

IMPORTERS IN THE DARK OVER PAYING CUSTOMS DUTY

by
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Many Australian companies are overpaying customs duties, and are unaware that they can reclaim this money. The overpayments can range up to tens of thousands of dollars, and all it takes to rectify the problem is to seek a second opinion.

The situation is commonplace across a wide spectrum of industries, ranging from raw materials to piece parts and finished goods, and is caused by incorrect customs clearance.

Customs clearance is the process of reporting to Australian Customs exactly what is being imported into the country. Each item imported requires classification into specific categories in order for the duty to be calculated correctly. This is key to ensuring that you are not overpaying or underpaying import duty.

If the item is incorrectly (or inaccurately) classified then an incorrect duty rate may be applied – even to the extent of paying duty on duty-free items.

So how does this misclassification arise? According to Nicole Chilvers of Chilvers Customs, simple human error is all too common. *“It can be a simple mistake for a classifier or customs broker to use the wrong tariff classification for a particular item. And once it has been done once, chances are the mistake will be repeated on each subsequent shipment,”* she says.

“Also, new duty concessions come out every month, and so imports that were once dutiable may now be duty free. But if the customs broker hasn't checked for new concessions, the importer will continue to pay duty.”

The good news, though, is that importers can reclaim any duty that has been overpaid over the past four years. And all it takes to set this process in action is to seek a second opinion.

Customs clearance specialists such as Chilvers Customs offer a free shipping health check service, and if anomalies are found can then perform a full duty audit on the past four years of shipments.

According to John Chilvers: *“Depending on the frequency of a company's imports, a duty audit on four years of shipments could be hundreds of shipments. If we perform an audit and an importer is found to have been overpaying duty, they could have thousands of dollars waiting to be claimed back.”*

And all that can accrue thanks to something as simple as seeking a second opinion.



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