Content

Title：	Operation Directions Governing Customs Post-Clearance Audit Ch
Date：	2023.03.28
Legislative：	1. Promulgated by the Directorate General of Customs, Ministry of Finance Letter No. 91101562 on March 8, 2002, and came into force on the same date. 2. The entire text amended and promulgated by the Directorate General of Customs, Ministry of Finance Letter No. 0946001603 on December 27, 2005. 3. Amended and promulgated by the Directorate General of Customs, Ministry of Finance Letter No. 1026002621 on March 4, 2013. 4. Points 1, 3, 4 and 9 amended and promulgated by the Customs Administration, Ministry of Finance Letter No. 1066002984 dated February 21, 2017. 5. The entire text amended by the Customs Administration, Ministry of Finance Letter No. 1096003295 dated August 25, 2020. 6. Points 2 and 17 amended and promulgated by the Customs Administration, Ministry of Finance Letter No. 1106003370 dated July 19, 2021. 7. Points 4 and 15 amended and promulgated by the Customs Administration, Ministry of Finance Letter No. 1121007537 dated March 28, 2023.
Content：	Article 1 These Operation Directions are prescribed to conduct Customs post-clearance audit operations and standardize the relevant operating procedures. Article 2 The terms used in these Operation Directions are defined as follows: 1.Guidance: Refers to Customs publicizing the decree or requesting self-assessment to duty-payers, exporters, or auditees. 2.Self-assessment: Refers to Customs requesting duty-payers, exporters, or auditees with potential risks to self-evaluate and assess their compliance status. 3.Compliance: Refers to Customs inspection of the auditees' customs declaration records, documents, accounting books, and/or related files or databases for any deficiencies. 4.Compliance Evaluation: Refers to Customs' assessment of the compliance levels of the auditee when the post-clearance audit is concluded. It is classified in the following sequence: "Facilitated voluntary compliance," "Assisted compliance," "Directed compliance," and "Enforced compliance." Article 3 The Post-Clearance Audit Section, Customs Administration, Ministry of Finance (hereinafter referred to as "Customs Administration") is responsible for the following matters: 1.Planning the post-clearance audit system, revising laws and regulations, and standardizing report formats. 2.Researching and identifying main work plans for the next year (including the selection of audit industries and special products, etc). 3.Conducting follow-up assessments of audit cases and analyzing and evaluating audit results.

4.Providing audit analysis data and feedback to the customs clearance automated case selection system.
5.Conducting research and analysis for case selection.
6.Supervising the implementation of post-clearance audit activities at each regional Customs.
7.Conducting auditor training.
8.Maintaining system data related to post-clearance audit cases.
9.Addressing any other post-clearance audit-related matters.

Article 4
The post-clearance audit section within regional Customs is responsible for the following matters:
1.Selecting audit cases based on intelligence or risk data.
2.Handling post-clearance audit cases assigned by Customs Administration or transferred by other authorities.
3.Updating risk information and conducting follow-up activities.
4.Maintaining system data related to post-clearance audit cases.
5.Submitting monthly statistical reports and the copies of the audit reports of post-clearance audit cases to Customs Administration.
6.Submitting main work plans for the next year to Customs Administration (including selected audit industries, special products, reasons for selection and expected results).
7.Addressing any other post-clearance audit matters.

Article 5
Customs may refer to the following information to select cases for post-clearance audit:
1.Articles shall not be imported under Article 15 of the Customs Act, controlled articles from importation or exportation, and articles subject to higher tariff rates.
2.Cases that are involved false import or export declarations activities, anti-smuggling activities, or applications for correction in import or export manifests or declarations fields, such as consignee information, tariff, customs values, examination methods, etc. These cases are involved in collection of duties and charges, evasion of control, and violation of regulatory restrictions.
3.The abnormalities of trader or goods information provided by Customs offices.
4.Cases discovered abnormalities while conducting post-clearance audit.
5.Cases reported by an informant.
6.Cases failed to apply for clearance, to pay taxes, or to be withdrawn within the time limit.
7.A default on the payment of duties, charges, or penalties by traders and related entities.
8.The abnormalities of trade data reported by domestic and foreign media and the information of import and export goods provided by the industry.
9.Information provided by tax collection authorities.
10.Other referenced information.

Article 6

The selection of the auditee should adhere to the following principles:
1.Avoid repeated audits:
(1)When selecting a case, the post-clearance audit section within regional Customs should first query the auditee's business administration number or national ID number, along with import and export declaration information, to confirm that it has not previously undergone post-clearance audit by another section.
(2)When selecting a case, if the chosen declarations belong to other regional Customs, suspicious information should be provided to the jurisdictional regional Customs for handling, without taking the initiative to conduct audits.
(3)When selecting a case, if some chosen declarations from the same trader belong to other jurisdictional regional Customs, the initially assigned audit section shall be the responsible section for the case. If other regional Customs has suspicious information about the case, it should be transferred to the responsible section for consolidated handling. The responsible section shall notify the transferred section of the results of the post-clearance audit cases.
(4)If necessary, the post-clearance audit section within regional Customs may request the post-clearance audit section within other regional Customs to assist in the case.
(5)When a case intending for audit has been informed and been inspected by another section upon inquiry, the post-clearance audit section may request the original inspecting section to transfer the case for handling.
(6)If there is a dispute regarding the jurisdiction of post-clearance audit cases, it may be reported to the Post-Clearance Audit Section, Customs Administration, for coordination and handling.
(7)After the post-clearance audit case is concluded, the same auditee should generally be avoided for another post-clearance audit, except in the case of enforced compliance.
2.Capacity audit and guidance: Customs shall initially provide the selected auditee counseling and self-assessment. If the counseling effect is found to be ineffective, a post-clearance audit may be conducted in accordance with audit capacity.

Article 7
An auditor shall report for recusal in the following circumstances:
1.When the auditor, or the auditor's spouse, former spouse, fiancé, or the family members living together who has a legal interest in the case;
2.When the auditor is or was either a relative by blood within the fourth degree or a relative by marriage within the third degree who has a legal interest in the case;
3.When the auditor is or was the statutory agent or assistant who has a legal interest in the case;
4.When the auditor is likely to be a witness or expert witness in the case;
5.When trustees of the trust property consigned by the auditor or his/her spouse who has a legal interest in the case;
If the auditor fails to report for recusal in accordance with the provisions of the preceding paragraph, or if auditor's supervisor, based on other facts, identifies the biased duty performance sufficiently, the

auditor shall be ordered to recuse himself/herself.

Article 8
The assignment of post-clearance audit cases shall adhere to the following matters:
1.Post-clearance audit cases shall not be handled without being assigned by the supervisor of the post-clearance audit section. After the auditor receives case assignment notice, the case shall be recorded and controlled immediately.
2.During the inspection of a post-clearance audit case, if a third party is identified a risk of violated regulations, it shall be conducted as a self-selected case after being reported and approved.
3.During the inspection of a post-clearance audit case, if the auditees voluntarily provide evidential information of illegal activities related to import declarations beyond the audit scope, the same auditor shall be assigned after being reported and approved.

Article 9
Pre-audit preparation:
1.The auditor shall issue an audit notice letter to notify the auditee of the upcoming post-clearance audit. The notice shall include the following matters:
(1)The name of auditee.
(2)The legal basis for the audit.
(3)The investigation base date.
(4)The scope of the audit.
(5)The date, time, and premises of the investigation.
(6)The accounting books, documents, and other necessary information or evidence that should be provided.
(7)When an appointed agent attends, the agent shall carry identification documents and produce a letter of authorization or other authorization documents.
(8)The legal consequences of evasing, refusing, or interrupting the audit.
(9)Attached information about publicizing the regulations.
2.To ensure an effective audit, if it is necessary to discuss the audit objectives, the list of audit team members, required work hours, and the types of accounting books to be audited in the preparatory process, an audit meeting may be held, and minutes of the meeting should be recorded.

Article 10
During the audit, the auditee may be notified to go to the office of Customs for inquiry, or to conduct an on-site audit at the premises of the auditee. The procedures are as follows:
1.To the office of Customs:
(1)When the auditee, agent, or assistant attends, their identity and the presence of a letter of authorization or other authorization documents shall be verified. If these documents are not provided, they should be corrected via fax or other means before the interview. If they cannot be corrected, another interview date should be rescheduled.
(2)To avoid arranging informants, witnesses, or parties with a legal

interest in the case to be interviewed at the same time and location.
(3)For cases that do not require an on-site audit at the auditee's location, a Compliance Form shall be used to inspect whether the auditee has a sound internal control mechanism, and whether the submitted customs declaration records, documents, and accounting books are processed in accordance with regulations. Any non-compliance shall be recorded on the Compliance Form, and the auditee should sign it and cooperate in making improvements.
2.At the premises of the auditee:
(1)Each case shall have no fewer than two auditors, who shall present the Customs Inspection Identification of the Ministry of Finance during on-site visits. Neighborhood Chiefs, Village Chiefs, military police, police, or law enforcement officers may be invited to go together and provide assistance if necessary.
(2)If the party being audited is not present at the audit premises at the appointed time, a contact notice shall be left by auditor, notifying the legal responsibilities for non-compliance, and delivered to the building manager, Neighborhood Chiefs, Village Chiefs, or one of the neighbors for forwarding to the party. The party shall be advised to contact the audit section to reschedule.
(3)A Compliance Form shall be used to inspect whether the auditee has a sound internal control mechanism, and whether the submitted customs declaration records, documents, and accounting books are processed in accordance with regulations. Any non-compliance shall be recorded on the Compliance Form, and the auditee should sign it and cooperate in making improvements.
(4)During the audit process, if any goods that violate the Customs Anti-Smuggling Act has been seized, they may, in light of the particular circumstances of each case, be handled pursuant to Chapter 3 of Customs Anti-smuggling Act.
3.The date of the audit may be postponed by advance notification via telephone, email, or fax with justifiable reasons.

Article 11
During the audit, conversation records shall be made and handled by the following procedures:
1.The auditor shall prepare the questions in advance based on the case, and the conversation records shall include the following details:
(1)The cause of the case.
(2)Name and national ID number of the parties involved.
(3)Starting/ending times and the place.
(4)Names, position titles, and the units they belong of the auditors.
(5)The occurrence and the facts of investigating.
2.When there are two or more parties involved, separate conversation records may be made for each.
3.After the conversation records are completed, they shall be examined by the parties. If the parties have no further opinions after examining, they shall sign or affix their personal seals on it. If the parties refuse, the fact of such refusal shall be specifically noted.
4.If the parties deny or modify their original statements, which do not

involve changes in the facts of the case, corrections may be made and signed or sealed thereon for the purpose of proof. If the statements are inconsistent and affect the accuracy of the case, the original conversation content shall be retained, and the desired changes shall be recorded on the last page of the conversation records, specifying the relevant question number and its content.
5.The conversation records shall not be altered or tampered with, and any remaining blank spaces shall be crossed out after completion.
6.When parties request a copy of the conversation records, their request and the number of copies to be provided shall be recorded, and copies shall be issued accordingly after photocopying.

Article 12
During the audit, audio and/or video recording of the audit process may be conducted according to the following procedures:
1.Auditees may record video and/or audio by themselves or on request after informing Customs, and Customs shall not reject this, except for legitimate reasons for upholding the secrecy of tax investigation and writing it down in the conversation records.
2.If it is necessary for Customs to record video and/or audio, they shall inform the auditees in advance.
3.Auditors shall start video and/or audio recording from the beginning of the investigation and last until the end thereof without interruption. The date, time, place, case number, and the cause of the case should be announced prior to each investigation.
4.Attention should be paid to the beginning and ending of audio and/or video recording at all times. If recording is interrupted, the cause of interruption and time should be verbally stated before resuming.
5.After audio and/or video recording, the files should be burned onto a CD or other storage device and filed together with the audit report.
6.When auditees request to provide video or audio recordings on CDs or other storage devices, the processing of the archive application, review, duplication, and fees shall be handled pursuant to the relevant regulations.

Article 13
The auditors shall issue a receipt when they find it necessary to retain accounting books, transaction records, samples, etc. provided by the parties involved for inspection.

Article 14
Prior to the conclusion of the audit, the auditors shall handle the following matters:
1.The parties shall be given an opportunity to state their opinions on the discovered facts and evidence, and all circumstances, whether advantageous or disadvantageous to the parties, shall be taken into consideration. If the facts presented by the parties are alleged in their favor, they shall be asked to provide proof for those facts.
2.If the parties' statements are inconsistent with the discovered facts and evidence, the auditors may declose the discovered facts and evidence

for further questioning if necessary. However, if the discovered evidence is confidential or affects an interested party, it may be exempt from disclosure.
3.When the audit procedures are completed, a concluding meeting may be held to reach conclusions on the handling of the situation and minutes of the meeting should be recorded.

Article 15
When the post-clearance audit case is concluded, the summary assessment of the compliance levels of the auditee and an audit report shall be prepared:
1.Compliance Evaluation:
(1)If, before or during the Customs audit, the auditees voluntarily provide evidential information, pay any outstanding duties and taxes, and no further illegal activities or recoverable duties and taxes are found, or if, after a post-clearance audit by Customs, no illegal activities or recoverable duties and taxes are found, then the auditees may be classified as "Facilitated voluntary compliance."
(2)If the auditees be obligated to assist and cooperate the investigation during the Customs audit, and no illegal activities or recoverable duties and taxes are subsequently found, they may be classified as "Assisted compliance."
(3)If the auditees complete all the improvements requested by Customs before the audit case is concluded, the auditees may be classified as "Directed compliance."
(4)If the auditees fail to complete the improvements requested by Customs before the audit case is concluded or deliberately do not comply with Customs during the post-clearance audit from the beginning, the auditees may be classified as "Enforced compliance."
2.Preparation of the audit report:
(1)The auditors shall submit an audit report based on the audit results within thirty days from the day following the conclusion of the verification.
(2)The following documents shall be recorded in detail and attached to the audit report for review, which are case assignment notices, audit notice letters, conversation records, forms used during the audit, the supporting information provided by the auditees, discovered evidence, and analysis data, etc.
(3)The audit report should be concise, detailed, and objective.
(4)In cases where auditees voluntarily provide evidential information of illegal activities, the audit report shall specify the legal basis and scope of the penalty exemption. The levy of duties in such cases shall be considered as the auditor's counseling performance.

Article 16
When Customs conducts a post-clearance audit and discovers illegal activities or situations where duties are recoverable or refundable, the following procedures shall be followed:
1.If the audit results reveal duties are recoverable or refundable, the case shall be referred to and handled by the original import/export unit. If necessary, relevant units should be notified to strengthen inspection.

2.If the audit results reveal any illegal activities that constitute violations of the Customs Act, the Customs Anti-Smuggling Act, or other applicable law, in addition to imposing penalties pursuant to the provisions, relevant units shall be notified to strengthen inspection.
3.During the audit process, if it is discovered that there are situations such as the establishment of shell companies, unauthorized business closures, or relocation to unknown locations, the relevant authorities shall be notified.
4.If, during the audit process, situations related to "Operation Directions for Cross-checking Customs Duties and Domestic Business Taxes" are identified, the Taxation Administration of the Ministry of Finance or the tax collection authorities shall be notified to handle the matters.
5.Other authorities may be coordinated to form a special team to conduct the audit.

Article 17
Other matters for attention:
1.When auditors conduct a post-clearance audit, they shall observe a fair administration by law and uphold principles such as clarity, equality, proportionality, and integrity. Auditors shall adopt the methods with the least harm to the auditees and shall not infringe the legal rights of the auditees.
2.If auditors encounter violence, threats, refusal to accept the audit, or uncooperative attitudes from the auditees, they may suspend the audit and report to the supervisors for handling. If necessary, police authority may be notified to provide assistance.
3.When auditors access the Customs database, they must obtain authorization and report to their supervisors for approval in advance, in accordance with the relevant regulations.
4.Auditors shall not disclose the contents of the Customs database, audit reports, and the commercial secrets provided by the auditees and keep them confidential. When providing or transferring relevant documents and information to other relevant government authorities or individuals in accordance with the provisions, they shall treat such information as confidential, and shall remind the recipients of such information to fulfill their respective confidentiality obligations.
5.Auditors shall not accept invitations to banquets or other illicit benefits related to their duties, and they shall strictly abide by the relevant provisions of the Civil Servant Service Act.
6.Auditors shall not use threat, inducement, fraud, or other improper means while performing their duties.

Data Source：Ministry of Finance, R.O.C. Laws and Regulations Retrieving System