The South African Experience
Use of Mobile Technology in the Customs Clearance Process
Permanent Technical Committee
2 March 2016
• Make the Tax and Customs process **less labour intensive and cumbersome**;

• Make it **simpler, quicker** and **hassle free** for clients;

• **Improve the service** offered to clients;

• But, ensure **maximum compliance**.

Transform the system to…

- Risk Assessment
- Environmental Knowledge & Understanding
- Effective Segmentation
- Stakeholder Awareness
- Education
- Service
- Enforcement
Voluntary Compliance

VOLUNTARY COMPLIANCE IS BASED ON TWO FUNDAMENTAL PRINCIPLES

1. Make it as easy as possible for those trying to comply
   - Expedited Service for legitimate Taxpayer & Traders

   Some taxpayers/traders will always try to comply whether effective enforcement exists or not - people who believe in doing the right thing

2. Make it very hard for those trying to avoid paying their fair share
   - Interdict illegitimate Taxpayer & Traders

   The goal of voluntary compliance is to influence the undecided majority who will choose one way or the other based upon how well they are served and how easy it is to comply

   Some taxpayers/traders will not comply whether effective enforcement exists or not – the criminals

Key to this approach is ensuring that taxpayers/traders understand their obligations!
Holistic, Systemic, End-to-End approach in order to enable significant improvements in productivity

- Search for policy enhancements to simplify process complexity
- Develop a culture that can innovate, learn & continuously improve
- Map, understand and optimise processes
- Convert from manual to digital
Customs Reality – the issues prior to 2013

**Major Issues**

- Drowning in paper
- No single view of trader
- Highly manual process
- Limited control paper based release process
- Officers spending time button-pressing as opposed to assessing
- Knock-on delays to trade

- Abundance of paper in process
- No single view of the trader and transactions
- Manual risk profiling and targeting
- No risk engine feedback of inspection results
- No system workflow for manual processes
- Paper release notifications that are counterfeited
- ~20% manual submission rate
- Processing vs value-added assessing
- Unnecessary delays negatively impact trade
Approach to Modernising Customs

Continuous Stakeholder Engagement

Collaborate with External Stakeholders
- Practicality of Designs
- Collaborative Planning
- Joint Testing and Implementation

OGA Co-operation
- Sharing of Information
- Integrated Processes and Systems
- Sharing of Facilities

Operational Readiness
- Training & Change Management
- Phased Delivery of Key Modules
- Customized Implementation
SARS has established robust and sustainable capabilities

**From**
- 12 page static forms
- Multi page static forms
- Basic call handling
- Manual paper channels
- Digital/Self service channels

**To**
- Single page dynamic forms
- Single page wizard based dynamic form
- Inbound/Outbound Knowledge based Help-you-e-file
- Mobile application Scanning
- eFiling / E@syfile

**Push**
- Human intensive manual processes, non-value adding activities
- High volume, low yield

**From**
- Manual processes
- Automated processes
- Gate Keeping
- Risk Managed
- Limited validation
- 3rd party validation

**To**
- Automated workflow processes, value adding only
- Targeted volume, high yield
- Risk Engine
- 3rd Party Data
- Pre-population / Verification
Tax enabled capabilities augmented for Customs’ use

From High volume, low yield Human intensive manual processes, Push Gate Keeping Risk Managed validation Compliance monitoring

To Risk Engine Targeted volume, high yield 3rd Party Data Verification

From Paper processing E-Release Electronic Data Interchange Push Human intensive manual processes, EDI

To E-Release Electronic Data Interchange Release EDI

From Physical Inspection Electronic Supporting Documents Mobile Inspection coverage

To Electronic Supporting Documents EDI Mobile Inspection coverage

From Electronic Supporting Documents Electronic Data Interchange

To Paper processing Electronic Supporting Documents

From E-Release EDI

To Automated workflow processes, value adding only 3rd Party Data Verification

From Manual processes Automated processes

To 3rd Party Data Verification

From Automated processes

To Centralised processing

From 3rd Party Data Verification

To Automated workflow processes, value adding only
Utilising Risk Management to maintain “business continuity”

Evolving data requirements, data analysis and risk mitigation supported by...

- Robust Customs ICT infrastructure - high data volumes.
- High trade e-commerce participation and compliance

Connectivity & Data Exchange
- WCO Data Model core to all evolving Customs & government regulatory reporting requirements

Integrated tailored inspection regime
- Appropriate Inspection regime to mitigate the risk.
- Seamless integration of inspection results with the Customs clearance system

Process more data

Automated Risk Management
- Defining risks
- Risk profiles
- Analysing trends
- Mitigation measures
- Revising and refining model
New End-2-End Customs Process
Trader submits declaration

1. Declaration Processing System
2. Customs Declaration
3. EDI Gateway
4. Risk Engine
5. Request for Supporting Documents
The Supporting Documents Process

**AGENT**

- **E@sy Docs**
  - Controlled Scanning
  - Conversion
  - Controlled Uploading

- **E@sy Packer**

**CUSTOMS**

- **E@syDocs/Scanning**:
  - Controlled Scanning
  - Conversion
  - Controlled Uploading

- **E@syPacker**:
  - Security
  - Controlled Receiving
  - Caching & Routing

- **Documentum Repository**:
  - Fidelity Storage
  - Compressed
  - Indexed

- **Service Manager**:
  - Distribution
  - Case Linked
  - Easy Access
Centralised Processing HUB

Review of Electronic Supporting Documents at Centralised Processing Centre
Service Manager Documentary Inspection

Consignment marked for Examination from Processing Centre
Clearance received and Carrier proceeds to Border

Manifest number presented on arrival
Record arrival of Truck at Border Post using Manifest Number
Non-Intrusive Scanner Inspection
Examination conducted and finalised at Border.

OR - Physical Inspection on WiFi-enabled mobile devices
CN1 and CN2 Printed

Record exit of Truck at Border Post
Mobile Exit Process - Barcode Scanning
For Sea and Air Modality:
Electronic release notifications is sent to all stakeholders
A synopsis of End-to-End digital Customs processing

1. **BROKER**
   - Customs Declaration
   - EDI Gateway
   - Request for Supporting Documents

2. **Supporting Doc Process**
   - Review of Electronic Supporting Documents

3. **REGIONAL HUB PROCESS**
   - Clearance received and Carrier proceeds to Border

4. **PORT ARRIVAL PROCESS**
   - Mobile / Scanner Inspection

5. **MOBILE / SCANNER INSPECTION**

6. **CN1/2 RELEASE**

7. **EXIT MANAGEMENT**
Benefits attained through digitalisation ...

- **Reduced Paper Usage**: 40M pieces of paper to process 5.5 M declarations reduced to 800K
- **Physical Inspection Processing**: From 8 Hrs to process an physical inspection reduced to 2 Hrs (On average)
- **Simplification**: Real time Processing – 7s to respond
- **Better Risk Control**: Advanced Detection and Mitigation

**Approximate Figures**
SARS eFiling is the preferred ePayment channel

SARS eFiling

Broker/Client
Logon to eFiling
Select Items to pay
View Statement

Broker/Client
Authorises Payment Instruction

Payment Instruction
Payment Confirmation

Client’s Bank

Real-time Receipt

Taxpayer Accounting

Daily Bank Statements

Internet Credit Push

Broker/Client
Captures Internet Payment

Broker/Client

Daily Bank Statements

eFiling Bank a/c
Irrevocable EFT Deposit

P@B Bank a/c
Irrevocable EFT Deposit
SACU Customs Connect Programme

- 5 Countries
- Bilateral agreements
- UCR

**Agreement**
To communicate and exchange data

**Dataset**
- Export data
- Confirmation data
- Control Results data

**UCR**
Unique Consignment Reference
Future Digitalization - key elements...

...within the ambit of the New Customs legislation

- Closer stakeholder engagement
- Additional data requirements – declaration, manifests & 3rd party data
- Enhanced risk management capability
- Authorised Economic Operator (AEO)
- Goods Accounting – Warehouse and cargo Management
- Cross-border Customs Electronic Data Interchange
- Single Window Collaborative Border Process with OGAs.
- Cargo tracking
- Increased use of Non-Intrusive Inspection technology at Ports of Entry and Exit
Thank You
Varsha Singh