Administrative penalties apply to exporters, importers, licensees and agents who make an error or omission on their entry and do not voluntarily disclose it to Customs.

Who do penalties apply to?

Administrative penalties apply to all exporters, importers, licensees and agents who make errors or omissions on import, export or excise (alcohol, tobacco or fuel) entries. If you engage an agent, such as a customs broker or an accountant, to make entries on your behalf, you may also be liable for other sanctions for any error or omission. For example, compensatory interest on any duty that is unpaid as a consequence of the error or omission.

Why does Customs issue penalties?

Customs relies on accurate information to risk assess and clear goods for import or export, and to assess all due revenue. A failure to take reasonable care and complete an accurate entry can result in delays, tie up Customs resources and lead to revenue shortfalls.

When are penalties issued?

Customs will issue a penalty on entry errors or omissions that result in:

- a shortfall of duty being paid
- an excess drawback being paid or claimed
- an entry being materially incorrect.

Where an entry has multiple errors, Customs may decide to apply penalties for some errors or omissions, but not for others.

If you discover an error or omission you should disclose it to Customs as soon as possible. If you do this before any compliance actions are notified, you won’t receive an administrative penalty.

How much is a penalty?

The penalty amount depends on the level of liability. The minimum penalty is $200.
## Administrative Penalties

<table>
<thead>
<tr>
<th>If the error or omission was...</th>
<th>then the penalty is...</th>
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<tbody>
<tr>
<td>made knowingly.</td>
<td>100% of unpaid or undeclared duty, or excess drawback, to a maximum of $50,000.</td>
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<tr>
<td>grossly careless - doing or not doing something in a way that suggests or implies a high level of disregard for the consequences.</td>
<td>40% of unpaid or undeclared duty, or excess drawback, to a maximum of $35,000.</td>
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<tr>
<td>due to a lack of reasonable care - taking into consideration the:</td>
<td>20% of unpaid or undeclared duty, or excess drawback, to a maximum of $20,000.</td>
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<td>» amount and seriousness of the shortfall</td>
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<td>» processes in place to check entries</td>
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<tr>
<td>» procedures in place to detect mathematical errors</td>
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<tr>
<td>» size and nature of the error</td>
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<td>» circumstances in which the error was made.</td>
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A reasonable person would be expected to seek professional advice if they were uncertain about what was required of them.

Reasonable care also means having adequate record keeping systems and procedures to ensure that entries are made correctly on behalf of the importers, exporters and licensees.

### How do I pay a penalty?

A penalty must be paid to Customs within 20 working days of being issued.

If the penalty is not paid by the close of the 20th working day a penalty of 1% of the outstanding penalty will be charged on the first day after the due date, and a further penalty of 4% of any original penalty still outstanding on the seventh day after the due date.

### What if I disagree with the penalty?

If you disagree with a penalty you can apply for a review by Customs or appeal to a Customs Appeal Authority. You still need to pay the penalty to avoid potential late payment charges.

Any administrative penalty of $5,000, or more will be submitted for a Customs internal review before being issued.
**Example of lack of reasonable care**

A customs agent lodged an import entry to account for milk powder in aluminium packaging imported by their client. Customs detected an error in classification; the goods were milk powder, but were incorrectly entered by the customs agent as aluminium foil strip. Customs considered the agent had not taken reasonable care in preparing the entry as the supporting documentation clearly stated the goods were milk powder.

A failure to accurately declare the goods impacts on Customs’ risk assessment. The entry was considered materially incorrect and a penalty of $200 was issued.