

Demidkova L. L. Calculation and Payment of Customs Duties in the System of Customs Tariff Regulation of Foreign Economic Activity

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The practice of taxing transportation of merchandise into or out of the country by the leaders of ancient states started existing hundreds of years ago and still remains rather popular way to control foreign trade operations between residents and non-residents of the country or an integration association. Directly affecting the price of items through tariffs, taxes, excises, fees, state regulates flows of merchandise, receives financial resources, protects domestic producers.

In the Eurasian Economic Union (EAEU) declarants calculate amounts payable by themselves, which requires enhanced attention by the customs administration to suppress possible offenses concerning indication of inaccurate particulars by dishonest agents and gaining benefit from it. The formulas for calculating the amounts of customs duties to be paid are shown in figure 1.

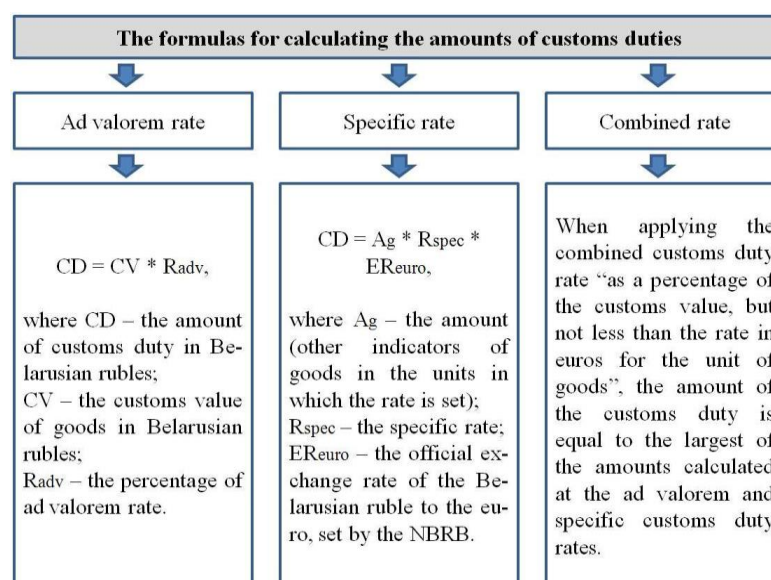


Figure 1 – The formulas for calculating the amounts of customs duties

In the EAEU the order of calculation and payment of customs duties is established by the legislation of the EAEU, of taxes – by the articles of national legislation.

Customs duties perform fiscal, protectionist and balancing functions. If declarants want to send goods they must pay duties and taxes to ensure their payment.

One of the most important functions of customs payments is the fiscal one. The basis of government revenue is tax revenue (Table). The amount of taxes paid is calculated on the basis of the tax base and

the tax rate, which are determined in accordance with the Tax Code of the Republic of Belarus separately for VAT and excise tax collected by customs authorities⁸⁷.

Table—Tax revenues from foreign trade activities and their share in the revenue of the state budget of the Republic of Belarus for 2010–2016.

Index	2010	2011	2012	2013	2014	2015	2016
The amount of import customs duties, fees, bln rubles	2,811.1	4,893.0	13,535.6	16,782.1	15,744.0	12,071.6	8,999.1
The share in tax revenues, %	8.6	16.3	16.2	16.4	14.6	9.4	6.4
The share in state revenues, %	7.9	14.6	14.6	13.8	12.2	7.7	5.0
The amount of export customs duties, bln rubles	7,301.1	2,356.8	11,830.5	13,009.5	10,345.9	25,451.4	31,653.9
The share in tax revenues, %	22.2	7.85	14.17	12.67	9.6	19.9	22.4
The share in state revenues, %	20.6	7.0	12.8	10.7	8.1	16.2	17.5
The amount of VAT, bln rubles	12,581.4	13,454.1	33,426.5	41,327.5	45,833.1	52,312.4	58,280.8
The share in tax revenues, %	38.28	44.82	40.0	40.3	42.5	40.83	41.2
The share in state revenues, %	35.42	40.0	36.0	34.0	35.6	33.4	32.3
The amount of excise tax, bln rubles	4,562.1	5,369.8	11,337.2	16,434.0	22,734.2	20,954.4	20,770.7
The share in tax revenues, %	13.9	17.9	13.6	16.0	21.1	16.4	14.7
The share in state revenues, %	12.8	16.0	12.2	13.5	17.7	13.4	11.5

Note—

The source: the author's development based on data from the Ministry of Finance of the Republic of Belarus⁸⁸.

It should be noted that the sum of import customs duties and fees was calculated by adding customs fees, import customs duties, except those ones that were repaid and credited in the framework of the EA

⁸⁷The Tax Code of the Republic of Belarus No. 166-Z of December 19, 2002 / National Center of Legal Information of the Republic of Belarus. – Minsk, 2008.

⁸⁸The Ministry of Finance of the Republic of Belarus [Electronic resource]. – 2000. – Mode of access: <http://www.minfin.gov.by>. – Date of access: 10.03.2018.

EU, import customs duties received from the EAEU member states in accordance with the Treaty on the EAEU, import customs duties, paid on the territory of the Republic of Belarus and credited to the budget in accordance with the Treaty on the EAEU, special, anti-dumping, compensatory duties, similarly paid and credited. The share of import customs duties and fees received, except for paid and credited in the framework of the EAEU, is only 0.5–2% of the state revenue. Indicators “the amount of VAT” and “the amount of excise taxes” include the amount of such taxes received upon importation into the territory of the country together with domestic taxes.

If we analyze the data above we will see that the priority role in the replenishment of the republican budget revenue is played by VAT levied at all stages of production and circulation, export customs duties, primarily related to the export of refined products and excises, collected on the importation of excisable articles and on production inside the country.

It is a prerequisite for declarants to pay customs duties and taxes before the issue of the articles if they want to place merchandise under the customs procedures of release for domestic consumption and export. Other cases are described by the Customs Code of the EAEU for each customs procedure separately.

According to statistics, up to 80% of items are placed under the customs procedures of release for domestic consumption and export, the term of which is the payment of customs duties and (or) taxes⁸⁹. The question arises: what is the economic benefit of other customs procedures?

The most striking example is the customs procedures of processing. It is presented in the figure 2.

If the items are excisable, then the excise is collected to the revenue of the republican budget.

Consignors and consignees benefit from the use of customs procedures because they cannot pay or pay partly duties and taxes if they observe certain terms. Local producers also get protection from unfair competition; promotion of their activities (they do not pay export duties for items leaving customs territory, except for certain kinds of commodity); improvement of quality and speed of operations done by customs officers, which leads to the reduction in time and money costs.

To conclude we should say that the system of calculation and payment of customs duties and taxes is an integral part of the customs tariff regulation of foreign economic activity. In order to improve it, the government revises and supplements legislation in accordance with global experience, takes measures to enhance customs control, including post-

⁸⁹ Customs procedures: features and practice of application [Electronic resource] / The magazine “Actual problems of theory and practice”. – Moscow, 2011. – Mode of access: <http://www.vipstd.ru/nauteh/index.php/ru/---ep13-12/1068-a>. – Date of access: 10.03.2018.

customs one. It is planned to modify the methodology of crediting and distributing the amount of import customs duties between the member states of the EAEU in 2018. The Government of four countries is actively cooperating within the framework of the business management evaluation system “Doing business”, the instructions of the World Bank are being implemented. The continuous improvement of the activities of the customs authorities of the country was noted in the report “Doing business—2018”: the Republic of Belarus was included in 30 leading countries out of 190 analyzed in the rating “International trade”.

Goods placed under **the customs procedure for processing on customs territory** are exempt from customs duties, but the processing itself is taxed on VAT. At the same time, if the customs procedure is completed by placing processing products under the customs procedure of release for domestic consumption, then the mandatory payment of import customs duties and taxes is made.

Placement of goods under **the customs processing procedure outside the customs territory** is carried out with the subsequent import of processing products into the customs territory of the EAEU. Such placement occurs with full exemption from customs duties, but the sale of processing products will be accompanied by internal taxes, such as, for example, VAT and income tax.

The customs processing procedure for domestic consumption is applied without payment of customs duties, but it is completed with the placement of processing products under the customs procedure of release for domestic consumption, with payment of import customs duties at rates applied to processing products, but, according to the principle of escalation, as the added value will be higher after the processing of goods, the customs duty rates will also be higher.

Figure 2– The application features of the processing procedures in the EAEU