

AUTOTARIFF ADVISORY



**COMPANY
PROFILE**

**Vehicle Import
Management System**

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1. Introduction

Autotariff is an advisory company that specializes in Vehicle Import Management Systems for Customs organizations.

1.1 Background

It is often a challenge for tax authorities in developing countries to accurately identify, classify and subsequently value imported vehicles for tax purposes. This arises because Vehicles have complex parameters involved in their identification, classification, and values. Unfortunately, the tools required for valuation are not readily available to valuation officers.

1.2 Vision

To attain a world-acclaimed identity in global application tools for Vehicles in the administration of their identification, classification, and values for tax purposes.

1.3 Mission

Our mission is to provide tax authorities with a bespoke system to address all the above challenges. The Autotariff web-based solution eliminates the need for any human intervention in the Vehicle Import Management chain by fully automating all the processes. This enables Customs to maximize their revenue collection to meet their target set for them by the government, at a minimum cost and at the same time in line with the **canons of taxation (ECCA)**.

1.4 Products and Services

Our Vehicle Management system consists of the following.

1. Vehicle Valuation
2. Vehicle Registration
3. Vehicle Monitoring
4. Tariff Simulator
5. Advisory

2. Vehicle Valuation System

Vehicles are a vital commodity for national import-revenue generation. It fetches, or can fetch about the highest revenue when properly managed. Unfortunately, most tax authorities are unable to take full advantage of this potential. The major reason being that vehicles have complex parameters that require specialized applications and knowledge to identify, classify and value correctly. Unfortunately, these tools or requirements are not fully available at the disposal of valuation officers.

This has resulted in officers making genuine mistakes and at times abusing their discretionary powers leading to wrong identification, misclassification and under-valuing. Additionally, it has contributed

to arbitrariness and lack of equity in their work, leading to importers' complaints and loss of revenue. Sadly, there is little or no competence for supervision and audit in most Customs organizations to curb these anomalies and malfeasance. Therefore, they are carried out with impunity.

Even though used vehicles are touted as complex and the most difficult commodity to value, with AUTOTARIFF it is the easiest. Vehicles have unique identifiers (VIN/Chassis no) that serve as the fingerprints of the Vehicle and need special tools to interpret. The VIN enables the vehicle to be identified with the requisite tools. Unfortunately, these tools are not readily available to most Customs authorities. For this reason, vehicles are touted as the most difficult commodities to value. Fortunately, because of the tools and knowledge available to us we deem it as the easiest.

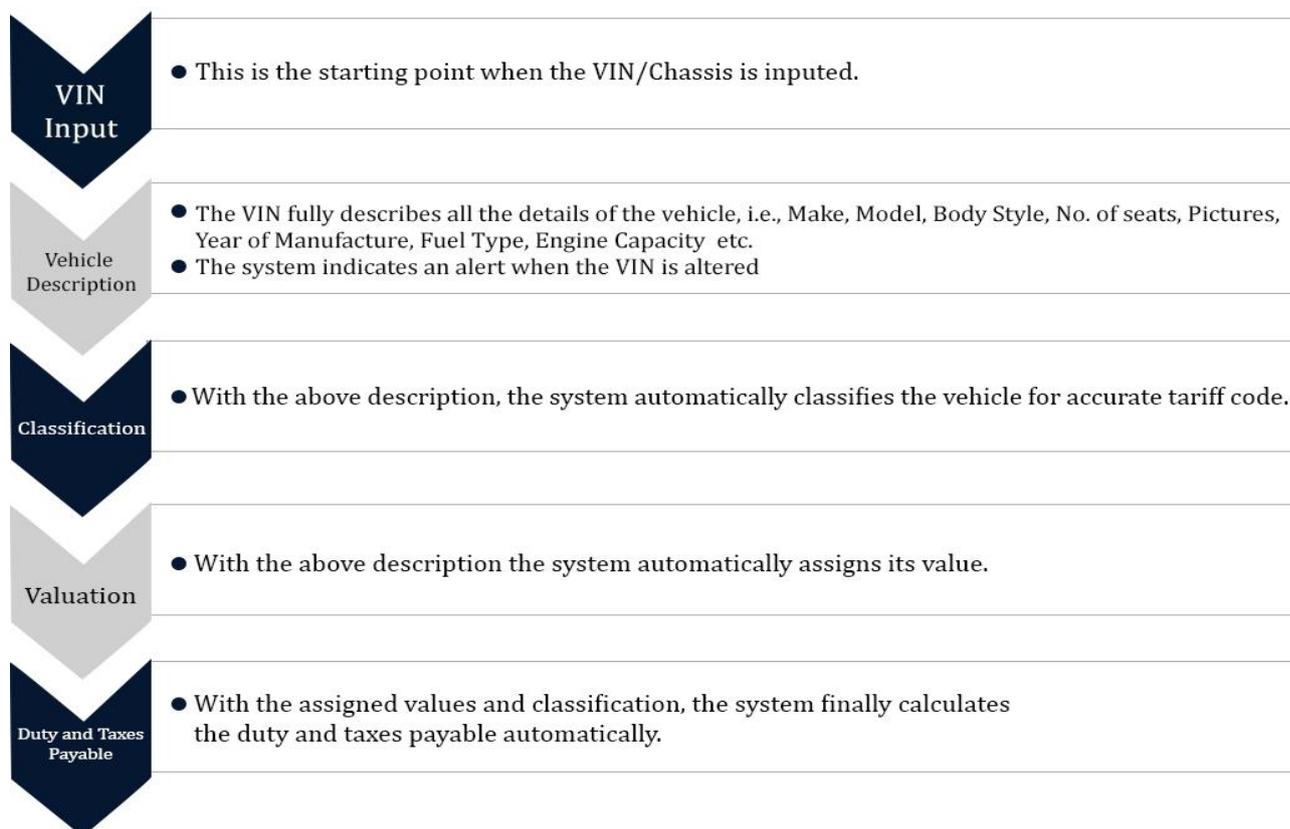
2.1 AVVS

Autotariff Vehicle Valuation System (AVVS) is the software that powers our vehicle valuation service. It is tailored to Customs and tax policies in the specific country where it is deployed.

AVVS features a database of global vehicle information backed by algorithms that mimic the Customs valuation process and automatically ensures the smooth management of the complex parameters involved in determining the accurate vehicle identity, classification, and value for duty and tax calculation.

An instance of AVVS based on the Ghana Customs valuation process can be found online at www.avvs-global.com.

Seamless Valuation Process (Fig. 1)



2.2 Unclean Data

With most Customs vehicle valuation managing systems, vehicle data is inputted manually i.e., Make, Model, Body Style, Engine Capacity, Fuel Type, Age of Vehicle, Weight, Value of Vehicle, HS Code applicable, etc. This practice leads to wrong input and typographical errors, etc. For instance, Hyundai is at times spelt “Hundai”, Mitsubishi spelt “Mitubishi”, etc.

This leads to most Customs databases becoming unclean and disjointed. With our system, inputs are not done manually. All the data parameters above are generated seamlessly upon the input of the VIN/Chassis. This guarantees reliable data and classification.

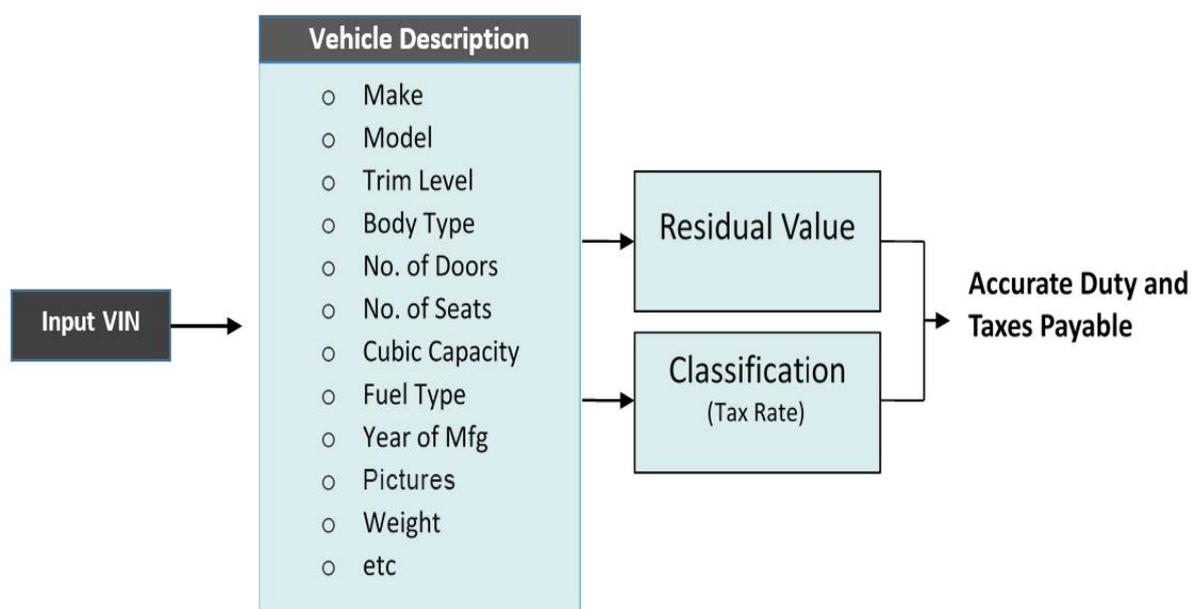
2.3 Wrong Statistics

With wrong classification, wrong vehicle description, unclean and disjointed data, statistics given to government for import and trade decisions cannot be trusted.

2.4 The Automated Solution

All the above problems are taken care of by AVVS. We have automated all the processes in the Vehicle import management chain. The system manages the complex parameters used in the determination of Vehicle specifications and Customs values. It has virtually no human intervention. On the input of the unique vehicle identifier, which is the VIN/Chassis number, all the complex parameters for identification, classification and values that are required for the vehicle valuation are seamlessly generated together with computed duty and taxes. See illustration at (Fig. 2)

Behind the scenes 4-step automated process (Fig. 2)



2.5 Where We Are

At present we are the only company in Africa that fully and accurately automates the vehicle valuation process from A to Z seamlessly without the human involvement (i.e., from the description, classification, valuation to duty and tax payable).

2.6 Tampered VINs/Chassis

Some importers alter the VIN to circumvent the Customs process to their benefit. Please find some of the fraudulent practices below

- They tamper with the VIN to increase the year of manufacture to let it fall within the stipulated years where the law restricts the importation of certain ages of vehicles.
- They also tamper with the VIN to increase the year of manufacture to avoid the payment of penalties on certain ages of vehicles if the law stipulates.
- They alter the year of manufacture to gain more depreciation. (This is done in countries where, by their policy, residual value is determined by depreciating the vehicle by a certain percentage against the price when it was new (MSRP).

Our system detects and prevents all the above. You are prompted if the VIN/Chassis is tampered with.

2.7 Self-Assessment

With our system, importers are allowed to personally check the exact duty and taxes payable on any vehicle they wish to import, in the comfort of their homes, their offices, overseas or, wherever the internet is accessible. This process is done at their Customs web portal before the purchase/arrival of the vehicle.

It enormously helps importers to make better vehicle purchasing decisions. At the same time it absolves Customs from any blame of uncertainty in the payment of duty and taxes on their imported vehicles.

2.8 Sample Self-Assessment

Below is an example of an automatically generated duty report of a vehicle assessed personally by a customer in Ghana based on their valuation system (Customs classification, policy and procedure).

Automated-Duty Sample of Ghana Valuation System (Fig. 3)

2012 MERCEDES-BENZ M Class Utility 4D ML350 BlueTEC AWD			
			
Ref ID : A5365E94 Computed On : 2021-02-10 15:02:47			
VEHICLE SPECIFICATIONS			
VIN	4JGDA2EB3CA030916	Model Year	2012
No of Seats	5	Manufacture Year	2012
Fuel Type	diesel	Date of Arrival	December, 2021
Engine Size	3000 ccm	Age on Arrival	10 yr
Vehicle Measurement	N/A	HS Code	8703.33.20.00
Vehicle Weight	5040		
COST, INSURANCE & FREIGHT			
MSRP	\$50,490.00	Insurance	\$229.29
50% Depreciation Allowed	\$25,245.00	Cost, Ins and Freight (CIF)	\$26,434.29
FOB	\$25,245.00	Exchange Rate	5.7634
Freight	\$960.00	CIF in Ghana Cedis	152,351.41
Cost and Freight	\$26,205.00		
DUTY, TAXES & LEVIES			
20% Import Duty	30,470.28	Certification	0.50
2% Special Levy	3,047.03	Processing Fee	0.00
VAT	23,995.35	Interest Charges	1,134.72
NHIL	4,570.54	Network Charges	581.99
GET Fund	4,570.54	NET VAT	72.75
ECOWAS	761.76	NET NHIL	14.55
EXIM	1,142.64	IRS	0.00
Exam Fee	1,523.51	AU	304.70
Shippers Council	9.00	0% Overage Penalty	0.00
Duty and Taxes Payable		GHS 72,199.86	USD 12,527.30
30% Ghana Gov. Discount		GHS 21,659.96	USD 3,758.19
Final Duty and Taxes Payable		GHS 50,539.90	USD 8,769.11

2.9 Compliance

We provide training and SOPs (Standard Operating Procedures) to guide officers in their work. Additionally, we make available to compliance, examination and post-clearance audit officers, a VIN decoding tool. We also give them access to data on Vehicle details and values worldwide for their work.

3. Vehicle Registration

In most systems, the practice is that when one wants to register a vehicle, the individual goes with his hard copy of the vehicle declaration document to the registration center for certification. The vehicle details are then manually inputted into their system for onward registration.

3.1 Semi-Automation

As explained previously, most Vehicle Registration systems are semi-automated and that leads to fraudulent vehicle registrations every now and then. Below are some of the fraudulent practices.

- At times, the documents presented are forged or duplicated.
- The vehicle details are altered at the time of input, sometimes under the guise of correcting misspelling, etc.
- Importers connive with registration officers to manipulate the system to their common benefit.

We believe that this semi-automated process is prone to easy manipulation since the authenticity of the document presented for registration has to be certified by an officer (manually). Our vehicle registration system is paperless - the document presented at vehicle registration is only for ascertaining ownership of the vehicle but not for its registration.

We maintain a centralized database for vehicles. This serves as a repository of information that is interoperable with other systems. All vehicle details and parameters are transferred into the database automatically.

All registration is linked directly to this vehicle import database, by-passing any human involvement, and cannot be altered thereafter.

3.2 Number plates 'Duplication' and 'Recycling'

For lack of a proper control system, unscrupulous persons do the following:

- **Duplication:** They copy the number plates of lawfully registered vehicles far away from the region of use to avoid detection and put it onto their uncustomed (smuggled) Vehicles.
- **Recycle:** They re-use the number plates of written-off vehicles on their uncustomed (smuggled) vehicles.

All the above anomalies will be exposed by the on-the-spot check system.

4. Vehicle Monitoring System

It is a common practice for officers from the Preventive Unit of Customs to go on the road to check for uncustomed (smuggled) vehicles.

This practice is not cost-effective and at times inefficient. It is also very inconvenient to some motorists. We have therefore developed a system that will involve the whole national security apparatus i.e., Customs, Border Guard, Police, etc. The National security agents on their routine work will intercept the anomalies within the chain (i.e., uncustomed vehicles, wrong vehicle registration, recycled/duplicated number plates, etc.) without any extra cost to customs.

4.1 On-the-spot check

We have designed a simple mobile app to be deployed on cell phones. This can be used for the on-the-spot check on all vehicles anytime, anywhere. To operate, an officer has to simply input the VIN or the vehicle registration number into the app. The app will almost instantly respond with all the information on the vehicle, i.e., make, model, year of manufacture, color, date of import, duty paid, owner's name, owner's picture, etc. This means the security agents on their routine work or road checks, can apprehend uncustomed vehicles without any extra cost to customs. This will be in line with international best practices but at a much cheaper operational cost.

With the **on-the-spot** check system, fake vehicle registration and the use of fake vehicle number plates will be reduced to the barest minimum.

The system can also be extended to on-the-spot check for vehicle roadworthiness certification, insurance certification and the payment status of commercial vehicle taxes and other levies.

5. Advisory

In our advisory capacity, we evaluate clients' vehicle valuation systems. The resource needed for this process is vehicle import data covering a minimum of one year.

5.1 System Review/Audit

At the start of our business relationship with a new client, we take an initial assessment and complete review of their systems at no cost to them. This guides us in our undertaking of a gap analysis that helps us to understand their system and identify its deficiencies where any. We thereafter give a comprehensive report that includes loss of revenue. Finally, we work together with the client to develop tailored recommendations to meet their needs.

5.2 Tariff Simulator

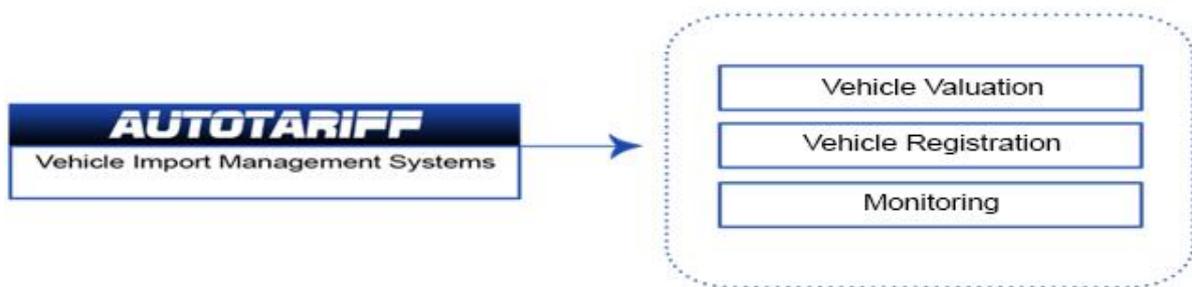
We provide a simulating tool that can be used to simulate various tax scenarios for annual budget review and policy decisions. This helps clients to maximize their revenue and at the same time comply with the **canons of taxation (ECCE)**.

To begin this process, we use the same annual vehicle-import data to simulate various tax scenarios, compare, and then assist clients to pick the best scenario for their yearly tariff and policy review. The output will be accurate if the classification in the data provided is accurate.

6. The Integrated Solution

Our integrated system is a major tool that helps to block all loopholes in the vehicle management chain. We therefore advise the total deployment of the complete integrated system to avoid the situation where only some modules are deployed, allowing unscrupulous persons to exploit the resulting loose strings in other areas of the chain (Fig, 4).

Integrated Solution (Fig. 4)



7. System Benefits

There are enormous benefits to be derived from the implementation of our integrated management system.

7.1 Vehicle Valuation

- Maximizes Government revenue at a minimum cost
- Enables importers to undertake self-assessment before any importation to assist them in their vehicle purchasing decisions
- Elimination of uncertainty in duty payable
- Faster turnaround times for vehicle valuation
- Automated customs classification for accurate tariff codes thereby eliminating misclassification
- Automated vehicle value generation
- Automatically generates accurate and acceptable duty and taxes payable on imported vehicles
- Elimination of the human involvement in the valuation system thereby curbing arbitrariness
- Elimination of unclean data and spelling errors
- Brings transparency and equity to the Customs processes and operational efficiency
- Standardized and fair valuation across all entry points
- Pre-emption of fraudulent practices and collusion between officers and importers
- Tampered-VIN/Chassis detection
- Provision of clean data and reliable classification for accurate statistics to the government for facilitating import and trade decisions

7.2 Vehicle Registration

- Drastically reduces fraudulent vehicle registration and enforcement cost
- Accurate vehicle details for vehicle registration
- Faster turnaround times for vehicle registration

7.3 Vehicle Compliance Monitoring

- 24/7 monitoring by law enforcement agencies anywhere in the country
- Strengthening of national security and the reduction of Customs enforcement cost
- Reduction in duplication and recycling of Vehicle number plates
- Discourages importers from fraudulent vehicle importation and registration thereby boosting compliance.
- The security agents on their routine work can apprehend uncustomed vehicles without any extra cost to customs

7.4 Advisory

- System review/Audit and Report at no cost to the client including loss of revenue
- We also provide a simulating tool that can be used to simulate various tax scenarios for annual budget review and policy decisions

8. Conclusion

With the introduction of our management solution, the revenue of the state will be immensely boosted as all the revenue leakages in the chain will be reduced to the barest minimum. This to a large extent would be in line with all Government's efforts in digitizing its economy, leading to growth that would enhance its economic agenda.

The major advantage of the monitoring system is that it serves as a major deterrent to offenders since the National Security in their capacity as "by-product" users will be engaging it frequently (i.e., 24/7).

Stakeholders' contribution will be considered to reshape and fine-tune the concept in line with all their needs.

With the total automation of all the processes in the vehicle import management chain, authorities will take complete control of the "birth and death" of all vehicles (when the vehicle arrives till when it is written off) and reduce malfeasance to the minimum, boosting Government's efforts in reshaping the national economy and security.

The system can be tailored to any operating system of any country when their policy and procedure on vehicle valuation are made available to us. See sample in (Fig. 3).

Thank You