

## Effectiveness of Removal in Transit System in Zimbabwe – A Case of Beitbridge and Forbes Border Posts

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### ABSTRACT:

The paper set out to investigate the effectiveness of the removals in transit (RIT) system in facilitating trade. The study wanted to establish whether the Removals in Transit system currently being used in Zimbabwe is effective enough, that is whether acquittals of entries are being done in the system properly or fraudulently. A sample size of 200 Zimbabwe Revenue Authority (ZIMRA) employees and clearing agents from Forbes Border post and Mutare town office was used to gather information through questionnaires and personal interviews. The research findings were that the system that is being used in the management of removals in transit is good as a system but however it lacked some other controls and measures to make it effective in combating transit fraud. The system shows outstanding entries but there is no mechanism in place to make follow up on these outstanding entries or to alert authorities (Zimbabwe Revenue Authority) in time of any abuses of the systems. The study therefore recommends the use of modern electronic seals that are linked to the central computer system, electronic tracking system, use of scanners or barcode readers in capturing acquittals from barcodes on the goods into the Automated System for Customs Data (ASYCUDA) system, and reduce interaction between importers/agents and ZIMRA officials in the processing of import documents.

**Keywords:** *ASYCUDA, Removal in transit, Forbes, Zimbabwe Revenue Authority (ZIMRA), Acquittal*

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### INTRODUCTION

Trade in the world today requires countries to trade with each other regardless of the territorial or continental boundaries. As a result goods consigned from one country to the other may need to pass through one or more countries before they reach their final destination. Because of Zimbabwe's geographical location in relation to Southern African regions major trading partner South Africa and its sea Port of Durban, most goods destined for regional countries like Zambia, Democratic Republic of Congo and Malawi pass through Zimbabwe en-route to their final destinations. Under normal circumstances when goods enter a country they are supposed to

pay Customs duties before they are allowed to enter the country. This means that if the goods are passing through Zimbabwe, the Zimbabwe Revenue Authority (ZIMRA) has to collect duty (i.e. guarantee) on the goods before they are allowed to proceed to their country of destination and this should continue in every country that the goods pass through until they reach their final destination. In some instances the goods may be subjected to payment of monetary deposits at the point of entry which are refunded once the goods leave the country. This procedure was putting a financial strain on traders, consumers and importers as the goods

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ended up being very expensive in the country of destination as importers would be trying to recover all the costs incurred in the countries the goods would have passed through.

In Zimbabwe, an efficient system to manage the movement of goods passing through the country is needed as some of them especially finished products find their way into Zimbabwe's economy without the payment of the required duties thereby presenting unfair competition to local companies which may result in very undesirable effects to the economy as a whole. The system of moving goods through Zimbabwe to destinations outside Zimbabwe is referred to as Removals in Transit and the use of goods in Zimbabwe which will have been declared as removals in transit is what is referred to as transit fraud.

#### Transit Routes

Many consignments of raw materials, precious and semi-precious minerals, machinery, finished goods and semi-finished goods pass through Zimbabwe daily north bound to Zambia, Malawi and DRC and south bound to South Africa and overseas markets via the Port of Durban. The major routes for these goods

through Zimbabwe from Forbes Border post (figure 1).

The position of Zimbabwe in the Southern African region makes it imperative for the country to have a good transit system for movement of goods to other countries in the region to avoid unnecessary delays. Thus there is need for facilitation of trade whilst making sure that there are controls to ensure that the trading community does not abuse the given facilities thereby importing goods without payment of any duties.

Whilst removal in transit is in use in the importation of goods, there has been little or no research on their effectiveness as well as its implications on accruing revenue. The paper therefore seeks to find out the following:

a. Does the use of removal in transit necessarily translate to higher efficiency in trade or is there no relationship at all?

b. Does manual or online system of managing removal in transit increase effectiveness in facilitating trade?

Innovative research is required to tease out the wider generality of any of the above questions, which are central to this paper.

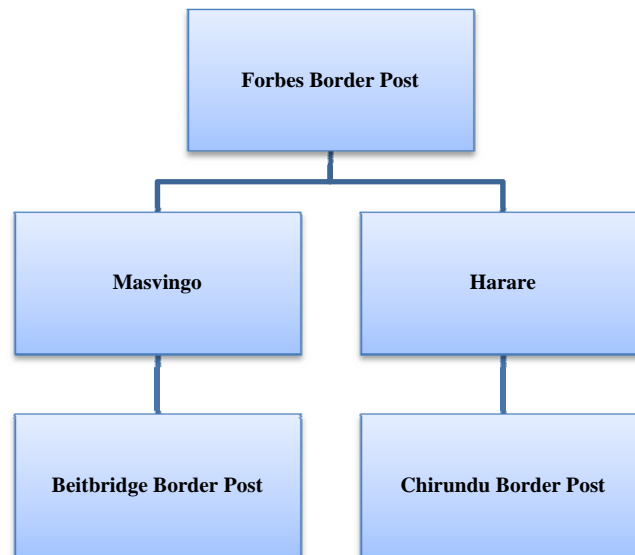


Figure 1: Zimbabwe's major transit routes from Forbes Border Post

### Definition of Terms

*Removal in Transit (RIT)* - System of clearing goods passing through a country to a third country for example clearance of goods coming from South Africa through Zimbabwe to Zambia.

*Bill of entry* - Customs document on which commercial imports and exports are declared. It is completed by the clearing Agent and submitted to Customs for processing and authentication.

*Transit* - passing through a country to a third country.

*Acquittal* - Document or proof that goods that were cleared as removals in transit at the point of entry into Zimbabwe left the country. This is mainly generated by the port of departure/exit from Zimbabwe.

*Transit Fraud* - Abuse of removal in transit system by consuming or using in Zimbabwe goods declared as being in transit to other countries.

*Escort* - also known as convoys, accompanying of transit cargo from point of entry until the goods leave the country.

*Guarantor* - is a private or legal person who undertakes to pay jointly and/or separately with the debtor (in most cases, the principal) the amount of duties and taxes that will become due when a transit document is not discharged or acquitted properly.

*Temporary Deposit* - this is an amount that is paid to a customs administration and is held until conditions stipulated for the payment of such amount have been met. Once the condition is met the money (deposit) is paid back to the person who will have paid it. Penal sum: the maximum risk in money terms that the guarantor undertakes to cover in the event of default by his client.

*ASYCUDA* – (short for Automated System for Customs Data (2004)) a computer system for processing customs data on which the transit module runs or is attached.

*Manifest* - also called form number 1, is a document that gives summarized information of the carrier, owner of goods, point of departure, destination, description and weight of goods that is used as an initial declaration by the carrier of goods. This is submitted to customs before a bill of entry is submitted for processing.

*Guarantee* - an assurance or undertaking to cover the payments of import duties, taxes, and other charges due on importation in the transit country, to cover cases where goods do not leave the country when using the transit procedure.

*Principal* - is the owner of the goods, or his representative, such as the carrier or Clearing Agent, which is most often the case.

### Literature Review and Theoretical Framework Origin of the RIT System

According to J. Favier (1971) the system of transit guarantees started in France around the 12th century when most of Europe was still politically fragmented. In order to guarantee that the grain was exported to its destination an export duty was paid and this was only returned after an arrival note had been given to the Customs of departure with the signature of the Customs of arrival.

According to this system of transporting grain the carrier kept two copies of the notes which were used along the way to prove origin to Customs officers and that the carrier was the authorized carrier. Customs officers were dotted along the major routes that were used in the movement of grain and these notes had to be produced every time to the Customs Officers. The system worked well for the authorities but it was putting a financial burden on the merchants who had to wait until the consignment was delivered to get the duties they would have deposited back from Customs Authorities.

The merchants then proposed to the authorities the use of underwritten guarantees to move their grain across cities and districts. This proved cheaper to the merchants and acceptable to the Customs Authorities and the use of Guarantees came into operation from then onwards and spread across Europe. In the 14th Century another system of managing goods in transit came into being in Italy. When goods arrived in Northern Italy at the Duchy of Milan gateway to mainland they were issued with a transit document called a Carnet which facilitated the movement of the goods inland. In addition the shipment was sealed at the gateway and the seals and the carnets were randomly checked along the way by Customs officers. J Favier (1971), states that “*At the final destination, Milan or another city, seals were*

*broken and duties paid. Local officers of the central office in Milan sent the information about shipments at the beginning and at the end of transit”.*

The researcher has observed that the system of using seals to secure goods in transit is still in place today in Zimbabwe and its being used in conjunction with a lot of other new systems that were introduced in the years that followed. The Zimbabwean RIT system uses the Guarantee system which started in France in the 12th Century and is now being used linked to the ASYCUDA system which is managing the subtraction and re-instatement of the amounts during entry and exit of transit goods.

#### **Removals in Transit Procedure**

Most of the systems of managing and processing removals in transit that are in use today follow major guidelines from the World Customs Organization (WCO). L. De Wulf and J B Sokol, (2005) give a detailed analysis of the procedure that should be followed in line with the WCO recommendations. According to these two authors three key elements of any transit system are seals, guarantees and efficient flow of documentation. These three elements are important in the following ways:

**a. Seals** - are devices that are used to secure goods to ensure that goods that entered a country in a transit journey leave the country without any tampering. Seals must be of the highest quality, they should have identifying marks or number and they should show the slightest sign of being tampered with to ensure that no loading or off-loading of goods takes place during the transit period. L De Wulf and J. B. Sokol, 2005, state that

*“New transport seals are under study and prototypes are already in use. One of these seals includes a microchip that is activated when broken. When activated, these chips transmit a signal, picked up via a satellite network, and send information to the organization or principal of the sealed container, including information on the location of the container”.*

Hence we therefore realize that these developments in the production of customs seals are causing a major shift from the strong and difficult to open seals to more technologically advanced seals that do not require mechanical

strength to deter abuse of the removal in transit facility.

**b. Guarantees** - according to L. De Wulf and J. B. Sokol, (2005), a good transit system requires that there be sufficient guarantee such that in the event that the goods do not leave the country all the duties and taxes at stake would be brought to account. There should be clear documentation that creates liability on the part of the Guarantor or Surety should any consignment they have guaranteed fail to leave the country of transit. The Guarantor should be prepared to also pay all the fines and penalties associated with the abuse of the RIT system by his client.

**c. Documentation** - L De Wulf and J. B. Sokol, (2005), state that

*“To control the start and completion of a transit procedure, a monitoring system for the flows should be operational. This system could be based on paper documentation that is shipped between the customs post at the exit of the country, after validation of the transit transaction, and the customs post that controls the origin of the transit shipment,”*

It is only after the submission of documentary proof that the goods have left the country that the guarantee is released and re-instated into the Agent or transporters guarantee account.

However with the coming of electronic transmission of RIT information the physical movement of documents is becoming less and less important as the management of the Bond Guarantee system is being done by the computer system on a wide area network. In Zimbabwe there is no longer any physical movement of documents as the ASYCUDA system which is on a wide area network is being used to transmit information between stations except on few occasions when there are connectivity or network challenges. The use of the ASYCUDA system in Zimbabwe has greatly reduced the time lag between acquittal of bills of entry and notification of the port of entry.

#### **Procedure in Zimbabwe**

When a truck arrives at the entry point, the driver hands over all documentation to a registered Clearing Agent who has an RIT bond

with ZIMRA who then prepares a Bill of Entry for the consignment. The bill of entry should clearly specify the port of exit, the registration number for the truck, correct tariff code for the goods, correct valuation and the correct identification number of the Clearing Agent as he will be responsible for the consignment from the time he submits the documents until it leaves the country. After data capture the bill of entry and all the attachments are submitted to ZIMRA for processing through the ASYCUDA system. The bill of entry is examined, assessed and handed over to a Bonds officer who will transmit the bill of entry to the declared or intended port of exit by generating a document known as a T1 using the Transit module (MODTRANS) of the ASYCUDA system.

This process by the Bonds officer will deduct an amount equal to the duty at stake from the agents bond and will alert the intended port of exit that the consignment will be passing through their exit point within the next three days. The T1 reference number is endorsed on the bills of entry and all documents are stamped and released to the Clearing Agent who will then hand them over to the driver to proceed to the port of exit. At this point if the consignment is classified as risky, papers are withheld and arrangements are made for the truck to be escorted by the ZIMRA escort team until it leaves Zimbabwe through the intended port of exit. If the consignment is containerized and there is no need for escort the container is sealed before leaving the customs yard at the Port of entry and the seal numbers are endorsed on the bill of entry and truck manifest and the truck is allowed to proceed.

The Customs seals that are used by the ZIMRA are the mechanically strong bolt type that can only be opened using a bolt cutter or cutting torch. At the port of exit the truck driver submits documents to ZIMRA or a representative of the Clearing Agent who cleared him at the port of entry and avails his truck for examination if required. The ZIMRA officer will check if the truck arrived on time (within 3 days), truck registration numbers against the bill of entry, seal numbers and description of goods. If everything is correct the details are entered in the RIT exit register and a running number is given to the manifest and endorsed on all documents including the bill of entry. After this

the ZIMRA officer will then acquit the bill of entry in the MODTRANS module of the ASYCUDA system using the T1 reference number generated by the Bonds officer at the port of entry by capturing the manifest running number in the system and transmitting it to the port of entry.

This process releases the guarantee amount that was held by the bill of entry when the truck entered the country. When this is done the truck is allowed to leave Zimbabwe and proceed to the next country. The main control features of the Zimbabwean RIT system against RIT abuse are the on line acquittal system, strong seals, escort vehicles and the Bond Guarantee system.

#### **Related Studies**

There is no published literature on the effectiveness or analysis of the Zimbabwean Removal in Transit system and thus the researcher had to rely on literature and studies that were carried out in other countries. An analysis will be made of other countries' systems using the literature and researches that were carried out by other researchers to evaluate how these systems differ or resemble the Zimbabwean system and their effectiveness in combating the problem of transit fraud. Literature on the following systems will be reviewed; Zambia and the European Union.

#### **Other Country Comparison Zambia Removals in Transit System**

The Zambian system of managing RITs is mainly based on a version of the ASYCUDA system known as the ASYCUDA++ system on Wide Area Network (WAN) and the Bond Guarantee system. According to the Customs Modernization Handbook (2005) the Bill of entry is captured and submitted to Customs at Chirundu Border Post where it is examined and assessed before being handed over to the Transit Desk where the transit document known as the T1 is generated. When a T1 is generated an equivalent of the total duties suspended is deducted from the Bond Guarantee and is only re-instated when the transit document (T1) is acquitted. The T1 also serves as advance notification to the intended Port of exit.

When the consignment reaches the Port of exit the hard copies of the documents are examined against the truck and the information

on the T1 in the ASYCUDA++ system. When all is correct the T1 is acquitted in the ASYCUDA++ system and the acquittal process will release the bond amount that was being held by the T1 and will automatically change the status of the T1 to validated at the originating Port that is, Chirundu. In theory the system works very well but there are no measures in place to guard against false acquittals being used to acquit the T1 and general abuse of the RIT system.

Wulf and Sokol, (2005) in their book Customs Modernisation Handbook, went on to highlight other methods that are used by landlocked developing countries to monitor and manage their RIT systems and their effects on the general movement of goods across countries. They discuss the system of convoys (escorts) in which trucks carrying consignments in transit are escorted by Police and Customs officers until they go out of the country. According to them *“convoys cause delays as well as additional costs, borne by the principal, but do not fully eliminate all risk of fraud and corruption”*. Their argument is based on the possibility of connivance between the owners of consignments and the officials tasked with escorting the goods. Bird and Jantscher (1992) stated that the use of guarantees in developing countries is marred by serious cases of undervaluation of goods which make the amounts of duties and taxes guaranteed very small and the non-acquittal of such small amounts may not be an efficient deterrent of fraud. As a result the importers can afford to engage in fraudulent activities because they know that even if they are caught they can pay the duties based on undervalued figures as compared to declaring outright imports which are subject to a lot of scrutiny. Glenn (2002) stated that financial institutions in developing countries lack maturity to manage large guarantees and in some instances they fail to get support from international financial institutions that may not be willing to guarantee transactions in particular countries.

According to Wulf and Sokol (2005) the Guarantee system is also affected by the quality of transport service available in the country of transit. *“Large operators are more likely to provide guarantees for customs and may be eligible for comprehensive guarantees. The extreme case is that of railway companies, which*

*are usually not subject to deposits or guarantees. Alternatively, as is often the case in Africa, some guarantee may be available but not at an accessible cost for the average operator. Also, the vehicle might not meet the customs requirement for a secure transit. Hence, the need for convoys arises”*. This means that guarantees may need to be combined with escorts to ensure effectiveness of the whole process.

#### **European Union Transit System**

The transit system in the European Union (EU) according to the TIR Handbook, (2005) is based on the Transport International Routier (TIR) which is guaranteed by an international guarantee system (one bond) that is recognized internationally. The system was established by the Customs Convention on the International Transport of Goods Under Cover of TIR Carnets (TIR Convention, 1975). National Transport Associations accredited by the International Road Transport Union in all participating countries in the EU are supposed to work with their local Customs Administrations to approve transporters who will operate under the TIR system. When these transporters are approved they are then allowed to be issued with the TIR carnets, documents that Guarantee all duties and taxes at stake when goods move across Europe in transit. According to the TIR Handbook, (2005) the EU TIR system of managing RITs is built on five main pillars:

- a. *Goods movement in approved vehicles or containers under customs seal;*
- b. *Throughout the TIR transport, duties and taxes due on the goods are suspended and secured by a chain of internationally valid guarantees.*
- c. *The TIR carnet is a customs declaration for transport of goods. It provides proof of the existence of a guarantee.*
- d. *Customs control measures taken in the country of departure are accepted by the countries of transit and destination.*
- e. *As a means of controlling access to the TIR procedure, national associations wishing to issue TIR carnets and persons wishing to utilize TIR carnet transit declaration must comply with minimum conditions and requirements and must be authorized by the competent authorities (usually customs) of the country where they are established”*.

### **GAP Analysis**

Most of the studies carried out have revealed that the removal in transit is effective up to a certain extent in the developed and developing worlds. Most of the researches and studies carried out have shown that manual systems or systems heavily reliant on human intervention are susceptible to abuse and fraud. From all the studies that were reviewed above by the researcher it is clear that all the previous researchers are agreeing that the best way to manage removals in transit is through the use of computer technology. The EU TIR system which was based on the manual processing of documents was also fraught with problems of transit fraud and in their research Joossens and Raw (1995) recommended that the whole system be modernized by introducing computer technology which would include electronic monitoring systems and electronic seals. Thus according to the researches carried out on most of the systems a combination of computer systems may be ideal if the problem of transit fraud is to be effectively dealt with. The Zimbabwean RIT system relies on the ASYCUDA system Transit module and escorts or convoys for high risk cargo. It also requires a lot of human intervention in the acquittal process and in the escorts and this, according to the Customs Modernisation Handbook makes the whole system more vulnerable to transit fraud.

The research will look at the Zimbabwean RIT system in line with the international best practices and how the system is managing or failing to manage the problem of transit fraud. An analysis will be made of outstanding RITs, reasons for their remaining outstanding and how the system is dealing with them.

The RIT systems of Zimbabwe compared with Zambia and European Union showed that they are various initiatives being undertaken to improve the systems as highlighted by other study. From the analysis made so far of the various RIT systems it appears that most systems are moving towards computer controlled systems, thus doing away with too much human intervention in the operation of the systems. Corrupt officials were highlighted as the major problem in most systems as they assist smugglers to get false acquittals or update internal records thereby concealing all smuggling activities through RITs.

### **RESEARCH METHOD**

The study employed primary data method of collection through conducting interviews and questionnaire's. The major focus was on clearing agents and ZIMRA officials. The research employed stratified random sampling due to the fact that the RIT fraud is manifested in various ways; it was therefore prudent that every aspect of its formations is incorporated in this research. Therefore, stratified random sampling was in choosing the observations.

### **RESULTS**

Of the 200 interview questionnaires endeavored to be conducted, the study successfully got responses from 178 clearing agents and tax official's representing a response rate of 89%. This research therefore report results based on the 178 responses. Most of the clearing agents seemed aware of the RIT fraud taking place.

#### **Asycuda System Data**

##### **RIT Bills of Entry Processed 2009 to March 2011**

Table 1 highlights the number of RIT bills of entry that were processed at Forbes for the period 2009 to June 2011. It can be seen that the highest proportion of outstanding RITs was recorded on the Forbes to Beitbridge route accounting for 9% of processed entries outstanding up to the 30<sup>th</sup> of June 2011 (Table 1). However in year 2010, the proportion of outstanding entries was minimal for both routes. From 2009 to 2010, all the routes recorded a decline in outstanding entries but however the same cannot be said about the figures in the first half of 2011.

#### **Questionnaire Response Rate**

We note that the number of questionnaires returned (89%) and the responses received are enough to constitute a significant sample size to enable an analysis of the RIT system to be carried out and can be representative of the RIT routes in the country. From the questionnaires, we established that all the people who responded were involved in customs clearing for over three years. From figure 2, it can be seen that Forbes is acquitting its RITs online, that is, in the system right away. The only time that entries are acquitted manually and captured into the system

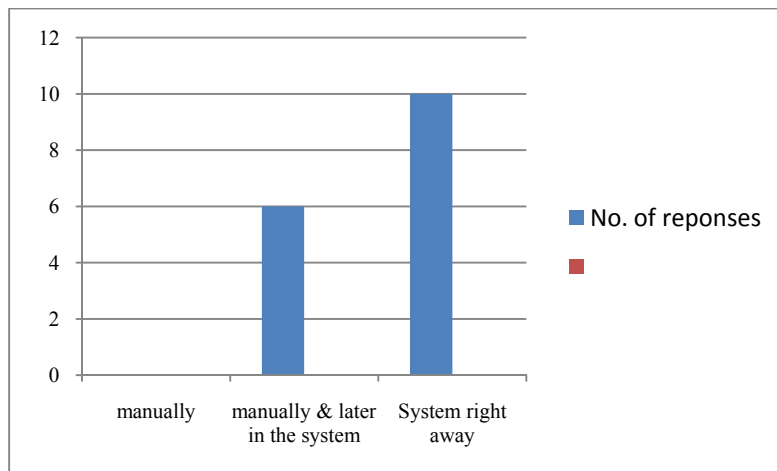
later is when there is system breakdown due to power failure network challenges.

Forbes border post indicated that they were not using ZIMRA seals on all cargo in transit as they relied mostly on the importers seals. According to the bar graph above it can be seen that 62% of the respondents believe use of

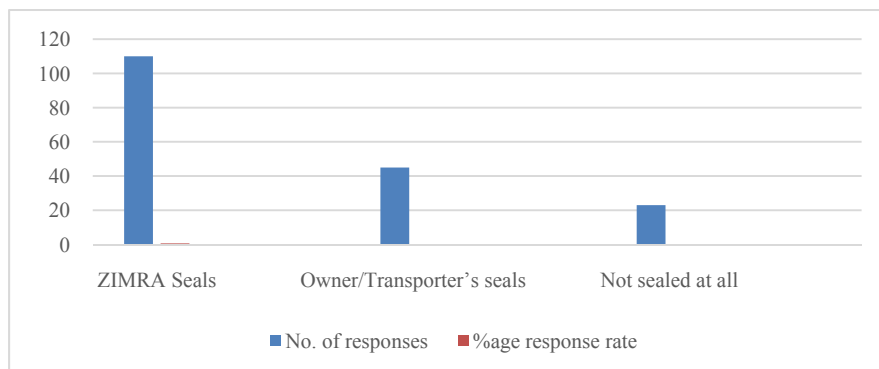
ZIMRA seals is much safer than the use of transporter/owner seals. Thirteen percent think that ZIMRA does not seal consignments at all. The use of official secure seals to secure transit cargo is mostly recommended for goods in transit especially were it involves fast moving consumer goods (figure 3).

**Table 1: Total bills of entry processed between 2009 and June 2011**

RIT Route	Total RIT Entries			Outstanding Entries			Outstanding (%)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Forbes-Chirundu	2220	8514	6342	67	27	304	3	0	5
Forbes-Beitbridge	58	426	188	3	1	17	5	0	9



**Figure 2: RIT acquittal procedure**



**Figure 3: Use of seals to secure cargo**



**Comment on the System of Manually Capturing Acquittal Details into the ASYCUDA System**

All the respondents agreed that capturing acquittals manually exposed ZIMRA to a lot of fraud and chances of false acquittals being captured or done is very high (Table 2). This is made possible by corrupt officers who upload false data for financial gain. With the network challenges and power cuts that are experienced at most border posts respondents felt manual capturing of acquittals is unavoidable at the moment as traffic has to continue to move whether or not the system is working so that trade flows unhindered.

From the responses it shows that 56% of the respondents are aware that some stations have outstanding RIT entries dating back to year 2009 (table 2). Thirty-four respondents think that there are no outstanding entries at various Border Posts and 44 respondents do not know whether the stations have outstanding acquittals or not.

**What Could Be the Major Reason for the Outstanding Bills of Entry**

The following were pointed out by respondents as the major reasons for outstanding entries:

- ✓ Transit fraud – goods were consumed or used in Zimbabwe.
- ✓ When the goods exited while the RIT entries were not yet showing in the system and are acquitted manually but never in the ASYCUDA system.
- ✓ Corruption on the part of the officials and clearing Agents.
- ✓ Some of the entries await cancellation for a number of reasons e.g. duplication of entries, goods never came after preclearance,
- ✓ Some documents being lost in the transmission process due to network problems

**Have You Ever Had Any Cases of False Acquittals or Transit Fraud at Your Station**

All respondents (100%) confirmed that one time or the other, their stations had cases of false acquittals or transit fraud and the major reasons given were:

- ✓ High rates of duty
- ✓ Permits which are difficult to get
- ✓ Corrupt officials and clearing Agents
- ✓ Corrupt tendencies by business community
- ✓ People not willing to pay duty
- ✓ Weak controls on ZIMRAs part

According to the respondents most of the cases happened before and after the introduction of the online acquittal system.

From figure 4, it can be seen that 50% of the respondents agree that the online system reduced transit fraud. Six percent think that there was no change from what was happening in the manual system and what is happening in the new system. The respondents highlighted that although the system is good, the gaps that occur during connectivity lapses are creating some acquittal challenges.

**In Your Opinion What Are the Major Weaknesses of the RIT System Used by ZIMRA**

The respondents highlighted various issues as the major weaknesses of the RIT system used by ZIMRA which are connectivity lapses, poorly developed RIT modules for use by staff and clearing agents, poor record security/data security, integrity issues or challenges, corrupt business community, lack of support systems to complement the existing system like the cargo monitoring systems and effective risk management systems, weak monitoring systems, fraudulent Guarantors and too much human intervention/interference in the system.

**Table 2: Does your station have outstanding RIT's**

	No. of responses	Age responses (%)
Yes	100	56
No	34	19
Don't know	44	25

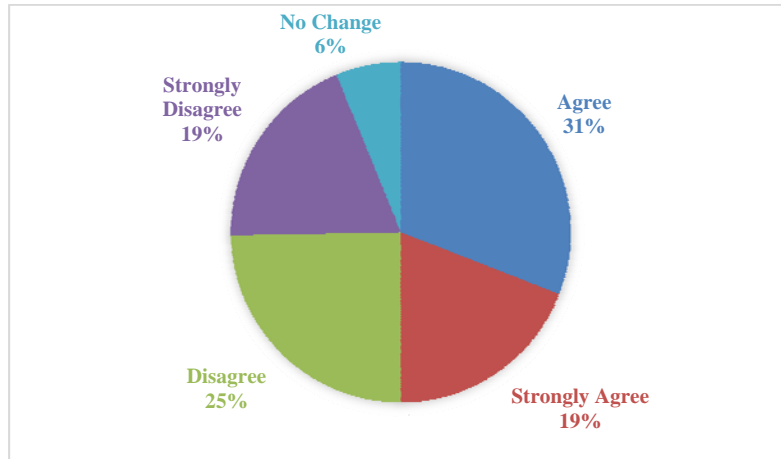


Figure 4: Has online system reduced transit fraud

## DISCUSSION

The mere fact that 178 of respondents felt that the RIT system being implemented in the country was more effective and less time consuming compared to other countries shows that ZIMRA should be commended for a sterling job there are doing. During the period under review, Forbes to Beitbridge route has the highest proportion of outstanding RIT entries for the years 2009 and 2011 of 5% and 9%, respectively. This means that the RIT system is effective in facilitating trade hence the low figures of outstanding entries. The study also revealed that not all outstanding bills of entry are as a result of transit fraud but other mitigating factors highlighted below:

- i. When the consignment is cleared for exit at the port of entry manually due to systems challenges.
- ii. When some entries await cancellation due to double clearance of goods by two different clearing agents on the same consignment or where goods are cleared in advance but are not transported.
- iii. Where documents are lost or misplaced in the clearing process due to network or system challenges.
- iv. Where some stations are acquitting manually instead in the system, this is mainly due to systems challenges or electricity unavailability thereby causing a work pile up.

When officers capture them RIT bill of entries into the ASYCUDA system omissions are highly likely to occur and thereby resulting in outstanding bill of entries.

Hence the analysis of the data as further explained by Grossman and Rogoff (1995) helped the researchers conclude that ZIMRA can improve its RIT system through implementing transit escorts, prescription of transit routes and check points along those routes, registration of guarantors, improvement in network connectivity, effective risk assessment and profiling system, effective use of approved seals, improved communication between stations, adopting regional modules such as Carnet, SADC transit Module and COMESA transit system and involve importers and other stakeholders in compliance management and education.

### Effectiveness of the Zimbabwe Removals in Transit System?

The online acquittal system which is being used by all stations except when there is power cuts or network challenges greatly reduces the incidences of transit fraud as the consignments are acquitted as they exit. The system has an audit trail which makes it easier to follow up corrupt officials whenever there are fraudulent acquittals. However the system has not effectively dealt with the problem of transit

fraud because there is too much human interference in its operation. The need for officers to capture information into the system about the acquittal means that false acquittals will still find their way into the system and the problem will continue. Best managed systems in the world now employ scanners and bar code readers to manage RIT acquittals. With these gadgets there is no way an acquittal can be captured into the system besides by scanning or reading a unique bar code assigned to the consignment and printed on the goods themselves at source. The barcodes can be used from source or place of loading to final place of discharge or destination of the goods.

The Online acquittal system in use in Zimbabwe does not have other measures or instruments to support it for example the use of approved seals which are used and captured into the system at the point of entry and checked at the point of exit. This will make substitution of goods difficult and any tempering with the seal must attract prohibitive penalties. The current situation is that ZIMRA relies too much on owner provided seals as shown in the research and there is a possibility that a transporter can have more than one seal with the same number making opening and resealing go undetected. The use of escorts to assist the system is effective but it is not being effectively by ZIMRA. There seems to be no capacity to fully implement this system in terms of the vehicles and manpower as each station has only one vehicle which is supposed to escort risk cargo to different stations across the country. The ZIMRA stations studied in the research showed that there is no clear mechanism to deal with acquittals done manually after a network breakdown or power cut. The general instruction is that the acquittals should be captured into the system when service is restored but this is not being done properly and as a result some entries remain outstanding when in actual fact they would have been acquitted manually. As a result of the above shortfalls the system is not very effective in managing the problem of transit fraud unless other measures to complement it are put in place and effectively managed. The system if complimented by other instruments can stop transit fraud or quickly detect such activities before a lot of revenue is lost.

## RECOMMENDATIONS

To improve the RIT system in Zimbabwe a number of improvements are needed so that the problem of transit fraud can be effectively dealt with. The following are the researcher's recommendations to improve the system.

i. *Use of Seals* - ZIMRA should improve in the use of its seals as the research has shown that most consignments are going without seals or with owner provided seals. Although the ZIMRA seals are not the best type, their use may be a good compliment to the online acquittal system. The organization should move away from the use of the mechanically strong seals to electronic seals which are linked to the ASYCUDA system. These types of seals send signals via satellite to the controlling station whenever the seal is tampered with and this may initiate prompt response.

ii. *Acquittal System* - There should be very minimum human interference in the capturing of acquittals into the system. The use of unique consignment identification numbers should be considered so that acquittals into the system can either be scanned or ready from codes on the goods themselves by special devices such as scanners and barcode readers so that false acquittals do not find their way into the system.

iii. *Use of Electronic Tracking or Monitoring System* - ZIMRA should consider the use of electronic monitoring systems for its transit cargo. This involves the use of tracking devices that are attached to the vehicle at the port of entry and monitored via satellite throughout the transit journey. This will greatly assist the online acquittal system in controlling transit fraud as any slightest abuse is detected by the controlling station.

iv. *Minimum Interaction between Officials and Clearing Agents or Importers* - Initiatives like e-filing or e-lodgment of bills of entry should be spread across the whole country to ensure that there is very minimum interaction between officials and agents/importers so that cases of corruption and connivance can be reduced. In the e-lodgment of bills of entry agents/importers submit their documents through the internet and they are processed and returned to them for printing through the same means.

v. **Use of Regional Guarantee System** - Systems such as the SADC transit module which are used across the Southern African Region may help reduce transit fraud in that the systems will be linked and once documentation is done in one country it is shared and used by all members electronically. Thus if a consignment is declared as going to Zambia it will be reflecting in the systems of Zambia and any cargo remaining outstanding can be followed up with the declared importers or joint investigations can be carried out where fraudulent activities are suspected between countries.

vi. **Research** - The researcher recommends that periodic research be carried out in the management of RIT's to ensure that the country does not lag behind in adopting modern methods. Thorough research also needs to be done to come up with lists of goods prone to transit fraud from time to time as trends in smuggling change.

## CONCLUSION

The key findings of this research are that there are fewer entries in the systems which are not acquitted are indicative that RIT system used in Zimbabwe is highly effective. However, the high number of transit fraud cases leaves a lot to be desired as stated by George (1929) that countries need to protect free trade across borders. The research also established that not all outstanding entries are as a result of transit fraud but other administrative problems within ZIMRA. A number of recommendations were made to improve the system of managing RITs in Zimbabwe which include use of electronic seals, electronic monitoring systems, effective use of the escort system, capturing of all manual acquittals soon after the system is restored after a breakdown, establishment of patrol teams and the establishment of transit routes to be followed by transit traffic. The study concludes by recommending ZIMRA to carry out periodic researches on the developments of the RIT system to ensure that it is in line with international best practices.

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