

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

VAL/W/8
4 May 1982

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Committee on Customs Valuation

Original: English/
French

POSSIBLE AMENDMENTS TO THE AGREEMENT

Treatment of Interest Charges in the Customs Value of Imported Goods

Proposal by the European Economic Community

1. In view of the likelihood of disparity in the treatment accorded to interest charges by some of the Parties applying the Customs Valuation Agreement in the determination of the customs value of imported goods, it would seem desirable for the Committee on Customs Valuation to consider the adoption of a common solution in order to achieve the uniformity referred to in the Preamble to the Agreement.
2. If an importer finances the purchase of goods which he imports by means of a loan from a bank in his own country, interest charges payable in respect of that loan would not be includible in the customs value of the goods. It would not be equitable to include such charges in the customs value in the case where the financing of the purchase of the imported goods happens to be provided by the seller of the goods. In both cases, the price actually paid or payable for the goods exclusive of interest charges can be established.
3. This subject has been taken up by the Technical Committee on Customs Valuation as a counterpart of the problem of the treatment of cash discount. However, although the Technical Committee was able at its third session to adopt a draft advisory opinion on the latter subject, this has not yet proved so easy on the subject of interest charges.
4. The European Economic Community is of the opinion that in both cases mentioned in paragraph 2 above, the interest charges should not form part of the customs value and has decided in Article 3(c) of Commission Regulation (EEC) No. 1495/80 to exclude such interest charges from the customs value, provided that they are distinguished from the price actually paid or payable. The European Economic Community considers that this is consistent with the intention of the negotiators of the Agreement and therefore proposes that the third paragraph of the Interpretative Note to Article 1, on price actually paid or payable, should be amended as follows:

"The customs value shall not include the following charges or costs, provided that they are distinguished from the price actually paid or payable for the imported goods:

- (a)
- (b)
- (c)
- (d) interest payable under a financing arrangement relating to the purchase of the imported goods."