

There are no translations available.

A new report from the World Bank titled “ [Enhancing Government Effectiveness and Transparency](#)

” analyses (at Chapter 4) the impact of corruption in customs , particularly in developing countries

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Trade taxes and tariffs, excises and import Value Added Tax (VAT), account in developing countries for a significant portion of government revenues. In low-income countries they represent on average from 30 to 50% of total tax revenues, while in fragile states, customs typically account for an even higher share of total tax revenues. However, estimates suggest that 30% or more of customs revenues are lost due to rampant corruption.

Corrupt practices easily materialize in a working environment where officials enjoy discretionary powers over important decisions, and where risk-based systems of control and accountability are absent or easily breached. High tariffs and complex regulations offer significant incentives for traders to try to reduce import charges and speed up transactions by bribing customs officials to undervalue or under-declare goods. Many cases of extortion by customs officials are reported where they threaten to use their authority to administer ambiguous tax laws against traders. Another important characteristic is that the relationship between customs and traders is normally managed through intermediaries (customs brokers and logistics operators), who over time may develop close relations with officials and exploit opportunities to act as facilitators of bribes.

The World Bank’s report explores the corruption practices in customs and the current anti-corruption strategies adopted by several revenue administrations in developing countries, concluding that corruption can be eradicated only by addressing its root causes, and not only by focusing on legal reforms, adoption of codes of ethics or development of IT solutions aimed at minimising or eliminating the need for human interaction between customs authorities and traders. Some examples of successful initiatives aimed at addressing corruption are provided in the report with a description of the recent Madagascar and Afghanistan customs modernization reforms.

