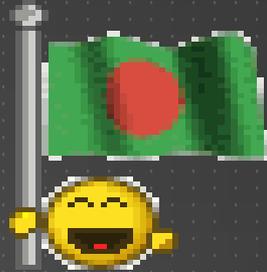




WELCOME



TO

BANGLADESH



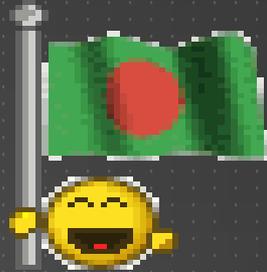
WCO A/P ADB Joint Sub-regional

TRAIN-THE-TRAINER Workshop

On

Customs Valuation

Colombo, Srilanka, 3-7 February 2014



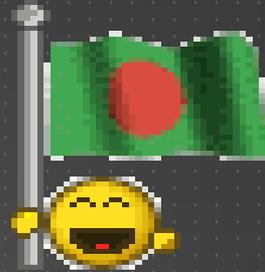
COUNTRY REPORT OF BANGLADESH

PREPARED BY:

Dr. Humayun Kabir,
Commissioner,
Custom House, Mongla,
Khulna

Md. Azizur Rahman
Additional Commissioner,
Custom House, Chittagong
&

AKM Nurul Huda Azad
Joint Commissioner,
Customs Bond Commissionerate,
Dhaka



BANGLADESH

Official Name: The People`s Republic of Bangladesh

Geographical

Location: latitude between 20^o34', and 26^o38' north and longitude between 88^o01' and 92^o41' east.

Area: 147570 sq. km

Boundaries: North-India(West Bengal and Meghalaya), West-India (West Bengal), East-India(Tripura, Assam and Myanmar), South-Bay of Bengal.

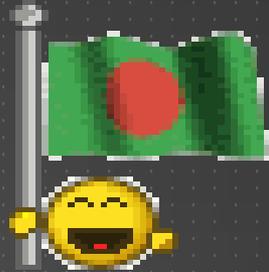
Capital: Dhaka

Port city: Chittagong

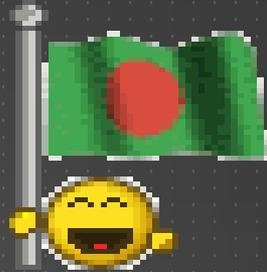
Language: Bangla (National language) spoken by 95%, other dialects 5% of the population. English is widely used and understood.

Population Size: 150 million

Religion: Muslims – 86.60%, Hindus- 12.10%, Buddhists-0.6%, Christians- 0.4% and others- 0.3%.



BANGLADESH



- Principal crops:** Rice, Wheat, Jute, Tea, Potato, Vegetables, Sugarcane etc.
- Principal Rivers:** Near about 200 rivers crossed Bangladesh. Main rivers are Padma, Meghna, Jamuna, Brahmaputra, karnafully, Teesta
- Principal Industries:** Garments, Ceramics, Cement, Leather, Medicine, Jute
- Principal Exports:** Garments, knitwear, Frozen Shrimps, Leather and Leather Products, Jute and Jute products, Ceramic products .
- Principal Imports:** Petroleum, Fertilizer, Edible Oil, Cotton, Capital Machinery.



BANGLADESH

Currency:

Taka

Total GDP :

115.61 Billion Us Dollars

Total Tax Revenue:

13.93 Billion US Dollars (2012-13)

Total Customs Duty:

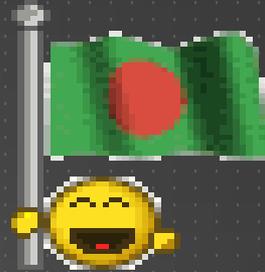
4.15 Billion US Dollars (2012-13)

Import Volume:

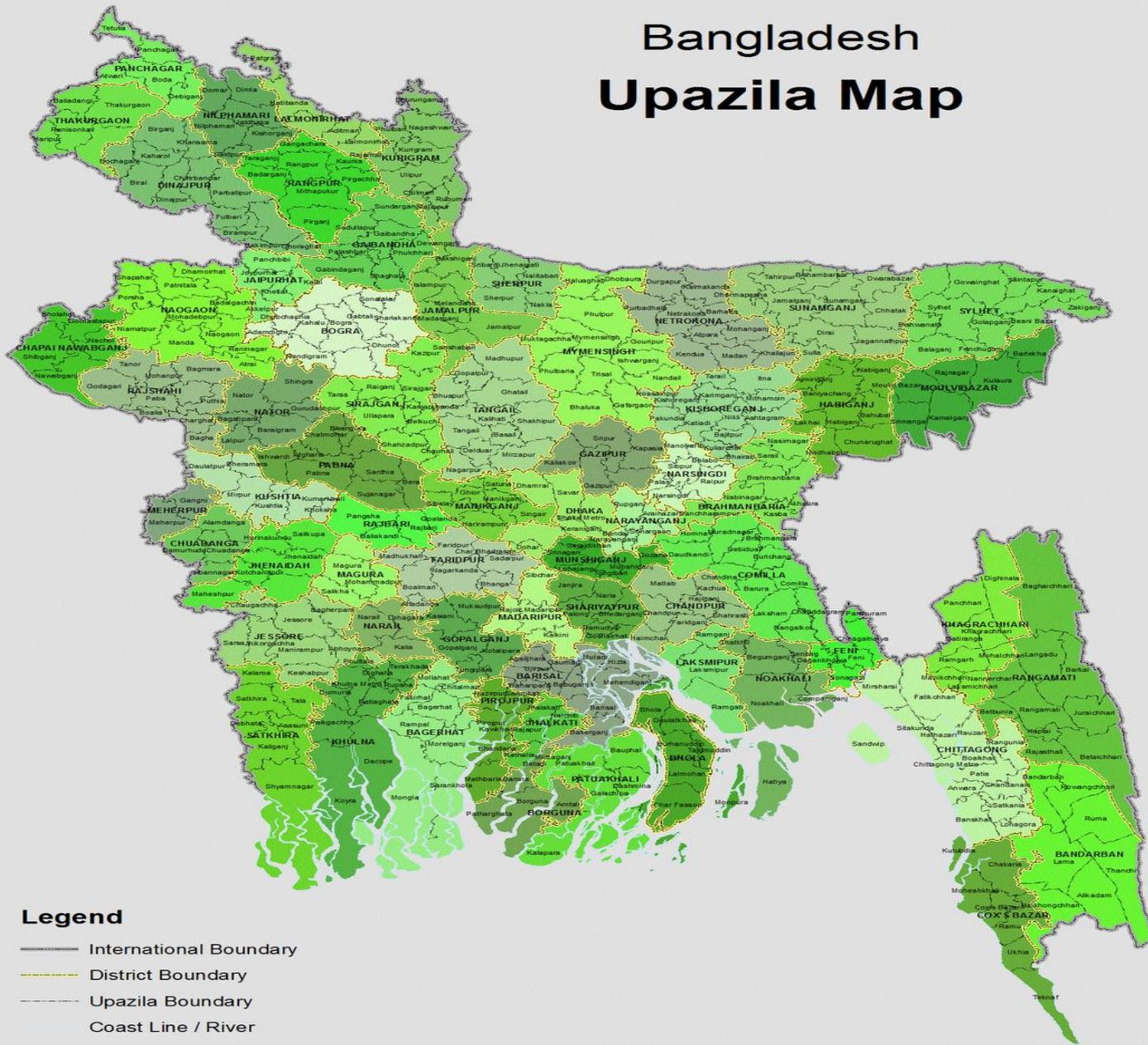
150 (one hundred and fifty) Billion US Dollars in the last five years

Export Volume:

96.00 (ninety six) Billion US Dollars in the last five years

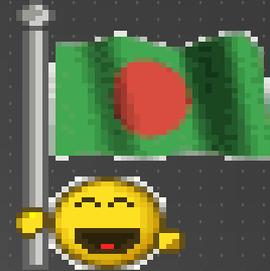


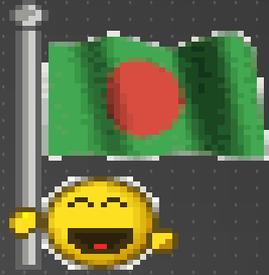
Bangladesh Upazila Map



Legend

- International Boundary
- District Boundary
- Upazila Boundary
- Coast Line / River





BANGLADESH CUSTOMS HISTORICAL TIMELINE AND EVOLUTION

FIRST CUSTOMS HOUSE

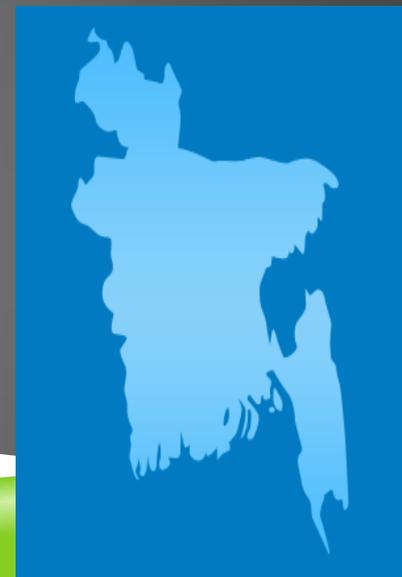
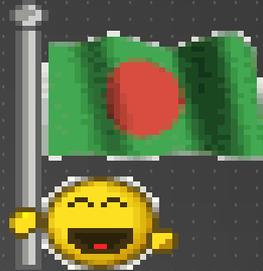
ESTABLISHED IN BENGAL IN THE
THEN BRITISH INDIA BY THE EAST
INDIA COMPANY IN 1803 TO
PREVENT SMUGGLING OF SALT
AVOIDING TAXES

[picture: low tide.. CUSTOM HOUSE, Kolkata, Bengal 1842]

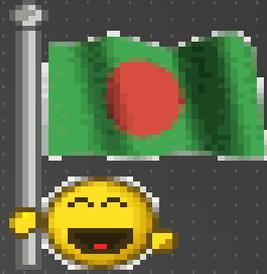


HISTORY TIMELINE

THIS CUSTOMS HOUSE WAS
EVENTUALLY FORMED INTO A
CONTINUOUS BARRIER THAT
WAS BROUGHT UNDER THE
CONTROL OF THE INLAND
CUSTOMS DEPARTMENT IN
1843



HISTORY TIMELINE



THE INLAND CUSTOMS DEPARTMENT
EMPLOYED CUSTOMS OFFICERS,
JEMADARS AND MEN TO PATROL THE LINE

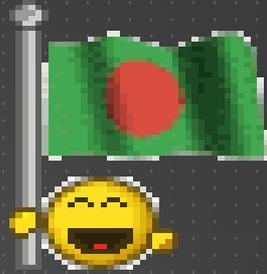
AND APPREHEND SMUGGLERS, REACHING
A PEAK OF MORE THAN 14,000 STAFF IN 1872

THE SALT TAX ITSELF REMAINS IN PLACE
UNTIL 1946

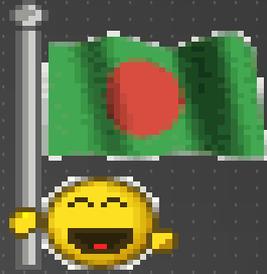


THE SALT ACT/TAX

The salt tax remained a controversial means of collecting revenue and became the subject of the 1930 Salt Satyagraha, a civil disobedience movement led by Mohandas Gandhi against British rule.



THE SALT TAX

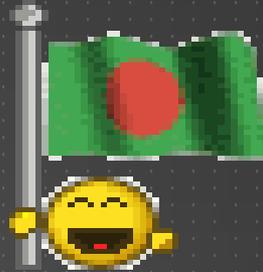


During the Satyagraha Gandhi and others marched to the salt producing area of Dandi and defied the salt laws, leading to the imprisonment of 80,000 Indians.

The march drew significant publicity to the Indian independence movement but failed to get the tax repealed. The salt tax would finally be abolished by the Interim Government of India, led by Jawaharlal Nehru, in October 1946



CUSTOMS ACT GENERE



The Central Excises and Salt Act, 1944

ACT No. 1 OF 1944) [24th February, 1944.] STILL IN EFFECT
IN BANGLADESH IN A VERY LIMITED SCALE

ON THE OTHERHAND SEA CUSTOMS ACT 1878 BEING
THE FIRST ACT REGULATING CUSTOMS AFFAIRS IN THIS
SUB-CONTINENT

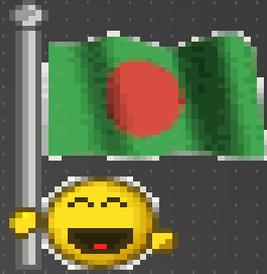
AFTER SEPERATION INDIA ADOPTED CUSTOMS ACT IN
1962 AND PAKISTAN IN 1969

SINCE THE INDEPENDENCE OF BANGLADESH WE ARE
USING THE CUSTOMS ACT-1969

IT HAS BEEN AMMENDED ALMOST EVERY YEAR TO
SOME EXTENT



BANGLADESH CUSTOMS

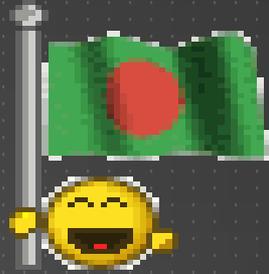


CUSTOMS

**VANGUARD OF
NATIONAL
SOUVREIGNTY**



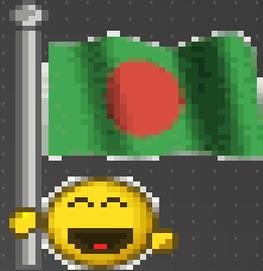
BANGLADESH CUSTOMS



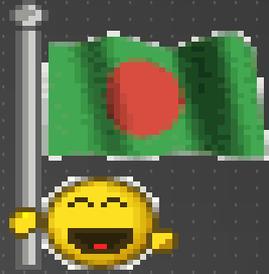
WE WORK
AS
FRONTIER
IN



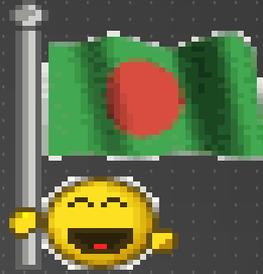
SEA PORTS



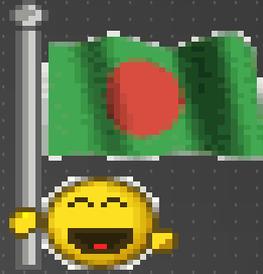
AIR PORTS



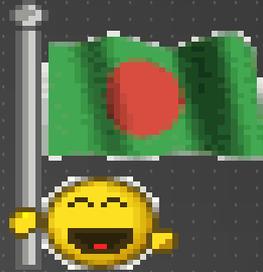
INLAND CONTAINER PORTS & PRIVATE ICD



LAND PORTS



ORGANIZATIONAL STRUCTURE



GOVERNMENT

- GOVERNMENT OF BANGLADESH
- MINISTRY OF FINANCE

IRD/NBR

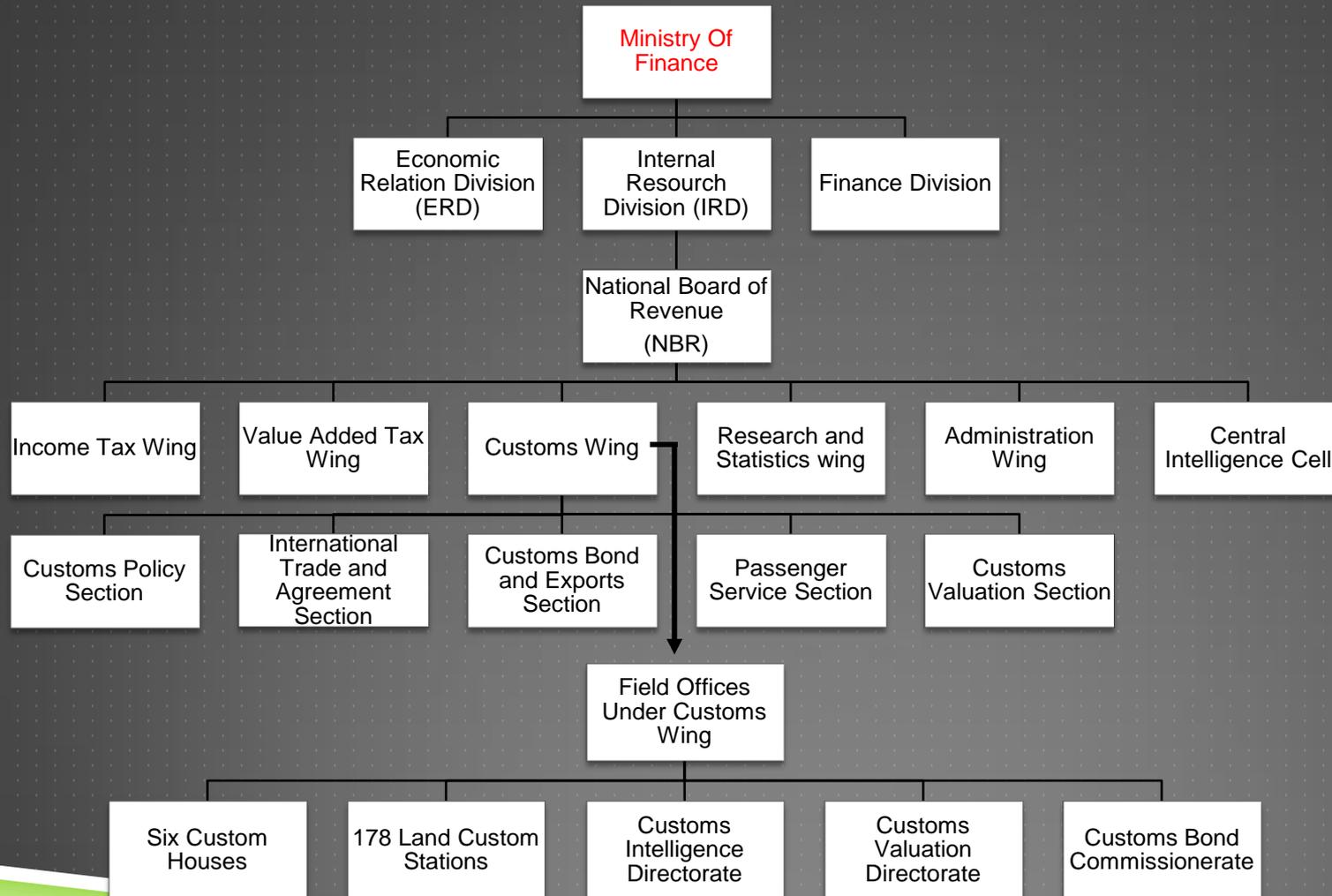
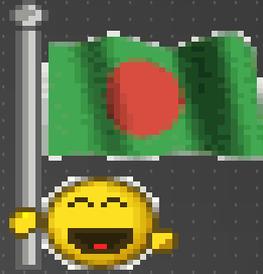
- INTERNAL RESOURCES DIVISION (IRD)
- ECONOMIC RESOURCE DIVISION (ERD)
- FINANCE DIVISION
- BANKING DIVISION

BANGLADESH
CUSTOMS

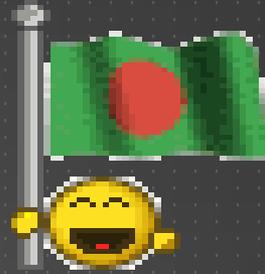
- NATIONAL BOARD OF REVENUE
- CUSTOM HOUSES AND ABOUT 20 CUSTOMS LC STATION.
- BOND COMMISSIONERATE



ORGANIZATION CHART OF CUSTOMS AUTHORITY



CUSTOMS HOUSE



BOND COMMISSIONERATE

Commissioner

Additional Commissioners

Joint Commissioners

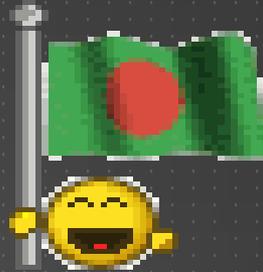
Deputy Commissioners

Assistant Commissioners

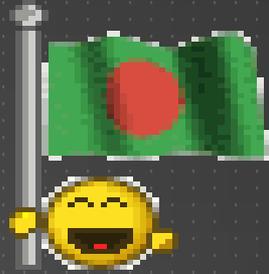
Assistant Programmer

Revenue Officers

Assistant Revenue Officers



CUSTOM HOUSES AND BOND COMMISSIONERATES



DHAKA CUSTOM HOUSE, DHAKA

CHITTAGONG CUSTOM HOUSE, CHITTAGONG

ICD CUSTOM HOUSE, DHAKA

MONGLA CUSTOM HOUSE, KHULNA.

BENAPOLE CUSTOM HOUSE, JESSORE.

PANGAON CUSTOM HOUSE, DHAKA.

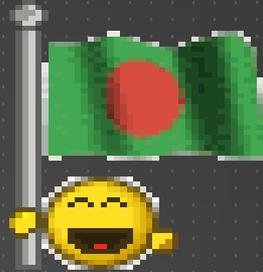


CUSTOMS BOND COMMISSIONERATE, DHAKA

CUSTOMS BOND COMMISSIONERATE, CHITTAGONG.



BANGLADESH CUSTOMS



Revenue collection of import taxes

Protection of domestic industry

Protection of citizens

Trade facilitation <Competitiveness>

Trade supply chain security

Environment

Customs function



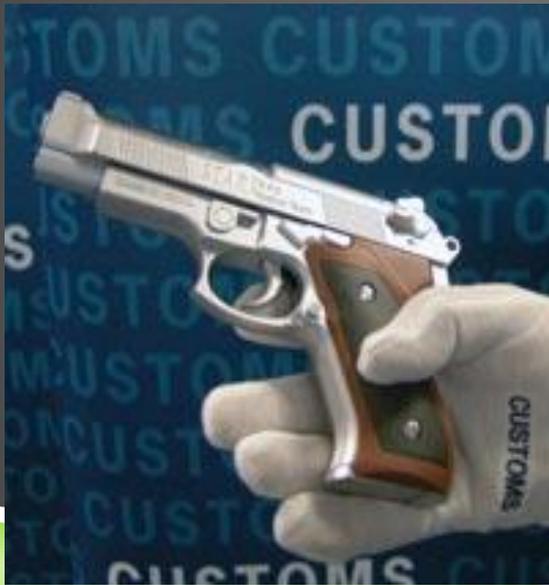
CUSTOMS CONTROL



BANGLADESH CUSTOMS FUNCTIONS

PROTECTION OF SOCIETY

thro' Prevention of Drugs and
Illegal Arms and Socially
Prohibited/Undesirable Goods:



BANGLADESH CUSTOMS FUNCTIONS

- ▶ ENVIRONMENTAL PROTECTION,

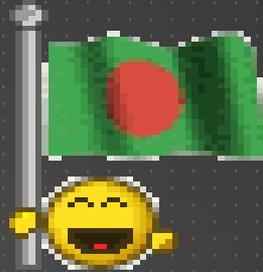
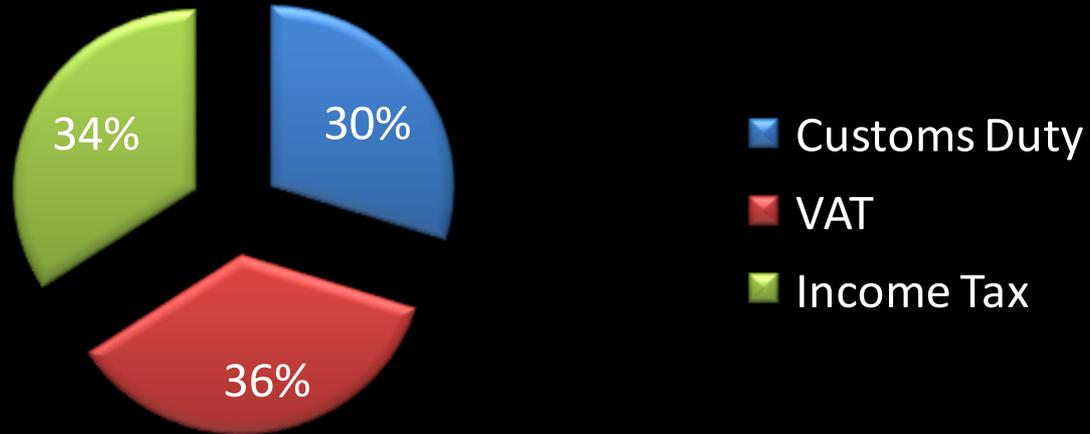


BANGLADESH CUSTOMS FUNCTIONS

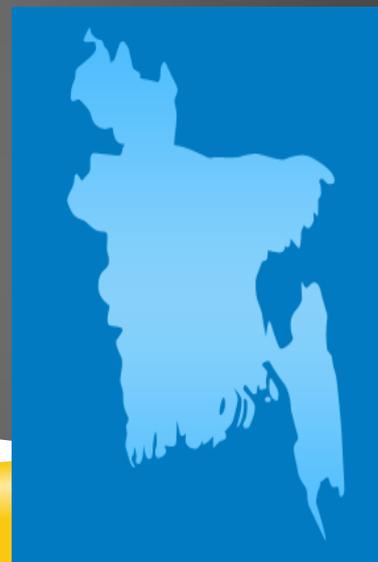
► PROTECTION OF CULTURAL HERITAGE



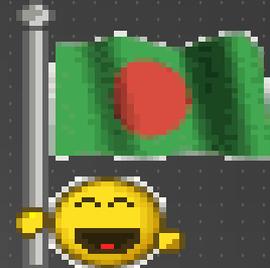
Financial Year 2012-13



Serial No	Duty/Tax	Amount (Billion US \$)
1.	Customs	4.1571
2.	VAT	5.0164
3.	Income Tax	4.7628
Total		13.9363



VARIOUS DUTIES/TAXES COLLECTED BY CUSTOMS



SERIAL NO	NAME	RATES
1.	CUSTOMS DUTY	0%,5%,10%,25%
2.	SUPPLEMENTARY DUTY	20%,30%,45%,60%, 100%,150%,250%, 350%,500%
3.	ADVANCE INCOME TAX	5%
4.	VALUE ADDED TAX	15%

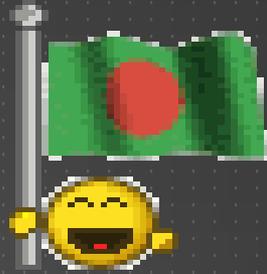


BANGLADESH CUSTOMS REFORM EFFORTS

SINCE CUSTOMS FUNCTIONS AT THE GATEWAY FOR IMPORT AND EXPORT OF GOODS, IT PLAYS A CRITICAL ROLE IN THE IMPORT-EXPORT TRADE CHAIN. IN ORDER TO MAKE CUSTOMS PROCEDURES MORE TRANSPARENT AND TO ACHIEVE MORE TRADE FACILITATION, A NUMBER OF MEASURES HAVE BEEN TAKEN IN PAST FEW YEARS. WITH THE INTRODUCTION OF ASYCUDA++ AND DIRECT TRADERS INPUT (DTI) AUTOMATION IN CUSTOMS CLEARANCE HAS BEGUN. RECENTLY,



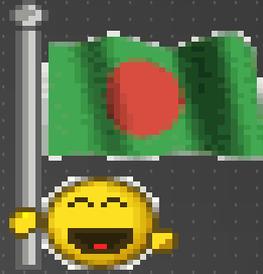
REFORM AND MODERNIZATION PROGRAM



- ▶ A FULL AUTOMATION SCHEME INCLUDING THE MIGRATION TO ASYCUDA WORLD IS ON WAY OF IMPLEMENTATION.
- ▶ BUT PILOTING BASIS ONLY IN CHITTAGONG CUSTOM HOUSE, ASYCUDA WORLD IS BEING IMPLEMENTED.



CUSTOMS REFORMS AND MODERNIZATION PROGRAM



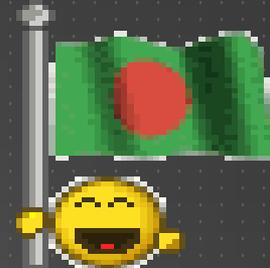
ONCE THE FULL AUTOMATION IS COMPLETED THE IMPORTERS AND EXPORTERS WILL BE ABLE TO ACCESS CUSTOMS SERVICE FROM THEIR OFFICES OR HOMES

AND WILL BE ABLE TO SUBMIT THEIR CUSTOMS DECLARATION ONLINE.

The shipping agents can launch the manifest at any time from their own offices or home. The customs brokers can also launch the bills of entry/export in a similar fashion. Other stakeholders like the banks, insurance companies, ports, etc may also enter the system for their part to play. So this has made the customs communication system easier, user-friendly, more pro-active and less costly.



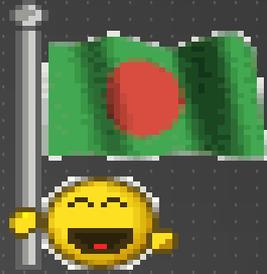
ONGOING REFORMS PROGRAM: MODERNIZING THE CUSTOMS ACT, 1969



The Customs Act, 1969 is being updated in line with the international best practices. Many of the provisions of the Customs Act, 1969 have become obsolete, redundant and unusable to cope with the present day realities



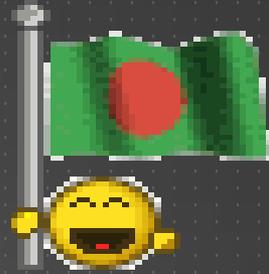
ONGOING REFORMS PROGRAM: MODERNIZING THE CUSTOMS ACT, 1969



An international consultant is working closely with NBR to update the Customs Act, 1969. Work on the second draft is being done in the first week of December, 2013. We are expecting that the final draft will be ready for placing it in the budget of 2014-15 FY.



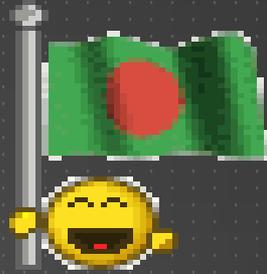
ONGOING REFORMS PROGRAM: FORMATION OF NATIONAL TRADE FACILITATION COMMITTEE



A National Trade Facilitation Committee (NTFC) has been formed comprising stakeholders both from the public and private sectors with Member(Customs) in the chair. It has already held two meetings to address various issues related to trade facilitation. Moreover, in October, 2013 a workshop was organized by ADB under South Asian Sub-regional Economic Cooperation(SASEC) program. The outcome of the workshop will be discussed in the next meeting of the SASEC to add more values to the next initiatives.



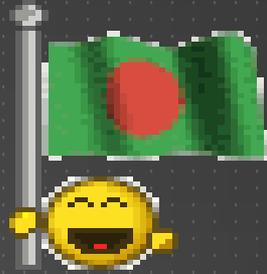
ONGOING REFORMS PROGRAM: AUTHORIZED ECONOMIC OPERATOR(AEO) PROGRAM



Authorized Economic Operator(AEO) program is gaining worldwide recognition as a means to ensure supply chain security for a seamless movement of goods. It helps the traders reduce their time and cost for clearance of goods and at the same time gives customs adequate information for ensuring safety of the country as well as facilitating global trade.



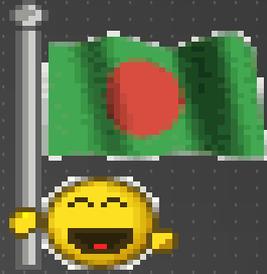
ONGOING REFORMS PROGRAM: AUTHORIZED ECONOMIC OPERATOR(AEO) PROGRAM



NBR to introduce the AEO program very soon. A team already Trained, formed by NBR for implementation of the AEO program. The team has held a meeting with FBCCI explaining various aspects of the AEO with a visual presentation on the program. The pilot stage of the AEO program will be implemented by 2014 and made fully operational by 2015.



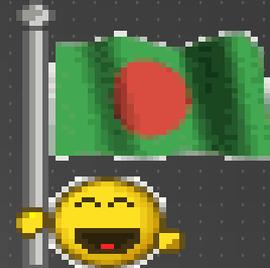
ONGOING REFORMS PROGRAM: FORMATION OF A MODERNIZATION TEAM



A dedicated team of officers have been formed to lead the modernization program of customs. It will work in the fields of Risk Management, Post Clearance Audit, Clearance Procedure and Valuation system. A pool of officers trained at home and abroad in the above fields have been made who will work in the respective fields.



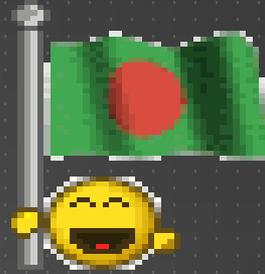
WTO AGREEMENT ON TRADE FACILITATION (BALI CONFERENCE) :



Ministerial Conference of WTO in Bali has brought the customs at the forefront for implementation of the “Agreement on Trade Facilitation.” Almost all the provisions to be implemented or to be administered by customs.



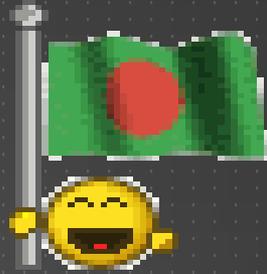
WTO AGREEMENT ON TRADE FACILITATION (BALI CONFERENCE)



These provisions highlight on the transparency, predictability, impartiality and nondiscrimination of customs actions, availability of relevant information for review, appeal and advance ruling, simplification of rules and documents, adoption of such tools as risk management system, post-clearance audit, time release study, authorized economic operator scheme and so on. These provisions will be binding on the member states. NBR has already embarked on implementing such measures as set forth in RKC and Agreement on Trade Facilitation.



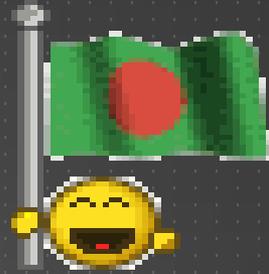
TIME RELEASE STUDY(TRS)



- ▶ Time Release Study(TRS) is an internationally accepted system of measuring the performance of the customs clearance process. NBR has embarked on a program to measure the time needed for releasing the import consignments from customs control. With the help of an expatriate consultant, basic works of TRS for Chittagong Customs House is already completed.



TRS.. (CONTD..)



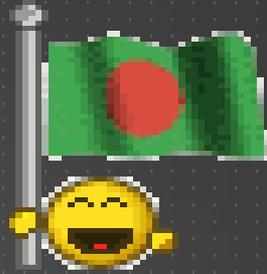
- ▶ It includes formulation of questionnaire, distribution among the stakeholders and getting their feedback. Benapole, Dhaka and ICD Custom House will be covered next by this program. After processing of the raw data found from the survey, NBR will use the outcome for knocking down the obstacles and putting in place appropriate measures for a speedy clearance system.



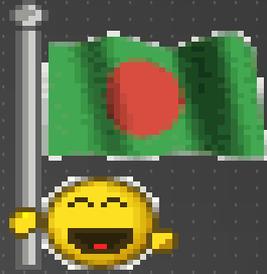
INTERNATIONAL COOPERATION:

Bangladesh has established different levels of cooperation with different countries. Cooperation with Indian Customs is the foremost in this regard. There is a two-tier platform of bilateral relationship regarding customs matters. One is at the national level headed by the Member(Customs) of respective administration and the other is at the Commissioner-level.

Bangladesh has concluded two bilateral agreements with Turkey and Mexico. The agreements will greatly enhance the bilateral trade, reduce the barriers and bring about more cooperation between these countries.



INTERNATIONAL COOPERATION:

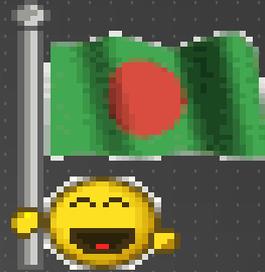


- ▶ Cooperation with different international agencies is also increasing. ADB, IMF, World Bank, IFC, JICA, USAID are showing deep interest for cooperation specially in the fields of modernization. The SASEC initiative under ADB is making good progress in integrating regional trade facilitation programs. ADB is also keen on implementing the “Single Window” initiative.



CUSTOMS VALUATION CONCEPT

Article VII of the GATT outlines the requirements for Valuation for Customs Purposes, and is applicable to all members of the World Trade Organization. The Agreement on Implementation of Article VII (known as the WTO Agreement on Customs Valuation or the “Valuation Agreement”) ensures that determinations of the customs value for the application of duty rates to imported goods are conducted in a neutral and uniform manner, precluding the use of arbitrary or fictitious customs values.^[3]

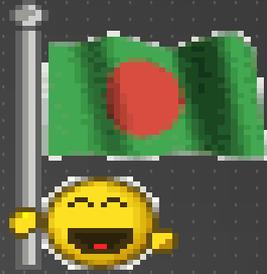


CUSTOMS VALUATION

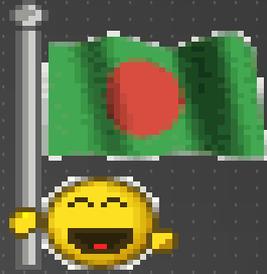
Customs Valuation is the process where customs authorities assign a monetary value to a good or service for the purposes of import or export.

Generally, authorities engage in this process as a means of protecting tariff concessions, collecting revenue for the governing authority, implementing trade policy, and protecting public health and safety.

In Bangladesh WTO customs valuation rules regulations was fully introduced in 2000 .



CUSTOMS VALUATION

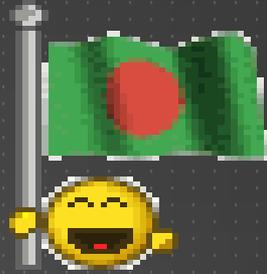


- ▶ 1. Transaction Values (about 90 percent cases)
- ▶ 2. Value of identical goods.
- ▶ 3. Value of similar goods
- ▶ 4. Value determined by Deductive method
- ▶ 5. Value determined by Computed method
- ▶ 6. Fall Back method



TRANSACTION VALUE

ARTICLE-1



The primary basis for customs valuation under the Agreement is “transaction value” as defined in Article 1. Article 1 defines transaction value as “the price actually paid or payable for the goods when sold for export to the country of importation.”^[5] Article I must be read together with Article 8, which lets Customs authorities make adjustments to the transaction value



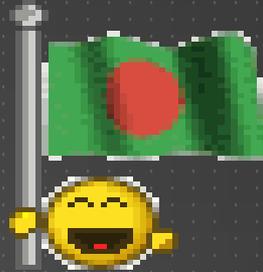
IDENTICAL & SIMILAR GOODS

Article-2

If the customs value of the imported goods cannot be determined under the provisions of Article 1, the customs value shall be the transaction value of identical goods sold for export to the same country of importation and exported at or about the same time as the goods being valued.

Article-3

If the customs value of the imported goods cannot be determined under the provisions of Articles 1 and 2, the customs value shall be the transaction value of similar goods sold for export to the same country of importation and exported at or about the same time as the goods being valued.



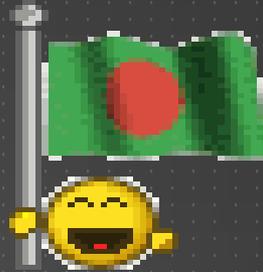
ARTICLE-4 & ARTICLE-5

Article 4

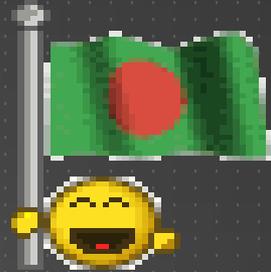
If the customs value of the imported goods cannot be determined under the provisions of Articles 1, 2 and 3, the customs value shall be determined under the provisions of Article 5 or, when the customs value cannot be determined under that Article, under the provisions of Article 6 except that, at the request of the importer, the order of application of Articles 5 and 6 shall be reversed

Article 5

If the imported goods or identical or similar imported goods are sold in the country of importation in the condition as imported, the customs value of the imported goods under the provisions of this Article shall be based on the unit price at which the imported goods or identical or similar imported goods are so sold in the greatest aggregate quantity, at or about the time of the importation of the goods being valued, to persons who are not related to the persons from whom they buy such goods, subject to deductions for the following:



COMPUTED & FALL BACK OR REASONABLE MEANS METHOD



Article 6

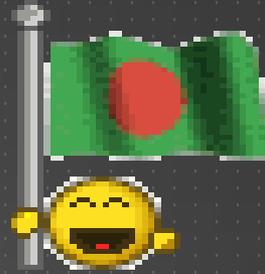
The customs value of imported goods under the provisions of this Article shall be based on a computed value.

Article 7

If the customs value of the imported goods cannot be determined under the provisions of Articles 1 through 6, inclusive, the customs value shall be determined using reasonable means consistent with the principles and general provisions of this Agreement and of Article VII of GATT 1994 and on the basis of data available in the country of importation.



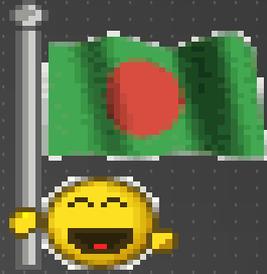
CHALLENGES REGARDING VALUATION



- ▶ Government Highly dependent on revenue income
- ▶ Assessable value is different of any particular item from different Custom Houses
- ▶ No easy way to check declare value
- ▶ Most of the cases assessment depend on recorded value.
- ▶ Always tendency to depend highest recorded value from customs.
- ▶ Incidence of high revenue target
- ▶ Liability to answer to other agencies for low value assessment agency like ACC.



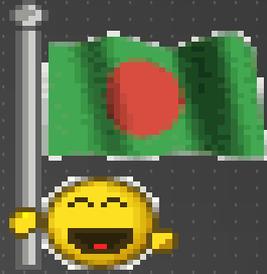
POST CLEARANCE AUDIT



- There is no specific organizational structure of post clearance Audit.
- In every Custom houses, there is a post clearance Audit Section.
- Commissioner assign Assistant Commissioner / Deputy Commissioner as in charge of post clearance Audit Section. One or two Revenue officer work there.



POST CLEARANCE AUDIT

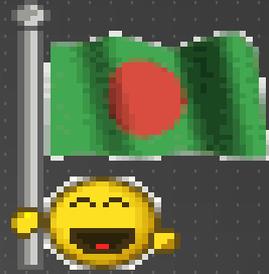


- In Bangladesh, post clearance audit is neglected.
- A large number of Consignments clearance is done every day.
- Post clearance audit is done for few number of consignments, based on risk management.



RULES/LAWS IMPLEMENTED BY CUSTOMS

- ▶ The Customs Act, 1969
- ▶ Value Added Tax Act, 1991
- ▶ The Excise and Salt Act, 1944
- ▶ The import and Export (Control) Act, 1950
- ▶ The Foreign Exchange Regulation Act, 1947
- ▶ The Narcotics control act, 2000
- ▶ The Merchandise Marks Act, 1879
- ▶ The Patent and Design act, 1911
- ▶ The Explosive control Act, 1884
- ▶ The Arms Act, 1878
- ▶ The Income Tax ordinance- 1984



THANK
YOU

