

## 2. E-COMMERCE

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## **KEY MESSAGES**

- The e-commerce changes remove the legacy systems previously used to communicate with Customs and replace them with Internet access via a single integrated system.
- The wide availability and ease of use of the e-commerce system will help industry to fulfil its obligations under the Customs Act for on-time reporting.
- Information on the new IT requirements and e-commerce is available at [www.customs.gov.au](http://www.customs.gov.au)

## THE LEGISLATION

The key new provisions of the Customs Act relating to e-commerce are listed below.

- 126D:** CEO to maintain information systems
- 126DA** Communications standards and operation
- 126E:** Communication to Customs when information system is temporarily inoperative
- 126F:** Payment to Customs when information system is temporarily inoperative
- 126G:** Meaning of *temporarily inoperative*

## INTRODUCTION

The Customs Act sets out a number of electronic systems, sometimes known as 'legacy systems', to be used when communicating with Customs. The amendments to the Customs Act will remove these legacy systems and replace them with a single integrated system, which forms the basis of the CMR Project and affects all transactions for importing and exporting goods and making cargo-related payments to Customs.

The Customs Integrated Cargo System (ICS) will improve Customs ability to meet its obligations under the *World Customs Organisation Kyoto Convention on the Simplification and Harmonisation of Customs Procedures*, which, among other things, requires Customs to allow the lodging of information by electronic means. The system is also helping Customs long-term solution of meeting the Government's target of delivering all appropriate Commonwealth services electronically on the Internet, as part of the strategy *Government Online*.

### Scope of this topic

The amendments to the Customs Act do not set out how Customs is to organise and maintain the ICS, nor do they prescribe what form the system should take. As this information package focuses on the changes to cargo management introduced by the legislative changes, this topic does not provide a complete explanation of the system but instead discusses the measures prescribed by the Trade Modernisation Act and provides a brief outline of the intended operation of the ICS. Further information and training for industry clients and Customs users will be provided as the new system is established.

### Key aspects of e-commerce changes

The key areas of change in electronic communication between Customs and its clients include:

- the repeal of the sections in the Customs Act referring to the legacy systems
- the establishment of a single, integrated, open system of electronic communication using widely available facilities such as email and the Internet
- the use of digital signatures and certificates and public key infrastructure (PKI) to ensure security of information and to positively identify users.

### Benefits of the e-commerce changes

For both industry and Customs, the new integrated system will:

- provide flexible access for all users, in line with the *Government Online* strategy
- help industry to report on time, and
- increase the efficient movement of cargo by allowing goods to move more quickly while helping to identify high-risk consignments accurately.

## LEGISLATIVE CHANGES

### Removal of legacy systems

The amendments to the Customs Act remove references to the Air Cargo Automation System, the Sea Cargo Automation System, EXIT and COMPILE systems. The legislative framework for the legacy systems will be preserved until fully replaced by the ICS.

### PIN no longer required

References to the requirement for a PIN have also been removed. In their place, digital signatures will be used to verify a user's identity

### Requirement to maintain information systems

Section 126D requires Customs to maintain information systems so people can communicate with Customs electronically.

Under section 126DA Customs must gazette:

- the information technology requirements that have to be met by a person wishing to communicate information to Customs
- the action a person has to take to verify the receipt of information communicated to Customs
- the information requirements that have to be met to satisfy a requirement that a person has 'signed' an electronic communication, and
- information technology requirements to be met to satisfy a requirement that a document be produced to Customs when that document is produced electronically.

These requirements ensure electronic communications are secure and, as far as practicable, protected from corruption.

### System failures

#### Sending information

If the CEO is satisfied that a Customs information system will be inoperative for a significant period, people may either use another system used by Customs to send information or may use paper (section 126E).

If paper is used, the person must provide the information electronically to Customs within 24 hours from the time the CEO advises on the Internet or by email that the system is again available.

## **Making payments**

Most payments made to Customs use electronic funds transfer (EFT). When the system is inoperative, payments cannot be made and, according to law, goods cannot be taken into Australian commerce.

Section 126F allows Customs to accept an undertaking given by a person that they will make all payments owing on the importation of goods within 24 hours of the system again becoming operative.