

IMPROVEMENT OF REGULATORY AND LEGAL ACTS ON SIMPLIFICATION OF CUSTOMS PROCEDURES BASED ON THE APPLICATION OF THE AUTOMATED RISK MANAGEMENT SYSTEM OF THE CUSTOMS SERVICE OF THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

The article explains step by step the ways to improve customs administration in the Republic of Uzbekistan, to simplify customs procedures, improve the efficiency of customs authorities, eliminate bureaucratic barriers for entrepreneurship and improve the investment climate in the country. The stages of improvement are considered on the example of one existing normative act and its amendments and additions.

Keywords: customs code, "export", "simplification" risk management system, implementation, standard, "yellow corridor", "red corridor", "green corridor", "blue corridor".

INTRODUCTION

The Republic of Uzbekistan systematically carries out the tasks of liberalization of foreign economic activity, increasing the investment attractiveness and strengthening the export potential of the country. For this purpose, a number of normative-legal acts are adopted in all spheres and sectors of the economy. The correct implementation of the planned tasks to a significant extent depends on the effectiveness of the structures entrusted with their implementation.

In particular, customs authorities also address a number of systemic problems that hinder the formation of a favorable investment climate and the development of entrepreneurial activity in the country.

Existing customs procedures are also changing with the times and introducing new international norms and standards in full compliance with modern requirements, reducing unnecessary financial and time costs for participants in foreign economic activity.

Also, mechanisms are being developed to encourage participants in foreign economic activity to comply with customs laws, encourage bona fide entrepreneurs, reduce administrative barriers for them.

In order to further improve customs administration and simplify customs procedures, increase the efficiency of customs authorities, eliminate bureaucratic barriers to business development and improve the investment climate in the country, new normative legal acts are being developed and amendments and additions are being made to existing normative legal acts.

In particular, as of April 2022, the State Customs Committee of the Republic of Uzbekistan has developed:

Type of draft regulatory legal act	Number	Adopted
Law of the Republic of Uzbekistan	1	-
Decree of the President of the Republic of Uzbekistan	5	-
Decree of the Cabinet of Ministers of the Republic of Uzbekistan	11	-
Decree of the State Customs Committee of the Republic of Uzbekistan	17	7
Total number:	34	7

Adopted regulatory legal acts on developed projects:

Type of draft regulatory legal act	Number	Adopted
Law of the Republic of Uzbekistan	2	2
Decree of the President of the Republic of Uzbekistan	0	-
Decree of the Cabinet of Ministers of the Republic of Uzbekistan	1	1
Decree of the State Customs Committee of the Republic of Uzbekistan	8	8
Total number:	11	11

For example, such changes as amendments and additions to:

a) The Customs Code of the Republic of Uzbekistan;

b) Instructions:

- "On customs sampling procedures";

- "On the order of filling in the cargo customs declaration";

c) Regulations:

- "Customs control of International postal and courier consignments";

- "Imposition of special customs seals on cargo premises during transportation of goods by road and rail vehicles under customs control on the customs territory of the Republic of Uzbekistan" and others.

Returning to the subject of this article, it is proposed to consider changes and additions on the example of one current normative act, in particular, the Decree of the State Customs Committee of the Republic of Uzbekistan "On Approval of the Rules for imposition of special customs seals on cargo premises during transportation of goods by road and rail vehicles under customs control on the customs territory of the Republic of Uzbekistan"¹ (hereinafter – the Decree).

This Decree was approved on July 18, 2017 and has been amended and supplemented three times in the intervening period.

Some of the changes were made directly to simplify customs procedures based on the application of the automated risk management system (RMS) of the Customs Service of the Republic of Uzbekistan.

As amended on August 16, 2019, pursuant to the Decree of the President of the Republic of Uzbekistan № PP-4160 dated February 5, 2019, paragraph 4 was amended by paragraphs five through eight¹.

In the part of the topic under consideration is supplemented by the fact that in cases of the use of RMS at the customs posts of departure, if the vehicle and its cargo space have no signs of risk of violation of customs legislation (except for vehicles loaded with transit goods), special customs seals will also not be put on the cargo compartments of vehicles loaded with goods under customs control.

The reason for adding this paragraph to the Decree was the introduction of the RMS in full operation on December 1, 2018.

In accordance with the Decree of the President of the Republic of Uzbekistan № UP-5582 dated November 24, 2018 "On additional measures to improve customs administration and increase the efficiency of the State Customs Service of the Republic of Uzbekistan", since December 1, 2018, the automated RMS has been implemented in full mode with the use of:

"Yellow corridor", in which the forms of customs control to check the customs declaration, documents and information are carried out in respect of goods and vehicles with an average risk level or defined by random selection;

"Red corridor", in which forms of customs control are carried out with respect to goods and vehicles with a high risk level or defined by random selection;

"Green corridor", in which forms of customs control are not carried out with regard to goods and vehicles with a low risk level when deciding on their release;

"Blue corridor", in which forms of customs control are carried out on goods with an average risk level or defined by random selection, after their release.

One of the main directions of the RMS is the implementation of the principle of selectivity in customs control. The introduction of the RMS in customs authorities has made it possible to reduce the volume of customs controls, improve their quality, make optimal use of available forces and resources, reduce the time spent on customs control and clearance, and increase their efficiency. In addition, the number of customs inspections, which are now conducted only upon the triggering of risk profiles, the direct measures to minimize which are determined by customs inspection, or upon the declarant's application, when a foreign trade participant needs to identify the goods he receives, has been reduced.

The Republic of Uzbekistan is carrying out consistent reforms aimed at improving the efficiency of the state customs service of the Republic of Uzbekistan using modern information and communication technologies.

In order to radically reform the customs authorities, effectively use modern information, and communication technologies in the customs service, a number of regulations, roadmaps and action plans have been developed.

These normative documents are aimed at reforming customs administration, further improving it and increasing the efficiency of customs authorities, forming a "digital customs", which is a logical continuation and development of "paperless and electronic customs", and accelerating the implementation of generally accepted international norms and standards in the field of customs in the national legislation.

Customs software is constantly being updated, improved and supplemented. The introduction of new systems requires improvement, simplification and harmonization of existing normative legal acts.

As of April 2022, 43 automated information systems, 33 interactive services, information exchange with 8 countries of the world and 14 ministries of Uzbekistan operate in the customs authorities.

The customs authorities have recently implemented comprehensive measures to introduce new automated information systems, in particular, the “Risk Management System”, the “System of Automatic Registration and Distribution of Cargo Customs Declarations”, the “Customs Value Control System” and others. In addition, work continues on equipping border customs posts with modern large-size scanning equipment.

The introduction of the RMS made it possible to reduce administrative barriers to foreign trade participants, avoid unjustified costs, save time and expedite customs clearance of goods.

In addition, to create favorable conditions in accordance with the amendment of December 31, 2020, paragraph 5 of the Decree was supplemented by a paragraph, according to which in the customs regime “export” through the “green corridor” cargo customs declaration is processed automatically. When exporting goods with the registration of the TIR Carnet, or at the request of shippers and (or) carriers special customs seals are applied to the cargo compartments of vehicles at border customs posts.

This norm is aimed at saving time both for customs officials when drawing up the cargo customs declaration and for participants of foreign economic activity, including reduction of costs.

A letter from the Ministry of Justice dated February 10, 2022 suggested revising certain existing departmental regulatory legal acts in accordance with the Law of the Republic of Uzbekistan № 748 dated February 1, 2022.

Taking into account the innovations in the activities of customs authorities, the third amendment to the Customs Code of the Republic of Uzbekistan was introduced on March 4, 2022 in accordance with the Decree of the President of the Republic of Uzbekistan № 5582 dated 24.22.2018 “On additional measures to improve customs administration and increase the efficiency of the state customs service of the Republic of Uzbekistan”.

The changes regarding the topic of the article are the simplification of export clearance procedures, using the capabilities of the RMS. Forms of customs control are applied to high-risk goods and vehicles (“red corridor”) or detections at random selection.

The abolition of special customs seals in the case of registration of the cargo customs declaration through the “green” and “yellow” corridors in the customs regime "export" will bring the following results:

- Reduce the time of customs control and clearance at customs posts;
- The manufacturers and suppliers of these goods will be trusted;
- It will reduce the number of appeals by FEA participants or carriers directly to FEA customs posts;
- It will save customs authorities the cost of acquiring means of identification.

It should be noted that the laws, decrees and resolutions adopted today are aimed only at creating convenient and favorable conditions for business entities, improving customs administration, simplifying customs procedures, improving the efficiency of customs authorities, eliminating bureaucratic barriers to business development and aimed at improving the investment climate in the country.

And most importantly, these changes simplify the process of placing special customs seals on the cargo compartments of vehicles with goods at customs posts.

The grounds for exclusion in this case are established by the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention)¹, and in accordance with the requirements of the Decree № 727² of the Cabinet of Ministers of the Republic of Uzbekistan dated

December 2, which stipulates that the goods transported by road under the TIR Carnet are transported under customs seals and stamps.

It should be noted that the changes were tested in 2021 in the case of automatic registration of cargo customs declarations in the customs regime “export” and gave positive results.

In addition, the amendment solved the problems arising in practice today in the imposition of special customs seals on the cargo compartments of vehicles with goods under customs control.

Due to the fact that it is not easy to conduct full verification and ensure the full reliability of the information submitted to the customs authorities, the limited resources of customs authorities should be used with the greatest efficiency and focus on the riskiest operations and shipments, where there is increased taxation, persistent violations of customs rules or such that undermine the interests of domestic producers or threaten other state interests, which customs authorities are designed to protect.

Conversely, where there are no risks or its risks are minimal in terms of the consequences of possible violations, you can use the most simplified technologies of customs clearance, avoid unreasonable costs associated with the demurrage of vehicles, transportation of goods, their storage at the customs terminal.

For example, there were 417 143 customs inspections in 2018 and 188 483 customs inspections in 2021, 228 660 fewer than in 2018.

As a result, the number of inspections compared to the reporting period decreased by 2.2 times, the effectiveness of detection of customs offenses increased by almost 4.7 times (from 434 to 2 037), and the amount of additional customs duties recovered was 640.6 billion so’ms (\$ 57.3 million).

It should be noted that in 2021 customs clearance was carried out according to the following indicators:

— **By Weight of Goods:**

- ✓ 88.5% of goods were under simplified customs control. This figure is almost 95% in exports and 84.9% in imports.
- ✓ 48% of goods were subjected to documentary control (31% in exports and 57.8% in imports).
- ✓ 11.4% of goods were cleared using all forms of customs control (4.9% in exports and 15% in imports).

— **By Value of Goods:**

- ✓ 83.9 percent of goods were under simplified customs control. This figure is almost 91.9 percent in exports and 81.4 percent in imports.
- ✓ 55.3% of goods were subjected to documentary control (34.6% in exports and 62.6% in imports).
- ✓ 16.1% of goods were cleared using all forms of customs control (9% in exports and 18.6% in imports).

— **By Number of Cargo Customs Declarations:**

- ✓ 80.5 percent of goods were under simplified customs control. This figure is almost 89.7 percent in exports and 75.8 percent in imports.
- ✓ 55.4% of goods were subjected to documentary control (42% in exports and 62.4% in imports).

✓ 19.5% of goods were cleared using all forms of customs control (10.3% in exports and 24.2% in imports).

Also, in order to identify bona fide FEA participants and apply simplified customs procedures to them, criteria for categorizing FEA participants have been introduced. At present, participants in foreign economic activities are evaluated on the basis of these criteria, depending on the level of risk.

In 2018, the average time taken to prepare export customs declarations (from the moment of submission) was 2 hours and 12 minutes; in 2021, this figure dropped to 2 times or 1 hour (1 hour 54 minutes for the red corridor, 58 minutes for the yellow corridor, and 53 minutes for the green corridor).

In 2018, the average time taken to import (from submission) was 5 hours 58 minutes, and in 2021, that figure has dropped to half or 2 hours 32 minutes (3 hours 48 minutes in the red corridor, 2 hours 30 minutes in the yellow corridor, and 1 hour 18 minutes in the green corridor).

The presented reporting data confirms the correctness of the chosen direction of improvement of customs administration and reflects the effectiveness of the measures taken by the customs authorities of the Republic of Uzbekistan on the way of creation of a favorable investment climate in the country and the development of entrepreneurial activity.