

CUSTOMS VALUATION BACKGROUND TO THE AGREEMENT

World Customs Organization
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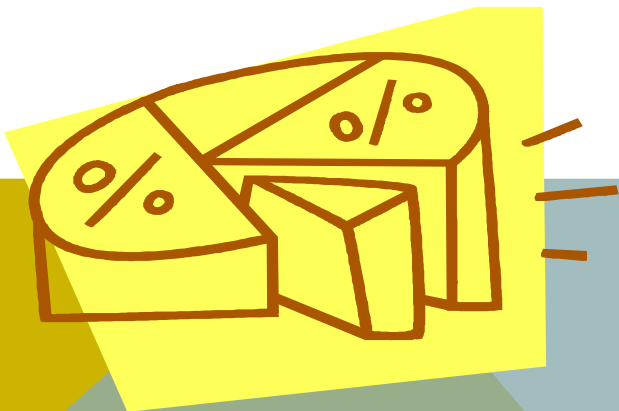
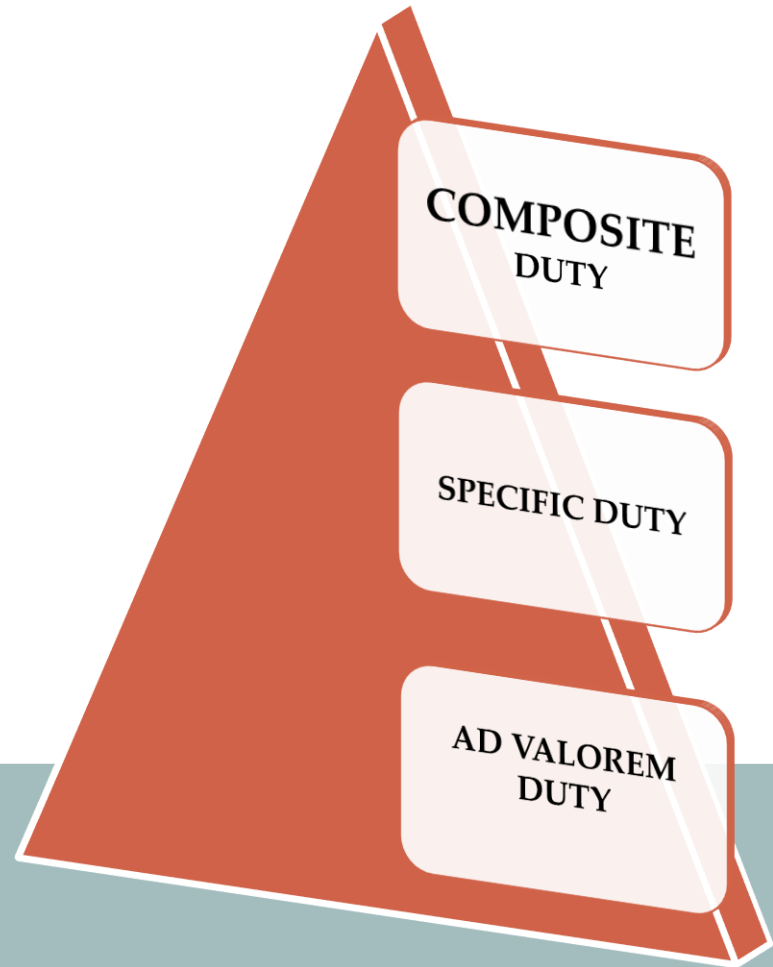


DEFINITION: CUSTOMS VALUE

❑ **The CV of imported goods** is the value of goods for the purposes of levying ad valorem duties of customs on imported goods.

Article 15 (a).

❑ Most of the duty applicable on imported goods are ad valorem. Thus, the importance of well determining the taxable base.





Historical background

(1) The GATT raised various questions about Customs processes but there was no institution responsible for examining Customs issues

1947

(2) Thirteen European countries established a Study Group to examine the Customs issues identified by the GATT and this led to the decision to create an international Customs body

1948

1950

(3) The Convention establishing a Customs Co-operation Council (CCC) was signed in Brussels

1952

(4) The CCC Convention entered into force on 4 November 1952

1953

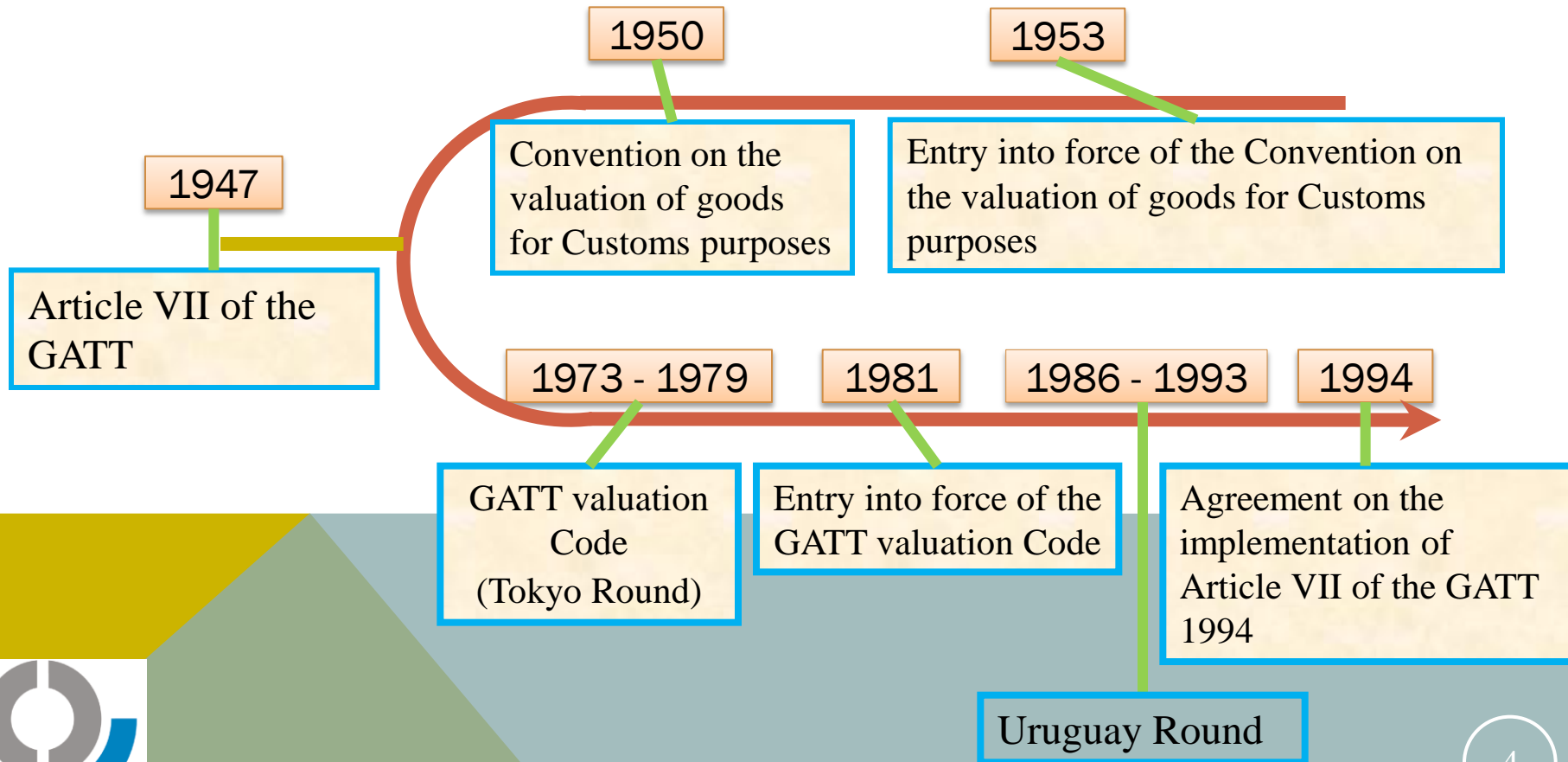
(5) The inaugural session of the CCC Council was held on 26 January 1953 with 17 founding Members

1994

(6) In 1994, the CCC adopts the name WCO

EVOLUTION OF CUSTOMS VALUATION SYSTEMS

The path to a fair and neutral international system





HISTORY OF WTO AGREEMENT

➤ Article VII of GATT 1947:

- Based on ACTUAL value of the imported merchandise
- Where not ascertainable (e.g. no sale), use nearest ascertainable equivalent

➤ Tokyo Round : 1973 - 1979

- Valuation Code created : a uniform, fair and neutral system
- Hierarchy of methods, primacy given to “transaction value”

➤ Uruguay Round : 1986 – 1993

➤ 1995

- Creation of WTO
- WTO Agreement ; (same text as Valuation Code + new Decisions)
 - ❖ Obligation on all WTO Members



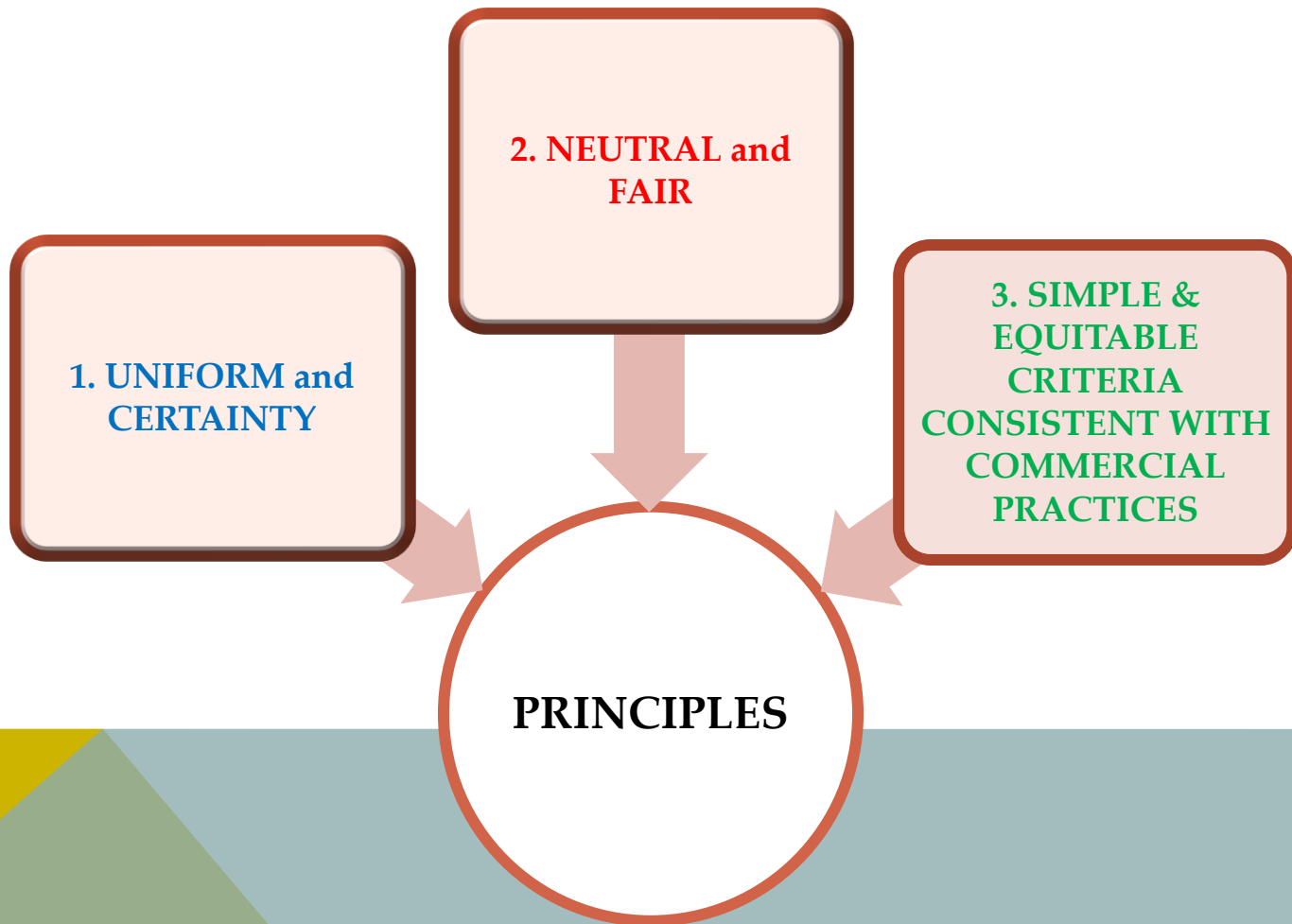
GENERAL PRINCIPLES ON CUSTOMS VALUATION

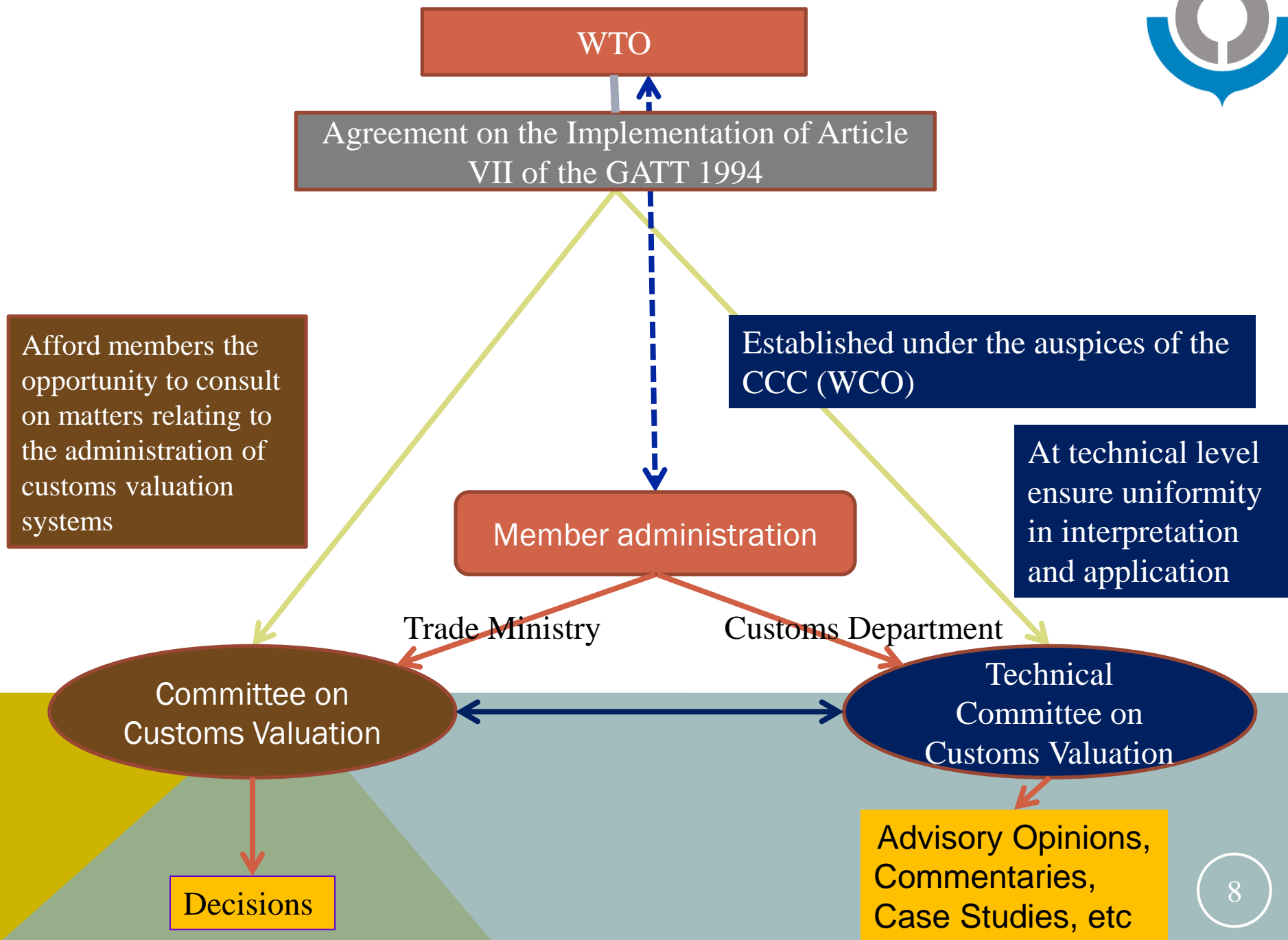
Article VII of GATT

- Value based on **the actual value of imported goods on which duty is assessed** or of like goods.
- Actual value" should be **the price at which**, at a time and place determined by the legislation of the country of importation, such or like merchandise is sold or offered for sale **in the ordinary course of trade under fully competitive conditions**.
- Should **not** be based on the value of merchandise of national origin or on arbitrary or fictitious values.
- The value for customs purposes of any imported product should **not** include the amount of any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund



PRINCIPLES OF THE AGREEMENT

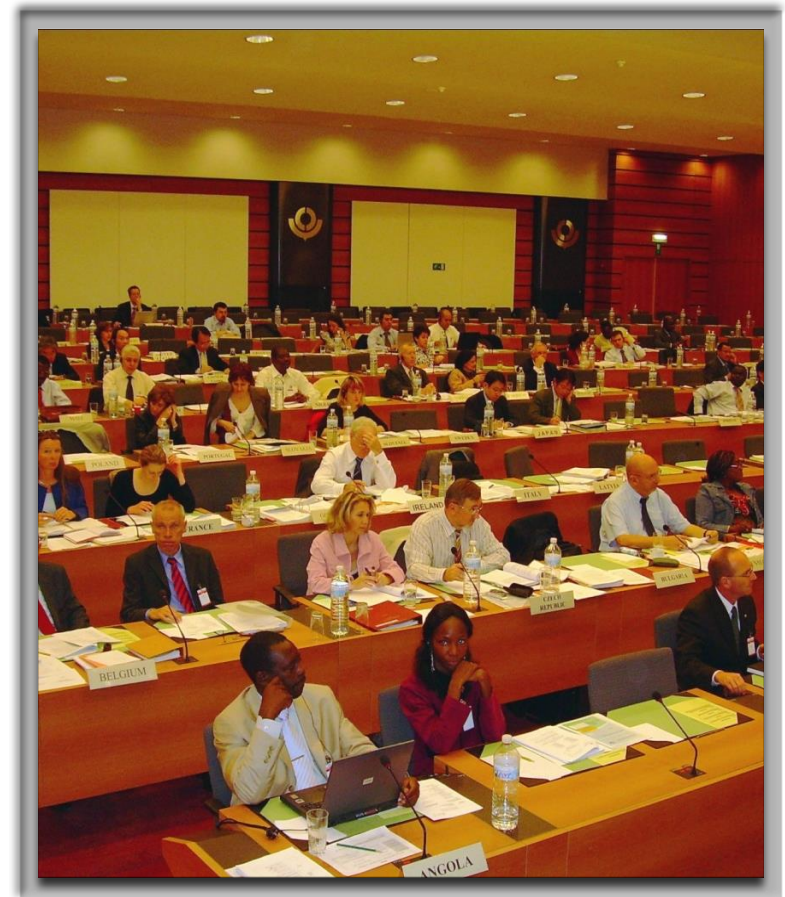




THE TECHNICAL COMMITTEE ON CUSTOMS VALUATION



- **TCCV established in WTO Agreement ; managed by WCO**
- **Responsibilities include :**
 - ensuring uniformity of treatment*
 - examining specific technical problems, draft instruments*
 - studying valuation laws, procedures and practices*
 - facilitating technical assistance*










WTO VALUATION AGREEMENT

The Articles of the Agreement

The Agreement is set out in a transparent and logical manner and each method of valuation must be considered in strict sequential order.
Let's take a look at the various Articles making up the Agreement.



- | | |
|--|---|
|  Customs valuation rules |  Administration, consultation and dispute settlement |
|  Special and differential treatment |  Final provisions |
| |  Annexes |

GENERAL INTRODUCTORY COMMENTARY

- KEY POINTS



- Primary basis for customs value is “transaction value”
= price actually paid or payable plus certain adjustments
- Transaction value to be used to “*greatest extent possible*”
- Consult with importer where transaction value cannot be determined or no sale exists
- Follow hierarchy of alternate methods
- "The customs value of imported goods shall be the transaction value, that is the price actually paid or payable ...“ , except under certain specified circumstances.



METHODS OF VALUATION

Article 1 - Transaction value method.

Article 2 - Transaction value of identical goods.

Article 3 - Transaction value of similar goods.

Article 4 - Order in Application of Articles 5 and 6.

Article 5 - Deductive value method.

Article 6 - Computed value method.

Article 7 - Fallback method

Article 8 - Additional elements to be added to the transaction value.



ARTICLES 9 - 17

Article 9 - Currency conversion

Article 10 - Confidentiality

Article 11 - Importers right to appeal without penalty.

Article 12 - Obligation to publish laws.

Article 13 - Obligation to provide a guarantee system.

Article 14 - Refers to Annex I Notes, Annexes II and III.

Article 15 - Defines certain words and terms.

Article 16 - Right of importers to written explanation.

Article 17 - Rights of customs administrations.

COMPARISON OF BDV WITH WTO AGREEMENT



BDV

- 28 July 1953
- **Notional concept**
- Based on 'open market price'
- Price under fully competitive conditions

Valuation Agreement

- 1st January 1981
- Positive Concept
- Based on actual value or nearest ascertainable equivalent
- **CV = TV**
- Obligation on all WTO Members



thank
you!!