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WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Established in 1952 as the Customs Co-operation Council
Créée en 1952 sous le nom de Conseil de coopération douanière

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to Sub-Saharan countries.
Needs Assessment Mission Report, Tanzania, 21 - 23 January 2002

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**WCO/USAID Valuation Technical Assistance Programme
to Sub-Saharan countries**

**Richardt Vork
Project Manager**

**Needs Assessment Mission Report
Tanzania 21-23 January 2002**

Summary

The first phase of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries foresees a needs assessment mission to each of the five countries that have been selected as beneficiaries (Kenya, Lesotho, Nigeria, Senegal, and Tanzania). The Project Manager conducted the needs assessment mission to Tanzania during 21-23 January 2002, in Dar es Salaam. The Tanzania Customs and Excise authorities, and the representatives of the Tanzania Chamber of Commerce, Industry, and Agriculture appreciated the offer of technical assistance and confirmed their interest in the correct implementation of the WTO Agreement on Valuation.

The needs assessment talks resulted in agreement on a draft programme for the workshops/seminars, and a draft calendar for the technical assistance actions to be delivered in Tanzania. This will serve as the basis for the establishment of the detailed work plan.

The Tanzania Customs Authorities provided the Project Manager with a copy of their legislation and administrative instructions. The authorities arranged for visits to the Long Room in Dar es Salaam Customs House, to the Dar es Salaam International Airport, and to the Dar es Salaam port. The authorities described Tanzania's legislation, policies and procedures, including how they work with Pre-Shipment Inspection companies, in relation to valuation, and explained their needs for technical assistance.

The Project Manager had meetings with representatives of the Pre-Shipment Inspection Company COTECNA INSPECTION S.A., the auditing company ICS Inspection and Control Services, Ltd., the USAID in Dar es Salaam, and the Tanzania Chamber of Commerce, Industry and Agriculture.

WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries

Report

Needs Assessment Mission
Dar es Salaam
Tanzania

Member Administration

Mr. George P. E. LAUWO, Commissioner for Customs & Excise,
Tanzania Revenue Authority, Customs and Excise Department,
P. O Box 9053,
Dar es Salaam – Tanzania.

Tel. (255 22) 211 77 65

Fax (255 22) 211 66 40

Website: www.tanzania.go.tz/tra

Location of Mission

Headquarters of the Tanzania Customs and Excise Department,
Dar es Salaam.

Date of Mission

The mission was conducted from 21 to 23 January 2002.

Type of Assistance

Needs assessment in order to determine the technical assistance actions to Tanzania and the calendar of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries. Meetings with representatives of Tanzania Revenue Authority, Department of Customs and Excise, the Pre-Shipment Inspection Company COTECNA INSPECTION S.A., the auditing company ICS Inspection and Control Services, Ltd., the USAID in Dar es Salaam, and the Tanzania Chamber of Commerce, Industry and Agriculture.

Implementation date of the Valuation Agreement

1 January 2001. Tanzania had invoked the five-year delay period granted to developing countries and had requested and been granted a further delay for a period not extending beyond 1 January 2001 (doc. G/VAL/19).

Status

Tanzania is an active member of the WCO. Tanzania is a member of the WTO. The United Nations and the WTO recognize Tanzania as a least developed country. Tanzania is a member of the East African Community (EAC), but Tanzania has withdrawn from

the Common Market for Eastern and Southern Africa (COMESA). Tanzania benefits from tariff preferences as the Generalized System of Preferences (GSP), the Global System of Preferences between developing Countries, and regional arrangements. Tanzania also benefits from the African Growth and Opportunity Act of the USA, and the ACP/EU Cotonou Partnership Agreement signed in June 2000.

Objective of Mission

1. To assess the needs of Tanzania for technical assistance regarding valuation, ensuring the full picture of customs valuation is taken into consideration, including the infrastructure problems, the cooperation with other departments, and the partnership with the private sector, relating to the implementation of the WTO Valuation Agreement.
2. To lay the basis for a detailed work plan by establishing a draft programme and calendar for the technical assistance to be provided to Tanzania.

Participants

The Commissioner for Customs and Excise, the Deputy Commissioners, middle to senior managers, Customs Officers of the Customs and Excise Department, the Dar es Salaam Airport, and the Dar es Salaam Port, representatives of the Tanzania Revenue Authority Institute of Tax Administration, COTECNA INSPECTION S.A., ICS Inspection and Control Services Ltd., USAID in Dar es Salaam, and Tanzania Chamber of Commerce, Industry and Agriculture. Annex 1 contains a list of persons encountered during the mission.

WCO Representative

Mr. Richardt Vork – Project Manager, WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries.

Opening Meeting

Mr. George P. E. LAUWO, Commissioner for Customs and Excise, chaired the first meeting on 21 January 2002. He warmly welcomed the offer of technical assistance and underlined the need for enhanced training programmes.

On behalf of the WCO, the Project Manager thanked the Commissioner for the words of welcome. He explained the content of the draft programme and the draft calendar for the technical assistance. The Project Manager complimented the Tanzania Revenue Authority on its website, which had been useful for the preparation of the needs assessment mission.

The Commissioner said that Tanzania had implemented the WTO Valuation Agreement on 1.1.2001 by means of the Finance Act, 2000 (Act No. 11 of 6.10.2000) that amended the East African Customs and Transfer Tax Management Act. Tanzania had not yet notified the legislation to the WTO, but he expected that notification would occur without delay. In this regard he would take contact with the Ministry of Trade.

The Commissioner confirmed that Tanzania has recourse to Pre-shipment Inspection

(PSI), using the company COTECNA INSPECTION S.A. The PSI Company operates in the exporting countries where it examines those consignments of a FOB value of USD 5000 and above that are subject to such inspections. The company has a liaison office in Dar es Salaam.

The Tanzania Revenue Authority wants to develop and modernize the customs service in order to reduce delays linked to customs clearance and at the same time increase the efficiency of revenue collection. In order to achieve this development, the TRA envisages

- to introduce advance declaration of goods,
- to move away from Pre-Shipment Inspection and towards examination of goods upon arrival (in order to measure the efficiency of PSI, an audit is currently being carried out by ICS Inspection and Control Services Ltd.),
- to strengthen the Customs Service's ability with regard to risk analysis,
- to strengthen the Customs Service's ability with regard to post clearance audit,
- to launch a call for tender for the introduction of X-ray scanning of incoming containers.

The Commissioner underlined that the continuing development of the Customs Service would require an ongoing training effort. He saw economy in providing experts from abroad to train groups of staff in Tanzania, rather than sending groups of staff abroad for training. Where larger numbers of staff needed training, the concept of "train the trainers" should be used. An effort directed towards the business community would also be appropriate. It should be noted that whereas there was an international trend towards lower tariffs, some members of the business community in Tanzania were arguing for more protection.

The Commissioner made available to the Project Manager the Annual Report 2000/2001 of the Customs and Excise Department, and a brochure describing the Pre-Shipment Inspection of Goods in Tanzania. The Commissioner asked Mr. Magazi to make available the relevant publications, and in particular the Finance Act, 2000 (Act No. 11 of 6.10.2000). The publications can be found in Annex 3 of this report.

Programme

Annex 2 contains the programme of the mission.

Closing Meeting

On the last day of the mission, on behalf of the WCO, the Project Manager thanked Mr. Lauwo, Commissioner of Customs and Excise, and the Customs and Excise Department of the Tanzania Revenue Authority for the support and for the excellent cooperation that the staff of Customs and Excise had extended to him.

The Project Manager explained the fruitful discussion that had taken place on 22 January 2002 during a meeting with 9 Customs Officers from Headquarters the Long Room, the Airport, and the Port (Wharf and Bonded Oil Installations). In summary, the officers had suggested training of customs officers, education of the business community, the supply of documentation on risk analysis and post import audit, training equipment, computer

equipment, computer connections and internet access, enhanced international cooperation on customs valuation, indication of freight cost on air waybills, and study visits.

The Project Manager informed Mr. Lauwo of the results obtained during the mission.

The Commissioner agreed to the following draft programme and draft calendar:

| <u>Technical Assistance Action</u> | <u>Time period</u> <u>days</u> | <u>Number of</u> <u>participants</u> |
|--|-----------------------------------|---|
| 1. Valuation workshop for customs officials | 22.07. – 02.08.2002 | 25 |
| 2. Valuation workshop for trainers | 23.09. – 27.09.2002 | 10 |
| 3. Valuation workshop on risk assessment | 16.12. – 20.12.2002 | 10 |
| 4. Valuation workshop on post import audit | 24.02. – 28.02.2003 | 10 |
| 5. Valuation seminar for the business community (1½ days for customs clearing agents, 1½ days for importers) | 07.04. – 11.04.2003 | to be determined |
| 6. Valuation workshop for customs officials | 16.06. – 20.06.2003 | 25 |

With regard to the financial arrangements for the training actions, the Project Manager explained that the policy of the WCO is that the WCO will bear all the costs incurred by the trainers (travel and per diem). The beneficiary administrations would be expected to bear the costs of the training room and the costs of the participants, including their travel to the place of training and per diem expenses.

On the basis of the information obtained during the mission, the Project Manager would establish a detailed work plan as soon as possible.

The Project Manager confirmed that the mission report would be made available to the Commissioner as soon as possible.

The Commissioner said that he had informed the T.R.A. Commissioner General of the WCO/USAID Valuation Technical Assistance Programme and the needs assessment mission. During a T.R.A. senior management meeting in the morning of 23 January 2002, the T.R.A. senior management had expressed strong support for the programme.

The Commissioner was satisfied with the results of the needs assessment mission. He looked forward to the realization of the programme.

The Commissioner mentioned that he had made a request to the WCO regarding the possible allocation to Tanzania Customs and Excise Department of phased-out WCO computer equipment. He suggested that the Project Manager verify whether the request had been received by the WCO.

Evaluation

The first phase of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries foresees a needs assessment mission to each of the five countries that have been selected as beneficiaries (Kenya, Lesotho, Nigeria, Senegal, and Tanzania). The Project Manager conducted the needs assessment mission to Tanzania during 21-23 January 2002, in Dar es Salaam. The Tanzania Customs and Excise authorities and the representatives of the Tanzania Chamber of Commerce, Industry, and Agriculture appreciated the offer of technical assistance and confirmed their interest in the correct implementation of the WTO Agreement on Valuation.

The authorities provided a copy of the Finance Act, 2000 (Act No. 11 of 6.10.2000) that implemented the WTO Valuation Agreement. The authorities also provided a number of brochures and other publications, including the Service Instructions regarding Valuation (on a diskette). They supplied a host of information regarding the customs clearance procedures, with particular emphasis on information regarding customs valuation. At the end of the talks, a draft programme and draft calendar were agreed.

Meetings held with staff of the Customs and Excise Department

Principal Collector, Head of the Central Valuation Unit, Mr. Paul S. MAGAZI coordinated the meetings. He had been designated as the Contact Person for the project. The Project Manager presented the draft programme and the draft calendar. Mr. Magazi made available to the Project Manager the following documents:

Brochure "The Tanzania Budget Highlights Year 2001/2002.

Brochure "Taxes and duties at a glance".

Chart of Customs Headquarters Technical Services.

The Tax Revenue Appeals Act, 2000.

Service Instructions regarding Valuation (on a diskette).

The documents can be found at Annex 3.

Fruitful discussions took place on 22 January 2002 during a meeting with 9 Customs Officers from Headquarters, the Long Room, the Airport, and the Port (Wharf and Bonded Oil Installations). Below follows a summary of the suggestions made by the Customs Officers:

Many of the Customs Officers encountered during the mission underlined that a large percentage of invoices, perhaps four out of five invoices, presented to customs did not show true transaction values, but a lower value. The problem concerned especially non-PSI consignments.

This problem was compounded by the absence of freight information on the air waybills. They said that airlines had indicated to customs that the IATA freight rates were too high and that it was commercially necessary to use lower freight rates. Airlines had further explained to customs that such lower rates, however, were not in conformity with IATA rules and they were therefore not indicated on the air waybills. The Customs Officers suggested that the WCO might consider contacting IATA on this issue.

The Customs Officers said that honest importers were put at a competitive disadvantage by unscrupulous importers' underdeclaration of value and by smuggling. The large number of incorrect invoices suggested that there was a need to educate the business community on the advantages for traders that would accrue from a loyal and correct declaration by all of the transaction value. The Customs Officers felt that the current situation demonstrated the need for more effective post clearance audit, enhanced combating of smuggling, and stiffer penalties for evaders of customs duty and taxes.

Much emphasis was placed on the need for documentation on how to carry out risk analysis and post import audit. Several officers asked for connection in the Long Room to the database maintained by the Central Valuation Unit and for Internet access in order to consult exporters' websites for price information. Several officers also suggested the need for training equipment, and for computer equipment for data collection, price comparison, and dissemination of these data.

It was suggested to conclude Memoranda of Understanding with customs authorities in exporting countries on the supply, on request, of valuation-related information.

Computer connections with transport companies (for the purpose of lodging the manifests in good time before arrival of vessels, aircraft and containers), and bonded oil installation companies would be useful. Several officers felt that it was urgent to upgrade the ASYCUDA system.

A need was expressed for study visits in order to learn what other countries have done in the area of post import audit and valuation databases. One officer asked for documentation on the oil industry and oil products. He also asked for advice on how to value oil products declared for clearance, in case where the oil products had been stored in a tank together with other consignments of identical products.

Some Officers suggested that customs clearance agents should be obliged to keep records showing what they have cleared through customs, so that meaningful post import audit could be carried out not only at the importers premises, but also at the premises of the customs clearance agents.

Organization of the Customs and Excise Department

The Tanzania Customs and Excise Department is one of three Departments of the Tanzania Revenue Authority. The Customs and Excise Service is composed of Headquarters, Customs offices organized as four Regions in Dar es Salaam, 9 Up Country Regions with transit and border stations and 16 Up Country Stations. Working hours are 8 H to 17 H, with a lunch break from 13 H to 14 H. The staff totals 1003 persons. The Customs Service has 3 customs patrol boats. The customs offices in Dar es Salaam collect 80% of the revenue. In Dar es Salaam about 200 import declarations are processed daily. Tanzania Customs and Excise processes about 100 000 import declarations annually,.

In Headquarters, Customs Valuation is the responsibility of Mr. Shami M. S. MFIKIRWA, Deputy Commissioner, Technical Services, who is in charge of three units – Tariff and Trade Division, Special Procedures and Licensing, and the Central Valuation Unit headed by Mr. Paul Magazi. Mr. Magazi is responsible for six sections: Valuation Rulings, Valuation Database, Studies on Export Markets, Post Clearance Audit, WCO and WTO Valuation Meetings, Revenue Forecasting and Evaluation. The Central Valuation Unit has a staff of five Customs Officers. The database on valuation is currently produced by the PSI company COTECNA INSPECTION S.A. Mr. Magazi would want to be able to use valuation data from the ASYCUDA system as soon as possible. The Central Valuation Unit maintains a separate book with information on values of used motor vehicles.

In the Long Room there are four Valuation Officers, in the airport there is one Valuation Officer. These officers examine all customs entry declarations. A Valuation Declaration Form has been designed, but not yet implemented.

Customs clearance procedure

In Dar es Salaam and Zanzibar Tanzania uses the ASYCUDA computer system, version 2.7. It is foreseen to migrate to ASYCUDA++ by the end of 2002. Manifests are lodged by the transport companies and data captured by customs personnel. Customs declarations, called Single Bill of Entry or in short SBE, may only be lodged by customs clearance agents or by importers that have obtained a license as customs clearance agents. Most often customs clearance agents on behalf of the importers lodge the SBEs. There are around 300 customs clearance agents in Dar es Salaam. Qualifications of staff of the customs clearance agents are not always satisfactory. There are about 10 000 importers in the country. As mentioned already, the number of customs clearance declarations is about 100 000 annually.

The SBEs are data captured by customs personnel. When a SBE has been lodged, it is passed to a Customs Officer who controls that all supporting documents are present. The Declaration Officer decides on the allocation of the SBE and on whether physical examination is necessary. All used motor vehicles are examined and 5 % of other imports, using risk management criteria.

After this stage and after the physical examination, if any, a valuation officer examines the SBE. The current situation is that where no PSI document is produced perhaps as many as four out of five invoices are rejected because they do not represent the true transaction price – the Customs Officers call them "fabricated invoices" – and an uplift of the declared value is carried out on the basis of past imports of identical or similar goods. Several Customs Officers felt that there was a need for strengthening the Post Clearance Audit function and for the introduction of stiffer penalties for persons that attempt to evade customs duties and taxes.

A flow chart of the clearance process is attached in Annex 3. When the SBE has been processed, the customs clearance agent, or the importer in cases where the importer has lodged the SBE himself, is informed of the amount due. Payment must occur before the

goods can be released.

Appeal procedure

If the importer does not accept the value as determined by customs, he may appeal. If he wishes to obtain the immediate release of the goods, he must pay, under protest, the amount due in accordance with the value determined by customs. The appeal is decided upon, in the first instance, by the Regional Revenue Officer, if necessary by the Head of Central Valuation Unit, and if necessary, by the Commissioner. The importer may take the appeal further, to the Administrative Appeal Board headed by a judge and with 10 members appointed by the Minister of Finance. The final appeal will be to the Appeal Tribunal.

Post Clearance Audit

The Post Clearance Audit Section was established on 1 January 2002. It is still in the initial preparation stage and is not yet fully in place. The staff of the Section is very small at this point in time. The Section has an urgent requirement for documentation, training, and computer equipment to carry out its functions.

Importers are required to maintain their records for five years. The Customs authorities consider that compliance with this requirement is average. The Customs legislation makes it possible for Customs to visit importers' premises without the need for a permission from a judge.

Field visits

Mr. Magazi arranged visits to the Long Room, the Airport, the Port (Wharf), the Port (Bonded Oil Installations), Tanzania Revenue Authority Institute of Tax Administration (ITA) in Dar es Salaam, and to the Pre-Shipment Inspection Company COTECNA INSPECTION S.A., and the auditing company ICS Inspection and Control Services, Ltd.

The Customs Officers in the Long Room, the Airport, and the Port explained the procedures and work practices.

Tanzania Revenue Authority Institute of Tax Administration (ITA)

The ITA is a large facility some distance from the city center designed for teaching TRA staff that eats and sleeps on the facility. ITA was renovated recently. It has four classrooms for 25-30 persons each, plus a management room for 15-20 persons. Two of the classrooms can be merged into one large classroom. The rooms are airconditioned and there are good toilet facilities. Each classroom is equipped with desks, chairs, screen for overhead projector, flipchart, and white board. ITA also has a computer room with 9 personal computers that are linked to a server and a printer. ITA has only one modern overhead projector, and it does not have a laptop computer to drive a projector for Power Point presentations.

On the grounds there are buildings for accommodation, meal service, and relaxation. ITA invoices the courses to the TRA. The cost for a one-week course for 25 persons, with board and lodging, would be 3 million Tanzanian Shillings, equivalent to 3260 USD. To

this amount should be added travel costs (perhaps around 1600 USD) for those persons that do not come from Dar es Salaam.

The TRA Human Resource Department (HRD) must be informed of every training action that is to be performed in the ITA. There is a Human Resource Officer of TRA HRD (Mr. LUSESA) stationed in the Customs and Excise Department. The Training Coordinator for Customs and Excise is Mrs. Anita MSERWA (absent on 22 January 2002). The ITA Academic Officer is Mr. Y. MBAGHI. The training programme for ITA is established for each financial year that runs from 1 July to 30 June.

Meeting with COTECNA INSPECTION S.A., Tanzania Liaison Office

The Project Manager explained the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries. The COTECNA representatives explained the company's operations and results. COTECNA is a company with 7000 staff operating in over 100 countries. The Liaison Office in Dar es Salaam has 65 staff. Communication is fully electronic between the Liaison Office and the issuing units in the countries of export. COTECNA operates a large database with values of commodities and information on exporters and importers. COTECNA's work results in the detection of undervaluation, of false documents, and of the illegal splitting of consignments in order to avoid PSI.

COTECNA provided a brochure "PSI and PE Audit Programme Review January to December 2000" to the Project Manager. The brochure highlights that "the engagement of a PSI and Post Entry Auditor has had a very significant revenue enhancement effect." The brochure states that "immediately after the introduction of the PSI/PEA Programme, there has been an irrefutable increase in revenue collection amounting to almost US Dollars 100 million (one hundred million) between 1999 and 2000." In the brochure it is indicated that COTECNA has found that the compliance rate for non-PSI shipment is low, and that as a result perhaps as much as 40% to 60% of potential revenue is lost. In the brochure COTECNA suggests that this fraud could only be proved through audit of the exporters.

The COTECNA representatives suggested that the requirements for professional competence of Customs Clearing Agents should be strengthened and be better enforced. COTECNA had noted that there had been a reduction of the number of revenue officers in Dar es Salaam from 600 to 275, resulting in severe staff shortages.

The COTECNA representatives said that the auditing carried out by ICS had not resulted in any cases of uplift that had been confirmed on appeal. On appeal, all uplifts suggested by ICS had been rejected because of lack of evidence.

COTECNA's contract with the Tanzania Government foresees that the company must provide training to customs officers. Some training has been provided, and COTECNA has plans for providing a training course

- on risk management,
- on physical inspection,
- on appeal process, and

- on “train the trainers”

to be delivered in the I.T.A. in Dar es Salaam. Another option would be to provide practical training in one of COTECNA’s issuing units that carry out PSI. COTECNA had a number of qualified international customs experts for capacity building. COTECNA would also provide information seminars to the business community. However, COTECNA would not be in a position to deliver all the training necessary in Tanzania. Mr. Adrian Walker and Mr. G. El Ghoual are in charge of the customs valuation training.

The COTECNA representatives were aware of Tanzania’s desire to move away from PSI towards destination inspection. They would offer COTECNA’s assistance with regard to risk management/selectivity and X-ray scanning of containers. COTECNA’s experience in Ghana was that customs clearance time could be brought down from 12- 14 days to 48 hours.

The COTECNA representatives drew attention to the program involving the Japanese Auto Appraisal Institute (JAAI). Since 1 January 2002, JAAI provides certified information with regard to value, description, and roadworthiness for new and second-hand Japanese vehicles imported into Tanzania. COTECNA participates by ensuring that the certificates presented to the Tanzanian authorities are genuine. The COTECNA representatives said that this program had had an immediate positive impact on compliance with regard to customs valuation.

Meeting with ICS Inspection and Control Services Ltd.

The Project Manager explained the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries. The ICS representatives explained the company’s operations and results. ICS is a company with 500 staff. The administrative Headquarters are in Washington D.C., but price gathering and software development is centralized in Dubai.

The ICS representatives provided the Project Manager with a brochure "Customs Modernization & Revenue Enhancement Solutions" that explains the company's activities. The company intended to approach the Government of Tanzania, proposing the adoption of a computerbased clearance system (“Microclear”) developed on the basis of the system that ICS has delivered to Dubai.

The ICS representatives said that their auditing of the PSI in Tanzania had resulted in many uplifts of customs value, indeed ICS had found problems in 25 % of the audited declarations. They said that the ICS price database was an effective tool for the combating of dual invoicing, and that the ICS auditing had an important preventive effect.

Meeting with USAID in Tanzania

The Project Manager explained the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries. The USAID representatives were interested in the programme.

The USAID representatives said that the T.R.A also benefited from an ongoing technical assistance programme (“Tax Administration Project” financed by the World Bank. The T.R.A. Commissioner for Finance Mr. PATRICK J. MWANGUNGA was coordinating this programme. An extract relating to customs issues of a report issued by the World Bank is attached (annex 4).

The USAID representatives explained a current technical assistance programme for the T.R.A. Tax Department, aimed at training tax investigators. The USAID representatives confirmed that equipment could be supplied within the framework of that USAID programme.

One of the USAID representatives felt that experience showed that the preventive effect of fines was insufficient to induce compliance with tax regulations. The representative was of the opinion that prosecution in serious and clear fraud cases resulting in judgments of imprisonment would probably have a much stronger preventive effect than administrative fines.

Meeting with Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA).

The Project Manager explained the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries. The TCCIA representatives welcomed the initiative. They said that they were very appreciative of the fact that the Customs Departments was prepared to work towards harmonization of rules and procedures with the rest of the world. The TCCIA was interested in simplifying the customs clearance procedure. They would be interested in a “Tanzania Logistic Community”.

They suggested that the talks on deepening the cooperation within the Eastern African Community should be complemented with efforts towards harmonizing customs procedures and customs forms in the EAC countries. They suggested that Uganda should be included in the WCO/USAID valuation technical assistance programme.

The TCCIA representatives agreed with the Customs Administrations’ wish to move away from PSI towards destination inspection. They saw the PSI as a cause for delays and unnecessary costs. They said that the fee to COTECNA INSPECTION S.A. amounts to 1-2 % of the value of the goods, and that the delays were costly in themselves¹. They expected that abandoning PSI would result in quicker customs clearance and reduced costs. They saw the auditing of the PSI as duplication of effort. They agreed that it would be necessary to make the post import audit function of the customs more effective.

They would welcome a formal information/dissemination seminar with participation of customs clearing agents and importers. They suggested that two-day seminars be held in Dar es Salaam, Mwanza, and Arusha. TCCIA would be prepared to coordinate the preparation of such seminars. The Project Manager explained the financial arrangements for such seminars.

¹ Delays would result e. g. in higher storage costs, longer immobilization of defective machinery when spare parts had to be imported for repairs, and uncertainty with regard to delivery dates, obliging importers to keep larger stocks than would otherwise be necessary.

The TCCIA representatives suggested that several customs officials should benefit from a "train the trainers" course in order to enable them to provide continuing information on customs valuation. This information would be needed not only in Dar es Salaam but also in Up Country Regions.

Recommendation

1. That this report be noted.

Forwarded.

28 January 2002

Richardt Vork
Project Manager

List of Annexes:

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| Annex 1. | List of persons encountered during the needs assessment mission. |
| Annex 2. | Programme of mission. |
| Annex 3. | Finance Act, 2000 (Act No. 11 of 6 th October 2000). The Tax Revenue Appeals Act, 2000. Service Instructions regarding Valuation. Brochure "The Tanzania Budget Highlights Year 2001/2002." Brochure "Taxes and duties at a glance". Annual Report 2000/2001 ("Customs In Figures 2000/2001"). Chart of Customs Headquarters Technical Services. Brochure "Taxpayer's Guide on New Customs Valuation System" Brochure "Pre-Shipment Inspection of Goods in Tanzania". Brochure "Passenger Clearance – A Guide to Travelers" Flow chart for ASYCUDA imports. |
| Annex 4. | Extract of World Bank report. |
| Annex 5. | PSI and PE Audit Programme Review prepared by ICS |

List of persons encountered during the needs assessment mission.

Tanzania Revenue Authority, Customs & Excise Department

Mr. George P. E. LAUWO, Commissioner for Customs and Excise.
Mr. Shami M. S. MFIKIRWA, Deputy Commissioner, Technical Services.
Mr. Wencym SETONGA, Deputy Commissioner, Up Country Regions Operations.
Mr. S. S. YUSUFU, Deputy Commissioner, Dar es Salaam Region.
Mr. Paul S. MAGAZI, Principal Collector, Head of the Central Valuation Unit, Project Contact Person.
Mr. Suweid FAIZ FARAJ, Principal Collector, Head of Post Clearance Audit Section, Central Valuation Unit.
Mr. Erick E. LUOGA, Assistant Collector, Central Database Section, Central Valuation Unit.
Mr. Edward NDUPA, in charge of the Long Room.
Mr. ASSENGA, Assessor in Long Room.
Mr. Elias H. MCHILA, Head of Declarations Office, Long Room.
Patrick M. SHANGA, Assistant Collector, Valuation Officer, Long Room.
Ms. Jane A. SALDA, Central Distribution Office.
Mr. E. J. HESHIMA, Assistant Customs Officer, Long Room.

Mrs. Methodia KIISA, Regional Revenue Officer, Dar es Salaam International Airport.
Mr. MOSI, Examination Section, Dar es Salaam International Airport.
Mr. Robert FULGENCE, Head of Declaration Section, Dar es Salaam International Airport.
Mr. Robert MANYAMA, Assistant Customs Officer, Dar es Salaam International Airport.

Mr. H. Z. TUNGASHA, Regional Revenue Officer, Dar es Salaam Port, Bonded Oil Installations.
Mr. Simon M. MHULULA, Customs Officer, Dar es Salaam Port, Bonded Oil Installations.
Mr. Patrick KISAKA, Regional Revenue Officer, Dar es Salaam Port (Wharf).
Mr. Bernhard M. MWENDA, Assistant Regional Revenue Officer, Dar es Salaam Port.
Mr. John E. PALINGO, Senior Examining Officer, Dar es Salaam Port (Wharf).
Ms. Anna MPONEZYA, Assistant Customs Officer, Dar es Salaam Port (Wharf).

Tanzania Revenue Authority Institute of Tax Administration (ITA)

Mr. Pashal KABUNDUGURU, Acting Training Coordinator.

ICS Inspection and Control Services

Mr. Allan J. ROBINSON, Chief Executive Officer in Washington D.C.

Mr. David CHRISTIAN, General Manager, Dar es Salaam.

Mr. Joseph MWANAKATWE, ICS representative advising customs in Dar es Salaam International Airport.

COTECNA INSPECTION S.A., Tanzania Liaison Office

Mr. Verne KULYK, Senior Customs Advisor.

Mr. Fred CHATELIN, Operations Manager.

USAID Dar es Salaam

Ms. Judith COKER, Private Enterprise Officer.

Mr. Steve BOWEN, Tax Investigation Advisor (IRS) to T.R.A. (mobile telephone 0741 419014)

Tanzania Chamber of Commerce, Industry and Agriculture.

Mr. Isaac DALLUSH, Chairman, DSM Region

Mr. Basil SAPRAPASEN, Vice President – Commerce,

Mr. J. M. M. MATIKO, Vice President–, Agriculture

Mr. Mario M. KALANJE, Executive Director

**Programme of mission of Project Manager Richardt Vork
WCO/USAID Valuation Technical Assistance Programme
to Sub-Saharan countries**

- 20 January 2002 Arrival of Project Manager.
- 21 January 2002 Meeting with the Commissioner of Customs and Excise,
accompanied by the Head of Central Valuation Unit.
Meetings with senior administrators in the Customs and Excise
Department.
Meetings with Customs Officers in the Long Room, the Airport,
and the Port (Wharf and Bonded Oil Installations).
- 22 January 2002 Meeting at the Tanzania Revenue Authority Institute of Tax
Administration.
Meeting in Conference Room with Customs Officers.
- 23 January 2002 Meeting with COTECNA INSPECTION S.A.
Meeting with ICS Inspection and Control Services Ltd.
Meeting with USAID in Dar es Salaam.
Meeting with Tanzania Chamber of Commerce, Industry
and Agriculture.
Closing meeting with Commissioner of Customs and Excise.
- 24 January 2002 Departure of Project Manager.
at 00,30 Hrs.