

## Client Alert

April 2018

### One Stop Services for Additional Customs Duty Payment Program

On 18 April 2018, the Customs Department publicly launched the “One Stop Services for Voluntary Disclosure Program: **OS-VDP**” to develop a better relationship with the business operators (e.g., importers and exporters), to promote a good image of the department, and to facilitate duty collection of unintentional underpayment of duty and tax.

The privileges of this newly-introduced OS-VDP are similar to a mixture of the Customs Voluntary Disclosure Program (“**VDP**”) and the Customs Voluntary Audit Program (“**VAP**”) previously opened last year, as follows:

- Potential waiver of customs and VAT penalties if there is no evidence that the act resulting in the duty underpayment is with fraudulent intention
- Instead of making a disclosure and correction at each port of entry for any past customs declarations with duty underpayment, like the VDP, the OS-VDP allows the business operators to perform said procedures for multiple entries from several ports by submitting a single written request to the Post Clearance Audit Bureau of the Customs Department (“**PCAB**”)

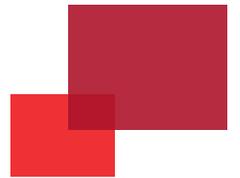
However, it is crucial to note that this OS-VDP does not grant the waiver of duty surcharges at the rate of one percent of the duty shortfall per month, likewise with the VAP; nevertheless, the duty surcharges may be reduced according to criteria prescribed in relevant Ministerial Regulation.

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Payments	OS-VDP	VAP	VDP
Duty shortfall	✓	✓	✓
Duty surcharges	✓	✗	✓
Customs penalty	✗	✗	✗
VAT shortfall	✓	✓	✓
VAT surcharge	✓	✓	✓
VAT penalty	✗	✗	✗
Contact location	PCAB	PCAB	Port of import/ export



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The business operators qualified for this program must not have been involved in smuggling, committed duty evasion with the proof of fraudulent intent, imported prohibited or restricted goods, nor be currently under a post-customs clearance audit, a search and inspection, or in a lawsuit on a customs offence charge, by other authorities, i.e., the Department of Special Investigation or the Economic Crime Suppression Division.

The participation period for this OS-VDP starts on 1 April 2018, and ends on 30 April 2019. The business operators who are interested in this program are required to submit a letter informing the PCAB of their participation request. Please note that the supporting documents related to the disclosure of underpayment are also required to be provided to relevant officers upon the submission of the informing letter, or no later than 30 days after the date of submission of the informing letter, unless a special extension is given on a case-by-case basis.

It is advised to carefully consider whether to participate in this OS-VDP as it usually allows access to not only the concerned issues but the overall performance of the volunteering business operators. Hence, it is essential to review the past import and export compliances and subsequently leverage the potential risks before making a formal participation request to the Customs Department.

For more information, please contact our team at Baker McKenzie.