

KYOTO CONVENTION

GUIDELINES TO SPECIFIC ANNEX J

Chapter 2

POSTAL TRAFFIC

WORLD CUSTOMS

ORGANIZATION

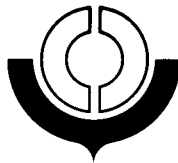


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1. Introduction : purpose and scope

The Post has always been one of the most widely used methods in personal and commercial relations of sending not only greetings and information but also gifts and other goods.

Customs are necessarily involved in international postal traffic since, just as in the case of goods imported and exported by other means, they have to ensure that the appropriate duties and taxes are collected, to enforce import and export prohibitions and restrictions, and in general to ensure compliance with the laws and regulations which they are responsible for enforcing. At the same time they seek to confine any checks to the minimum necessary by employing risk assessment techniques.

Because of the volume and largely unreported nature of postal traffic, the Customs formalities for items carried by post are somewhat different from those applied to goods carried by other means. While individual postal items are restricted in size, their numbers are enormous and, to avoid creating unacceptable delays, administrative arrangements have been made to deal with them. These administrative arrangements and related risk assessment techniques may change in some administrations as national postal services become deregulated, start to compete in new markets and increase their efforts in developing standard electronic messages for postal traffic.

In virtually all countries the postal service whether a public or private body, provide international services governed by the Acts of the Universal Postal Union¹.

This Chapter covers the Customs procedures relating to postal traffic (letter post and parcels) which must operate in accordance with these Acts. Some postal services also make available an Express Mail Service (EMS) as described in the UPU Convention. For the purposes of this Chapter, Customs administrations which apply these procedures to the EMS service are considered to be granting a greater facility in accordance with Article 2 of the Kyoto Convention. Other administrations treat EMS items in the same way as items carried by private operators.

(Note: No changes proposed.)

2. Definitions

E1/F1 "**CN22/23** " means the **special customs** declaration forms **used** for postal items as described in the Acts of the Universal Postal Union currently in force;

E2/F3 "**Customs formalities in respect of postal items** " means all the operations to be carried out by the interested party and the Customs in respect of postal traffic;

E3/F2 "**postal items** " means letter-post and parcels, as described in the Acts of the Universal Postal Union currently in force, when carried by or for postal services;

¹ The Acts of the Universal Postal Union comprise the UPU Convention, its Detailed Regulations and the Agreement on Postal Parcels.

E4/F5 **"postal service"** (a term used in this document and in Specific Annex J – Chapter 2, but which is now often referred to within the UPU as "designated operator") means a public or private body authorized by the government to provide the international services governed by the Acts of the Universal Postal Union currently in force;

E5/F4 **"the Universal Postal Union "** means the inter-governmental organization founded in 1874 by the Treaty of Bern as the "General Postal Union " which, in 1878, was renamed the "Universal Postal Union (UPU) " and which since 1948 has been a specialized agency of the United Nations.

All the definitions of terms necessary for the interpretation of more than one Annex to the Convention are placed in the General Annex. The definitions of terms applicable to only a particular procedure or practice are contained in that Specific Annex or Chapter.

~~(Note: No changes proposed.)~~

3. Principle

Standard 1

The Customs formalities in respect of postal items shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.

The revised Kyoto Convention has a set of obligatory core provisions that are contained in the General Annex. The General Annex reflects the main principles considered necessary to harmonize and simplify all the relevant Customs procedures and practices which Customs apply in their daily activities.

As the core provisions of the General Annex are applicable to all Specific Annexes and Chapters, they should be applied in full for Postal traffic. Where a specific applicability is not relevant, the general facilitation principles of the General Annex should always be borne in mind when implementing the provisions of this Chapter. In particular, Chapter 3 of the General Annex on Clearance and other Customs formalities, Chapter 6 on Customs control and Chapter 7 on Information technology should be read in conjunction with this Chapter on Postal traffic.

Contracting Parties should particularly note Standard 1.2 of the General Annex and ensure that their national legislation specifies the conditions to be fulfilled and the formalities to be accomplished for Postal traffic.

In line with Article 2 of the Convention, Contracting Parties are encouraged to grant greater facilitation than those provided for in this Chapter.

~~(Note: No changes proposed.)~~

4. Administrative responsibility

Standard 2

National legislation shall specify the respective responsibilities and obligations of the Customs and of the postal services in connection with the Customs treatment of postal items.

Postal services and Customs have certain obligations and responsibilities which derive from the Acts of the Universal Postal Union with the parts relevant to Customs having been established in consultation with Customs. In particular these relate to the documents accompanying postal items, the information to be supplied and the methods of forwarding the items and documents. Other responsibilities and obligations of the postal services and Customs may be decided upon by mutual agreement between the two administrations and, as required by Standard 2, must be laid down in national legislation.

Many Customs administrations enter into formal memorandums of understanding with their postal services committing to agreed standards of service delivery and delineating practical responsibilities in detail. These agreements should be encouraged and their development fostered. In many instances the level of detail established under these agreements would fall outside the scope of this provision, nevertheless it is good practice to make the details publicly available for interested parties. (See also Paragraph 10.3.)

The postal services are usually responsible for the conveyance, storage and production to Customs of postal items and, at the request of Customs, may open them for the purposes of Customs control. However, in some countries the actual conveyance, storage and production to Customs of postal parcels is undertaken, by agreement, not by the postal services themselves but by railway authorities and other approved enterprises. Such practical arrangements would mean that in these countries certain of these obligations may become the responsibility of the approved enterprise.

To promote fast Customs clearance of postal items in the country of destination, the postal service in the country of origin ~~must [shall take all reasonable steps to inform their customers of the importance of] checking for the presence and correct, full completion of the CN 22 labels and CN 23 declarations.~~ shall take all reasonable steps to inform their customers of the importance of correct and full completion of the CN 22 and CN 23 customs declarations. Postal services should check that these CN 22 and CN 23 customs declarations are being provided, as appropriate, and must also ensure that these declarations are signed by the sender. In particular they must ensure that these are signed by the sender. When the declarations are missing or obviously incomplete, the postal services must draw the sender's attention to the relevant Customs regulations and may, as necessary, refuse the relevant item.

(Comment: Text was added to the above paragraph to bring it more into line with relevant article in the UPU Letter Post Regulations.)

4.1. Location of Customs clearance

Joint Customs/Post offices may be set up or Customs officers may be stationed permanently or for certain hours of the day at post offices. In these latter circumstances the postal services may provide Customs with office accommodation.

Customs offices may be set up at postal offices of exchange post offices, which are ~~post offices~~ responsible for exchanging postal consignments with the appropriate foreign postal services.

At importation, postal offices of exchange post offices forward postal items received from foreign postal services to the post offices of final destination, while at exportation they forward items posted in the post offices of their country to postal services abroad. In cases of transit, they forward items received from one foreign postal service to another foreign postal service.

(Note no changes proposed to 4.1)

5. Clearance of postal traffic

Standard 3

The clearance of postal items shall be carried out as rapidly as possible.

As postal traffic is subject to the normal payment of applicable duties and taxes and to national legislation relating to prohibitions and restrictions there will be consequential delays to delivery times. Standard 3 requires Customs to limit these delays to the greatest extent possible. However, nothing in this provision should be seen as limiting Customs controls. (See Chapter 6 of the General Annex).

As a general rule, there are three possible levels of involvement by the postal service) in the clearance of goods imported by post:

- a. The postal service's role is confined to presenting items requiring clearance to Customs;

- b. The postal service carries out certain operations, under Customs control, which are normally the responsibility of Customs;
- c. The postal service acts as a Customs clearing agent, in particular in dealing with EMS items.

[Brief summaries of the procedures used in certain administrations follow which illustrate these scenarios. They are provided as examples of current arrangements in certain administrations which aim for the clearance formalities of postal items to be completed as rapidly as possible. It is not necessary for administrations to develop arrangements to meet these scenarios.] Flexible approaches [to the above-mentioned three types of involvement approaches] should be developed to meet local needs cognisant of national legislation, resource considerations and national commitment under the Acts of the Universal Postal Union.

[There will be regional differences in the above three levels of involvement by postal services. In general, the CN 22 or CN 23 customs declaration should be accepted for customs clearance by the postal or customs authorities. If these documents are missing, or do not contain enough necessary information for clearance, the customs authorities or Post may have the option of contacting the customer for further information. Regardless of the process, the clearance of legitimate shipments should take place as rapidly as possible.]

To enhance the efficiency of the customs clearance process, *as well as the safety and security of the postal supply chain*, the postal service may wish *should strive to* use electronic interfaces with Customs and the origin Post to transmit content data electronically prior to the item physically arriving in the destination country, to enable the customs authorities or customs clearing agent to either perform pre-arrival clearance or prepare for import clearance.

The electronic exchange of CN 22/CN 23 customs declaration or invoice information between origin and destination Posts should be promoted as a means of speeding up the clearance of postal items. In order to ensure that this information can be used for fiscal clearance, it is vital that the data transferred is correct, complete and of good quality. A joint WCO-UPU data exchange standard exists to avoid fragmentation of electronic interfaces. The UPU and WCO secretariats can be contacted for information on data standards.]

5.1. Customs clearance with limited postal involvement

Postal items are cleared through Customs "automatically", i.e. on the basis of the CN 22 or CN 23 declarations and other documents prepared by the sender. This procedure requires no co-operation on the part of the postal services or of the sender and his representative as declarant of the goods.

The procedure for submission to Customs control is usually as follows:

Postal parcels (and, when applicable, some EMS items):

- through presentation of the documents accompanying the parcels to the Customs office set up in the post office/office of exchange which then indicates the parcels to be produced for verification; or
- through presentation of the items to the Customs office set up in the post office/office of exchange since the documentation is normally attached to the parcel.

EMS and Letter-post items : through presentation of the items to the Customs office set up in the post office/office of exchange.

Customs staff process the items manually or by computer to :

- calculate duties and taxes and prepare the Customs receipt;
- capture data for trade statistics;
- keep accounts for the post office/**office of exchange** and Customs office set up in the post office/**office of exchange** (which maintain a centralized record); and
- provide data electronically to the postal service to verify payments.

In principle, the addressee is not advised of the arrival of the postal items before delivery and the duty is charged on the goods without their involvement. However, in case additional information (copy of the invoice, licence, etc) is needed, the addressee is notified and invited to provide the necessary documents for the completion of Customs formalities.

If the Some Customs administrations **is are** computerised; **if this is the case**, the automated system produces the combined Customs/Post form comprising the Customs receipt and the postal inpayment/COD slip designed for optical reading and used to settle the amount for collection from the addressee when the items are delivered. The Customs system can then transmit the list of all Customs receipts to the postal service's automated system for verifying the amounts collected.

These amounts are registered electronically by the postal service's banking facility and also sent to the postal service accounting centre. This procedure permits fully automated checking.

Customs bills the postal service on a **monthly mutually agreed** basis for all charges due and likewise, the postal service pays the total amount to Customs on a **monthly mutually agreed** basis.

More detailed guidelines on the procedures of this level of involvement have been provided in Appendix III, "WCO-UPU Guidelines for developing a Memorandum of Understanding between Customs and Post at national level", jointly developed by the WCO and the UPU.

5.2. The Postal service acts on behalf of Customs for certain operations

In certain circumstances, the postal service may act on behalf of Customs in executing clearance of postal items. Items are cleared through Customs by the postal service if they feature a CN 22 label or are accompanied by a CN 23 declaration. Without this documentation the items are presented to Customs to deal with.

The procedure described below applies to all postal items.

The speed with which the postal service executes the Customs clearance of postal items depends on application of the following measures :

- a. The postal service decides whether the item has any commercial value or is of negligible value and can be admitted duty free. Postal staff separate dutiable items and non-dutiable items under the supervision of Customs which assists the postal service in the event of difficulties.
- b. In all cases, the postal service determines the duty to be collected and prepares the payment or duty receipt. For its part, Customs confines itself to validating that receipt and to helping the postal service with any difficulties in precisely identifying the tariff item.

c. In general, duty is charged on the goods without involving the addressee who is not advised of arrival of the item before delivery. However, additional information (copy of the invoice, licence, etc) may sometimes be necessary, in which case the addressee is notified and invited to provide the required documents for the completion of Customs formalities.

The postal service pays Customs the total amount of duty and tax to be collected in advance.

The postal Customs clearance centre then affixes a "Customs duty" label on the item, with the indication of release by Customs and an attached sheet detailing the duty to be collected.

The item is transmitted to the office of delivery for handover to the addressee against collection of the Customs duty. **As noted above, the The** latter pays the duty into the **relevant** financial account.

If for some reason a dutiable item was not delivered or has to be redirected abroad because the addressee refuses it or for some other reason, the office of destination returns the item, along with all accompanying documents, to the **relevant** postal Customs clearance centre which requests reimbursement of the duty paid to Customs in advance.

To speed up the Customs clearance procedure, the postal service may use information technology and electronic interfaces with Customs to transmit the duty receipts automatically to Customs.

5.3. The Postal service acts as a Customs clearing agent

Postal services that are keen to provide their customers with a quality service, especially for Customs clearance of EMS items and postal parcels, may decide to act as Customs clearing agents. When public administrations are involved (**designated operators are often considered part of the government**), this status is often granted without an obligation to provide a security.

Thus in some countries on arrival of the items the postal service acting as declarant/agent :

- May provide Customs with a simplified Goods declaration featuring the data required by Customs
 - a. sender's name and address;
 - b. addressee's name and address;
 - c. item number;
 - d. gross weight of the item;
 - e. description of the goods;
 - f. goods tariff classification (based on the Harmonized System);
 - g. Customs value of the goods;
 - h. amount of duty and tax to be collected;
 - i. VAT base;
 - j. VAT rate applicable;
 - k. VAT number of the addressee if liable to tax;
 - l. amount of any other charges to be collected;
 - m. total amount of Customs duty and tax.

- May provide a declaration requiring less information to Customs for items of negligible value.

Customs has a mutually agreed time to physically check the items. Once this time is up, the postal service can dispatch the items to the delivery offices.

At the beginning On a mutually agreed-upon day of each month, the postal service provides Customs with an additional, global declaration summarising items cleared during the previous month and pays the total amount of duty due. This procedure has the advantage of not requiring Customs duty to be paid in advance. However, very often Customs administrations demand interest on late payment of duty and tax.

5.4. Other Customs procedures

Standard 4

The exportation of goods in postal items shall be allowed regardless of whether they are in free circulation or are under a Customs procedure.

[This standard serves to clarify that exportation must be allowed regardless of the customs procedure applied to the goods. The exception to this standard are items which are deemed prohibited and/or could pose a threat to national security or public safety. All normal formalities prescribed for the particular procedure applied to these items should continue to be complied with.]

(COMMENT: Clarifying text added to Standard 4, also to highlight an important exception.)

Standard 5

The importation of goods in postal items shall be allowed irrespective of whether they are intended to be cleared for home use or for another Customs procedure.

~~[Standards 4 and 5 are self-explanatory and serve to clarify that exportation and importation must be allowed regardless of the Customs procedure under which the goods have been or will be placed. This principle applies equally to postal items, providing of course that all normal formalities prescribed for the particular procedure are complied with.]~~

[This standard implies that postal items must be allowed to enter the country regardless of their intended end use or the customs procedure applied to the goods when they arrive, either by the Post or by customs authorities. The exception to this standard is items which are deemed prohibited and/or could pose a threat to national security or public safety.]

(COMMENT: Similar reasons for the clarifying text added to Standard 5, which also seeks to highlight important exceptions.)

6. Production to Customs

Standard 6

The Customs shall designate to the postal service the postal items which shall be produced to them for the purposes of Customs control and the methods of production of these items.

Standard 7

The Customs shall not require postal items to be produced to them at exportation for the purposes of Customs control, unless they contain :

- *goods the exportation of which must be certified;*
- *goods which are subject to export prohibitions or restrictions or to export duties and taxes;*
- *goods having a value exceeding an amount specified in national legislation; or*
- *goods which are selected for Customs control on a selective or random basis.*

Recommended Practice 8

The Customs should not, as a general rule, require the following categories of imported postal items to be produced to them :

- (a) *postcards and letters containing personal messages only;*
- (b) *literature for the blind;*
- (c) *printed papers not subject to import duties and taxes.*

Standard 6 requires Customs to designate to the postal service the postal items which must be produced to them and the manner of their production. Many low risk goods, such as those detailed in Recommended Practice 8, are presented routinely to Customs simply on the basis of their postal category. This Standard allows Customs to designate not only what is presented to Customs, but also how the items are to be presented for inspection, and thus provides a platform for overcoming these practical difficulties.

In determining which goods should be produced, Customs should take into account the provisions of Standard 7 and Recommended Practice 8 which limit the items that Customs may request to be presented to them.

Customs may always select items for control on a selective or random basis at either importation or exportation. In this respect and in an endeavour to deal with increasing volumes of mail and to apply effectively risk management techniques, some Customs administrations arrange with the postal services to separate, within the letter-post category, postcards and letters containing personal messages only and other items (small packets up to 2 kg).

It is generally recognised that letters containing personal messages present a relatively low risk whereas the other items within this class, like postal parcels, are large enough to present a greater risk. Separation of this type can be of benefit to both Customs and the postal services since Customs will be in a better position to provide a low level of interference to letters containing personal messages and thus facilitate the majority of the mail (in some cases as much as 90% of the total).

Many Customs administrations also employ a simple application of risk management by indicating to the postal service the countries of origin of mail they are particularly interested in examining. The postal service will then be able to readily supply the mail directly after its arrival from a particular country. X-ray machines as well as detector dogs are also frequently employed by Customs in order to identify illicit drugs or other prohibited items carried in the mail.

[Regardless, some items listed in Standard 7 and Recommended Practice 8 may be required to be presented to Customs irrespective of whether they would be subject to import or export duties.]

At export goods may need to be certified if the exportation is temporary, if they are being exported on drawback or after temporary admission. In these circumstances, Customs may wish the items to be presented to them.

As a general rule, postal services present the postal items and documents to Customs simultaneously. In many countries Customs work in the post offices so that both the documents and the postal items are readily available to Customs and Customs can therefore select the items they wish to control.

However, some countries employ a documentary clearance system for postal items, where only the documents and not the items themselves are first submitted to Customs. Customs then indicate to the postal service which items must be produced to them for Customs control. This system has clear practical benefits in that most of the parcels themselves do not need to be physically processed.

Postal services should also transmit Customs data electronically wherever possible.

(COMMENT: Text added to Standard 7 and Recommended Practice 8 to highlight exceptions for those items not normally presented to Customs.)

7. Postal items and their Customs documentation

7.1. Types of postal item

Postal items as described in the Acts of the UPU comprise letter-post items and postal parcels (which this Chapter covers specifically) and EMS items.

7.2. Description of postal items

Under the Acts of the Universal Postal Union the term "letter-post items" includes :

- letters, the weight of which must not exceed 2 kilogrammes and which may contain articles subject to import duties and taxes unless they are addressed to countries which have expressly entered a reservation to this effect in the Acts of the Universal Postal Union;
- postcards;
- printed papers, the weight of which must not exceed 5 kilogrammes (items containing books or brochures may weigh up to 10 kilogrammes by arrangement between the administrations concerned).
- literature for the blind, the weight of which must not exceed 7 kilogrammes;
- small packets, the weight of which must not exceed 2 kilogrammes and which must be clearly marked "petit paquet" (small packet) or its equivalent known in the country of destination.

There is a postal item category termed "insured letters" which are letters containing securities, valuable documents and other articles, the contents of which are insured for the value declared by the sender. For Customs purposes in general, and for the purposes of this Chapter, insured letters are covered by the term "letter-post items".

Under the UPU Convention the term "postal parcels" means parcels of which the individual weight does not exceed 31.5 30 kilogrammes.

The EMS service is defined in the Universal Postal Convention. The relevant provisions in the Acts of the UPU are applicable to EMS items (e.g. freedom of transit, ownership of postal items, items not admissible – prohibitions, Customs matters, etc.)

7.3. Documentation

Standard 9

When all the information required by the Customs is available from the CN 22 or CN 23 customs declaration and supporting documents, the CN 22 or CN 23 customs declaration shall be the Goods declaration, except in the case of :

- *goods having a value exceeding an amount specified in national legislation;*
- *goods which are subject to prohibitions or restrictions or to export duties and taxes;*
- *goods the exportation of which must be certified;*
- *imported goods intended to be placed under a Customs procedure other than clearance for home use.*

In these cases, a separate Goods declaration shall be required.

Use of CN 22 or CN 23 customs declarations

In most cases the forms provided for in Standard 9 will be a de-facto Goods declaration. It should be noted that, in accordance with Standard 15 of Chapter 3 of the General Annex, Customs can require the original CN 22 or CN 23 customs declaration and only the minimum number of copies necessary. [However, if the Post and Customs engage in electronic data exchange, steps may be taken to reduce the number of paper copies of the CN 23 customs declaration required for clearance.]

In addition to the CN 22 or CN 23 customs declaration, Customs may require any document (invoices, export licences, import licences, certificates of origin, phytosanitary certificates, etc.) necessary for Customs clearance in the country of departure and in the country of destination.

Letter-post items to be submitted to Customs control should bear a CN 22 customs declaration. If the value of the contents declared by the sender exceeds a certain amount, or if the sender prefers, the items should be accompanied by the prescribed number of separate CN 23 customs declarations.

For small packets, the contents of the item should be shown in detail on the CN 22 customs declaration. Descriptions of a general character, such as "gift", are not admitted.

In order to facilitate and expedite Customs clearance operations, it is recommended that Customs encourage postal services to ask senders of postal items to use the CN 23 customs declaration only, irrespective of the value of the goods, and to attach an invoice.

For parcels, a CN 23 customs declaration should be attached to each parcel, [if a CP 72 is not included as part of the dispatch note.]

7.4. Goods declaration

A Goods declaration is required for

- goods having a value exceeding an amount specified in national legislation,
- goods which are subject to prohibitions or restrictions or to export duties and taxes,
- goods the exportation of which must be certified, and
- imported goods intended to be placed under a Customs procedure other than clearance for home use.

The Goods declaration may be a national document which is the same as that prescribed for importations by other means or it may be specially designed for importations by post. Alternatively, some Customs administrations accept an international document such as an ATA carnet.

Customs administrations that do not require a separate Goods declaration and clear these goods with the CN 22 or CN 23 customs declaration are granting a greater facility as recommended in Article 2 of the Kyoto Convention.

The Goods declaration may be completed by the postal service by the addressee or by an authorised agent.

7.5. Documentation – Practical difficulties

~~[The difficulties experienced by Customs officers because of the inexact or inadequate Customs declarations are largely due to the sender's ignorance of Customs requirements. Customs officers have noted how their role in the clearance of goods has been made more difficult by inexact or inadequate customs declarations, a phenomenon largely due to the sender's unfamiliarity with Customs requirements.]~~ It is recommended that the postal services be requested to lend their assistance in order to improve this situation. To facilitate co-operation between Customs and the postal service in the country of destination, it is essential that the sender should make out a Customs declaration in accordance with the provisions of the Acts of the UPU and that his attention should be drawn to the necessity of strictly observing the instructions on the back of the CN 22 and CN 23 customs declarations. For this purpose, it is recommended that postal services.

- a. check that all letter-post items containing goods and all postal parcels are accompanied by a CN 22 or CN 23 customs declaration as prescribed in the Acts of the UPU;
- b. ensure that the CN 22 or CN 23 customs declaration are completed in accordance with the instructions given on the back of these forms;
- c. when a CN 22 or CN 23 customs declaration is obviously incomplete, draw the sender's attention to the Customs regulations and accept only items accompanied by complete declarations; and
- d. advise exporters of commercial items of the need, where appropriate, to attach ~~[a commercial invoice and]~~ a certificate of origin to each parcel.

~~[The problems with missing or incomplete Customs declarations can be usefully discussed between Customs and postal administrations in an effort to find solutions. Some Customs administrations insert a note for the addressee in any such parcel that was opened explaining that the parcel had been examined because the CN 23 declaration was missing or was not sufficiently complete for Customs clearance purposes and suggesting that they advise senders to ensure that the declaration be properly completed.]~~

(COMMENT: Text added to 7.3 to highlights the fact that if Posts and Customs engage in electronic data exchange they may agree on a reduction in the number of paper copies of the CN 23 customs declaration required for clearance. The change to the first sentence of 7.5 was primarily editorial. The deletion of the last paragraph of 7.5 was made to reflect the fact that the guideline solution proposed was best discussed at the national level, and may be better reflected in the MOUs proposed in the appendices.)

8. Transit

Standard 10

Postal items shall not be subject to Customs formalities whilst they are being conveyed in transit.

Standard 10 applies only to those transit movements carried by postal services that form part of the truly international movement of the items and are carried out under cover of an international consignment document. The expression "whilst they are being conveyed in transit" is to be interpreted in this sense. Thus, notwithstanding Standard 6.1 of the General Annex which provides that all goods are subject to Customs control, by virtue of Standard 10 these items are not subject to the normal Customs transit procedure and formalities in Specific Annex E, Chapter 1.

Subsequent internal movements carried out under cover of a national document are excluded and the Standard does not prevent Customs from imposing Customs formalities in respect of such purely national movements, ~~[or for Customs procedures on those items that could pose a risk to national security or public safety.]~~

In accordance with the WCO/UPU formal opinion on items in transit in closed mails or à découvert suspected of containing narcotics or psychotropic substances, Customs in the transit country may take appropriate measures to inform Customs in the country of destination of their suspicions. However, it must be noted that in appropriate cases and subject to national legislation, Customs in some transit countries may be empowered to stop shipments if they contain restricted/prohibited material in the transit country.

(Note: Text added to reflect the fact that if some items being conveyed in transit are found to pose a risk to national security or public safety, they may be subject to customs control.)

9. Collection of duties and taxes and simplified procedures

Standard 11

The Customs shall make the simplest possible arrangements for the collection of duties and taxes on the goods contained in postal items.

Usually Customs assess the import duties and taxes due on postal items and the amount of duty/taxes to be collected is entered on a document affixed to the item or enclosed with it. This is a resource-intensive exercise for Customs and contrary to many administrations' self-assessment arrangements for importation by other modes. To overcome this inefficiency, in some countries the postal service assesses duties and taxes on behalf of the importer. In other countries legislation has been introduced to simplify the assessment basis, e.g. flat-rate assessment. Customs should explore potential simplification arrangements with their respective postal services.

The postal service normally collects the import duties and taxes from the addressee at the time of delivery and makes periodic payment to Customs, for example at the end of each quarter. However, the postal service may pay the import duties and taxes to Customs on behalf of the addressee when an item is released to them for delivery.

Once any examination considered necessary has been carried out and any duties and taxes assessed, the postal items may be released to the postal service for delivery and collection of Customs duty.

Under certain optional provisions in the Acts of the Universal Postal Union the sender of a postal item may, in some cases, undertake to pay all charges including import duties and taxes, to which the item is subject at delivery.

Goods which are subject to export duties and taxes are usually cleared by Customs before posting, with the export duties and taxes being paid before the goods are passed to the postal service for exportation.

9.1. Simplified procedures

9.1.1. Flat-rate assessment

The WCO recommends a system of flat-rate assessment for non-commercial goods imported for home use up to a value specified in national legislation. Each country has full scope to determine the amount of the aggregate value of the goods on the basis of the economic conditions in that country.

An importation is usually considered to be of a non-commercial nature when it is occasional and consists only of goods for personal use or consumption by the addressee or his family and where there is no suggestion, by their nature or quantity, that they are imported for commercial purposes.

The addressee may request that the goods be charged at their own appropriate rate of import duties and taxes. Some countries may allow this only if the addressee is present at clearance.

9.1.2. Gifts

Another WCO Recommendation allows for admission free of import duties and taxes for gifts up to an aggregate value to be specified in national legislation. Each country has full scope to determine the amount of the aggregate value on the basis of the prevailing retail prices in the country of consignment, according to its economic conditions.

A gift is usually considered to be personal if it :

- a. is sent to a private person by or on behalf of another private person resident abroad;
- b. is occasional; and
- c. consists only of goods for personal use by the addressee or his family, and the nature and quantity of the goods imported are such that the consignment is obviously not of a commercial nature.

To facilitate the speedy clearance of gift consignments at importation, the sender generally indicates on the CN 22 or CN 23 customs declaration that the consignment is a gift, and states its contents and value.

9.2. Repayment or remission

Postal services will normally request that Customs cancel or repay duties and taxes on items returned to origin, destroyed because of total damage to the contents or redirected to a third country and for postal parcels abandoned by the sender.

In cases of rifled or damaged parcels, cancellation of fees must be requested only to the value of the missing contents or the depreciation suffered by the contents.

In practice, postal services will normally present Customs with a periodic list of items which fall into the above categories and where duty and tax needs to be cancelled. (See also the provisions on repayment and remission in Chapter 4 of the General Annex and its Guidelines.) [This repayment or remission process should be completed as quickly as possible to avoid long delays.] To this goal, postal services should work together with Customs to establish a mechanism for the efficient identification and correlation of postal items being returned with the originally imported items, subject to national rules and regulations.

(Note: Text was added to guideline 9.2 to urge speedier processing of repayment or remissions as support for facilitating international trade.)

10. Other considerations

10.1. Examination

The examination of postal items is covered by the General Annex and the full details of risk management techniques are given in Chapter 6 on Customs control and in the Guidelines.

In some countries when postal items are opened for examination, Customs may advise the addressee by inserting a note or adding a stamp indicating that they have opened the parcel.

10.2. Use of information technology

Information technology can be used by Customs and postal services to improve both the speed and accuracy of the processes related to the clearance of postal items. Various applications have been developed by Customs and postal services to address specific requirements of Customs. Use of electronic interfaces between Customs and Posts not only yields beneficial results for speed and efficiency of customs clearance processes but also for security and safety as well. [This could be a computer system to calculate, assign, record and reconcile duties and taxes assessed on items. For the postal service this might be a system to record Customs-related information on certain items and to track items undergoing Customs clearance.]

Electronic interfaces between Customs and postal services offer the following advantages :
— clerical errors are virtually eliminated;

— the declarant is immediately informed of his errors which result in rejection of the declaration;

— the Customs value in foreign currency is converted by the computer;

— consultation of the Ministry of Finance VAT file makes it possible to obtain a customer's VAT number; and

— consultation of the exchange rate file which is updated daily.

Customs and postal service can also agree on a bilateral or multilateral basis to use other technological means to work together more efficiently. Information technology, whether EDI, electronic mail or a shared database, can be used for a range of mutually beneficial reasons, such as:

— providing information on the types of mail received or expected in order to assist in risk assessment and workload planning;

— providing mail volume data to help measure productivity; and

— providing advance information related to mail arrival (origin country, flight number, dispatch particulars, item content, item value, etc) to expedite clearance and duty assessment.]

There is also co-operation between Customs and the Posts at the international level on this subject through the WCO-UPU Contact Committee and other bodies. International standards in the area of information technology – EDI in particular – will be important as more Customs and postal services employ information technology to achieve their objectives.

[Information about current projects using Information Technology to exchange data between the postal service and Customs is contained in Appendix I.]

[Information about progress in developing standards for electronic customs messaging, and also current projects aimed at advancing the electronic exchange of customs information data, has been provided in Appendix I.]

10.3. Information exchange and co-operation

Co-operation between Customs and the postal services is of particular importance given the special nature of the procedure. For example the postal services have an important role in ensuring the accuracy of the CN 22 and CN 23 customs declarations and also in assisting in the fight against illicit drug smuggling. For these reasons, most administrations find it invaluable to form a joint Customs/Post committee at a national level.

In addition to this close co-operation between Customs and postal at the national level, there is close collaboration at the international level between the Universal Postal Union (the international organisation whose rules and regulations govern postal traffic) and the WCO. These two international organisations have, for example, established a Contact Committee at which Customs and postal experts meet to discuss and find internationally acceptable solutions to problems which cannot be resolved nationally or bilaterally. [In 2008 they signed a Memorandum of Understanding Between the Customs Cooperation Council and the Universal Postal detailing wide range of areas for cooperation and consultation, including an attachment that provided guidelines for cooperation] on the prevention of drug smuggling, a copy of which is attached at Appendix II. All administrations are encouraged to implement such an MOU at a national level as well.

Such MOUs encourage a greater co-operative effort between the two agencies. For instance postal service staff are usually well placed to bring suspicious postal articles to the attention of Customs. This can be particularly helpful in the detection of illegally imported goods such as narcotics or weapons. These MOUs can also be helpful for postal services as they can address service delivery standards.

As a further illustration of international co-operation on postal matters, Appendix III contains the [Framework Agreement between the Post and Customs elaborated by PostEurop (Association of European Public Postal service).] ["WCO-UPU guidelines for developing a memorandum of understanding between Customs and the Post at the national level." This jointly-approved document contains many guideline principles for Posts and Customs to consider when formulating an MOU at the national level.]

10.4. Training

Customs administrations should consider offering specific training to postal staff responsible for accepting postal items for international shipment and to postal staff in offices of exchange.

At the same time, postal services should ensure that such staff remain in their jobs for some time to ensure this training is put to best use.

(Note: Changes to section 10.2 involved the deletion of some detailed commentary on the utility of an electronic interface between customs and postal services as some of the information had become outdated, and some elements were better addressed in Appendix 1 – Use of information technology.

Changes to section 10.3 were needed to refer to the new appendices – Appendix II, Memorandum of Understanding between the WCO and UPU, and Appendix III, a document on the WCO-UPU guidelines for developing a memorandum of understanding between Customs and the Post at the national level – that replaced the earlier appendices.

Guidelines to Specific Annex J2

Appendix I

USE OF INFORMATION TECHNOLOGY

I. Introduction

Posts and Customs are relying on greater use of information technology and promoting advances in electronic exchanges to better meet security requirements and support the role of Customs in facilitating trade. The following is an overview of the work undertaken by Posts and Customs, as well as the WCO and the UPU, to increase awareness and use of EDI exchanges, and to develop standards that will be used throughout the global postal and customs community.

Significant progress has been made in a number of areas that will support electronic customs data exchanges between postal operators and their customs authorities. In some cases the solutions developed are unique to mail, while in others they correspond to customs procedures applied to other types of goods as well.

The following sections outline a few of the cooperative efforts postal services and Customs have undertaken in the field of EDI and information technology. These cooperative efforts may be formalized through the following types of agreements:

- Those between a postal service and its national customs administration;
- Those between a dispatching postal service and a receiving customs administration (in cooperation with the receiving postal service); or
- Those established multilaterally among a specific group of Posts and their national customs authorities.

One common thread is that the standard for information on postal items uses the data elements from the CN 22 and CN 23 postal customs declarations forms.

II. Electronic message standards

Significant progress continues to be made in the development of electronic messaging standards and procedures. UPU members have collaborated on developing an advanced data model leveraging the electronic exchanges of electronic messages for customs data such as ITeM ATtribute (ITMATT) and CUSITM, as well as standards for Posts to adhere to when using this messaging. (Further details on CUSITM/CUSRSP are provided below.)

Detailed data for the ITMATT message such as sender information, detailed receiver information (name, address, postcode, **customs** content **information**, value information, and other data) is captured by the origin Post and transmitted by the origin Post to the destination Post at the time of mailing or dispatch. In turn, the destination Post relays this data to its customs (and/or border control) authorities to enable them to conduct risk profiling prior to the goods' actual arrival at a destination Post's exchange office.

In 2011, the WCO and UPU adopted a joint standard for the electronic exchange of postal customs declarations and responses between postal operators and their customs and border control authorities at the local level. These "Customs–Post electronic messages" are:

- CUSITM: the electronic equivalent of form CN 23;

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-
- CUSRSP: the electronic response from Customs to Post covering elements such as:
 - decision on inspection (mandatory);
 - feedback on import charges, and additional requests, alerts (optional).

These electronic messages are able to be used for the following purposes:

- Automated support for fiscal declaration and taxation;
- Early detection of import prohibitions and restrictions;
- Feedback of alerts/requests from Customs to Posts (import and/or export post);
- Automated support for selectivity and risk management.

The goal is to obtain widespread usage of these recommended standard messages for the electronic communication between Posts and customs/border control authorities. The usage of a global standard ensures maximum interoperability and least cost for both Customs and Posts.

III. Standards for a postal model of provision of advanced electronic information

Posts and Customs are also working together to leverage the exchange of the standardized electronic customs message as part of the strategy to increase supply chain security. The following is an overview of the work undertaken by Posts, Customs, the WCO and UPU and other stakeholder organizations to standardize procedures to support security in the international postal supply chain.

Article 9 of the UPU's Universal Postal Convention (provision of EAD for postal items identified in the implementing provisions adopted by the CA and POC) is the legislative enabler for the provision of EAD by postal operators. Paragraph 1 of this article is reproduced below. The sentence dealing with EAD is italicized.

"Article 9

Postal security

1 Member countries and their designated operators shall observe the security requirements defined in the UPU security standards and shall adopt and implement a proactive security strategy at all levels of postal operations to maintain and enhance the confidence of the general public in the postal services, in the interests of all officials involved. *This strategy shall, in particular, include the principle of complying with requirements for providing electronic advance data on postal items identified in implementing provisions (including the type of, and identification criteria for, postal items) adopted by the Council of Administration and Postal Operations Council, in accordance with UPU technical messaging standards.* The strategy shall also include the exchange of information on maintaining the safe and secure transport and transit of mails between member countries and their designated operators."

The UPU and the WCO have jointly developed two EDI messages to enable information exchange between Posts and Customs. These are:

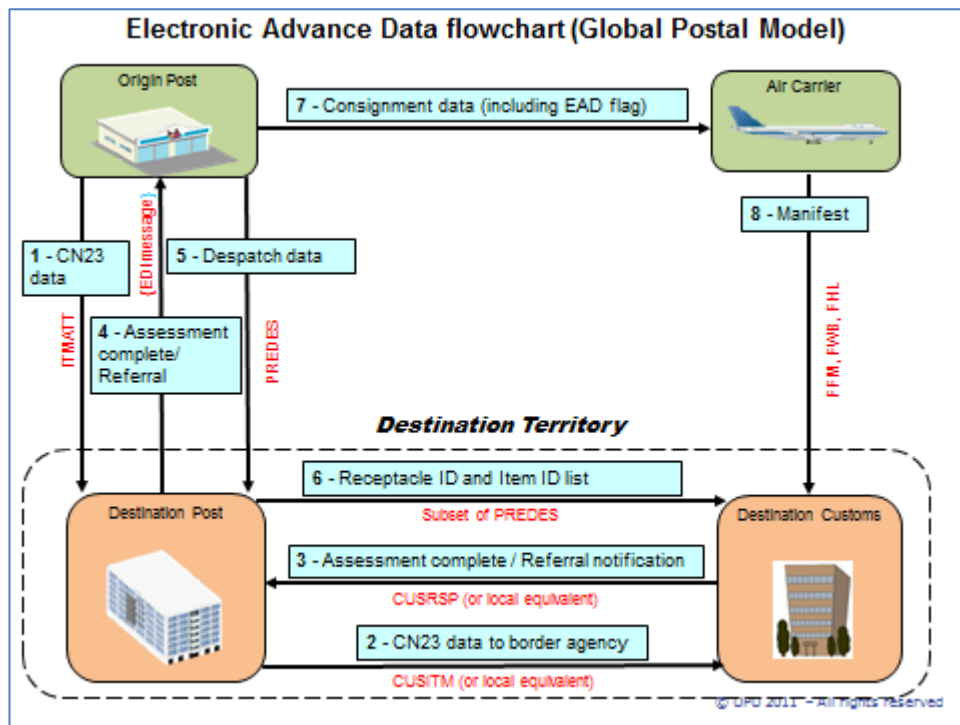
- i The CUSITM (CUSToms ITeM) message, which is used to transmit item-level CN 22 and CN 23 data from destination Post to destination Customs;
- ii The CUSRSP (CUSToms RESponse) message, which is used to transmit the customs decision on an item, sent from destination Customs to destination Post.

Both messages conform to WCO Data Model 3. These messages, when used together with the ITMATT, enable electronic preadvice to Customs. Preadvice is for two purposes:

- for security risk assessment (pre-loading clearance);
- for customs fiscal assessment (pre-arrival clearance).

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The WCO and the UPU have been cooperating in the development of an advanced data model for the exchange of electronic messaging standards (ITMATT, CUSITM/CUSRSP), as well as standards (some security-related) for Posts to adhere to when using this messaging. The WCO and UPU approved the have been reviewing and see merit to the above-mentioned concept developed in through the UPU Postal Operations Council (POC) document POC C 1 CG 2013.1–Doc 5a, and through discussions in the WCO–UPU Contact Committee. Below is the advanced data model approved at that time, as subsequently amended.



Note:

1 The advanced data flowchart comprises eight steps shown in the explanatory dialogue boxes. However, this is only an initial concept because we have several challenges to overcome (e.g. some Posts do not always exchange CARDIT messages with all air carriers). The UPU and IATA are working together to finalize arrangements for the Post–airline data link.

2 DNL (do not load) and HRC (high risk cargo screening) are considered to be the representative examples of the "Referral".

3 No referral message received by origin Post within an arranged time indicates that the item can be loaded on the plane, and the decision regarding the "agreed time" is our critical element so that the current worldwide mail flows will not be hampered.

IV. Projects under way

Customs Declaration System: The UPU Postal Technology Centre has developed a Customs Declaration System (CDS) which is available for use by both designated postal operators and customs/border control authorities. The system provides for:

- capture of declaration data – especially through a "kiosk" function embedded in websites for capture by individuals on the Internet – and checking for completeness, prohibitions and restrictions or alerts;
- electronic exchange of data between Posts and Customs and electronic response from Customs to Post;
- (automated) pre-arrival selectivity for postal items by rules defined by Customs;

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- automated calculation of taxes and duties and tax invoice production;
- electronic feedback of alerts from import Customs to the import and origin Post.

It can be interfaced with any customs IT system using the WCO–UPU standard messages CUSITM/ CUSRSP or through a standard Web service interface.

The first users of the CDS were Canada Post and Canada Customs, which have used it since May 2014. Great Britain **started completed** a **successful** pilot in **June December** 2015 **and will now integrate CDS fully in postal and customs processes.**

Also, a generic interface with UNCTAD's ASYCUDA systems for Customs is planned in 2016. **A related cooperation agreement was signed between the UPU and UNCTAD. The open interfaces of CDS allow an easy interface with other customs/security systems in use at the national level; however, it must be highlighted that any such systems interfacing with CDS that were not using the WCO–UPU standard messages would incur additional cost.**

Expanding electronic customs messaging: In addition to work being done with the CDS, other designated operators – using their own IT systems – are continuing their extensive testing of exchanges of the standardized ITMATT and CUSITM messages. Consequently, there has been a significant increase in the number of postal partners enlisted in these electronic arrangements, and more operators are now reaching out to their national customs/border control authorities on ways to leverage these new data flows.

UPU POC work in support of electronic customs data exchange: to facilitate agreement and protocols around the exchange of electronic customs data, and address potential privacy and data usage issues, the POC has been developing a model agreement for electronic exchange of customs data to serve as a starting point for discussions. The POC has been working on tools, such as the Postal Export Guide, that could improve the quality of information being transmitted. Also, the POC continues to promulgate UPU regulations aimed at facilitating these exchanges.

IV. Conclusion and future directions

In addition to addressing supply chain security, electronic exchange of customs declaration messages will be crucial for Posts and Customs to cope with the growing international merchandise flows arising from the rapid expansion of the international e-commerce market. Posts and Customs will be challenged to muster the resources needed to manually process the increased volumes. Therefore, pre-processing based on electronic pre-advice is necessary to avoid bottlenecks and obstacles to trade facilitation.

UPU and WCO cooperation has resulted in a global message standard and IT tools available to exchange electronic messages between Posts and Customs. However, the next critical goal will be to continue work on refining and enhancing the processes and, most importantly, replicating the procedural models throughout the global network. It is recommended that Posts and Customs take steps to develop an electronic exchange process, as detailed above.

For this to happen, a critical success factor is efficient cooperation between Posts and Customs. Therefore, the creation of Post–Customs coordination teams is encouraged, to assess the opportunities of electronic message exchanges and determine the best way forward – including the necessary adaptation to the Post–Customs import and export process and capacity building for the postal and customs teams processing mail imports/exports.