. You can also communicate directly with the staff about the post-clearance audit through the following email:

PCA@Customs.gov.sa