

Customs Academy

Session 5

17 November 2022

With you today...



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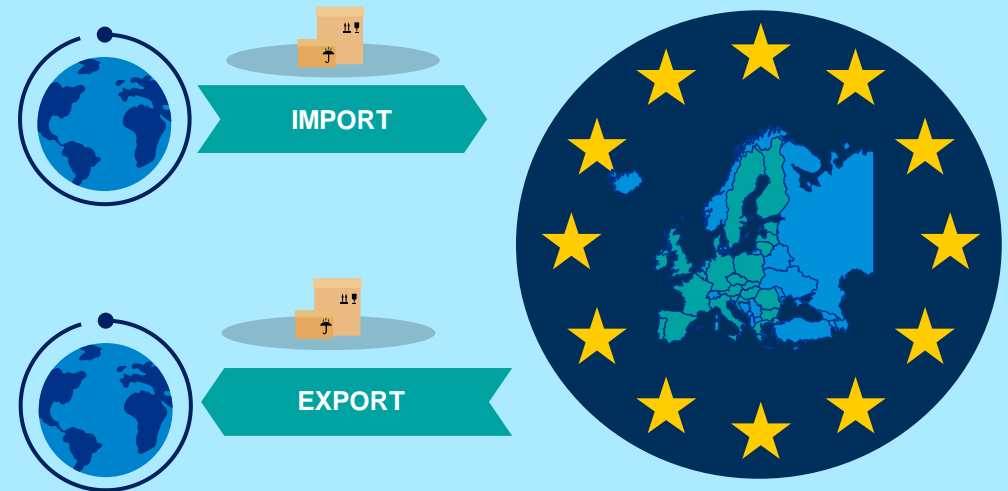
Hologic

*Customs and
Trade
Compliance
Manager EMEA*

What is “customs” about?

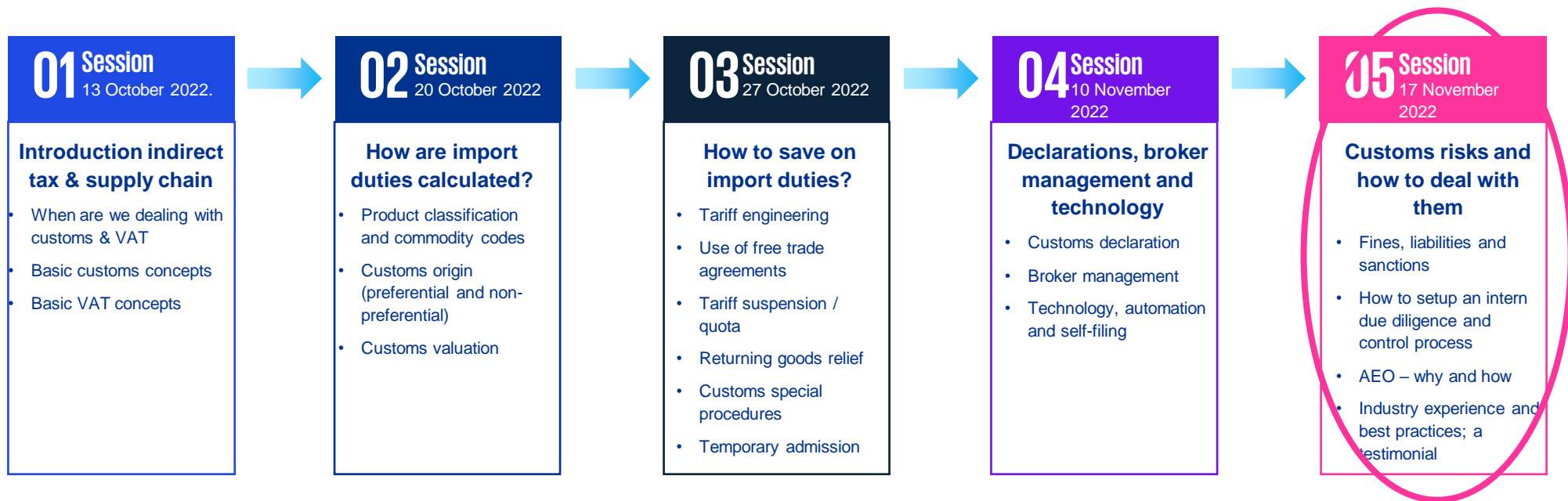


“Customs” is about managing the business critical process within companies related to the the financial, legal and operational impact of cross-border movements of goods.



Customs Academy

5 sessions to raise awareness on customs and supply chain VAT for cross-border movement of goods



What we will cover today...

- ✓ Risks and liabilities related to Customs
- ✓ Risk and liabilities related to supply chain VAT
- ✓ How to manage supply chains in uncertain times
- ✓ Setting up an internal compliance program and how AEO can help
- ✓ Customs risk management in practice – a testimonial

01

Customs risks and liabilities

Wrong tariff classification of a product

Product

Decking board composed of:

- waste wood fibres (60 %)
- recycled plastics (30 %)
- non-plastic additives (10 %)



Question

Is a decking board a:

- 1) Article of plastic ?
- 2) Article of wood ?



Answer

Product

Decking board composed of:

- waste wood fibres (60 %)
- recycled plastics (30 %)
- non-plastic additives (10 %)



Answer

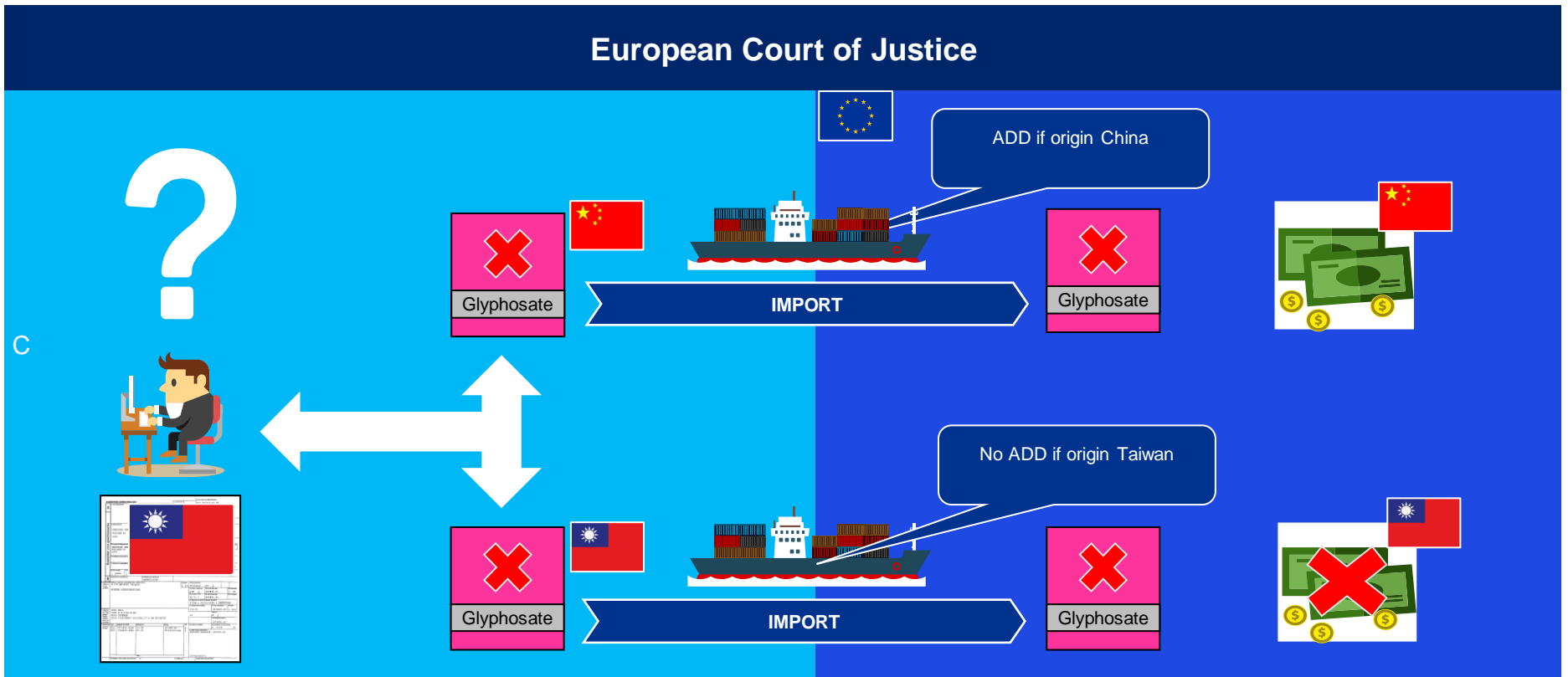
A decking board is to be classified as floor coverings of plastics.

The wood fibres are a filler

The plastic holds the wood fibres

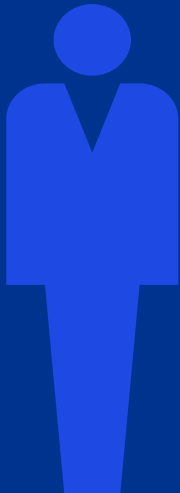
The plastic gives the product its **essential character**

Anti-dumping duties (ADD) on imported goods



Undervaluation of imported goods

European Court of Justice

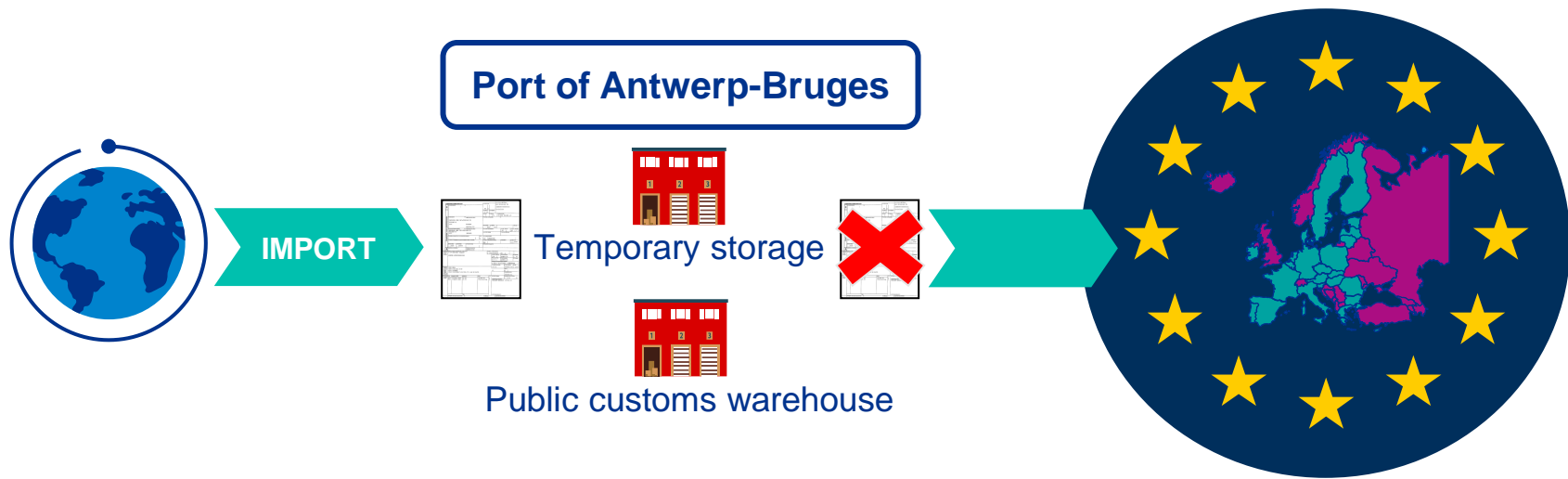


Customs valuation check :

- accounting records and proof of payment = OK
- customs value vs average statistical value = NOK

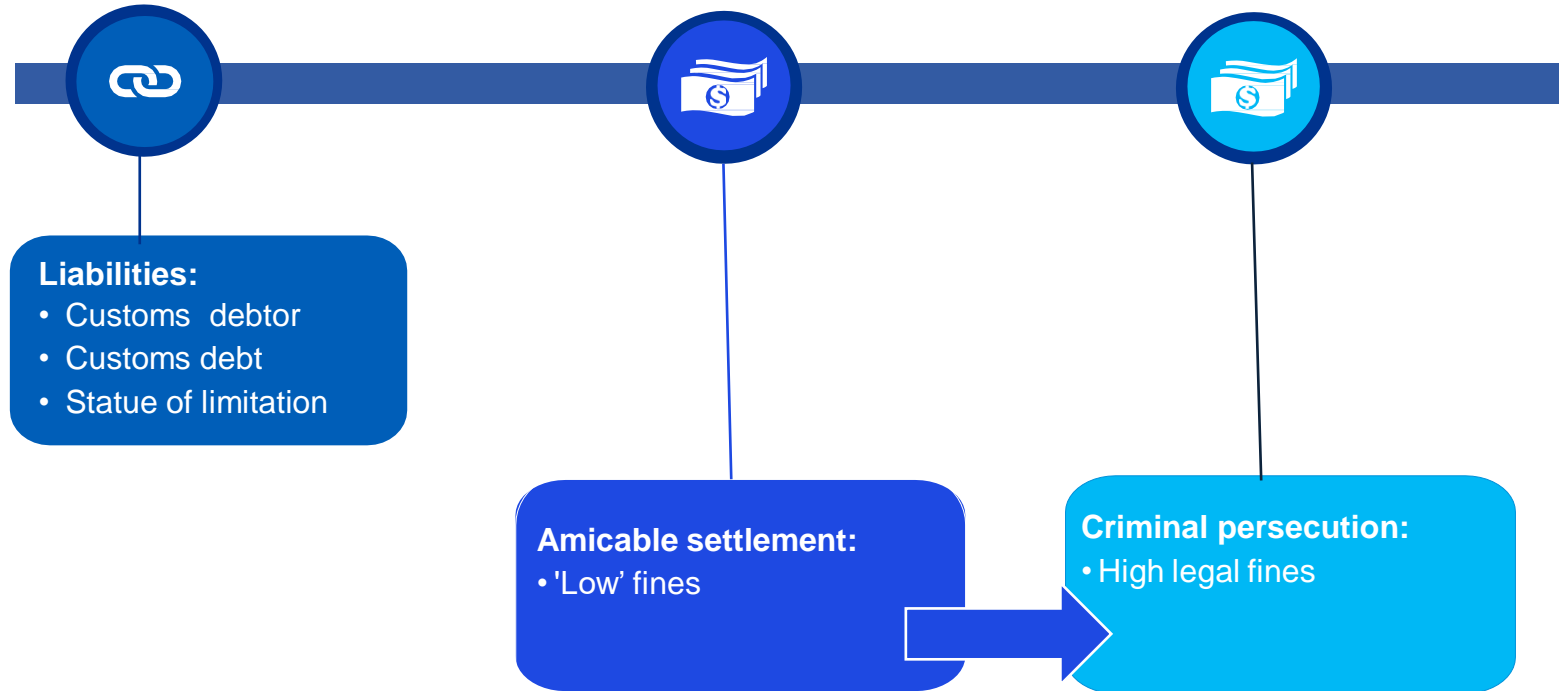
Result : customs value to be based on higher statistical value

Unlawful removal of imported goods



Liabilities, fines, sanctions & appeal

UCC : penalties shall be effective, proportionate and dissuasive

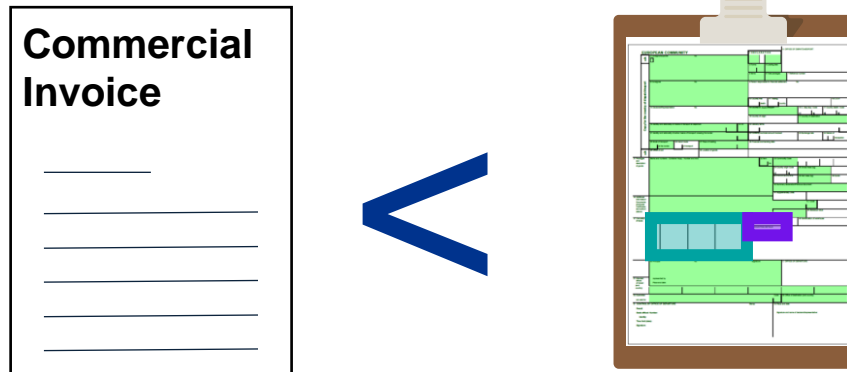


02

VAT risks and liabilities

“War stories” – what can go wrong

- **Company A has an VAT import deferral license (E.T. 14000)**
 - no need to pay the VAT at moment of importation of goods (no VAT pre-financing)
 - Belgian VAT will be paid (and deducted) through the Belgian VAT return
 - however, VAT accounted for **on the basis of the commercial invoice** (instead of import document)

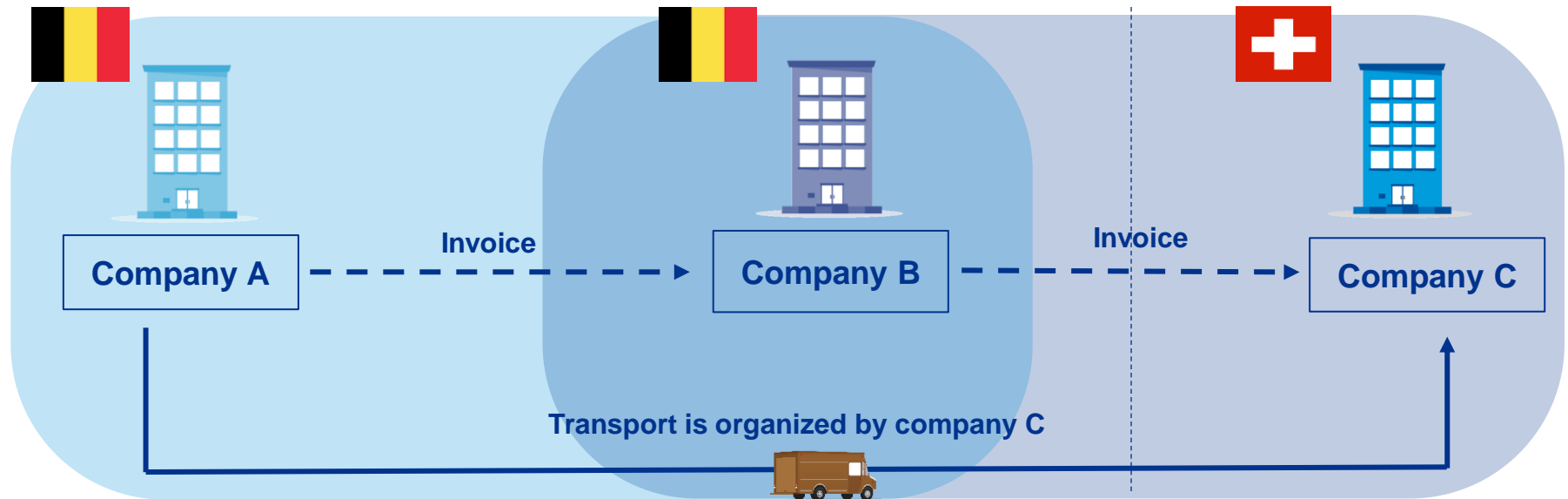


Issue: VAT taxable amount was too low

Risk: VAT authorities can claim the following:

- VAT: underpaid VAT – however, the VAT will be immediately compensated.
- Fines: 10% on the underpaid VAT.
- Interest: 0,8% per month on the underpaid VAT

“War stories” – what can go wrong



Issue: VAT exemption incorrectly applied by company A

Risk: VAT authorities can claim the following:

- VAT: 21% VAT (which can potentially be recovered from party B)
- Fines: 10% on the unpaid VAT.
- Interest: 0,8% per month on the unpaid VAT

Spontaneous regularization

Spontaneous regularization



No fines



Late payment interest remains due

→ however in practice not always claimed by the VAT authorities

Spontaneous regularization



Flexible approach by the VAT authorities



Waiver/reduction of fines and interest

No fines imposed in case the following conditions are simultaneously met:

1. Specific category of infractions (e.g. reverse charge infractions);
2. it is the first infraction of this nature, in a reference period of 4 years;
3. the taxpayer acted in good faith, i.e. the infraction was not committed with the intention of tax evasion or fraud. Good faith is always assumed, the contrary needs to be proven by the VAT authorities;
4. an individual and motivated request for waiver of the fine is submitted by the taxpayer to the competent authority;
5. at the time of submitting such request, the taxpayer must have fulfilled the sanctioned obligation and must have submitted all his VAT returns.

If the conditions are **not met, still possible to ask for a waiver/reduction of the fines.**

Waiver/reduction of late payment interest is more difficult.

03

Supply chain risks



Managing Supply Chains in Uncertain Times

Achieving Operational Excellence in Uncertain Environments

November, 2022



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3.1

Recent Supply Chain Risk Events

Supply Chains Subject to & Creating More Risk than Ever

Events

Supply Chains could rely on suppliers in countries with (unexpected) **political instability or sanctions**. For example the impact of the Russia-Ukraine war on supply chains will be huge.

Supply Chains are grappling with **pandemic disrupted logistics**, as seen during the recent COVID pandemic.

Some other recent events with impact:

- BREXIT
- Snow storm Texas, US
- Fire at a Semiconductor plant in Japan
- Ever Given blocks Suez Canal



ESG & Regulations

Supply Chains must address risk from **new regulations**. Recently, a lot of ESG related regulation is being implemented by governments. The German supply chain due diligence act is one of the most prominent.

Supply Chains need to ensure that downstream suppliers do not create **environmental, social and governance (ESG) risk**.

3.2

ESG Related Regulations

ESG in Supply Chains

Climate & environment



1. Finance trend
 - Environmental risks converge with financial risks
 - Scope 3 emissions
 - Disclose emissions from suppliers
 - Follow Corporate Sustainability Reporting Directive (CSRD)
2. Data availability
 - Better tracking and evaluation
 - Use of new technologies
3. Net Zero commitments
 - New regulation and standardization, created to measure claims
4. Trade
 - ESG: breaking point in trade talks
 - E.g.: holdup EU-Mercusor trade talks or US allows EU higher export for clean steel

Beyond Climate

Biodiversity and water attracts more attention

- Over half of global GDP is dependent on nature
- Taskforce on Nature-related Financial Disclosures, similar to the Task Force on Climate-Related Financial Disclosures (TCFD)

Water supply will become key factor in supply chain security. Concerns about drought, flooding & energy access.



Human Rights



International Labor Organization (ILO) created the Declaration on Fundamental Principles and Right at Work. But **voluntary efforts** are **ineffective**.

EU is getting involved:

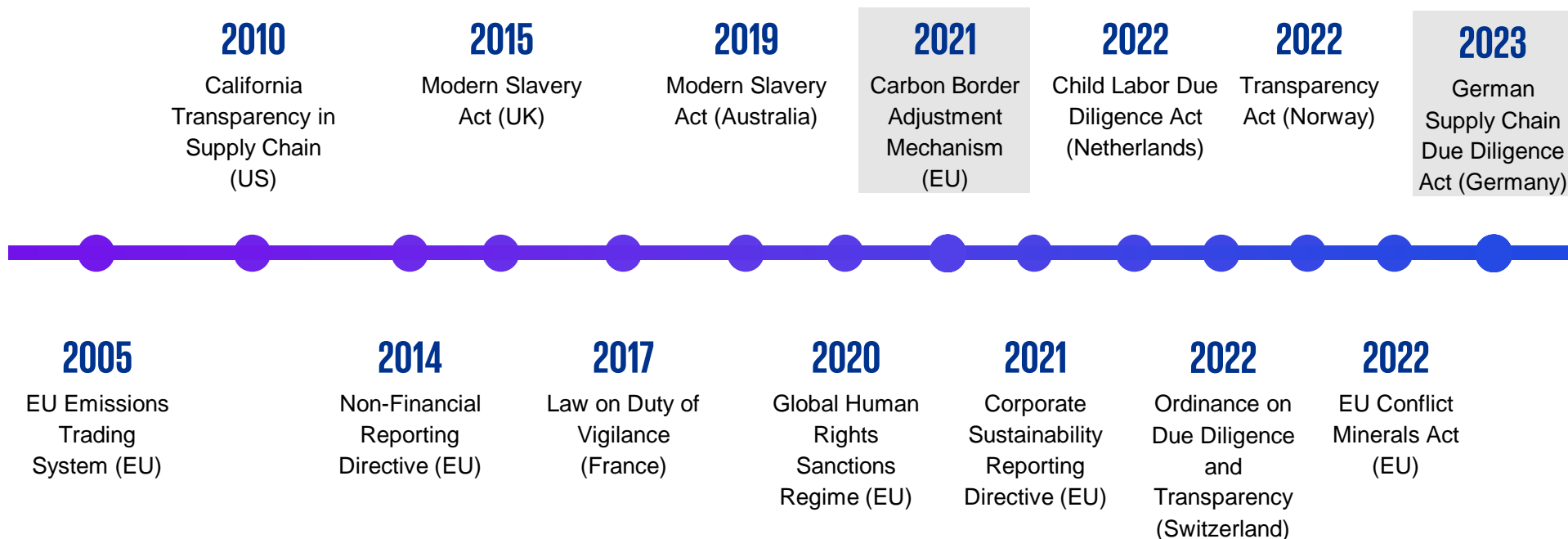
- Working on supply chain due diligence proposal
 1. Stronger Corporate Governance
 2. Block market distorting practices
 3. Tackle global challenges with US
 4. Improve supply chain security
- EU Global Humans Right Sanctions Regime
- European Conflict Minerals Act
- Consider decoupling from China
- Pressure from the people

ESG Related Regulation



Coming up:

EU Directive on Corporate Due Diligence ;
 \$211 Bill (Canada) ;
 SEC Climate Disclosure Proposal (US)



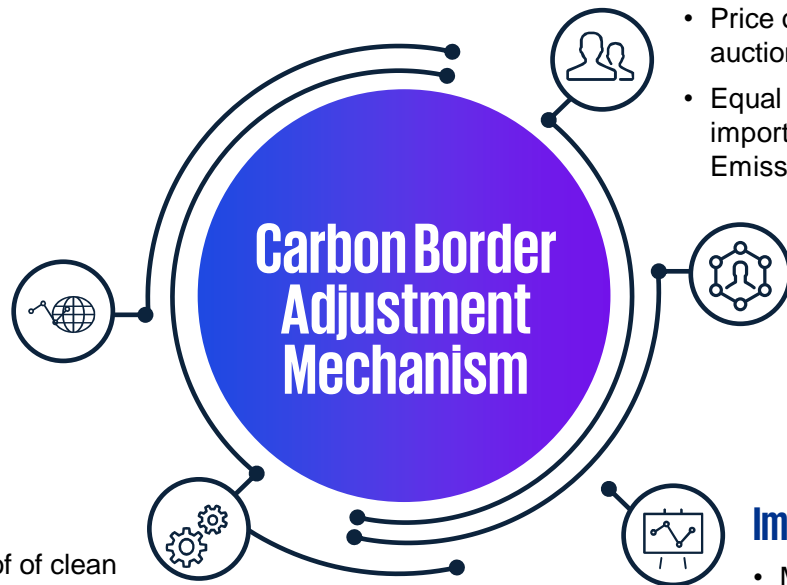
Zoom-in: Carbon Border Adjustment Mechanism

Reason for implementation

- Prevent carbon leakage into EU
- Less stringent environmental and climate policies in non-EU countries
- Help reach EU climate targets of 2030 & 2050
- Equal treatment for products made in EU and imports from elsewhere

High level explanation

- EU importers need proof of clean production or pay an 'Eco' tax
- EU importers have to purchase carbon certificates in advance



EU ETS Complement

- Price of certificates based on weekly average auction price of EU Emission Trading System
- Equal treatment for EU producers and importers (who do not pay under the EU Emission Trading System)

Implementation & sectors

- Will be introduced gradually
- Iron, steel, cement, fertilizer, aluminum and electricity generation

Impact

- Multinationals will not move local production facilities and investigate greening of supply chain

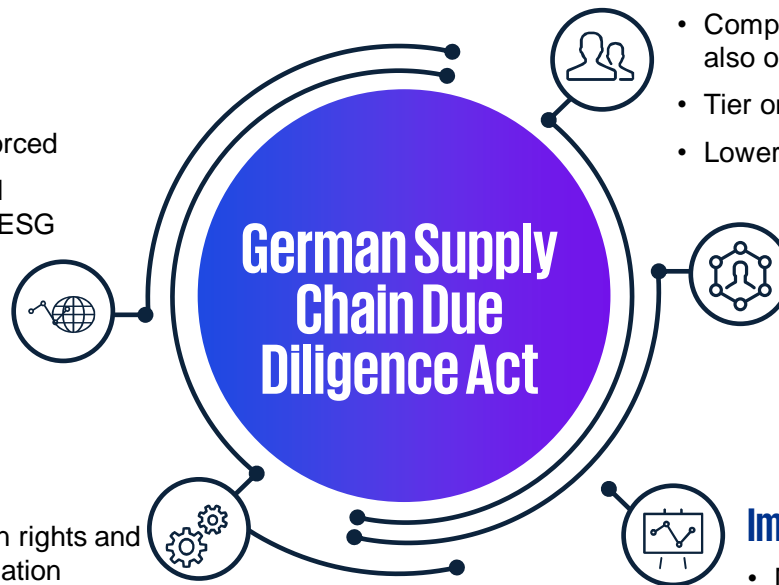
Zoom-in: The German Supply Chain Due Diligence Act

First of its kind

- Prior supply chain legislation goals mostly voluntary, company self-enforced
- Legislation was never this broad and impactful, mostly focused on part of ESG
- Significant penalties can be incurred

High level explanation

- Act requires compliance with human rights and prevention of environmental degradation
- Annual reporting to German Government on regulated activities



Scope of the due diligence act

- Companies need to track the full supply chain, also outside the own organization
- Tier one suppliers require heavy due diligence
- Lower tier, more graduated due diligence

Responsibility of company

- Observe ESG risks within the supply chain
- Take measures to prevent and mitigate violations
- Set up grievance mechanisms

Impact

- Multinationals might consider moving a regional office but EU is implementing similar legislation

3.3

A Practical Approach to SC Risk Management

Common Supply Chain Risk Challenges: Where to Start?

 <p>Risks are viewed in silos and no holistic view exists</p>	 <p>Vulnerability to unplanned events</p>	 <p>Lack of robust processes and policies to manage risk</p>
 <p>Insufficient and unreliable data for risk stratification</p>	 <p>Inefficient technology is in place to manage the risk identification and monitoring process</p>	 <p>Conducting a risk assessment sporadically or only after occurrence of a big risk event.</p>
 <p>Cannot simulate impact of potential risks on the business</p>	 <p>Poor visibility into risk factors among Tier 2 to Tier n suppliers</p>	 <p>Manual reporting with no predictive capability</p>

Two Approaches to Managing Risk



Policy interventions have only minor impact because bottlenecks are:

1. Compounding & mutually reinforcing
2. Not confined to any one country

There are two types of approaches that can be utilized to tackle these challenges:



Reactive Approach

To overcome the current concerns faced in the supply of raw materials, and ensure uninterrupted availability of materials, it is necessary to **develop new suppliers** and have a deep **understanding of existing suppliers conditions**:

- Find and collaborate with new suppliers
- Deep insights into existing supplier database
- Innovation: no known supplier to meet demand / new technology
- Capacity: existing supplier is at maximum capacity
- Emergency: risk mitigation, unexpected events



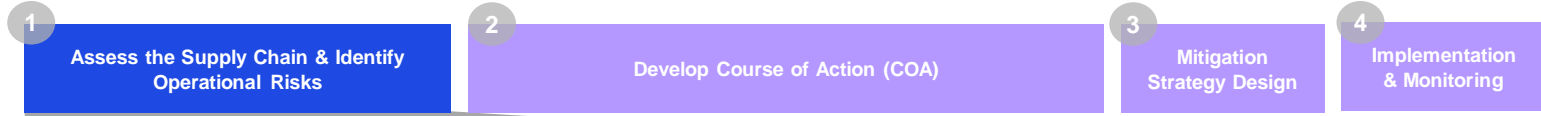
Predictive Approach

To effectively respond to supply chain risks, it is necessary to combine multiple risk elements to formulate a **resilient supply chain strategy**.

Key elements include:

- Increase visibility and transparency in the supply chain to identify vulnerabilities
- Quantify the impact of potential risks and simulate mitigation strategies to determine their effectiveness
- Establish a supply chain risk management governance model – Resilient operating model - policies & procedures, roles & responsibilities, etc.
- Develop and standardize risk management processes
- Leverage technology to foster collaboration and information sharing

Predictive Approach: Supply Chain Resilience (SCR)



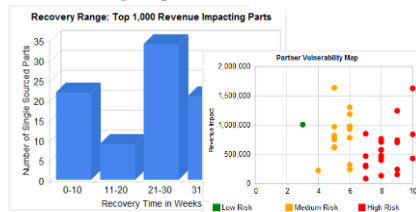
Defining the Supply Chain



Summary Actions

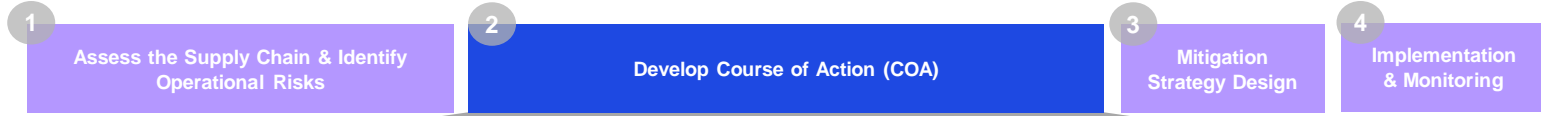
- To get started, we focus on creating a common operating picture of the supply chain, including suppliers, manufacturing locations (internal and EM), logistics nodes and the supply network
- Standardized templates are leveraged to collect operational data to develop a real-world understanding of the supply chain

Identify Operational Risks



- We then use a number of tools to help identify a range of operational risks to determine which risks are most critical to the organization
- For the selected risks, we develop a risk vulnerability map to provide a single snapshot of operational risks across the organization's supply chain
- This highlights the potential impact of risks based on likelihood of occurrence and allows for risks to be prioritized accordingly

Predictive Approach: Supply Chain Resilience (SCR)

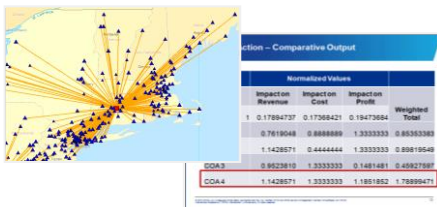


COA Development

	Impact on Revenue	Impact on Cost	Impact on Profit	Flexibility	Service Continuity	Brand Equity
Weight	0.17894737	0.173684211	0.194736842			
Total Points	34	33	37			
Expert 1	2	1	4			
Expert 2	4	2	3			
Expert 3	2	3	3			
Expert 4	2	2	4			
Expert 5	1	3	4			
Expert 6	2	3	1			
Expert 7	2	2	4			
Expert 8	0	2	0			
Expert 9	4	0	4			
Expert 10	1	3	1			
Expert 11	3	3	0			
Expert 12	3	0	4			
Expert 13	3	1	1			
Expert 14	4	4	4			
Expert 15	1	4	0			



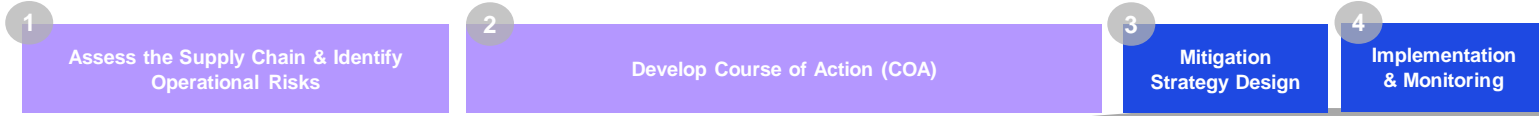
COA Modeling and Selection



Summary Actions

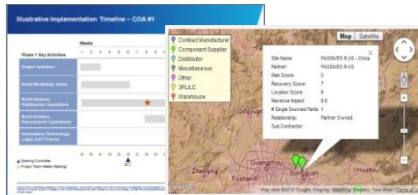
- Successfully mitigating risk requires collaboration around a course of action (COA). We perform a series of COA workshops to drive a common understanding around mitigation strategies, scope, and decision criteria.
- The workshops can be build around KPMG’s U-Collaborate methodology to accelerate the COA development process and to begin aligning stakeholders around potential changes to the supply chain.
- Once there is consensus around potential courses of action a series of models are developed and tested to evaluate the effectiveness of each mitigation strategy.
- This process provides visibility into the effectiveness of each COA and identifies the optimal range of investment to mitigate risks.
- A final COA workshop is conducted to review the outcomes of each COA and to determine which COAs should proceed with a detailed design and implementation.

Predictive Approach: Supply Chain Resilience (SCR)



Mitigation Strategy Design

Implementation & Monitoring



Summary Actions

- A detailed design effort is required to bring together the organization's approved Courses of Action into a single resilient operating model.
- The process includes identifying and assessing changes to the operating model, functions, roles & responsibilities, and technologies
- Key deliverables include an updated impact analysis, detailed business case, a supply chain risk control framework (highlighting the necessary changes across the enterprise), and a detailed implementation plan and risk dashboard.
- In our experience, companies must be prepared for change prior to implementing supply chain risk mitigation strategies. To prepare the organization, we leverage KPMG's Change Management methodology and proven communications techniques to ready the organization for the implementation
- Once complete, the organization is well positioned to monitor the supply chain on an on-going basis using standardized key risk performance measures
- Supply chain data is then refreshed on a monthly and quarterly basis

3.4

How to Build Supply Chain Resilience

Building Supply Chain Resilience

Create full supply chain visibility

- Be aware of your Tier 1 Suppliers as well as lower Tier suppliers
- Understand & minimize supplier related risks
- Third party risk management solutions
- Procurement technologies can help in formalizing relationships and reducing risk (e.g. Coupa, SAP Ariba, Ivalua, etc.)
- Make use of tools that can visualize the supply chain mapping and store all relevant value chain data such as certificates, actors, etc. (e.g. KPMG Origins)



Data Quality

- Improve your master data by reducing duplicates & categorizing (spare) materials
- Allows for quick reaction in case of unexpected issues, i.e. by identifying nearby (spare) parts or potential substitutes
- Minimize the inventory costs
- Technologies such as the Creatives AI can help in attaining these goals



Supply Chain Resilience

Network modelling

- Understand costs, timings, risks and benefits of the different strategies
- Tactically allocate capacity & create flexibility in sourcing
- Digital solutions such as Llamasoft can support in modelling your supply chain & demand and allow to make improvements to the design

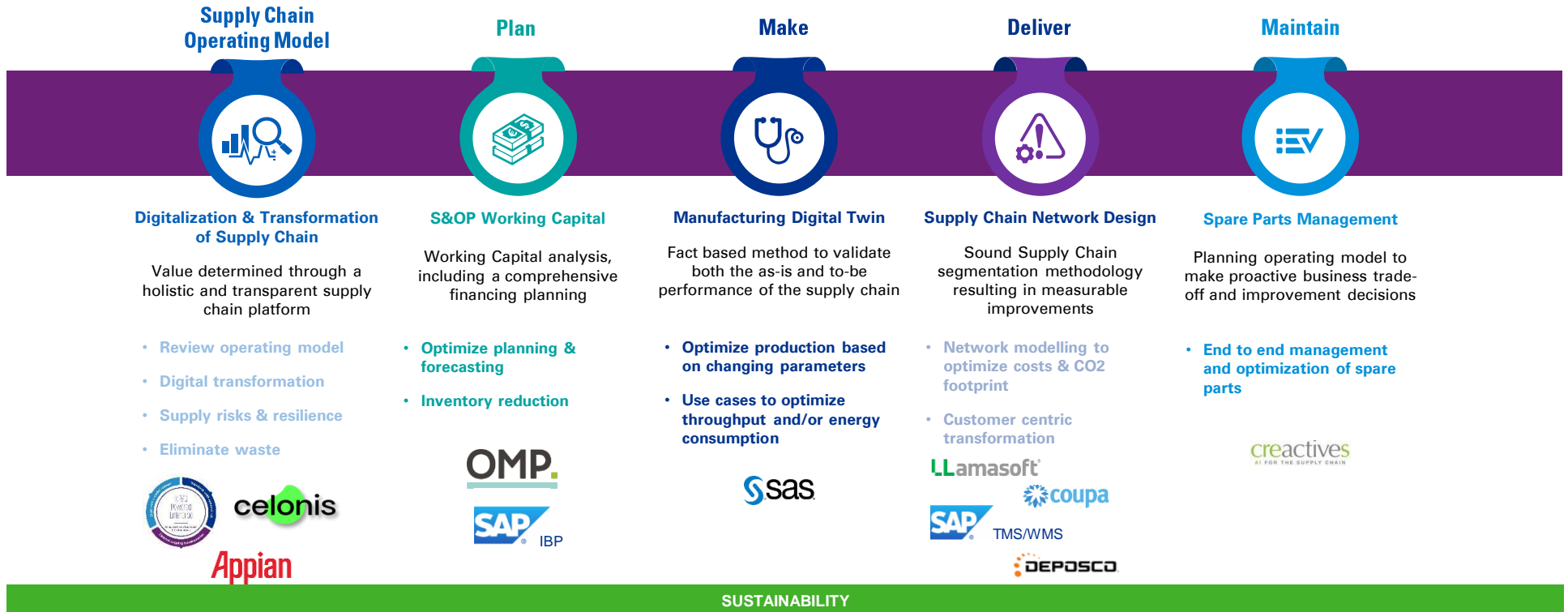


Supply chain planning

- Improved sales & operations planning, demand management, operational planning & scheduling
- Can be enabled with technologies such as OMP, SAP IBP, etc.



The KPMG Supply Chain Portfolio



SUSTAINABILITY

KPMG Origins



04

How to deal with these risks?

Setting up an internal compliance program

How to deal with customs risks?

"If you think compliance is expensive : try non-compliance"

former US Deputy Attorney General Paul McNulty

How can we mitigate the customs risks?

- Clear roles & responsibilities (RACI)
- Sufficient knowledge and training
- Access to necessary “tools” (e.g. time, software, consultant, etc.)
- Documented customs procedures
- Internal procedure on ‘Customs due diligence & management controls’
- Apply for BTIs or rulings in cases of uncertainty
- Management to audit the process

- Checklist and selection criteria for brokers and 3PL’s
- Ensure responsibility for error is covered in a written contract with the agent
- Power of attorney for representation
- KPI’s for customs compliance
- Instruct customs brokers in writing (template)
- Check entries for errors and request amendment (escalation)
- Request your official customs data reports

Internal risk management



External risk management



Fines and sanctions

- Payment of the additional import duties
- Late-payment interest
- High legal fines
- Seizure of goods
- Supply chain disruptions
- Reputational damage

Five basic questions for internal controls...

1

How do you manage your customs related risks?

A step-by-step working procedure, including control plans

2

Who is responsible for the task, for reviewing and approving? procedures, documents, etc.

3

When are activities and procedures checked?

e.g. monthly post-clearance checks, discussing findings, taking remedy actions, updating and upgrading procedures, etc.

4

What are the supporting documents?

Demonstrating that the implemented procedures are both effective and operational

5

Where do you save all supporting documents, forms, control result report?

e.g. archiving, IT system, databases, etc.



A tailor made approach



Some examples...

Documented customs procedures

Global policies

- Tariff Classification
- Origin of Goods
- Customs Valuation
- Export Control and Restrictive Measures
- Anti-dumping and Countervailing Duties
- Knowledge and training

Standard Operating Procedures

- Export Procedure
- Import Procedure
- Transit Procedure
- Customs Warehousing Procedure
- Broker Management

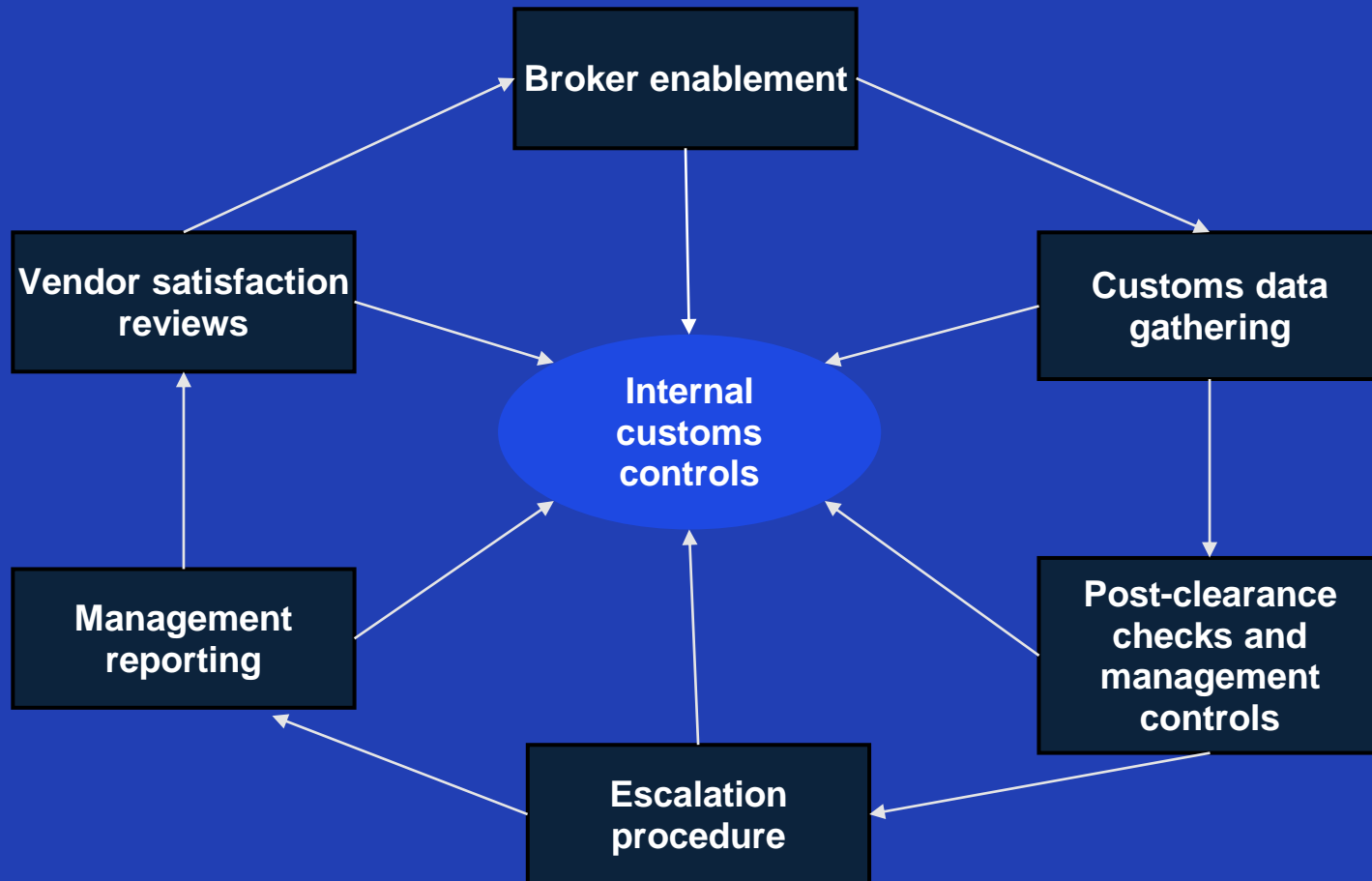
Due diligence and management reporting

- Customs RACI
- Trade quality procedures
- Broker enablement
- Post-clearance checks
- Management controls
- Escalation procedure
- Management reporting
- Vendor satisfaction



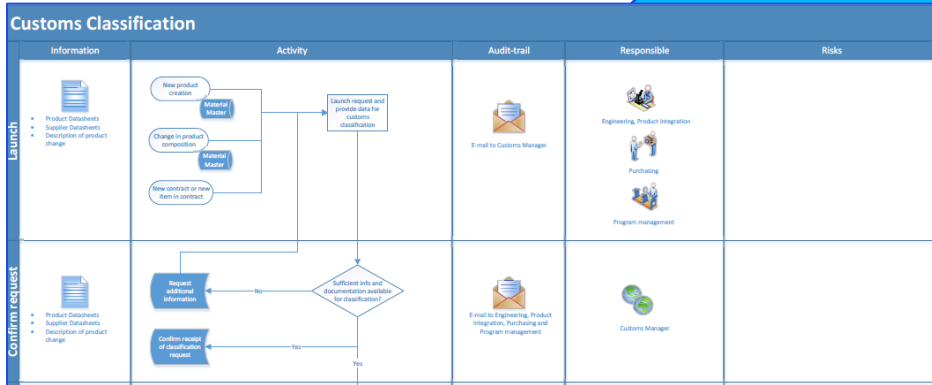
Some examples...

Customs due diligence program



Bring everything together....

Documented procedures



Customs & Trade RACI

Customs related tasks									
A. Pre-shipment									
Questions	Responsible person	Back-up	Accountable	Consulted	Informed	Procedures	Knowledge / Skills	Tools / Technology	KPMG comments
Customs partnership selection (e.g. customs agents & brokers)									
Customs agent/broker set-up and management									
Trade data - systems management									
Product classification (incl. determination, validation master data and BTI's)									
Origin marking (incl. origin calculation, validation, master data, LTSD, use of authorizations/registrations)									

Broker KPI's

Key performance indicator	Declarations	Risk to business	Description/calculation
1 Number (and/or %) of customs declarations subject to internal review by agent post-clearance	IM/EX	Medium	Number (and/or %) of customs declarations which have been reviewed post-submission by the broker, per reference period (e.g. monthly or quarterly). Purpose is to ensure a regular check sample of 5% (or minimum 2 – 5 entries) of the customs declarations.
2 Number (and/or %) of customs declarations selected for review by the (local) Customs Authorities and general post-importation audit enquiries received	IM/EX	Medium	Number (and/or %) of customs declarations selected for control at the port (split by type of request: document review vs. physical inspection of the goods) by the Customs Authorities, and also post-importation verification queries from the Authorities. Purpose is to highlight trends in Authorities review.
3 Number of Import declarations subsequently amended post-clearance and value of customs duty additionally due/refunded	IM	Medium	Number and customs duty impact of import declarations subsequently requiring amendment post-clearance. Purpose is to ensure that import declarations are correctly filed.
4 Number of export declarations subsequently amended post-clearance	EX	High	Number of export declarations subsequently requiring amendment post-clearance, e.g. due to incorrectly declared invoice value. Purpose to ensure that export declarations are correctly filed.
5 Timely payment of customs duty deferment	IM	Medium	Timely payment of the customs duty deferment statement (only in case applicable for specific country e.g. UK)

Post-clearance checks

Row	What	Detail	Correct (tick)	Comment	Action
1	Declaration				
2	Compliance - VAT n°				
14	Declarant/Representative	code: 2 (direct representative)			
15a	Country of origin				
17a	Country of destination				
20	Conditions of supply				
22	Currency and invoiced amount	(optional)			
23	Exchange rate (monthly)	file:///C:/Users/XXX/Desktop/ExchangeRate.xls			
30	Location of the goods				
31	Packages and description of the goods				
33	Code of goods (15 digits)				
34	Code country of origin				
36	Preference	code 100: no preference code 200: preference Form A code 300: preference GSP+ or invoice declaration code 400: ATR			
37	Customs procedure	code: 40: 0% free export			
42	Price of the goods				
44	Additional information				
46	Statistical value	(EU) border			
47	Classification of the goods	Trade file AEO: systems duties AEO: import VAT Trade file amount Systems (systems value CIF) VAT (customs value + import duties + inland transport to destination) Trade file Customs (0% other) VAT (21%) Amount Customs duties (0, other) Import VAT Method of payment (if postponement of payment check code: 40) (S: deferral of VAT)			
48	Postponement of payment	(S: deferral of VAT) IT: 14.000 number, import VAT deferral			
Import document received on					
Import document verified on					
Verified by					
Name					
Signature					

Authorized Economic Operator (AEO)

Concept

- Authorized Economic Operator (AEO)
- Quality label for customs
- Reliable partner towards to customs authorities
- **Advantages and simplifications!**
- Based on the global 'SAFE Framework' (WCO), implemented on European level
- Goal: an entire trade and supply chain of 'reliable' links (E.g. 'green lanes' and 'SBA')

Types AEO

- AEO customs simplifications (AEO/C)
- AEO security and safety (AEO/S)
- AEO customs simplification/security (AEO/F)

Why is AEO important?

- Since 2016 direct advantages included in EU customs legislation (UCC)
- Increasing indirect advantages and commercial importance
- Can be essential in mitigating Brexit customs and supply chain impact



Advantages of AEO

Direct advantages

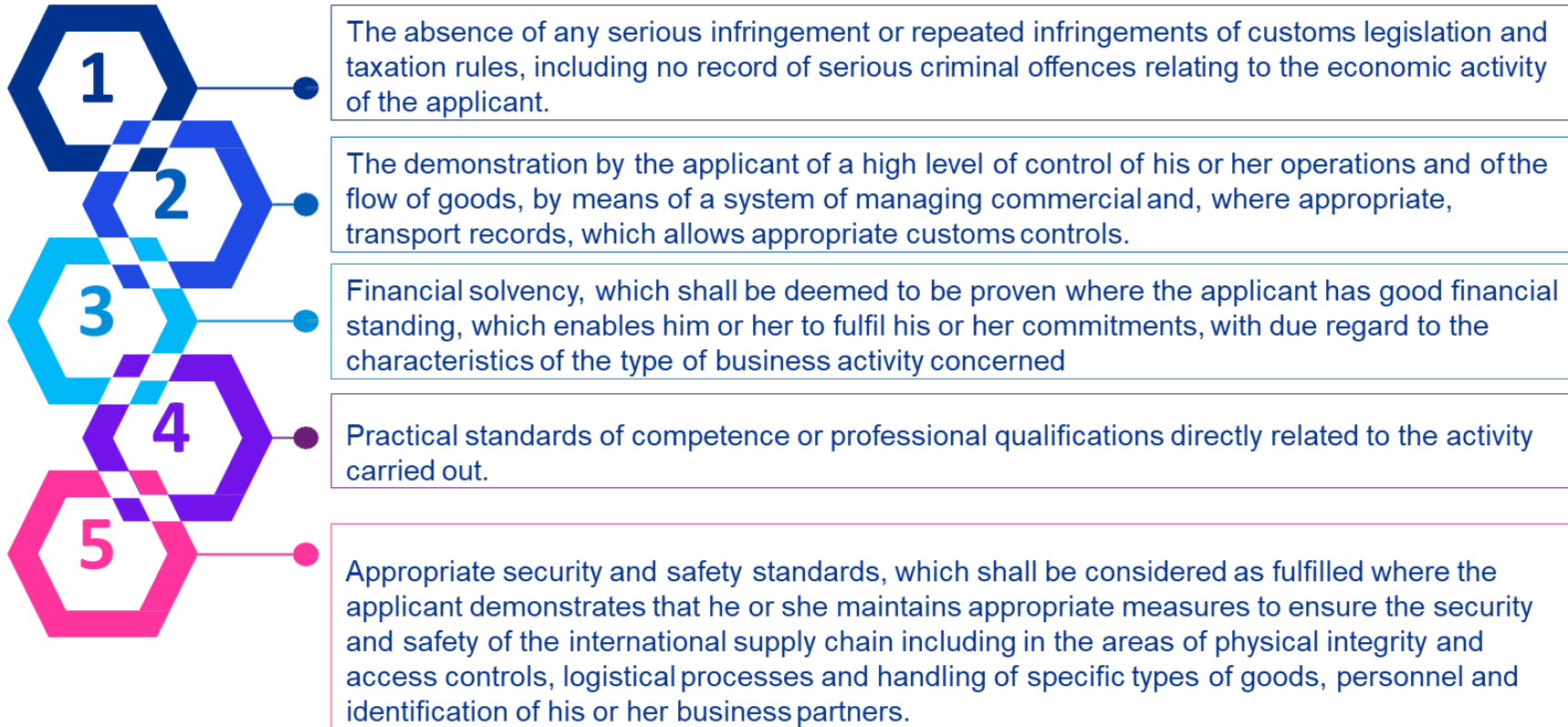


Indirect advantages

- **Decrease in number of customs controls**
 - SEDA
 - System Based Approach (SBA)
 - priority treatments during customs controls/choice of place of control
- **Reduction or waiver of financial guarantee**
- **(Easier) access to customs authorizations and simplifications**
 - Comply with (certain) conditions AEO-C or dispose of an AEO-C authorisation
- 'EiDR' exempted from the notification and presentation of the goods
- Alternative proof of exit (export VAT exemption)
- Specific advantages AEO-S:
 - Reduced Obligations Safety & Security
 - Mutual recognition (US, Japan, China, etc.)
- Easier access to Customs Data

- Commercial advantage
- transparency and visibility in the logistic chain ('marketing asset')
- improving internal procedures, stock management and customer service
- Control of internal customs risks and possible savings and optimizations

AEO criteria

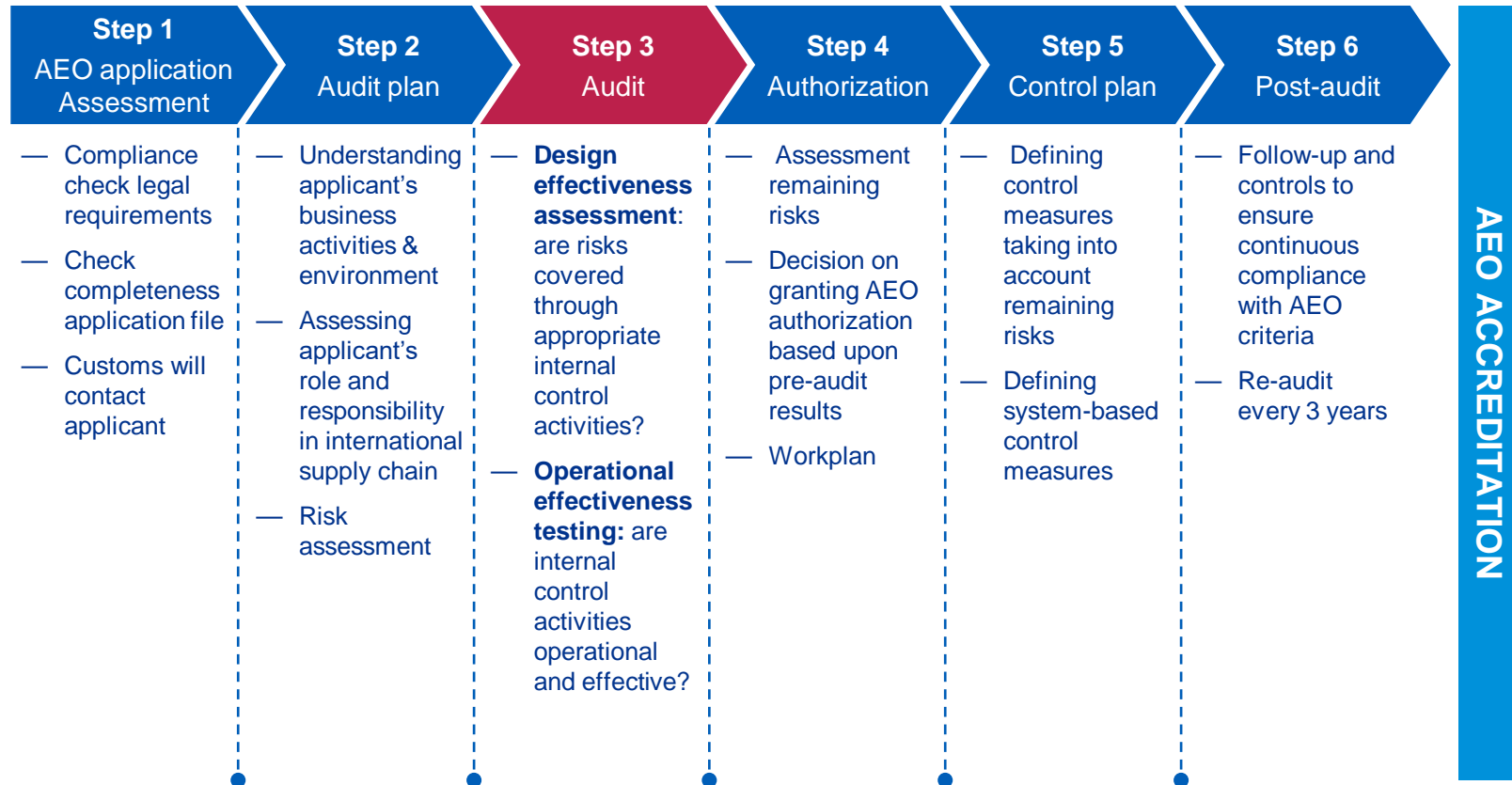


AEO-C
AEO-S

AEO-C

AEO-S

AEO accreditation process



AEO application file

01 **Application form**

02 Annexes to application form

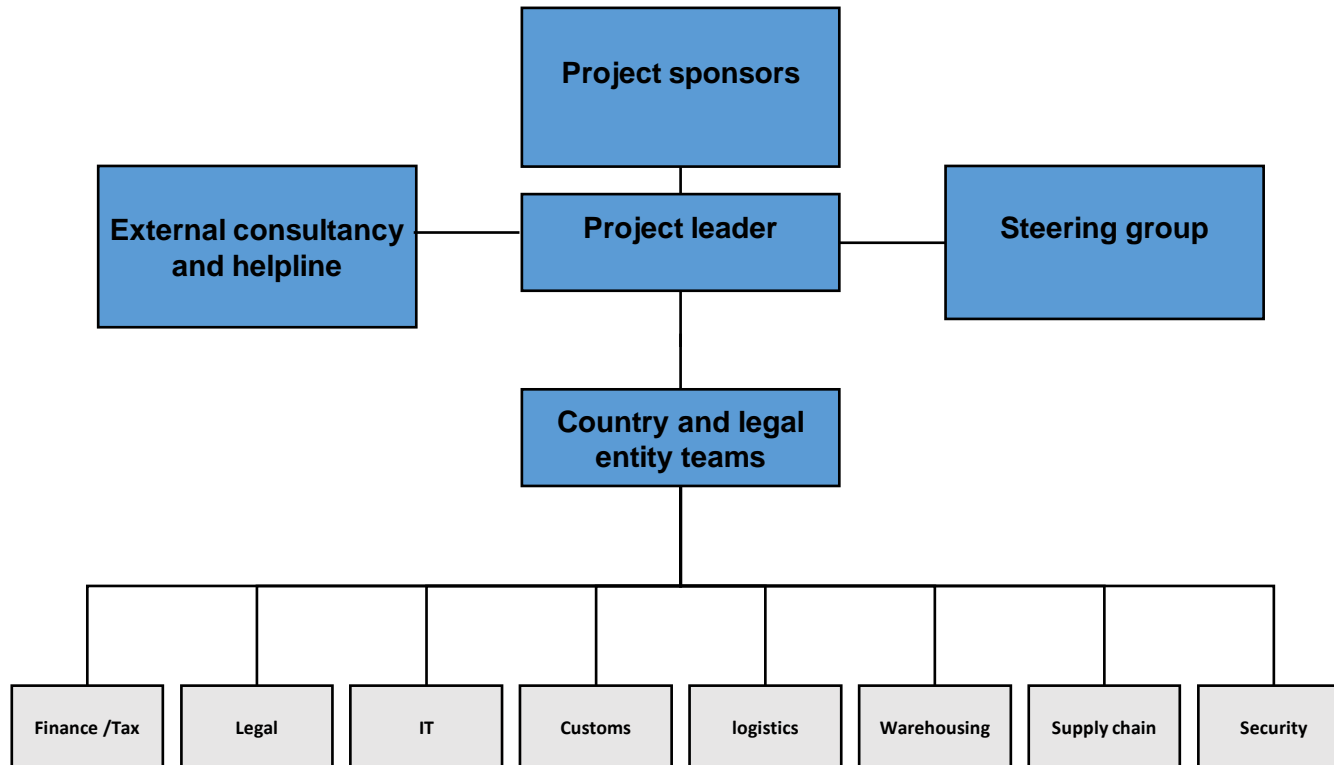
03 **Self-assessment form**

04 Working procedures to self-assessment form

05 Control plan to self-assessment form

AEO task distribution

Suggested high-level team structure



Timeline AEO

We estimate the timeline for the AEO application process between six and nine months as a minimum. Please find an example of a high level timeline below.

	2022					
	NOV	DEC	JAN	FEB	MAR	APR
AEO Gap analysis and kick-off workshop	■					
Remediation work – Implementing new processes and controls, documented procedures etc.	■	■	■			
Preparation of the AEO application file		■	■			
Final review and sign-off of the AEO application file			■			
Submission of AEO application file			■			
Customs audit schedule and resolution work				■	■	■
AEO Accreditation received					■	■

AEO key considerations



Key criteria we have to consider at the start

- Which **legal entities** can/should apply?
- Customs and trade activity in other EU member states? **Where to apply?**
- Where are the customs records held?
- Access to records and accounts.
- Scope of accreditation? **AEO-C and/or AEO-S?**
- **Target date** for accreditation?
- Existing safety/security/quality accreditations.
- **Existing customs procedures**, rulings, guarantees, simplifications approved.
- Is there a quality, process and document management system in place?
- Who are the **key business partners** in the supply chain?
 - Logistics and warehouse providers, other customs 'representation' (agents etc.)
 - How much of logistics/warehousing is outsourced?
 - Are contracts and SLAs in place with all business partners.

05

An example in practice

Jurgen Delbare
Customs & Trade Compliance Manager
EMEA, Hologic



Customs and Trade Compliance EMEA

Jurgen Delbare

Customs Risk Management



Customs risk management @ Hologic



- ❑ A good Customs Risk management is crucial within the complexities of International Trade
- ❑ Risk assessment is key
 - Identify potential risks
 - Mitigate issues related to customs laws in countries where we operate in order to avoid Fines and Penalties
 - Import and Export Compliance processes/procedures
 - Apply controls internal / external
 - Monitoring processes/procedures and revise where needed
- ❑ Be a trusted partner and be compliant

It's all about ...



- Build a Compliance culture
- Create awareness on obligations to comply with customs and exports laws and regulations

AEO



Authorised Economic Operator



Why did we go for AEO ?

- ❑ It started with ... Customs valuation issue

Customs value did not take royalties and TP corrections into account



Customs Valuation procedure ?

—

Customs Valuation Ruling ?

AEO / Business STRATEGY

- ❑ Customs Compliance
 - Import / Export instructions
 - Filing simplifications
 - Integration of new businesses

- ❑ Customs Essentials
 - Customs valuation
 - Classification
 - Origin

- ❑ Customs Governance
 - Broker rationalisation / management
 - Incoterms and identified risks
 - Dual Use
 - Licenses

AEO Compliance



- Compliance on Import/Export with specific and detailed customs flows in place
- Working only with AEO certified companies (Forwarders/Brokers/3PL)
- Signed Customs SLA with brokers in place
- B2B relationship with authorities (Customs/VAT)
- Control of customs Operations Inbound/outbound
- Pro-active customs audit
- Known Consignor certificate (security fee savings) for our Hologic owned Warehouse
- License Loading Place Hologic owned Warehouse for Iran destined goods (BSH)
- Voluntary disclosure of Customs errors / regularisations



AEO next level

- AEO for Irish Entity (AEOC) and UK Manchester (AEOS)
- Integration acquired companies as AEO entity
- Customs clearance automation (CAS)
- Customs centralization (3C Customs Project)
- Customs simplifications : TAX valuation ruling with Customs authorities
- Automation of Trade agreements

Trade Compliance - Procedures



Trade Compliance



- ❑ Trade compliance means operating within the many global regulations that surround trading activities and the import and export of products, services and technology.
- ❑ That means complying with international export, trade, and financial laws

When companies don't comply with trade regulations, they face fines, penalties, and potentially late delivery of their goods

Trade Compliance Procedures



Hologic Trade Compliance



- ❑ What is it?
 - Formalization of commitment to comply with customs laws & regulations

- ❑ Why are we doing this?
 - Create Policy, process, awareness around law and regulations

- ❑ Who is doing it?
 - International Trade Compliance Officers (ITCOs)
 - Subject-matter experts (SMEs)

- ❑ Gaps / Remediation
 - Reconciling with Stakeholders (what they need to be aware of vs. do)

- ❑ Training
 - On policies; Online training

Trade Compliance is very important for Hologic



- Trade Compliance is the law
- Non-compliance could be costly to our company
- Protect our company
- Some violations may result in criminal or civil penalties, debarred from future exports, as well as imprisonment
- Avoid Fines and Penalties
- Stop shipment delays
- Don't get placed on government watchlist
- Build a Compliance Culture

Never underestimate ...



- The effects and necessity of implementing an Import and Export Compliance Awareness Program should never be underestimated
- In today's global, competitive, demanding and dynamic marketplace and its ever-changing rules and regulations we must be diligent in this arena in order to advance its mission and comply with the law

Key recommendations



With regards to Trade & Customs

- ❑ The weight of today's regulatory pressures makes robust trade compliance controls especially important for mitigating risk:
 - Protects corporate reputations and employees by facilitating legal and responsible trading
 - Minimises exposure to fines and penalties
 - Promotes customer satisfactions by avoiding shipment delays
 - Ultimately saves money by avoiding delays, investigations and penalties

- ❑ Be aware of the consequences of non-compliance



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