

Is a Customs Audit the Activity of this Service? Or the Inspection Process? Priorities for its Implementation

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Abstract- This article describes the importance of customs audit, its legal framework, best practices of developed countries in the field of customs audit and their integration into national legislation. Author's approaches to their application in the practice of the national system and their reflection in the national customs legislation have also been developed. As a result of the research, suggestions, recommendations and conclusions were formed.

Keywords: Customs clearance, customs audit, risk management system, customs procedures, simplification of customs procedures.

I. INTRODUCTION

In recent years, like all other sectors and industries, significant positive changes have been executed in the conduct of customs policy in Uzbekistan. In particular, amendments and additions to the customs legislation, the rules of customs clearance and the procedure for its implementation, creation of additional opportunities for further acceleration of foreign trade, reduction of customs clearance time for import and export goods and the introduction of the practice of selective control of the general customs control using the risk management system, the organization and conduct of customs audit on the basis of the accounting and financial reporting documents of the FEA entity on the basis of the existing database in the customs authorities after customs clearance, etc. In the appeal (on december 22, 2017) of the President of the Republic of Uzbekistan Sh. Mirziyoyev to the Oliy Majlis: it was noted that "the complexity of customs procedures is one of the factors hindering the development of entrepreneurship".

Experience has shown that the intensification of trade between countries, the growth of their flow, the need to further reduce the time spent on customs control and clearance. Because, firstly, the annual increase in the number of participants in foreign trade processes and their export-import operations, while this is certainly a positive development, secondly, the number of employees serving in the customs authorities remains unchanged, it is required to find a scientifically based solution to this problem. In accordance with the requirements of the international standard for the conduct of Customs Administration, as well as due to this necessity, in the implementation of compliance with customs legislation, an innovative solution to the problem - as a form of customs control, which is carried out after the release of goods - the importance of carrying out customs audit has increased. This activity is simultaneously associated with expectation in the participants of foreign economic activity, it is also served in the reduction of excessive costs in stutter. In addition, the legality of economic relations arising during customs control and clearance, the issue of verification of their legitimacy can be clarified only during the customs audit, which is carried out after the release of goods.

It should be noted that taking into account different economic and political conditions, levels of economic integration and other characteristics of countries, the establishment and development of a customs audit system after the export of goods in different countries did not happen in the same way, or there is not a single perfect form of it that can be applied in the customs practice of all countries, some aspects of the best practices widely used in the customs practice of some developed countries. Therefore, there is no doubt that a thorough study of international experience in customs audit after the release of goods, this is one of the most important issues, especially in the context of further development of the customs authorities of Uzbekistan. Customs audit, especially after the release of goods in the country, is one of the most promising measures to prevent violations of customs legislation and it is one of the priorities in improving customs administration.

In addition, the actual implementation of the customs audit after the release of goods in the customs system leads to the rational use of labor resources in the system, helps to fairly assess the efficiency of all structural units in the system in real time, teaches FEA participants engaged in the import of goods to work honestly, the volume

of export-import operations will increase, the additional costs of clearance will be automatically reduced, these processes will be accelerated due to time-consuming and, most importantly, Uzbekistan will occupy a much higher place in the World Bank's Doing Business Regulations in terms of foreign trade.

II. LITERATURE REVIEW

If we explain the concept of customs audit, we will find its own interpretations by various experts. According to Luneva E.P. (2003): "Customs audit – in order to ensure compliance with legislation and international agreements after the completion of customs clearance, by the customs authorities, participants in foreign economic activity, covers interrelated, complex measures carried out on the basis of inspections of economic entities directly and indirectly related to goods and vehicles moving across the customs border".[1]

According to A.A. Berzan, "Customs audit is a set of interrelated, comprehensive measures to assess the financial performance of the organization, carried out by the customs authorities in order to ensure compliance with the law in respect of goods crossing the customs border".[2]

According to Tursunov B., [3], . Khodiev, B. Y., Mustafakulov, S. I.,[4] "Customs audit is a form of customs control, which represents a systematic process of collection and evaluation of information published in the customs clearance of goods in order to determine the level of compliance with the law.".

If we look at national legislation, resolution of the Cabinet of Ministry of the Republic of Uzbekistan dated February 25, 2021 №101 "On approval of the Regulation on the procedure for customs audit", "Customs audit is a form of customs control based on the study and verification of compliance with customs legislation after the issuance of goods by comparing the documents submitted by authorized persons in the process of customs clearance with the information contained in the documents related to financial and economic activities".[14]

Issue of statistics of competition of small business and private entrepreneurs assessment methods were studied by Odilov R.[5], the empirical research on causal relationship between export and foreign investments in the economy of Uzbekistan based on granger test were made by Mustafakulov, S. I.[6], econometric model of production capacity usage of textile enterprises in Uzbekistan were researched by Tursunov B.O. [7, 8,11], Modernization and intensification of agriculture in the republic of Uzbekistan were investigated by Yuldashev, N. K., Nabokov, V. I., Nekrasov, K. V. [9,10], evaluation of textile and clothing industry clustering capabilities in Uzbekistan were made by scientists as well as Ergashxodjaeva S. J., Kyvyakin [13], Regional features of industrial production dynamics in the research of textile enterprises financial security in Uzbekistan were studied by Zarova E.V.[12] and et.al.

III. EXPERIENCES OF DEVELOPED STATES

In the EU member states, post clearance audit has been identified as one of the ways to improve the system of customs administration.[19]

In Japan, customs control using audit methods is an important tool in simplifying customs procedures and preventing violations and fraud.[20]

In Canada, the customs audit process is called "Post-Release Verification". It is a customs control mechanism and is a strategically important inspection determined by the risk management system. This type of inspection covers a wide range of financial controls, but the main focus will be on customs tariff classification, customs regime, country of origin of goods and customs value.

According to the World Bank's Doing Business ranking, our country is among the top 20 countries in the world that have implemented the most reforms to facilitate doing business over the past year, including the full introduction of risk management in customs in 2019. recognition is noteworthy.[21]

The technical guidelines of the UN Conference on Trade and Development, published in 2011, suggest accelerating the release of goods for free circulation or reducing control time through the introduction of customs audits.[22]

The above-mentioned UN directive also states that the customs audit will reduce the cost of insurance, warehousing and other costs of goods, and that the customs audit is a more effective means of customs control of goods.

After the release of the goods, the dynamic inspection system allows customs authorities to use the ability to adapt various programs in a mode that can be changed or updated as needed, including risk assessment strategies as part of the inspection regime.

The World Customs Organization's "Recommendations for the implementation of post-clearance audit" states that post-clearance audit provides the following advantages:

- trade procedures will be simplified during customs clearance due to the reduction of border controls;
- assists in assessing the level of risk;
- allows to identify risks and shortcomings in the system of traders as a result of visits to the premises;

- leads to more efficient use of resources of customs administrations;
- detection of fraud by an employee of the customs clearance department of the enterprise protects the enterprise from future risks;
- allows the assessment of the right to obtain the status of an authorized economic operator.

The selection of the audited entity will usually need to be done by a risk analysis system. Selection should be based on risk assessment and human resources for the audit should also be considered. The risk analysis team submits or proposes a plan to the team responsible for conducting the audit. It is important that the audit results are sent back to the risk analysis team after review. This information will help determine the need for repeated and repeated audits.

IV. ANALYSIS AND RESULTS

In all developed countries, customs control is based on the data of the risk management system. It will save both public funds and time of participants in foreign economic activity, as well as significantly increase the efficiency of customs authorities. In this regard, the Decree of the President of the Republic of Uzbekistan dated November 24, 2018 No PF-5582 "On additional measures to improve customs administration and increase the efficiency of the state customs service of the Republic of Uzbekistan" was adopted. [14] After that, the Automated Risk Management Information System was introduced in full mode using the following:

From December 1, 2018:

"yellow corridor", in which the forms of customs control over the verification of customs declarations, documents and information are carried out in respect of goods and means of transport with a medium level of risk or identified at random;

"red corridor", in which the forms of customs control are carried out in respect of goods and means of transport with a high level of risk or identified at random;

From March 1, 2019:

"green corridor", in which the decision to release low-risk goods and means of transport, the forms of customs control are not applied to them;

"blue corridor", in which the forms of customs control over goods with a medium level of risk or determined on the basis of random selection were carried out after their release. As a result, the time and resources spent by businesses on customs clearance are significantly reduced.

Therefore, the creation of favorable conditions for participants in foreign economic activity, customs control after the release of goods through audits as part of the reduction of customs clearance is a topical issue of research.

The full implementation of these tasks in our country is in line with the requirements of modern norms and standards generally accepted in the world, including Chapter 6, Standard 6.6 of the International Kyoto Convention, [15] Recommendations 1 and 2 of the World Customs Organization [16], requirements of Articles 66, 99, 122, 131, 186 of the Customs Code of the World Customs Union, requirements of Article 7, paragraph 7.5 of the World Trade Organization [17], UN Economic Commission for Europe calls for gradual implementation of Recommendation №18 [18] on "Measures to Simplify International Trade Procedures" Improving the Methodology for the Introduction of Customs Audit.

Based on the content of the above-mentioned official documents, customs audit is interpreted differently by scientists, researchers and practitioners conducting research in this field. It is necessary to start with the approaches in their thoughts and opinions, in our opinion, to clarify the system that directly implements this process. That is, in most foreign sources: "Customs audit is recognized as a form of customs control, which is included in the competence of the customs inspector in charge of customs control in terms of responsibilities, duties and duties of the customs authorities, and they must carry out the customs audit". [19]

The two main indicators in the foreign trade rating are the time of customs clearance of goods and the amount spent on it. Taking into account these factors, reform the customs administration, further improve the activities of customs authorities and increase their efficiency, In order to form a "digital customs", as well as to accelerate the implementation of universally recognized international norms and standards in the field of customs in national legislation President of the Republic of Uzbekistan

On June 5, 2020, the Decree No. PF-6005 "On reforming the customs administration and increasing the efficiency of the state customs service of the Republic of Uzbekistan" was signed. According to the decree, the customs authorities were instructed to introduce the institute of customs audit, which provides for customs control after the release of goods, and is currently being implemented.

In this regard, it should be noted that the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated February 25, 2021 "On approval of the Regulation on the procedure for customs audit" No 101 sets the following tasks for customs audit:

- legality of placement of goods under a certain customs regime;

- compliance of the information contained in the customs declaration with the information specified in the supporting documents;
- correct classification of goods cleared in the customs cargo declaration in accordance with the Commodity Nomenclature Code of Foreign Economic Activity of the Republic of Uzbekistan;
- the validity of the declared customs value;
- correct calculation and collection of customs duties;
- correct application of tariff preferences to goods;
- the correct application of customs benefits, compliance with restrictions on the use of goods or their use for the intended purpose;
- compliance with the established restrictions on conditionally released goods;
- legality of operations performed on goods and means of transport;
- verification of compliance with other requirements and obligations established by the customs legislation.

V. CONCLUSIONS

In conclusion, the implementation of customs control after the release of goods is one of the most promising measures for the customs service of the Republic of Uzbekistan to ensure compliance with the customs legislation of the Republic of Uzbekistan.

After the release of goods through a customs audit, customs control can help to simplify and expedite customs procedures by creating favorable conditions for participants in foreign economic activity. This is because this financial control involves the transfer of goods after they have been released. This, in turn, helps solve a number of problems.

Including:

- rational use of labor resources of the customs authorities;
- creation of more favorable conditions for foreign trade participants;
- reduction of costs for storage of goods under customs control, etc.

From the above, it can be seen that there are the following priorities facing the system in the field of customs audit:

1. Based on the objectives of the customs audit, to develop an internal procedure (methodology) in each area, reflecting the sequence of its implementation in each authorized person;
2. Clarification of the planned or unscheduled (emergency) implementation of the customs audit in each direction, in each authorized person (camera and mobile form) in each direction, based on the objectives of the customs audit;
3. Development of an action plan and program for the implementation of the customs audit in each direction, in each authorized person, based on each goal set;
4. Establish a mechanism for annual, regular training of employees of the Customs Audit Department and the audit team in the relevant specialties;
5. Regularly discuss in the system the errors and shortcomings identified as a result of the customs audit to prevent their recurrence in the future, and establish a mechanism to reflect them in the IBT AIS program as a new risk profile and indicator;
6. Creation of an electronic database of customs history of FEA entities with cases of BQB based on the results of the customs audit, development of an electronic mechanism for further incentives for honest FEA entities (issuance and revocation of VIO status);
7. Elements of the AIS program of customs audit, continuous improvement of the functions performed in it and the introduction of a mechanism for automatic selection of FEA subjects and a system of logical control based on artificial intelligence of automatic verification of their documents;
8. Establish a customs audit as an additional mechanism to determine the effectiveness of any structural unit related to customs control and clearance operating in the system.

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