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## Single-Point Additional Duty Payment Program

May 2018

The Customs Department is offering its “Single-Point Additional Duty Payment Program” (“Program”) to importers/exporters or entrepreneurs. The Program is intended to assist these commercial taxpayers self-disclose customs violations and make the correct tax payments. This Program is the first of its kind under the Customs Act B.E. 2560.

As with the “Voluntary Audit” scheme, the Customs Department offers this Program as part of its intention to create good relationships with commercial taxpayers, foster their compliance, and resolve unintentional customs offenses.

The Program is available between **1 April 2018 and 30 April 2019**.

The edition that follows addresses interesting points about the Program, those eligible to participate, and steps to join.

### What is interesting about the Program?

The Program offers businesses the chance to pay owed duties and taxes shortfalls and to receive waivers of customs and VAT penalties. To earn the waivers, business owners must prove that they did not intentionally evade taxes. This is generous offer as customs penalties are typically imposed at 0.5 to 2 times the duty shortfall if found within the context of an audit.

Customs surcharges and VAT surcharges, however, are not waivable under the Program. Typically, customs surcharges are levied at 1% per month (capped at one times the duty shortfall), while VAT surcharges are at 1.5% per month (capped at one times the VAT shortfall).

Nonetheless, the 1% customs surcharge per month may be reduced according to the Ministerial Regulation Re: Criteria for Surcharge Reduction B.E. 2560 (2017), announced on 13 November 2017, as they also apply to self-declarations (typically instances where penitent commercial taxpayers voluntarily present themselves at the Customs Department).

The following customs surcharge reductions rates can apply to the corresponding circumstances:

0.25% per month where the duty shortfall payment is made within one year from the release date of the goods from Customs or from the date of exportation.

0.5% per month where the duty shortfall payment is made over one year (but not exceeding to two years) from the release date of the goods from Customs or from the date of exportation.

0.75% per month where the duty shortfall payment is made over two years (but not exceeding to three years) from the release date of the goods from Customs or from the date of exportation.

## Who can join the Program?

Importers, exporters, and general business owners incurring customs duty and taxes upon the import and/or export and who have identified their own customs infractions (e.g. undervaluation, incorrect tariff classifications), are generally eligible to participate the Program.

However, to be eligible, potential participants must not be under audit investigation, or internal processing by the Customs Department, Economic Crime Suppression Division, or Department of Special Investigation. Further, potential participants must not be involved in:

- Duty evasion with evidence of fraudulent intention;
- Smuggling (e.g. hand-carried goods);
- Trade of counterfeit items; or
- Evasion of import/export restrictions (e.g. import or export without license).

## How does one join the Program?

The eligible business owner must submit a written letter, according to the official form, to the Customs Post Audit Bureau (Customs Department) requesting to join the Program. The business owner must provide the relevant evidence to the Customs Official for its consideration within 30 days from submitting its letter. For this purpose, the Customs Department has published a sample letter/form downloadable at:

[http://www.customs.go.th/data\\_files/7326c368bf33414bcae5c606d5a3aeed.pdf](http://www.customs.go.th/data_files/7326c368bf33414bcae5c606d5a3aeed.pdf)

## Author's Note:



*Business owners should take advantage of this Program. They may start by conducting a self-review of their activities and transaction, especially to verify the accuracy of duty and tax payments. This can help them determine whether they are eligible to participate in the Program.*

*If they do participate in the Program, but do not qualify for it, they will not receive the customs and VAT penalty waiver. Rather, the Customs Department will impose much higher penalties for their violations (in some cases, up to 4 times the value of goods, plus duty and VAT).*

*All potential participants are urged to make carefully review their eligibility before requesting the Customs Department for permission to join.*

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*Note: Dherakupt International Law Office Ltd., has changed its name from DRK to DRKI. E-mail and website domains are @drkilaw.com (e.g. phongnarin\_r@drkilaw.com) and www.drkilaw.com.*