



**World Customs  
Organization**

## **WCO Voluntary Compliance Framework**

### **12th TFA Working Group Meeting**

VIII. TFA Article 12: Customs Cooperation  
a. Measures Promoting Compliance and  
Cooperation

**5 March 2020**

# Voluntary Compliance and the TFA

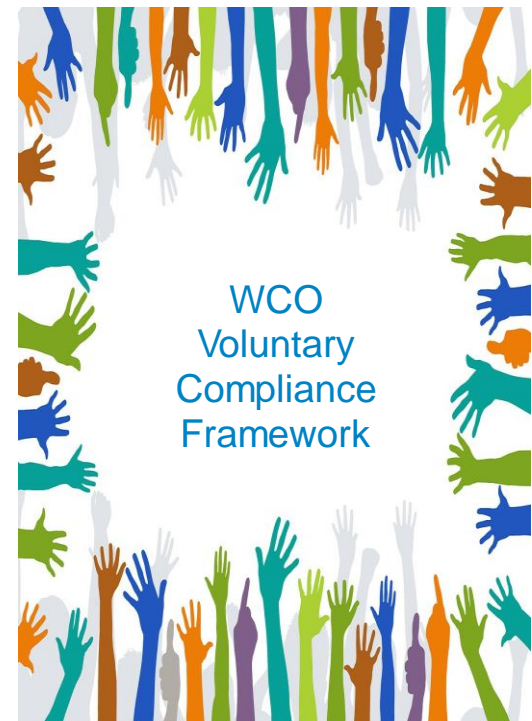


- (WTO TFA Article 12: 1.1.) Members agree on the importance of ensuring that traders are aware of their compliance obligations, encouraging voluntary compliance to allow importers to self-correct without penalty in appropriate circumstances, and applying compliance measures to initiate stronger measures for non-compliant traders.
- (WTO TFA Article 6: 3.6.) When a person voluntarily discloses to a Member's Customs Administration the circumstances of a breach of a Customs law, regulation, or procedural requirement prior to the discovery of the breach by the Customs Administration, the Member is encouraged to, where appropriate, consider this fact as a potential mitigating factor when establishing a penalty for that person.

# Objective and effect of a Voluntary Compliance Framework (VCF)



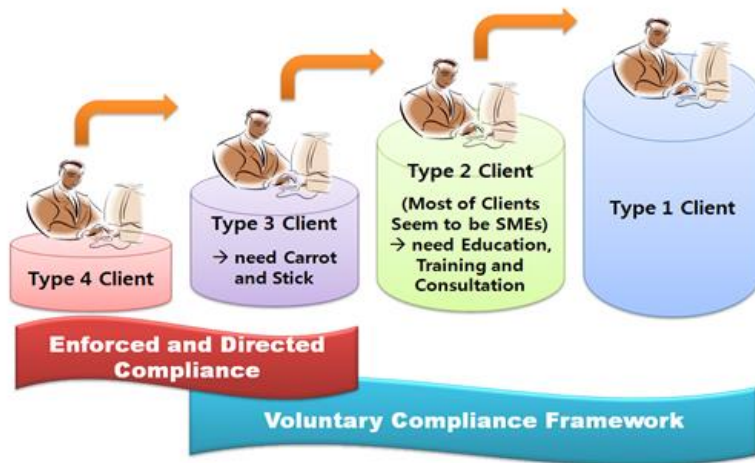
- The VCF aims to improve the level of voluntary compliance of traders and create the conditions necessary to facilitate voluntary compliance as the most cost effective and efficient approach.
- The VCF will help traders comply voluntarily and correctly with Customs law, regulations or requirements. This will also reduce Customs' burdens like inspection and efforts for improving data quality. As a result of this, all Customs procedures will be more effective, more efficient and more transparent. In addition, the VCF can increase revenue collection.



# Clients segmentation and Compliance Framework

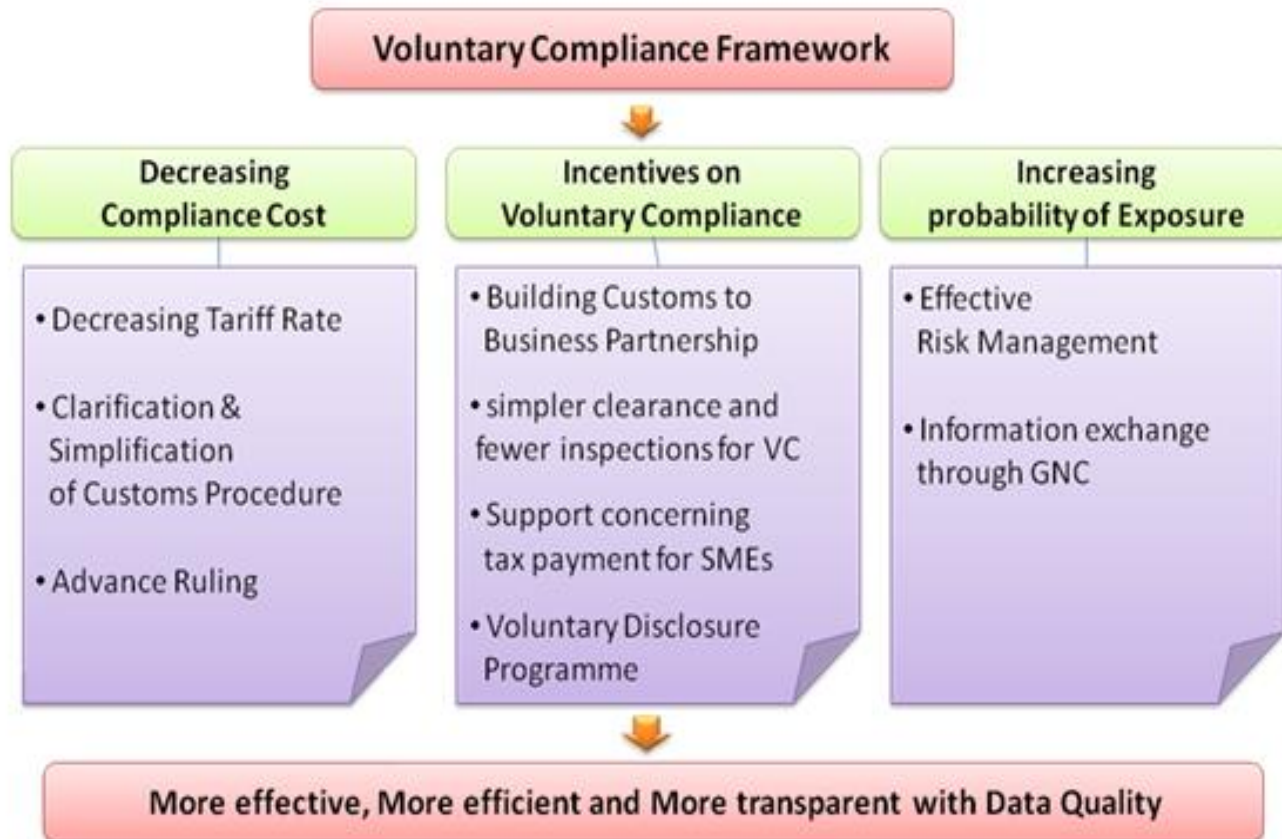


- (1) those who are voluntarily compliant
- (2) those who try to be compliant but do not necessarily always succeed
- (3) those who will avoid complying if possible
- (4) those who deliberately do not comply



**The VCF focuses on the clients of types 1 and 2. But it could be applied to type 3 clients as well, if they show the necessary improvement to be changed into the higher level clients like type 1 or 2 clients.**

# Structure of the VCF



# Voluntary Disclosure Programmes (VDP)



- Definition and effect
- Key elements of VDPs
  - Process for making voluntary disclosure
  - Future compliance activities
  - Penalties and interest
  - Criminal prosecution
- Basic design for VDPs
  - Coverage
  - Basic design
  - How to participate
- Two types of VDPs
  - Permanent programmes
  - Temporary programmes

# Compliance Frameworks of Member Countries



- Canada
- New Zealand
- Japan
- Singapore
- Switzerland
- United States

Canada's model



New Zealand's model





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Thank you

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