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## Russian customs authorities tighten control over businesses

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In these days of difficult times for the Russian budget, and with just over three months to go before the end of the financial year, there is reason to believe that the Russian customs authorities will conduct regular and thorough checks on importing companies to identify how much they owe in customs duties.

We have been informed from reliable sources that, on 8 September 2014, the Head of the Federal Customs Service (the “**Customs Service**”) Andrey Belyaninov sent to the heads of several Customs Directorates – Central, North Western, and Far Eastern – letters of similar content regarding a shortfall in customs duty collection. Please click [here](#) to view the letter to the Central Customs Directorate and [here](#) for the letter to the North Western Customs Directorate (both in Russian).

### **The letters in a nutshell**

The above letters identify within the regions of the relevant customs Directorates so-called ‘shortfalls in customs duty collection’. In other words, there is a difference between the amounts the customs authorities had expected to receive, and the amount that was actually collected.

The Customs Service believes that the shortfalls are due to companies understating the customs value of imported goods, or making false customs declarations.

To remedy this situation, the Customs Service has recommended that Customs Directorates and their subordinate customs authorities, which the Directorates are to alert to the situation, adopt measures aimed at improving the efficiency of customs control of imported goods by, in particular:

- strengthening the control of the customs value of the goods;
- analysing customs declarations in more detail; and
- taking measures to reduce situations when goods are released despite a suspicion that the information declared may not be reliable.

The names of companies to whom the customs authorities have been directed to give special attention are set out in attachments to the above letters. The lists contain both large international holdings and well-known Russian companies that import and sell on the Russian market products such as pharmaceuticals, cosmetics, automotive parts and vehicles, sporting goods, household appliances, clothes, etc.

### **How your business may be affected**

For the companies named in the lists, as well as any other company that may be identified as having a shortfall in customs duty collection based on internal criteria to be developed by the customs authorities on the ground, the Customs Service’s adoption of these instructions significantly increases the risk of a company being subject to customs control measures and having additional customs duties imposed on them. The risk will apply both in relation to goods that will be imported into Russia during the fourth quarter of 2014 and in relation to goods that have already been

previously imported.

Importing companies will therefore need to mobilise their internal resources and be prepared for increased control activities by the customs authorities. Companies should also exercise the utmost degree of accuracy and professionalism when preparing customs documents for the import of goods, as this will help in the event of a disagreement with the customs authorities or if they need to defend their position in court.

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If you have any questions on the matters referred to in this Alert, please do not hesitate to contact CMS, Russia experts **Jean-Francois Marquaire** and **Gayk Safaryan** or your regular contact at CMS, Russia.



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