

Revenue collection from electronic devices that evade customs

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Introduction:

Many emerging market economies are fraught with weak institutions, coupled with corruption and lack of transparency in revenue collection. This is an area that should be if not is a concern of Finance ministries, as it ties into the contract between the citizen and the Government. This article looks at how the intervention and application of Business analytics by applying artificial intelligence techniques can help emerging market economies transform their revenue collection by Customs, and at the same time increase transparency and minimise corruption. It provides Information Technology Architecture with a PPP financial model that can help governments increase revenue significantly from items that enter the economy and largely bypass duty payments. This strategy once implemented gives the Finance ministry oversight of duty collection in near real time basis, and reduces the leakages from corruption.

Problem statement:

Many electronic devices are imported into countries, with little or no duty being paid, by importers bribing Custom officials and paying minimum duty or outright smuggling. Case in point there are many more mobile phone line subscribers, than the total number of phones imported into a country for which duty has been paid. This can apply to laptops, PDA's / Pads, Televisions, etc. How does the finance ministry collect duty from those that have evaded duty and ensure this practice is halted or reduced to a minimum.

Intervention Statement:

In order to solve this problem (using mobile phones as a case study), we had to

1. Examine how to uniquely identify the phone.
2. How to determine whether or not duty had been paid on each phone
3. How to collect revenue from each phone that had evaded duty (considering that some users may only be temporarily in the country)
4. How to have oversight of this process such that it is acceptable to the public, it is fair and it is transparent.

Outcome Statement:

We determined that it is unlikely that such a solution will come in a box, and we had to determine the architecture that will provide such a solution. It will have to involve cooperation, supervision and even regulatory enforcement by relevant agencies from a SAAS provider, Mobile Network operators Hardware vendors and project managers.

The key outcome is an RFP that details requirements for Vendors and or Consortia to show competence in the following as a basis for evaluation and selection:

1. Project management: Detailed project delivery plan showing Key Milestones
2. Scalable Cost structure inclusive of implementation and development costs inclusive of on-going fees
3. Personnel: Experience of key individuals involved in project initiation, delivery and closure. Demonstrable experience of key personnel in managing complex I.T. infrastructure / SAAS services.
4. Legal: Experience of suppliers in government related PPP project execution
5. Development experience: Demonstrable experience delivering development projects on time and on budget.
6. Technical evaluation: Past history of development and delivery of technically challenging projects
7. Scalability: Proposals to scale as the items that are covered by the solution increase, so Vendors must demonstrate ability of their solution to meet scaling challenges
8. Maintenance and Sustainability: SLAs, on-going maintenance fees, support, training and development levels must be clearly outlined

The Solution:

In order for the criteria to be met technically we have to have 2 major vendors, one supplying Hand-held Capture devices. These devices will be used to capture unique identifiers for each phone, retrieve OEM costs by polling a database, receive payments, and issue electronic receipts for duty. The other major vendor, must be able to handle the data-analytics, enabling real time verification, updates, and reporting in real-time or near real time. They should also be able to interface with the Mobile Network Operators to flag up evading mobile phone, as well as implement billing through the MNO's and finally updating databases to confirm full duty payment on devices that have been billed. Part of the services can include a web interface to confirm receipt and payments to the public. This Solution can only work in an environment that is secure, and implements the must up to date security standards and policies.

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	Motivation / Development	Information	Motivation	Development	Tools	Key Accounts
	Recruitment	Communication	Controlling	Innovation	Investment	New Markets
	Retention	Quality Management	Leadership	Product Communication	Disinvestment	New Segments
	Right Profiles	Production	Management Techniques	Brand Communication	M&A activities	Expansion
	Technical HRM issues	Operations	Efficiency	Sales Force	Reporting	M&A
	Culture	Planning	Improvement	Pricing	Pricing	Company Settings
	Management Capabilities	Business Intelligence	KPI's	Promtion	Cost-Management	Optimizing
	Team Building	CRM	Balance Score Card	Distribution	Taxes	Restructuring
	Client	Organization	Strategies	Offline Communication	Legal	Reengineering
	Stakeholders	Outsourcing		Online Communication	Balance Score Card	Alliances
	Reputation	Insourcing		Internet	KPI's	Cooperations
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