

Customs

CUSTOMS REGULATIONS -2006

For the Republic of Palau

Ministry of Finance

Bureau of Revenue, Customs and Taxation

Division of Customs

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1. PURPOSE AND SCOPE

1.1 Purpose. These rules and regulations establish policies and procedures to implement and provide uniform enforcement of the Customs laws of the Republic of Palau to ensure the lawful importation and exportation of all articles, wares and merchandise, to assess and collect taxes on the same and to intercept any illicit narcotics, weapons, harmful elements, and other contraband.

1.2 Authority. The Director of the Bureau of Revenue, Customs and Taxation, pursuant to 40 PNCA §1801(e) is empowered to promulgate rules and regulations to carry out the provisions of Division 2 of Title 40 of the Palau National Code Annotated (PNCA), as amended. Division 2 includes, but is not limited to, the collection of the Import Tax (Chapter 13), and the Traveler's Head Tax, Foreign Water Vessel Tax and Fish Export Tax (Chapter 14). These regulations are also promulgated pursuant to the required provisions of Section 121 of the Administrative Procedure Act (APA) of Title 6 of the PNCA.

1.3 Definitions. The following definitions and interpretations shall apply to these regulations unless the context requires otherwise:

- (a) "Ad valorem" means a tax imposed at the rate equal to a percentage of value.
- (b) "Aircraft" means any conveyance used or capable of being used for flight in the air.
- (c) "Airway Bill" means a receipt given by an airline for goods accepted for transportation.
- (d) "Betelnut" means the fruit of the betelnut palm, chewed either by itself or with other ingredients as a mild stimulant. Betelnut is not classified as a food product for Customs purposes.
- (e) "Bill of Lading" means a receipt given by a surface carrier of goods accepted to be transported.
- (f) "Bureau" means the Bureau of Revenue, Customs and Taxation within the Ministry of Finance.
- (g) "Carrier" means any description of craft or other conveyance used or capable of being used as a means of transportation on the water, land or in the air.
- (h) "Chewing tobacco" means loosely packed tobacco cut into strips or small pieces and is used primarily for chewing.

- (i) “Chief” means the Chief of the Division of Customs within the Bureau of Revenue, Customs and Taxation
- (j) “CIF” means ‘cost, insurance, and freight’ incurred for imported goods, and includes all costs and charges associated with the goods up through the time they are delivered to and unloaded at a Republic port of entry or post office.
- (k) “Cigar” means a roll of tobacco, either cut in coarse pieces or in full leaf, which is rolled, with or without a wrapper, for smoking.
- (l) “Cigarette” means a small roll of finely cut tobacco wrapped in thin paper for smoking, with or without a filter tip.
- (m) “Commercial Purpose” is defined in 40 PNCA 1002(f).
- (n) “Consignee” means the person to whom the carrier may lawfully make delivery in accordance with its contract of carriage.
- (o) “Container” means any method of conveyance used in the shipment or transportation of merchandise or goods.
- (p) “Container Freight Station” (‘CFS’) means a structure designed for receiving and handling storage cargo and the area within the surrounding perimeter fence.
- (q) Conveyance means any vehicle, aircraft, or water-borne craft, or any other means that is used to transport persons or goods.
- (r) “Customs” means the Division of Customs within the Bureau of Revenue, Customs and Taxation.
- (s) “Customs Service Charge” means a charge for Customs service for any hours worked by Customs Officers outside of ‘regular working hours’ as defined herein.
- (t) “Customs Declaration Form” is an information form that needs to be filled out upon arrival in the Republic of Palau.
- (u) “Customs Officer” means any individual duly authorized by the Director or Chief to enforce Customs and other applicable laws.

(v) “Customs Seal” means a mark, fastening, band, strap, tag or string, adhesive tape, padlock or mark purporting to be a customs seal, fastening, or mark placed upon any vessel, vehicle, aircraft, warehouse, or package containing goods or baggage in bond or in customs custody

“Customs Departure Clearance” means the permission granted by Customs for any type of shipment, vessel or aircraft to leave Palau.

(x) “Customs Clerks” means the clerical staff involved purely in Customs related office work within any office of the Division of Customs. And not necessarily a deputized Customs Officer.

(y) “Customs Control” in relation to dutiable goods means that those goods are not in free circulation within Palau and that no person may move, alter, or interfere with those goods without prior written approval from customs;

(z) “CYCY”: Container Yard to Container Yard

(aa) “CYCFS”: Container Yard to Container Freight Station

(bb) “CFSCY”: Container Freight Station to Container Yard

(cc) “Director” means the Director of the Bureau of Revenue, Customs and Taxation within the Ministry of Finance or his designee.

(dd) “Division” means the Division of Customs within the Bureau of Revenue, Customs and Taxation.

(ee) “Drug” means

(i) Substances recognized in the official Pharmacopoeia of the United States, the official homeopathic pharmacopoeia of the United States, the official national formulary of the United States, or any supplement to any of them;

(ii) Substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals;

(iii) Substances (other than food) intended to affect the structure or any function of the body of man or other animals;

(iv) Substances intended for use as a component of any article specified herein; and

(v) Any substances defined by law or administrative regulation as being subject to the same or similar laws governing any of the above defined items. The term does not include devices or their components, parts, or accessories.

(ff) “Entry Certificate” means a document prepared by an importer verifying that all vendor’s invoices, and other required documents are true and correct and that no alterations or changes have been made thereto.

(gg) “Examination of goods subject to control of Customs” means to examine, weigh, analyze, test, or cause to be examined, weighed, analyzed, or tested goods subject to the control of Customs or goods that the officer has reasonable cause to suspect are subject to the control of Customs, and may, for that purpose, open or cause to be opened any packages in which the goods are contained or suspected to be contained.

(hh) “Export” means to export from Palau.

(ii) “FOB” (‘Free on Board’) means the value of goods when shipped for export and includes all costs and charges up to the time of delivery of the goods on board the exporting vessel or aircraft.

(jj) “Forfeited Goods” means Goods forfeited to the Government in respect to dutiable or prohibited goods found in the course of an offense or violation of Customs requirements, regulations and/or law that has been committed.

(kk) “Import” as defined in the Unified Tax Act of 40 PNC § 1002 means any article of tangible personal property manufactured, grown, produced or created without the Republic and brought to the Republic excluding, however, all personal items carried by transients which will be withdrawn from the Republic when the transient terminates his

stay in the Republic or which will be consumed in the Republic by him during his visit.

(ll) “Invoice” means a detailed list of goods or services along with the relevant charges and descriptions.

(mm) “Itinerant Commercial Carrier” means a commercial carrier, vessel or aircraft which:

(i) has never before entered a port of the Republic; or

(ii) has not established a regular payment history for prior entries into a port of the Republic; or

(iii) has an outstanding debt of over 30 days owed to the Republic for Customs services provided by Customs Officers.

(nn) “International Travel” means any travel originating within the Republic and terminating at any port outside the Republic, or any travel originating outside the Republic and terminating or transiting at any port in the Republic.

(oo) “Liquor” means and includes all distilled or rectified spirits, alcohol, brandy, cordial (whether the base therefore be wine or liquor), whiskey, rum, gin, and all other distilled alcoholic beverages, including all dilutions and mixtures of one or more of the foregoing. For purposes of Customs regulations “liquor” shall include any beverage or liquid intended for human consumption with any level of alcoholic content which is not otherwise defined herein as “beer”, “wine”, or is otherwise classified as a “prescription drug” or “non-prescription drug”.

(pp) “Manifest” means a summary list of passengers or cargo on board a carrier.

(qq) “Movement” means the act, process or result of moving a container, commodities, or goods from the port of entry.

(rr) “Non-Prescription Drug” means a drug recognized as a non-prescription drug by statute or regulation of the Ministry of Health of

the Republic of Palau that does not require a physician's prescription to be purchased and can be purchased over the counter at retail stores. These include such drugs as Aspirin, Tylenol, Sudafed, Actifed, Robitussin and others (a specific list can be obtained from the Ministry of Health). In the event that there is a discrepancy in whether the item is considered as a Non-Prescription Drug, the subject drug shall be treated for Customs purposes as a Prescription Drug, until and unless otherwise directed by the Ministry of Health.

(ss) "Official" means any employee of the Bureau.

(tt) "Person" means any individual, firm, partnership, joint venture, corporation, estate, trust or other association, however organized.

(uu) "Pipe tobacco" means tobacco cut into pieces or strips used for smoking or chewing purposes.

(vv) "PNCA" means the Palau National Code Annotated.

(ww) "Ports of entry" means the official ports specified under section 1102 of Title 13 of this Code.

(xx) "Prescription Drug" means a drug that has been properly prescribed by a physician, as indicated by a prescription label on the container. These drugs can only be obtained through a prescription from a licensed physician and purchased or obtained only from a licensed pharmacy or from other sources as approved by the Ministry of Health. These include such drugs as: Ampicillin, most oral antibiotics, controlled drugs and narcotics, medications for high blood pressure and diabetes, all injectable drugs and others (a specific list can be obtained from the Ministry of Health).

(yy) "Provisional Inspection Site" means a temporary location approved by the Director or Chief for the inspection of air or surface shipments of inbound and outbound cargo.

(zz) "Regular Working Hours" means the office hours from 7:30 a.m. through 4:30 p.m. except for national holidays and except as otherwise declared by the Director. The Director may designate

different “regular working hours” for Customs employees assigned to work at the Post Office, the air cargo, the airport, and the seaport.

(aaa) “Smuggling” means any act or practice defined in RPPL No. 6-20, Chapter 37.

(bbb) “Republic” means The Republic of Palau.

(ccc) “Vessel” means any description of craft or other conveyance used or capable of being used as a means of transportation on the water or in the air.

(ddd) “Water Vessel” means every description of watercraft owned or operated by a nonresident and used or capable of being used as a means of transportation on water, irrespective of whether the water vessel is a pleasure boat or yacht, or to be leased or sold.

(eee) “Wine” means a beverage or liquid for human consumption consisting of the product of the normal alcoholic fermentation of the juice of any fruit or any natural produce and not containing more than twenty four percent (24%) alcohol by volume but shall not include any beverage which contains distilled alcohol such as liqueurs, cordials, and similar compounds. “Wine” shall include cooking wines to the extent such cooking wines fit within the above definition.

1.4 Coverage. These regulations apply to all persons and private or commercial carriers residing or operating in or arriving in and departing from the Republic where people, animals, insects, plant life, merchandise, equipment, raw materials and other items enter or leave the Republic. It covers all entry and exit points to the Republic.

1.5 Application. All matters concerning the entry or departure, import or export, and declaration, assessment, and responsibility of Customs requirements, restrictions, prohibitions, procedures, and taxes in the Republic of Palau shall be governed by the applicable regulations in this document, as well as any applicable law or other regulation of the Republic of Palau, and shall be applied equitably to all.

1.6 Limitations. These regulations are limited to the coverage and application expressed herein and shall not limit the application and

effect of laws and other regulations of the Republic or treaties and conventions of which the Republic is or elects to be a party.

2. ORGANIZATION AND ADMINISTRATION

2.1 Organization. The Division of Customs within the National Government of the Republic shall consist of trained men and women under the supervision of the Chief of the Division of Customs. The Division may utilize the personnel and facilities of other agencies of the Republic of Palau government or State governments for proper enforcement of the tax laws, other laws enforced at the ports of entry and exit and any and all related regulations. The administration and enforcement of these regulations shall be implemented by the Minister of Finance, the Director of the Bureau of Revenue, Customs and Taxation, the Chief of the Division of Customs and duly appointed Customs Officers.

2.1.1 The Minister of Finance. The Minister shall provide the necessary legislative and policy support to the Bureau in the enforcement of laws related to taxation and customs (Division 2 of Title 40 of the PNCA) and these regulations.

2.1.2 The Director of the Bureau of Revenue, Customs and Taxation. The Director shall provide the necessary guidance and assistance to the Chief in the performance of his duties in the implementation of these rules and regulations. The Director shall also provide the Minister with legislative and policy advice. The Director shall be directly responsible for the application and use of the procedures designed for the enforcement of these regulations.

2.1.3 The Chief of the Division of Customs. The Chief shall be responsible for the direct supervision of the Customs Officers within the Division of Customs and their conduct while performing their duties.

2.1.4 Powers to be exercised in event of a vacancy. In the event there is a vacancy or absence in any of the above described positions, the powers and duties assigned to such position may be exercised by the

person holding the next superior position, unless otherwise designated by the Minister of Finance.

2.2 Administration.

2.2.1 Office Hours. The regular working days and hours of the Division of Customs are Monday through Friday, 7:30 a.m. through 4:30 p.m., except for National holidays as prescribed by Public Service System Regulations. Different hours may be designated for Customs personnel assigned to the post office, air cargo, airport, or seaport or other designated areas.

2.2.2 Scheduled Hours. The Director or his designee shall ensure that Customs Officers are scheduled to be stationed at each active port of entry and exit during the regular working hours of the particular port or station. In scheduling, the Director shall attempt to make it convenient for customers to clear cargo. The number of Customs Officers assigned to service a carrier will be determined by the Chief on a case by case basis.

2.2.3 Posting Scheduled Hours. The Chief of Customs shall post the regular working hours for Customs Officers at each active port of entry and exit, container freight station, and post office.

2.2.4 Security. The Chief shall institute procedures for the safety and security of Customs Officers and for items placed in the custody of the Division of Customs.

2.2.5 Oath. Every Customs Officer or authorized employee under the Division of Customs shall take and subscribe an oath that he or she will faithfully and impartially perform the duties of his or her office.

2.2.6 Cash and Cash Handling. The Chief shall institute procedures for the safety and proper handling of cash and cash transactions under the purview of Customs during all working hours between customers and the Bureau and its divisions.

2.3 Identification and Uniforms.

2.3.1 Permanent Identification Card. All Customs personnel must wear their permanent identification cards during working hours and while on official duty. The cards shall include the words “Customs Officer” and “Division of Customs” and the name and number of the Customs Officer bearing the card. The card shall be worn on the front of the Customs Officer’s uniform at the left-side pocket or hung from the neck at chest level in plain view.

2.3.2 Interim Identification Card. Upon initial assignment of new personnel or when an identification card is lost, an interim identification card shall be issued to Customs employees. All bearers of the interim identification card are authorized access to all areas of operations, airports, and other ports of entry, except areas, which are specifically restricted to certain employees. Interim identifications cards shall be displayed by the Customs Officer as described in 2.3.1 above and expire within two weeks of the date of issuance.

2.3.3 Uniforms. Unless otherwise directed by the Director or Chief, all Customs personnel are required to wear approved official Customs uniforms during working hours and while on official duty. The color and design of the uniform shall be prescribed by the Chief. When a T-shirt is used as uniform, the words “PALAU CUSTOMS” shall be placed in the center of the back of the shirt and the words “Customs Officer” placed on the front-left section of the shirt at the chest level. Customs Officers on duty performing regular or overtime services are required to conform with the uniform dress and personnel appearance requirements applicable to the respective sections where the services are being performed.

2.3.4 Responsibilities of Officers. All Customs Officers are responsible for the safeguarding and proper use of the their uniforms and identification cards, and for surrendering them upon termination or upon the request of the Director or the Chief. Any misuse, counterfeiting, alteration, or reproduction of an identification card or uniform is strictly prohibited. All personnel must ensure that uniforms and identification cards are used only in the performance of their official duties.

2.3.5 Loss of Identification Cards or Uniforms. All Customs personnel must promptly report, in writing, the circumstance surrounding the loss of an identification card or uniform. When lost, identification cards shall be re-issued within two weeks. Any employee losing his/her identification card or uniform will be responsible for compensating Customs for the replacement cost if the loss was a result of the employee's negligence. In proper circumstances, an employee may be held responsible for such loss or negligence and may be disciplined accordingly.

2.4 Weapons. In accordance with 17 PNC §3303, Customs Officers are defined as law enforcement officers for purposes of the Firearms Control Act. Furthermore, 17 PNC §3307 provides that law enforcement officers may possess a firearm while acting in an official capacity with express written permission of the President. In accordance with the existing law, the Director, BRCT shall submit to the Director, Bureau of Public Safety a list of Customs Officers who have already received firearms training from qualified sources together with any applicable restrictions authorized to carry weapons in order to carry out their duties. The Division of Customs shall ensure that all laws, policies and procedures established by the Bureau of Public Safety are enforced and followed. Carry firearms – The Director, BRCT, may authorize a customs officer to carry firearms and other articles of defense if required.

3. MAINTENANCE AND PRODUCTION OF RECORDS

Every person, firm, corporation or association engaging in any transaction subject to a tax, fee or charge levied or imposed under the Unified Tax Act shall keep a full and accurate record of each such transaction engaged in by him and such record shall be available for examination by the Director or his authorized representative for at least three years after the date of such transaction. For other specific records see 40 PNCA § 1601. Customs officials may require such person, firm, corporation or association to produce such records as may be necessary for purposes of showing compliance with the laws or regulations of the Republic with regard to matters under Customs jurisdiction.

4. IMPORTS

4.1 Documentation.

4.1.1 Entry Documents. Entry of imported items may be declared only upon presentation to the Director or his designees of a declaration form, a nonnegotiable copy of the bills of lading, airway bills or their equivalent and vendors' invoices covering all merchandise arriving on one vessel and consigned to one consignee with relevant packing lists.

4.1.2 Entry Declaration. In addition to the nonnegotiable copy of the bill of lading and vendor's invoices, packing lists each importer shall sign an Entry Declaration stating that, under penalty of perjury, the vendors' invoices are true and correct and that no alterations or changes have been made thereto. Importers/Exporters submitting falsified documents will be dealt with in accordance with RPPL 6-20, Anti-Smuggling Act, Section 3702.

4.1.3 Entry Declaration must be prepared without errors in order to be processed speedily. If an importer, agent or exporter repeatedly submits declarations with errors, the Division of Customs will impose an administrative penalty of \$10.00 each time a declaration is submitted with errors.

4.1.4 Disclosure of Cargo. All cargo, including ship's stores, conveyed on the carrier entering the Republic must be included on the manifest and related bills of lading. It is the responsibility of the Master or Captain of a vessel or aircraft to declare the manifest to the Division of Customs. (40 PNCA §1304(c)) Willful failure to so include such cargo or the presentation of a willfully falsified manifest shall be deemed to be a violation and offenders shall, upon conviction, be imprisoned for a period of not more than one year, fined not more than \$1,000.00, or both. (40 PNCA § 1704 and/or RPPL 6-20 -Anti- Smuggling Act)

4.1.5 Invoice Changes. Necessary changes to vendors' invoices made as a result of shipment errors or theft must be properly documented. Proper documentation includes a copy of the original order and a written acknowledgment by the vendor of the error, correction, or change. Documentation in the case of theft includes a police report

and statement made by the responsible agent where the theft occurred who was in custody of the shipment at that time of the theft.

Documentation should be presented to Customs within ten (10) working days.

4.1.6 Business Licenses. The Consignee must have available and produce upon request for inspection his or her valid business license and import/export license (where required).

4.1.7 Palauan or English Language. All documents must be in the Palauan or English language. Where documents are in any another language, a translated copy shall be provided for inspection by Customs Officers prior to release of the items related thereto. Costs of professional translation, when necessary, shall be assessed against the consignee.

4.1.8 Documents in foreign language. Where a document in a foreign language is presented to a Customs officer in relation to the carrying out of any duties, the officer may require the person who presented the document to supply to the officer an English translation of the document prepared by such person as the officer may approve and at the expense of the person who presented it.

4.1.9 Retention of documents and goods obtained during search. Where a Customs officer or authorized person carries out any lawful search, inspection, audit, or examination, and has reasonable cause to believe that any documents or goods coming into his or her possession during such search, inspection, audit, or examination are evidence of an offence and/or are intended to be used for the purpose of committing any offence, the officer or authorized person may take possession of and retain the documents or goods. The Customs Officer or authorized person shall provide an inventory of the goods and immediately report all findings to the Chief and/or Director for appropriate action to be taken and the Chief shall consult with the Attorney General for advice and proper handling.

4.2 Declaration of Imported Items. Except as otherwise provided, the consignee of imported items shall make entry therefore, either in person or by an agent authorized by the importer at the Office of the

Director or such other place as may be designated by the Director within 48 hours, exclusive of weekends and holidays, after the entry of the importing carrier. (40 PNCA §1303) All importers must declare imported items subject to assessment and taxation.

4.3 Entry of Imported Items.

4.3.1 Documents. Prior to arrival of the imported items or upon arrival the master of a vessel or aircraft shall deliver to the Director or his designee two copies of the manifest, bills of lading, airway bills and other documents as may be required by the Director and a true and correct copy of any correction of such documents. The manifest may be presented either in hard copy or electronically as a soft copy.

4.3.2 Retention of Cargo. Cargo shall be retained at the place of unloading until the import tax has been paid. Any cargo not released shall remain in the physical possession of the terminal operator at the expense of the consignee, but under Customs custody until entry is made and the import tax paid. (40 PNCA §1304(e))

4.3.3 Removal of Goods from Port. If the situation deems necessary, the Director or his designee may remove goods from the original port of entry at the time of import and store in a place designated by the Division of Customs.

4.3.4 Goods in the physical possession of the terminal operator exceeding ninety (90) days from the date of import will be transferred by the terminal operator to the Division of Customs for safekeeping and storage. The Division of Customs shall notify the owner or consignee in writing that any claim on merchandise being held in Customs custody will expire within 10 days from the date received by Customs from the terminal operator and the owner or consignee must claim the merchandise and pay the tax due plus related penalty and interest. If the merchandise is not claimed within ninety (90) days, from the date of import, the merchandise will be sold at auction and the owner or consignee shall not be allowed to claim the merchandise once the merchandise has been processed and advertised for auction.

4.3.5 Release of Cargo. No carrier, agent, or terminal operator shall release or turn over to a consignee any merchandise being imported into the Republic without prior official written permission of the Director or his designee. (40 PNCA § 1304(f)). Unauthorized release of cargo shall be subject to an administrative penalty of not more than \$5,000, imposed by the Director or will be dealt with in terms of section 3706 of the Anti-smuggling Act of RPPL 6-20.

4.3.6 Examination of Goods.

4.3.6.1 Customs may examine. A Customs officer may at any time before the release of imported goods, or after the declaration of goods for export, examine the goods and open or cause to be opened any package or container of goods.

4.3.6.2 Customs may require cooperation. A Customs Officer is authorized to require importers, exporters, transporters, warehouse operators, or their representatives to present goods for examination, remove any covering from the goods, unload any conveyance or open any part thereof, or open or unpack any package or container that he wishes to examine.

4.3.6.3 Consequence of non-cooperation. If the requirements of subsection 4.3.6.2 are not complied with, the Customs Officer is authorized to have the work completed at the expense of the persons concerned.

4.3.7 Taking of samples.

4.3.7.1 Customs Officer may take samples. A Customs Officer is authorized to take a sample of imported goods, or goods to be exported, to assist him in the examination of the goods.

4.3.7.2 Importer or exporter may request samples. The taking of samples, may also be at the request of the importer or exporter.

4.3.7.3 Disposal of samples. All samples taken under subsection 4.3.7.1 shall, where they are not expended during the analysis or examination, be returned or disposed of as prescribed in the regulations.

4.3.8 Authority to detain goods. Goods that have been imported or are about to be exported may be detained by a Customs Officer until he/she is satisfied that the goods have been dealt with in accordance with this regulation, and any other law that promotes, controls or regulates the importation or exportation of goods.

4.3.9 Production of records and samples. Customs Officers are authorized for the purpose of examining declarations and other documents describing goods that have been imported or reported for export, to request that the importer or exporter produce all records related to the purchase, sale, importation, exportation or delivery of the goods described and produce a sample of the goods.

4.3.10 Unidentifiable goods. When there is reasonable doubt regarding the identification and authenticity of the goods upon physical inspection, the Customs Officer may detain the goods for further investigation and verification.

4.3.11 Undeclared Cargo. Upon inspection, items found undeclared to Customs are subject to detention. Willful failure to so include such cargo or the presentation of a willfully falsified manifest shall be deemed to be a violation of 40 PNC Chapter 13. Such cargo may be released on payment of tax, storage fees, and a penalty or fine of not less than twice the value of the undeclared goods pursuant to 40 PNC Chapter 13 and/or RPPL 6- 20 Section 3704 of the Smuggling Act. However, after proper investigation if deemed necessary, undeclared cargo may be confiscated.

4.4 Seals. Customs may place a Customs seal on any cargo container or other container when it arrives in the Republic.

4.4.1 Removal of Seals. Seals affixed on a cargo container or other container at the port of origin shall be removed only by an authorized Customs Officer.

4.4.2 Broken Seals. Any container seal (whether affixed in a foreign jurisdiction prior to arrival or by a Customs Officer upon arrival) found broken after being unloaded from a vessel shall be reported

immediately to a Customs Officer and the Customs Officer shall immediately reseal the container.

4.5 Prohibited Import Items.

4.5.1 Prohibition. Any goods, articles, or merchandise detected which are prohibited or restricted by law or regulation will be considered as contraband and seized by Customs. Prohibited imports shall not be transported, stored, or released for use in Palau except as provided for in the laws under which their import is prohibited or restricted.

The following action shall be taken by Customs:

4.5.1.1 General Penalty. Suspected violations of laws and regulations related to the Division of Customs shall be referred to the appropriate agencies, including but not limited to, the Office of the Attorney General, and/or the Office of the Special Prosecutor.

4.5.1.2 Cargo Retention. Retention of cargo until the status of the relevant item is determined;

4.5.1.3 Cargo Disposal. Where the imported item is determined to be a prohibited item, Customs shall dispose of or sell such item pursuant to the Property Management Policies and Procedures (Executive Order 100); and/or

4.5.1.4 Suspension of Business License. The suspension of the business license(s) of all principals involved in the violation of this action for one (1) year (40 PNCA § 1703).

4.5.1.5 Disposition of goods. Prohibited imports which are not eligible for release may, if they have been declared by the importer, and if so allowed under the laws under which their import is prohibited or restricted, be—

4.5.1.5.1 re-exported from Palau,

4.5.1.5.2 abandoned to the Republic, to be auctioned, or

4.5.1.5.3 destroyed under Customs supervision at the expense of the importer.

4.5.1.6 Seizure. Prohibited imports that have not been declared by the importer shall be seized and goods that have been forfeited shall be removed to, and to be stored in, a warehouse operated by Customs, or such other place as may be designated by the Director for that purpose.

4.5.2 Report of Findings. The Director, Bureau of Revenue, Customs, and Taxation, may report the findings of the Bureau to the Ministry of Justice with recommendations for additional civil and criminal actions. The Director shall promulgate a general list of prohibited import items and make the same available to the public.

4.6 Unclaimed, Abandoned & Forfeited Goods.

4.6.1 Unclaimed Goods.

4.6.1.1 Removal to Warehouse. Goods that have not been removed from temporary storage as being unclaimed or from a bonded warehouse, goods that have been abandoned to the Republic of Palau and goods that are forfeit shall be removed to, and be stored in, a warehouse operated by the Division of Customs, or such place as may be designated by the Director or Chief for that purpose at the expense of the consignee.

4.6.1.2 Time in warehouse. Subject to subsections 4.6.2.3 and 6.4.2.4 the goods referred to in subsection 4.6.2.1 shall remain in the warehouse for a period of 90 days before disposal thereof. Expenses related to storage and disposal of such goods are the responsibility of the consignee and may be deducted from the proceeds of any sale of such goods.

4.6.1.3 Notice to claim goods. Upon receipt of the goods in the warehouse, or place, referred to in subsection 4.6.2.1, notice shall be given in writing to all persons concerned that the goods, other than any forfeit or abandoned goods, will be sold, if not claimed within 30 days of the date of the notice.

4.6.1.4 Requirement for claiming goods. The owner of unclaimed goods may claim such goods within 30 days of the notice given only

after payment of any duties owing and any storage charges payable as prescribed in regulations.

4.6.1.5 Destruction of goods. Forfeit goods and any perishable goods that have become deteriorated or spoiled, shall be destroyed under Customs supervision.

4.6.1.6 Goods that cannot be stored. Goods that, in the opinion of the Director or Chief, cannot be stored due to their perishable or dangerous nature, or because they may contaminate other goods in storage, may be sold immediately under the direction of the Director after having given notice to the owner thereof.

4.6.2 Abandonment of Goods.

4.6.2.1 Owner may abandon. The owner of goods that have not been released may, with the authorization of an official, abandon the goods to the Republic.

4.6.2.2 Receipt. The official who authorized the abandonment under subsection 4.6.1.1 shall issue a receipt, in prescribed form, for the goods received on behalf of the Republic.

4.6.2.3 Costs. The costs of storage and transportation of goods prior to their abandonment shall be at the expense of the person who abandoned the goods.

4.6.3 Sale of unclaimed goods.

4.6.3.1 Public Auction. The sale of goods referred to in section 5.10 shall apply to this section.

4.7 Drugs.

4.7.1 Drugs for Personal Use. Drugs may be brought into the Republic in reasonable quantities for personal use only if:

4.7.1.1 The drug is an identifiable legal non-prescription drug; or

4.7.1.2 The drug is a prescription drug carried by the individual to whom it is prescribed or a dependent thereof

4.7.2 Drugs for Resale. Drugs may be imported into the Republic for commercial use only if:

4.7.2.1 The drug is an identifiable legal non-prescription drug; or

4.7.2.2 The drug is a prescription drug being imported by a licensed pharmacy; or

4.7.2.3 The drug has been authorized for import by the Minister of Health or his designee in writing, a copy of which shall be provided to the Division of Customs.

4.7.3 Detention of Drugs. All drugs entering the Republic not meeting the criteria of Subsections 4.7.1 or 4.7.2 shall be detained. Customs Officers shall have reasonable discretion in the preliminary drug identification process.

4.7.3.1 All detained drugs shall be taken by Customs Officers within 48 hours to the Belau National Hospital Pharmacy for inspection. A written receipt shall be issued to the party from whom said drugs are detained. However, in the event a passenger arriving in Palau for a stay of no longer than 48 hours and from whom drugs are detained as not being authorized for import under Palau law, but for which possession of such drugs is not otherwise illegal, said drugs may be returned to the passenger upon his or her departure unless otherwise directed by the Ministry of Health.

4.7.3.2 If, upon inspection, the pharmacist determines that the drugs do not meet the criteria of Subsections 4.7.1 or 4.7.2, such drugs shall be disposed of pursuant to Ministry of Health Rules and Regulations.

4.7.3.3 If, upon inspection, the type or category of the drug in question cannot be determined, the pharmacist, in his or her discretion, shall either:

4.7.3.3.1 Order that the drugs be disposed of pursuant to Ministry of Health Rules and Regulations, or

4.7.3.3.2 Return such drugs, through Customs, upon the passenger's departure. Where drugs are to be returned, the Pharmacist shall fill out the 'Release of Confiscated Pharmaceuticals' form.

4.7.3.3.3 Any medicines not prescribed or labeled in English is detained pending further inquiries and transferred to the Palau National Hospital.

4.8 Firearms and Ammunition. Firearms and ammunition may be brought into the Republic only if permitted by the Firearms Control Act (Chapter 33 of 17 PNCA) and the Weapons Control Act (Chapter 34 of 17 PNCA)

4.8.1 Declaration. All Passengers arriving in the Republic shall declare firearms and ammunition on their Customs Declaration Forms.

4.8.2 Disposition of Firearms and Ammunition. Customs shall take the following actions where firearms and/or ammunition are brought into a port of entry of the Republic:

4.8.2.1 If declared, held by Customs and returned to the owner upon departure;

4.8.2.2 If not declared, confiscated by Customs and disposed of pursuant to 17 PNCA §3308; or

4.8.2.3 If possessed with the written permission of the President pursuant to 17 PNCA §3307, or if otherwise permitted by national or international agreement, released to the appropriate owner;

4.9 Valuation of Imported Items.

4.9.1 Method of Valuation. The basis of the import tax shall be the FOB where such can be reasonably determined.

4.9.2 Alternate Methods of Valuation. If the FOB price of imported goods cannot be reasonably determined, the payment of the import tax shall be determined by the following method which is reasonably available to the Customs Officer:

4.9.2.1 The value or retail price of identical or similar goods available for sale in Palau. For this, the Division of Customs will maintain a valuation database and use the database as a reference to determine the correct value. The Division will also conduct market surveys to regularly update the database.

4.9.3 Independent Appraisal. If the FOB price or its equivalent cannot be determined through a market survey the value for payment of the import tax shall be determined by an independent appraisal, the cost of which shall be borne by the importer of the item.

4.9.3.1 Import Tax Rates. The Import Tax shall be imposed on imported items at the rates set in 40 PNCA §1301(a), or such other law as may be applicable.

4.10 Import Tax Deductions; Samples or Promotional Items; Temporary Imports.

4.10.1 Discounts. No deduction of any kind shall be allowed from the FOB amount because of any special or sample discount or on account of any other consideration by which a special reduction in price has been or might be obtained to evade taxation.

4.10.2 Samples or promotional items. Samples or promotional items, whether offered for sale, or as “give-away” items shall be valued on a FOB basis, or in the absence of adequate documentation establishing a reasonable value be valued in the same manner as identical or similar items offered for sale.

4.10.3 Temporary imports. The following will apply to temporary imports which will later be re-exported in a same or similar condition to the original shipper upon conclusion of the item’s use in Palau:

4.10.3.1 Where an item is imported into Palau on a temporary basis, such as tools used for installation, repair, construction, equipment, machinery for processing and are to be re-exported upon completion of the activity for which such item was imported, but in any case, no more than six months from date of first entry into Palau, the Chief of Customs may provide for the deferment of any applicable import tax for such period of time. If the item is re-exported to the original

shipper within that time period, the tax assessment on such item shall be cancelled pursuant to 40 PNC Sec. 1302. Failure to re-export within the time specified shall result in the full amount of the tax assessment coming due and payable.

4.10.3.2 For items imported into Palau on a temporary basis for installation, repair, construction, or other activity which requires presence of more than six (6) months from date of import but which will be re-exported to the original shipper upon conclusion of the activity for which it was originally imported, the applicable import tax shall be based on the reasonable rental value of such item while in Palau, or such other evidence of valuation as may be determined by the Director. Import tax in this instance shall not be deferred but shall be collected and shall be non-refundable to the consignee or shipper on the basis that value was received and consumed in Palau during the period of use. If the item or items subject to this regulation are not in-fact re-exported at the conclusion of rental period declared at time of import, import tax shall be paid based on the full value of the item at the time of import minus a deduction for actual import tax previously paid based on the rental value of such item.

4.10.3.3 At the time of re-export of items temporarily imported, a Customs inspection and verification must be carried out.

4.10.4 Questionable Valuation of Goods. Where a Customs Officer believes that the declared value of the item(s) is lower than the actual transaction value in the Customs valuation database the consignee may be required by Customs to provide reasonable proof that a reduction in the price paid or payable for the goods has not occurred.

4.10.4.1 To demonstrate the acceptability of the price paid or payable for the goods, the consignee shall supply to Customs details of:

4.10.4.1.1.1 The way in which the buyer and seller organize their commercial relationship.

4.10.4.1.1.2 The way in which the price in question was arrived at; and

4.10.4.1.1.3 The price of identical merchandise, or similar merchandise, in sales to unrelated buyers in the Republic. This applies to all commercial and personal imports.

4.10.5 Currency. The basis of the import tax of such goods shall be calculated in U.S. Dollars according to the current rate of exchange at the date of import of the goods into Palau. It shall be the burden of the consignee to provide such information acceptable to Customs officials.

4.10.6 Time of import. The date on which the incoming vessel or aircraft was granted clearance by the Division of Customs to unload cargo will be treated as the time of imports for the imposition of tax rates and exchange rates and other levies applicable for imports.

4.11 Import Tax Refunds Pursuant to 40 PNCA section 1302, the following shall apply:

4.11.1 Damaged, pillaged or faulty goods. Upon receipt of a written request within 30 days of the goods' release from Customs control, the Director may authorize a refund of the whole or part of the import tax paid, where he is satisfied that any of the following conditions exist:

4.11.1.1 The goods have been damaged, pillaged, lost or destroyed during the voyage;

4.11.1.2 The goods have, while subject to the control of Customs, been damaged, pillaged, lost or destroyed; or

4.11.1.3 Owing to a fault or defect in any goods, the importer has received a reduction or a refund, in whole or part, of the price paid or to be paid for the goods.

4.11.1.4 Short shipments.

4.11.1.5 Change of import tax rates by legislation.

4.11.1.6 No refund or credit shall be allowed for imported goods after 30 days or one (1) month of the date of original entry.

4.11.2 A service charge of \$25.00 shall be assessed for the processing of any application for import tax refund regardless of the basis for such refund.

4.12 Exemptions.

4.12.1 In general. Except as provided in subsection 4.12.2, no individual or entity shall be exempt from any tax imposed by this section.

4.12.2 Imported articles. The exemptions for bona fide travelers, returning residents, diplomats, temporary imports, grant aid projects, Duty-free Store at the Palau International Airport, shall apply to imported articles for purposes of these regulations.

4.12.3 Transfer of exempt goods to other persons. If any article imported under an exemption described in subsection 4.12.2 is sold or contracted for sale during the 1-year period following the date of the importation, or if during such period a major part of the possession or use of the article passes from the person who benefitted from the exemption to a person not a family member living with the importer, then the exemption shall cease to apply as of the time the article was imported. In such a case, both the importer and the new owner, potential owner, or user or possessor shall be jointly and severally liable for an amount equal to two times the import duties and excise taxes that would have been applied if there had been no exemption.

4.12.4 Personal Exemptions. Goods transported during travel or imported into the Republic, which are not intended for a commercial purpose and are considered goods for personal consumption or use, are normally not taxed, unless otherwise required by law. However, a determination by Customs, whenever made, that the goods or equipment were subsequently used otherwise than as declared, shall be dealt with as fraud. Imported goods not taxed at the time of import and used for a commercial purpose shall be subsequently taxed. An administrative penalty not exceeding \$1,000 shall be imposed by the Director on offenders. And/or RPPL 6- 20: Section 3702, shall apply.

4.12.5 Grant-aid assistance. 40 PNCA §2001 states that any nationals or citizens of foreign countries, supplying products, goods, machinery, materials, or services in connection with a project financed entirely by grant-aid assistance whose terms require exemption from internal taxes or fiscal levies as condition precedent to awarding such grant-aid projects provided by the government of any donor nation, shall be exempt from taxation under Title 40 PNCA Division 2, sections 1001-1901, as amended, with respect to such activities. The Director shall administer the application of this provision to such nationals or citizens of foreign countries seeking for or have been granted an exemption as provided herein and shall ensure that such exemptions are properly monitored, fully documented, and certified.

4.12.6 Diplomats. Upon the request of the Ministry of State, imports exempt under international agreements, international humanitarian assistance and under the Vienna Convention on Diplomatic Relations, Article 36: Section 2, shall be exempt from any tax imposed by this section.

Under the Vienna Convention on Diplomatic Relations, it states that “The personal baggage of a diplomatic agent shall be exempt from inspection, unless there are serious grounds for presuming that it contains articles not covered by the exemptions mentioned in paragraph 1 of this article, or articles the import or export of which is prohibited by the law or controlled by the quarantine regulations of the receiving State. Such inspection shall be conducted only in the presence of the diplomatic agent or of his authorized representative”.

4.12.7 Duty Free Imports. In accordance with 28 PNCA Foreign Relations and Trade, Chapter 6 Duty-Free Stores,

4.12.7.1 All foreign merchandise of every description, except such as is prohibited by law, may be imported into the Republic for resale at and from the duty-free retail concessions. All sales of merchandise from such duty-free retail concessions shall be restricted to the crew and passengers of any common carrier engaged in foreign commerce, whether ocean going or air, for consumption or use outside the limits of the Republic by said crew or passengers.

4.12.7.2 Any person who operates a duty-free retail concession shall be eligible for refunds of all taxes paid by him upon merchandise sold at and from the duty-free retail concession and such merchandise shall be exempt from all sales taxes.

4.12.7.3 Any person who violates 28 PNCA § 610 shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$500.00, or imprisoned for not more than three months, or both.

4.12.7.4 A block cash guarantee or bank guarantee covering the total amount of import tax payable on the goods imported into the duty-free shop must be furnished at the commencement of the operation.

4.12.7.5 Each duty-free shop owner must store duty-free imports in a warehouse (bond) exclusively used for that purpose. The bond may be located at the airport or down town Koror.

4.12.7.6 The warehouse shall be under the dual control of the Division of Customs and the bond owner. Operations of the warehouse shall be as laid out in the Duty-free Warehouse procedure.

4.12.7.7 Customs is responsible for ensuring that controls are sufficient to protect the revenue. Other conditions and rules may also apply to the sale.

4.13 Reporting of Goods Upon Arrival.

4.13.1 General rule. Imported goods (including the conveyance) shall, before unloading, be transported directly to the office, at the first destination, that is designated for that purpose and the arrival thereof shall be reported by the person in charge of the conveyance or an agent on his behalf, in a form and manner prescribed in regulations.

4.13.2 Unloading. Imported goods shall not be unloaded from a conveyance arriving in Palau until they have been reported under subsection 4.13.1 except where the safety of the conveyance is threatened by collision, fire, the stress of weather, or other similar circumstances.

4.13.3 Reporting after emergency unloading. Where goods are unloaded in the circumstances described in subsection 4.13.2, the person in charge of the conveyance shall, as soon as is reasonably possible, report the arrival of the goods and the conveyance to the nearest inspection office.

5. TRAVELERS

5.1 Traveler's Head Tax. Every person departing from the Republic shall be levied and assessed and shall pay a tax upon each departure as provided by 40 PNCA § 1403. (See Appendix B).

5.2 Designated Passageways. Upon arrival at the destination and upon approval to disembark, all passengers and terminating crew members, including continuing crew members, must proceed directly from the aircraft to the arrival area at the airport terminal, by way of passage designated for use by arriving passengers and crew members to gain access to the immigration and customs inspection areas.

5.3 Transit Passengers and Crew Members. All passengers and crewmembers transiting in the Republic to points outside the Republic are permitted to:

5.3.1 Disembark and proceed directly to the designated area at the airport terminal area for embarking passengers for re-boarding; or

5.3.2 Disembark and proceed with terminating passengers to the customs inspection area and go through customs formalities which authorizes them access to the facilities at the airport terminal; or

5.3.3 Remain on board the aircraft.

5.4 Foreign Dignitaries. Arriving foreign dignitaries shall be provided preferential treatment, as set forth in rules and regulations promulgated by the Bureau of Foreign Affairs within the Ministry of State. Where possible, the Bureau of Foreign Affairs shall provide twenty-four hours advance notice of such arrivals to Customs. Failure to provide advance notice to Customs within 24 hours prior to the arrival of the dignitaries, Customs may deny their protocol request,

which will result in the dignitaries being screened and examined as regular passengers.

5.5 Customs Entry and Declaration.

5.5.1 Customs Declaration Form. All passengers and crew members, regardless of citizenship, must fill out a Customs Declaration Form upon arrival in the Republic. All articles or merchandise acquired abroad and their value (price actually paid for or, if not purchased, the fair retail value in the Republic) must be declared in writing. Written declarations must be signed and presented to the Customs Officer on duty for examination pursuant to the inspection herein. All information furnished by the passengers, whether oral or in writing, shall be testimonies provided under oath. Any person who knowingly swears to or verifies under oath any statement with the intent to evade any tax imposed by Division 2 of Title 40 of the PNCA and/or with the intent to evade these and any other regulations and procedures governing the inspection and clearance of passengers, baggage or cargo, shall be guilty of a felony, punishable by imprisonment for not more than three years and a fine of not more than \$10,000 or both (40 PNCA § 1701 (c));

5.5.2 Terminating Crew Members. Terminating crew members who will be in the Republic for the purpose of boarding a subsequent flight or voyage departing the Republic within 2 hours after their arrival are not required to file a Customs Declaration Form if the crew members do not have in their possession at the time of arrival dutiable goods, contraband, or agricultural commodities.

5.5.3 Family Members. A single Customs Declaration Form may be filed with Customs upon arrival for immediate family members if traveling together. For purposes of this section, immediate family members are limited only to husbands, wives, sons and daughters. Parents, brothers, sisters, grandparents, grandchildren, nephews, nieces, uncles, aunts, married daughters, married sons and all other persons fill out a separate Customs Declaration Form.

5.5.4 Accompanied Children. Children under the age of 12 traveling with friends or relatives may be claimed as immediate family members

of the relatives or friends. The full names of the children must be written on the Customs Declaration Form.

5.5.5 Unaccompanied Children. Unaccompanied children under the age of 12 are required fill out a Customs Declaration Form. An agent of the carrier shall render the necessary assistance to minor children in making customs entry and declarations.

5.5.6 Illiterate Individuals. Individuals unable to read or write are required to seek the assistance of an agent of the carrier filling out the Customs Declaration Form. Individuals unable to write may sign the prescribed Customs Declaration Form with an “X” mark, witnessed by a Customs Agent.

5.6 Claimed Baggage. Customs shall inspect all arriving claimed baggage. For release of such baggage, the claimant must provide the following:

5.6.1 the baggage claim ticket for the item(s);

5.6.2 identification and proof to satisfy Customs personnel that they are the owner of such item(s) and/or were authorized by the owner to pick up the item(s);

5.6.3 a receipt showing that the fee for the handling, transport and storage of the item(s) has been paid; and

5.6.4 if applicable, receipt(s) showing that any other applicable tax, fee or other charges has been paid.

5.7 Baggage to be Presented. Subject to such exemptions as may be prescribed, every person who disembarks from an aircraft or vessel that has arrived in the Republic of Palau from a point outside the Republic must

5.7.1 Make his or her accompanying baggage available for examination by a Customs officer; and

5.7.2 Comply with any Customs direction relating to the movement of the baggage within the Customs place or Customs controlled area or from any craft to a Customs controlled area.

5.7.3 Any person who is moving or handling the baggage shall comply with any Customs direction relating to the movement of the baggage within the Customs place or Customs controlled area or from any craft to a Customs controlled area.

5.8 Baggage in Transit. Passengers' and crew members' baggage and hand carried articles on international air travel arriving in the Republic and requiring immediate connection aboard another aircraft to points outside the Republic may be exempted from Customs inspections provided such baggage and hand carried articles are transferred, under the supervision of Customs, to the connecting aircraft by the owner, agent or operator of the carrier that brought such passengers' and crew members' baggage.

5.9 Unclaimed Baggage.

5.9.1 Customs Examination. Prior to release of any baggage, such baggage will be subject to Customs examination in the presence of the claimant. Subject to the findings of such examination, the baggage shall be withheld subject to payment of any applicable tax, fee or other charge.

5.9.2 Fee for Storage of Baggage. Prior to the release of any baggage or luggage in the possession of the Division of Customs pursuant to these regulations, the owner or claimant shall, upon receipt of a bill from Customs, pay a fee for the handling, transport and storage of such item(s), into the National Treasury. The fee shall be \$10.00 per item. This fee will cover the handling, transport and first 15 days of storage of the item(s). A fee of \$20.00 per baggage or luggage shall be paid for each additional 30 days, or fraction thereof, for storage.

5.9.3 Deposit into National Treasury. All baggage fees shall be paid into the National Treasury and a receipt shall be obtained upon release. This fee shall be in addition to any other applicable tax, fee or other charge that is due upon the item(s) being claimed.

5.10 Auction. If any baggage or merchandise is left unclaimed and in the possession of Customs for a period exceeding ninety (90) days from the date of import Customs shall do the following.

5.10.1 Notify the owner or consignee in writing that the provisions of these Regulations for making a claim expired and the owner or consignee shall be given an additional ten (10) days to claim the merchandise and pay the tax due plus related storage, penalty and interest.

5.10.2 If the merchandise is not claimed and the tax liability not paid at the end of the ten (10) day period, the merchandise will be sold at auction.

5.10.3 After the expiration of such notice, if the merchandise is still unclaimed and the tax liability unpaid, the owner or consignee shall not be allowed to claim the merchandise once the merchandise has been processed and advertised for auction.

5.10.4 Customs may sell or dispose of such item(s) pursuant to applicable rules or regulations. Sale of unclaimed items shall be advertised to the public and conducted pursuant to The Property Management Policies and Procedures (Executive Order# 100).

5.11 Passenger Manifest. Must be submitted to Customs one (1) hour prior to the arrival of the aircraft. Failure to comply with this section will result in denial of aircraft clearance.

6. EXPORTS

6.1 Reporting for Export. Goods to be exported from Palau shall be declared to Customs on an entry form at an office designated by the Director. Any duties and taxes owing thereon shall be paid before exportation unless security is posted in a form, or in an amount, prescribed in regulations.

6.2 Fish Export Tax. The Fish Export Tax Law (40 PNCA §1406) requires that every person exporting any species of tuna and any species of billfish in any form whatsoever, for commercial purposes,

shall be assessed a tax at the rate set by law. (See Appendix C). Also pursuant to RPPL 4-18 of the “Marine Protection Act” of 1994.

6.2.1 Any vessel departing Palau must be cleared and certified by means of the Customs ‘Clearance for Departure’ stamp or seal.

6.2.2 No vessel may depart Palau without gaining clearance from both Customs and the Division of Transportation and Communications.

6.3 Officer Responsibilities (Fish Exports). Customs Officers shall perform the following duties:

6.3.1 Check fishing vessels for valid registration and fishing permits;

6.3.2 Provide Consignee with all proper forms including those designated in Section 6.3(b) [sic] herein and, ensure that the forms are properly used;

6.3.3 Ensure that a standardized kilogram weighing scale is used and that said scale is calibrated and in good working condition;

6.3.4 Weigh and record fish;

6.3.5 Assess appropriate taxes for each fish loading operation;

6.3.6 Ensure that the consignee turns in all necessary documentation in a timely fashion and that the same are stamped with the official Customs stamp; and

6.3.7 Ensure that consignee pays the Fish Export Tax in accordance with the Export Procedures adopted by Customs.

6.4 Consignee Responsibilities (Fish Exports).

6.4.1 Notification. The Consignee must notify Customs at least 48 hours before each export operation.

6.4.2 Export Forms. The Consignee must, prior to the export of applicable fish and subsequent to the inspection of export fish by Customs, fill out the following forms:

6.4.2.1 A “Catch Report”; and

6.4.2.2 A “Fish Export Reconciliation Report”.

Upon completion of the necessary forms and prior to departure, consignee must submit each form to Customs.

Depending on whether the fish product is to be transported by air or by sea, the Consignee must comply with the requirements of Sections 6.4 and 6.5 herein.

6.5 Air Cargo (Fish Exports). All tuna or billfish air cargo operations falling under the scope of the Fish Export Tax law (PNC 40: Section 1406) shall be inspected and verified by Customs Officers before packing.

6.5.1 Documentation. Appropriate airway bills and invoices shall be submitted to Customs for Fish Export Tax assessment and payment.

6.5.2 Customs Stamp. Airway bills shall carry the Customs stamp as evidence of Customs clearance.

6.5.3 Export Operations and Tax Payment Schedules.

6.5.3.1 Regular Working Hour Export Operations. Exporters must pay the Fish Export Tax before departure.

6.5.3.2 Weekend Export Operations. Exporters shall pay the Fish Export Tax on the following Monday during regular working hours, except when Monday is a holiday, wherein exporters must pay on Tuesday during regular working hours.

6.5.3.3 Post Regular Working Hour Export Operations. Exporters shall pay on the following work day during regular working hours. For Fridays, exporters must pay on the following Monday during regular working hours, except when Monday is a holiday, wherein exporters must pay on Tuesday during regular working hours.

6.5.4 Sea Cargo (Fish Exports). All tuna and billfish sea cargo operations falling under the scope of the Fish Export Tax law, shall be inspected and verified by Customs before packing and loading.

6.5.4.1 Documentation. Export bills of lading, manifests and invoices shall be required to be submitted by exporters to the Bureau for Fish Export Tax assessment and payment.

6.5.4.2 Customs Stamp. The required documents shall carry the Customs stamp as evidence of Customs clearance.

6.5.4.3 Detailed Description. The required documents shall contain detailed descriptions of the cargo including types of contents, weights and FOB values.

6.5.5 Payment of Fish Export Tax. Exporters must pay the required Fish Export Tax before the Division of Transportation and Communications accepts requests for Outbound Port Clearance.

6.5.5.1 Tax payment receipts shall be required to be presented to the Division of Transportation and Communications as evidence of payment.

6.5.5.2 Exporters shall be required to submit export bills of lading, manifests and invoices of all cargo on board the ship or vessel to Customs.

6.5.5.3 Customs must identify and verify the contents of the provided documents against the actual cargo.

Failure to pay on time and failure to follow export procedures will result in penalties/administrative fines of 100% of the payable export tax, but not exceeding \$1,000.00, whichever is lower.

6.5.6 Prohibited Export Items. are goods the export of which is prohibited or restricted under the laws of Palau. The Director shall ensure that information on items which are prohibited from export from the Republic is made available to the public.

6.5.7 Other Exported Items. All other exports, for commercial purposes, must be exported on completion of an "Export Declaration Form" as prescribed by the Division of Customs. Submission of the Export Declaration Form for processing and payment of Export Tax if applicable.

7. VESSEL ENTRIES AND DEPARTURES.

7.1 Entry of Vessels at Ports Required. (13 PNCA § 1101) All vessels and aircrafts authorized to enter the Republic must enter and obtain clearance from an official port of entry, and no vessel or aircraft shall call on any other port in the Republic without first entering and obtaining clearance from the official port of entry unless the President or his designated representative determines that the public interest or an emergency requires the vessel or aircraft to enter another port without first entering and obtaining clearance from an official port of entry, and grants permission to do so. A vessel or aircraft in distress may anchor or land at any port in the Republic but shall immediately thereafter notify the nearest government representative of the national government or state government.

7.2 Official Ports of Entry. The official ports of entry (13 PNCA § 1102) in the Republic shall be:

7.2.1 Malakal Harbor;

7.2.2 Arkebesan Seaplane Ramp; and

7.2.3 Airai Airstrip

Any person who violates any of the provisions of sections 7.2. shall be subject under 13 PNCA § 1101 of a fine of not less than \$10,000.00, or to imprisonment for a term not to exceed two years, or both.

7.3 Declared Port – The master of a vessel arriving in Palau must bring that conveyance directly and as quickly as possible to a place described in the regulations within a declared port.

7.4 General Declaration for Any Arriving/Departing Aircraft or Ship shall be consistent with passenger and cargo manifest. Violation of this section will result in denial of aircraft or ship clearance and fined pursuant to (40 PNCA § 1701 (c)).

7.5 Facilitation – The master of a vessel arriving in Palau is to facilitate the boarding of that conveyance by customs for the purposes of Chapter 11 Ports of Entry 13 PNCA § 1102.

7.6 Water Vessels

7.6.1 Entering Republic Territorial Waters. Every non-resident that owns a water vessel, which enters the waters of the Republic shall pay a tax of \$50 (40 PNCA § 1405) upon entry at the Division of Customs.

7.6.2 Advance notice – The owner of a ship arriving in Palau must notify customs in writing or (where permitted by regulations) electronically, 48 hours in advance about the time and place of that arrival.

7.6.3 Water Vessels Present in Republic for More than One Year. Every non- resident that owns a water vessel which is present in the Republic for more than one year shall pay a tax of \$250 (40 PNCA § 1405) Any vessel that does not report or pay a Water vessel tax before the end of the year may face additional charges that may include a penalty.

7.6.4 Water Vessels Lawfully- Operating as Common Carriers. Water vessels operating as common carriers are exempted from taxation under Regulations 7.6.1 and 7.6.3. (40 PNCA § 1405)

7.6.5 Water Vessels departing Republic Territorial Waters:

7.6.5.1 Authorization – No vessel is to leave Palau until authorized by customs clearance.

7.6.5.2 Requirements – Customs is to provide authorization for vessels to leave Palau only when it is satisfied that the requirements described in regulations are met.

7.6.5.3 Revoke – Customs may, if necessary, revoke, in writing, an authorization for a vessel to leave Palau.

7.6.5.4 Prevention – Where Customs believes that a vessel may leave Palau without proper authorization, Customs is required to prevent that departure.

7.6.5.5 Responsibility – The master of a departing vessel in Palau is responsible for complying with this Part.

7.6.6 Authorized loading

7.6.6.1 Procedures – Authorized loading procedures for passengers and cargo are described in regulations.

7.6.6.2 Unauthorized loading – The master of any aircraft or ship departing from Palau must not allow any loading of goods inconsistent with this regulations.

7.7 Aircraft

7.7.1 Advance notice – The owner of an aircraft arriving in Palau must notify customs in writing or (where permitted by regulations) electronically, 2 hours in advance about the time and place of that arrival.

7.7.2 General Declaration for any arriving/departing aircraft shall be consistent with passenger/cargo manifest and airwaybills[sic]. Violation of this section will result in denial of aircraft clearance and fined pursuant to (40 PNCA § 1701 (c)).

8. INSPECTIONS.

8.1 Compliance and Search. The Division of Customs shall inspect all conveyances and imported goods for compliance with Customs laws and these regulations. Customs may search for contraband, such as firearms, ammunition, explosive devices, and illicit drugs, and upon finding such contraband during the search, shall immediately seize, detain and/or arrest those who attempt to violate these regulations and laws of the Republic of Palau.

8.2 Customs Presence. The actual number of Customs Officers assigned to service a commercial carrier, vessel or aircraft will be determined by the Chief of Customs on a case to case basis based upon the estimated passenger load or Customs work load.

8.3 Unlawful Entry of Imports. It shall be unlawful for any person to knowingly enter the Republic of Palau with intent to import, or attempt to cause another to bring or import into the Republic, or conceal for the purpose of importation, any of the following items:

8.3.1 Controlled substances as defined in 34 PNCA “Controlled substance” chapter 31;

8.3.2 Firearms, ammunition, explosives; and

8.3.3 Undeclared Goods, merchandise or commodities that are subject to import tax.

8.4 Cargo Inspections will be carried out based on regular risk assessments done by the Division of Customs. Consignments identified as high risk cargo will be subject to detailed inspection, pursuant to Inspection Procedures introduced by the Division of Customs.

8.5 Inspection Priorities. Inspection shall be conducted and performed in accordance with these regulations. Priority shall be given to perishable goods and other urgent consignments.

8.6 Documentation Requirements. The owner or importer shall submit the necessary documentation to the Customs Office prior to the inspection in order to facilitate the movement of goods to their destination for Customs inspection. Those documents must include the following:

8.6.1 A Customs Declaration Form;

8.6.2 A Bill of Lading or an Airway Bill;

8.6.3 An invoice; and

8.6.4 A Permit/Certificate

8.6.5 Packing List

8.7 Search of Conveyance.

8.7.1 Authorization to search. A Customs Officer is authorized to stop, board, and search any conveyance, examine any goods thereon and open or cause to be opened any packages or container thereof.

8.7.2 Obligation to stop and facilitate search. For the purposes of conducting a search of a conveyance on instruction or a signal from a Customs Officer, the person in charge of the conveyance shall immediately bring the conveyance to a stop and do whatever is necessary to facilitate the search thereof and to protect the safety of the Customs Officer.

8.7.3 Moving conveyance to customs office. A Customs Officer is authorized to direct that the conveyance be moved to a site or other suitable place for the purpose of conducting a search or examination at the expense of the person in charge of the conveyance.

8.7.4 Requirement to produce documents. The person in charge of a conveyance transporting goods shall, upon request to Customs, present all transportation documents and any documents that are required under these regulations for the conveyance or the goods.

8.8 Place for Customs Transactions.

8.8.1 Designation. All Customs transactions shall be conducted at offices designated by the Director for that purpose.

8.8.2 Temporary location. Where the circumstances are such that the requirements cannot be complied with, or the transactions could be more readily carried out elsewhere, the Director may permit the transaction to be temporarily conducted at another suitable location.

8.8.3 Customs controlled areas. The Director may designate Customs controlled areas at the offices designated for loading and unloading of goods and for the embarkation and disembarkation of passengers.

8.8.4 Gender of official. The search of the body of a person shall be carried out by a Customs Officer of the same sex as the person being searched.

8.9 Boarding Carriers. Customs Officer may board and inspect any carrier within the territorial boundaries of the Republic when, in his opinion, it is necessary to carry out the provisions of the Unified Tax Act (Division 2 of Title 40 of the PNCA), any provisions of other applicable laws of the Republic, or any rules or regulations

promulgated thereunder. (40 PNCA § 1304(g)). No commercial vessel or conveyance shall commence unloading operations without Customs presence and or clearance.

8.9.1 Master's Responsibilities. Customs officer may require the master or captain thereof to provide for the inspection of any trunk, package or cargo on board the carrier.

8.9.2 Safety of Customs Officers. The master or captain of the carrier shall ensure the safety of Customs Officers from the time of boarding the carrier until such time the Officers disembark.

8.9.3 Identification by Customs Officers. Customs Officers who board and inspect the carrier shall first identify themselves by displaying their identification cards.

8.9.4 Accompaniment During Examination. The Master or Captain of the carrier, or his designee shall accompany the Customs Officer during the inspection of the carrier or its documents.

8.10 Postal Inspections. A Customs Officer may detain, open or examine the contents of any package mailed to an address within the Republic from outside the Republic or mailed from within the Republic to an address outside the Republic.

8.11 Provisional Site Inspections. An importer may request that a container be inspected at a provisional inspection site located at the owner's premises. Such inspections will be conducted according to the availability of Customs personnel on a case-by-case basis. Priority shall be given on a first-come-first-serve basis. Provisional Site inspections require that:

8.11.1 The applicant provides at least two hours notice.

8.11.2 The applicant provides the following particulars:

8.11.2.1 The name, address and telephone number of the applicant;

8.11.2.2 A map to the business establishment; and

8.11.2.3 Documents applicable from Section 8.6 of these regulations.

8.11.3 The applicant agrees that Provisional Site inspections are preformed at the request of the applicant and for the convenience of the applicant, and as such are to be considered preformed at a border location and that the Division of Customs retains all powers of unrestricted search and seizure, as if the inspection location was the National Border or an Official Port of Entry.

8.12 Special Inspections. At the request of the importer/exporter and for reasons deemed valid by the Customs Officer, Customs may permit goods to be cleared outside regular business hours, including Saturdays, Sundays and holidays, provided that the owner/consignee pays a Customs Service Charge.

8.13 Customs Controlled Areas. Customs officers may, at any time of the day or night, enter any part of a Customs controlled area and examine goods in that area, and may, for that purpose, enter any other area that it is necessary to pass through.

9. ENFORCEMENT

9.1 Authority. The Division of Customs shall have the primary responsibility and authority to enforce the provisions of these regulations. This authority shall be concurrent with the authority of any other law enforcement agency pursuant to 18 PNC § 101(i) and §211 to effectuate arrests and conduct searches at Palau's borders; Executive #116; and Executive Order # 190.

9.1.1 Any Customs Officer who is authorized by the Division of Customs to enforce the provisions of these regulations may:

9.1.1.1 Detain or Arrest any person, if a Customs officer suspects that a person has committed an offense against these regulations on which such cause to suspect arises, arrest that person without warrant.

9.1.1.2 Seize any evidence related to any violation of any provision of these regulations and the laws of Palau at the borders of the Republic regardless of whether such items are being imported or exported;

9.1.1.3 Execute any warrant or other process issued by the Court;

9.1.1.4 Arrest without warrant any person found on a craft who the officer believes has committed, is committing, or is attempting to commit, or is otherwise concerned in the commission of, an offence against these regulations or laws of Palau.

9.2 Drug Detector Dogs. The detector dogs may be used to assist Customs Officers and other law enforcement officers and agencies in the detection, interdiction, and interception of illegal drugs/narcotics in the Republic of Palau.

9.3 Investigations. Investigations shall be conducted by the Division of Customs on suspected violations of the Customs Regulations, Procedures and other related laws. Each investigation shall result in official findings and recommendations, to include appropriate penalties to be applied including forfeitures where deemed appropriate and necessary.

The Director or Chief may order an investigation to be conducted in the event that a sealed container is found opened. Each investigation shall result in official findings and recommendations, to include appropriate penalties to be applied.

10. REVIEWS AND AUDITS

10.1 Periodic Reviews and Audits. The Division of Customs may conduct periodic reviews and audits of ports, CFS sites, provisional inspection sites and all documents relating to the handling of import and export merchandise. The review and audit shall be conducted in the following manner if necessary with personnel from the division of Tax.

10.1.1 Timing. Reviews and Audits may be with or without notification. In initiating such reviews or audits, the Director or his designee shall take care not to unreasonably interrupt the operations of the particular business under review.

10.1.2 Identification. Customs Officer shall identify himself to a business employee upon arrival and present the proper identification informing the individual of the purpose of his visit. Management of the business shall be informed of the visit at that time.

10.1.3 Production. The business being reviewed or audited shall make every effort to assist the Division of Customs including, but not limited to, making work space available, assigning a knowledgeable employee to assist and producing the required documents.

10.1.4 Safety. The business being reviewed or audited shall ensure the safety of Officers on the premises.

10.1.5 Report. The Chief shall prepare a written report subsequent to a review and audit, a copy of which will be made available to the business concerned. This report shall include the name of the business, the beginning date of the inspection and findings and recommendations. The copy of the report shall be submitted to the Director of the Bureau.

10.1.6 Compliance. Within 30 days of receipt of the report, the business concerned shall provide a detailed explanation regarding the findings of the report to the Director with a copy to the Chief of Customs. Failure to provide an explanation shall result in the automatic imposition of recoveries, penalties and fines suggested in the report.

11. CHARGES AND FEES

11.1 Operations Prohibited During Non-Regular Working Hours Without Approval or Presence of Customs Personnel. No vessel, flight, or conveyance in an entry or exit port of the Republic shall discharge/load passengers or cargo without the presence of appropriate Customs personnel to observe and inspect such discharge or related operations unless expressly authorized in writing by the Chief.

11.2 Customs Service Charge for Services Performed Outside Regular Working Hours. A Customs Service Charge shall be assessed for the clearance of imports and other services provided by the Division of Customs during nonregular working hours and for itinerant vessels, flights and conveyances. For the purposes of this Section, non-regular working hours means those hours not included within the regular working hours as defined by Section 1.3 (zz) of these regulations.

11.3 Amount of Customs Service Charge. The Customs Service Charge shall be Four Hundred Dollars (\$400) per vessel, flight, or conveyance cleared during non-regular working hours, except for those vessels which have begun clearance operations at least one hour prior to the end of regular working hours, in which case the Customs Service Charge shall be Two Hundred Dollars (\$200.00) per vessel, flight or conveyance cleared.

11.4 Itinerant Vessels, Flights or Conveyances shall be assessed \$400 regardless of time of clearance. A Customs Service Charge shall be in addition to any other tax, fee, cost, or charge applicable to the particular situation.

11.5 Declaration Processing Fee. A service charge of \$ 3.00 (three) shall be charged for each declaration presented for processing at any of the offices in which clearance of cargo is permitted. If the declaration is presented in hard copy as a manual declaration and not in electronic form, then an additional \$ 0.10 (Ten US cents) shall be charged on each item line on the declaration.

11.6 Procedure and Payment of Customs Service Charge. A written record of the Customs personnel providing such services during non-regular working hours shall be made at the time such services are rendered. The party incurring such charges shall be provided with a copy of the record and shall be given an opportunity to acknowledge the rendering of such services by affixing his or her signature to the record. The supervisor on duty at the time such services are rendered shall acknowledge by signature who worked and the hours worked. The record of personnel and hours shall then be submitted to the Chief of Customs for approval by signature. A copy of the record shall then be transmitted to the appropriate offices of the Ministry of Finance. The approved overtime for each Customs officer providing services during non-regular working hours shall then be submitted to Payroll for payment of applicable overtime to the employee. The party responsible for payment of the Customer Service Charge shall be sent a billing for the amount of Customs Service Charges due and owing. The party incurring such Customs Service Charge shall pay to the National Treasury within ten (10) days of the date of billing, the

amount of Customs Service Charges due. The Director may provide for longer periods of payment provided that adequate security or bonding has been provided to guarantee payment of such Customs Service Charges. Itinerant vessels, flights, or conveyances shall pay the Customs Service Charge at the time such services are rendered unless prior arrangements have been made with the Director with security for payment at a later date.

11.7 Customs Service Charge accrues to the benefit of the Government. Customs personnel shall receive overtime for actual time worked during non-regular working hours or the minimum, whichever is greater, as provided by the regulations governing the Public Service System for government employees.

11.8 Failure to Pay the Customs Service Charge within the time provided may result in denial or suspension of further Customs clearance operations with respect to the operator or representative responsible for nonpayment. Failure to pay the amounts in a timely fashion shall be grounds for the revocation of any entry or landing permits held by the operator of the defaulting vessel, flight, or conveyance.

11.9 Penalties for Non-Payment or Late Payment of Customs Inspection and Overtime Services Charge. If an air carrier, vessel operator, passenger, consignee or other applicable party is more than thirty (30) days delinquent in paying any Customs, Services or Overtime Charge, Customs may deny any request for future Customs overtime services during non-regular working hours or for non-regularly scheduled carriers or vessels arriving into the Republic of Palau and an interest charge of ten percent (10%) per annum shall be added to the balance due.

11.10 Requests for Off-Duty Services. Any person or company requesting the use of Customs services during non-regular hours of operation must make a request in writing using the "Request for Customs Services & Agreement to Accept Overtime Charges Form" included in the appendix. When entertaining a request, the Customs supervisor must ensure that the person making the request understands and agrees to the following:

11.10.1 That they will be charged for such services for the number of officers needed and at the applicable charge rate; and

11.10.2 In the event that the Customs officers report to provide such services and the services are not performed for reasons beyond the control of the officers, the person making the request will likewise be charged in the same manner.

11.10.3 All overtime worked being requested should be aligned with the Customs workload and all work assignments should be made in a manner that minimizes the cost to the government or party in interest. Decisions, including, but not limited to, what hours should be covered by a tour of duty or whether an assignment should be treated as a continuous assignment or subject to commute compensation, should be based on least cost considerations.

11.10.4 The supervisors shall ensure that all Customs Officers performing overtime work continue such practice but each officers and supervisor shall be held accountable and responsible for recording daily on their timesheets the actual overtime worked by Customs Officers. The supervisors shall also be responsible to verify and confirm such overtime.

11.10.5 The Customs supervisor in charge of their respective sections shall have supervisory control and oversight over all off-duty personnel while performing services. The Supervisor shall take corrective action as may be necessary during the provision of these services, and shall immediately report any discrepancy to the Chief by the following work day. The Chief shall forward a copy of this report to the appropriate section heads for proper advisement and/or action.

11.10.6 Supervisors are ultimately responsible for ensuring that assignments are not overstaffed given the volume, time, risk, profile, and other pertinent factors of the assignment.

12. ADMINISTRATIVE PENALTIES

12.1 Penalty for Failure to Report.

12.1.1 Fine. Every person who fails to—

12.1.1.1 report imported goods,

12.1.1.2 report goods for export,

12.1.1.3 export goods that have been reported for export; or

12.1.1.4 report a diversion of imported goods,

is liable to a maximum administrative fine of \$5,000, or in an amount equal to twice the duty payable where this is greater.

12.1.2 Forfeiture. Goods that are not declared may be seized and subject to confiscation by Customs.

12.2 Penalty for Unloading Before Reporting.

Any person who unloads imported goods without Customs authority before the goods have been reported is liable to a maximum administrative fine of \$5,000 under Section 3706 of the Smuggling Act.

12.3 Penalty for Failure to Account for Goods.

Every person who fails to account for imported goods under these regulations is liable to a maximum administrative fine of \$ 5,000 or an amount equal to the duty payable where this is greater.

12.4 Penalty for Tampering with Seals.

Every person who tampers with a seal in violation of Chapter 37, Smuggling Act”, is liable to a maximum administrative fine of \$5,000 or an amount equal to the duty payable where this is greater.

13. OFFENSES AND PENALTIES

13.1 Any Person Who Knowingly Threatens or Resists a Customs Officer – Every person commits an offence who

13.1.1 Threatens or assaults; or

13.1.2 By force resists or intentionally obstructs or intimidates,

13.1.3 Any Customs officer in the execution of his or her duties or a person acting in the officer's aid.

Every person who commits an offence against this section is liable under 17 PNC § 301. Interference with service of process shall be guilty of obstructing justice and, upon conviction thereof, shall be imprisoned for a period of not more than one year, or fined not more than \$1,000.00, or both.

13.2 Obstructing Customs Officer or Interfering with Customs Property. Every person commits an offence who

13.2.1 Otherwise than by force, intentionally obstructs any Customs officer or authorized person acting in the execution of his or her duties; or

13.2.2 Intentionally interferes with any equipment, vehicle, craft, drug detector dog, communications system, or other aid used, or intended for use, by the Customs; or

13.2.3 Does any act with the intention of impairing the effectiveness of any equipment, vehicle, craft, dog, communications system, or other aid used, or intended for use, by the Customs.

Every person who commits an offence against this section is liable under 17 PNC § 301. Interference with service of process shall be guilty of obstructing justice and, upon conviction thereof, shall be imprisoned for a period of not more than one year, or fined not more than \$1,000.00, or both.

13.3 Obligations of Persons Arriving In or Departing From the Republic of Palau. Every person commits an offense, without permission of a Customs officer, enters into, or remains in when directed by a Customs officer to leave, a Customs controlled area used for

13.4.1 The temporary holding of imported goods for the purposes of the examination of those goods including the holding of the goods while they are awaiting examination; or

13.4.2 The disembarkation, embarkation, or processing of persons arriving in or departing from Palau; or

13.4.3 The processing of craft arriving in or departing from Palau or the loading or unloading of goods onto or from such craft, when that area is being, or is about to be, used for any of the purposes.

Every person who commits an offence against this section is liable under 17 PNCA § 301. Interference with service of process shall be guilty of obstructing justice and, upon conviction thereof, shall be imprisoned for a period of not more than one year, or fined not more than \$1,000.00, or both.

14. OTHER REGULATIONS SUPERSEDED

14.1 These regulations, and any amendments thereto, supersede any prior regulations, and all such regulations are hereby repealed.

Certified to have been adopted on this 5 day of June , 2006.

/s/ /s/

John Tarkong Jr. Elbuchl Sadang

Chief of Customs Minister of Finance

Approved on this 14th day of July , 2006.

/s/

Tommy E. Remengesau, Jr.

President, Republic of Palau