

AUSTRALIAN CUSTOMS SERVICE

FACTSHEET

Customs Valuation of Imported Goods

Background

The Customs value of goods imported into Australia is based on information (in particular, prices) advised by the importer. The valuation of imported goods is derived from the World Trade Organisation (WTO) Valuation Agreement - the valuation system used by major trading nations throughout the world.

The Customs value is used as the basis for calculating Customs duty. The Customs value is combined with other items, namely Customs duty, international transport and insurance costs and, where applicable, Wine Equalisation Tax to produce the value of the taxable importation (VoTI). The VoTI forms the basis for calculating the Goods and Services Tax.

Customs values are also aggregated and published by the Australian Bureau of Statistics.

How goods are valued

Where the transaction value of the goods can be determined, that value is the Customs value of the goods. The transaction value is the usual method for valuing imported goods.

The transaction value relies on the price actually paid (or payable) for the imported goods. However, the use of the transaction value is subject to a number of

conditions, a major one being that there is no corporate or personal relationship between the buyer and seller which affects the price.

In assessing the transaction value, the price paid (or payable) for the imported goods may be subject to adjustment which can involve additions or deductions. For instance, commissions or royalties may need to be added to the price.

Where the price paid (or payable) cannot be used as the basis of a Customs value, there are alternatives for determining the Customs value. These are:

- the identical goods value method (*i.e. the transaction value of identical goods sold for export to Australia*)
- the similar goods value method (*i.e. the transaction value of similar goods sold for export to Australia*)
- one of three deductive value methods (*i.e. the price in a sale **in Australia** of the imported goods, identical goods or similar goods. This price must be adjusted for costs etc incurred between the "place of export" and the sale in Australia.*)
- the computed value method (*i.e. a value based on production, general expenses, other costs and profit relating to the imported goods*)

and

- the fall-back value method (*i.e. a value determined by Customs having regard to all the above methods and other matters that Customs considers relevant*).

Freight and Insurance

Overseas freight and overseas insurance costs are excluded from the Customs value of imported goods. These are actual amounts paid by the vendor, exporter, purchaser or importer of the goods for the transportation or insurance of goods from the "place of export" (defined below) to Australia.

All costs for inland freight and inland insurance incurred by the purchaser prior to the goods leaving the "place of export" are included in the Customs value.

Place of export

Means -

- the place where the goods are posted;
- the place where the goods are packed in a container of a type defined in the Customs Convention on Containers;
- the place, or last place, from which self-transported goods departed for Australia;
- for goods not referred to above, the place, or first place, the goods were placed on board a ship or aircraft for export;
- for goods not referred to above, the place where the goods crossed the border of the country of export;
- in any other case, the place determined by Customs.

Packing Costs

The cost of packing, packages and labour in packing is included in the Customs value of the goods. However, the cost of containers, as defined in the Customs Convention on Containers and the cost of pallets imported temporarily under sections 162A or 162B of the Customs Act are not included in the Customs value.

Rate of exchange

The Customs value is required to be in Australian currency. Where currency conversion is necessary, the conversion rate will be the rate for the day of exportation of the goods published in the Commonwealth of Australia Gazette. These rates are also published in the *Australian Financial Review* and *The Daily Commercial News*. Where no rate has been so published, the conversion rate will be the ruling rate determined by Customs.

Import Documentation

Customs does not usually require importers or exporters to submit commercial documentation. However, to enable Customs to be satisfied of the correctness of the particulars provided by the owner when entering the goods, the owner of goods is required to keep all relevant commercial documents while the goods are subject to Customs control and for five years after the goods are entered for home consumption.

Penalties may apply where incorrect Customs values are declared.

Customs officers are available to assist you where you are unsure about the Customs value of goods that you are importing or if you require further information about the assessment of Customs values.

**For information on any Customs
matters, contact a
Customs Information Centre
on 1300 363 263**