



**World Customs
Organization**

Alternative Valuation Methods

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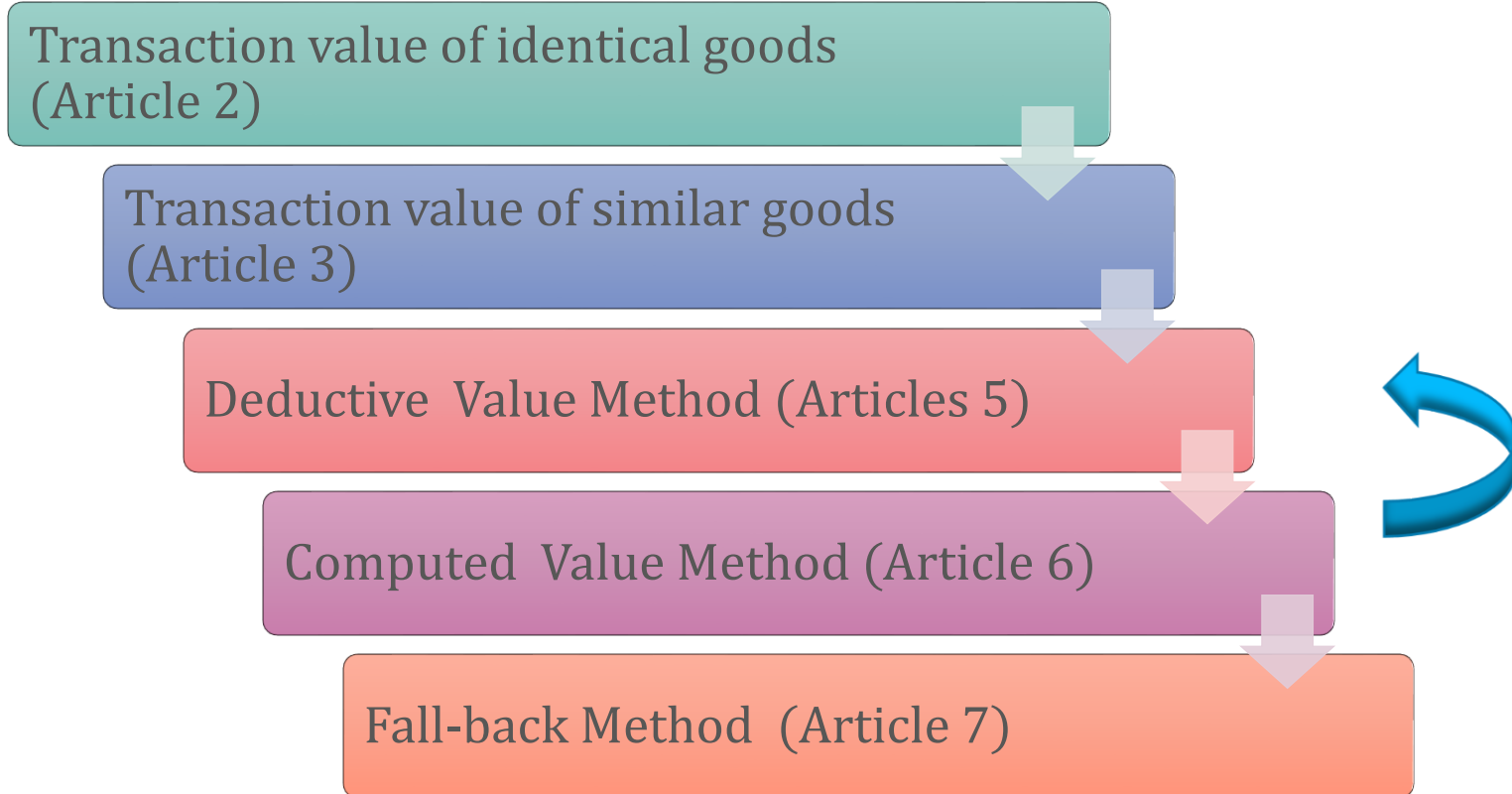
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Alternative valuation methods



- Primary method is the transaction value method
- Alternative methods only apply when transaction value method cannot be used, e. g.
 - There is no sale when goods are imported
 - Samples
 - Goods imported by branches
 - There is a sale but the price has been influenced because seller and buyer are related (Article 1.2)
 - Declared value cannot be accepted due to reasonable doubts (Decision 6.1)

Hierarchy of Alternative Methods



Conditions for Articles 2 & 3



- **Origin**
 - produced in the same country as the goods being valued
- **Time factor**
 - exported at or about the same time
- **Commercial level and quantity**
 - wherever possible, use same commercial level and substantially the same quantity, if not, adjustments can be made
- **More than one transaction value is found**
 - the lowest value will apply

Conditions for Articles 2 & 3



Identical goods



- Physical characteristics
- Quality
- Reputation

Similar goods



- Have like characteristics
- Perform the same function
- Commercially interchangeable

Similar or Identical ?

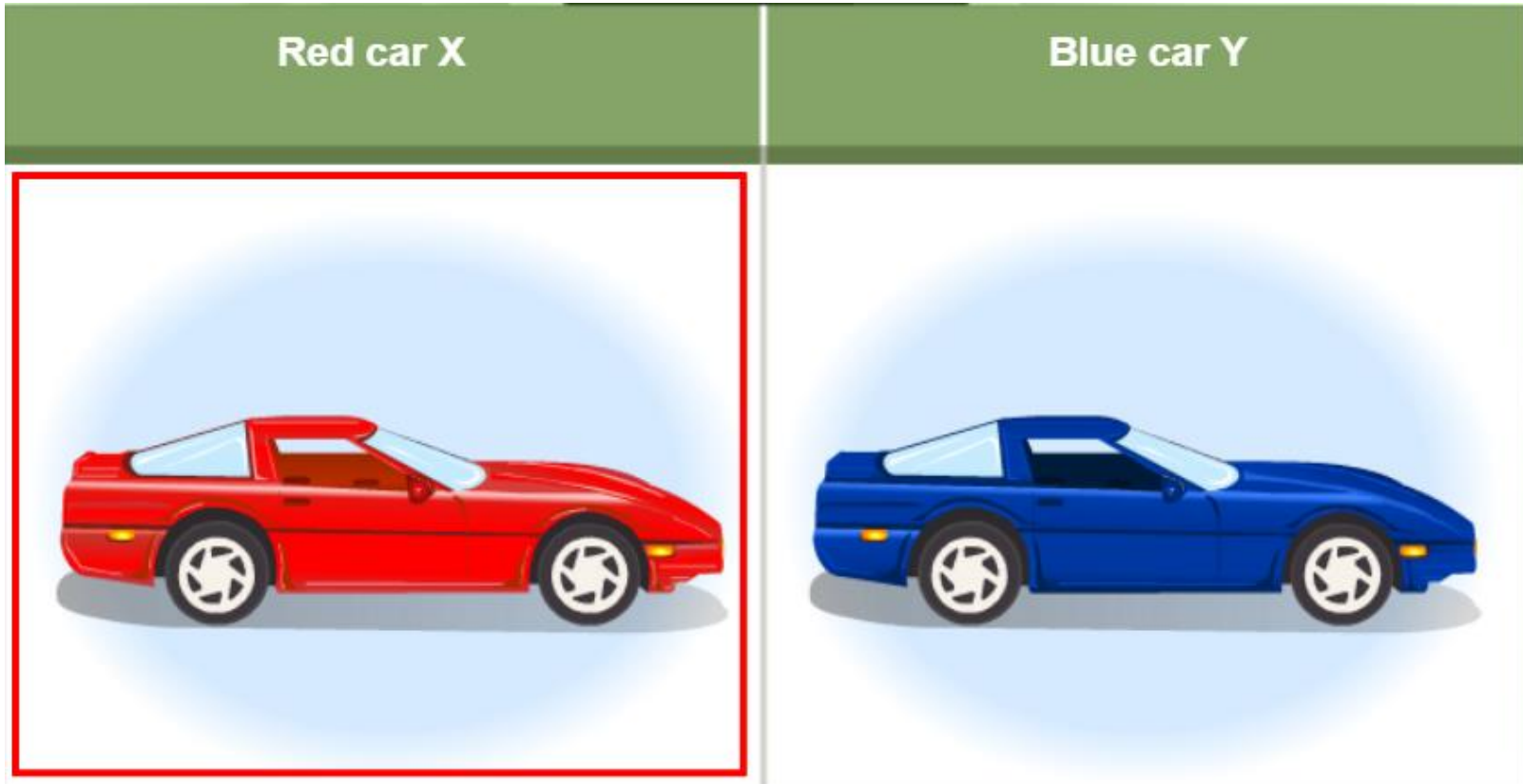
Ink of paper quality



Ink of paper and textile quality



Similar or Identical ?



Deductive Value Method



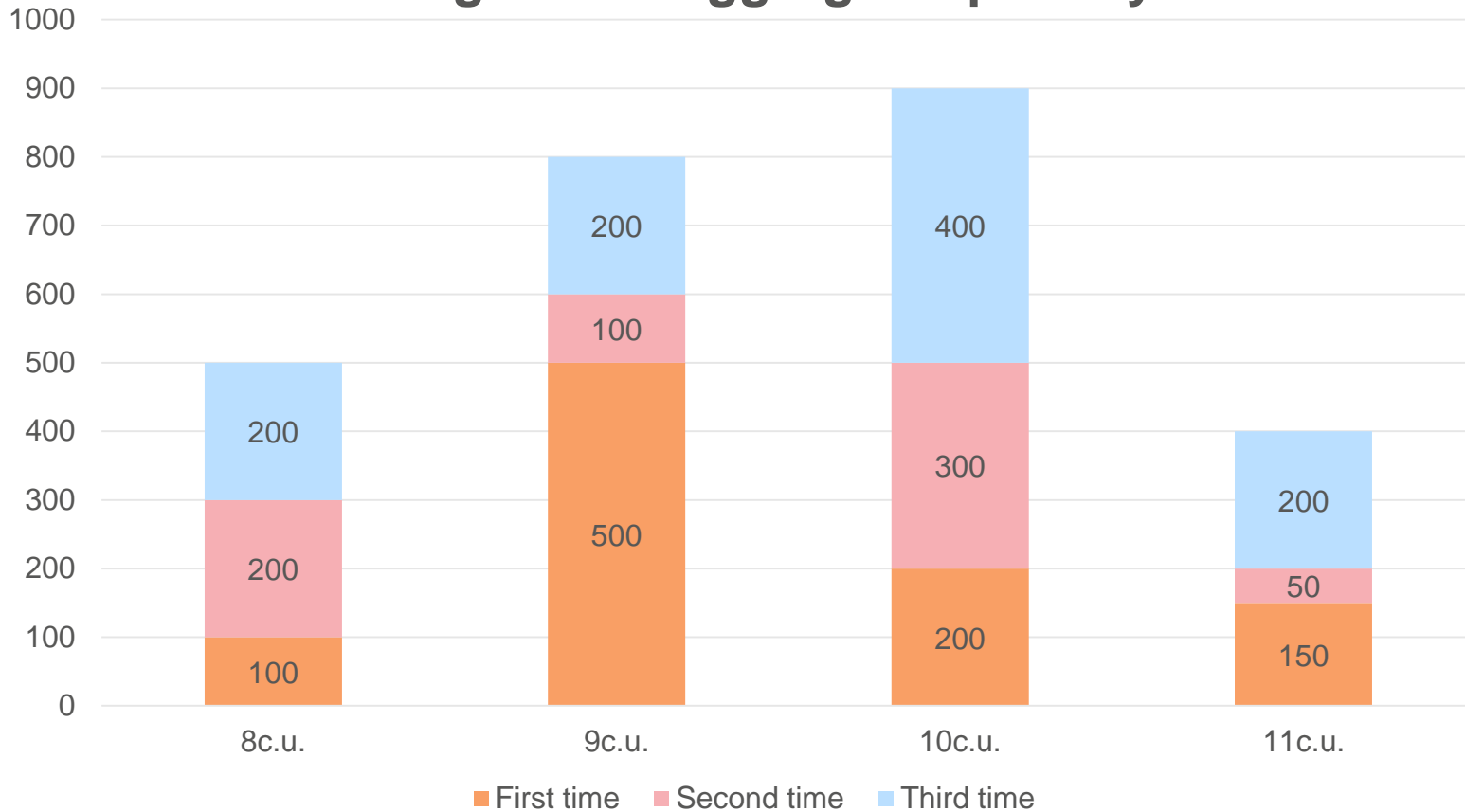
Identify sales:

- Of the imported goods, or identical or similar imported goods, occurring “*at or* about the time of importation”
- In the condition as imported
- In the greatest aggregate quantity

Deductive Value Method



The greatest aggregate quantity



Deductive Value Method



Deduct from unit price:

- Either commissions or profit & general expenses
- Costs of post importation transport & insurance
- Costs and charges of Article 8.2, as appropriate
- Customs duties & taxes payable in country of importation

Computed Value Method



Build up value including :

- The cost or value of materials and fabrication
- Other processing employed in producing the imported goods
- An amount for profit and general expenses
- The cost or value of Article 8.2 expenses

Fallback Method



- If the customs value of the imported goods cannot be determined under the provisions of Articles 1 through 6, inclusive, the customs value shall be determined using **reasonable means** consistent with the principles and general provisions of this Agreement and of Article VII of GATT 1994 and on the basis of data available in the country of importation

(Article 7)

- Customs values determined under the provisions of Article 7 should, to the greatest extent possible, be based on previously determined customs values

(Note to the Article 7)

- The methods of valuation to be employed under Article 7 should be those laid down in Articles 1 through 6 but a reasonable flexibility in the application of such methods would be in conformity with the aims and provisions of Article 7

(Note to the Article 7)

Fallback Method



Reasonable flexibility

- Flexible application of Articles 2 and 3:
 - Extending the time limit
 - Different country of exportation may be acceptable

- Flexible application of Article 5:
 - Goods may be sold after processing in the country of importation
 - Extending the time limit

Fallback Method



What **cannot** be used as basis for value :

- Selling price in the country of importation of goods produced in that country
- The higher of two alternative values
- Price of goods on the domestic market of the country of exportation
- Cost of production other than a computed value under Article 6
- Price of goods sold for export to a country other than the country of importation
- Minimum values (except for the situation provided for in Annex III)
- Arbitrary or fictitious values



Thank you

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