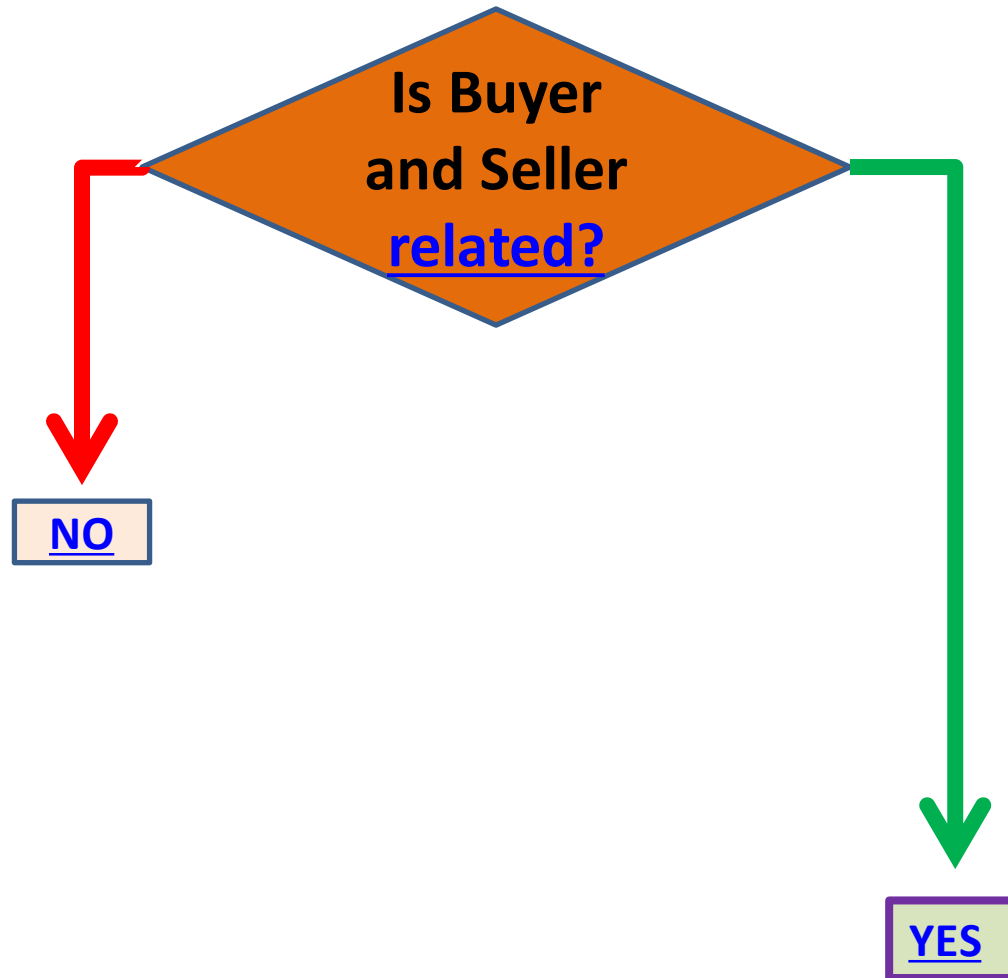# Article 1
Related party transactions

Related party – definition

Article 15.4

For the purposes of the Agreement, persons shall be deemed to be related only if:

(a) they are officers or directors of one another's businesses;

(b) they are legally recognized partners in business;

(c) they are employer and employee;

(d) any person directly or indirectly owns, controls or holds 5 per cent or more of the outstanding voting stock or shares of both of them;

(e) one of them directly or indirectly controls the other;

(f) both of them are directly or indirectly controlled by a third person;

(g) together they directly or indirectly control a third person; or
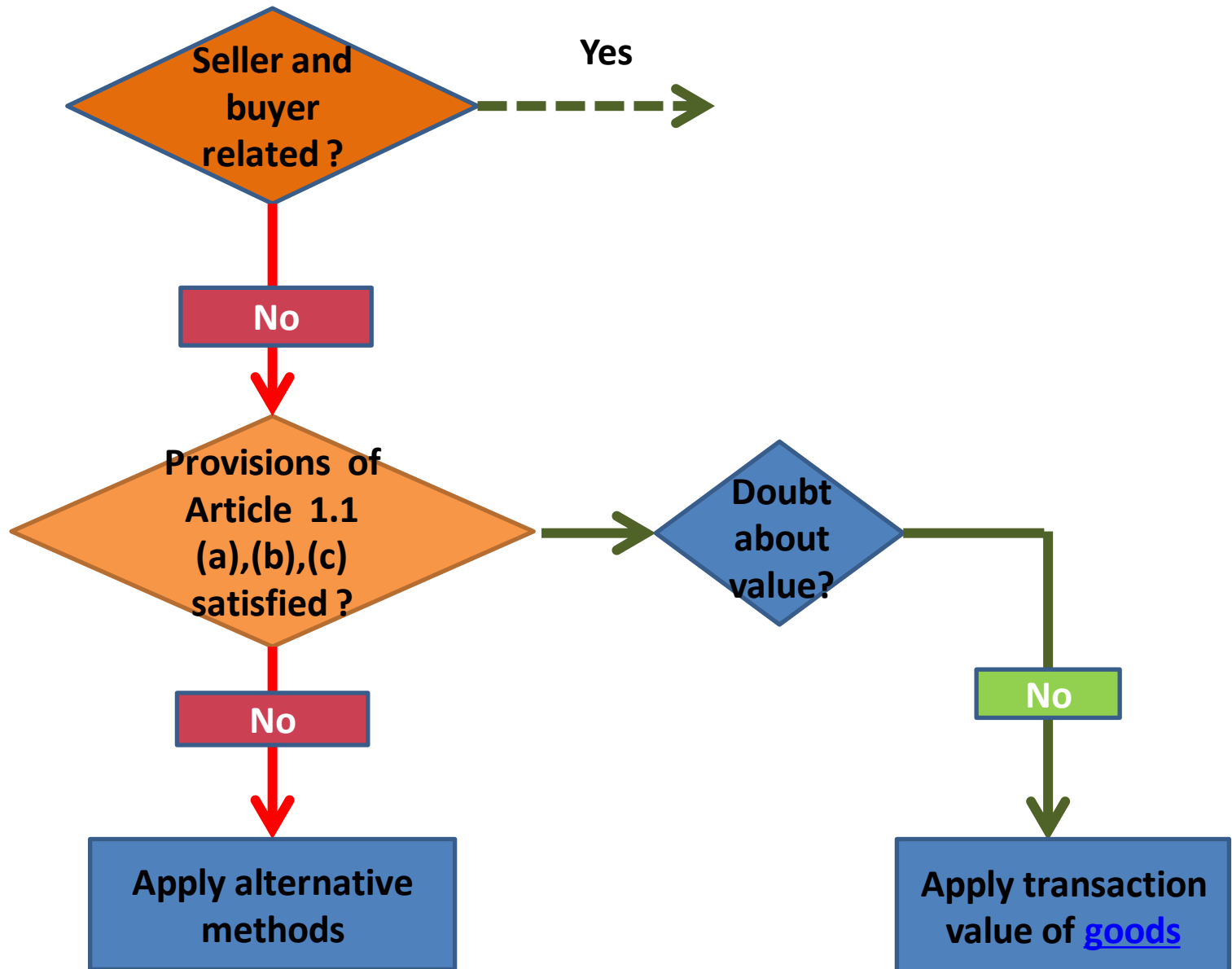
(h) they are members of the same family.

Family – definition

No definition in the Agreement.(National legislation)

EU legal definition of family relationships:

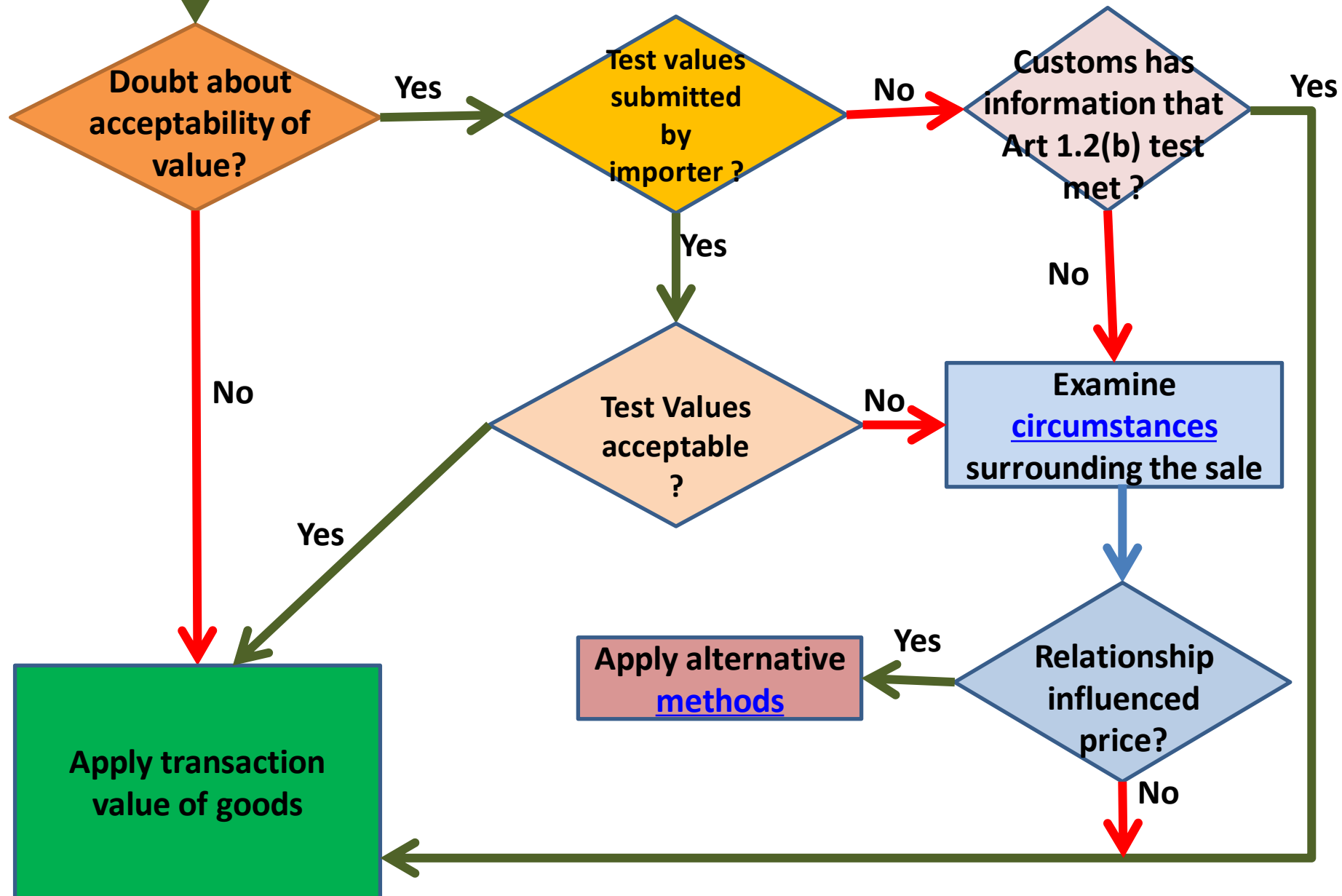Persons shall be deemed to be members of the same family only if they stand in any of the following relationships to one another:

— husband and wife,

— parent and child,

— brother and sister (whether by whole or half blood),

— grandparent and grandchild,

— uncle or aunt and nephew or niece,

— parent-in-law and son-in-law or daughter-in-law,

— brother-in-law and sister-in-law.

Related party transactions (cont)

Seller and buyer are related (cont)

Doubt about acceptability of value?

— Yes → **Test values submitted by importer ?**

— No → **Customs has information that Art 1.2(b) test met ?**

Doubt about acceptability of value? — No → **Apply transaction value of goods**

Test values submitted by importer ? — Yes → **Test Values acceptable ?**

Customs has information that Art 1.2(b) test met ? — Yes → (down to Apply transaction value of goods)

Customs has information that Art 1.2(b) test met ? — No → **Examine circumstances surrounding the sale**

Test Values acceptable ? — No → **Examine circumstances surrounding the sale**

Test Values acceptable ? — Yes → **Apply transaction value of goods**

Examine circumstances surrounding the sale → **Relationship influenced price?**

Relationship influenced price? — Yes → **Apply alternative methods**

Relationship influenced price? — No → **Apply transaction value of goods**

Examination of Circumstances surrounding the sales

- Not in all cases where buyer and seller are related
- Only where there are doubts about acceptability of the price
- Give an opportunity to importer to supply detailed information to enable CsS
- Prepared to examine relevant aspects of the transaction

Examination of Circumstances surrounding the sales

- The way in which the buyer and seller organise their commercial relations and
- The way in which the price in question was arrived at.
  - Buy and sell to each other as if they were not related
  - Price settled in a manner consistent with normal pricing practices of the industry
  - the way the seller settles prices to unrelated buyers
  - Price adequate to recover all costs plus a profit in sales of goods of the same class or kind

thank
you!!