

# Provisional Values

Importers who cannot determine the value of imported goods at the time of importation can now use the provisional values service to give a reasonable estimate of that value. The value can be finalised at a later date.

## » How do I apply for provisional values?

*You'll need to register for the service with Customs and you may:*

- » qualify automatically – if you have a transfer pricing arrangement agreed with the Inland Revenue, receive royalties and licence fees, or further proceeds. The value can be determined under the transaction value method Schedule 4 – Customs and Excise Act 2018. You'll receive confirmation within five working days.
- » be granted the ability to use provisional values – your application will be determined on a case by case basis. You'll receive advice on whether your application has been approved within 30 working days.

The provisional value will be effective from the approval date. While most provisional values applications will be for ongoing use, in some situations, you can request a one-off approval for high-value or special-purpose imports.

If a broker or agent applies on behalf of an importer, the importer must be the registered party.

## » How do I estimate the provisional value?

*You'll need to estimate a provisional value based on the following:*

- » a reasonable estimate of the value of imported goods using the information that's available to you at the time of entry
- » application of the requirements of the valuation methodology (Schedule 4 – Customs and Excise Act 2018).

## » When do I need to finalise the value?

You'll need to finalise the value within 12 months of the end of the importer's financial year in which the original entry was made. The duty balance is then paid or refunded, and no compensatory interest charged on the difference between provisional duty and the final duty.

If you fail to provide the final value within this time frame, the outstanding duty will be treated as a shortfall payment, with compensatory interest and penalties accruing from the date that the duty would have been payable, had the provisional value been updated on time. You might also be suspended from using provisional values and could be subject to prosecution.

The provisional value will be treated as the Customs value until it is finalised, and you'll be liable to pay duty on the provisional value initially. Customs may amend this provisional value if it's considered to be inaccurate or inappropriate.

## ➤ Want to know more?

You'll also be able to refer to the Importer Guide for more information on this service, how to register and use it.

## ➤ Provisional value scenarios

### Scenario 1

My company has a Transfer Pricing Arrangement. We have approached Inland Revenue and obtained an Advanced Pricing Agreement. We've used this to make an adjustment to the Customs value for our goods.

### Scenario 2

My company will adjust the Customs value of our goods because of a contract for royalty fees.

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In scenarios 1 and 2, Section 102 of the Act allows importers to enter a provisional value at the time of import and then finalise the Customs value later. We request that you notify us so that we can update our system to recognise that you will enter provisional values.

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### Scenario 3

My company has a Transfer Pricing Arrangement and we will make an adjustment to the Customs value for our goods. We haven't obtained a binding ruling from Inland Revenue.

### Scenario 4

We've used the Deductive Value method to establish the Customs value of our goods – so at import we can't state the actual value.

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In scenarios 3 and 4, Section 102 of the Act allows importers to apply to use provisional values. If approved, you'll enter a provisional value and then finalise your Customs value, once you have the necessary information. Customs will consult with the Inland Revenue about your Transfer Pricing Arrangement.

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