

APPROVED

By Director of the Customs Department
under the Ministry of Finance
of the Republic of Lithuania
Order No. 395 of 25 September 2000

THE METHODOLOGY OF APPLICATION OF CERTAIN PROVISIONS OF PROCEDURE ON CUSTOMS VALUATION

I. GENERAL PROVISIONS

1. The purpose of the Methodology of application of certain provisions of procedure on customs valuation (hereinafter referred to as Procedure) is to interpret the way certain provisions of the Procedure on customs valuation, approved by Government Order No. 748 of 09 June 1999 (Žin., 1999, No 52-1239), are to be enforced by providing specific examples of the application of the said provisions in practice.

II. EXAMPLES OF APPLICATION OF CERTAIN PROVISIONS OF PROCEDURE ON CUSTOMS VALUATION OF GOODS

2. An example of application of the provisions of paragraph 20.3 of the Procedure.

The consignment of imported goods customs value of which shall be determined consists of 10 units, and the only consignment of identical or similar goods customs value of which is known consists of 500 units. In addition, it is acknowledged that a seller grants discounts the amount of which depends on the quantity of goods to be purchased. In this case, the necessary adjustments could be made by using the seller's price list and taking the price that is applied upon selling 10 units. If it is established that the price list is used upon selling other quantities of goods, too, it is not necessary to detect a specific case of 10-unit sale.

3. The first example of application of paragraph 23 of the Procedure.

Goods are sold from a price list that grants favourable unit prices for purchases made in larger quantities.

| Sale quantity | Unit price (in Litas) | Number of sales | Total quantity sold at each price |
|----------------|-----------------------|--|-----------------------------------|
| 1 to 10 units | 100 | 10 sales of 5 units Five sales of 3 units | 65 |
| 11 to 25 units | 95 | Five sales of 11 units | 55 |
| Over 25 units | 90 | One sale of 30 units and one sale of 50 units | 80 |

The greatest number of units is sold at a price of 90 Litas; therefore, this price is to be accepted as the unit price that has been applied upon selling the greatest aggregate quantity.

4. The second example of application of paragraph 23 of the Procedure.

There are two sales. In the first sale 500 units are sold at a price of 95 Litas per unit. In the second sale 400 units are sold at a price of 90 Litas per unit. In this case, the greatest number of units sold at a particular price is 500; therefore, the unit price that has been applied upon selling the greatest aggregate quantity is 95.

5. The third example of application of paragraph 23 of the Procedure.
In the following situation various quantities are sold at various prices.

| (a) Sales | |
|---------------|-----------------------|
| Sale quantity | Unit price (in Litas) |
| 40 units | 100 |
| 30 units | 90 |
| 15 units | 100 |
| 50 units | 95 |
| 25 units | 105 |
| 35 units | 90 |
| 5 units | 100 |

| (a) Total | |
|---------------------|-----------------------|
| Total quantity sold | Unit price (in Litas) |
| 65 units | 90 |
| 50 units | 95 |
| 60 units | 100 |
| 25 units | 105 |

In this case, the greatest number of units sold at a particular price is 65; therefore, the unit price that has been applied upon selling the greatest aggregate quantity is 90.

6. An example of application of principles laid down in paragraphs 27.3.1 – 27.3.3 of the Procedure.

A buyer provides the producer with a mould to be used in the production of the imported goods and enters into contract with him to buy 10 000 units. By the time of arrival of the first shipment of 1 000 units, the producer has already produced 4 000 units. The buyer may request the Customs authorities to apportion the value of the mould over 1 000, 4 000 or 10 000 units.

7. An example of application of paragraph 44 of the Procedure

The amount of fee for a patent paid by a buyer is calculated according to the price of one litre of a certain product sold in the Republic of Lithuania. However, the quantity of the product has been indicated in kilograms in the import declaration, and only after having imported it, the product has been dissolved. If the amount of fee for a patent is related partially with imported goods and partially with other factors which are not related with imported goods (for instance, when imported goods are mixed with locally produced ingredients, and there is no possibility to

identify them as separate goods or when it is impossible to exclude the amount of fee for a patent from the amount of money indicated in a relevant financial agreement between a buyer and a seller), then it is not possible to use the amount of fee as grounds to calculate customs value of goods. However, if fee for a patent is related with imported goods only, and the amount of it could be easily calculated, fee should be added to the amount of money which is paid or due to be paid for imported goods.

8. An example of application of provisions of paragraph 46 of the Procedure

If pursuant to paragraph 21.1 of the Procedure the amount of ordinary profit and general expenses is determined, it shall be accomplished on the basis of information the way of compilation of which complies with the ordinary principles of accounting that are applied in the Republic of Lithuania. If ordinary profit and general expenses are established pursuant to paragraph 4 of part 2 of Article 31 of the Customs Code of the Republic of Lithuania, it shall be accomplished on the basis of information which has been compiled pursuant to ordinary principles of accounting that are applied in the state where the goods have been produced. If an element of customs value of goods, as provided for in sub-paragraph b of paragraph 2 of part 1 of Article 33 of the Customs Code of the Republic of Lithuania, is calculated, it shall be accomplished on the basis of information the way of compilation of which complies with ordinary principles of accounting that are applied in the Republic of Lithuania.