



VALUATION OF IMPORTED GOODS

The Customs value is the value to be used when goods are imported into Australia.

WHAT IS THE CUSTOMS VALUE USED FOR?

The Customs value is:

- the basis for calculating ad valorem customs duty
- combined with other items, including customs duty, international transport and insurance costs and, where applicable, Wine Equalisation Tax, to produce the value of the taxable importation (which is used to calculate the Goods and Services Tax)
- published by the Australian Bureau of Statistics to show trade to and from Australia,
- used in other economic reporting

HOW ARE GOODS VALUED?

The most common method for valuing any import is to use the 'transaction value', which is the price the importer actually paid (or is going to pay) for the goods.

A number of conditions must be met to use the transaction valuation method. For example, the buyer and seller are not related, where the buyer and seller are related, their relationship has not affected the price of the imported goods. The transaction value can involve deductions or additions such as commissions or royalties.

When the transaction value cannot be used, one of these alternative methods will be used to determine the Customs value:

- 1) Identical goods value – the price of identical goods sold for export to Australia.
- 2) Similar goods value – the price of similar goods sold for export to Australia
- 3) Deductive value – 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.

- 4) Computed value – this is based on the price of producing the goods, general expenses, other costs and profits relating to the imported goods
- 5) Fall-back value – where no other methods are suitable, Customs and Border Protection will determine the value by taking into account the above valuation methods and any other relevant information.

ARE FREIGHT AND INSURANCE COSTS INCLUDED?

The Customs value does not include freight and insurance costs in transporting the goods from the 'place of export' to Australia.

However, any inland freight and inland insurance costs incurred by the purchaser before the goods leave the 'place of export' are included in the Customs value.

WHAT IS THE PLACE OF EXPORT?

The place of export can include:

- where the goods are posted from
- where the goods are packed in a container (as defined in the Customs Convention on Containers)
- the place, or last place, from which self-transported goods departed for Australia
- the place, or first place, the goods were placed on board a ship or aircraft for export
- where the goods crossed the border of the exporting country.

In any other cases, the place of export will be determined by Customs and Border Protection.

ARE PACKING COSTS INCLUDED?

The cost of packing overseas, such as labour and packages, is included in the Customs value of the goods.

The cost of containers (as defined in the Customs Convention on Containers) and pallets imported temporarily are not included in the Customs value.

RATE OF EXCHANGE

The Customs value must be in Australian currency. If the invoice is not in Australian dollars then use the rate on the day the goods were exported, as published in the Commonwealth of Australia Gazette. The rates of exchange are also available from www.customs.gov.au.

If there is no rate available through these channels, the conversion rate will be the ruling rate determined by Customs and Border Protection.

IMPORT DOCUMENTATION

Customs and Border Protection does not usually require importers to submit commercial documentation.

However, the owner of the imported goods must keep all relevant commercial documents while the goods are subject to Customs and Border Protection control and for five years after the goods have entered Australia for consumption. This helps Customs and Border Protection to make sure owners provide correct details when entering their goods.

RELATED FACT SHEETS

You can access the following related fact sheets from www.customs.gov.au,

- Valuation treatment of production assist costs
- Valuation of free-of-charge goods

RELEVANT LEGISLATION

This information is intended only as a guide and has no legal force. Full details relating to the valuation requirements are contained in the *Customs Act 1901*.

Our valuation system is based on the World Trade Organization (WTO) Valuation Agreement – the system used by major trading nations throughout the world. Sections 154 through to 161L of the *Customs Act 1901* reflect the WTO Valuation Agreement.

FOR MORE INFORMATION

A penalty may apply where incorrect Customs values are declared. If you are unsure how to value particular goods, Customs and Border Protection officers are available to assist you.

For information on any Customs and Border Protection matter, contact the Customs Information and Support Centre on 1300 363 263, email information@customs.gov.au or browse our website www.customs.gov.au.