



CUSTOMS VALUATION

Background to the Agreement



World Customs Organization
www.wcoomd.org

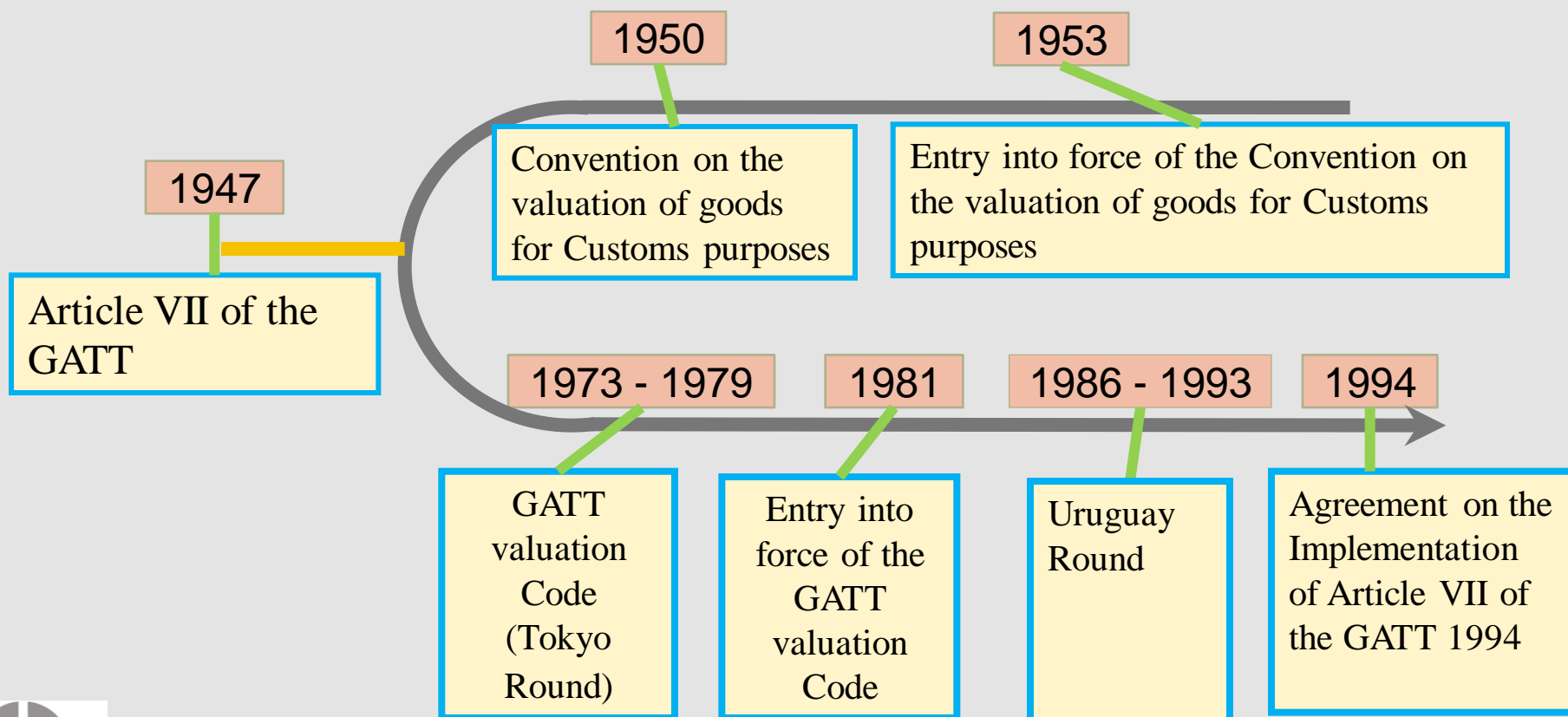


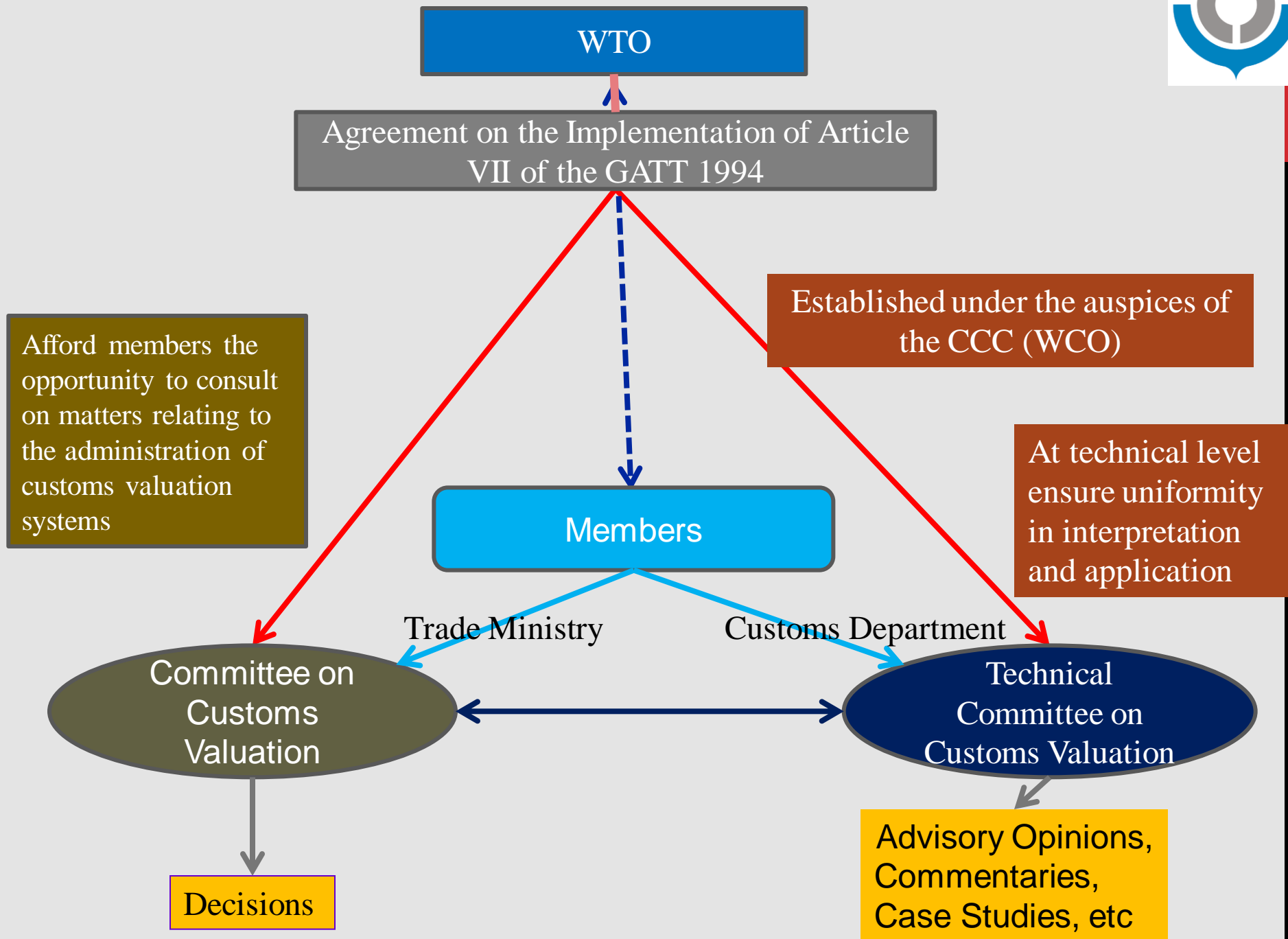
History of WTO Agreement

- Art. VII of GATT 1947: “*actual value*”
- **Tokyo Round** : 1979
 - Valuation Code created : a uniform, fair and neutral system for valuation
 - Hierarchy of methods, primacy given to “transaction value”
- **Uruguay Round** : 1995
 - Formation of WTO
 - WTO Valuation Agreement

EVOLUTION OF CUSTOMS VALUATION SYSTEMS

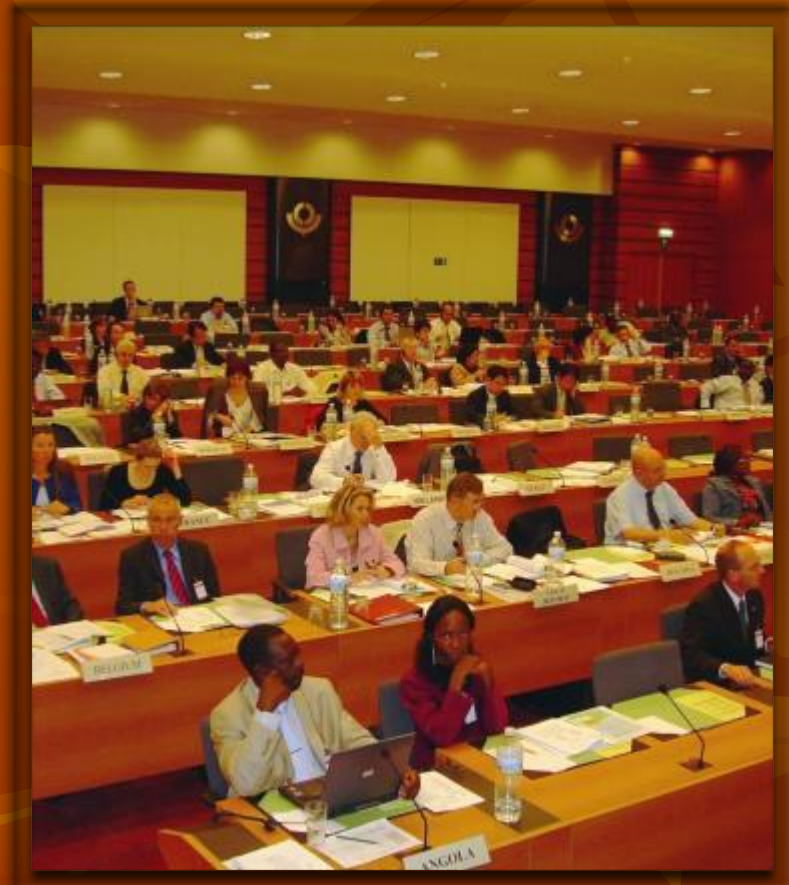
The path to a fair and neutral international system





What is the Technical Committee on Customs Valuation?

- TCCV established under the auspices of the WCO - i.e. managed by WCO
- Responsibilities include :
 - ensuring uniformity of treatment
 - examining specific technical problems, draft instruments
 - studying valuation laws, procedures and practices
 - facilitating technical assistance





Article VII of GATT

Basic Principles

- Based on ACTUAL value of the imported merchandise
- Where not ascertainable (e.g. no sale), use nearest ascertainable equivalent value
- It must NOT be based on arbitrary or fictitious values
- Actual value may be represented by ...
...invoice price



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
- Use of generally accepted accounting principles
- "The customs value of imported goods *shall* be the transaction value, that is the price actually paid or payable ..." (emphasis added), except under certain specified circumstances.