

## Frequently Asked Questions

### **What are the roles and specific responsibilities of the Solomon Islands Customs and Excise Department in respect of imported and exported goods?**

The Solomon Islands Customs and Excise Division in the Ministry of Finance and Treasury is the government department responsible for controlling imports and exports into and out of the Solomon Islands for customs purposes and, sometimes on behalf of other Government agencies.

All goods imported and exported into and out-of the Solomon Islands must be declared to Customs.

With regard to exports customs involvement can commence at the business premises or at the Port or Airport when they leave the country. The export of goods should not proceed until clearance is given by Customs.

Customs work alongside other Ministries and Departments in an endeavor speed up the clearance of your goods. If delays are to be avoided it is important to get the documents right. Errors or discrepancies may cause delays.

### **What is an import?**

An import is defined as the movement of goods into the Solomon Islands from outside territories for personal or commercial reasons. It is important to understand the differences in law for the treatment of regional imports (e.g. MSG), as opposed to International imports.

### **What is an export?**

You export when you send goods from the Solomon Islands for whatever reason. For customs purposes the term "export" generally means the movement of goods to a destination outside of the customs territory of the Solomon Islands.

### **Why do I need to be aware of this?**

Imports and exports are subject to various Customs Laws, Regulations and Prohibitions. You must abide by these "control" measures, so it is a good idea to know what you are getting involved with. When mistakes happen, the Solomon Islands Customs & Excise Division can under the terms of the Laws and Regulations impose various penalties against you, or even seize your goods. Our website is designed to give you guidance to avoid some of the difficulties which can be encountered when importing and exporting goods.

### **Can I use an agent to clear goods on my behalf?**

You may appoint a representative to make an import/export declaration on your behalf. However, if something in the declaration needs an explanation, we will still look to you as the legally declared importer/exporter and not the agent for clarification; it is your responsibility as the importer/exporter to ensure the accuracy of the information provided on the declaration.

We strongly recommend therefore that it is in the best interest of all importers/exporters to check the accuracy of any customs declarations made on their behalf. It is good practice to ensure that you request, receive and obtain copies of all declarations made to customs from your nominated agent.

### **Am I likely to need an import license or permit?**

When you import goods into the Solomon Islands you may come across a number of licensing requirements. Consult Customs or the appropriate Ministry in all instances of doubt or uncertainty.

### **Am I likely to need an export license or permit?**

An export license is required for the exportation of logs from the Solomon Islands. Other licenses may be needed for a wide range of goods and Customs or the appropriate Ministry should be consulted in the first instance.

### **What is meant by the 'Origin' of the product or goods?**

Entitlement to a preferential rate of duty (e.g. MSG) will depend on the product meeting its relevant Origin Rule. These rules vary according to the product and the preferential trade agreement concerned. They require either that the product is wholly produced in the preference country or that it has been manufactured there in accordance with particular rules.

### **Why do I need a Tax Identification Number (TIN)**

A TIN is a six-digit number required by the Solomon Islands Customs & Excise Division to enable regular importers and exporters to obtain Customs clearance via the ASYCUDA World (Automated System for Customs Data). Your TIN is unique, and your registration is a one-off process.

You must ensure that the Inland Revenue Department has your proper address and contact information. Only the Inland Revenue Department can issue your TIN.

### **What if I am an occasional importer and am not in possession of a TIN?**

Alternative arrangements will be made for individuals who are occasional importers of goods into the Solomon Islands. Speak to Customs for further assistance.

### **How do I process a declaration in the ASYCUDA World System?**

Detailed 'How to' Notes are available on the ASYCUDA web site to assist you in processing the Customs declaration..

### **How do I become a 'Registered User' of the ASYCUDA World System?**

To become a registered user of the ASYCUDA World system you must in the first instance submit an application to the Comptroller using the appropriate form which is available on the ASYCUDA web site. Provided you fulfill all the conditions associated with the application you will be approved by the Comptroller of Customs and issued with a password to enable you to access the system.

### **How do I determine the correct Tariff Classification, Rates of Duty and Valuation?**

In order to import or export goods or account for the excise duty on manufactured goods in the Solomon Islands it will be necessary for you to determine the correct tariff classification number, the applicable tariff treatment, the rate of duty and the taxes you will have to pay. All of this information is contained in the Customs Tariff, which is available on the ASYCUDA web site.

### **Why is determining the correct tariff classification important?**

It is a requirement that you must determine the correct tariff classification number for each item you are importing or exporting. Classification numbers are found in the Customs Tariff and are used to determine the correct rate of duty that you must pay when importing or exporting goods.

Most trading countries use the Harmonized System (HS) as the basis of their classification systems. The first six digits of the classification number will be the same for all countries using the HS. The other four digits are unique to the Solomon Islands.

It is important that you use the correct tariff classification number as this information also helps to provide Government with an assessment of its economic situation. More importantly the information provided can be used to establish monetary policy and promote the interests of the Solomon Islands abroad and internationally by foreign investors who are considering the Solomon Islands for potential business ventures.

### **How do I determine the correct tariff treatment and applicable rate of duty?**

Once you have determined the correct tariff classification number, you need to establish the applicable tariff treatment that applies to your goods before you can determine the rate of duty.

### **How do I determine the Customs value of my goods?**

Where the goods you are importing are subject to a sale, the customs value should be based on the CIF price (cost, insurance, freight) plus certain other costs you may have incurred in purchasing the goods (e.g. commissions, royalty and license fees).

This principal method of valuation is known as the 'transaction value' and is used in the vast majority of importations. Where no transaction has taken place (e.g. you imported the goods on loan), a hierarchy of alternative methods of valuation must be used. You should consult the Customs in all instances of doubt or uncertainty in relation to valuation procedures.

### **What is a Customs Procedure Code (CPC)?**

A specific Customs Procedure Code (CPC) must be inserted on the customs declaration to describe the purpose of your shipment and to inform Customs about the duty to be paid on the goods. There are specific CPC's to cover all Customs regimes and procedures

### **Why are 'Exchange Rates' important?**

If you or your suppliers issue invoices with values quoted in currencies other than Solomon Island Dollars (SBD) these will need to be converted to SBD for customs duty and taxes purposes when declaring goods at import and export. The various rates of exchange are provided by the Central Bank of the Solomon Islands and published on a monthly basis by the Solomon Islands Customs Division.

### **What is a Cargo Report?**

Carriers or their agents must provide the Solomon Islands Customs and Excise Division with a report of all cargo carried prior to the arrival of a ship or aircraft by registering the manifest details in the ASYCUDA system. A nil report must also be provided.

Once the manifest has been registered it will be possible for an importer or agent to process a declaration in the ASYCUDA system.

## **What is the Single Administrative Document (SAD)?**

The Single Administrative Document or SAD is the customs declaration form used to control the import and export of goods arriving into and departing from the Solomon Islands. The document uses harmonized codes to identify the countries of origin and destination, the importer, exporter or carrier, the party(s) responsible for making the customs declaration and payments made, as well as providing an inventory of the goods and the number of containers.

## **Payment of Duties, taxes, fees and other charges**

Payments must be made in Solomon Island Dollars (SBD) using **one** of the following methods:

- Cash (up to \$500.00 SBD)
- Personal cheque (if approved)
- Certified cheque or money order (payable to the Government of the Solomon Islands)

A broker or other person may also pay on your behalf.

## **Can I warehouse imported goods without the payment of duties and taxes?**

After your carrier reports a shipment to us, you may wish to move your shipment to a bonded warehouse facility for subsequent Customs release. This means that goods can be moved outside of a Customs controlled area without having the been cleared by Customs. They will remain, however, subject to Customs control.

In essence, you may place imported non-duty-paid goods into a bonded warehouse for a period of up to twelve months. This period may be exceptionally extended on application to the customs department. The facility will provide you with the opportunity to defer the import duties and taxes while the goods remain in the warehouse provided they are brought to 'home use' in the Solomon Islands through the payment of the applicable duties and taxes or re-exported.

Goods stored in a bonded warehouse are subject to examination and audit by the Solomon Islands Customs and Excise Department.

## **Does the Customs Department have the right to examine imported and exported goods?**

The Solomon Islands Customs & Excise Department has the legal authority to randomly select shipments for examination in order to verify compliance or to take samples in reasonable amounts. The frequency of examinations will depend on a variety of factors, including your compliance record and that of other persons or organizations involved with the shipment as well as the type of goods you are importing.

## **Why does the Customs and Excise Department in the Solomon Islands sometimes examine imported and exported goods?**

We may choose to examine your shipment for several reasons:

- To detect prohibited or restricted items (e.g. pornography, narcotics) or smuggled goods
- To fulfill the legislative requirements of other government departments (e.g. meat inspection, import permits); or
- To ensure that the goods comply with the legislative requirements (i.e. to verify their description, value, quantity and marking against the invoice information).

## **Short payments or over-payments**

Occasionally errors are made in the accounting information provided to the Solomon Islands Customs Department, and if we have not made a re-determination, you are required to correct the accounting declaration if the change is revenue-neutral or if you owe us money.

If the change in the accounting information results in a refund of the duties or taxes paid to us, an application for a refund can be filed in most cases up to seven years from the date the goods were accounted for.

## **Must I keep a record of my transactions?**

It is a legal requirement that you must keep all records pertaining to your importations or exportations. This includes information relating to the quantities received, the price paid, the country of origin, vendor information, product information and all other related information.

You must keep all records, whether in electronic or paper format, for seven years from the time of importation. Even if you use the services of a customs broker, you as the importer are responsible for keeping all records on the reporting, release, accounting and payment of duties and taxes on imported goods, as well as any later adjustments.

Failure to comply with this requirement could render you liable to a substantial fine and in more serious cases to a term of imprisonment or both.

### **Is it in my interest to comply with the Customs requirements?**

Without doubt....yes!! We believe that most of our clients voluntarily comply with the law once they understand their obligations and know how to meet them. When you comply with the customs law, your goods will be subject only to the occasional random examination, which will reduce the release time of your goods and in turn, your business costs.

### **What will happen if I don't comply?**

In the Solomon Islands Customs Department, we recognize that some people willfully attempt to break the law by falsifying their accounting documents, smuggling or by falsely describing or undervaluing goods. The Customs Act allows us to apply penalties for technical infractions and, for the most serious offences to seize goods. To be fair and consistent, we judge each case against established parameters. We will, however, prosecute the more serious offences, such as fraud. If you contravene the law, you can expect us to examine your goods more frequently until you establish a satisfactory record of compliance.

### **What is an 'Assessment Notice'?**

An Assessment Notice is the document generated by the ASYCUDA system, advising you of the amount of duties and taxes determined as payable on a particular entry