

Specific disciplines on fees and charges for Customs processing imposed on or in connection with importation and exportation: Article 6.2

Governments usually levy some fees and charges on import and export transactions to cover the cost of customs processing. However, especially when determining fees and charges on *ad valorem* rates, the final amount of such fees and charges may not reflect the true cost of the service rendered.

The amount of fees and charges for customs processing must be limited to the costs of services rendered.

Article 6.2 sets out some key principles that guide determination of the amount of fees and charges to be levied by government agencies commensurate to the cost of services provided. The purpose of this measure is to make the charges and fees limited to the approximate cost of services rendered and transparent, predictable and reliable.

The measure

ARTICLE 6	DISCIPLINES ON FEES AND CHARGES IMPOSED ON OR IN CONNECTION WITH IMPORTATION AND EXPORTATION AND PENALTIES
2	Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation
	Fees and charges for customs processing:
	(i) shall be limited in amount to the approximate cost of the services rendered on or in connection with the specific import or export operation in question; and
	(ii) are not required to be linked to a specific import or export operation provided they are levied for services that are closely connected to the customs processing of goods.

Understanding the measure

What is covered?

Core obligation

Article 6.2 requires WTO Members to limit the amount of fees and charges for customs processing to the approximate cost of the service rendered imposed on or connected to the specific export or import operation concerned.

Fees and charges levied for services connected to customs processing

Subparagraph (ii) specifies that fees and charges levied by a WTO Member do not necessarily need to be associated with a specific import or export transaction; nonetheless, such fees and charges should be collected for services which are closely related to customs processing of goods.

What is not covered?

The measure does not specify which are the relevant factors in determining the amount of fees and charges levied and is also silent on how payments should be made.

Benefits and opportunities for stakeholders

The requirement to anchor fees and charges to the commensurate cost of the services provided will ensure that no undue fees and charges are imposed on customs processing of goods. This will reduce the overall cost imposed on traders for exportation and importation, especially benefiting SMEs.

When fees and charges are calculated on the approximate cost of the service without any attempt to impose unnecessary and unjustified costs, traders are better able to understand the rationale behind their imposition, justify their existence and understand any change in the amount of fees and charges levied.

Implementation of this measure will enhance accountability in government agencies, improve the image of customs authorities and reputation of the member country among key stakeholders.

Implementation

Implementation checklist

The following checklist may be used to estimate the level of compliance with the measure:

- Fees and charges for customs processing are only imposed for services rendered.
- The amount of fees and charges for customs processing is based on the approximate cost of the service rendered.

Preparing a national implementation plan

The following template may be used as a basis for a national implementation plan:

Implementation sequence	Actions suggested
	Preparatory phase
	Conduct a review of existing fees and charges related to importation and exportation.
	Categorize services charged by range and category.
	Ascertain costs for each of these services, based on relevant cost factors, and analyse if current charges comply with the cost recovery principle.
	Using the findings, prepare a proposal to revise existing charges, consolidating, where possible, fees and charges to increase efficiency of administration and collection.
	Set-up phase
	Update legislation and administrative instruments/actions listing fees and charges and their amount.
	Introduce the obligation to determine the cost of fees and charges on the principle of cost recovery for services rendered.
	Management and follow-up phase
Set up a mechanism for monitoring application of specific fees and charges.	
	Periodically review fees and charges with the goal to reduce their number and diversity.
Average time for implementation	Three and a half years.
Leading implementation agency	Customs is most commonly chosen as the leading implementation agency.

Key challenges

Lack of an appropriate national legal or administrative framework regulating the determination of fees and charges, and their amendment, is a key challenge. In such cases, new procedures need to be devised and institutionalized to ensure regular review of fees and charges. Government agencies may lack technical skills and financial resources to re-calculate fees and charges according to the cost recovery principle. Some countries may not have the required ICT capacity to secure a transparent and efficient system where all fees and charges levied are recorded and available to the general public.

Key factors for success

An enabling legal or administrative framework, which allows a regular review of fees and charges, is a key factor for success. A robust monitoring mechanism is essential to ensure that all fees and charges are collected according to the principles enshrined in this article, supported by ICT infrastructure where possible. Training may be required to equip staff with necessary tools and knowledge.