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VALUATION FOR CUSTOMS PURPOSES

Questionnaire for the Ninth Session

Addendum

Statements received from Governments

Replies to the questionnaire in L/228 have been received from the following governments and are reproduced herewith:

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C Z E C H O S L O V A K I A

(Translation)

Question 1. No.

Question 2. No.

Question 3.

According to Article 87 of Legislative Decree No. 31/1954 (Collection of Laws), "actual value" is defined as "the price at which the goods were acquired (bought) in the country of origin or export under normal trading conditions". Valuation for customs purposes is the "actual value" plus all expenses incurred in the purchase and transport of the goods to the frontier of the Czechoslovak Republic, (insurance, packing, commission, etc.).

Question 4.

The time of sale is considered in the customs regulations to be the time when the goods were acquired (bought) by the Czechoslovak importer. Consequently, any subsequent changes in the price of goods of the same kind which occur during transport towards Czechoslovakia have no influence on the customs valuation of the goods in question.

Question 5.

The place of sale is considered in the customs regulations to be the place in the country of origin or export where the goods were acquired (bought) by the Czechoslovak importer, irrespective of the rules fixed by "Incoterms". In fixing valuation for customs purposes, the expenses mentioned in the reply to Question 3 are added to the actual price.

Question 6.

Valuation for customs purposes is based on the invoice price (see reply to question 8). Only where the "actual value" as defined above is not proved by the invoice or other documents, is the export price in the exporting country used as a basis. In such cases, the actual value is established by the customs service on the basis of its knowledge of the price of the goods in the exporting country, or it is based on the opinion of an expert (assessor) who also must, when making his estimate, take account of the export price in the exporting country. The same procedure is followed for the establishment of the expenses to be added to the actual price if these are not adequately shown on the invoice. Where the customs procedure is impeded by failure to produce proof of the price and where the amount of duty exceeds 1,000 Kcs., the customs service may raise the duty payable by 10 per cent. For other cases, i.e., when proof is given of the actual price, see reply to Question 8.

Question 7. Yes.

Question 8.

The invoice price is always accepted as a basis for the determination of the actual price, except where it can be shown that it differs substantially from the export price of goods of the same nature in the exporting country. In such cases, the procedure is similar to that described in the reply to Question 6, except that there is no question of the 10 per cent increase in duty payable. If, however, an intention to defraud the customs is suspected, the matter is brought to the notice of the competent court of law.

Question 9.

The Czechoslovak regulations make no provision for the use of alternative methods of customs valuations. If the actual value is not proved or if the invoice price differs substantially from the actual price - a very rare occurrence - the customs service have no choice but to resort to the procedure described in the replies to Questions 6 and 8, the intention of which is not to arrive at a higher price but to establish the actual price.

Question 10.

All internal taxes and charges are excluded.

Question 11.

For the conversion of foreign currency for valuation purposes, the official rates of exchange of the Czechoslovak State Bank are used (1 Kcs = 0.123426 gramme of fine gold or 7.20 Kcs = US \$1) (Law No. 41/1953 - Collection of Laws); see also document G/61. These rates of exchange correspond to the par values recognized by the International Monetary Fund. In Czechoslovakia, for the purchase of foreign currency, different rates of exchange are not applied. Where goods are imported from a country applying multiple rates of exchange, the Czechoslovak customs service always applies the official rate.

Question 12.

Under current regulations, imported goods are liable only to ordinary customs duty.

Question 13.

Czechoslovak exporting enterprises meet with difficulties when the customs administrative services of other countries start making comparisons between Czechoslovak export prices and prices on the internal Czechoslovak market, without allowing for the special conditions which govern the prices of Czechoslovak products for home consumption.

FINLAND

(Translation)

Question 1.

No such provisions exist in Finland. (As an exception to this rule, mention may be made of the fact that if imported goods which were damaged or deteriorated during transportation or during the period when they were subject to the control of the customs, to the extent that their commercial value had been considerably reduced, are sold by auction under Article 97 of the Customs Law and of Article 116 of the customs regulations by the Customs Office, the customs duties shall be assessed according to the price obtained by auction, if the goods are subject to duties assessed ad valorem).

Question 2.

No such provisions exist in Finland.

Question 3.

Valuation for customs purposes is not based on this definition, if by "normal" is meant the value fixed according to established standards on which duty is assessed, irrespective of the actual purchase price of the goods at each period. Customs duties on imported goods into the customs territory of Finland being assessed on an ad valorem basis, the purchasing price is taken to be that value, under Article 84 of the Customs Law. The purchasing price is deemed to be the price at the place where the goods were sold abroad to be exported to Finland, or, if the goods have not been bought, their value on the open market at the time they were shipped from their place of consignment is taken. In both cases, the price is adjusted to cover the value of packing, transport and insurance rates and other costs relating to the goods until their arrival at the place of unloading, or, if transported overland or over ice, to the frontier station.

Question 4.

The law stipulates as a basis for customs valuation the purchasing price of the goods abroad at the place where they were sold to be exported to Finland without any further specification as to date. In practice the date of the invoice is considered to be the date of sale.

Question 5.

The law mentions only the locality abroad where the goods were sold, without further specification. In practice, the place indicated on the invoice is considered to be the place of sale.

Question 6.

(a) If the goods are not sold (for instance in cases of donations), customs valuation is based on the price in the open market at the time the goods were shipped from their place of consignment.

(b) The customs valuation is fixed on the basis of the sale price at the place abroad where the goods were sold to be exported to Finland. That price may vary from the general export price.

(c) If the purchaser of the goods does not enter the value according to which they should be cleared, or perhaps does not certify it to be accurate, or if the customs office deems there are sufficient reasons to assume that the sale price entered, or, if the goods have not been purchased, the value entered is lower than the actual sale price or value, or that the sale price or value entered is appreciably lower than the price of identical goods not cleared at the place of importation when the clearing operations are taking place, the value of goods should be assessed according to the price of identical goods not cleared from the customs at the place of importation at the time of clearing. Costs of unloading, handling in the port, etc. are not as a rule included in valuation for customs purposes in Finland.

Question 7. Yes.

Question 8.

As a rule, the invoice price is accepted as a basis of customs valuation - by which is meant the sale price of the goods at the place of sale abroad when the goods are sold for exportation to Finland. To prove the value of goods, the holder must produce, inter alia, when clearing them the original invoice, which must have been supplied by the manufacturer or seller of the goods to a specific consignee in Finland and confirmed by the consigner or by his representative. The invoice must give the description of the goods, their price, type of packing, number of packages, their markings and numbers, if any, and the gross and net weights, if all the packages are alike and have the same contents, or if not, the weight of each package separately. If the holder of the goods does not enter the value of the goods, and does not certify that the value entered by him is correct, or if the customs office deems there are sufficient reasons to assume that the sale price entered or, if the goods have not been purchased, the value entered are lower than the actual sale price or actual value, or the sale price entered or value are appreciably lower than the price of similar goods not cleared at the time of clearing at the place of importation, the value of the goods shall be assessed according to the price of identical goods not cleared at the time of clearing at the place of importation. Valuation is carried out by two persons who are appointed by the customs authorities, and are known to be experts in the matter

and impartial. If the holder of the goods is not satisfied with that valuation, he is entitled to bring the matter before arbitrators within a period of eight days. The customs office appoints one arbitrator, the holder of the goods a second, and together they appoint a third.

Question 9.

These possibilities do not enter into consideration in Finland, because no alternative methods, properly speaking, exist for valuation for customs purposes.

Question 10.

These taxes are not included in the customs valuation, if they are not included in the sale price of the goods. No distinction is made between the various duties. If, however, the sale price entered is thereby appreciably lower than the price of identical goods not cleared in general at the time of clearing at the place of importation, customs valuation of the goods is assessed according to stipulations under Point 8.

Question 11.

If the price of goods (inclusive of the related cost, such as freight and insurance), is given in a foreign currency, it must be calculated in Finnish currency according to the exchange rate quoted by the Bank of Finland in force at the time of clearing. If the price of the goods was paid before clearing, the exchange rate on the day or days when payment or payments were made shall be applied. If it is proved that the buyer and seller previously agreed to apply a certain exchange rate, that rate shall be applied, subject to approval by the Bank of Finland.

Official exchange rates based on par values recognized by the International Monetary Fund are applied.

When valuation for customs purposes is assessed, the official rate quoted by the Bank of Finland in force at the time of clearing is always applied, subject, however, to the above exceptions.

If the goods come from a country applying multiple rates of exchange, valuation shall always be based on the official rate of exchange of the Bank of Finland, if the buyer and seller have not previously agreed upon another rate, and in the absence of approval of that rate by the Bank of Finland.

Question 12.

Purchase taxes and consumer taxes on confectionery and refreshment beverages, when confectionery and refreshment beverages are imported to be sold, are levied on the basis of the value of the goods. The dutiable value is assessed in these cases in the same way as valuation for customs purposes, but it should be noted that valuation for purchase tax includes, in addition, possible customs duties and consumer taxes, and valuation of the consumer tax on confectionery and refreshment beverages also includes customs duties.

F R A N C E
(Translation)

Question 1.

In France there are no administrative or legal provisions which permit valuation for customs purposes to be based on arbitrary or fictitious values.

On the contrary, paragraph 1 of Section 35 of the Customs Code states that "the value to be declared on importation is the normal price of the goods, that is, the price they would fetch at the time and place stated hereinafter, on a sale in the open market between a buyer and seller independent of each other".

"If a sale has been effected in these conditions, the normal price may be ascertained on the basis of the invoice price."

The French definition thus corresponds with the idea of "actual value" embodied in Article VII of the General Agreement.

Paragraph 7 of Section 35 of the Customs Code definitely states that: "Neither the customs officials nor the Superior Customs Tariff Committee shall be bound to accept the evidence of the invoice or any of the documents referred to above", but the effect of this provision is not to restrict in any way the principle of reference to the invoice, but to allow the customs authorities to refuse to accept falsified commercial documents or those drawn up in an incomplete or inaccurate fashion.

Any resort to arbitrary or fictitious values would be a breach of the provisions of the Brussels Convention on the Valuation of Goods for Customs Purposes, as signed by France.

Question 2.

As pointed out in the reply to Question 1, the normal price on importation is ascertained, if the sale has been effected in fully competitive conditions, on the basis of the invoice price (Section 35, paragraph 1, of the Customs Code).

The result is that in no case does French legislation or the administrative provisions arising therefrom, permit valuation for customs purposes to be based on the values of comparable domestic products. Here again, any such procedure would be in complete variance with the acceptance of the Brussels Definition.

Question 3.

The definition of value in French customs legislation is based on the actual value of imported goods liable to duty. The legal text containing the definition, namely Section 35 of the Customs Code, is given below in extenso.

"Section 35.

"1. The value to be declared on importation is the normal price of the goods, that is, the price they would fetch at the time and place stated hereinafter, on a sale in the open market between a buyer and seller independent of each other.

If a sale has been effected in these conditions, the normal price may be ascertained on the basis of the invoice price.

"2. The normal price of imported goods shall be determined on the following bases:

- (a) the time to be considered is the date when the declaration is registered at the customs office;
- (b) the goods shall be treated as having been delivered to the buyer at the place of introduction into the customs territory;
- (c) the seller shall be deemed to defray and have included in the price the costs arising out of the transport of the goods, as well as any other costs incidental to the sale and delivery of the goods to the place of introduction to the customs territory;
- (d) costs arising out of transport in the customs territory shall be excluded, as well as duties and taxes applicable in that territory.

"3. A sale in the open market between buyer and seller independent of each other presupposes:

- (a) that the price is the sole consideration; and
- (b) that the agreed price is not influenced by a commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer and any person associated in business with him (other than the relationship created by the sale of the goods in question);
- (c) that no part of the proceeds of the subsequent assignment or utilization of the goods will accrue either directly or indirectly to the seller or any person associated in business with him.

Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other, or both have any common interest, or some third person has an interest in the business or property of both of them.

"4. When the goods to be valued:

- (a) are manufactured in accordance with any patented invention or are goods to which any registered design has been applied;
or
- (b) are imported under a foreign trade mark, or are imported for sale under a foreign trade mark,

the normal price shall be determined on the assumption that the value of the right to use the patent, design or trade mark in respect of the goods is covered by the price.

"5. Every declaration must be supported by an invoice.

If the goods are liable to ad valorem duty, the invoice must be legalized by the French diplomatic or consular authority. Under reciprocal agreements, this legalization may be substituted by a visa issued by organizations approved by the French Government, or the formality of legalization or visa may be abolished.

"6. The customs officials may also require the production of agreements, contracts, correspondence, etc., referring to the sale.

"7. Neither the customs officials nor the Superior Customs Tariff Committee shall be bound to accept the evidence of the invoice or any of the other documents referred to above.

"8. If the elements considered in ascertaining the normal price are expressed in foreign currency, the conversion shall be made on the basis of the official rate of exchange in force on the date when the declaration is registered.

"9. The value ascertained according to the above rules shall, as appropriate, be rounded off to the nearest 100 francs below."

Question 4.

The time to be taken into consideration for valuation purposes is the date when the declaration is registered with the customs office. (Section 35, paragraph 2(a) of the Customs Code) The declaration in question is a detailed declaration which brings the goods in question under the customs régime.

In this connexion, it must be pointed out that under French legislation there is no actual difference between the date when the declaration is deposited and the date of its registration, as the two operations cannot be dissociated, the result of the second being to give a definite date to the first. Once the declaration has been registered, duty may be levied.

Question 5.

Under paragraph 2(b) of Section 35 of the Customs Code, "the goods shall be treated as having been delivered to the buyer at the place of introduction into the customs territory".

It follows from this provision that the place to be taken into consideration for valuation purposes is:

- (a) for goods imported by sea: the port of destination, or the initial port of landing when the goods are re-directed to the port of destination under cover of a trans-shipment declaration;
- (b) for goods imported by land: the point of crossing the frontier;
- (c) for goods imported by air: the point of crossing the land or sea frontiers of the initial customs territory, or in the case of a direct flight over that part of customs territory, the place of crossing the land or sea frontier of the customs territory in which the place of destination is situated.

Question 6.

Under paragraphs 2(c) and (d) of Section 35 of the Customs Code, it is the price of the goods at the time of their introduction into the country of importation which is used by French legislation to determine valuation for customs purposes; in consequence, valuation for customs purposes includes the various transport costs incurred until the crossing of the frontier, or until the port of destination or initial port of landing is reached. Valuation for customs purposes should not include costs and charges on the goods after their introduction in the customs territory.

The criterion chosen by French legislation is in conformity with that fixed by the Brussels Definition.

Question 7.

When the price depends upon quantity, the French customs administration takes for valuation purposes the price which relates to quantities comparable to the quantity to be valued.

Question 8.

As pointed out in the reply to Question 1, the invoice price is used as an element of appreciation for the determination of valuation for customs purposes.

When the invoice price cannot be so accepted, it may be used in certain cases, subject to the necessary adjustment, or in other cases it may be replaced by the sale price adjusted to take account of expenses and profits incurred after importation (when the transaction does not take place under fully competitive conditions).

In no case is the cost of production considered for customs valuation purposes.

Other factors which may be used for valuation purposes in the last resort, include:

the normal price fetched by the merchandise;

the actual price of imported competitive lines.

In the case of medicaments made up for retail sale, valuation for customs purposes is based on the sale price of the products in question.

This deviation, which is in accordance with the provisions of the Brussels Convention on the Valuation of Goods for Customs Purposes, is, however, of a transitional nature.

Question 9.

No resort to alternative methods of valuation for customs purposes is permitted.

Question 10.

Taxes or charges from which imported articles have been exempted in the exporting country are excluded from valuation for customs purposes. No limits are placed on such inclusion provided there really was exemption from, or repayment of the taxes or dues in question.

This rule is in conformity with Interpretative Note II of Article 1 of the Brussels Convention.

Question 11.

The arrangements for monetary conversion of prices for valuation purposes in French legislation are a reproduction of Interpretative Note IV to Article 1 of the Brussels Definition, which reads as follows:

"Article 1.

Where the determination of the value or of the price paid or payable depends upon factors which are expressed in a currency other than that of the country of importation, the foreign currency shall be converted into the currency of the importing country at the official rate of exchange of that country."

The rates fixed are based not on the par value recognized by the International Monetary Fund, but on market rates of exchange. Conversion is carried out on the basis of the daily rate or on the average of the daily rate given in the exchange rates quoted in the last number of the Journal Officiel of the French Republic received in the locality in which the import office is situated.

For currencies dealt with in the exchange market but for which no rates are published in the Journal Officiel because of the infrequency of such operations, conversion is effected on the basis of average rates notified monthly to the customs authorities.

Finally, for currencies not dealt in on the Paris Exchange, for which the rates are established according to quotations received from other places, or according to selling prices charged by certain foreign banks, and for multiple rates of exchange, varying with the specification of the merchandise, charged in certain countries, the customs service chooses rates really charged which the importer must attest to, or in default of such attestation, published estimate rates.

Question 12.

In addition to ordinary customs duties, various charges are levied on imports on the basis of the value of the goods concerned; these include taxes on business turnover and the special temporary countervailing tax for which the methods of determining the valuation for customs purposes are practically the same as those employed in connexion with the collection of customs duties.

A number of exceptions to the general rules are, however, made in the methods of valuation for the business turnover tax. Thus, for example, (1) the tax on certain woollen products is calculated on certain contractual values of an obligatory nature, which are fixed periodically by ministerial orders, (2) business turnover taxes on imported medicaments made up for retail sale are based, not on the sale price to the public in France, as is the case for customs duties, but on the "normal price" as defined in Section 35 of the Customs Code, and (3) business turnover taxes on imported cinematographic films are based on scaled values.

Question 13.

The reply to this question, which is now being prepared, will be transmitted to the French delegation towards the end of the current week.

I T A L Y

(Translation)

Question 1.

There are no administrative or legal provisions which permit valuation for customs purposes to be based on arbitrary or fictitious values.

Question 2.

There are no administrative or legal provisions which permit valuation for customs purposes to be based on the value of comparable domestic products.

Question 3.

Valuation for customs purposes is based on the definition given by Article 17 of the Preliminary Provisions of the customs tariff (cf. Annex I).

This definition is in accordance with the principles set out in Article VII of the GATT as well as in the Brussels Definition of Value for Customs Purposes.

Question 4.

The time of sale accepted for valuation purposes according to Italian legislation is "the time of clearing through customs", i.e., the time when the customs entry stipulated under Article 16 of the Customs Code of 29 September 1940, No. 1425, has been made and the goods are inspected, (Article VII, para.2(b) of the GATT; interpretative note 1 to Article I of the Brussels Definition).

In order to expedite customs formalities, it is provided in addition that the customs administration need not take account of any price fluctuations having taken place during the fifteen days following the date on which the entry has been made in cases when inspection of the goods does not follow immediately upon the entry.

Question 5.

The place accepted as the place of sale for valuation purposes according to Italian legislation is "the border of the territory of the Republic," which means that the value must be determined on the goods as "delivered at the border", i.e. on the assumption that the seller considers himself bound to assume and to include in the price all costs arising from the sale, transportation and delivery of the goods as far as the Italian border. (Article VII, para. 2(b) of the GATT; Article I, para. 2 of the Brussels Definition.)

Question 6.

Value for customs purposes is determined on a c.i.f. basis, i.e., on the price of the goods at the time of landing in the importing country.

Question 7.

Where the price depends upon quantity, the price used for valuation is uniformly that which relates to quantities comparable to the quantity to be valued.

Question 8.

Provided that the invoice is not suspected of being falsified (i.e., forged or inaccurate), that the price indicated does not differ appreciably from the normal price, that it does not date too far back, the price paid or to be paid (invoice value) is accepted as the basis for customs valuation when the goods are sold in a bona fide sale in the open market, in accordance with the Brussels Definition:

- (a) if the invoice price is not acceptable as a basis, it may, however, in certain cases (imports by sole agents, exclusive representatives or distributors; granting of abnormal discounts; failure to include in the price certain other elements which could justifiably be included in dutiable value, etc.) be accepted subject to necessary adjustments with a view to bringing it to the level of the usual price under fully competitive conditions or, in other cases, (imports by subsidiaries, branches, associated firms, agencies, etc.), be accepted subject to adjustments such as those mentioned above or, as a last resort, be replaced by the price of sale adjusted to take account of costs incurred and profits earned after import.

The cost of production is never used in valuation for customs purposes.

This, of course, applies in cases where the invoice price is accepted in accordance with interpretative note 5 to Article I of the Brussels Definition.

- (b) Does not arise.

Question 9.

The Italian legal regulations - which contain the wording of the Brussels Definition - constitute a single rule covering all valuation operations, and no alternative methods may be used.

Question 10.

Internal taxes from which the imported goods are exempted in the exporting country are excluded from dutiable value in accordance with interpretative note 2 ad Article I of the Brussels Definition which does not limit the exclusion to specified taxes.

Question 11.

Except as regards the price of goods imported from countries with which Italy has concluded exchange agreements fixing a specified rate of exchange, the conversion of foreign currencies is carried out as follows:

- (a) as regards convertible currencies, on the basis of the average weekly rate as given by daily Rome and Milan stock market quotations for the previous week;
- (b) as regards other currencies, on the basis of the exchange rate resulting from the ratio between the announced official par value of each of these currencies in United States dollars and the average weekly exchange rate for the United States dollar determined as described in (a) above.

All of the aforementioned rates of exchange, including those referred to under (a) and (b) are established in accordance with Decree No. 644 issued on 21 September 1949 by the Ministry of Finance in agreement with the Italian Foreign Exchange Office (U.I.C.), are communicated to the customs administration each week by the directorate of Customs and Excise of the Ministry of Finance.

The said rates of exchange are official and therefore generally applied.

Question 12.

There are no other charges on imports assessed on the value of imported goods, with the exception of the "Administrative Duty" (for services rendered) which is collected on all imported goods on the basis of a fixed rate of 0.50 per cent. The assessment of this duty is based on the same customs value as that utilized for the assessment of ordinary customs duties.

The same valuation for customs purposes determined by the same methods is utilized for the assessment of internal taxes also collected on imports.

Question 13.

The Italian export trade has met with serious difficulties resulting from valuation methods utilized by the United States in respect of imports.

T U R K E Y

(Translation)

Question 1.

There are no administrative or legal provisions in Turkey which permit valuation for customs purposes to be based on arbitrary or fictitious values, in the sense that such values are not related to the value of the imported goods in question or of like imported goods.

Question 2.

Nor are there any administrative or legal provisions in Turkey which permit valuation for customs purposes to be based on the values or comparable domestic products.

Question 3.

Valuation is based on a definition of value designed to establish as a standard the actual value of the imported goods. (The text of the relevant provisions is appended to this document).

Question 4.

Goods are considered sold or offered for sale on the date on which payment is required. That obligation becomes effective immediately upon the registration of the written customs entry; if the entry is verbal, immediately upon the entry, or upon the signature by the duty-payer of the receipt of notification of the duty payable.

Question 5.

The place of sale or offer of sale of goods under Turkish legislation is the customs office (ports, railways stations, and roads) where it is handed over to the buyer.

Question 6.

Valuation for customs purposes is based on the definition contained in the Brussels Convention.

Question 7.

Where the price depends upon quantity, valuation is, as a rule, based on the Brussels definition.

Question 8.

The price at which the goods are sold or offered for sale (i.e., the invoice value) is accepted as the basis for valuation in so far as it corresponds to the normal price established according to the Brussels definition. If the invoice price is lower than the normal price, the above-mentioned provisions in the annex to this document are applied.

Question 9.

No alternative method of valuation is applied, apart from the method stipulated under the Brussels Convention on the Valuation of Goods for Customs Purposes.

Question 10.

The principles of the definition of the Brussels Convention and the Interpretative Notes of the latter are likewise applied in the cases enumerated under this point.

Question 11.

Turkey applies the official rates of exchange based on the par value recognized by the International Monetary Fund. The free exchange rate is not applied for the conversion of foreign currencies.

The par value of Turkish currency being fixed by the International Monetary Fund, no other rate is applied for customs valuation purposes.

If imports come from a country applying multiple rates of exchange, the official rate of exchange of that country is used as a basis in valuation for customs purposes.

Question 12.

No import charge other than regular customs duties, assessed on the value of imported goods, is levied in Turkey.

The method referred to above for valuation for customs purposes is not applied at present in assessing the rate of internal taxes or equivalent charges levied on imported goods.

Question 13.

This question is currently being examined by the departments concerned in Turkey.

LEGISLATION ON VALUATION
FOR CUSTOMS PURPOSES

Article 10

Article 68 of the Customs Code shall be amended as follows:

I. Valuation of imported goods for customs purposes which shall be applied in levying customs duties shall be:

- (1) The normal price of these goods at the time when the customs duties become payable.
- (2) The normal price shall be the price to be paid for these goods in a sale under fully competitive conditions between an independent buyer and seller.

The normal price of imported goods shall be determined on the following bases:

- (a) Goods are considered delivered to the buyer at the port or place of introduction into the territory of the importing country.
 - (b) The seller is considered as having included in the price all charges on the sale and delivery of the goods, to the port or place of introduction, including freight, insurance rates and brokerage.
 - (c) The buyer is considered as being liable for all duties and taxes payable in the importing country.
- (3) A sale under fully competitive conditions between an independent buyer and seller is a sale in which:
- (a) The payment of the price of the goods is the only actual payment required of the buyer.
 - (b) The price fixed does not vary as a result of commercial, financial or other relationships, whether by contract or otherwise, which may exist in addition to those involved by the sale itself between the seller or a physical or legal person who is associated in business with the seller, on the one hand, and the buyer or a physical or legal person associated in business with the buyer, on the other.
 - (c) No part of the proceeds of the subsequent re-sale, use or disposal of the goods shall accrue either directly or indirectly to the seller or any physical or legal person associated with him.
- (4) Two persons are deemed to be associated in business with one another whether directly or indirectly, if either of them has any interest in the business (or property) of the other, or both have a common interest in any business (or property); or some third person has an interest in the business (or property) of both of them.

(5) When goods to be assessed are manufactured according to a patent, design or trade-mark or bear a foreign manufacturing or trade-mark, or are imported to be sold under such a trade-mark, the valuation of the normal price shall be assessed on the assumption that the value of the right to use the patent, design or trade-mark or the manufacturing mark is covered by the price.

(6) Customs duties of goods imported into the country under a final sales agreement are assessed on the basis of the price entered in conformity with that deed, if there is no apparent doubt connected therewith.

But should the sales agreement fail to have been drawn up according to the stipulations under the above sub-paragraphs, customs duties shall be levied on the basis of valuation which shall be assessed in conformity with these sub-paragraphs.

(7) It is mandatory to enter the value of goods in Turkish currency which shall be used as a basis for levying customs duties. The amounts of foreign currencies indicated on invoices or other documents shall be converted by the Ministry of Customs and Monopolies into Turkish currency, at the time the customs duties become payable, according to the exchange rates published monthly for application during the current month.

II. In valuation of goods for customs purposes, values below one Turkish pound shall be considered at a round figure of one Turkish pound and accepted as the equivalent of one Turkish pound.

III. Valuation of goods which are duty-free or are under specific rates shall also be entered in accordance with the above rules.

IV. Should imported goods come under the ad valorem system, and as the result of inspection, it has been found that certain values were not indicated on the invoices or other such documents, the values shall be added to the standard price.

Should the value of goods, as a result of inspection, be found to be lower than the value given on the invoices or other such documents, the difference shall be deducted from the value which shall be taken as a basis for assessment of duties, subject to the condition that that reduction in value is the result of theft, loss or damage of the said goods.

V. The parties concerned are required to produce before, and if need be, to hand over to the authorities empowered to inspect them by the Ministry of Customs and Monopolies, their books, registers and business or legal documents.

