



NUMBER 15 CUSTOMS VALUE OF IMPORTED GOODS

Importers are required to specify the Customs value of imported goods on the import entry or the clearance document. The Customs value of imported goods is determined by using the Second Schedule to the Customs and Excise Act 1996. Transaction value is the usual method for establishing the Customs value of imported goods under the Second Schedule.

What is transaction value?

The transaction value is the price paid or payable for the imported goods with certain additions and deductions.

Additions to the price paid or payable for the goods includes commissions, packing costs, assists (materials supplied by the buyer), proceeds of resale accruing to the seller, foreign inland freight charges (paid to or for the benefit of the seller) and royalties and licence fees.

Overseas freight and insurance charges (to the extent that they are included in the price paid or payable) are deducted to establish the transaction value.

The acceptance of transaction value by Customs is subject to certain conditions. Two of the main conditions are as follows:

- There must be a sale for export to New Zealand. Goods that have not been sold for export (such as goods on consignment or supplied free of charge) cannot be valued by this method.
- It must be shown that the price paid or payable has not been influenced by any relationship between the importer and seller.

Are there alternative methods for determining the Customs value?

Where the transaction value cannot be used, there are alternatives for determining the Customs value:

- Identical or similar goods value—the transaction value of identical or similar goods sold for export to New Zealand.
- Deductive value—the sale price of the goods in New Zealand adjusted for costs incurred after shipment.
- Computed value—value based on cost of production, general expenses and profits in the country of origin relating to the imported goods.
- Residual basis of valuation—value determined by Customs based on a flexible interpretation of one of the previous methods.

Are there methods of valuation that cannot be used?

- The selling price in New Zealand of goods produced in New Zealand.
- A basis which provides for the acceptance of the higher of two alternative values.
- The price of goods on the domestic market of the country of exportation.
- The cost of production, other than computed values that have been determined for identical or similar goods in accordance with clause 7 of the Second Schedule.
- The price of goods for export to a country other than New Zealand, unless the goods were imported into New Zealand.
- Minimum Customs values.
- Arbitrary or fictitious values.

What rate of exchange is used to determine Customs value in New Zealand dollars?

The Customs value is required in New Zealand dollars. Where the invoiced amount is not in New Zealand dollars, it must be converted at the exchange rate in force on the date the import entry or clearance document is lodged with Customs. The New Zealand Customs Service determines exchange rates under Section 62 of the Customs and Excise Act 1996. Customs exchange rates are set for a two-week period. They are published fortnightly in Customs Release and are also available from the Customs website www.customs.govt.nz or by contacting the Customs National Call Centre on 0800-428 786 (0800 4 CUSTOMS).

How long do I need to keep import documentation?

Most imported goods are cleared electronically through the Customs computerised processing system. This system relies on the declaration of the importer/agent confirming the correctness of the information provided.

The New Zealand Customs Service does not keep documents presented at the time of clearance.

In order to be satisfied of the correctness of information provided by the importer/agent, Customs carries out a programme of post-entry audits. The importer is therefore required to keep all relevant documents for seven years after they have been entered and to produce these documents to Customs as required. It is an offence not to keep these records. Administrative penalties and fines may apply where incorrect Customs values are declared.

Where can I get further information about Customs value?

If you are unsure about the Customs value of goods you are importing, or if you require further information about Customs values, contact your nearest office of the New Zealand Customs Service, visit the Customs website www.customs.govt.nz, or Call Customs on 0800-428 786 (0800 4 CUSTOMS).

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