



WCO-ADB Joint Sub-Regional Train-the-Trainer Workshop on Customs Valuation

**3-7 February 2014,
Colombo, Sri Lanka**



TRANSACTION VALUE

ARTICLE 1

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ARTICLE 8

Article 8.1 : Compulsory adjustments

If not already included :

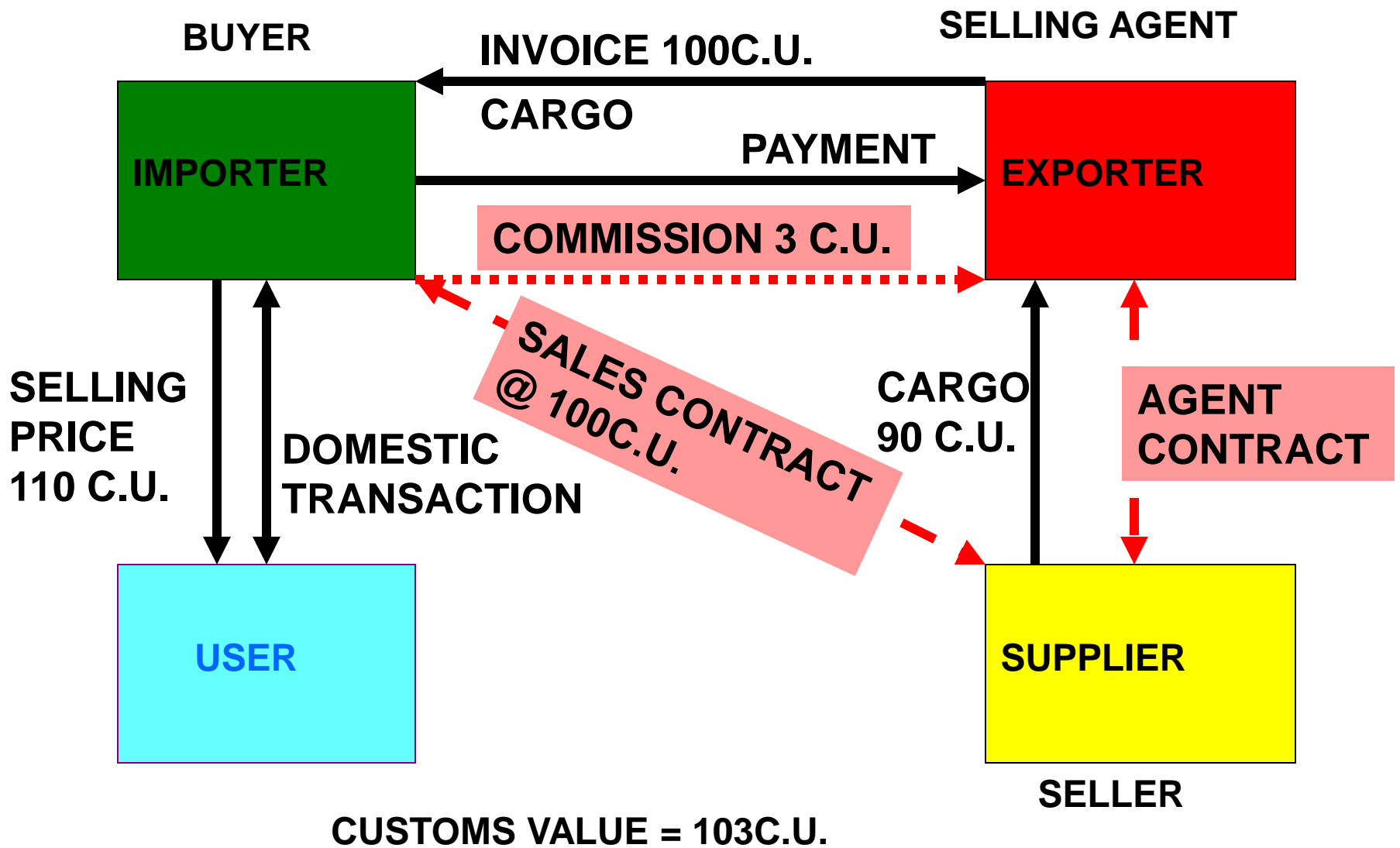
- (a) (i) commissions and brokerage, except buying commissions.
- (ii) the cost of containers.
- (iii) the cost of packing whether for labour or materials.
- (b) “Assists”. That is, the value, of certain goods and services supplied directly or indirectly by the buyer free of charge or at reduced cost.
- (c) Royalties and licence fees.
- (d) Value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods.

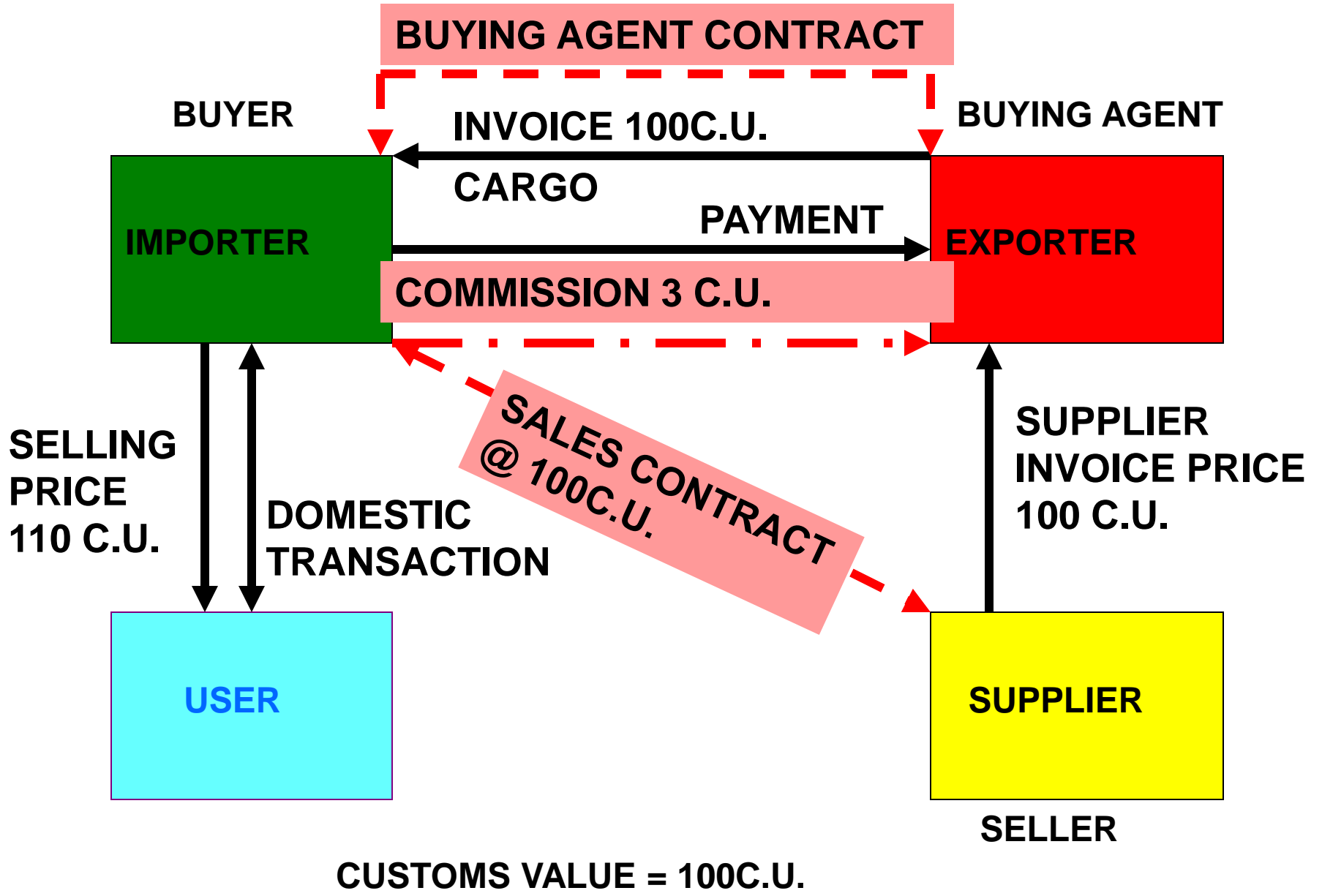
Article 8.2 : Optional adjustments

- (a) The cost of transport of the imported goods to the port or place of importation;*
- (b) Loading, unloading and handling charges associated with the transport of the imported goods to the port or place of importation; and*
- (c) The cost of insurance.*

ARTICLE 8.1(a) (i)

(i) commissions and brokerage, except buying commissions.





Qualification of Buyer and Seller

Person who make import transaction under his/her calculation and risks

they decide

- quality,
- number or volume and
- price of the import/export goods

and take the risks of

- possible defection,
- loss of goods,
- in case of accident and
- a bad debt of the import/export goods

ARTICLE 8.1(a) (ii) & (iii)

ADDITION OF :

the cost of containers which are treated as one with the imported goods; and

the cost of packing whether for labour or materials.

ARTICLE 8.1(a) (ii) & (iii)

ADDITIONS CAN BE MADE IF :

- **they are incurred by the buyer;**
- **they are not already included in the price actually paid or payable; and**
- **the costs are based on objective & quantifiable data.**

ARTICLE 8.1(a) (ii) & (iii)

ADDITIONS MUST BE :

- **THE ACTUAL COSTS**
- **NOT A “NOTIONAL” COST THAT MIGHT BE CHARGED BY THE SELLER**

“Assists”

- Materials, components and parts **incorporated** in the imported goods
- Tools, dies and moulds **used** in the production of the imported goods
- Materials **consumed** in the production of the imported goods
- Engineering, development, artwork, design work and plans and sketches, (*undertaken elsewhere than in the country of importation*) **necessary** for the production of the imported goods

Determining the value of the assist

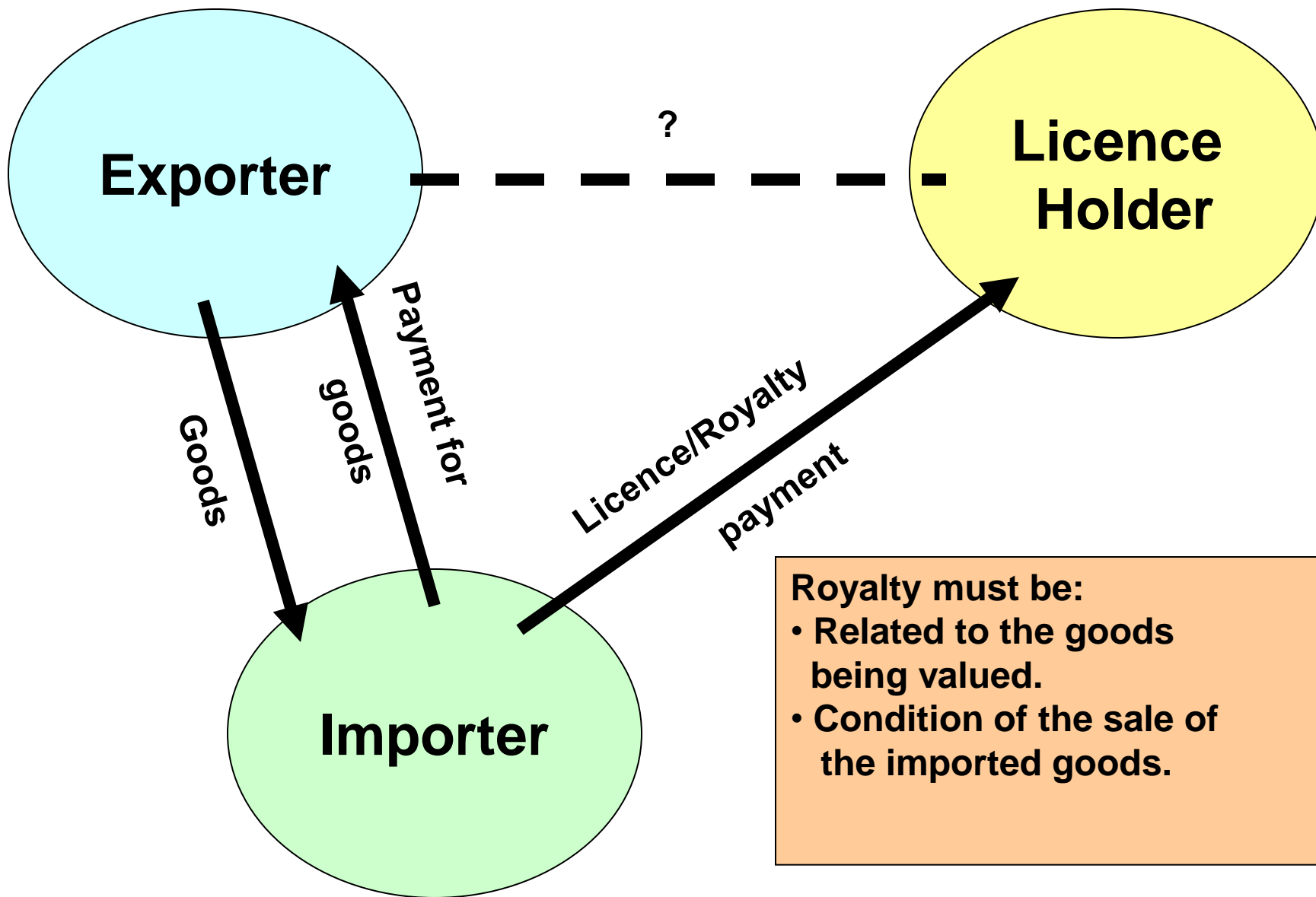
- If it is ACQUIRED by the importer from an independent seller : THE COST OF ACQUISITION
- If it is PRODUCED by the importer or bought from a related person : THE COST OF PRODUCTION

ROYALTIES : TO INCLUDE IN THE CUSTOMS VALUE IF

**RELATED TO THE GOODS BEING
VALUED**

**PAID BY THE BUYER AS A
CONDITION OF SALE**

**NOT ALREADY INCLUDED IN THE
PRICE**



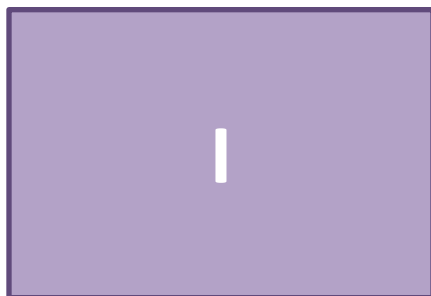
Royalty must be:

- Related to the goods being valued.
- Condition of the sale of the imported goods.

M's trademark products



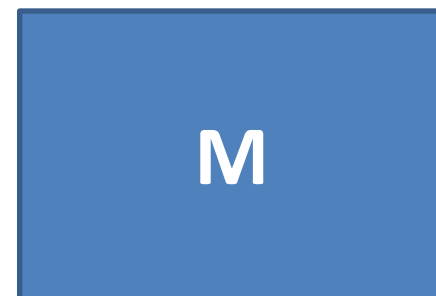
Importer I
makes and sells



One essential ingredient normally
purchased from M



Foreign manufacturer
owns trademark



Royalty,
5% of annual gross sales



How is the royalty to be treated with respect to the imported ingredients?

The proceeds of resale

All or part of the proceeds :

- of resale,
- of disposal,
- of any subsequent use of the imported goods
- which accrues directly or indirectly to the seller

Characteristics

- Payments which are contractual
- But excluding those relating to patents, trademarks or copyright
- Apart from transfers of dividends
- Paid directly or indirectly to the seller

ARTICLE 8.3

*“ADDITIONS TO THE PRICE
ACTUALLY PAID OR PAYABLE
SHALL BE MADE UNDER THIS
ARTICLE ONLY ON THE BASIS OF
OBJECTIVE & QUANTIFIABLE DATA.”*

ARTICLE 8.4

STATES THAT :

“NO ADDITIONS SHALL BE MADE TO THE PRICE ACTUALLY PAID OR PAYABLE IN DETERMINING THE CUSTOMS VALUE EXCEPT AS PROVIDED IN THIS ARTICLE.”

CUSTOMS VALUE

(ARTICLE 1 & 8)

To be included

To be excluded

PRICE ACTUALLY PAID OR PAYABLE (Article 1)	DIRECT PAYMENTS		INDIRECT PAYMENTS
		Post importation costs	
ADJUSTMENTS (Article 8)	COMMISSION & BROKERAGE	Buying Commission	
	COSTS OF CONTAINERS & PACKING		
	ASSISTS		
	ROYALTIES & LICENSE FEES		
	PROCEEDS		
	FREIGHT, INSURANCE		

Thank you