

PREPARING FOR MEMBERSHIP

INFORMATION SHEET NO.04

CUSTOMS VALUE

WHAT IS THE PURPOSE AND THE SCOPE OF THE CUSTOMS VALUATION RULES?

1. The purpose of the customs valuation rules is to determine the tax basis in cases where the duty is to be calculated as a percentage of the value of the goods (ad valorem duties). So no customs valuation rules are necessary if
 - an article is duty-free, or
 - a specific duty (e.g. depending on the weight or volume) applies.

2. The customs valuation rules are also applied with regard to
 - value thresholds in the customs tariff;
 - tariff quotas and quantitative restrictions determining the available amount in terms of a value,
 - origin rules using the criterion of minimum value added or maximum import content.
 - import statistics,
 - VAT on imported goods.

WHAT ARE THE METHODS FOR THE DETERMINATION OF THE CUSTOMS VALUE UNDER ART. VII GAIT AND THE WTO CUSTOMS VALUATION AGREEMENT?

3. The EC like all WTO Member's (except some developing countries) bases its customs valuation rules on the Agreement on Implementation of Art. VII GATT (Customs Valuation Agreement) concluded in 1994. According to this Agreement, the customs value is primarily established on the basis of the transaction value (i.e. the price actually paid or payable). For cases in which this price cannot be used, subsidiary valuation methods have been set out.

How IS THE TRANSACTION VALUE DETERMINED AND IN WHICH CASES ARE ADJUSTMENTS MADE?

4. The transaction value concept consists of the following elements
 - the price actually paid or payable
 - for the imported goods
 - when sold for export to the Community customs territory,
 - provided that none of the restrictions or conditions leading to the rejection of the transaction value applies,
 - adjusted by certain additions to the price, and
 - adjusted by certain deductions from the price.
5. The additions to the actual price cover
 - commissions and brokerage,
 - the cost of containers and packing,
 - assists supplied by the buyer free of charge or at reduced cost,
 - royalties and licence fees related to the goods,
 - proceeds of a subsequent resale, disposal or use of the imported goods that accrue to the seller
 - the cost of transport, insurance, loading and handling charges associated with the transport of the goods to the EC.
6. The following deductions from the transaction value can be claimed if they are shown separately in an invoice
 - charges for the transport of the goods after their arrival in the EC
 - charges for construction, erection, assembly, maintenance or technical assistance, if undertaken after importation
 - charges for interest under a financing arrangement, insofar as the rate of interest does not exceed the usual level,
 - charges for the right to reproduce the imported goods in the EC,

- buying commissions,
- import duties, VAT and excise duties,
- the cost or value of data or instructions, except sound, cinematographic or video recordings,
- the cost of warehousing or preserving the goods in a customs warehouse, free zone or free warehouse.

WHAT ARE THE SUBSIDIARY VALUATION METHODS?

7. The subsidiary valuation methods are

- the transaction value of identical goods,
- the transaction value of similar goods,
- the unit price at which the imported or identical or similar imported goods are sold within the BC, from which the costs incurred within the BC are deducted (deductive value method),
- the cost of production, plus profit, general expenses and the cost of transport to the BC (computed value), or
- as last resort customs valuation data available in the EC.

For certain perishable goods a simplified procedure based on unit values per 100 kg can be claimed.

How ARE TRANSACTIONS BETWEEN RELATED PARTIES TREATED?

8. If the seller and the buyer are related professionally, control one another, or are members of the same family, the transaction value can nevertheless be used insofar as the relationship did not influence the price. The declarant can submit evidence showing that the relationship did not influence the price, including the use of test" values. If doubts remain, the subsidiary valuation methods are to be applied.

How is THE EXCHANGE RATE OF FOREIGN CURRENCIES DETERMINED AND HOW IS A CUSTOMS VALUE DECLARATION TO BE MADE?

9. The exchange rate of foreign currencies is, in principle, fixed for one month. In case of major currency fluctuations, an adjustment is made in the course of the month.
10. In principle, a value declaration must be drawn up on the form D.V. I if the transaction value is to be applied. Exceptions cover

- the simplified procedure for perishable goods.
- consignments with a value of 5,000 € or less,
- importations of a non-commercial nature,
- importations that are duty-free or fall under the provisions for duty relief,
- continuing traffic in goods supplied by the same seller to the same buyer under the same conditions.

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