

CUSTOMS FREQUENTLY ASKED QUESTIONS



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1. What are the functions of the Customs & Excise Division?

The functions of Customs & Excise Division include;

- Assessment, collection and accounting for tax revenues
- Counteracting fraud and other forms of fiscal evasion
- Protecting the society from imported harmful substances
- Trade facilitation
- Collecting trade statistics

2. What are Customs duties?

Customs duties are taxes levied on goods imported from outside Malawi and sometimes on exports by the Customs authorities of the country. Customs duties consist of export duty, import duty, import excise and import Value Added Tax (VAT).

3. When one arrives at the border, what should he/she do?

When one arrives at the border he/she is required to truthfully declare the quantities and values of their goods using Form 47.

Customs may physically examine the goods to determine duty payable. Note that goods whose value is more than K500, 000 are required to be cleared through a Customs Clearing Agent using Form 12 while those below are cleared using Form 49.

How does MRA arrive at the duty payable?

MRA uses the Customs & Excise Tariff Order to determine duty payable. Goods of different types are classified differently and attract different rates of duty. In order to arrive at the duty payable, a Customs officer will refer to how the goods have been classified in the Tariff Order and the value of the goods. Thereafter, duty will be determined and an assessment notice will be presented to the taxpayer for payment of duty.



4. Why does MRA use different rates of duty on similar goods imported from the same country?

When one has imported goods from a country or countries that are party to a bilateral, regional or global trade agreement with Malawi, depending on the terms of agreement, his/her goods will enjoy preferential rates of duty. However, this will only apply when the importer produces a valid certificate of origin.

5. Why are some rates of duty higher than others?

Some items have higher rates of duty than others and this is due to the tariff policy of the Government. Such rates are intended, among other reasons, to:

- Protect domestic industries from competition with foreign products
- Protect the society from dumping of substandard goods or non-basic goods like alcohol or cigarettes
- Raise Customs revenues

6. Can one pay duty through installments?

It is possible to pay duty through installment. The importer must do the following:

Submit an application to the Commissioner General for approval wherein he/she should submit the invoice and bill of lading

- i. Upon approval, he/she would be required to pay at least half (50%) of the duty due and submit three post-dated bank guaranteed cheques covering the balance.
- ii. He/she would be required to pay interest at three percent above the prevailing bank rate
- iii. One would be allowed to start using the item or goods imported once approved and has paid the initial instalment



8. What should an importer do when he/she is not satisfied with the duty imposed on their goods?

When an importer is not satisfied with the assessment on their goods, they can lodge a complaint through the Station Manager. If at this level the two parties do not agree, the importer may take the matter by writing to the Commissioner General who will constitute an appeal's committee to look at the matter. If that fails one may take the matter to a special referee until the matter is resolved

9. How can one benefit from trade agreements like COMESA, SADC or Malawi-Zimbabwe?

For importers, one can benefit by obtaining a valid certificate of origin from the relevant issuing and certifying authority in the exporting country at the time of importation. For those exporting under the COMESA trade agreement, one can obtain the certificate of origin at the Malawi Chambers of Commerce and Industry (MCCI) at a minimal fee that is revised from time to time.

For SADC and the Malawi-Zimbabwe trade agreements, one can obtain the certificate at MRA's offices such as Blantyre, Lilongwe and Mzuzu Ports at a minimal fee that changes from time to time.

The role of FAST

10. What is FAST?

FAST is an abbreviation that stands for Flexible Anti-Smuggling Team. Their duties include:

- Conducting patrols to deter smuggling
- Cross checking duty payable and the goods declared
- Checking if import documents are authentic
- Prevent the importation and exportation of illegal and harmful products from penetrating into the local market or leaving the local market respectively

11. Why does MRA use roadblocks?

Road blocks act like check points where duty payable and import or export restrictions are cross checked to ensure that the right procedures are being followed on import and export of goods. They are also intended to deter smuggling of goods and other dangerous substances that may cause harm to people or the environment. Depending on the need, FAST can set up a roadblock anywhere at any time.



12. What is seizure and why does MRA do it?

Seizure means taking of goods from a taxpayer and put it into the custody of MRA. This happens when an importer or exporter is suspected of committing an offence contrary to the Customs & Excise Act.

A seizure notice is always issued to the person from whom goods have been seized. MRA seizes goods for suspected undervaluation, under declaration, misclassification, smuggling and importation or exportation of restricted or protected goods.

13. What will happen to goods that have been seized?

Seized goods must be claimed for restoration by the person from whom they were seized within 30 days from the date of the seizure. The goods will then be held for another three months period after which the goods will become liable to forfeiture and will be deemed the property of the Malawi Government and may be auctioned or sold in order to recover the taxes tied to the goods.

14. What is detention and why does MRA do it?

Detention means keeping goods away from an importer or exporter for a short period of time pending proper classification, valuation, production of proper documents and clearance.

15. What will happen to the goods that have been detained?

Detained goods will be kept for an initial period of 28 days during which the owner is required to clear them. A further 14 days grace period will be given after which the goods will be liable to seizure and as such may be auctioned/sold in order to recover the taxes due.

16. What should an importer do when their goods have been detained?

An importer should go to a Customs office where the goods were detained to seek further information regarding their goods. At the Station, one may be advised to pay the taxes due or provide authentic documents relating to their imports.

17. What is personal rebate?

Personal rebate is an allowance given people who have imported goods for personal use. The traveler should have been outside the country for at least 24 hours. Please, note that the personal rebate does not apply on commercial and unaccompanied goods. The amount for personal rebate is K300, 000.00 per person.

18. What is Tip Offs Anonymous Service?

Tip-Offs Anonymous Service is a toll free service that enables people to report secretly to corporate problems like fraud, bribery, corruption, dishonesty and other inappropriate behaviors to MRA.

One can call 847 on TNM, Access, Airtel or 8000 0847 for MTL. When reporting one is required to give secret numbers of their choice with four or five digits like 6138 or 32168. Those whose tips result in the recovery of revenue would be given a prize ranging from K5, 000 to K500, 000.