

Customs Manual on Valuation

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This Manual provides a guide to the interpretation of the law governing Valuation for Customs Purposes which is set out in Commission Delegated Regulation (EU) No. 2015/2446 and Commission Implementing Regulation No. 2015/2447 laying down the detailed rules and implementing provisions of Regulation (EU) No 952/2013 of the European Parliament and Council establishing the Union Customs Code, and it should be read in conjunction with these regulations.

1. Introduction	5
1.1 What is customs valuation?.....	5
1.2 Why is a customs value necessary	5
1.3 Where is the legislation covering customs valuation?	5
1.4 Where are the different duty types set out for goods?	5
1.5 Is the customs value used for any other purpose?.....	6
1.6 How is the customs value calculated?.....	6
1.7 Is documentary evidence of valuation required?	6
2. Valuation Methods.....	8
2.1 Methods of Valuation.....	8
2.2 How to Use the Valuation Methods	8
3. Method 1 – Transaction Value Method	9
3.1 What is the Transaction Value?	9
3.2 What is the price paid?	10
3.3 What if customs query the amount of the customs value declared?	10
3.4 Definition of “Related”?	10
3.5 “Relationship” Not Necessarily Decisive?	11
3.6 Acceptance of the Transaction Value	11
3.7 What must be added to the price actually paid or payable.....	12
3.8 Are there any deductions allowable from the customs value?.....	14
3.9 Customs Clearance Charges.....	16
3.10 Time Tolerance	16
4. Other Methods of Valuation	16
4.1 Consideration of the Other Valuation Methods	16
4.2 Method 2 – Identical Goods Method	17
4.3 Method 3 – Similar Goods Method.....	17
4.4 Method 4 – Deductive Method	18
4.5 Method 5 – Computed Method	19
4.6 Method 6 – Residual Valuation Provision	19
5. Simplified Procedure System (SPV) for the Customs Valuation of Certain Fruit and Vegetables	20
5.1 What are SPVs	20
5.2 What fruit and vegetables are covered by SPV.....	21
5.3 Notification of current SPVs to the regions and agents	21
5.4 Should declared weights of goods covered by SPVs be checked?	21
5.5 Damaged Goods/Goods Unfit for Human Consumption.....	21
5.6 Notification of significant price variations.	22
6. Valuing free of charge goods.....	22
6.1 Valuing free of charge replacement goods.	22
7. Valuing rented or leased goods.....	23
8. Goods lost, damaged or defective.	23
8.1 Evidence of loss, damage or defective goods.	23
8.2 How is the revised customs value calculated?.....	24
8.3 What if the goods are found to be defective after importation?.....	24
9. Additional Charges	25
9.1 Transport Charges	25

9.2 Air freight charges.	25
9.3 Postal charges.	25
9.4 Insurance charges.	26
9.5 Loading and Handling Charges.	26
9.6 Duties and Taxes Applicable outside the Community.	27
9.7 Charges that can be excluded.	27
10. Place of Introduction.	28
10.1 Standard Place of Introduction.	28
10.2 Special Rules Relating to the Place of Introduction.	29
11. Application of the valuation rules in specific cases.	30
11.1 Combined Purchasing.	30
11.2 Private Importations.	30
11.3 Hire Purchase.	30
11.5 Successive Sales.	31
11.6 Goods Imported for Sale on Consignment.	31
11.7 Goods Imported for Sale by Auction.	32
12. Time for valuation purposes.	32
13. Invoices and payments in foreign currencies.	32
13.1 Establishing the rate of exchange.	33
13.2 Publication of rates of exchange.	33
13.4 Payment made at fixed rate of exchange.	33
14. Valuation rules for specific customs procedures.	34
15. Release of goods in advance of final determination on value.	35
16. Requirement to produce a valuation declaration.	35
16.1 DV.1 Declaration (C&E G563).	35
16.2 General Declaration (C&E G563A).	36
17. Exceptions from requirement to produce a valuation declaration.	38
18. Persons competent to make declarations.	38
19. Valuation authorizations.	39
20. Importance of Valuation.	39
21. Valuation Orders.	40
What is a Valuation Order.	40
21.1 Processing a valuation order.	41
21.2 Procedure for issuing a Valuation Order.	42
21.3 Use of the Valuation Order.	42
22. Cases of Doubt or Difficulty.	42
23. Auditing Customs Value.	43
23.1 Supporting documents.	44
23.2 Control of accounts.	44
23.3 Cross-checking general amounts.	45
23.4 Matching SADs and book entries.	45
23.5 Checking of specific selected SADs against book entries.	45
23.6 Checking of specific selected book entries against SADs.	46
23.7 Control of payments.	46
23.8 Successive sales.	47
23.9 Assists.	48
23.10 Royalties.	48
23.11 Contracts (value of goods and services supplied directly or indirectly by the buyer,	50
Article 71(1)(b) of the UCC).	50

Appendix A - Examples of documents which may be required by the customs authorities for customs valuation purposes	51
Appendix B - SPV	53
Appendix C – Annex 23-01.....	56
Appendix D - Sample of a Valuation Order	60
Appendix E – Auditors Checklist	62
Information gathering	62
Possible risk indicators to select transactions to test.....	62
Establishing the operator’s routine	63
Checks to be carried out.....	64
Appendix F - Further Information.....	67

1. Introduction

1.1 *What is customs valuation?*

Customs valuation is used to determine the value of goods when they are being entered into the various customs procedures eg. import, export, warehousing and processing under customs control. The customs value is essential to determine the correct amount of any customs duty to be paid on imported goods.

1.2 *Why is a customs value necessary*

In the majority of cases customs duty is charged as a percentage of the value of the goods being imported – “ad valorem duty”. In order to calculate the amount of duty payable the customs value must first be established.

1.3 *Where is the legislation covering customs valuation?*

The legislation relating to customs value is set out in Articles 69 to 76 of Regulation (EU) No. 952/2013 (the Union Customs Code), in Articles 127 to 146 of Commission Implementing Regulation (EU) No. 2015/2447 (the Implementing Act) and in Article 71 of Commission Delegated Regulation (EU) No. 2015/2446 (the Delegated Act)). These Articles give effect to the Agreement on the Implementation of Article VII of the General Agreement on Tariffs and Trade (GATT).

1.4 *Where are the different duty types set out for goods?*

Details of all customs duty types are set out in the Combined Nomenclature (CN) of the European Union. Once the correct CN code has been established for the goods the type of duty applicable to that code can be checked in the CN . Assistance with establishing the correct CN code for goods is available in the Classification Unit, Revenue, Nenagh. Tel: 067 63261 or 067 63276. Email: tarclass@revenue.ie

1.5 *Is the customs value used for any other purpose?*

In the European Union, the customs value is required:

- **for VAT purposes**

See Article 85 of Council Directive 2006/112/EC :

“In respect of the importation of goods, the taxable amount shall be the value for customs purposes, determined in accordance with the Community provisions in force.”

- **for import statistics**

See Article 4 of the Regulation (EU) N° 113/2010 regarding statistics on external trade:

“The customs value shall be used”

- **for some tariff quotas**

Where a quota applies a valuation limit for the importation of certain goods, as defined in the customs tariff of the European Communities (e.g. *article X with a total quota volume of XX €*).

- **for some rules of origin**

Where the rule applies valuation criteria (e.g. *“manufacture of article X in which the value of non-originating materials does not exceed 40% of the ex-works price”*)

1.6 *How is the customs value calculated?*

There are 6 methods for calculating the customs value of goods. However, the normal method of valuation is method 1 – the transaction value method. The transaction value is defined as the price actually paid or payable to the seller for the goods being imported when they are sold for export to the customs territory of the Community.

Method 1 must be employed before going on to Method 2 and so on. Details of how and when to use the other methods are set out in chapters 2, 3 and 4. The Simplified Procedure Value (SPV) and Standard Import Value (SIV) systems may be used for importations of fresh fruit and vegetables – see chapter 5.

1.7 *Is documentary evidence of valuation required?*

Customs may request documentation and information regarding any importation and the valuation methods employed – see appendix A.

2. Valuation Methods

2.1 *Methods of Valuation*

There are six methods of valuation applicable to all goods, namely:

1. The transaction value method;
2. The transaction value of identical goods;
3. The transaction value of similar goods;
4. The deductive method;
5. The computed method; and
6. The residual valuation provision.

The methods listed above must be applied in sequence. However, importers may opt for reversal of the order of application of methods (4) and (5). Importers of certain fruit and vegetables also have the option of using a simplified procedure (SPV) – see chapter 5 for more detail.

2.2 *How to Use the Valuation Methods*

The most common method of valuation is the transaction value, which uses the invoice price. Wherever possible this is the method to be used.

Only when the transaction value method cannot be used should the other methods be considered. In such cases the customs value is determined by proceeding sequentially through the other methods. It is only when the value cannot be determined under the provisions of an earlier method in the sequence that the provisions of the next method are invoked.

3. Method 1 – Transaction Value Method

3.1 *What is the Transaction Value?*

The transaction value is defined as the price actually paid or payable to the seller, for the goods being imported, when they are sold for export to the customs territory of the Community, subject to the adjustments detailed in paragraph 3.8.

This is provided that:

- (i) There are no restrictions as to the disposal or use of the goods by the buyer **other than** restrictions which:
 - (a) Are imposed or required by law or by the public authorities e.g. an import licence;
 - (b) Limit the geographical area in which the goods may be resold; or
 - (c) Do not substantially affect the value of the goods;
- (ii) The sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued. Where the value of the condition or consideration can be determined it will be regarded as an indirect payment by the buyer to the seller and part of the price actually paid or payable. This applies provided that the condition or consideration does not relate to activities undertaken by the buyer on his/her own account, other than those for which an adjustment is provided in paragraph 3.7.
- (iii) No part of the proceeds of any subsequent resale, disposal or use of the goods will accrue directly or indirectly to the seller, unless an adjustment can be made under paragraph 3.7(f); and
- (iv) The buyer and seller are not related, see paragraphs 3.4 and 3.5.

The only condition that the buyer has to satisfy is that of being a party to the contract of sale. S/he does not have to be resident or established in the Community.

3.2 *What is the price paid?*

The price actually paid or payable is the total payment made or to be made by the buyer to, or for the benefit of, the seller for the imported goods. It includes all payments made or to be made as a condition of sale of the imported goods by the buyer to the seller. It may also include payments made by the buyer to a third party to satisfy an obligation of the seller. Payment need not necessarily take the form of a transfer of money. Payment may be made by way of letters of credit or negotiable instrument. It may be made directly or indirectly. An example of an indirect payment would be the settlement by the buyer of a debt owed by the seller

3.3 *What if customs query the amount of the customs value declared?*

Where reasonable doubts exist regarding the amount submitted as the price actually paid or payable for goods when sold for export to the Customs territory of the Community, customs will notify the importer of the basis for doubting the value and their intention to adjust the value accordingly. Where the proposed adjustment will adversely affect the importer, he/she must be given an opportunity to respond to the customs query and to express their point of view under the “[Right to be Heard](#)” provisions before a final decision is taken.

If customs decide after they have given the importer the right to be heard to adjust upwards the value declared, the final decision must be notified in writing to the importer and stating clearly that the importer may appeal this decision. Details are available at <http://www.revenue.ie/en/customs-traders-and-agents/customs-appeals/index.aspx>

3.4 *Definition of “Related”?*

For the purposes of paragraph 3.1(iv) the valuation system regards buyer and seller as related only if:

- they are officers or directors of one another’s businesses;

- they are legally recognised partners in business;
- they are employer and employee;
- any person who directly or indirectly owns, controls or holds 5% or more of the outstanding voting stock or shares of both businesses;
- one of them directly or indirectly controls the other;
- both of them are directly or indirectly controlled by a third person;
- together they directly or indirectly control a third person; or
- they are members of the same family.

For the purposes of the valuation system, persons, whether natural or legal, may be associated in business with one another, for example one is the sole agent of the other. They will be deemed to be related only if they fall within one of the relationships outlined above.

3.5 *“Relationship” Not Necessarily Decisive?*

The fact that the buyer and the seller are related within the terms of paragraph 3.4 is not in itself grounds for regarding the transaction value as unacceptable. It is only where the relationship has influenced the price that the transaction value method of valuation may not be used. It is open to the importer to demonstrate that the transaction value was not influenced by the relationship.

Where staff have grounds for considering that the relationship influenced the price, they should communicate their grounds to the declarant, in writing if so requested, and s/he should be given a reasonable opportunity to respond - right to be heard provisions.

3.6 *Acceptance of the Transaction Value*

In a sale between related persons, the transaction value will also be accepted as the value wherever the importer demonstrates that such value closely approximates to one of the following occurring at or about the time of importation:

- (i) the transaction value in sales between buyers and sellers who are not related for identical or similar goods for export to the Community; or
- (ii) the customs value of identical or similar goods, which has been determined under the deductive method or the computed method.

It should be noted that it is a matter for the importer, not customs, to decide whether to apply these tests. Where the tests are applied, due account must be taken of demonstrated differences in commercial levels, quantity levels and the additions referred to in paragraph 3.7. Account must also be taken of any costs incurred by the seller in sales to non-related buyers, which are not incurred in sales to related buyers.

The tests may only be used for purposes of comparison. They may not be used to establish substitute values.

3.7 *What must be added to the price actually paid or payable*

The following must be added to the price payable (unless they are already included):

- (a) Delivery costs:** The cost of transport, insurance loading or handling associated with delivering the goods to the EU border. See chapter 9 regarding additional charges.
- (b) Commissions.** Certain payments of commission and brokerage, including selling commission – see 9.7 for further details. Buying commission is excluded if it is shown separately from the price paid or payable for the goods.
- (c) Royalties and licence fees** relating to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued. This is done only where they are not already included in the price actually paid or payable. However, royalties and licence fees should not be added to the price actually paid or payable when they represent charges for the right to reproduce the imported goods in the Community; or payments made by the buyer for the right to distribute or resell the imported goods if such payments are not a condition of the sale for export to the Community of the goods.
- (d) Containers and Packing.** The following, to the extent that they are incurred by the buyer and not included in the price actually paid or payable;
 - a) the cost of containers, which are treated as being one, for customs purposes, with the goods in question. These would include, inter alia, camera cases, musical instrument cases, or other cases specially shaped or fitted to contain a specific article or set of articles. They should be suitable for long-term use and presented with the articles for which they are intended. Where containers are the subject of repeated importations, their cost should, at the request of the importer, be apportioned as appropriate;
 - b) the cost of packing, comprising the cost both of labour and materials.

The containers referred to at a) above are those in which the goods are contained at the time of importation and in which the goods will be sold in the normal course of trade. The cost of such containers should be included in the customs valuation. The value of any containers, which are satisfactorily shown to be returnable, may be excluded. However, any charges payable by the

importer in respect of their use or their return to the senders must be included. Where the container itself is liable to customs charges, the customs value of the container is to be determined in accordance with the normal valuation provisions. In the case of transport devices such as transport containers, the cost of the use of the container is included in the customs value as part of the transport costs.

The packing referred to at b) above means any external or internal containers, holders, wrappings or supports other than transport devices (e.g. transport containers), tarpaulins, tackle or ancillary transport equipment. The cost of any such packing and packing materials should be included in the value for customs purposes.

(e) Assists: Items sometimes known as assists may be supplied, directly or indirectly and free or at a reduced cost, by the buyer for use in the production and sale of the goods. It is necessary to establish that the value of such assists has not been included in the price actually paid or payable. In such circumstances, the value of the following, apportioned as appropriate, is to be included:

- a) materials, components, parts and similar items incorporated in the imported goods;
- b) tools, dies, moulds and similar items used in the production of imported goods;
- c) materials consumed in the production of the imported goods; and
- d) engineering, development, artwork, design work, and plans and sketches (other than research and preliminary design sketches) carried out elsewhere than in the Community and necessary for the production of the imported goods.

Circumstances arise where the tools, dies and moulds referred to at b) above are required for use in the production of imported goods. The cost of making these tools etc. may be included in the value of the imported goods for customs purposes. This is done when such costs have not been included in the price paid or payable. This is the position irrespective of the fact that the actual pattern, mould, etc., may be invoiced separately and may not be imported with the manufactured articles or goods or at all.

The apportionment of such charges should be made in a reasonable manner appropriate to the circumstances. Various possibilities exist. The value could, for example, be apportioned:

- to the first shipment, if the importer wishes to pay duty on the entire value at one time; or
- over the number of units produced up to the time of the first shipment; or
- over the entire anticipated production where contracts or firm commitments exist for that production.

The method of apportionment used will depend upon the documentation provided by the importer.

(f) Proceeds of resale. The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues, directly or indirectly to the seller;

3.8 *Are there any deductions allowable from the customs value?*

Where the value is based on the invoice price, certain deductions are normally allowable provided the deductions are clearly distinguished in the documents produced.

Discounts. These can only be left out where they relate to the imported goods being valued and there is a valid contractual entitlement to the discount at the material time for valuation. Discounts (such as contingency or retroactive discounts) related to previous importations cannot be claimed in full on the current importation.

- i) Quantity or trade discounts. The trader can leave out these discounts where earned. In other words the price paid or payable net of these discounts is acceptable. If the trader is related to the seller the discounts will also be allowed if that relationship has not affected the price of the goods.
- (ii) Cash and early settlement discounts. The trader can also leave out these discounts on the following basis:
 - (a) when the payment reflecting the discount has been made at the time of entry to free circulation
 - (b) if the payment has not been made at the time of entry to free circulation, it will be allowed at the level declared provided it is a discount generally accepted within the trade sector concerned

- (c) if the discount is higher than is generally accepted within the trade sector concerned it will only be accepted if you can demonstrate, where required, that the goods are actually sold at the price declared as the price actually paid or payable and the discount is still available at the time of entry to free circulation.

Particular care should be exercised where discounts other than these are shown on the invoice. Instances may occur where the term “discount” is used in a special sense or in respect of special considerations, e.g., compensation for defects in fulfilling earlier orders. In such cases and in all cases where a discount of a non-straightforward nature is claimed, the rationale underlying the discount should be examined.

Delivery costs within the EC. If the sellers or carriers charge covers delivery beyond the EU border the additional charges may be deducted for such delivery, provided they are shown separately from the price paid or payable for the goods – see 9.7 for further details.

EC Duties or Taxes: Customs duty or other taxes may be deducted from the price paid to calculate the customs value if they are included.

Dividends: Dividend payments made to the seller may be deducted.

Marketing activities related to the imported goods. Importers may deduct the cost of the following activities, which they carry out at their own expense:

- advertising
- promotion, or
- guarantee of warranty services

In addition any payments that are made towards general marketing support which are not related to imported goods should not be included. Note: The cost of marketing activities borne by the seller is to be included in the customs value even if they are charged separately from the invoice price for the goods.

Export Quota and Licence Payments. Payments for export quota and licence payments may be excluded from the customs value but payments for certificates of authenticity for meat must be included.

Interest charges. These may be left out if they are payable under a financing arrangement for buying the imported goods, providing the charges are shown separately from the price paid or payable for the goods.

Rights of reproduction. Payments for these rights may be left out if they are shown separately from the price paid or payable for the goods.

Post importation work. Charges for the following may be excluded:

- construction work
- erecting
- assembling
- maintaining or
- giving technical help

for goods such as industrial plant, machinery or heavy equipment. The work may be carried out before or after importation so long as it is carried out as part of the installation of the imported goods and the charge must be shown separately from the price paid or payable for the goods.

Management fees. Management fees paid to the seller may be excluded. This would include general service fees for administration, marketing, accounting etc. that are not related to the imported goods.

3.9 *Customs Clearance Charges*

Customs clearance charges, whether included in the invoice price or otherwise charged to the importer, are included in the value for duty to the extent only to which they relate to pre-importation expenses.

3.10 *Time Tolerance*

There is no time limit on the period within which the price paid or payable can be accepted as the customs value. Accordingly, the price actually paid or payable may be accepted as the basis for customs value irrespective of the date of contract.

4. Other Methods of Valuation

4.1 *Consideration of the Other Valuation Methods*

The majority of importations will fall to be valued under the transaction value method. However, where for example consignments are imported on other terms and there is no price actually paid or payable then the transaction value cannot be used. Recourse then must be had to the next sequential method of valuation, the “identical goods” method.

4.2 *Method 2 – Identical Goods Method*

This method is defined as the transaction value of identical goods sold for export to the Community and exported at or about the same time as the goods being valued.

In establishing the customs value under the identical goods method, a sale at the same commercial level and in substantially the same quantity should be used to establish the customs value.

Where no such sale exists, a sale at a different commercial level and/or in different quantities may be used. Appropriate adjustments must be made to take account of these differences. This can only be done where evidence is made available to show clearly the reasonableness and accuracy of such adjustments. Adjustments will also be permitted to take account of significant differences in transport, handling and insurance charges arising from differences in distances and modes of transport.

In establishing the customs value under the identical goods method, precedence should be given to a transaction value for goods produced by the same person. If no such comparison is possible, then a transaction value for goods produced by a different person may be used. If more than one transaction value of identical goods is found, the lowest value should be taken to determine the customs value of the imported goods.

Only those customs values of identical goods determined under the transaction value method can be used in establishing the customs value under the identical goods method. A customs value established, for example, under the deductive method cannot be used.

4.3 *Method 3 – Similar Goods Method*

This method is defined as the transaction value of similar goods sold for export to the Community and exported at or about the same time as the goods being valued. The provisions of paragraph 4.2 also apply to this valuation method. The difference here is that similar rather than identical goods are used.

Similar goods will differ in some respects from the goods being valued. They should carry out the same tasks, be produced in the same country and be commercially interchangeable with the goods being valued.

4.4 *Method 4 – Deductive Method*

Using the deductive method the customs value is calculated on the basis of the unit price at which the goods are sold in the Community. The unit price used can be for the imported goods or identical or similar imported goods. They must be sold in the condition as imported and in the greatest aggregate quantity. The buyer and seller cannot be related.

The price is subject to the following deductions:

- (i) **either** the commissions usually paid or agreed to be paid **or** the additions usually made for profit and general expenses in connection with sales in the Community of imported goods of the same class or kind. These include the direct and indirect costs of marketing the goods in question;
- (ii) the usual costs of transport and insurance and associated costs incurred within the Community; and
- (iii) the customs duties and other taxes payable in the Community by reason of the importation or sale of the goods.

The unit price is defined as the price at which the greatest number of units is sold at the first commercial level after importation at which such sales take place.

Sales at or about the time of importation of the goods being valued should normally be used under this method. Where, however, such sales do not occur, sales at the earliest date thereafter should be used. This is provided such sales take place within 90 days from the date of importation. The “earliest date thereafter” is defined as the date by which sales of the imported goods or of identical or similar imported goods are made in sufficient quantity to establish the unit price.

Provision also exists whereby the importer may request that a sale of the imported goods after further processing may be used. This would arise when the imported goods, identical or similar imported goods are not sold in the Community in the condition as imported. Due allowance must be made for the value added by such processing and the deductions provided for above.

The deductive method can only be used provided, insofar as the post-importation sale is concerned, that:

- the buyer and seller are not related; and
- the buyer has not supplied, either directly or indirectly, free or at reduced cost, any of the elements, such as assists, for use in connection with the production and sale for export of the imported goods.

Staff should be aware that importers have the option of proceeding to the computed method of valuation before using the deductive method, if they so wish.

4.5 *Method 5 – Computed Method*

The computed method is used where the seller is the actual producer of the goods and has access to all information relating to the production of the imported goods. The customs value is determined by calculating the sum of the following elements:

- i. the cost or value of materials and fabrication or other processing employed in producing the imported goods;
- ii. an amount for profit and general expenses. The direct and indirect costs of producing and selling the goods for export which are not included under (i) above would constitute such an expense. This amount should equal that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to the Community; and
- iii. the cost of transport and insurance of the imported goods.

The cost or value referred to in indent (i) includes the cost of containers and packing. It also includes the value, apportioned as appropriate, of the items listed in paragraph 3.7(e) (i.e. assists) provided they were used in the production of the goods. The value of design work, etc., is allowable only to the extent that it is charged to the producer.

4.6 *Method 6 – Residual Valuation Provision*

In exceptional circumstances it may not be possible to determine the customs value of imported goods under any of the foregoing valuation methods. In such an event, the value may be

determined by applying, in a flexible manner, whichever of those methods most readily enables calculation of the customs value.

In applying this residual method, if more than one of the usual methods can be applied flexibly, the normal sequence for such methods should be taken into account. The customs value arrived at should be fair, reasonable, uniform and neutral and should reflect commercial reality to the extent possible.

However, under the residual method, the customs value must not be based on:

- (i) the selling price in the Community of goods produced in the Community;
- (ii) a system which provides for the acceptance of the higher of two alternative values;
- (iii) the price of goods on the domestic market of the country of exportation;
- (iv) the cost of production, other than computed values determined for identical/similar goods;
- (v) prices for export to a country not forming part of the customs territory of the Community;
- (vi) minimum customs value; or
- (vii) arbitrary or fictitious values.

Given the number, variety, and sequential application of the specific valuation methods available, it is anticipated that this residual provision, which is added in the interest of comprehensiveness, will rarely be invoked.

5. Simplified Procedure System (SPV) for the Customs Valuation of Certain Fruit and Vegetables

5.1 *What are SPVs*

The customs values of certain fruit and vegetables may be determined in accordance with a simplified procedure system known as the SPV, the basis for which is laid down in the Union Customs Code and Article 142 of the Implementing Act.. The European Commission will make available, and the importer may use, a unit price as a basis for the determination of the customs value of whole fruit and vegetables, of a single kind, imported on consignment only.

Determination of the value of the unit price is dependent on, inter alia, the sales prices for the products in the major marketing centres throughout the Community.

Goods imported on consignment denotes that the goods are dispatched to the country of importation not as a result of a sale, but with the intention that they would be sold for the account of the supplier,

at the best price obtainable. At the time of importation no sale has taken place, therefore no transaction value should be available to the customs authority at point of entry. If such a transaction value is available then the goods are not classed as imported under consignment and are therefore not eligible to use the SPV system, an alternative method of valuation must be used.

Excluded from the SPV are fruit and vegetable products that have undergone a cut and dicing process prior to importation.

5.2 What fruit and vegetables are covered by SPV

The list of fruit and vegetables covered by SPV is given at Appendix B

5.3 Notification of current SPVs to the regions and agents

The customs values are notified to the regions and a list of interested customs clearance agents by Valuation Section, Nenagh on a fortnightly basis. The values apply for periods of fourteen days commencing on Friday and ending the following Thursday week (both days inclusive).

5.4 Should declared weights of goods covered by SPVs be checked?

A check on declared weights should be carried out regularly by staff engaged on examination duties. As a general rule, the actual net weight of the produce is relevant for the purpose of establishing the customs value of the consignment.

However, a reasonable tolerance may be allowed where circumstances so justify. This would arise where an importer has factored in extra weight to allow for shrinkage in transit or additional weight per retail package to ensure compliance with minimum weight legislation.

5.5 Damaged Goods/Goods Unfit for Human Consumption

Where a consignment contains 5% or more of produce unfit for human consumption the goods should be treated as damaged. Also, where the value of the consignment has depreciated by at least 20% in relation to the average market price for sound produce the goods should be treated as damaged.

In such circumstances the value established under the SPV should be applied to the sound portion of the goods. The remainder must be destroyed under customs supervision. Alternatively, the value

established under the SPV should be reduced by an appropriate percentage, such percentage reduction being attested by an independent expert. The onus is on the importer to invoke these special arrangements where s/he considers that they apply.

5.6 *Notification of significant price variations.*

The European Commission is anxious to ensure that customs values established under the SPV reasonably reflect the customs values that would apply if any of the other methods of valuation were used. Certain variations in values might be anticipated, for example, because goods are not imported all year round.

Some variation will inevitably arise as a result of the operation of the system but where substantial differences come to notice Valuation section, should be advised accordingly. Under no circumstances, however, should clearance of the goods be delayed.

6. Valuing free of charge goods.

Method 1 cannot normally be used because there is no price paid or payable unless the goods have been the subject of an earlier sale. Methods 2 and 3 may be used and then sequentially through the other methods.

6.1 *Valuing free of charge replacement goods.*



If the supplier includes in the shipment a quantity of items “free of charge” as replacements for goods likely to be defective or damaged in transit, the contracted sale price can be regarded as covering the total quantity of items shipped.

7. Valuing rented or leased goods.

The alternative methods of valuation to the transaction value method are to be applied to goods imported under a rental agreement as there is no sale involved. When goods are imported under a sale or lease agreement, there is no sale between the supplier and the importer. However, prior to being rented or leased, the goods may have been the subject of a sale. In this circumstance it may be possible to use Method 1. Otherwise Methods 2 to 5 should be tried.

However, in most cases, Method 6 will be appropriate. Further information on how to calculate values for this scenario may be requested from Valuation Section.

8. Goods lost, damaged or defective.

- No duty is payable on any goods that are short shipped or lost in transit before release into free circulation.
- If damage occurred before the goods are released into free circulation the customs value may be amended.

8.1 Evidence of loss, damage or defective goods.

Examples of evidence that may be accepted are as follows:

- a credit note from the seller;
- a statement from the customs office that examined the goods;
- a certificate of condemnation;

- a statement from an independent expert such as a surveyor; or
- details of settlement of claim against insurer or carrier.

The above is not an exhaustive list.

8.2 *How is the revised customs value calculated?*

The revised customs value may be calculated by:

- apportioning the original price paid or payable to take account of partial loss or damage;
- using the revised price paid or payable where the seller reduces the price as a result of the loss or damage; or
- comparing the price at which the damaged goods are sold with the published average market values for the same type of goods at the time of sale, and using the ratio to apportion the invoice price.

8.3 *What if the goods are found to be defective after importation?*

If the defects are repaired and the seller reimburses the importer under warranty for the cost of the warranty work carried out a claim for a partial refund of duty may be considered.

Full details of the contractual arrangements covering the warranty work should be provided along with evidence of:

- the discovery and nature of the defect (including sufficient details to identify the goods concerned);
- the repair work undertaken and the cost;
- the reimbursement of the repair cost by the seller in accordance with the terms of the warranty.

9. Additional Charges

9.1 *Transport Charges*

The cost of transporting the goods to the place of introduction (see paragraph 10) may already be included in the customs value. In circumstances where the transport is free or provided by the buyer to the place of introduction, a calculated transport cost is to be included in the customs value. In cases where the actual freight charge is known at the time of preparing the customs declaration, such charge should be used when calculating the value of the consignment for customs purposes. The transport cost incurred after the arrival into the customs territory of the Community shall not be included in the customs value, provided that such cost is distinguished from the total charge, i.e., the split is provided.

In cases where the actual freight charge is not known at the time of customs clearance, the equivalent of that charge will apply (as ascertained from the tariff of the carrier in question for the same journey or reverse journey and for the same type of consignment).

9.2 *Air freight charges.*

Where goods are transported by air on the same means of transport to a point beyond the place of introduction, transport costs are to be assessed in proportion to the distance covered outside and inside the customs territory of the Community. Air transport costs to be included in the customs value are set periodically by Commission Regulation. These are available in Annex 23-01 – **see appendix C** – of Implementing Regulation EU 2015/2447. See also AEP Notification 009/2016 regarding the treatment of Air Freight.

<http://www.revenue.ie/en/customs-traders-and-agents/customs-electronic-systems/aep/ecustoms-notifications/2016/aep-notification-009-2016.pdf>

Express Mail Services (EMS) fall into the category of “goods transported by air”.

9.3 *Postal charges.*

In the case of goods imported by post, all postal charges levied up to the place of destination, with the exception of postal charges levied in the country of importation, are to be included in the customs value. In determining the customs value of non-commercial consignments imported by post no deduction is to be made for postal charges.

9.4 *Insurance charges.*

The cost of all insurance effected in relation to the transport and handling of the goods must always be included in the value for customs purposes. In the case of floating policies, where the value of each consignment is written off as it arrives against the total amount insured, a proportionate amount of the premium should be included in such value. See example below of how this apportionment works:

Annual set premium – €3500.00

Total value of imports in the previous 12 months – €1,750,000.00

The premium can be expressed as a percentage of the total value of imports.

$$3,500/1,750,000 \times 100 = 0.20\%$$

This percentage can be used to calculate the insurance costs for individual imports made during the following 12 months.

Where the total value of imports includes, for example, insured or non-insured goods or both dutiable and non-dutiable imports, the percentage can be adjusted if the relevant information is available. Costs of insurance to cover risks, other than risks in transport to the port or place of introduction, should not be included

Annual Set Premium €1000.00 or less

If the total amount of the annual premium is less than €1000 the total amount of the premium should be included on the first declaration after each annual renewal date.

9.5 *Loading and Handling Charges*

All charges, including such charges as foreign port dues, loading charges and demurrage charges at foreign ports, in respect of bringing the goods to the place of introduction, may be included in the customs value. (Demurrage is an extra charge paid as compensation for delaying a ship caused by the person chartering it failing to load it before the time of scheduled departure).

If the cost of unloading at the place of introduction can be distinguished on the relevant documentation it does not form part of the customs value and may be omitted.

Any weighing costs borne by the importer at destination, not forming part of the price paid or payable for the goods, are not to be included.

Expenses incurred in connection with the handling or delivery of goods after their arrival at the place of introduction, such as port dues or landing charges, are not to be included.

9.6 *Duties and Taxes Applicable outside the Community*

Where the imported goods are subject to duties and taxes applicable outside the Community such duties and taxes are to be included in the customs value. The cost of these duties and taxes will normally be borne by the seller and therefore form part of the price paid or payable for the goods.

Any claim for a reduction in the customs value on the basis that the goods have been or will be relieved from such duty/taxes can be allowed. This can be done where satisfactory evidence is presented that the benefit of such relief will be passed on to the buyer.

9.7 *Charges that can be excluded*

In cases where either the transaction value, transaction value of identical goods or the transaction value of similar goods method is being used, certain expenses are not to be included. The following expenses should not be included provided they are distinguished from the price actually paid:

- i. charges for construction, erection, assembly, maintenance or technical assistance, undertaken after importation of imported goods such as industrial plant, machinery or equipment;
- ii. customs duties and other taxes payable in the Community by reason of the importation or sale of the goods;
- iii. a charge for the right to reproduce the imported goods in the Community;
- iv. buying commissions (fees paid by an importer to an agent for the service of representing him/her in the purchase of the goods being imported);
- v. transport charges after importation into the customs territory of the Community;
- vi. charges for interest under a financing arrangement entered into by the buyer and relating to the purchase of imported goods provided that:
 - (a) the financing arrangement has been made in writing; and
 - (b) where required, the buyer can demonstrate that such goods are actually sold at the price declared as the price actually paid or payable; and
 - (c) the claimed rate of interest does not exceed the level for such transactions prevailing in the country where, and at the time when, the finance was provided.

10. Place of Introduction

10.1 *Standard Place of Introduction*

For the purposes of establishing the transport, handling and insurance charges to be included in the customs value, the place of introduction into the Community is defined, inter alia, as follows:

Sea

- If the goods are delivered direct to an Irish Port the place of introduction is the port of importation into the Republic of Ireland.
- If the goods are delivered to another Member State before being sent to Ireland the place of introduction is the port of unloading in that Member State.
- If the goods are transhipped within the EU the place of introduction is the port of transhipment, subject to transhipment being certified by the customs authorities of that port.

Air

- The place of introduction is the point where the EC border is first crossed during the air journey.

Road Rail or Inland Waterway

- The place of introduction is the point where the goods first cross the land frontier of the customs territory of the EU.

Post

- The place of introduction is the address for delivery.

10.2 *Special Rules Relating to the Place of Introduction*

Special rules have been drawn up to cover goods which enter the customs territory of the Community and are then carried to a destination in another part of that territory through the territory of a third country or by sea viz:

- (i) goods may be introduced into the customs territory of the Community and then carried to a destination in another part of that territory through the territories of Belarus, Russia, Switzerland, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo or the former Yugoslav Republic of Macedonia. In these circumstances, the customs value should be determined by reference to the first place of introduction into the customs territory of the Community. This can be done provided the goods are carried direct through the territories of those countries by a usual route across that territory to the place of destination. These provisions also apply where the goods have been unloaded, transhipped or temporarily immobilized in the territory for reasons relating solely to their transport. ;
- (ii) goods may be introduced into the customs territory of the Community and then carried by sea to a destination in another part of that territory. In these circumstances, the customs value should be determined by reference to the first place of introduction into the customs territory of the Community.

Where neither (i) nor (ii) applies, the customs value is determined by reference to the next place of introduction which meets the criteria at 10.1 above.

11. Application of the valuation rules in specific cases

The majority of consignments will fall to be valued in accordance with the transaction value method. In the following paragraphs, the valuation rules are set out for some specific situations and circumstances.

11.1 *Combined Purchasing*

Combined purchasing occurs where a large consignment of goods is purchased in a single transaction. If a quantity of that consignment is then declared for free circulation into the Community, the value for that quantity will be determined by the ratio to the proportion of the total price and quantity purchased.

11.2 *Private Importations*

In the case of goods imported for the private use of the importer and not for sale, whether imported in accompanied baggage or otherwise, the customs value is established using the normal customs valuation methods.

11.3 *Hire Purchase*

When goods are sold on certain hire purchase contracts, ownership of the goods passes automatically to the hirer once all the payments specified in the contract have been met. This should be treated as a contract of sale. Where the interest payable can be distinguished, this is to be excluded.

Certain hire or leasing contracts include an option to purchase the goods. When such an option is exercised before the material time for customs purposes the price actually paid or payable under the option may be used to determine the customs value.

Otherwise, the customs value is to be determined by proceeding sequentially through the alternative valuation methods.

11.4 Second-Hand or Used Articles

Where second-hand or used articles are the subject of a sale, and the conditions for transaction value are satisfied, that method of valuation is to be applied whether the goods are imported as merchandise or for private use.

In circumstances where no sale price exists, the transaction valuation method cannot be used. Also, where the article is imported by a person in whose possession and use it has been for an appreciable period prior to importation, the transaction valuation method cannot be used. The value is to be determined by proceeding sequentially through the alternative valuation methods.

If you use Method 6. The customs value can be based on the value of the goods when acquired less an amount for loss of value due to the usage.

11.5 *Successive Sales*

This applies where goods have been the subject of a number of sales prior to importation. In such cases, the last sale occurring in the commercial chain prior to the introduction of the goods into the customs territory of the Community is to be considered the sales price for customs valuation purposes.

The transaction value of the goods is determined at the time of acceptance of the customs declaration on the basis of the sale occurring immediately before the goods were brought into the customs territory.

11.6 *Goods Imported for Sale on Consignment*

Certain goods liable to ad valorem duties may be imported for sale on consignment. These goods are exported to the Community for sale at the best price obtainable for the consignor in the country of exportation. The normal valuation rules apply in that in the absence of a price paid or payable the customs value must be established by proceeding sequentially through the alternative valuation methods.

11.7 Goods Imported for Sale by Auction

In the case of paintings and other articles imported for sale by auction, the normal valuation rules apply. It is necessary, in the absence of a price paid or payable, that the customs value be established by proceeding sequentially through the alternative valuation methods.

12. Time for valuation purposes

The material time for valuation for customs purposes is:

- (i) for goods declared for entry into free circulation, the date of acceptance by the customs authorities of the declarant's statement of his/her intention that the goods should enter into
- (ii) free circulation. This is to be taken as the date on which entry for free circulation is accepted;
- (iii) for goods which enter free circulation after another customs procedure, for example inward processing, the time will be as laid down in the instructions for the appropriate customs procedure

In the case of the transaction value method, if the price has not actually been paid at the material time for valuation, the price payable for settlement may be taken as the basis for customs value.

13. Invoices and payments in foreign currencies

Where factors used to determine the value of goods for customs purposes are expressed in a currency other than the Euro, the rate of exchange to be used is the periodic rate established in accordance with paragraph 13.1. This rate of exchange is applicable even where payment for the goods has been made prior to importation at a different rate of exchange.

It should be noted that Community legislation provides that the rate of exchange to be applied is that in force at the material time for valuation for customs purposes.

The procedures to be followed where payment is to be made on the basis of a fixed rate of exchange agreed by contract in advance are set out in paragraph 13.4.

13.1 Establishing the rate of exchange

The rates of exchange quoted by the Central Bank on the second last Wednesday of each month are used for customs valuation purposes for the following calendar month.

13.2 Publication of rates of exchange

Details of the rates to be applied in a particular calendar month are posted on the Revenue website and are also notified by Valuation Section to the Regions and LCD.

13.4 Payment made at fixed rate of exchange

An invoice may be made out in Euro but indicates that payment is to be made in foreign currency at a fixed rate of exchange with a specific declaration to that effect being made on the entry. In these circumstances, staff, if satisfied as to the bona fides of the transaction, will calculate the value. This will be done by converting the Euro into foreign currency at the fixed rate of exchange and re-converting the resulting figure into Euro currency using the rate ruling at the date of declaration indicated in paragraph 13.1.

When an invoice is made out in foreign currency converted into Euro at a fixed rate of exchange agreed by contract in advance, the price is to be considered as being invoiced in national currency. Provided staff are satisfied that payment is to be made accordingly, the value is to be calculated on the conversion basis invoiced. However, if such value is lower than that calculated at the ruling rate of exchange, a specific declaration on the entry as to the basis of settlement is required.

In the case of any doubt or ambiguity regarding the terms of settlement, a written explanation as to the precise method and basis of settlement should be sought from the trader.

14. Valuation rules for specific customs procedures

Specific provisions exist relating to certain customs procedures where goods are released for free circulation after being assigned a different treatment or use, for example Inward Processing. The staff manual on the different customs-approved treatment or use should be consulted where appropriate.

(i)

Where goods are sold for export to the customs territory of the Union, not before they were brought into that customs territory, but while under a warehouse procedure in the Union, the transaction value will be determined on the basis of that sale.

If a proper sale for export exists when the goods arrive into the EU, then that is the basis for the customs value (Article 128(1) IA). Alternatively, when no such sale exists, the sale (deemed to be a “sale for export”) taking place during the warehouse procedure will be the relevant basis for the declarant to use as a basis to declare a customs value under the transaction value method. In such situations, where the goods are the subject of a sale and fulfil the conditions laid down in Article 70 UCC (and the sale is not a “domestic” one) only after being placed under a warehouse procedure, such sale shall be used for the determination of the customs value under the transaction value method.

The costs of warehousing and of preserving goods while they remain in the warehouse should not be included in the customs value if they are shown separately from the price actually paid or payable for the goods.

15. Release of goods in advance of final determination on value

Where doubts exist as to the accuracy of declared valuation particulars, release of goods should only be refused or unduly delayed in the most exceptional circumstances (e.g. suspicion of fraudulent activity).

In normal circumstances, goods should be released on provision of a suitable deposit or security. In this context, it is paramount that the level of security/deposit taken should be sufficient to cover the potential duty at risk.

16. Requirement to produce a valuation declaration.

All consignments in excess of €20,000 require the production, with the relevant customs entry, of a declaration of particulars relating to the customs value of the goods being imported. There are certain exceptions to this rule and they are detailed in the following paragraphs.

16.1 DV.1 Declaration (C&E G563)

The DV.1 declaration is used where there is a price actually paid or payable. Where appropriate, this form may be supplemented by one or more continuation sheets known as DV.1 BIS forms.

Where, exceptionally, there is no price actually paid or payable, the requirement for a DV.1 form may be waived and an appropriate declaration, supported by documentary evidence, should be made on the entry.

It should be noted that the special declaration on the entry is only appropriate in cases where the transaction value method is not available at the time of entry and a price will not be available in the future. It should not be used in cases where goods are cleared on security of duties, pending production of satisfactory evidence of value, and a price will be available for declaration to customs later. Such cases should continue to be dealt with in accordance with paragraph 15 relating to release of goods in advance of determination of the amount of duty payable.

Where computerised systems are used, or where the goods concerned are the subject of a general, periodic or recapitulative entry, variations in the form of presentation of valuation data required may be authorised.

16.2 General Declaration (C&E G563A)

Provision exists, in the case of continuing traffic in goods supplied by the same seller to the same buyer, under the same commercial conditions, for the acceptance of a general declaration on form C&E G563A in lieu of separate DV.1 declarations for each consignment. The completed C&E G563A form is submitted to the Region/LCD responsible for the trader. The Region/LCD must check the form carefully before deciding if authorisation for use of the general declaration should issue to the trader. The officer responsible for processing the application must:

- ensure all questions are answered and the form is properly completed and signed;
- assess the implications of the information supplied;
- be satisfied that the sellers listed on the application form are regular exporters to that trader;
- check the compliance record of the trader on ITS.

The questions on the G563A form are designed to highlight any potential problems with the declared transaction value. Such problems might arise for example, because the buyer and seller are related, or because taxable elements such as royalties are not included in the price payable. If the answer to any of the G563A questions is YES, consideration of the application should be deferred and DV.1 forms should continue to be used until the implications of the YES answer are resolved.

The General Declaration is particularly suited where there is no relationship between buyer and seller(s). Where there is a relationship but the buyer claims that the relationship has not influenced the price paid or payable the General Declaration can still be used but in these circumstances a separate General Declaration should be obtained in respect of each seller. In any case where the buyer declares that the relationship has influenced the price a General Declaration is not suitable and the possibility of using a Valuation Order (see paragraph 20.1) needs to be pursued.

Once it is decided to authorize use of the general declaration, the staff member responsible must input the authorization in the Common Registration System (CRS). To enable them to do this, staff concerned in the Regions/LCD will need to obtain the relevant CRS badge authority (CNELWR). This will allow access to the authorizations menu on CRS. To carry out the inputting process the following steps are taken:

- Click on the CRS icon
- Click 'Functions' on the horizontal toolbar at top of screen
- Click 'Input' on the dropdown menu
- Click 'Authorisation'
- Input Customer TAN number or VAT number
- Click 'Search'
- If the result does not show a Customs Authorisation for Form C&E No.G563A click 'New'
- Carefully select 'Form C&E No. G563A'
- Click 'Save'
- The authorisation number is automatically generated and updated to AEP in 30 minutes
- The start date and end date 3 years later can be input by clicking on 'Search' and 'Form C&E No. G563A'.

A copy of the G563A form with the CRS authorization number should be returned to the trader. This number together with code '1DO3' must be entered in Box 44 of the SAD when declaring goods covered by the general declaration.

The general declaration will remain in force for 3 years. It must be renewed at the end of that period. On the written request of the declarant, a seller's name may at any time be deleted from the schedule. If a trader wishes to add a new seller to the authorisation during the validity period of the authorisation they should contact their Revenue district to establish if a new application is required. The trader should be advised to keep a record of the date on which the authorisation expires. It is in the trader's interest to make sure that a renewal application is made in good time. If the authorisation is allowed to expire, the number is no longer valid and a DV1/G563 must be completed for each individual import entry. Traders may not continue to use out of date G563A authorisation number.

Where, during the period of validity of the declaration, any doubt arises as to whether a particular importation comes within the terms of the declaration, a DV.1 declaration should be requested from the trader.

Copies of the DVI/G563 and G563A forms are available at. <http://www.revenue.ie/en/customs-traders-and-agents/importing-and-exporting/customs-valuation/index.aspx>

17. Exceptions from requirement to produce a valuation declaration

A DV.1 (G563) declaration is not required in respect of any importation:

- where the customs value of the imported goods in a consignment does not exceed €20,000. This is provided that the consignment does not constitute a split or multiple consignment from the same consignor to the same consignee; or
- where the importations involved are not of a commercial nature; or
- where an ad valorem rate of duty does not apply; or
- where the goods are liable to VAT only and the importer is registered for VAT purposes;
- where the goods are being valued under the SPV system.

Waivers granted under the above concessions may be withdrawn and the submission of a DV.1 declaration may be required where it is found that a condition necessary to qualify for that waiver was not or is no longer met.

Notwithstanding the exceptions listed above, a DV.1 declaration is required in every case where there is reason to doubt the correctness of the declared value or where there is any suspicion of fraud.

18. Persons competent to make declarations

A valuation declaration may be made:

- by the actual importer, if an individual;
- in the case of a firm, by one of the partners;
- in the case of a company, by a director or by the secretary;
- by an employee duly authorised in writing by one of the aforementioned persons;
- by a customs clearance agent, forwarding agent, or any other person duly authorised in writing for that purpose by one of the persons mentioned above.

It should be noted that the person making the valuation declaration must be a resident of, or have his/her place of business in, the customs territory of the Community and s/he must be in possession of the relevant facts.

The declarant, by completing a declaration, assumes responsibility for:

- the accuracy and completeness of the particulars given in the declaration;
- the authenticity of the documents produced in support of these particulars; and
- the supply of any additional information or document necessary to establish the customs value of the goods.

19. Valuation authorizations

A Valuation Authorisation is applied for by a trader, to the relevant Revenue office within his/her Region, to allow a named director or employee sign a declaration form. Where authority to sign a declaration is being delegated, it is conditional that the declarant must have his/her residence or place of business in the Community and be in possession of the relevant facts of the transaction(s).

Valuation Authorisations are to be issued by the Region or LCD responsible for the individual trader.

Authorisations to make declarations may be either specific (i.e. applicable to a particular invoice) or general. Specific Authorisations are to be annexed to the relevant entries.

20. Importance of Valuation

In view of the importance of valuation to the correct assessment and application of what is essentially an ad valorem customs tariff, auditors and other staff concerned should pay special attention to the requirement for importers to declare the full and correct value of all products. This valuation should be based on the open-market or acceptable transaction value basis including additional charges (as set out in paragraph 6).

21 Valuation Orders

What is a Valuation Order

A Valuation order is a formal determination of the value to be declared on customs declarations in certain cases. Article 140 of the UCC IA states that the customs authorities need not determine the customs valuation of imported goods on the basis of the transaction value if they are not satisfied on the basis of reasonable doubt that the declared value represents the total amount paid or payable as referred to in Article 70(1) of the UCC.

In certain cases (e.g. because buyer and seller are related and this has influenced the price paid) the customs value cannot be established solely on the basis of the price paid. An alternative way of determining the correct customs value has to be established.

Valuation Orders lay down the valuation methods by which customs values should be determined in relevant cases. In many instances where Valuation Orders are used, the customs value will be determined by an adjustment to the price paid (e.g. invoice price plus x%), but alternative methods of determining the customs value can also be used.

Where a Valuation Order is in place the importer must declare the customs value based on the terms of the Valuation Order. The Valuation Order only applies to goods supplied by the seller named in the Valuation Order. The importer may also be importing goods from other suppliers where there is no relationship and where the price paid or payable is an acceptable basis for customs valuation.

Customs staff should be aware that the customs value is an important component for calculating the duty and should bear in mind the possible need for a Valuation Order in certain situations. The need for a Valuation Order can be identified in various ways:

- The information on a G563 can indicate a relationship between the importer and the supplier;
- A query from an importer who has doubts about how to calculate the correct value of his goods could point towards the need for a Valuation order;
- An officer carrying out documentary checks or physical checks of goods at the point of entry may be in a position to identify the need for a valuation order in for certain importers.

Where the possible need for a Valuation Order is identified the matter should be referred to the relevant District that deals with the importer. There is no necessity to delay clearance of any consignment of goods unless it is clear that the invoice price is not an acceptable basis for valuation. In a case where the valuation cannot be accepted the importer should be requested to pay a suitable additional amount of duty on deposit in order to clear the goods pending resolution of the valuation issue.

21.1 Processing a valuation order.

The District dealing with the trader should examine the information available, for example:

- details coming from the import station;
- information arising as a result of a post clearance check or audit;
- examination of relevant SADs on AEP.

If the District decide that a Valuation Order may be appropriate for a specific importer and his supplier/suppliers they should contact the importer seeking all relevant information regarding valuation of the goods. This may include:

- Details of importations including the value declared for customs duty purposes and cost, insurance and freight charges;
- Sample vendor invoices and import invoices for the importations;
- A breakdown of the differences that occur, if any, between vendor and import invoices;
- Any other relevant information.

Based on the information provided by the importer, the District should make a decision as to whether customs values based on the price paid are acceptable or whether a Valuation Order is necessary. In making this decision staff can consult with Customs Division or LCD as necessary. Where it is determined that a Valuation Order is necessary the matter will usually need to be discussed further with the importer in order to agree the terms of the Order. The Valuation Order should then specify the value for customs purposes of the specific goods covered by the Order which have been bought by the importer from a specific supplier.

21.2 Procedure for issuing a Valuation Order

The Valuation order is signed at Principal Officer level and remains in force until reviewed. Regional/LCD staff will input the Valuation order in CRS and issue the letter to the trader. The trader will be given the right to be heard if he is unhappy with the terms laid down in the Valuation Order.

A copy of the Valuation Order and of the papers relating to that Order must be forwarded to the Valuation Section where a central record of all Valuation Orders is maintained. Valuation Section will circulate a copy of Valuation Orders to the Regions and LCD for dissemination as necessary. If changes to the circumstances of importation or trading relationships with suppliers change, the trader is obliged to notify Revenue.

See **Appendix D** for an example of a Valuation Order

21.3 Use of the Valuation Order

Valuation Orders bear an individual number, which the declarant should quote, on the entry and on the valuation declaration form when importing the goods that are the subject of that order.

Where there is a Valuation aspect, the declarant has to declare either N934 (Valuation Form G563/D.V 1) at General Level in box 44 of the SAD or if authorized, the simplified version of this which is 1D03 (Form C&E No. G563A, General Declaration Registration no.) This is declared in box 44 at item level, per item.

22. Cases of Doubt or Difficulty

Valuation issues should be dealt with as follows:

- (i) Customs Auditors will cover non-complex valuation matters;
- (ii) LCD will deal with complex valuation issues and will provide advice on operational matters where necessary;
- (iii) Customs Division will deal with policy issues as they arise.

23. Auditing Customs Value

According to Article 70 of the Union Customs Code the customs value of imported goods shall be the

transaction value, that is, the price actually paid or payable for the goods when sold for export to the customs territory of the Community, adjusted, where necessary, in accordance with Articles 71 and 72 of the Union Customs Code – see chapter 3. The main risks in this area are:

o Under valuation:

- of the imported goods
- omission from the value of amounts that must be added, such as royalties commissions, freight and insurance costs, etc.

o Over valuation:

- of **imported** goods (e.g. Anti-dumping duty or import prohibitions could be applicable for goods under a specified price level, certain agricultural products can be over valued to avoid paying higher duties, etc.)
- of **exported** goods (e.g. for VAT refunds, returned goods, etc.).

o Wrong valuation method

In order to assess the risk the auditor can compare:

- the price actually paid or payable of the selected product codes with average prices from the customs information system (if available)
- the customs value of similar goods purchased from different suppliers,
- the declared customs value with the internal sale price or with the value of similar goods
- a selection of different customs declarations with each other to ascertain if there are different prices declared for the same product.

If there are significant differences it can indicate the existence of irregularities in the customs value declared and it is necessary to investigate why. The principal controls that could be done in this field are described in the following sub-paragraphs. A checklist for valuation audits is available in Appendix E.

23.1 Supporting documents

The auditor should verify that the SADs match the supporting documents presented at the time of the clearance of the goods (supporting documents may need to be requested from the importers agent). A selection of SADs covering the identified risks of the operator's import activity should be chosen.

Among other aspects, the auditor could perform the following checks.

- compare the value on the accompanying purchase invoices with those declared on the SADs,
- compare the currency on the accompanying purchase invoices with those declared on the SADs,
- check if the value shown in the accompanying purchase invoice is in accordance with purchase orders, contracts, vouchers (i.e. check the documentation generating the orders and also the existing contracts). This could include a check to ascertain if there are reductions or compensation in the purchase invoice as a result of other transactions,
- compare delivery terms on invoices with freight charges declared on the SADs and with freight documents. Check also insurance policies – see paragraph 9,
- ensure that the value details (box 12) are correct by reference to the invoice,
- validate the invoice numbers if shown in the SAD,
- check whether a correct exchange rate has been applied.

23.2 Control of accounts

It is essential in an audit to examine the operator's accounts carefully, in order to ascertain that all purchases of goods from third countries are entered correctly in the books. In the operator's accounts the auditor should search for the existence of practices such as:

- double invoicing
- undervaluation of goods
- undeclared consignments
- additional payments for deliveries

- or some payments that are to be added to the price paid in accordance with Article

71 of the Union Customs Code.

Previous audit reports of the operator (if any) should be examined for issues or practices that have may have arisen previously and should be checked again. The auditor should check if the company has internal controls to ensure a reconciliation of import operations with accounting and internal controls. The purpose of this check is to ensure that all received invoices relating to third country purchasing are available for checking within the company accounts.

23.3 Cross-checking general amounts.

The purpose of this control is to verify in a general way if the amounts declared on the official accounts match approximately the customs values declared in the audited period. The auditor should examine the classification of the operator accounts and identify the accounts related with purchases and suppliers in third countries in order to determine whether there is any discrepancy between these accounts and the corresponding declarations.

The auditor should also study the balance sheet and the profit and loss account (i.e. the statement of income) for relevant accounts, such as costs and assets (e.g. goods purchased, stocks, etc.) regarding purchases from third countries. In addition, the auditor should verify the reconciliation between accounting and customs declarations submitted by cross-checking the purchase accounts connected with sales outside the EU with the customs values declared.

23.4 Matching SADs and book entries

The aim of this verification is to compare if the customs value declared on the SADs matches those entered in the operator's accounts books and vice versa. The transactions to be checked should be carefully selected to reflect the diversity of the business being audited.

Auditors should compare a selection of book entries with invoice values declared for customs purposes to establish that 'double invoicing' is not being practised.

23.5 Checking of specific selected SADs against book entries

This test will confirm that the information declared on the SADs supported by the accompanying documents agrees with the operator's accounts. With this verification, the auditor could determine if the invoice used for the clearance of goods is different from the one entered in the accounts. If this is the case (e.g. the invoice entered in the accounts is for a higher value), the operator should be asked to explain the difference.

Special attention should be paid when the value of transactions is stated on the basis of pro forma invoices. In this case the auditor should check that the final invoice matches the pro forma invoice. In the selection of SADs for checking, particular attention should be paid if the company indicates customs value as rounded-off amounts or as identical amounts.

It is also important to compare the customs value of selected product codes with average prices from other companies in the same business, available. A selection of different SADs could be compared with each other to ascertain if there are different prices declared for the same product. Check high/low values in relation to other SADs under the same product code.

A selection of invoices could also be compared with each other to ascertain if they are consistent by comparing similar invoices during the year from the same supplier (e.g. the invoice numbers).

23.6 Checking of specific selected book entries against SADs

This test will confirm that the entries in the accounts connected with imported goods are supported by a SAD and have been properly declared. The auditor could:

- select individual entries in the accounts and ask the enterprise to indicate the SAD that supports that entry; the transactions selected from the operator's records for this check will relate mainly to unusual values, unusual texts, etc. that can be a sign of additional payments or payments not declared in the SADs
- select some suppliers' accounts from third countries and reconcile the entries in the accounts of that supplier with the SADs connected with those suppliers. In order to choose the suppliers for the reconciliation, it is important first to compare the general amounts declared on the SADs with the entries in the accounts of that supplier and select the suppliers where there are differences.

23.7 Control of payments

It is important in an audit to connect the customs value declared with the payment made to the supplier in order to confirm that the customs value has been properly declared. For that purpose, in addition to verifying the operator's payment accounts the auditor could analyse information about money movements outside the EU (if access to that information is available). The money movements that are analysed should not only be connected with goods but also with services (e.g. transport, royalties, etc.). Once the money movements are chosen the auditor should ask the enterprise to justify them and to identify the SADs related with them.

Where the currency amounts going abroad are much higher than the imports which have

been declared and it has not been possible to totally justify this difference, it could be the case that either goods not declared to the customs authorities are being imported or a value that is lower than the real value is being declared to the customs authorities.

23.8 Successive sales

If the auditor finds that the customs value declared has been the value of a sale prior to the purchase by the operator, it should be studied to ascertain if that value can be accepted. Under Article 70 of the UCC, the customs value of imported goods is the price actually paid or payable for the goods when sold for export to the customs territory of the Community.

When the imported goods are sold only once it is accepted that the fact of their introduction into the customs territory constitutes sufficient proof that the goods were sold for export to the EU. The Community legal provision relating to the incidence of successive sales is Article 128(2) of the Implementing Act

which deals only with the scope and application of the provision relating to ‘the price actually paid or payable for the goods when sold for export to the customs territory of the Community’ which appears in Article 70(1) of the UCC. The other provisions of Article 70, in particular those relating to

sales between related parties, as well as the provisions of Article 71, are not affected.

Article 128 (2) UCC relates to transactions prior to the release of goods for free circulation:

Where the goods are sold for export to the customs territory of the Union not before they were brought into that customs territory but while in temporary storage or while placed under a special procedure other than internal transit, end-use or outward processing, the transaction value will be determined on the basis of that sale.

This relates to the customs value of goods, *inter alia*, in a customs warehouse, when these are declared for release for free circulation. This rule is not limited to goods sold while held in a customs warehouse. Other procedures (temporary storage or while placed under a special procedure other than internal transit, end-use or outward processing) are also relevant. However, the customs warehouse procedure is the most common procedure used in this context. It covers cases where the goods are deemed to meet the criterion of goods “sold for export” in accordance with Article 128(1), but in the circumstances of Article 128(2). It covers the case of a sale of goods in warehouse, in the

absence of a sale related to the same goods which covered the goods on arrival into the Union. The relevant circumstances are those where, on entry into the Union, the goods are not declared for release for free circulation, but placed in temporary storage or under a special procedure (warehousing, inward processing, external transit) for which the payment of customs duties is suspended. In such situations, where the goods are the subject of a sale and fulfil the conditions laid down in Article 70 UCC (and the sale is not a “domestic” one) only after being placed under a special procedure, such sale shall be used for the determination of the customs value under the transaction value method. However, if a proper sale for export exists when the goods arrive into the EU, that is the basis for the customs value (Article 128(1) IA). Alternatively, when no such sale exists, the sale (deemed to be a “sale for export”) taking place during the warehousing operation will be the relevant basis for the declarant to use as a basis to declare a customs value under the transaction value method.

The acceptance of the value declared in a successive sales situation must be analysed especially when all the parts in the chain are related parties, because the mechanism of the successive sales can be used to reduce the customs value.

Finally, the auditor could use mutual assistance in the third country if s/he has doubts about the authenticity of the customs value declared to customs. A value declared in a successive sales situation can only be accepted if the invoice of the relevant sale and – if required – other documents can be presented.

23.9 Assists

When examining the classification of the operator’s accounts, the auditor should pay special attention to the accounts related to royalties, commissions, production contracts (e.g. outsourcing), etc. The auditor should be aware of research and development costs which might not have been included in the declared transaction value. This is particularly relevant where a relationship exists between the supplier and importer.

23.10 Royalties

In any audit, one of the main aspects that should be checked is the existence of royalties that could influence the customs value.

A method of identifying the existence of royalty payments could be by checking the operator accounts or analysing the money movements outside the EU. This could also include operators

whose brands of products are trade marked and as a consequence there are likely to be royalties paid. Once the auditor has identified a payment connected with royalties, it is necessary to investigate if it meets the requirements established in the Community legal provisions to be included in the customs value declared. These requirements are two-fold

1. The payment of the royalty should be related to the goods being valued. In determining whether a royalty relates to the goods to be valued, the key issue is not how the royalty is calculated but why it is paid, i.e. what the licensee actually receives in return for the payment. Thus in the case of an imported component or ingredient of the licensed product, or in the case of imported production machinery or plant, a royalty payment based on the sale of the licensed product could be related.
2. The payment of the royalty should constitute a condition of sale of those goods. The question to be answered in this context is whether the seller would be prepared to sell the goods without the payment of a royalty or licence fee. The condition may be explicit or implicit, i.e. it is not essential that it is specified or stipulated in the licence agreement whether the sale of the imported goods is conditional upon payment of a royalty or licence fee.

When goods are purchased from one person and a royalty or licence fee is paid to another person, the payment may nevertheless be regarded as a condition of sale of the goods. The seller, or a person related to him/her, may be regarded as requiring the buyer to make that payment when, for example, in a multinational group goods are bought from one member of the group and the royalty is required to be paid to another member of the same group. Likewise, the same would apply when the seller is a licensee of the recipient of the royalty and the latter controls the conditions of the sale.

Accordingly, in an audit it is important to ask for the licence agreement which usually specifies in detail the licensed product, the nature of the rights assigned and knowhow provided, the responsibilities of the licensor and the licensee, and the methods of calculation and payment of the royalties or licence fees. In many cases, an examination of licence agreements and contracts of sale will reveal that a part only of the royalty payment will be seen to be potentially dutiable. Where under a licence agreement the benefits conferred are a mixture of potentially dutiable and

non-dutiable elements but the licensee does not in fact avail himself or herself of the non-dutiable elements, it may nevertheless be appropriate to regard the whole of the royalty or licence fee as eligible for inclusion in the customs value.

23.11 Contracts (value of goods and services supplied directly or indirectly by the buyer,

Article 71(1)(b) of the UCC

In an audit it is important to check if the operator has supplied certain goods or services either free of charge or at reduced cost, for use in connection with the production of the imported goods (referred to below as ‘contracts’).

According to Article 71(1)(b) of the UCC there shall be added to the price actually paid or payable the following:

- materials, components, parts and similar items incorporated in the imported goods
- tools, dies, moulds and similar items 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 outside the Community and necessary for the production of the imported goods.

It is important to note that the country from which the contracts are supplied is not relevant. They can be from the country where the imported goods are produced, from another third country or from the Community itself (the only exceptions are engineering work, development work, artwork, design work, and plans which could not be added if they have been carried out in the Community).

Among other verifications, the auditor could

- analyse the invoices and the contracts related to the goods imported to check if there is mention of any contracts (e.g. sometimes the invoice refers only to the value of manufacturing the goods)
- check the accounts of the operator to verify if there are research and development costs, tools costs, etc.
- verify if there are exports of goods mentioned in Article 71(1)(b) to the supplier’s country
- check in the accounts if there are payments to companies in third countries or to EU based suppliers that are not suppliers of the goods imported.

Appendix A - Examples of documents which may be required by the customs authorities for customs valuation purposes

The following examples which are not exhaustive, indicate some of the documents which the customs authorities may require, depending on the circumstances of the transaction and/or in case of doubt in respect of some or all of the particulars declared. Customs has the authority to keep the documentation presented.

A commercial invoice for the goods, if any

However there are also cases where the goods have been sold without any invoice. In these cases the declarant has to supply the documents that could be regarded as equivalent to the invoice. An invoice may not only be used to reflect the price referred to in Article 70 of the Code, but also to reflect other particulars, such as the following:

- the price of goods when resold in the EU, for the purposes of applying the deductive method laid down in Article 142 of the UCC IA;
- the elements for which an adjustment is provided for under Article 71 of the Code.

A contract of sale can be used/required in support of various aspects of the invoice, such as:

Any possible restriction, condition or consideration,

Any possible arrangement between the seller and the buyer affecting the customs value of the goods,

Activities undertaken after importation,

Any proceeds and resale,

The currency in which a price is settled,

A fixed rate of exchange,

Indirect payments,

Contracts and other documents concerning production rights for the imported goods .

A royalty contract for establishing whether or not a royalty payment should be included in the customs value and, if so, to what extent.

An agency contract for establishing an addition for commissions or brokerage or for the exclusion of a buying commission.

Transport and insurance documents for the purpose of determining, inter alia:

The terms of delivery,

The costs of delivery to the place of introduction, and

The costs of transport after arrival at the place of introduction.

Accounting records, notably those of the importer or buyer, for reasons such as ascertaining the actual transfer of funds to the exporter or seller, or for obtaining information on commissions, profit or general expenses in applying the deductive and computed value methods.

Other documents, e.g.:

Concerning the ownership of the companies involved in the transaction, for establishing a possible relationship between the seller and the buyer (Ad Article 134 of the UCC IA),

The invoice and contract of sale or transfer of quota charges,

The invoice for payments made for certificates of authenticity,

Contracts for advertising, marketing and other activities undertaken before or/and after importation,

Financial documents, e.g. for establishing the amount of interest charges,

Contracts, licensing agreements or other documents concerning copyrights,

Relevant documents relating to assists,

Documentation on transfer pricing systems (transfer pricing report/study);

Experts' opinions.

If during customs proceedings specialist knowledge is needed, it is open to the customs authorities to call an expert. In the event that a Region is considering such a course of action the Valuation Section should be consulted.

The authorities shall not disclose any information which is confidential by nature except in accordance with Article 12 of the Code.

Appendix B - SPV

NOTICE BY THE REVENUE COMMISSIONERS CUSTOMS VALUES, ESTABLISHED UNDER THE SIMPLIFIED PROCEDURE SYSTEM FOR CERTAIN FRUIT AND VEGETABLES

During the period commencing on dd/m/yyyy and terminating on dd/m/yyyy the following values should be taken to be the value for the purposes of assessing Customs duty on the fruit and vegetables referred to.

CN (Taric) Code	Description of Goods	Data from MS: Eur/100 kg
0701 90 50	New Potatoes	
0703 10 19	Onions	
0703 20 00	Garlic	
0708 20 00	Beans	
0709 20 00 10	Asparagus : - green	
0709 20 00 90	Asparagus : - other	
0709 60 10	Sweet peppers	
0714 20 10	Sweet potatoes, fresh, whole, Intended for human consumption	
0804 30 00 90	Pineapples	
0804 40 00 10	Avocados	
0805 10 22 0805 10 24 0805 10 28	Sweet oranges	
0805 22 00 20	Clementines	
0805 21 10 10 0805 22 00 11	Monreales and Satsumas	
0805 21 90 11 0805 29 00 11	Mandarins and Wilkings	

CN (Taric) Code	Description of Goods	Data from MS: Eur/100 kg
0805 21 90 91 0805 29 00 21 0805 29 00 91	Tangerines and other	
0805 40 00 11 0805 40 00 31	Grapefruit :and Pomelos - white	
0805 40 00 19 0805 40 00 39	Grapefruit and Pomelos - pink	
0805 50 90 10	Limes (<i>Citrus aurantifolia</i> , <i>Citrus latifolia</i>)	
0806 10 10	Table grapes	
0807 11 00	Watermelons	
0807 19 00 50	Amarillo, Cuper, Honey Dew (including Cantalene), Onteniente, Piel de Sapo (including Verde Liso), Rochet, Tendral, Futuro	
0807 19 00 90	Other melons	
0808 30 90 10	Pears : -Nashi (<i>Pyrus pyrifolia</i>) -Ya (<i>Pyrus bretschneideri</i>)	
0808 30 90 90	Pears : - other	
0809 10 00	Apricots	
0809 30 10	Nectarines	
0809 30 90	Peaches	
0809 40 05	Plums	

0810 10 10	Strawberries	
0810 20 10	Raspberries	
0810 50 00	Kiwifruit	



Appendix C – Annex 23-01

Annex 23-01 of Regulation (EU) 2015/2447

Air transport costs to be included in the customs value

1. The following table shows:
 - a) third countries listed by continents and zones - column 1.
 - b) the percentages which represent the part of the air transport costs from a given third country to the EC to be included in the customs value - column 2.
2. When goods are shipped from countries or from airports not included in the following table, other than the airports referred to in paragraph 3, the percentage given for the airport nearest to that airport of departure shall be taken.
3. As regards the French overseas departments of Guadeloupe, Guyana, Martinique and Reunion, of which territories the airports are not included in the table, the following rules shall apply:
 - a) for goods shipped direct to those departments from third countries, the whole of the air transport cost is to be included in the customs value;
 - b) for goods shipped to the European part of the Community from third countries and transhipped or unloaded in one of those departments, only the air transport costs which would have been incurred for carrying the goods only as far as the place of transhipment or unloading are to be included in the customs value;
 - c) for goods shipped to those departments from third countries and transhipped or unloaded in an airport in the European part of the Community, the air transport costs to be included in the customs value are those which result from the application of the percentages given in the following table to the costs which would have been incurred for carrying the goods from the airport of departure to the airport of transhipment or unloading.

The transhipment or unloading shall be certified by an appropriate endorsement by the customs authorities on the air waybill or other air transport document, with the official stamp of the office concerned; failing this certification the provisions of the last subparagraph of Article 137 shall apply.

1	2
Country of dispatch	Percentage of total air transport costs to be included in the customs value
America	
<i>Zone A</i> Canada: Gander, Halifax, Moncton, Montreal, Ottawa, Quebec, Toronto, Greenland United States of America: Akron, Albany, Atlanta, Baltimore, Boston, Buffalo, Charleston, Chicago, Cincinnati, Columbus, Detroit, Indianapolis, Jacksonville, Kansas City, Lexington, Louisville, Memphis, Milwaukee, Minneapolis, Nashville, New Orleans, New York, Philadelphia, Pittsburgh, St Louis, Washington DC.	70
<i>Zone B</i> Canada: Edmonton, Vancouver, Winnipeg United States of America: Albuquerque, Austin, Billings, Dallas, Denver, Houston, Las Vegas, Los Angeles, Miami, Oklahoma, Phoenix, Portland, Puerto Rico, Salt Lake City, San Francisco, Seattle Central America (all countries) South America (all countries)	78

<i>Zone C</i> United States of America: Anchorage, Fairbanks, Honolulu, Juneau	89
Africa	
<i>Zone D</i> Algeria, Egypt, Libya, Morocco, Tunisia	33
<i>Zone E</i> Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Côte d'Ivoire, Djibouti, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Sudan, Togo	50
<i>Zone F</i> Burundi, Democratic Republic of Congo, Congo (Brazzaville), Equatorial Guinea, Gabon, Kenya, Rwanda, São Tomé and Príncipe, Seychelles, Somalia, St. Helena, Tanzania, Uganda	61
<i>Zone G</i> Angola, Botswana, Comoros, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Republic of South Africa, Swaziland, Zambia, Zimbabwe	74
Asia	
<i>Zone H</i> Armenia, Azerbaijan, Georgia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Syria	27

<i>Zone I</i>	
Bahrain, Muscat and Oman, Qatar, Saudi Arabia, United Arab Emirates, Yemen (Arab Republic)	43
<i>Zone J</i>	
Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan.	46
<i>Zone K</i>	
Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Russia: Novosibirsk, Omsk, Perm, Sverdlovsk	57
<i>Zone L</i>	
Brunei, China, Indonesia, Hong Kong, Kampuchea, Laos, Macao, Malaysia, Maldives, Mongolia, Myanmar, Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Vietnam Russia: Irkutsk, Kirensk, Krasnoyarsk	70
<i>Zone M</i>	
Japan, Korea (North), Korea (South) Russia: Khabarovsk, Vladivostok	83
Australia and Oceania	
<i>Zone N</i>	
Australia and Oceania: all Countries	79
Europe	
<i>Zone O</i>	
Iceland, Ukraine Russia: Gorky, Samara, Moscow, Orel, Rostov, Volgograd, Voronej	30
<i>Zone P</i>	
Albania, Belarus, Bosnia-Herzegovina, Faroe Islands, Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Norway, Serbia, Turkey	15
<i>Zone Q</i>	
Switzerland	5

Appendix D - Sample of a Valuation Order

Valuation Order No. X/2014

Large Cases Division,
Healthcare, ICT and Manufacturing Unit.

The value for customs purposes of Medical Products imported by ABC Labs Ireland, from DEF Ltd., USA may be taken as the invoice price plus 6% plus any dutiable charges not included in such prices (freight, insurance, etc), provided that in each case the Officers concerned are satisfied and subject to the customary checks exercised by this Unit.

Acceptance of duty on this basis is on the understanding:-

- that the importers are buying the goods outright on their own account;
- that the invoice prices are not in any way influenced by the importer's relationship with the supplier;
- that [apart from the assist of US\$ X for the provision of moulds in respect of which duty in the amount of US\$ Y has been paid to SAD XXXXXXXX dated xx/xx/xx] the invoice price is the total amount payable directly or indirectly to the supplier in respect of the transaction,
 - The number and date of this Order are to be shown on the import declaration and on the relative form C&E G563 (D.V. 1).
 - Any persons acting on your behalf in a customs clearance capacity should be made aware of this decision. Code U should appear in box 12 of SAD, code 1(one) in box 43, code 1D02 in box 44 with the above valuation order number. The appropriate uplift amount should appear in box 45 of SAD and must be added to the invoice price plus dutiable charges and reflected as the statistical value in box 46.
 - Any dutiable charges (freight, insurance, etc.) not included in the invoice price are to be shown separately on the import declaration.

This arrangement is to be reviewed (periodically) and is subject to the conditions:

- (1) that the importers' records relating to these transactions are made available for inspection by the Officers of this Unit when required;
- (2) that the importers shall, on request, supply any further information or documentation required in relation to the valuation of these imports.

Any change in the circumstances of importation or in the importers' trading relationship with the suppliers should be notified to this Unit by the importer without delay.

Valuation Order X/2009 is hereby cancelled.

On receiving this letter, it is open to you to reply in writing to this office within ten working days, outlining your reasons for suggesting an alternative Valuation method.

Please respond **within ten working days**, in this regard.

Principal Officer,
Large Cases Division.

Note sent to Valuation Section from Region/LCD

From: Region/LCD

To : Classification Origin and Valuation Section

Reference: xxxxxxxx

A customs valuation enquiry into the customs value of imports for the above trader has now been completed and a Valuation Order and Letter X/2011 have now been signed by the Principal Officer. Please distribute copies of the Valuation Order to the relevant Import Stations. [Please also advise stations that the Valuation Order X/2011 is cancelled.] The Valuation Letter will be issued to the trader from this office. The main file (above ref.) has been noted.

Appendix E – Auditors Checklist

Information gathering

1. Are the customs value declarations available?
2. Are the customs value declarations filled out completely? Has the transaction value method been used? If not, what method(s) was used?
3. Were successive sales declared?
4. Which suppliers are involved?
5. Are any of these suppliers related with the operator? If so, what is the nature of the relationship?
6. Were there different invoice prices declared for the same product from the same supplier?
7. Do the invoice prices of similar goods imported from different suppliers vary?
8. Are there any referential prices (average prices considered as reasonable) for imported goods available?

Possible risk indicators to select transactions to test

9. The value of goods was stated on the basis of pro-forma invoices or invoices with values only for customs purposes.
10. The customs value was declared as a rounded-off amount or as an identical amount.
11. There are indications of a relationship between the supplier and the operator.
12. There are different prices declared for similar products/suppliers/origins.
13. There is a large variation between the customs value declared and the market value (internal market sales).

14. There is a large variation between the customs value declared and the referential prices (if available). The layout and/or content of the invoices from the same supplier is not consistent.
15. Successive sales are involved.
16. There is a trader or a third company (buying agent) involved in the transactions.
17. Goods come from a country with no mutual assistance agreement with the EU or from where it is difficult to obtain information.
18. Payments are not made directly to the supplier by the economic operator.
19. The freight is pre-paid by the economic operator (risk of omitting it from the customs value).

Establishing the operator's routine

20. What are the routines to determine customs value?
21. Are there any internal control procedures concerning valuation, for instance:
 - a) How does the economic operator ensure a reconciliation of import operations with accounting?
 - b) How does the economic operator ensure that all received invoices relating to third-country purchases have been submitted when declaring the goods for customs clearance?
 - c) How does the economic operator ensure the accuracy of the customs value declared?
 - d) If a customs broker is used, what is the information that the economic operator

provides to the broker in order to present the customs declaration?

22. Confirm if the internal control procedures of the operator are working effectively (test of controls).

23. Is the personnel trained in customs valuation matters?

Checks to be carried out

Documentary checks

Examine the operator's records, accounts and supporting documentation and check if:

24. There are indications that there is a relationship, there are subsequent price increases from the supplier who is related to the importer, compensatory payments, or if the seller, who is related to the importer, waive payments although he is entitled to receive them.

25. The correct method for determining the customs value has been applied.

26. The value declared to customs is in accordance with purchase orders, contracts, vouchers, invoices, etc.

27. The delivery terms on invoices and freight contracts (Incoterms) match with freight charges declared to customs and with freight documents.

28. The amounts declared to customs such as insurance charges are consistent with the terms of the operator's insurance policies.

29. There are any indications for other additions? If so, check that:

a) they have been added correctly to the customs value,

b) any documents exist that indicate additions (e.g. commission invoices,

purchase invoices, forwarding invoices, freight documents, etc.),

c) there are accounts connected with royalties, commissions, research and

development, transport, insurance, and other costs,

d) there are payments that relate to possible additions?

e) for payments made in advance, were they added to the customs value declared?

30. Any costs have not been included in the customs value.

31. If yes, check if:

a) they should not be included in the customs value (e.g. buying commission

b) they are correctly calculated and they have been shown separately from the price paid or to be paid.

32. The correct exchange rate for the currency has been applied.

33. All the entries in the accounts connected with suppliers outside the EU are supported by a customs declaration.

34. The amounts recorded in non-EU purchases' accounts match with the values declared on the customs declaration.

35. The amounts stated in the invoices used for the customs clearance of goods are entered in the operator accounts.

36. There are entries in the accounts with unusual values, unusual comments, unusual methods of entry into the accounts, etc.

37. The conditions are met when successive sales have been applied, and the payments to the suppliers match with the values declared to customs.

38. Money for the imported goods is transferred through a third company. If yes,

ascertain that the value has been added correctly to the customs value.

39. When the transaction method cannot be applied check the customs value was

duly calculated according to the method used by examining any supporting

documentation.

Appendix F - Further Information

Suggested Reading

Regulation (EU) 952/2013 laying down the Union Customs Code, Articles 69 to 76.

Commission Implementing Regulation (EU) 2015/2447, Articles 127-146.

Commission Delegated Regulation (EU) 2015/2446, Article 71.

Compendium of Customs Valuation texts of the CUSTOMS CODE COMMITTEE Customs Valuation Section.

https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/customs-valuation_en

World Customs Organisation (Customs Cooperation Council,) Texts of the Technical Committee on Customs Valuation, gives examples of various decisions and scenarios related to Customs Valuation.

W.C.O Website: <http://www.wcoomd.org/>

W.T.O Website: <http://www.wto.org/>

H.M Customs and Excise- Notice 252, Valuation of Imported goods for Customs Purposes, V.A.T. and Trade Statistics.
(www.hmce.gov.uk)