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First phase of Customs Modernisation programme set for roll-out from October 2010

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29 July 2010 - SARS Customs will begin implementing the first phase of a multi-year modernisation programme aimed at significantly enhancing both the efficiency and security of the supply chain from October 2010.

The modernisation of Customs, which was announced at the end of 2009 with the release of new draft Customs legislation which will facilitate the improvements, comes in the wake of SARS's tax modernisation initiatives over the past three years which have changed the face of the income tax process and way in which income tax returns are submitted and processed.

As with the transformation of our PAYE and Income Tax systems and processes, Customs will be moving from a complex, partially paper-based and labour-intensive environment to a simplified, automated and more cost-efficient one.

Service and enforcement (in line with the Compliance Model) are also pivotal to the modernisation programme, as we seek to divert resources into more value-adding activities i.e. service for the compliant and enforcement for the non-compliant.

SARS has spent the past year working in partnership with selected stakeholders – including major technology players in the Customs arena – in developing and designing the solution.

To help Customs align its operations to international standards and benchmarks, and to provide stakeholders with improved service, SARS has selected a number of technology solutions to complement various aspects of the electronic commerce, clearance processing, inspection, revenue collection, and case resolution aspects of the customs process. The integration of all technology platforms will provide customs users with a seamless interface to information relevant to his/her transaction or case.

To this end, all customs information requirements have been aligned with version 3 of the WCO Customs Data Model. All customs clearances will in the near future be processed via a single declaration engine. In line with the Kyoto Convention, SARS will be introducing clearance by Customs Procedure as well as a variety of expedited and simplified customs clearance procedures. These alone will differentiate between current and future service offerings to the trader.

The modernisation programme will also ensure efficient processes, systems and organisational structures that improve the facilitation of trade and provide an improved service offering from expert Customs officers.

Some of the key modernisation initiatives:

1. Electronic Supporting Documents: For Customs stakeholders, SARS will be extending the facility for traders to electronically submit any supporting document required by customs for the finalisation of a transaction or case. Various 3rd party software providers will be offering tailored facilities within their applications to facilitate this requirement as an integral part of their solutions. This will contribute greatly towards reducing paper overload and the burden on the trader or broker to physically deliver them to SARS.

2. Enforcing mandatory electronic communication with traders, customs brokers, carriers and release agents: Since the introduction of Electronic Data Interchange (EDI) a few years ago, the uptake of EDI by the trade has grown remarkably. Customs now receives in excess of 90% of clearance declarations electronically. In October 2009 and April 2010 SARS introduced the mandatory submission of clearance transactions electronically to all traders in the Republic and BLNS countries respectively. Coupled with electronic receipt of declarations, Customs has also introduced electronic release messages to obviate the need for paper-based customs release notifications.

3. Implementing risk-based Customs assessment: The new way of working will provide a risk-based automated facility which will "push" the highest risk declaration at any given time to the assessment officer. This improves integrity of the customs process and will ensure that any opportunity for gain by either an internal user or collusion between internal and external parties is negated.

4. Single Registration: During the first quarter of 2011, SARS is introducing a single registration application process for all SARS's stakeholders. This means that taxpayers, traders and practitioners will have a single interface to SARS for all their client needs. Once introduced, clients can either register electronically or they will have the choice to go to any SARS office and physically register for any Customs products, for example, Customs clients can apply at Taxpayer Service branches for application to register or license with SARS. The application will be completed on a single integrated SARS form known as the SR -1 or Single Registration form. Like other tax applications, it is based on the dynamic Adobe ™ form technology that allows the form to dynamically structure the information required by SARS based on the forms wizard which the applicant will be required to complete

5. Preferred Trader pilot programme: Part of SARS's segmentation approach involves Customs redefining its Accreditation Programme to provide greater benefits for those demonstrating greater compliance. SARS is currently piloting a preferred trader initiative with about 30 importers and exporters that requires the client to perform a self assessment of their business systems and compliance with Customs' formalities. Upon validation of their compliance by Customs Audit, these traders will receive customised services and benefits respective to their standing. The intention is to roll out this initiative to all qualifying traders.

6. Enhancing Customs Risk Engine (CRE): In addition to goods declarations, the Customs risk engine now accommodates cargo declarations. Risk management lies at the heart of the Customs process – the inclusion of cargo reports not only improves customs risk assessment but provides also an additional form of supply chain reconciliation between what is declared and what is physically landed. Effective risk management within Customs will not only rely on developing an enhanced Customs Risk Engine but also the introduction of an enhanced trader management system.

7. Centralisation of capabilities: Customs has identified activities – particularly administrative, risk, and audit tasks which can be conducted in a central location away from ports of entry. These offices will be called Trade Administration Centres. Customs will also be introducing "Centres of Excellence", comprising specialists in the areas of tariff, valuation and origin, which will also operate independently from ports of entry.

8. Integration of the SARS Contact Centre: The scope of the Contact Centres will be increased to accommodate Customs queries through both the SARS-trained call centre agents, as well as the IVR. A pilot was held in Pretoria during April this year, with reasonable success with clients. Following the pilot, all Customs queries to branch offices will be routed through the SARS Call Centre.

9. Release One of the Customs Modernisation Programme: Until now Customs has operated 37 diverse systems. A new integrated Customs solution is being introduced to standardise the processing and validation of Customs declarations across all modes, The first phase will include the processing of all goods declarations based on new Customs Procedure Codes as provided for in the draft Customs Control Bill. The Customs Bills are expected to be approved by Parliament towards the end of 2010. Customs will further leverage its internal systems and user capabilities on technologies currently in use by SARS's tax division.

Read more about the Customs Modernisation programme...

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