

POST CLEARANCE AUDIT (PCA)

GUIDE



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Do you know what your business is required to do when selected for the Post Clearance Audit?

Your questions and answers about the Post Clearance Audit process is in the guide.



Before the Post Clearance Audit starts.

01 What is Post Clearance Audit (PCA)?

PCA is the examination of a trader's records including commercial data after goods have been released from customs control, to verify the accuracy of customs declarations and to ensure compliance to regulations.



02 Why is PCA important?

- ✦ To detect fraud and under-declaration
- ✦ To encourage voluntary compliance when discrepancies or inaccuracies are identified.
- ✦ To better identify high-risk traders
- ✦ To enhance trade facilitation by providing fast clearance process.

03 How is PCA different from border inspection ?

On site physical Inspection :

- ✦ Is conducted at the time of clearance.
- ✦ Focuses on physical goods.
- ✦ May have varying examination from other stakeholders based on cargo content . e.g bio-security and others.

Post Clearance Audit :

- ✦ Is conducted after goods have been released from customs control.
- ✦ Focused on documents, records and data of the shipment.
- ✦ Is more detailed and comprehensive.



04 How does PCA support trade facilitation ?

PCA:

- ✦ Speeds up customs clearance at ports of entry.
- ✦ Reduces cargo hold-ups.
- ✦ Encourages voluntary compliance.
- ✦ Enhances risk management.

05 What is the legal basis for PCA?

PCA is established under Customs legislation and is aligned with World Customs Organization Revised Kyoto Convention guidelines. It supports the principles of transparency and accountability.

06 Who can be audited as part of PCA ?

Any importer, exporter, customs broker, freight forwarder, or person involved in international trade may be subject to PCA.

07 What customs specialisations support post -clearance audits?

Post Clearance Audit process has been developed to support Customs specialisations such as tariff classification, valuation, rules of origin and concessions .

08 How frequently can businesses be audited?

There is no fixed cycle. The audit is conducted on a risk based approach for:

- ✦ High-risk sectors
- ✦ New or non-compliant traders
- ✦ Importers with significant duty exemption use .



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What are the three types of PCA?

✦ **Desk Review:** Focuses on one or a few transaction, which may be conducted by correspondence or telephone. A pre-audit survey is conducted to determine if the desk audit is appropriate for a straightforward or single customs specialization. Desk audits allows customs to monitor an importers trading activity.

✦ **Limited Scope Audit :** This is on-site audit is held at the client's premises for a single customs specialization. E.g. Verifying tax relief concessions claimed. This type of audit targets more than one area of customs such as valuation, origin, or classification.

An open interview will be conducted to educate the client about the audit process in advance. It will notify the client on what is required in terms of documentation. This type of audit test the related system and internal controls of the business and provides the opportunity to seek clarification on customs procedures and legislation.



✦ **Compliance Audit :** This is on-site audit to determine compliance to laws and regulations. To verify that imported goods are properly reported and accounted for. The audit focuses on the entire business environment and the impact compliance. The audit involves visit at the business premises to examine the information shared.

Post Clearance Audit Process.



10 How far back can PCA be conducted?

Customs audits typically covers a 4-year period. Amendment assessment maybe served within four years unto the importer as stipulated **in section 11 (2) of the Revenue Administration Act, 2011.**

11 Who is applicable to PCA?

PCA applies to all traders, importers regardless of the size of the business and its activities.

12 What are the responsibilities of traders under PCA?

- ✦ To maintain all records for period of **7 years** as prescribed by the law.
- ✦ To provide all records upon requested during inspections.
- ✦ To willingly cooperate with auditors during the review process.
- ✦ To disclose truthful information .
- ✦ To improve on findings identified during the audit.

13 Are traders notified about PCA in advance?

Traders are officially notified in writing if their business has been selected for PCA. However, in specific cases involving suspected fraudulent activities unannounced audits is permitted under **section 33 of the Revenue Administration Act, 2011.**

14 How can businesses prepare for PCA ?

Businesses are advised to maintain:

- ✦ Accurate their records as prescribed under the law.
- ✦ Strong internal controls.
- ✦ Compliance to Customs laws and regulations.
- ✦ Cooperate with auditors during the process and ask questions when needed.



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Can a representative of the business attend to PCA ?

Traders may appoint a legal officer or tax agent, customs broker, or use their internal compliance officer to liaise with auditors during the PCA process.

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What are your rights during a PCA process ?

As a trader, you are entitled to:

- ✦ Be informed about the audit's purpose and scope
- ✦ Submit additional documentation or clarifications when requested.
- ✦ Receive and respond to the audit findings ensuring corrective measures.
- ✦ Appeal to the audit decision through the Customs Appeal Committee and Commission General.



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What is the PCA process ?

The PCA process includes:

- ✦ **Notification Letter** : Informing the trader of the audit.
- ✦ **Pre-Audit Analysis** : Preliminary review of records.
- ✦ **On-Site Visit or Desk Audit** : In-depth review of all records including in-person interviews.
- ✦ **Audit Findings** : Reporting on issues identified.
- ✦ **Final Report** : Final report addressing the issues identified and recommendations for improvement.

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What information may be requested during?

Customs may request for :

- ✦ Commercial invoices and contracts.
- ✦ Shipping documents (bills of lading, airway bills).
- ✦ Customs declarations.
- ✦ Payment records and bank statements.
- ✦ Packing lists and delivery notes.
- ✦ Accounting records.
- ✦ Import permits or licenses.
- ✦ Internal audit or compliance reports.

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What happens if I fail to provide the required documents?

Failure to provide records may result in one committed an offence and liable to:

- ✦ Pay for a fine not exceeding **SCR50,000**
- ✦ Having the case referred to enforcement section or Investigation unit in line with the **Revenue Administration Act, 2011** for recovery of unpaid revenue.



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What are the possible outcomes of a PCA?

- ✦ Increase in compliance and education.
- ✦ Refunds (in case of an overpayment).
- ✦ Penalties or sanctions imposed for non-compliance imposed for non-compliance.
- ✦ Follow-up audits to ensure clarity in procedures and compliance.

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Can PCA findings affect a traders compliance status

Lack of compliance can:

- ✦ Impact your risk profile.
- ✦ Delay future clearances.
- ✦ Result in exclusion from exemptions or deferral schemes as applicable under the law (if any).

Positive outcomes can strengthen your compliance record and improve your trade facilitation rating.

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Can I appeal or challenge the PCA findings?

You have the right to:

- ✦ Request for further clarifications
- ✦ Submit to the Commissioner of Customs, a written objection letter to the findings
- ✦ Appeal to the findings by completing the Appeal Against Administrative Decision form available via **www.src.gov.sc**



For more Information:

Customs Post Clearance Audit Unit



+ 248 4294996/4294949



postclearance@src.gov.sc



www.src.gov.sc

**SEYCHELLES REVENUE COMMISSION
3RD FLOOR
MAISON COLLET BUILDING
VICTORIA, MAHE, SEYCHELLES**



+248 4293737