



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

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



TRANSACTION VALUE

THE FIRST METHOD

Transaction Value Method

- Transaction value is the price actually paid or payable for the goods when **sold for export** to the country of importation, **adjusted in accordance with the article 8, provided certain conditions are met.**

SALE

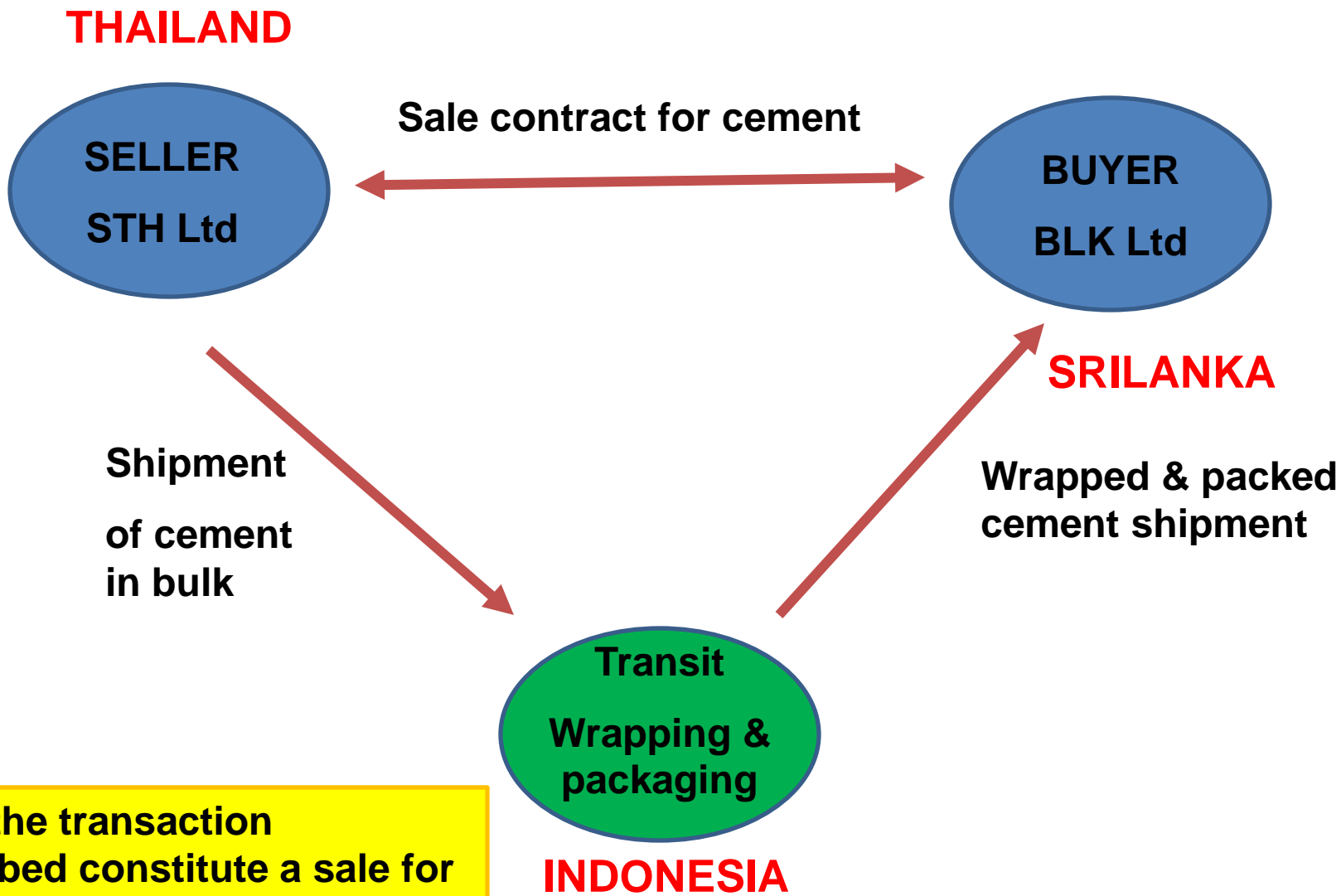
- “Sale” is an important concept in Transaction Value found in Article 1 of the Agreement.
- **Common Meaning of Sale**
 - a sale involves the transfer of property from one party to another for financial consideration

No Sale Situation

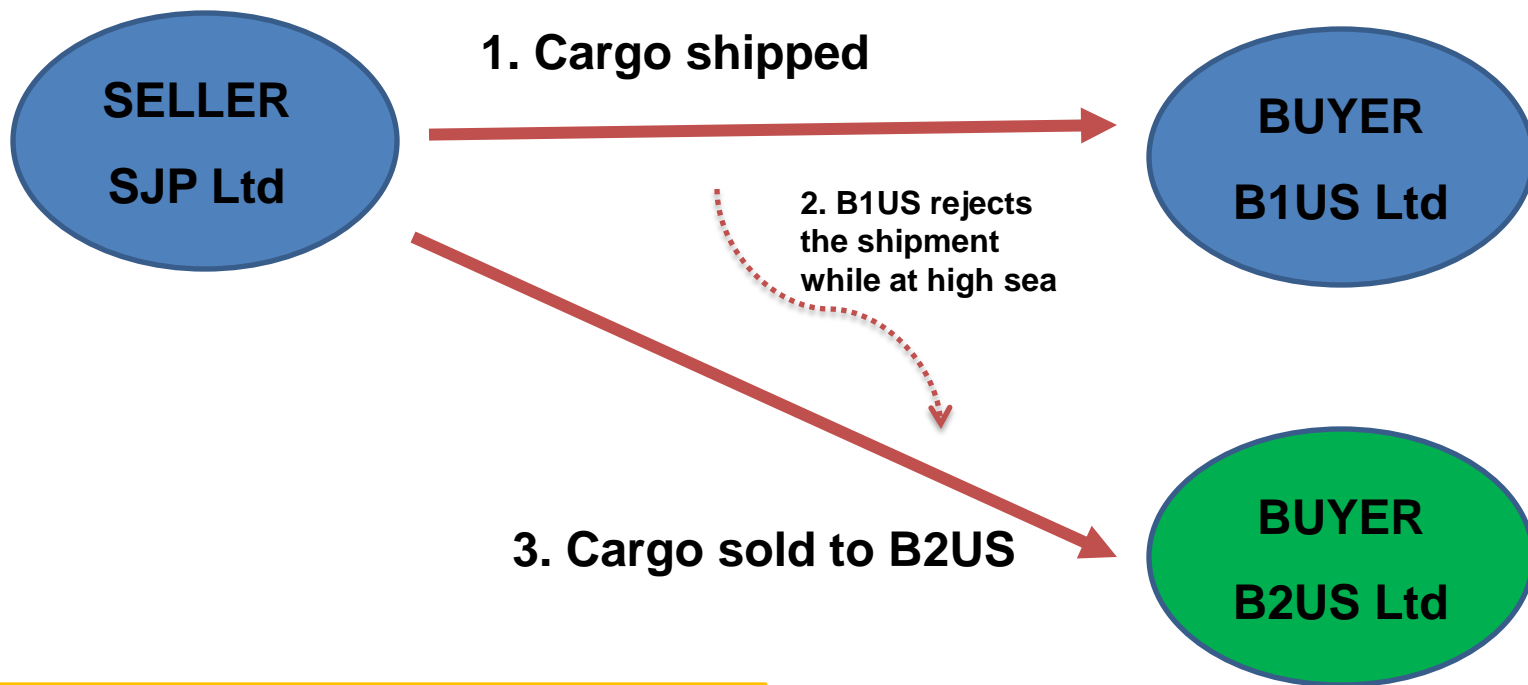
1. gifts, samples and promotion items furnished free of charge;
2. goods shipped on consignment which will be sold after importation for the account of the supplier;
3. goods imported under a leasing contract; and
4. goods which are loaned.

Relevant sale

A SALE FOR EXPORT TO THE COUNTRY OF
IMPORTATION



Does the transaction described constitute a sale for export to the country of importation?

JAPAN

Which transaction will constitute a sale for export to the country of importation?

UNITED STATES

KOREA**INDONESIA**

1. Sale contract for 500
chairs @ USD 10.00 per unit



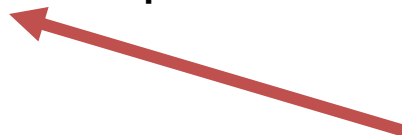
2. Shipment of 200 chairs



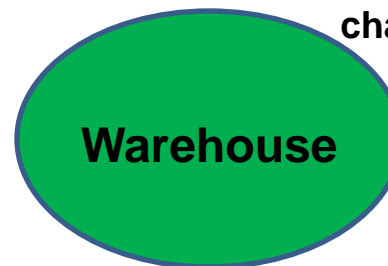
4. Sale contract for 300
chairs @ USD15.00 per unit



5. Shipment of 300 chairs

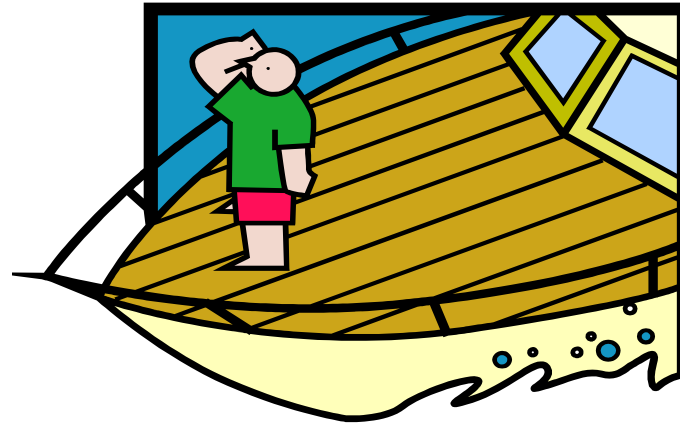


3. Shipment of 300
chairs for warehousing



Which transactions described
constitute a sale for export to the
country of importation?

THAILAND



Sailing yacht with one sailor (owner) onboard, enters Maldives waters in distress with engine not working.

- Not familiar with local environment, and foreseeing the hassle and cost of repairing the yacht, decides to **sell** the yacht to a local company, at a considerably cheaper price.

Does this transactions constitute a sale for export to the country of importation?

Price actually paid or payable

- All the payments
- Made or to be made
- By the buyer to the seller
- Or for the benefit of the seller
- As a condition of sale of the imported goods

Discounts

- Accepted if they are available to all buyers
- Negotiated between the buyer and the seller
- Transaction value is always the price actually paid or payable

Quantity discounts

- Reductions to the price for the purchase of specific quantities
- Must be available to all buyers
- The quantity which determined the unit price of the goods being valued is the relevant “price”

INDIRECT PAYMENTS

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graph TD; A[INDIRECT PAYMENTS] --> B[THE PRICE ACTUALLY PAID OR PAYABLE IS REDUCED DUE TO A DEBT OWED BY THE SELLER TO THE BUYER]; A --> C[SETTLEMENT BY THE BUYER OF A DEBT OWED BY THE SELLER TO A THIRD PARTY];
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**THE PRICE
ACTUALLY PAID OR
PAYABLE IS REDUCED
DUE TO A DEBT
OWED BY THE
SELLER TO THE
BUYER**

**SETTLEMENT
BY THE BUYER OF
A DEBT OWED
BY THE SELLER TO
A THIRD PARTY**

**THESE AMOUNTS WILL FORM PART OF THE
CUSTOMS VALUE OF THE IMPORTED GOODS.**

ACTIVITIES UNDERTAKEN BY THE BUYER ON OWN ACCOUNT

- **ADVERTISING**
- **MARKET RESEARCH & STUDIES**
- **PREPARATION OF SHOWROOMS**
- **TESTING**
- **PARTICIPATION IN TRADE FAIRS**

LEGAL DEDUCTIONS

NOTE 3 TO ARTICLE 1 :

- **CHARGES FOR CONSTRUCTION, ERECTION, ASSEMBLY, MAINTENANCE OR TECHNICAL ASSISTANCE, UNDERTAKEN AFTER IMPORTATION**
- **THE COST OF TRANSPORT AFTER IMPORTATION**
- **DUTIES & TAXES OF THE COUNTRY OF IMPORTATION**

INTEREST PAYMENTS

**WILL NOT FORM PART OF THE
CUSTOMS VALUE OF THE
IMPORTED GOODS, SUBJECT TO
DECISION 3.1.**

Transaction value will apply provided that;

1. No restriction on the disposition or use
2. Not subject to additional conditions
3. No proceed of any resale, disposal or use of the goods accrued to the seller
4. Buyer and seller not related,

otherwise **will NOT apply**

Examples of Restrictions

Reduction of the Price for the condition that

- Goods will be used only for display
- Can be resale only for related parties
- After manufacturing, seller buy back
- Goods will be used for free after service

CONDITIONS/CONSIDERATIONS

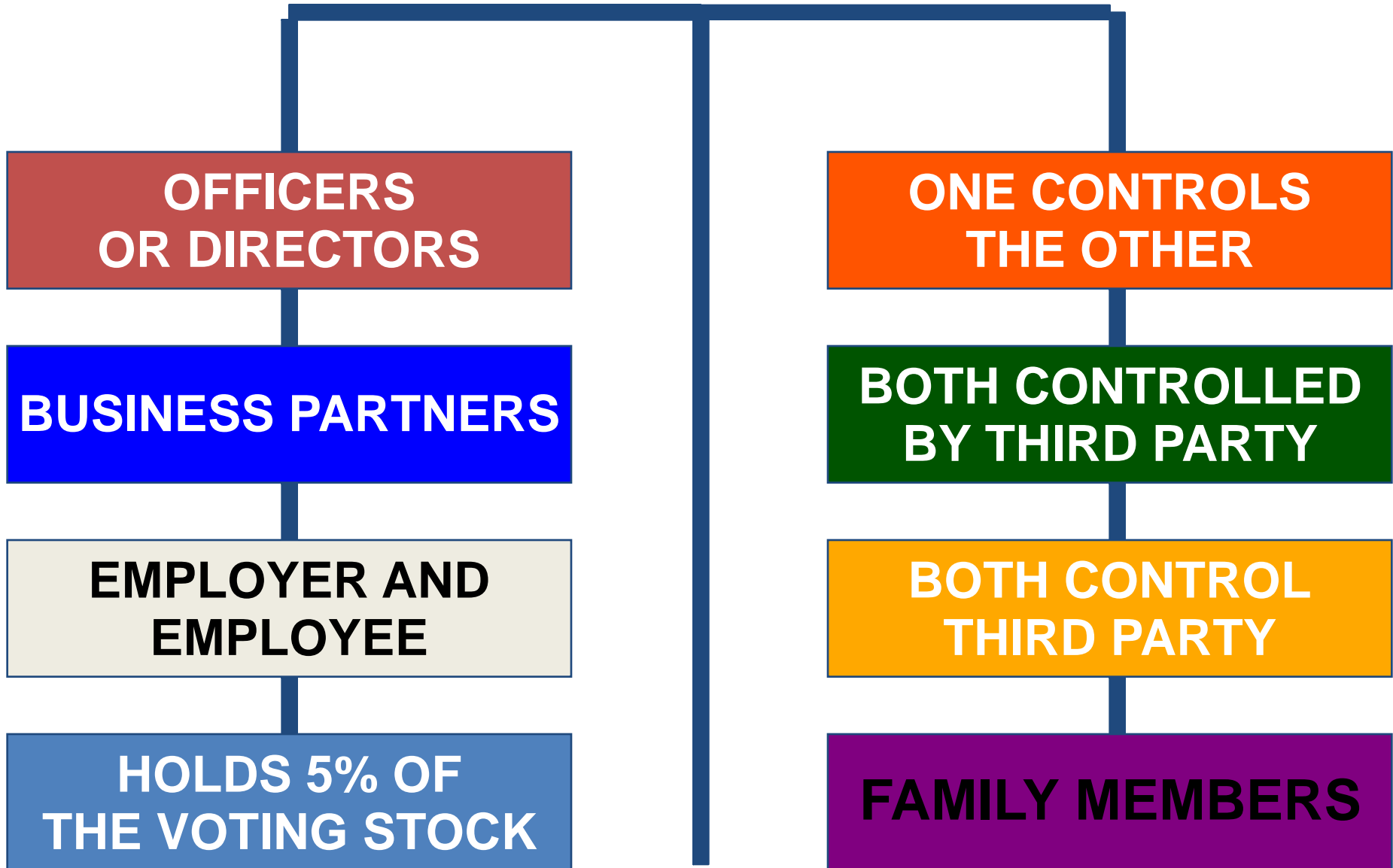
THE SELLER ESTABLISHES THE PRICE OF THE IMPORTED GOODS ON THE CONDITION THAT THE BUYER WILL ALSO BUY OTHER GOODS IN SPECIFIED QUANTITIES.

CONDITIONS/CONSIDERATIONS

THE PRICE OF THE IMPORTED GOODS IS DEPENDENT UPON THE PRICE OR PRICES AT WHICH THE BUYER OF THE IMPORTED GOODS SELLS OTHER GOODS TO THE SELLER OF THE IMPORTED GOODS.

DEFINITION OF RELATED PERSONS

RELATED PARTIES



RELATED PARTIES

INFLUENCE ON PRICE ?

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graph TD; A[RELATED PARTIES] --> B[/INFLUENCE ON PRICE ?/]; B --> C[CIRCUMSTANCES OF SALE]; B --> D[TEST VALUES];
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**CIRCUMSTANCES
OF SALE**

TEST VALUES

CIRCUMSTANCES OF SALE

A

**WAY BUYER AND
SELLER ORGANIZE
THEIR COMMERCIAL
RELATIONS**

B

**WAY IN WHICH
PRICE IN QUESTION
WAS ARRIVED AT**