
Customs Revenue Benchmarking Database (CRBD)

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Summary

The significance of customs receipts is declining, whereas that of the other taxes and duties levied by customs administrations is growing. A Swiss-led study group under the auspices of the World Customs Organization's (WCO) Working Group on Revenue Compliance and Fraud is currently looking at how a Customs Revenue Benchmarking Database (CRBD) regarding the taxes and duties levied by customs administrations could be built. This would promote common understanding. Moreover, this knowledge would enable customs administrations to support decision-makers in their countries with corresponding know-how. They would also be more transparent vis-à-vis the business community.

1. Introduction

The significance of customs receipts is declining in World Customs Organization (WCO) member states, partly as a result of the growing number of free trade agreements. Meanwhile, customs receipts are likely to account for only a small proportion of the administration's total receipts in many countries. In Switzerland, for example, the Customs Administration had receipts of over CHF 20 billion in 2015, representing around a third of the Confederation's total receipts. Import duties account for barely 5 per cent—approximately CHF 1 billion. Switzerland stopped levying export duties years ago. This trend is continuing. The total elimination of customs duties on industrial goods is even being considered.

The tasks of customs administrations have changed significantly in recent years. Aside from collecting customs duties, they already perform tasks for the economy (such as protecting or promoting the domestic economy) or for the benefit of public security and safety (such as people checks at the border). But what are new are tasks in favour of the environment (e.g. levying of incentive fees and consumption taxes) and other taxes and duties to compensate for the declining customs duties.

The CRBD focuses on the receipts of a customs administration irrespective of why or for whom they are collected. The database should allow for as quick and simple an overview as possible of the taxes and duties collected by the individual customs administrations. This would be a first step towards the sharing of experience among the administrations. The data should be available primarily to the member states, although some of it should also be available to the general public and/or the business community. Information should be provided not only on the systems used, but also on the resources deployed.

2. Progress made

A Swiss-led study group under the auspices of the WCO's Working Group on Revenue Compliance and Fraud, and with representatives from the customs administrations of New Zealand, Vietnam and Finland, is currently looking at how a database regarding the taxes and duties levied by customs administrations could be built. The work is supported by the Cross-Border Research Association (CBRA, <http://www.cross-border.org>).

The study group's first two meetings showed that the necessary data is already available to a large extent, meaning that the cost of creating a database can be kept down. For example, information on the taxes and duties collected by EU member states is publicly available at http://ec.europa.eu/taxation_customs/tedb/legacy/taxSearch.html. Searches can be restricted to the taxes and duties levied by customs administrations. However, such an overview is lacking at the international level and is not geared to the members' needs.

Topics in the area of taxes and duties are also increasingly being discussed within the WCO. However, the WCO is still oriented towards the collection of customs duties. The Tariff and Trade Affairs area is subdivided into Nomenclature, Valuation and Origin. An area responsible for the other taxes and duties collected at the border is missing. In principle, the WCO would be an ideal platform for the member states to exchange information on the collection of all taxes and duties at the border or generally by customs administrations.

In September 2016, the WCO organised a meeting on e-commerce that met with a resounding response. A key point for the big players in this area is the so-called *de minimis* approach, that is, an exemption limit for the importation of small consignments. Transparency concerning total costs was also called for so that clients can avoid surprises when purchasing. Unpleasant client experiences with import duties would currently hinder e-commerce. However, all duties and taxes that are collected at the border must be taken into consideration when dealing with these issues. What would the client gain by receiving a parcel duty-free but with various fees?

Harmonisation of the collection of duties and taxes, similar to the trend in recent decades for customs duties, seems utopian at present. The taxes and duties levied are too different, as are the reasons why a state collects a tax or duty. Nevertheless, an overview would promote common understanding. Moreover, this knowledge would enable customs administrations to support decision-makers with corresponding know-how in their countries.

3. Next steps

The study group had its third meeting in Brussels in mid-February 2017. Aside from a cost estimate, a preliminary proposal for the database structure was presented. Representatives from Australia, Canada, China and India announced their interest in the work of the study group.

All the findings have now been collected. A study report will be prepared and transmitted to the WCO's Working Group on Revenue Compliance and Fraud, which will discuss the follow-up.

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