

# A GLANCE AT POST CLEARANCE AUDITS



# OVERVIEW

- **Post clearance audits (PCA)** are a type of customs audit that takes place after an import or export transaction has been completed.
- The purpose of a post clearance audit is to verify the accuracy of the customs declaration made by the importer or exporter, to ensure compliance with customs regulations, and to identify any potential errors or discrepancies.
- Post clearance audits can be conducted by customs authorities (the TRA) or by private companies hired by customs authorities or by the companies to ensure compliance in form of tax health checks.
- The audit can cover a wide range of areas, including the valuation of goods, the classification of goods, and the origin of goods. The audit may involve an examination of documents, physical inspection of goods, or both.
- Risk management and audit-based controls is necessitated by the growth in international trade for customs control and the need for trade facilitation.



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# LEGAL FRAMEWORK GUIDING PCA

- Customs operations in the East Africa Community (**EAC**) Partner States are guided by the East African Community Customs Management Act, 2004 (**EACCMA**) and East African Community Customs Management (Compliance and Enforcement) Regulations, 2012 (**EACMR**).
- The administration procedures of the PCA are specifically covered under sections 20 through 24 of the EACMR.
- As per the Regulations the PCA coverage is circling around the imported goods, exported goods, bonded facilities and related goods, duty remission, refund or rebates, drawbacks and exemptions and any other matters related to goods subjected to Customs law.
- The Commissioner General will provide a 15 days notification to the party under audit, prior to the commencement of the audit, specifying the documents to be availed.
- The Regulations also permit the exchange of post clearance audit information with another Partner State, when requested by the Customs of another Partner State

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# THINGS TO LOOK AT DURING THE PCA

- During a post clearance audit, customs authorities or their appointed auditors typically examine a range of documents and records related to the import or export transaction. Here are some of the key areas that may be looked at during a post clearance audit:
  - **Valuation:** The auditors will check whether the value declared for the goods is accurate and in compliance with customs regulations. This may involve reviewing the commercial invoice, bills of lading, and other supporting documents.
  - **Classification:** The auditors will ensure that the goods have been correctly classified according to the Harmonized System (**HS**) code, which determines the tariff rate applicable to the goods. The auditors may check the product description and technical specifications of the goods.
  - **Origin:** The auditors will verify that the goods have been correctly declared as to their origin, and that the appropriate rules of origin have been applied. The auditors may review trade agreements, certificates of origin, and other documents to establish the origin of the goods.
  - **Licensing and permits:** The auditors will check whether the importer or exporter has obtained the necessary licenses, permits, and certificates required for the transaction, such as import or export licenses, health or safety certificates, or other regulatory approvals.

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# THINGS TO LOOK AT DURING THE PCA..

- **Documentation:** The auditors will review all relevant documentation related to the transaction, including commercial invoices, bills of lading, packing lists, and any other documents related to the movement of the goods.
- **Compliance:** The auditors will ensure that all relevant customs regulations have been complied with, including rules related to customs valuation, classification, and origin, as well as any other applicable customs regulations.
- By examining these areas, the TRA can identify any potential errors or discrepancies in the import or export transaction, and take appropriate action (including proper tax adjustments) to ensure compliance with Customs regulations.

# OUR SERVICES

## Audit and Assurance

- Statutory audits
- Internal audits
- Forensic audit and risk assessment
- Assurance engagements
- Drafting Standard Operating Policies (SOPs)
- Fixed Assets Register preparation
- Fraud audits and inspection
- IFRS reporting
- Management and operational audits
- Business control services
- Corporate reporting

## Tax and Advisory

- Tax Audits
- Transfer Pricing
- Transactions based advisory
- Transfer of shares and securities
- VAT refund applications
- Post clearance Customs Audit
- Account Reconciliations with Tanzania Revenue Authority
- Tax applications on Mergers and acquisitions
- Due Diligence reports
- Tax training
- Tax Health checks
- International Tax Services

## Finance and Accounts

- Cloud accounting and accounts compilation
- Reconciliation of statutory compliances such as sales, imports, purchase, payrolls, bank and VAT control
- Ledger scrutiny, Variance and ratio analysis
- MIS reporting
- Business Plans
- Financial Projections and Cash Flow Forecast
- Valuation of business
- Financial reporting
- Payroll processing

## Secretarial Compliance

- Incorporation of company
- Change in company particulars
- Corporate Advisory
- Human Resource Management
- BRELA compliance
- Mortgages and charges
- Employee Litigation
- Registration with TBS TMDA
- Processing permit applications
- Merger and Acquisitions & FCC compliance
- Loan registration with BOT
- Business License
- Trademark and Patent rights
- Winding up of business



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