

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/22

24 November 1978

Special Distribution

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Multilateral Trade Negotiations

Original: English/  
Portuguese

## COMMUNICATION FROM THE DELEGATION OF BRAZIL

The following communication, dated 15 November 1978, has been received from the delegation of Brazil.

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I am enclosing herewith an informative note on the new simplified system of customs clearance of imported goods (DAS) which is being implemented by the Brazilian authorities.

It has already been possible to establish that, according to the new DAS system, imported goods take, in average, forty-eight hours to clear customs. Faster customs clearance resulting from the further rationalization of administrative import procedures instituted by the DAS system represents a considerable reduction in the costs of importation, to the benefit of both Brazilian importers and exporters to the Brazilian market.

The adoption and implementation of the DAS system is an important contribution by Brazil to the Multilateral Trade Negotiations. It responds to requests for simplification of import procedures and expedites the Brazilian import procedures.

It should be noted that the Brazilian Government does not consider that the system of customs clearance of goods, even prior to current improvements, constituted in any manner a barrier to trade.

I would be grateful if you would circulate this information to all participants to the MTN. I would also be grateful if you would file with the secretariat, for purposes of consultation by interested delegations, the enclosed legislation on the DAS system.

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## SIMPLIFIED CUSTOMS CLEARANCE

### I. OBJECTIVES

The simplified system of customs clearance ("Despacho aduaneiro simplificado" - DAS) has been established with the following objectives:

- (a) to speed up customs clearance of goods which, after being unloaded at the port or airport, are thus made available to importers more rapidly;
- (b) to reduce the costs incurred by importers, by condensing formalities, limiting the number of documents to be produced, eliminating intermediaries and cutting storage costs in port or airport installations;
- (c) to achieve rational functioning of the machinery of administration through an appropriate customs inspection system;
- (d) to respect the provisions of Article VIII:1, in fine, of the General Agreement, concerning the simplification of customs formalities;
- (e) to apply in the customs field the philosophy of integration as between the tax authorities and the taxpayer, as is already the case in other fields.

2. Although implementation of the system is still only in the early stages, the first perceptible effects show that these objectives can be achieved. It suffices to indicate that, as a general rule, goods can now become available to importers on the working day immediately following that of registration of the import declaration. In certain cases the two operations can even be carried out in a single day.

3. One can thus establish the following comparison as between the DAS and the conventional customs clearance system in regard to the time that normally elapses before goods are given customs clearance:

<u>DAS</u>	<u>Conventional system</u>
48 hours	168 hours

The difference is still more pronounced for customs clearance of goods eligible for tax advantages which are subject to more complicated formalities under the conventional system.

## II. METHOD OF APPLICATION

4. The DAS system is being introduced gradually, starting with large industrial undertakings. The intention is to extend it progressively to all importers.

5. Institution of the DAS system is accompanied by various activities, namely:

- (a) information and briefing of tax officials with customs inspection responsibilities, in particular those who intervene in the first stage, prior to customs clearance of goods;
- (b) training of all officials concerned with administrative tasks;
- (c) training of personnel of undertakings to which the system is to apply;
- (d) counselling of undertakings and administrative services through regional and local inspectors, so as to find a solution rapidly to any problems that might arise;
- (e) continuing supervision and assessment so that any distortions can be corrected immediately.

6. These activities have been undertaken and are continuing on the basis of careful programming, which has proved itself quite satisfactory in practice.

## III. OPERATIONAL ASPECTS

7. It was deemed preferable to take the most effective course, i.e. to find a conciliation formula for implementing the simplified system by using:

- (a) existing legal instruments;
- (b) the existing tax administration structure;
- (c) forms already in use, with a few minor innovations.

8. Accordingly, it was decided to move inspection and tax formalities out of the stage prior to customs clearance of goods, by providing a second stage that would postpone them to a later date. Given the existing structure of the competent Brazilian organs, one can expect that the objectives can be attained under the new system without detriment to effective inspection.

9. Although, generally speaking, customs clearance of goods takes place in the primary zone - ports, airports and even frontier posts - a solution has been found so as not to hamper the modern technique of door-to-door transport (containerized loads). Accordingly, for undertakings using containers, customs clearance can take place at the point of destination, i.e. through the institution of a system of customs supervision for containers. Containerized goods are delivered to the importer at his own premises, and it is then that the containers are opened and the goods are inspected and given customs clearance.

10. Studies have been undertaken, and are now at an advanced stage, with a view to simplifying formalities for transit of goods and temporary admission of containers.

#### IV. FINAL CONSIDERATIONS

11. The attached table shows the lengthy series of inspections and tax formalities that have been eliminated from the first stage and will be carried out after customs clearance of goods. One can see that certain formalities to be carried out by importers will, likewise, take place after customs clearance. Under the DAS system, the procedure is therefore in a direct line and is virtually limited to two formalities: examination of the register and preliminary examination (these are superficial), then inspection and customs clearance.

12. It should be noted that even if irregularities are detected (and whether or not they can be remedied), customs clearance of goods is not held up on that account. The importer will remedy the irregularities or will penalize himself later. That is why the DAS can be called a system of confidence (in the importer), and this justifies the application of administrative penalties to negligent or defaulting importers.

13. Furthermore, importers and the customs administration benefit from the fact that any disputes that have arisen between the two parties are examined together at specified intervals, and this procedure always takes place after customs clearance of the goods, without any guarantee being required.

14. It should be noted that the DAS system offers an important additional advantage to beneficiaries, in that payment of charges is postponed; it is made only after customs clearance of the goods, more specifically on the fifteenth day of the following month, in the form of a single payment covering all customs clearances in the preceding month, using just one DARF.

15. It should likewise be noted that the simplification process is only beginning and one can hope that it will lead as soon as possible to a reform of the relevant legal instruments which will have favourable effects on the Brazilian Government's debureaucratization efforts.

CUSTOMS CLEARANCE OF IMPORTED GOODS

Sequence of Formalities

COMPARATIVE TABLE

CONVENTIONAL SYSTEM

SIMPLIFIED SYSTEM

FIRST STAGE

(prior to customs clearance of goods)

IMP prepares DI	1. IMP prepares DI
IMP prepares DARF (one for each DI)	2. ....
IMP presents DI and DARF to Customs Office (I)	3. IMP presents DI to Customs Office
Customs Office (I)	4. Customs Office (I)
(a) consults register (IMP)	(a) consults register (IMP)
(b) makes preliminary examination (DI)	(b) makes preliminary examination (DI)
(c) examines DARF	(c) ....
(d) returns DOCs to IMP	(d) ....
IMP presents DI and DARF to collecting bank which:	5.
(a) examines DI	
(b) examines DARF	
(c) compares DI and DARF	
(d) collects the relevant charges	
(e) authenticates all copies of DI	> .....
(f) authenticates all copies of DARF	
(g) returns one copy of DARF to IMP	
(h) retains one copy of DARF	
(i) forwards DI and DARF to Customs Office (I)	

Customs Office (I) numbers DI and

- (a) checks figures
- (b) forwards DI to Customs Office (II)

Customs Office (II) receives DI and:

- (a) checks GI
- (b) forwards DI to Customs Office (III)

Customs Office (III) receives DI and:

- (a) makes a documentary examination (DI x bill of lading, invoice, etc.)
- (b) verifies entitlement to advantages granted (exemption, reduction, etc.)
- (c) ensures that any omission or error is remedied
- (d) notes any irregularities
- (e) forwards DI to Customs Office (IV)

Customs Office (IV) receives DI and:

- (a) checks the manifest
- (b) forwards DI to Customs Office (V)

Customs Office (V) receives DI and within 5 days:

- (a) re-examines documents
- (b) inspects the goods
- (c) (1) gives customs clearance to the goods if everything is in order
- (c) (2) in the case of irregularities, draws up a notice of infringement and withholds the goods

6. Customs Office (I) numbers DI and

- (a) .....
- (b) transmits DI to Customs Office (V)

7.

.....

8.

.....

9.

.....

10. Customs Office (V) receives DI and within 48 hours:

(1)

- (a) examines the documents
- (b) inspects the goods
- (c) (1) gives customs clearance to the goods if everything is in order
- (c) (2) in case of irregularities, notes them and gives customs clearance to the goods

In case of a notice of infringement Customs Office (V):

10.  
(2)

- (a) withholds the goods
- (b) informs IMP that he must either accept what the customs require or make an objection

If IMP accepts what Customs Office (V) requires:

11.  
(1)

- (a) he prepares a DCI
- (b) he prepares a DARF
- (c) he has the DCI and DARF endorsed
- (d) he presents the DCI and DARF to the collecting bank, which collects the amount demanded
- (e) he presents the DCI and DARF, duly receipted, to Customs Office (V) and obtains customs clearance of the goods

If IMP does not accept what Customs Office (V) requires:

11.  
(2)

- (a) he makes an objection
- (b) he can request customs clearance of the goods after lodging a deposit or guaranty equivalent to the amount required by Customs Office (V)

Customs Office (VI), after receiving the application of IMP (11(2)(b)) can release the goods

12.  
(1)

Customs Office (VI), in case of objection by IMP (11(2)(a)) can:

12.  
(2)

- (a) settle the dispute in favour of IMP
- (b) settle the dispute against IMP

Customs Office (V), in case (12(2)(a)), gives customs clearance to the goods, if they have not already been released (12(1))

13.

In case 12(2)(b), IMP can:

14.

- (a) accept the decision and prepare the DCI and DARF with a view to paying the amount demanded
- (b) appeal to the administrative tribunal (third Council of Tax-Payers)

SECOND STAGE

(after customs clearance of the goods)

Customs Office (VII) re-examines DI and can:

15.

- (a) file it away
- (b) if it finds any irregularities, can require reparation

16.

Customs Office (IV)

- (a) checks the manifest
- (b) forwards DI to Customs Office (VII)

17.

IMP prepares a MAM (one per month, covering all imports in the preceding month) and on that basis prepares DARF (one per month)

18.

IMP presents DARF to the collecting bank and pays the charges (only once per month, covering all imports in the preceding month)

19.

Not later than the fifteenth day of each month, IMP presents the MAM and DARF to Customs Office (VII); at the same time:

- (a) he presents his commercial invoices if they were not attached to DI;



- (b) he presents DCI if any irregularities have been found  
[10(1)(c)(2)]

20. Customs Office (VII) calculates total charges for all imports in the period considered and can:

- (a) file away the DI
- (b) if it has found any irregularities, require reparation

FEDERAL PUBLIC SERVICE

KEY

ABBREVIATIONS	INDICATIONS
DARF = Documento de Arrecadação das Receitas Federais (federal revenue collection form)	Customs Office (I) - Responsible for formalities prior to customs clearance
DI = Declaração de Importação (import declaration)	Customs Office (II) - Responsible for supplementary exchange control activities
DCI = Declaração Complementar de Importação (supplementary import declaration)	Customs Office (III) - Responsible for checking documents required for customs clearance and for verifying eligibility for advantages granted
DOCs = Documentos (documents)	Customs Office (IV) - Responsible for checking the manifest
GI = Guia de Importação (import licence)	Customs Office (V) - Responsible for general formalities and in particular inspection and customs clearance of the goods
IMP = Importador (importer)	Customs Office (VI) - Customs Directorate (primary zone)
MAM = Mapa de apuração Mensal (monthly settlement form)	Customs Office (VII) - Offices of the federal revenue secretariat, established in the secondary zone (outside ports, airports and frontier posts)