



## **False Invoicing**

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This is to inform Customs Brokers and general Importers that the Department of Customs and Inland Revenue is concerned after discovering high level of false invoices used in declarations to customs. This is a means importers are using to undervalue their imported goods. This is a punishable crime that is causing major issues that is adversely affecting the amount of duty and tax due to be paid to the Government of the Republic of Vanuatu.

Customs Act No. 7 of 2013 being approved and passed legislatively by National Parliament of the Republic of Vanuatu provides and carries heavy penalties in relation to offences summarized below:

<b>Section</b>	<b>Offence</b>	<b>Penalty</b>
168	<b>False Documents:</b> -Person who produces false or forged documents and or statements, -includes delivery of documents to customs	Fine not exceeding VT100,000
169	<b>False Declarations:</b> - Person who produces false or forged declarations - includes delivery of declaration to customs	Imprisonment not exceeding 6 months or a fine not exceeding VT5,000,000, or both
170	<b>Incomplete Documents:</b> Person who without lawful authority or excuse, has in possession or brings into Vanuatu any uncompleted document or form capable of being used for any purpose under this Act if the document is signed or certified or bears any such mark or inscription to indicate that it is correct or authentic	Fine not exceeding VT5,000,000.
174	<b>Fraud/Defrauding the Revenue of Customs:</b> - evading or enabling any other to evade, payment of duty or full duty on goods; or - includes refunds - conspiring with any other persons in or outside of Vanuatu for this same purpose	Imprisonment not exceeding 5 years or a fine not exceeding VT10,000,000.

DCIR requires importers and customs brokers to declare the correct value of their goods to Customs using the Valuation Methods under Schedule II of the Import Duties (Consolidation) Act [CAP91]. Do note that most importers would fall under the category of using the first valuation method known as the **Transaction Value Method** to value their imported goods. Transaction value is the price actually paid or payable for the goods when sold for export to Vanuatu. Using this method, one of the most important items in the declaration in terms of value is the invoice. The issue customs has with a lot of current importers is the fact that a lot of the invoices being presented to customs are not genuine and/or may



be disputed as false invoices that have been manipulated or edited in order to evade duty and tax. This is a serious offence and includes defrauding the Government of Vanuatu which carries a penalty of VT 10,000,000.

Importers are required to present the original invoice that their suppliers have issued for their imported goods. This can include electronic invoices sent via email. What customs DOES NOT WANT AND IS ILLEGAL ARE:

- Invoices that have been reproduced by the importer to evade duty and tax
- Invoices that an importer or exporting agent has produced to consolidate invoices from a lot of different suppliers. Please provide the original invoices, even if there are a lot of different invoices.

The above are a number of issues that importers must be aware of. Please do not hesitate to contact DCIR on 22168 or 22462 if you require any further information or clarifications.