

Customs Valuation: Issues for Mongolia

Workshop to Launch the Single Electronic Window Implementation Master Plan

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Customs Valuation

Specific Queries from Mongolia

Self Assessment

- ❑ The primary method of determining the customs value is the **transaction value** (price actually paid or payable) under Article 1 of the WTO Valuation Agreement (*the Agreement*), in case there are no specific conditions which are stipulated in Articles 1.1 (a) to (d) of the Agreement. Accordingly first of all, it should be examined whether or not this case would have some conditions under Article 1.1 (a) to (d) of the Agreement.
- ❑ If there are no such conditions, the customs value should be determined under Article 1, using the transaction value method

Treatment of Discounts

- ❑ There is no legal basis on the treatment of discounts in the Agreement itself.
- ❑ However, there are some references to discounts in the WCO Valuation Compendium, e.g. Cash discounts (Advisory Opinion 5.1-5.3) and Quantity discounts (Advisory Opinion 15.1)

Treatment of Discounts

- ❑ It should be noted that the discount should be acceptable when determining the customs value, **if** such a discount is given to that importation.
- ❑ Therefore, an offset of previous importation or any other discounts which **is not directly related** to that importation, is not acceptable for customs valuation purposes.
- ❑ Accordingly, it is important to identify the real reason for the discount in each specific transaction.

Treatment of Discounts

- ❑ There are no rules in the Agreement about the **highest** acceptable discount. In case the price after discount is the true price actually paid or payable between a buyer and a seller, the same will be the customs value.
- ❑ However, if there is doubt regarding the discount, (such as a high percentage discount), customs officials should communicate with importers, by taking into account Article 17 of the Agreement, as well as Decision 6.1 (*Cases where Customs administrations have reasons to doubt the truth or accuracy of the declared value*) to clarify the price actually paid or payable.

Test Values

- The Rules Regarding the Determination on Customs Value of Imported and Exported Goods are as follows:
 - ❑ Article 17- Where the seller and the buyer are related, it shall be deemed that the relationship did not influence the price of the imported good when the duty payer can demonstrate that such value closely approximates to one of the following prices occurring at, or about the same time:

Test Values

- a) the transaction value in sales to unrelated buyers of identical or similar goods for export to the Customs territory of the People's Republic of China;
- b) the Customs value of identical or similar goods as determined under Article 22;
- c) the Customs value of identical or similar goods as determined under Article 24.

Test Values

- ❑ In applying the foregoing tests, due account shall be taken of demonstrated differences in commercial levels, quantity levels, and costs incurred by the seller in sales in which the seller and buyer are not related, and that are not incurred by the seller in sales in which the seller and the buyer are related.

Valuation on exports

- China only collects duties on certain goods: the value is based on the transaction value at exportation

Summary

Thank you!

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