



Federal Ministry
of Finance

Zoll



The Federal Customs Administration



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Introduction

Introduction

“Anything to declare?” Working in Customs has long involved far more than just asking this question. In today’s Europe, with its open borders, the face of Customs has changed. Besides collecting taxes and duties on the border, Customs now performs many other important tasks. These include ensuring efficient flows of goods from country to country, safeguarding fair competition, combating illegal work, product piracy and criminality, and working to protect endangered species.

Customs is a modern, Federal-Government administration serving the country’s economy and operating under the umbrella of the Federal Ministry of Finance. Its range of activities extends from the straightforward provision of services to exercising sovereign jurisdiction. As one of the largest of the central government’s agencies, Customs has always adapted to new political and economic developments in a quick and flexible manner. In the process, Customs’ work has grown in scope and importance over the years

Around 40,000 customs officers work day in, day out, to safeguard the state’s ability to provide public services, promote business in Europe and help stabilise social systems. They shield the economy from distortions of competition, prevent defective foreign goods from reaching consumers and protect the public from the consequences of cross-border organised crime.



Read on to find out more about what Customs does for citizens, the economy and the environment.



Customs in Europe

Customs in Europe

When the European Communities were founded in 1958, one of the main goals was to create a common customs union. Just 10 years later, on 1 July 1968, the Member States made this idea a reality. They founded the customs union, with a common customs tariff on goods imported from third countries, and ceased collecting customs duties at intra-Community borders from that point on. This was an important milestone along the path to the European Union as we know it today. Customs controls at internal borders were abolished with the introduction of the single market on 1 January 1993 and the enlargements that took place in 2004 and 2007.

The EU's customs administrations today receive around 175 million customs declarations each year, which means they clear more than 22 percent of the world's trade volume. The customs officials do an impressive job in the process. They receive almost six customs declarations every second, every day, collecting an annual total of more than €17 billion for the EU budget.

German Customs staff are involved in a large number of support programmes for foreign customs administrations aimed at providing assistance in harmonising rules and in introducing simplified customs procedures. They travel to other countries to advise customs administrations on site, organise seminars for foreign partners and demonstrate their daily work to foreign customs officials visiting Germany.

In addition, German Customs officials take part in operations under the mandate of international authorities, such as the EU, in various countries throughout the world. Their personal commitment contributes to maintaining and securing peace.

Key Dates:

23 July 1952	The Treaty establishing the European Coal and Steel Community (ECSC) enters into force.
25 March 1957	Belgium, France, Germany, Italy, Luxembourg and the Netherlands sign the treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) [the Treaties of Rome], which enter into force on 1 January 1958. The Treaties provide for the creation of a customs union and a common market, among other things.
1 July 1968	The customs union enters into force. Customs duties at the Community's internal borders are abolished some 18 months before the deadline set out in the Treaty of Rome. National customs tariffs on trade with non-EEC countries are replaced by the common customs tariff.
1 January 1973	Accession of Denmark, Ireland and the United Kingdom.
1 January 1981	Accession of Greece.
1 January 1986	Accession of Spain and Portugal.
1 January 1993	The single market enters into force, bringing the free circulation of goods. Customs controls cease on Germany's borders with France, Luxembourg, Belgium, the Netherlands and Denmark.
1 January 1995	Accession of Austria, Finland and Sweden.
1 January 2004	EU enlargement with the accession of Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic, and Slovenia.
1 January 2007	Accession of Bulgaria and Romania.

Looking ahead



- EU member states
- Candidate countries



Customs' tasks

Customs' tasks

Customs is a modern service provider for the economy. Its goals and its range of tasks today extend far beyond border-related activities:

- Though the efficient collection of duties, Customs ensures the state's ability to provide public services.
- Customs uses modern practices and methods to promote trade and the economy and thus Europe as a location for business and investment.
- Customs protects citizens, the economy and the environment.
- Customs combats undeclared work and unlawful employment to stabilise the social systems and labour market.
- Customs fights international organised crime – from the drug trade, to product piracy and smuggling all the way to money laundering.

The range of activities extends from the straightforward provision of services to exercising sovereign jurisdiction. Customs has to satisfy a twofold demand in the process. On the one hand, Customs is a service provider to private persons and businesses. On the other hand, Customs also executes public powers for the protection of the state, its citizens, the economy and the environment. In order to make this dual role more transparent and understandable, Customs actively engages its partners in a dialogue as well as providing them with information and advice.

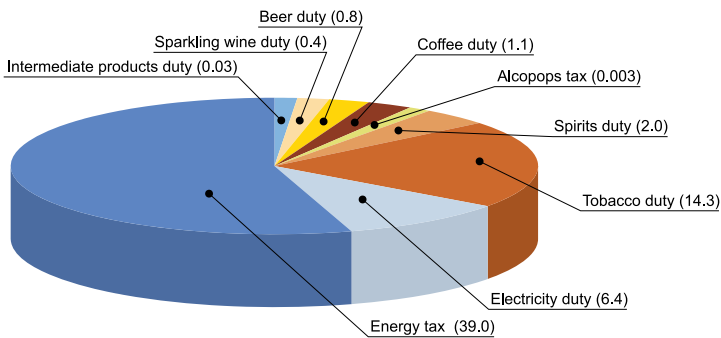


1. Revenue for Germany and Europe

Every year, Customs collects around half of the taxes that flow to the Federation. At more than €110 billion in 2007, this amount clearly indicates just how important Customs is. The German state needs a reliable financial basis to be able to function properly. Customs makes a significant contribution to this by collecting excise duties, such as energy tax and tobacco duty, and by collecting value-added tax when goods are imported into Germany. Customs also collects more than €4 billion a year from classic customs tariffs. This money flows into the EU budget.

Collection of excise duties

By collecting excise duties, Customs plays a vital role in ensuring the state's ability to fulfil its responsibilities. The duties collected amounted to around €64 billion in 2007, more than 13 percent of all tax revenue. Excise duties are charged on a national basis and apply to the consumption or use of certain goods. The excise duties levied in Germany comprise energy tax, tobacco duty, electricity duty, spirits duty, alcopops tax, coffee duty, beer duty, sparkling wine duty and intermediate products duty. Customs does not just supervise the cross-border trade in goods subject to excise – Customs also monitors their manufacture, storage and use in Germany.



(in billions of euro)



Customs clearance –
fast and secure

Modern procedures for the efficient clearance of goods

In 2007, the Federal Republic of Germany exported goods worth €969 billion. The value of all the goods imported over the same period was €772 billion. Customs is only able to handle these vast flows of goods and simultaneously guarantee supply chain security thanks to modern procedures at ports and airports, at the Swiss border and at the customs offices within Germany. Customs carries out this work in close cooperation with businesses, in its role as the Federation's revenue and security administration. ATLAS, the modern IT system used by Customs, plays a large role in speeding up the clearance procedure. Via ATLAS, businesses communicate directly with Customs. The IT system is installed at all customs offices that are authorised to clear goods. It has been very well received by those making customs declarations. Three-quarters of all imports cleared by Customs are processed using ATLAS. The share of such paperless clearances is even higher at customs offices on borders.

Simplified procedures keep clearance quick

Fast, simple clearance of goods is in the best interests of Customs and the economy alike. Modern IT helps to achieve this, as do numerous simplifications to the procedure for businesses. In the customs-monitored transit procedure, quick clearance at the border is followed by final customs treatment at the customs office nearest to where the recipient of the goods is based. Further simplifications allow businesses to obtain clearance for goods they import or export by following the local clearance procedure, which means they do not have to go to a customs office.

Advanced IT systems
for targeted controls



Risk analysis

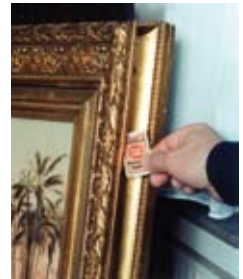
Despite all of the simplifications, some controls must remain in place. Customs carries out controls in a targeted fashion to minimise disruption to the flow of goods. A risk analysis is conducted centrally and constantly evaluates the probability that any of a wide variety of regulations will be breached. The information from this analysis is delivered to the customs offices via the computerised clearance system ATLAS. As the majority of imports, exports and transit procedures pose no threat, disruption to the flow of goods is kept to a minimum for the sake of the economy. Nevertheless, Customs can carry out very effective controls.

Common organisation of agricultural markets

The EU's common organisation of markets for agricultural products such as cereals, milk, sugar or beef and veal plays a significant role in the field of agricultural policy. Customs fulfils an important function in the implementation of these market regimes. A market organisation typically contains joint price regulations that help stabilise prices on the Community market. Customs therefore collects import duties when these goods are imported and grants refunds on exports to non-member countries. This counterbalances the difference between the world market prices and the higher prices inside the Community.

Collection agency for the Federal Government

As well as collecting the money it is owed, Customs acts on behalf of other public sector bodies, such as the employment agencies, statutory health insurance institutions and statutory occupational accident insurance funds. Enforcement officers in the field ensure that all debtors pay their outstanding taxes or contributions, or return wrongly-claimed benefits. Items the debtor needs for a modest style of living are not seized. In the course of customs controls on the border and within Germany, Customs may recover outstanding claims against foreign debtors. In 2007, Customs collected a total of more than €1 billion in just under three million enforcement actions. In an attempt to raise as much as possible for the debtors, seized items ranging from gold jewellery to sports cars are auctioned online at www.zoll-auktion.de. The internet auction reaches a greater number of potential bidders and leads to higher sale prices. For this reason, many other authorities use the customs auction platform. Just like other online auction sites, the customs auction is open around the clock to anyone who wishes to log on and join in the bidding.



To the highest bidder –
www.zoll-auktion.de



2. Protection for the economy, citizens and the environment

Equitable tax and customs duties

External audit and the investigation of illegal work

“All are equal before the law.”

The work done by Customs contributes to ensuring that all taxes and duties are duly collected and that everyone pays their fair share. In this way, Customs protects companies that act in good faith, so that their honesty is not penalised.

Customs' External Audit Service verifies whether the customs and excise duty regulations have been adhered to and whether the goods have undergone proper commercial registration. To keep up with the ever-increasing flow of goods, Customs now carries out the necessary controls on site, at the enterprises' premises. At the same time, Customs' external audit service works in partnership with business. It often helps companies to identify where their weak points are, where the chains of communication are interrupted and how customs procedures can be simplified and accelerated to make them more cost-effective.

Action against illegal work

Customs' efforts to fight illegal work are particularly effective in supporting the fair and correct payment of duties, such as social security contributions. Illegal workers and those who engage their services cause damage on all sides. They defraud the social security system, avoid taxes and endanger jobs. No company that employs its staff in accordance with the law can compete with illegal workers.

There are many aspects of illegal work to combat. There is the employer who does not register workers for social security, the employee who works illicitly, the foreigner working without a residence or work permit, the employment agent who illegally hires out workers, the unemployed person who works on the side while at the same time receiving unemployment benefits, and many others. Yet they all have one thing in common: their activities destroy permanent, legal jobs, thus increasing unemployment, cheating the state of taxes and depriving social insurance funds of contributions. This distorts competition to the detriment of law-abiding companies and workers, increases the tax burden on society and contributes to the exploitation of the illegal workers. More than 6,500 customs officers throughout Germany are involved in fighting undeclared work and unlawful employment. In their controls and investigations, they pay particular attention to the construction, cleaning, entertainment and catering industries, as well as companies transporting people and goods. To protect employees, they also check that minimum wages are being respected, for example in the construction industry.



Always on duty to keep competition fair



Global trade – protecting citizens and the economy

Consumer protection

Customs controls protect consumers. Wherever goods are imported, exported or in transit, Customs monitors the observance of some 80 laws that either limit the transport of goods through licensing requirements, or prohibit it entirely. Consignments of dangerous goods, such as contaminated or polluted foodstuffs, dangerous toys and life-threatening fireworks that have not been inspected, are stopped by Customs and referred to specialist agencies for detailed examination. If the goods are found to represent a danger to consumers, they are confiscated and destroyed.



Product piracy

Blatantly fake sunglasses or clothes sold cheaply at street markets are just the tip of the iceberg. In Germany alone, an estimated 70,000 jobs are at risk because of product piracy. Almost anything can be forged nowadays, from medicines to brake linings. Product pirates exploit other people's ideas without investing in development themselves. The legal brand manufacturers suffer substantial damage as a result, and smaller companies may even be driven into bankruptcy. Customs' import controls are one of the most important weapons in the fight against the product pirates. Customs works together with the owners of brand names to confiscate and destroy counterfeit

products. This not only protects consumers from poor-quality products, or even goods that present a serious health hazard, but also protects companies from economic damage.

The fight against smuggling and criminality

Drugs, weapons and cigarettes

In the fight against smuggling and crime, the work done by Customs helps guarantee security for the citizens of Germany and Europe. Customs always keeps a watchful eye on compliance with legal regulations. It offers protection from the consequences of criminal activity. Customs takes every effort to uncover and neutralise criminal organisations in the process. The aim of these efforts is always to track down whoever is pulling the strings behind the scenes and to seize illegally obtained assets. This is achieved through close international cooperation between investigating authorities as well as the application of modern technology. As a consequence, open borders do not equate to a free hand for drug traffickers, arms dealers and cigarette smugglers. Sixty mobile investigation units and 4,900 staff at the Swiss border, at ports and airports, are hard at work, 24 hours a day, to uncover criminal activities.



Closing the net on criminal organisations

The fight against terrorism, legislation on foreign trade and Authorised Economic Operator status

Even though, in principle, goods, services, capital and payments are free to cross borders, national and international regulations on monitoring foreign trade determine whether goods may be imported or exported, or whether transit is permitted. Even in times of extensive foreign trade liberalization, restrictions in the movement of goods are necessary, for example, for commercial policy reasons or to protect security interests. There are prohibitions on the import or export of some goods, while others can only be imported or exported with special authorization or only in specific quotas. In the field of exports, there are bans or licensing requirements that are intended to prevent weapons shipments to troubled regions, for example. Customs monitors foreign trade to ensure that the restrictions are respected. The surveillance concentrates largely on movements of goods, aiming, for example, to prevent the proliferation of weapons of mass destruction and their delivery systems. When it comes to the movement of services, capital and payments, Customs again has responsibility for prosecuting and penalising administrative offences in foreign trade.



In addition to this, Customs plays its part in fighting terrorism. Its main focus here is on transactions involving dangerous goods such as weapons, explosives, biological and chemical substances, radioactive materials and logistical equipment needed to carry out terrorist attacks.

To cut off the funding terrorist organisations need to commit their acts, Customs is also involved in monitoring payments and movements of capital. Modern, effective risk management practices enable Customs to take increasing globalisation and changes in the international security situation in its stride. One important element of the EU's security initiative is the status of Authorised Economic Operator, introduced on 1 January 2008. An Authorised Economic

Operator is considered particularly reliable and trustworthy, and is therefore allowed to make use of certain beneficial arrangements for customs clearance. Enterprises based in the EU and whose operations involve them in customs procedures may apply for this status. Authorised Economic Operator status is valid in all of the EU's Member States and is not subject to a time limit. The aim is to secure the continuous international delivery chain from the producer of the goods to the end user.

Protection for endangered species

Many species of plants and animals are endangered or at risk of becoming extinct. Every day, more than 150 plant and animal species disappear. With every one that dies out, our world loses some of its wealth of genes, colours, shapes and sounds. Excesses in the exploitation of natural resources are a major cause of this, as is greedy profiteering. International trade in protected plants and animals has proved increasingly lucrative. More than 8,000 animal and 40,000 plant species throughout the world, as well as the products derived from them, currently have protected status. Customs controls help to uncover breaches of regulations on the protection of species, and contribute to preserving the diversity of nature. Most of the breaches of regulations that take place are committed by holidaymakers who come home with souvenirs consisting of preparations or parts of protected plant and animal species, either unknowingly or because they do not understand why it is wrong to do so. Whether they are aware of it or not, they are helping the trade in protected species to flourish and thus accelerating the extinction of plants and animals. Customs and the Federal Agency for Nature Conservation provide a special service in this area. This comes in the form of an internet application, accessible at www.artenschutz-online.de, that provides holidaymakers with assistance in identifying protected animals and plants, as well as products derived from them, which are offered for sale at holiday destinations.



Life or death – protecting endangered species



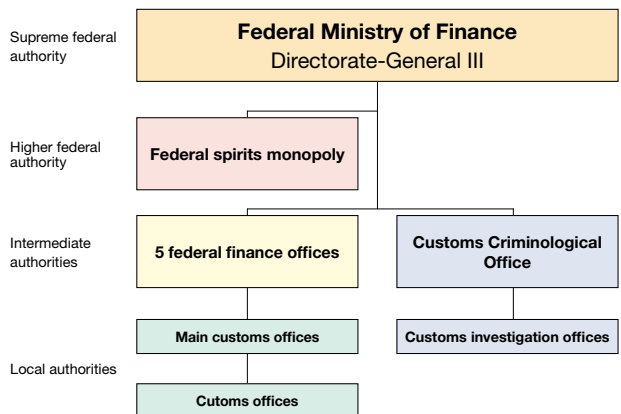
Customs' new structure

Customs' new structure

The complexity of Customs' tasks has evolved, especially since the introduction of the single market in 1993 and the accession of new countries to the EU in 2004 and 2007. This meant the customs administration frequently had to adapt its structures and workflows to suit new circumstances.

On 1 January 2008, the Federal Government created five federal finance offices located in Hamburg, Potsdam, Cologne, Neustadt an der Weinstraße and Nuremberg. The regional finance offices in Cottbus, Hamburg, Nuremberg and Cologne, along with their units dealing with customs and excise and the monitoring of illegal work, as well as the customs and excise divisions at the regional finances in Chemnitz, Hanover, Karlsruhe and Koblenz were disbanded with effect from 31 December 2007. The Federal Government thus withdrew from the regional finance offices, which in several Länder (the federal states of Germany) had served as joint intermediate authorities between the central government's revenue administration on the one side and the revenue administrations of the relevant Länder on the other. Customs continues to be represented at local level through 43 main customs offices and 277 customs offices. The restructuring process does not involve a reduction in staffing.

The reform retains the three-tier administrative structure. The main customs offices are being reinforced by concentrating operative tasks at the local level and giving them responsibility for processes and deliverables. The federal finance offices implement the strategic guidelines laid down by the Federal Ministry of Finance and support the main customs offices in performing their mandates.





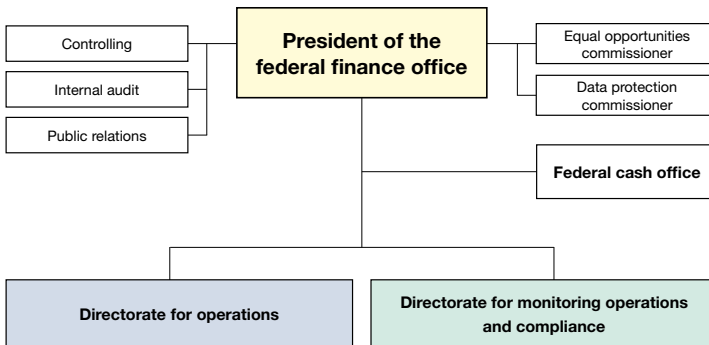
The federal finance offices

There are a total of five federal finance offices. Together with the Customs Criminological Office, they make up the middle layer of the federal customs administration.

Organisational structure

Each federal finance office is headed by a president. Controlling, internal audit and public relations units help the presidents to carry out their duties.

The main body of a federal finance office is divided into two directorates, one of which is responsible for operations and the other for monitoring operations and compliance.



Tasks

Directorate for operations

The operations directorates within the federal finance offices have nationwide responsibility for specific fields, with tasks that correspond to certain areas of law.

Within their field, they put the Federal Ministry of Finance's strategic plans into practice. They also establish standards for local offices to work to. This approach guarantees that the law is applied and interpreted uniformly in Germany.

The responsibilities are divided as follows among the federal finance offices:

Field	Responsible office
General customs law	Federal finance office in Hamburg
General tax law	Federal finance office in Potsdam
Combating undeclared work and unlawful employment	Federal finance office in Cologne
Excise law	Federal finance office in Neustadt an der Weinstraße
Specific provisions relating to cross-border goods traffic	Federal finance office in Nuremberg

The Customs Criminological Office acts as an operations directorate to cover the field of criminal prosecution.

Directorate for monitoring operations and compliance

The directorate for monitoring operations and compliance verifies that the actions taken by the offices within its jurisdiction comply with the law and fulfil their intended purpose.

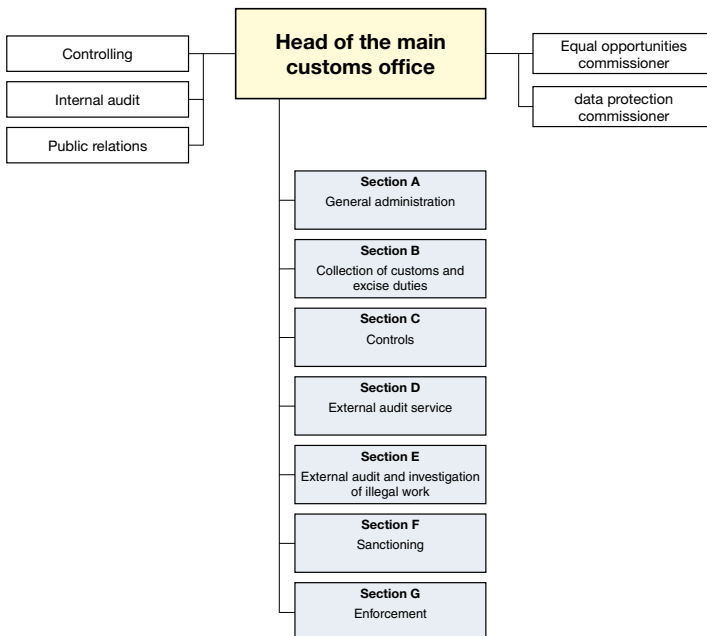
In the process, it assures that the standards and guidelines provided by the directorate for operations are observed, and gives the local offices support in optimizing their working procedures.

Main customs offices

As they operate on a local level, the main customs offices are the first port of call for enterprises and citizens.



The following diagram shows their structure:





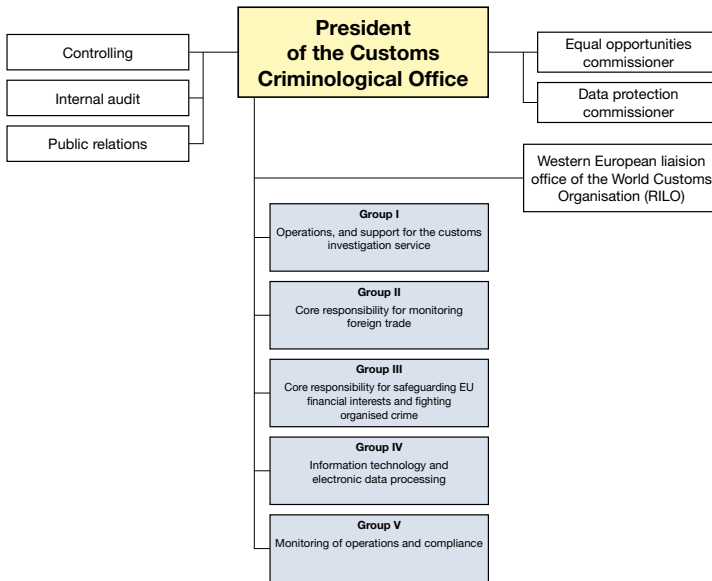
- Boundary for federal finance office
- Customs Criminological Office
- Customs investigation offices

The Customs Criminological Office

The Customs Criminological Office, based in Cologne, is home to Germany’s customs investigation service, the main task of which is to prosecute and prevent organised and more serious customs crime. It coordinates and directs the activities carried out by the eight investigation offices in Berlin, Dresden, Essen, Frankfurt am Main, Hamburg, Hanover, Munich and Stuttgart. In particularly important cases, it can carry out investigations of its own.



The following diagram shows its structure:

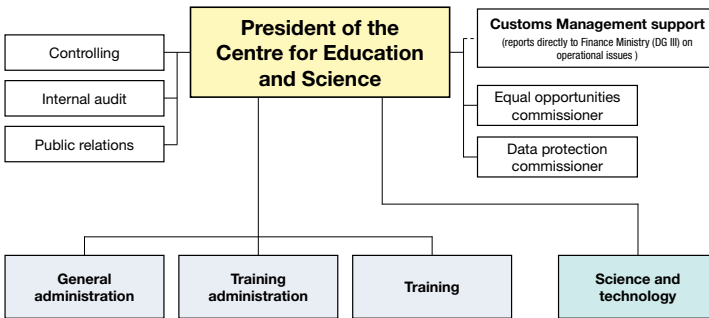




- ~ Boundary for federal finance office
- CES Centre for Education and Science
- F Specialist finance centre
- T Training
- S Science and technology

The federal revenue administration’s Centre for Education and Science

The Centre for Education and Science is the federal revenue administration’s central service provider for training and further education. The customs laboratory and training colleges, and previously separate customs training facilities, including dog training centres, have been incorporated into the Centre for Education and Science.





Perspectives

7702

Perspectives

The EU enlargements in 2004 and 2007 brought significant new challenges in terms of personnel and organisation. Customs has proved equal to these challenges. The reform process has set up structures for the future, so that Customs can follow the dictum of further reducing government tasks and spending to the requisite minimum and thus fulfil its responsibility to Germany's citizens and economy. Today's Customs aims to provide efficient solutions, ensuring that the right structures are in place at the right price.

The EU is an area without internal borders. Goods can circulate between the Member states of the EU without controls. At the same time, the security of the Union's entire population, and in particular the protection of the financial interests of the EU, is one of Customs' decisive goals. Representatives from customs administrations in all of the EU Member States therefore regularly meet in European Council committees in Brussels. Coordinated action, the continuing development of information sharing, as well as unified training and further education programmes provide the means to fight crime effectively. In the single European market, it is essential that the customs administrations work together even more closely and intensively. This is the only way to develop the single market as a place of freedom, security and justice.

 Customs:
A modern service provider for citizens,
the economy and the environment.

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