



INFORMATION SHEET

CUSTOMS

Binding Rulings / Advance Rulings

Background

The PNG government has enacted legislation that commenced on 1 January 2007 that allows Customs to provide Binding Rulings or Advance Rulings in respect of imported and exported goods. The aim of this legislation is to provide advance and consistent advice to companies in order to facilitate compliance with Customs requirements.

This amendment to the Customs Act is part of the modernization process being undertaken by the PNG Customs Service to enable it to accede to the World Customs Organization's Revised Kyoto Convention on Simplification and Harmonization of Customs Procedures.

What are Binding Rulings / Advance Rulings

The expression 'Binding rulings or advance rulings' generally designates the options for Customs to issue a decision to an importer, trader, broker, or industry representative, planning a foreign trade operation relating to regulations or laws in force, without the need for the goods to have first been imported.

The most common decision issued by Customs is at present tariff classification, origin and valuation. For example a tariff classification ruling helps importers, exporters and traders obtain the correct tariff classification for goods they plan to import or export. This is an important factor given that the tariff heading of the goods determines the rates of duties as well as application of different legal provisions such as import/export licences, rules of origin and security standards.

Benefits of Binding or Advance Rulings

The main benefit to the holder of a ruling is that there is legal guarantee that the decision will be applied. Another benefit is that traders can predict their costs prior to import or export. The use of such rulings will also help importers or exporters reduce the Customs clearance formalities for their goods and will consequently expedite the release of goods from Customs control.

How long is a Ruling Valid for?

A ruling provided by Customs at the request of a trader may be

valid for a specified period as stated in the ruling or when circumstances change, for example nationally where a new regulation is enacted or internationally when there is an amendment to the interpretation of the Customs Tariff, the decision ceases to be valid.

Basic Elements of the Rulings Procedure

The Basic elements of the Rulings procedure can be summarized as follows:

- The request to Customs must have all the information required (detailed description of the goods, possible inclusion of samples, plans, various documents etc) and must be in writing. Should the request contain incorrect or incomplete information, the ruling based on such information could be revoked.
- The ruling by Customs must be made in writing within 15 working days of the application. Where a ruling cannot be made within this time Customs must advise the applicant for the reasons and inform the applicant of the expected date the ruling will be made.
- The ruling is binding on Customs and is valid for a specified period or as stated in the ruling.
- Only the holder or the trader that requested the ruling can call upon its application, provided that he/she demonstrates that the goods presented and the goods

described in the ruling correspond in every respect.

- The rulings are generally made public to ensure transparency and equal treatment of traders as well as uniform application of Customs laws.

This information is provided as a guide only

For more information please contact your nearest Customs office or write to The Chief Commissioner of Customs, PO Box 923, Port Moresby, NCD or telephone +675 312 7500.

www.customs.gov.pg

Legislative References:

Customs Act Ch. 101

Part XIV, Sections 176 to 176l

Customs Regulations

Part XVI Sections 92 - 94