

KPI Information Update IU-62-2014 **(Turkish Customs Fines concerning Cargo Discrepancies)**

This update is about a serious repeat issue over cargo discharge quantities in Turkey. In particular if there is an excess or over landing of cargo as against the Bill of Lading figures. Consequences include Customs fines as well as extra storage costs, and delays to the vessel.

This matter has been known to affect both dry bulk and liquid cargoes consigned to Turkey. In one recent example reported by a reputable claims handler, a discrepancy of almost 300 metric tonnes was estimated to lead to a fine of about USD140, 000.

Under Turkish Customs Law, it is the vessel that has to provide an explanation of any discrepancy between the quantity determined by the Customs Office and the cargo documents. Further, it should be noted that the 1st paragraph of the Article 237 of the Customs Code numbered 4458, which governed the fines for both short and over landed cargoes, reads as follows (free translation):

"In the default of demonstrating within the period prescribed by the customs administration, that the packages, proved to be deficient as a result of the amount registered in the summary declarations or the commercial or official papers used as summary declarations submitted to the customs administration by the owners, captains and agents of the vehicles, have not been loaded from their provenance or have been unloaded in another port or lost or stolen due to any accident or average; and provided that the tariff classification of the goods kept within these deficient packages cannot be determined, a fine shall be charged on these goods, at an amount under their tariff classification or if

tariff classification cannot be determined, under the highest dutiable classification of the chapter in accordance with the nature and the description of the goods."

In order to successfully challenge a fine, it is advisable that the responsible parties, namely Owners / Master / and local Agents of the vessel must provide a certificate from the loading port for the discrepancy of the cargo quantity explaining the position. This document, so called: "Correction Manifest" is to be obtained from the load port to be submitted to the Customs authorities at the discharge port. Such a letter would need to be obtained from the loading port Agent and approved by the Turkish Consulate and ideally endorsed by the Harbour Master or local Chamber of Commerce, as well as notarized by a local Public Notary.

Any such steps need to be taken within three months. In cases where the Owners cannot obtain either a "Correction Manifest" or an explanation letter within the permitted period of time, the fine will be finalised. Afterwards, if the amount of the administrative fine is paid within a month, a reduction of 25% may be applied for early settlement.

Estimating fines has proven difficult as a great many factors go into the calculation, which is based on a number of different taxes and costs.

In order to prevent future losses & claims related; it is important that this information is appropriately relayed to the ship commercial managers & operators as well as the masters on board the member vessels.