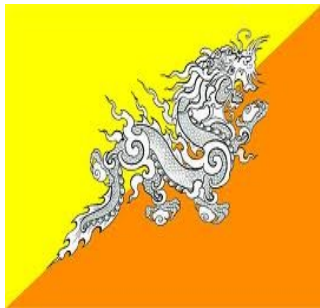


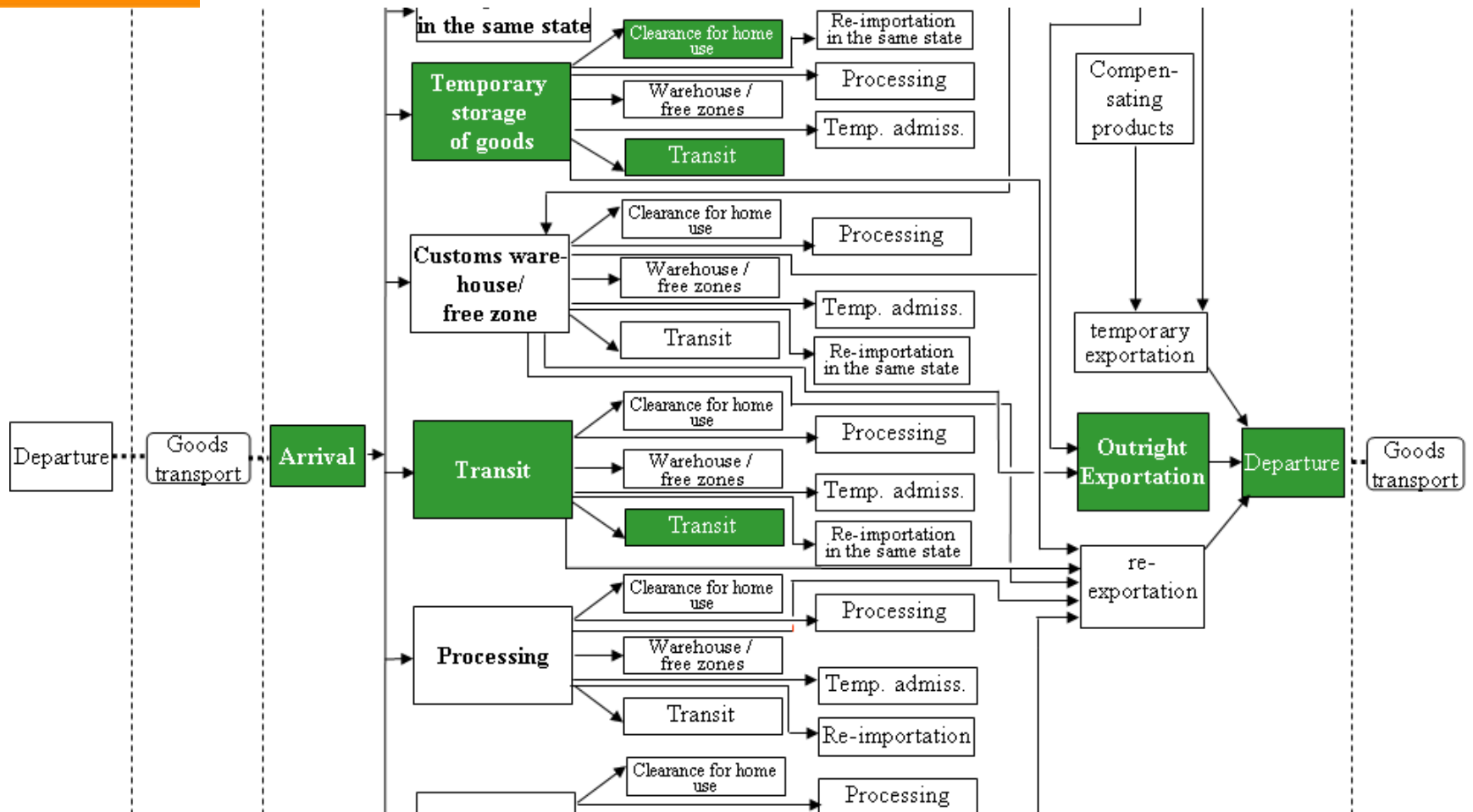


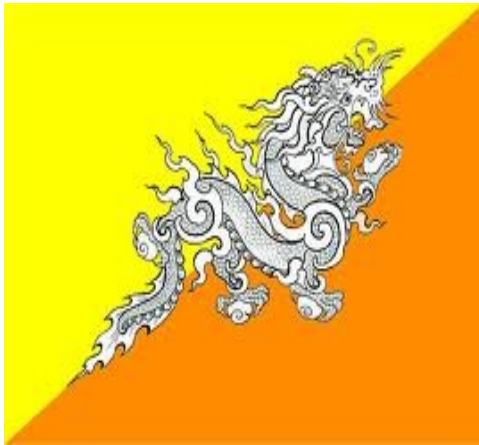
REVISED KYOTO CONVENTION

Department of Revenue and Customs



Are Customs Procedures Simple Enough?





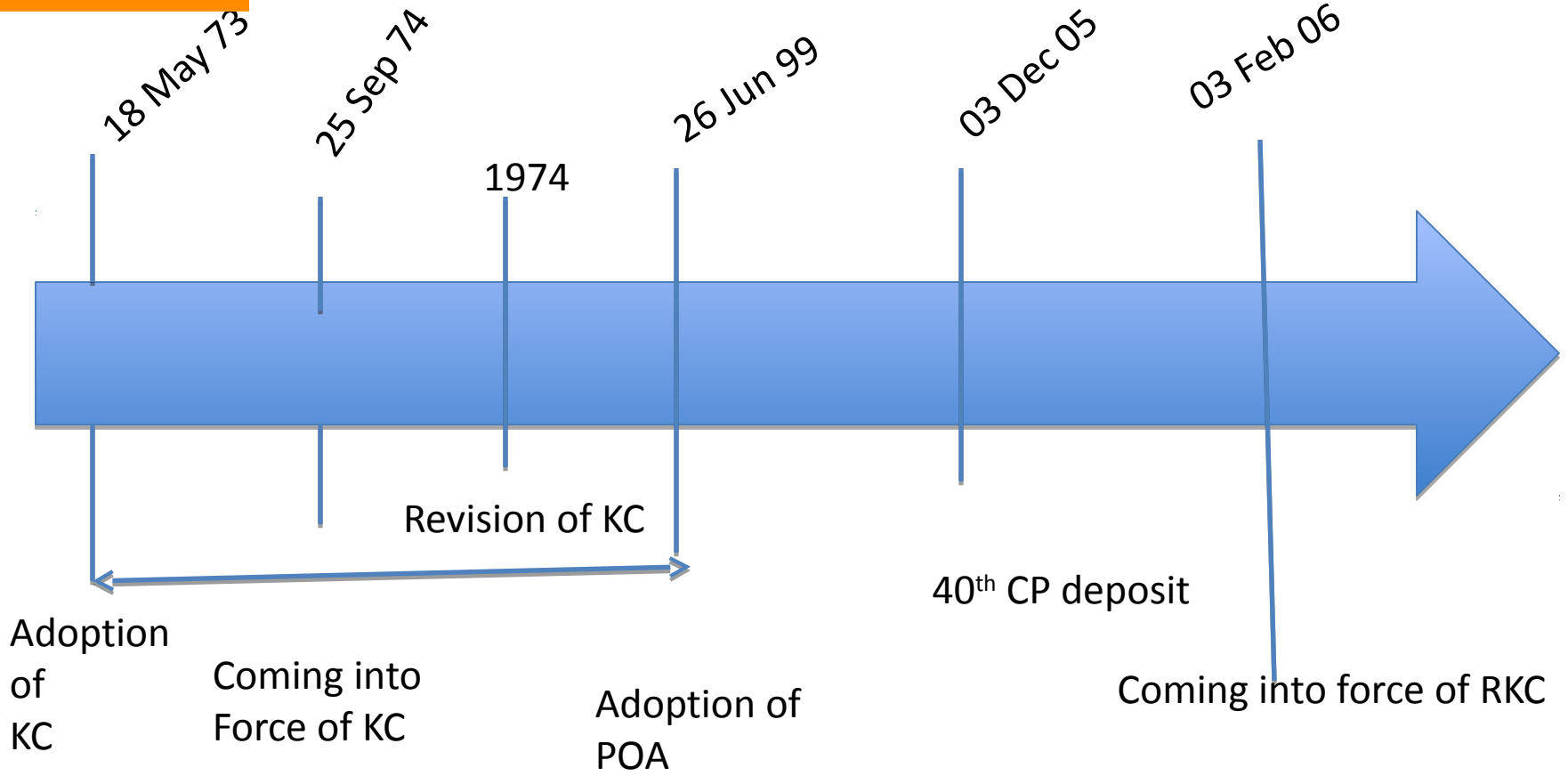
REVISED KYOTO CONVENTION (RKC)

(Only comprehensive international instrument for simplification and harmonization of customs procedure)

- Is a blue print for modern & efficient Customs Procedures in the 21st century
- Is the main Customs Facilitation Instrument of the WCO
- Is the tool to assist the Development of Global Customs Procedures
- Provides International Commerce with the Predictability and Efficiency that Governments and the Trade requires



History



91 contracting parties as of June, 2013



Benefit of RKC

- Provide a solid foundation for reforming and strengthening our Legislative Base which is a very important first step in reforming Customs and related institutions.
- The RKC has ‘brand status’. It provides to traders inside and outside of Bhutan a clear and unambiguous statement that the RGOB stands purposefully behind customs procedures that facilitate the secure movement of legitimate trade across its borders.
- Provide a benchmark for assessing the status of the RGOB trade efficiency and competitiveness.
- Uniform application of the customs rules internationally
- Reduced time and cost of clearance from customs. This is directly beneficial to customs allowing them to process more transactions and to deploy staff and resources to focus on high-risk shipments, boosting the domestic and international competitiveness of Bhutan business operators.

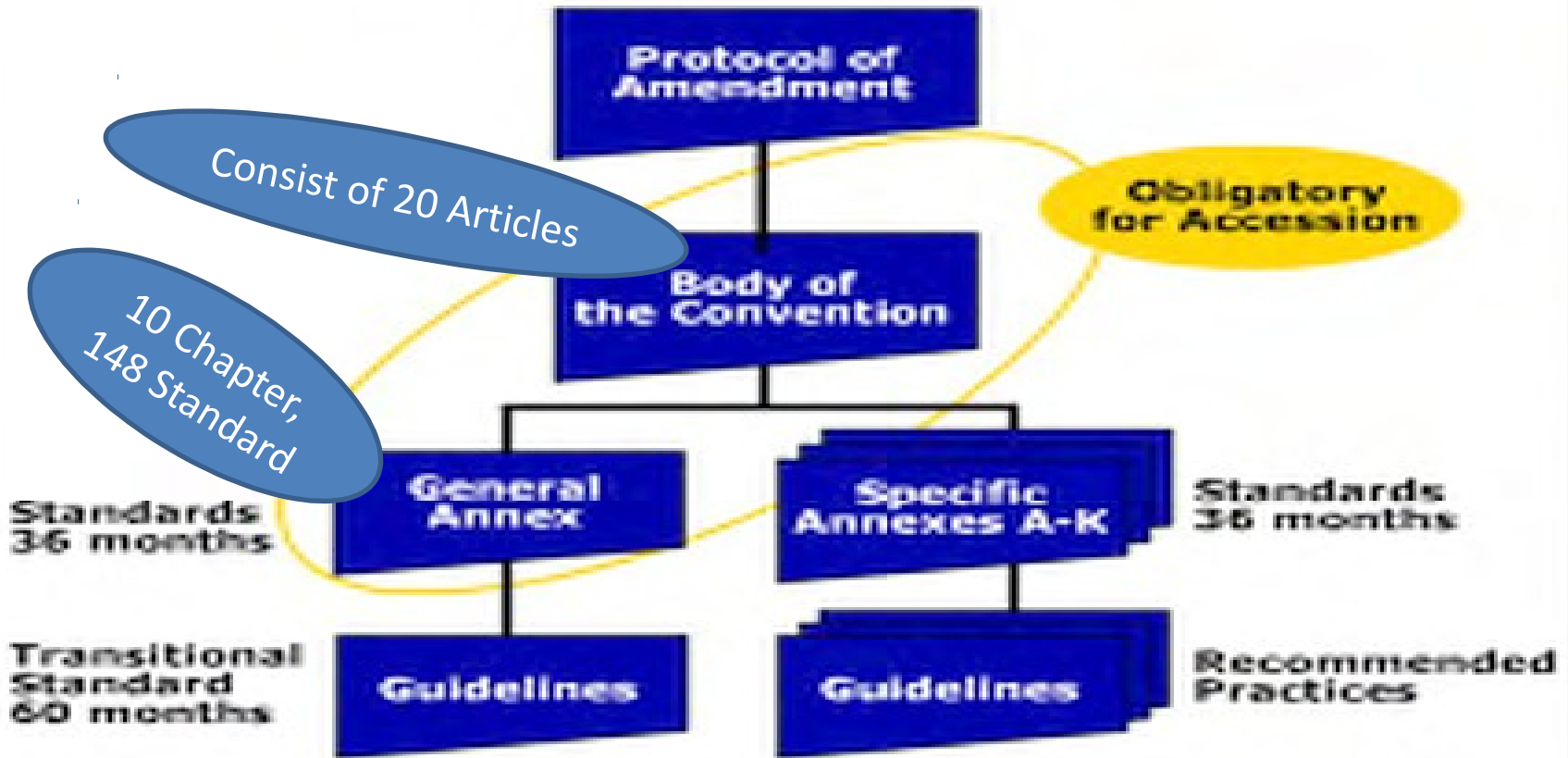


Benefit of RKC

- Enhanced understanding of compliance requirements by traders, resulting in increased transparency and predictability in customs transactions and elimination of discretionary treatment in the application of rules and regulations.
- Promote the use of automation and web based services
- Capacity building
- NO membership fees and can be denounce at any time by simple notification



The RKC Structure





THE REVISED KYOTO CONVENTION

BODY OF THE CONVENTION PREAMBLE

CHAPTER I - Définitions (Article 1)

CHAPTER II - Scope and Structure (Articles 2 ~ 5)

**CHAPTER III - Management of the Convention
(Articles 6 and 7)**

CHAPTER IV - Contracting Party (Articles 8 ~ 17)

CHAPTER V - Final Provisions (Articles 18 ~ 20)



Chapter I: Definitions (Article 1)

General Annex: set of provision applicable to all customs procedures and practices referred to in this convention

Specific Annex: set of provision applicable to one or more customs procedures and practices referred to in this convention

Standard: means a provision the implementation of which is recognized as necessary for achievement of harmonization and simplification of customs procedure and practices

Transitional Standard: means a standard in General Annex for which Longer period for implementation is permitted

Recommended Practice: means provision in a specific annex which is recognized as constituting progress towards the harmonization and simplification of Customs procedure and practices which is considered as desirable



Chapter II: Scope and Structure of Convention
(consist of 5 article)

- Undertakes to promote simplification and harmonization of customs procedure that conforms in accordance with the provision to this convention (to standard, transitional standard and recommended practices in the annexes). However, convention shall not preclude any restriction/prohibition that are subject to customs control
- The convention comprises of a Body, General Annex and specific annexes which is further divided into Chapter, Standard, Transitional Standard and Recommend Practices



Chapter III: Management of Convention (Article 6-7)

- There shall be established Management Committee to which contracting party shall be a member.
- The Management Committee role will be to recommend for amendment and incorporation of new provision/chapter to the convention (include Body, General annex and Specific Annexes).
- The Management Committee shall meet at least once a year and all the decision is taken based on consensus. If decision cannot be arrived by consensus, two-third majority of the vote cast shall be approved



Chapter IV: Contracting Party

- Any member of the council, any member of the UN or its specialized agencies may become Contracting Party to this Convention either by signing it without reservation of rectification or by depositing an instrument of rectification after signing it subject to rectification or by Acceding to it
- Contracting Party shall be bound by any amendment /Incorporation to this Convention
- Contracting Party shall specify which if any of Specific Annex or Chapter its accept and reservation thereof.



Contd.

- Contracting Party shall implement all the standard of General Annex within 36 months and Transitional Standard with 60 months of the date that General Annex has entered into force. If contracting party could not implement Standard and Transitional Standard within the stipulated time period, It may extend time period by a simple request to Management Committee
- Any dispute on interpretation or application of this Convention between two or more Contracting Party shall be settled by negotiation. Any dispute that cannot be settled by negotiation is put up to the Management Committee
- There is no time duration for this Convention. However, any party may denounce it at any time through notification and shall take effect six months after the receipt of denunciation.



Chapter V: Final Provision

- The Convention Shall enter into force three months after it has become Contracting Party
- The Instrument of Accession shall be deposited with the Secretary General of the Council
- The Secretary General of Council will register with Secretariat of UN in accordance with article 102 of the charter of UN



General Annex

- Contains core Principle which consist of Ten Chapter, 108 Standard and 13 Transitional Standard
- Provide degree of flexibility to make compliance with the provision easy
- Mainly deal with Customs Procedure on:
 - Clearance/Release and other Customs formalities
 - Duties and Taxes (Assessment/reassessment, due date and repayment)
 - Releasing of goods by taking securities at reasonable level
 - Customs Control (limit customs control to level necessary to ensure compliance)
 - Use of Information Technology
 - Information, Decision and Ruling supplied by Customs
 - Appeal on Customs Matters



Governing Principle of RKC

**Standard and simplified
procedures and practices**

Risk Management

**Pre-arrival
Declaration**

System of Appeal

**AUDIT BASED
CONTROL**

**Maximum Use of
Information Technology**

**Partnership
with the Trade**

**Publication of
accurate, up-to-date
information &
Advance Rulings Maximum
use of**



What we have done for Accession to RKC?

- Analyze the applicability of the RKC provision by carrying out the gap analysis with our National Legislation
- Determine which standard, Transitional standard of the RKC is compliant or non compliant with existing National Legislation
- Details of the compliance, non-compliance and amendment required in our national laws are as follows:
 - Compliance percentage: $35/148*100=23.64\%$
 - Non compliance: $108/148*100=72.9\%$
 - Amendment required in Act: $26/137*100=18.97\%$
 - Amendment required in the Rules: $73/137*100=53.28\%$
 - Other compliance: $15/137*100=10.9\%$



TASHI DELEK