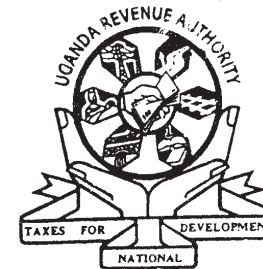


TAXPAYER'S GUIDE



**POST IMPORTATION AUDIT TEAM
(PIAT)**

First Edition 2003

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INTRODUCTION

WHAT IS PIAT?

PIAT stands for Post Importation Audit Team. Others refer to it as **PICA**, meaning Post Importation Clearance Audit or **PIA** meaning Post Importation Audit. It is a compliance section under the Technical division of the Customs and Excise Department.

Post Clearance Audit is a process, which enables Customs Management to verify the accuracy of declarations through the examination of books, records, business systems and all relevant customs commercial data held by persons / companies directly / indirectly involved in international trade.

PIAT LEGAL AUTHORITY

PIAT is covered by section 178 of the Customs Management Act (CMA). Customs Legislation provides customs authorities to call for the presentation of books and records for examination. Failure to do so within the stipulated time leads to a contravention of customs laws and treated under section 138 of CMA necessitating a search of premises, fines, penalties, and in severe cases, prosecution under section 140 of the CMA.

HISTORY OF PIAT IN URA

With the introduction of WTO GATT Valuation in Uganda in July 2001, it was mandatory to create this section so as to facilitate trade and conform to chapter 6 of the General Annex of the Kyoto Convention. PIAT was therefore born in 1999 in preparation for the GATT implementation. GATT valuation emphasizes fast clearance of goods to avoid unnecessary delays. The introduction of Asycuda 2.7 and Asycuda++, also requires the PIAT function especially for the GREEN LANE (fast clearance) for traders and goods, that began in Kampala long-room in May 2003.

WHY POST CLEARANCE AUDIT?

With the introduction of GATT valuation, emphasis is placed on fast clearance of goods to avoid delays, which cause unnecessary extra costs to importers and exporters.

The dramatic increases in the number and volume of importations necessitates "periodic" rather than "transactional" checks.

The number of customs staff on the ground has not risen in proportion to the increase in trade volumes. Hence the post importation audit strategy.

POST CLEARANCE AUDIT THEREFORE ENABLES CUSTOMS OFFICERS TO:-

- Assess a client's overall compliance with Customs administered legislation.
- Create compliance picture of selected industry sectors.
- Conduct full review of a client's liabilities and entitlements.
- Assess the integrity of the trade data received from importers, exporters and related industries.

ADVANTAGES OF PIAT TO CUSTOMS AND OUR STAKEHOLDERS

- It ensures greater compliance with Customs laws, regulations and Agreements.
- Protects revenues.
- Facilitates quick movement of goods, i.e international trade.
- Fast clearance to compliant importers, which leads to less inconvenience and no additional costs to them.

- Ensures thorough and in-depth scrutiny of transactions since the importer is obliged to provide all the required records. This results into accurate assessments and tax recovery than when interventions are made in the course of the clearance process.
- It encourages the non compliant to be compliant so as to enjoy the benefits of the compliant.
- Enhances the audit function of URA and reduces congestion and inconvenience(s) to tax payers. This can be achieved if there is well-good coordination with other audit Sections of URA.

PIAT AUDIT PLANS

Audit plans are normally generated through Risk analysis approach. This is done by profiling those companies that either need facilitation (Compliant) or are constant violators of Customs laws and regulations (non compliant)

STAKEHOLDERS IN PIAT AUDITS

Importers, exporters, transporters, banks, shippers, cargo handlers, manufacturers, insurers and clearing agents. Information derived from the audit is shared by all URA departments concerned.

PIAT does not do investigations work, It only recommends when there are cases of fraud identified in the audit process. PIAT also recommends for short collection of duties, taxes and penalties on past importations found to be payable as a result of the audits function.

TYPICAL DOCUMENTS NEEDED IN POST AUDIT IMPORTATION

- Custom bills of entries (BOES)
- Commercial invoices

- Purchase orders
- Shipping orders / documents
- Bills of lading
- Delivery notes
- Charts of accounts
- Contracts (e.g. of sales)
- Royalty and marketing agreements
- Inventory record
- Journals
- Ledgers
- Business correspondences
- Any other records relevant to trade

WHAT DOES PIAT NEED FROM ITS STAKEHOLDERS?

- Documents
- Cooperation
- Proper record keeping

AUDIT STANDARDS

In auditing, we follow the Generally Acceptable Accounting Principles (GAAP) as applicable in Uganda in terms of:-

- Determining which economic resources and obligations should be recorded as assets and liabilities.
- Which changes in assets and liabilities should be recorded.
- How assets and liabilities and their changes should be measured.
- What information should be disclosed and how.
- Which financial statements should be prepared.

AUDIT TECHNIQUES

- Physical examination of goods on site.
- Scrutiny of accounting records.
- Vouching - examination of related source documents.
- Inquiries into the company, orally or by obtaining company documents.
- Confirmation of third party transactions e.g from exporters.
- Computation - rechecking the company's arithmetic accuracy.

AUDIT PROCEDURES

The following are audit procedures:-

Development of audit programs.

Selection of persons / companies to be audited

Audit planning

Audit process

- Pre audit survey
- Initial importer contact
- Initial audit conference
- Audit questionnaire
- Internal corporate review
- Audit coordination
- Exit conference
- Final report
- Follow up visits

Audits are either 'desk' or 'comprehensive' depending on a case by case basis.

OFFICIAL CONTACT

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PIAT MOTTO

"Client Compliance Guarantees Customs facilitation"