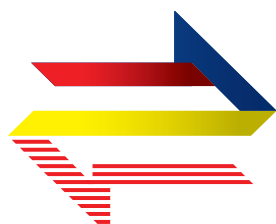




ASEAN CUSTOMS TRANSIT SYSTEM (ACTS)

Customs Transit within ASEAN Member States
An Introduction for Customs Authorities



ACTS | ASEAN CUSTOMS
TRANSIT SYSTEM



one vision
one identity
one community





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1. Background of the ACTS

- 1.1 The ASEAN Customs Transit System (ACTS) is a harmonised system for the control of the movement of goods in transit through ASEAN Member States. It replaces the traditional paper based controls with electronic processing of data and messages that contain the information required for the transit procedure. This provides for a more efficient transit system; that facilitates trade at the same time reducing the risk of improper use of the transit system, the loss of goods and the prevention of revenue leakage.
- 1.2 Under the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) signed on 16 December 1998 in Ha Noi, Viet Nam, the Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam, Member States of the Association of South East Asian Nations (ASEAN) agreed, as Protocol 7, to establish the ACTS and to apply the provisions of this Protocol to the transit of goods in their territories.
- 1.3 Protocol 7 to AFAFGIT and its Technical Appendix establish the legal and technical provisions for the operation of ACTS to operate as an effective and efficient Customs transit system within ASEAN Member States.
- 1.4 These provisions are in line with international standards as recommended in the World Customs Organization Revised Kyoto Convention (RKC) and the World Trade Organization Trade Facilitation Agreement (TFA). Chapter 1 of the RKC under Specific Annex E provides the recommended standards for the facilitation of transit goods under Customs control and the requisite security and Customs guarantees. It also includes the standards concerning responsible persons, authorised consignors and consignees, the formalities at the office of departure, Customs seals and the time limit for transit.
- 1.5 The World Trade Organization Trade Facilitation Agreement includes a specific article on freedom of transit, and strengthens the key principle of freedom of transit as defined by Article V of the General Agreement on Tariffs and Trade (GATT). Article 11 introduces transit measures that have minimum documentation requirements and formalities, and the requirements for transit guarantees.
- 1.6 The TFA and the RKC both encourage the development of cooperation agreements that facilitate transit operations. This provides for the harmonization of Customs transit procedures, the exchange of information and common IT transit systems. The RKC recommends that Contracting Parties consider the possibility of acceding to international agreements relating to Customs transit.

2. The movement of goods in international transit

When goods enter a country, Customs will demand payment of import duties and other charges and may apply other national policy measures. This is the case even where the goods are only meant to pass through (to transit) that country on their way to another. Under certain conditions the taxes and charges paid may be reimbursed when the goods leave that country. In the next country this procedure may have to be repeated. The goods may have to undergo a series of administrative procedures at border crossings before reaching their final destination.

3. Main functions of transit

Transit is a Customs regime that facilitates the movement of goods across ASEAN borders. Under Customs transit, Customs duties and taxes normally payable on the goods upon entry into each country are suspended until the final destination of the goods. This means that the transport operator does not need to make a separate national Customs declaration at each border, or pay duties and taxes upon entry into a country and then reclaim them upon export of the goods from that country, or even take out a separate Customs guarantee in each country. The importer will pay the Customs duties and taxes only when the goods are imported into the final country of destination. Of course, after transit the goods may be exported from ASEAN, in which case no duties and taxes are due. Customs transit offers an administratively simple and cost advantageous procedure to carry goods across Customs territories.

4. ACTS transit in participating ASEAN Member States

- 4.1 The ASEAN Customs Transit System (ACTS) is a control system designed to facilitate the transit process within participating ASEAN Member States (AMS). It offers the possibility of lower transport costs for business, through reduced delays at borders and fewer physical inspections of goods en-route, plus providing incentives to reliable traders for further efficiencies through procedural simplifications.
- 4.2 ACTS also gives to Customs authorities the means to effectively monitor and control transit movements.

5. Customs view of transit risk

Under transit, Customs will use their existing structured risk management programme as a basis, that is, as utilised for imports and exports. This will mean that the standard risk profiles will be developed, depending on the reliability of the transit operator, the goods that are transported, the origin of the goods or the route utilised. A random element will be added to the risk management programme, as normal, to detect new methods of smuggling.

6. A transit system needs to manage risks by:

- Having knowledge of the applicant/transit operator;
- An ability to recover any duty/taxes due because of loss or diversion of goods;
- Identifying any goods presenting an unacceptable risk;
- Assuring that goods cannot be easily accessed or interfered with in transit; and
- Having the capability to monitor a transit movement from start to finish.

7. ACTS manages transit risks by:

- Having an identified applicant (called within ACTS as the 'Principal') who under the Customs Laws of the Member State takes responsibility for the transit movement;
- The applicant (Principal) providing an appropriate guarantee, covering the maximum potential tax/duty liability (Customs debt), acceptable to and enforceable in each country of transit;
- The listing and reliable identification of goods specifically excluded from transit using ACTS, or subject to fixed restrictions on export, import or transit movement;
- Effective controls to identify and minimize the risks of mis-description, either to evade detection of restricted or prohibited goods, or potential Customs debt;
- Goods usually being moved within secure vehicles or containers, with approved 'non-tamper' seals; and
- Electronic messaging, to monitor the transit movement at each way point between departure and arrival at destination.

These are the main components of the ASEAN Customs Transit System and the principles behind the described procedures.

8. Transporters opportunities and responsibilities with ACTS

The person responsible for the transit operation is '**The Principal**' for ACTS, and may be the owner of the goods, or more often, the owner's representative (such as the carrier).

9. Goods eligible for ACTS transit

9.1 Any goods listed as prohibited from transit within the territory of any Contracting Party are specifically excluded from ACTS.

9.2 The provisions of the implementing agreement specify that:

“Contracting Parties may prohibit and/or restrict certain goods from the use of the ACTS, where this is justified on the grounds of public morality, public policy or public security, the protection of health and life of humans, animals or plants, the protection of national treasures possessing artistic, historical or archaeological value, or the protection of industrial or commercial property”

9.3 The combined list of all goods prohibited from transit using ACTS is available from Customs.

9.4 The prohibition generally extends to all dangerous and hazardous goods, however, as with other goods listed and identified by ACTS as 'restricted', approval may be given in certain circumstances, subject to strict controls and national authorisations.

10. ACTS transit procedure

The Principal (or the agent representing the Principal) must be registered with ACTS and:

- Initiates the transit operation and is responsible for following the ACTS transit procedure to completion;
- Obtains and gives a guarantee to Customs to cover the risk to revenue of transit operations;
- Submits an electronic Customs transit declaration using ACTS;
- Presents the goods and supporting documents to the intended Customs office of departure, for verification by that office.

11. Requirement for customs release into transit

- The goods are properly secured, and the packages container or vehicle affixed with approved tamper-proof seals;
- The driver departs, taking into account any special instructions on the route to be taken or permitted transit time. The driver has a '**Transit Accompanying Document**' (TAD) from Customs that gives an ACTS Reference Number (ARN) and a description identifying the goods in transit;
- The TAD and the goods, with the security seals intact, are presented to border Customs offices of

transit;

- The driver completes the transit by presenting the goods and documents for verification at the Customs office of destination.

12. Customs office of destination

Customs control at the office of destination either confirms that:-

- The goods are as described and have been safely received, and the amount of the guarantee held can be released to the Principal; OR
- Discrepancies were found, or the goods were not delivered; the Principal remains primarily responsible until enquiries resolve any resulting issues.

13. Opportunities for further simplification

Regular transit operators may apply for '**Authorised Transit Trader**' (ATT) status. This requires an evaluation by Customs as to their experience, proven reliability and financial stability. Authorised Transit Traders have likely advantages such as reductions in the amount of guarantee, reduced routine physical examinations and the option of 'door to door' transit, by means of Customs authorised locations.

14. The ACTS transit declaration

14.1 The Principal, in preparing the electronic ACTS declaration, must provide accurate information and in sufficient detail to properly identify the goods, including their packaging (e.g. cartons, barrels etc.) intended for transit.

14.2 The declaration information is used to verify that those goods are eligible for ACTS transit procedures (i.e. not listed as '**excluded**' or **subject to prohibitive restrictions**), and also to calculate the amount of guarantee needed.

15. Guarantees and guarantors

15.1 The guarantee is an amount held by or available to Customs if the terms of the transit approval are not met, such as the loss or improper diversion of the goods.

15.2 The amount of guarantee is a calculation of the highest rates of duty/taxes potentially payable on those goods (with rates based on AHTN commodity code) through the countries of intended transit.

15.3 The amount of guarantee for the transit operation is held by Customs (the '**office of guarantee**') in the country of departure until released upon notice of discharge (satisfactory termination) of the transit movement from the country of destination.

16. Guarantors

16.1 A Guarantor is a legal 'person', such as a bank, which undertakes to pay the duties and taxes that will be due if a transit operation is not discharged properly and the Principal trader is not able to pay for the duties and taxes due to Customs.

16.2 Guarantors must be established in and approved by the Customs office of guarantee in the country where the guarantee is furnished.

For the pilot phase of ACTS, participating Member States will only accept guarantees issued by a bank.

17. Categories of transit guarantee:

a) Single Journey Guarantee

Covers only a single transit operation by the Principal concerned, covering the full amount of duties, taxes and other charges for which the goods are liable.

b) Multiple Journey Guarantee

Covers several transit operations up to a given **Reference Amount**, set to equal 100% of the total amount of duties and other charges that may be incurred for goods under the Principal's transit operations over a period of at least one week.

AUTHORISED TRANSIT TRADERS WITH PROVEN EXPERIENCE AND RELIABILITY HAVE UNDER 'SIMPLIFIED PROCEDURES' THE OPPORTUNITY TO SIGNIFICANTLY REDUCE THEIR REFERENCE AMOUNTS, AND SO THEIR OVERALL COSTS IN TRANSIT OPERATIONS¹

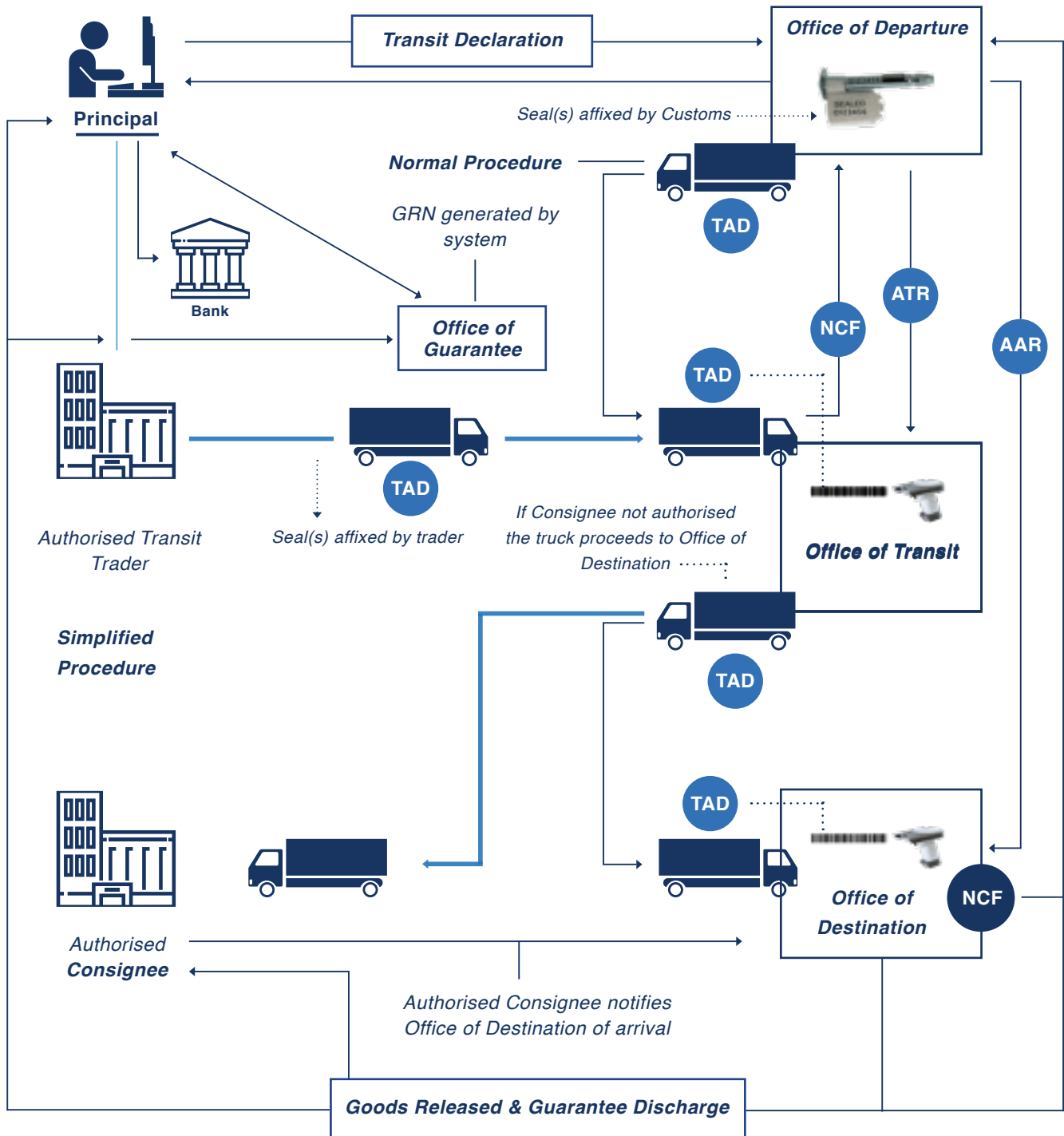
¹ Malaysia does not allow guarantee waivers

18. Procedural features of ACTS

- The Principal obtains a guarantee and lodges it with the Customs office of guarantee;
- The guarantee details are electronically recorded and a Guarantee Reference Number (GRN) is given by the system;
- The Principal submits the transit declaration electronically to the Customs office of departure using the registered guarantee to cover the transit operation;
- ACTS validates that the guarantee covers the highest duties and taxes at risk in the transit movement;
- Customs affixes seals to the means of transport or if using the Simplified Procedure, the seals are affixed by the Authorised Transit Trader;
- If validation of the declaration and guarantee by ACTS is successful, the transit declaration is given a unique ACTS Reference Number (ARN) to identify the transit movement;
- The Transit Accompanying Document (TAD) is printed out and accompanies the goods from departure to destination. The TAD is shown on the last page of this brochure;
- Anticipated Arrival Record (AAR) and Anticipated Transit Record (ATR) messages are sent electronically by the office of departure to the declared offices of transit and destination;
- A Notification of Crossing Frontier (NCF) message is sent from the office of transit to the office of departure. Upon receipt of the NCF, the office of departure sends the NCF to other transit offices and office of destination;
- An 'arrival advice' message is sent by the office of destination to the office of departure when the goods arrive;
- The office of destination sends the 'control result' message to the office of departure after the goods have been checked;
- The system provides for both normal and simplified Customs transit procedures; and
- Fallback procedures apply for when the electronic ACTS is unavailable.

The following diagram gives a pictorial view of ACTS procedures

Overview of ACTS




- TAD** – Transit Accompanying Document (Printed),
- ATR** – Anticipated Transit Record,
- AAR** – Anticipated Arrival Record,
- GRN** – Guarantee Reference Number
- NCF** – Notification of Crossing Frontier

Transit Accompanying Document (TAD)

ACTS - ASEAN CUSTOMS TRANSIT SYSTEM

ARN 000000000089678145

TRANSIT ACCOMPANYING DOCUMENT (TAD)	2 Consignor TIN		1 DECLARATION Type			
	6 Consignee TIN		3 Forms	4 Total Items		5 Total packages
	10 Trader reference/Contact details		7 Total gross weight (Kg)			8 Proposed date of departure
	13 Identification of means of transport		14 Container <input type="checkbox"/>	11 Proposed countries of transit		
	16 Nationality of means of transport		12 Country of destination			9 Date of release for transit
	17 Mode of Transport		18 place of loading			15 OFFICE OF DEPARTURE
	19 Office of Exit		20 Location of goods			
	21 Container identifier, marks and number of packages, number and type of packages and description of goods		22 Item No	23 Commodity Code		24 Currency code
	31 Other information covering the liability of goods to specific requirements		25 Invoice value			26 Gross weight (kg)
	32 Change of conveyance / container		27 Net weight (kg)			28 Supplementary Unit
33 CERTIFICATION BY COMPETENT AUTHORITY		29 Country of origin		30 Country of origin code		
34 Principal TIN		35 Other incidents during carriage; details and measures taken:		36 CERTIFICATION BY COMPETENT AUTHORITIES		
37 Intended Customs offices of transit		Represented by Place and date:		Details on reverse <input type="checkbox"/>		
38 Guarantee details		39 Countries not valid for guarantee (code)		40 Customs Office of Destination		
41 CONTROL BY CUSTOMS OFFICE OF DEPARTURE Result: Seals affixed (Number): Serial number: Time limit (date) & Itinerary: Name and signature: Stamp		42 CONTROL BY CUSTOMS OFFICE OF DESTINATION Date of arrival: Examination of seals: Remarks:		43 Receipt registration under No. Name and signature: Stamp		





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