

IMPORTER GUIDE

PROVISIONAL VALUES SCHEME

Date: October 2018

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Provisional values scheme

Overview

Purpose	The purpose of this importer guide is to explain the New Zealand Customs Service's (Customs) provisional values scheme (the scheme).
Audience	<p>This guide is for importers, brokers and agents (such as accounting and trade compliance consulting firms) who want to find out about the provisional values scheme.</p> <p>Note: This guide is written from the viewpoint of the importer. When we use the word you we are referring to the importer.</p>
What is the scheme?	<p>The provisional values scheme allows some importers to use a provisional value in their import declaration when they:</p> <ul style="list-style-type: none"> • cannot determine the final Customs value of their imported goods at the time of importation • know that the Customs value is likely to change after importation. <p>By the end of the importer's next financial year (when the importer can provide an accurate Customs value), the importer will finalise all provisional values by providing one final value for the previous financial year.</p> <p>Note:</p> <ul style="list-style-type: none"> • We expect the importer to determine their final value if they have an agreed price with their supplier, even if the importer has not received the final invoice from the supplier at the time of importation. • The provisional values scheme is for imports only. • The provisional values scheme is not for exports – it's only for importers whose Customs value is likely to change. • If you are an importer and you can provide a Customs value that will not subsequently change, then you do not need to use a provisional value.
What is the benefit?	<p>The benefit of using provisional values is that if your final value is more than your total provisional values, then you will not be charged compensatory interest on the additional duty owed.</p> <p>If you are not in the provisional values scheme and you need to increase your import declaration value, then you will go back into your import declaration and change the Customs value. The additional duty owed will incur compensatory interest – if the duty amount meets the compensatory interest threshold.</p>

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Overview, continued

You must be registered to use provisional values

You must be registered to use provisional values. We will register you if you:

- notify us that you automatically qualify and we agree with your notification
- apply to use provisional values and we approve your application
- email us to say that you are in a group that has been approved by the chief executive.

This guide covers these scenarios in more detail.

Uplift programme will cease on 1 October 2018

If you are in or were in our Uplift programme, then:

- please note that it will cease to exist on 1 October 2018
- it is important that you read the rest of this importer guide.

From 1 October 2018, things will change for you.

Section references and terminology

In this importer guide:

- all section references refer to the Customs and Excise Act 2018
 - we refer to import declarations, rather than import entries.
-

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This guide has the following topics and appendices:

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Overview of the provisional values scheme

Introduction

This topic:

- covers the main parts of the scheme
 - has a diagram for each part
 - covers the different stages within the scheme.
-

Main parts to the scheme

There are three main parts to the scheme:

- **Registration**

This is where you are registered to use provisional values.

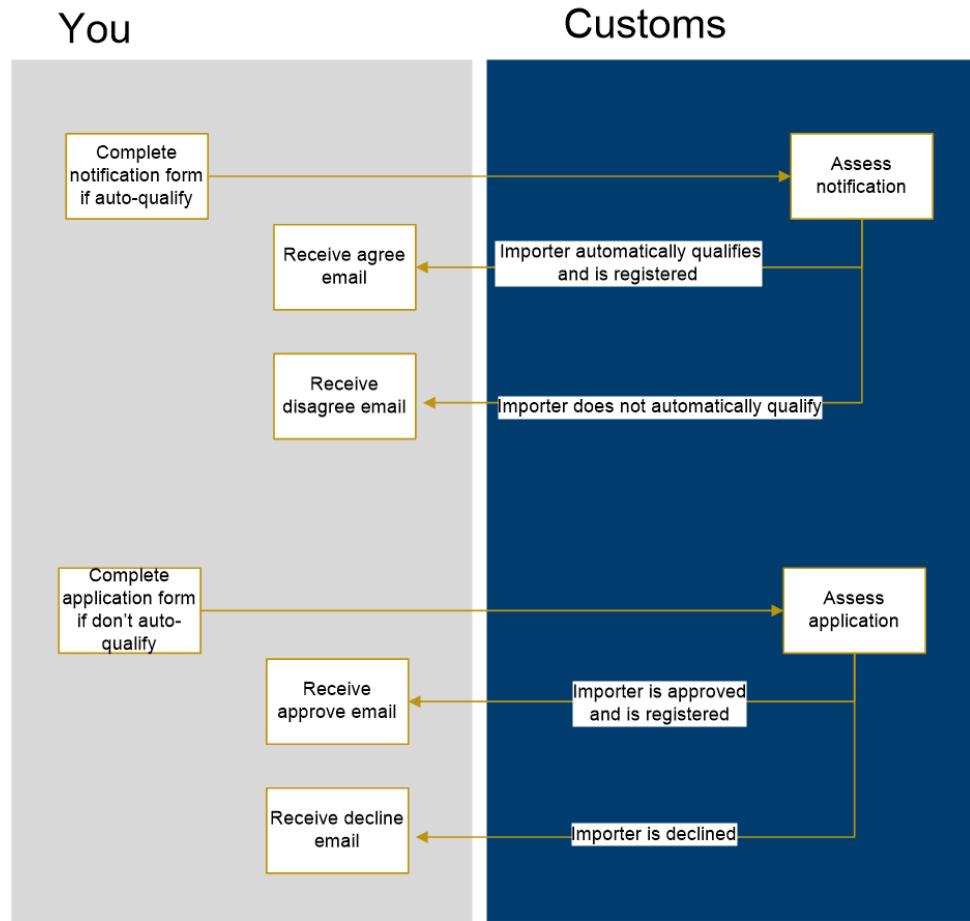
- **Lodging an import declaration**

This is where you lodge the import declaration with the provisional value in it.

- **Providing a final value**

This is where you complete your final value.

Registration The diagram below illustrates the first part, Registration.

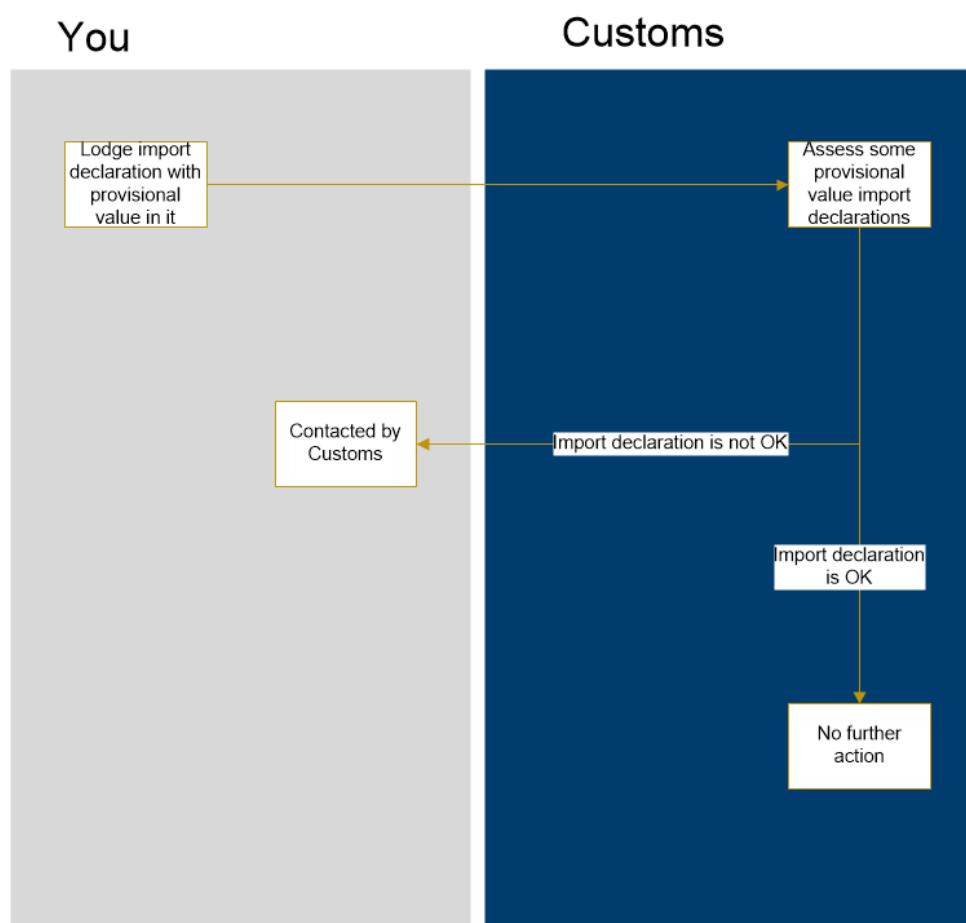


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Overview of the provisional values scheme, continued

Lodging an import declaration

The diagram below illustrates the second part, Lodging an import declaration.

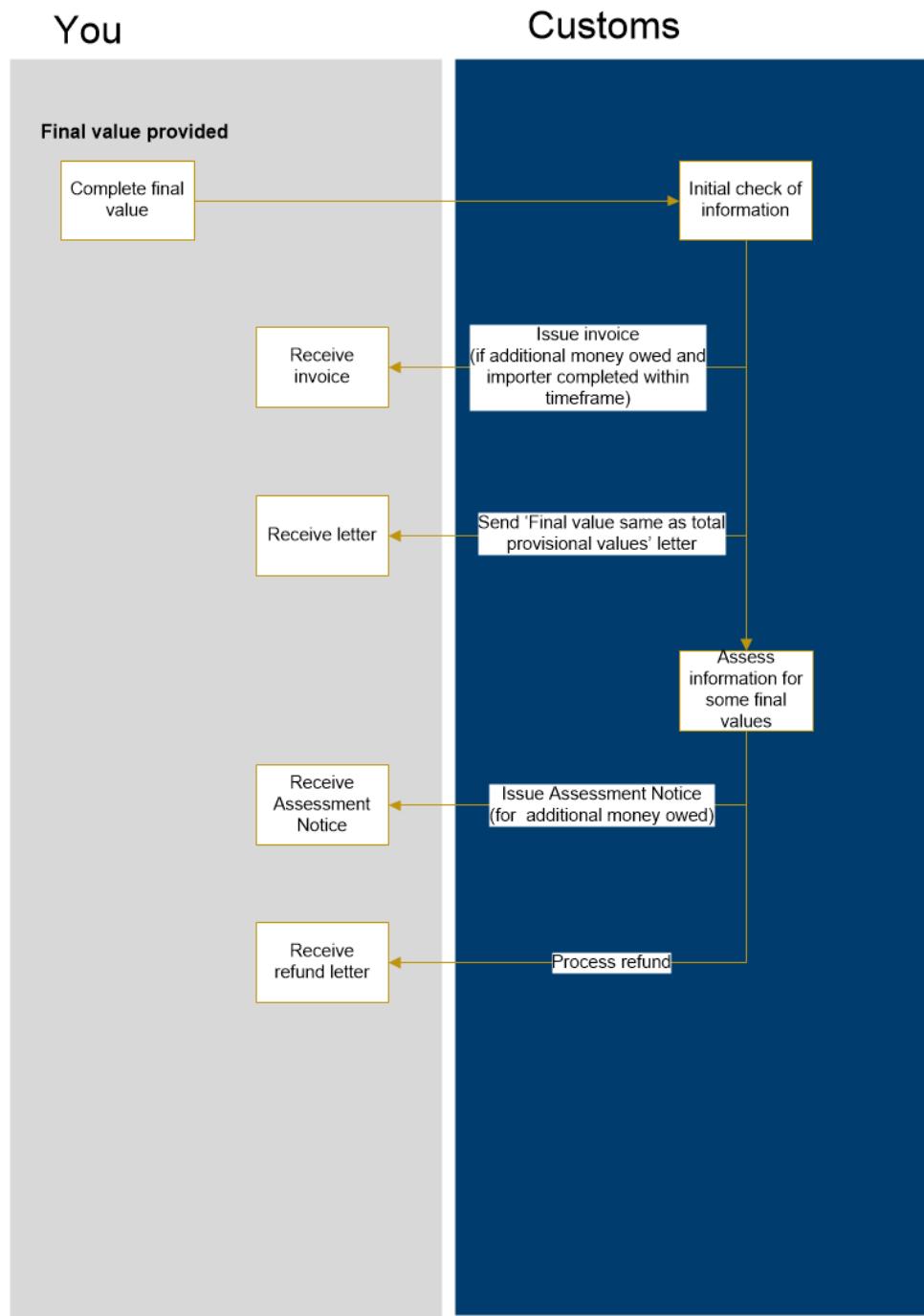


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Overview of the provisional values scheme, continued

Providing a final value

The diagram below illustrates the third part, Providing a final value.



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Overview of the provisional values scheme, continued

Scheme overview

The table below:

- shows the stages in the provisional values scheme
- shows the part where the stage occurs.

Stage	Description										
Part 1: Registration											
1	You determine if the provisional values scheme is appropriate for you.										
2	If appropriate, you determine if you: <ul style="list-style-type: none"> • automatically qualify • need to apply. <p>See:</p> <ul style="list-style-type: none"> • When you can automatically qualify • What to do if you want to apply 										
3	You either: <ul style="list-style-type: none"> • notify us that you automatically qualify to use provisional values in your import declarations • apply to use provisional values. <p>See:</p> <ul style="list-style-type: none"> • What to do if you automatically qualify • What to do if you want to apply 										
4	We receive either the notification or application to use provisional values and we assess the notification or application.										
5	We will send you an email telling you of the outcome of your notification or application. <table border="1" style="width: 100%; border-collapse: collapse;"> <tr style="background-color: #002060; color: white;"> <td style="padding: 5px;">If we...</td> <td style="padding: 5px;">then we will send you an email to...</td> </tr> <tr> <td style="padding: 5px;">agree that you automatically qualify</td> <td style="padding: 5px;">confirm that you automatically qualify. Note: We will then register you.</td> </tr> <tr> <td style="padding: 5px;">approve your application</td> <td style="padding: 5px;">tell you that your application has been approved. Note: We will then register you.</td> </tr> <tr> <td style="padding: 5px;">disagree that you automatically qualify</td> <td style="padding: 5px;">tell you that you do not automatically qualify but that you can apply to use provisional values.</td> </tr> <tr> <td style="padding: 5px;">decline your application</td> <td style="padding: 5px;">• tell you the reason(s) why you have</td> </tr> </table>	If we...	then we will send you an email to...	agree that you automatically qualify	confirm that you automatically qualify. Note: We will then register you.	approve your application	tell you that your application has been approved. Note: We will then register you.	disagree that you automatically qualify	tell you that you do not automatically qualify but that you can apply to use provisional values.	decline your application	• tell you the reason(s) why you have
If we...	then we will send you an email to...										
agree that you automatically qualify	confirm that you automatically qualify. Note: We will then register you.										
approve your application	tell you that your application has been approved. Note: We will then register you.										
disagree that you automatically qualify	tell you that you do not automatically qualify but that you can apply to use provisional values.										
decline your application	• tell you the reason(s) why you have										

		<p>been declined</p> <ul style="list-style-type: none">• tell you how you can appeal our decision.	
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Overview of the provisional values scheme, continued

Scheme overview – *continued*

Stage	Description
Part 2: Lodging an import declaration	
6	<p>You lodge the import declaration.</p> <p>Note: The provisional value must be a reasonable estimate of the value of the goods at the time the import declaration is lodged.</p> <p>See: How to lodge an import declaration with a provisional value.</p>
7	<p>You pay any money owed to us for the goods covered by the import declaration.</p> <p>Note: If you have a deferred account, then this debt can be added to your deferred account.</p>
Part 3: Providing a final value	
8	<p>You provide one final value for all of your provisional value estimates within your financial year.</p> <p>Note:</p> <ul style="list-style-type: none"> • You must provide us with a final value by the end of your next financial year end. (This is within 12 months after the end of the financial year in which your provisional values were made.) <p>Example: Assume that your financial year end is 31 March and you have lodged import declarations with provisional values in them from 1 April 2018 to 31 March 2019. You must complete your final Customs value for all of your import declarations that have provisional values in them by 31 March 2020.</p> <ul style="list-style-type: none"> • When you provide us with the final value, you may determine that you owe us more money, we owe you a refund of the duty you have already paid, or that there is no change to the duty. <p>See:</p> <ul style="list-style-type: none"> • The final Customs value • What happens if you provide your final value late or not at all?
9	<p>We receive your reconciliation letter, calculations and supporting evidence.</p> <p>Note:</p> <ul style="list-style-type: none"> • If you have provided us with a final value within your timeframe and you owe us money, we will send you an invoice for the amount of money owed. • The payment date will be specified on the invoice. The due date will be 20 working days from us receiving your reconciliation letter. • If the final value is the same as your total provisional values for the financial year, then we will send you a letter acknowledging this.

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Overview of the provisional values scheme, continued

Scheme overview – *continued*

Stage	Description	
Part 3: Providing a final value		
10	We review your final value and in some cases may change the final value that you provided us with.	
	If we issued you with an invoice and...	then we will...
	our review found there was no additional money owed from the invoice	take no further action.
	our review found additional money was owed	<ul style="list-style-type: none"> • contact you to discuss • issue you with either: <ul style="list-style-type: none"> ○ an Assessment Notice ○ a combined Assessment Notice/Statement of liability. <p>Note: We would issue you this if we completed our review more than 20 working days from the date we received your reconciliation letter and if you met the threshold for compensatory interest.</p>
	our review found there was a refund due (because you paid too much in your invoice)	<ul style="list-style-type: none"> • contact you to discuss • process your refund.
	If you calculated a refund and...	then we will...
	our review agreed with the refund amount	process your refund.
	our review found a different refund amount	contact you to discuss and then process your refund.

Continued on next page

Overview of the provisional values scheme, continued

Scheme overview – *continued*

Stage	Description
Part 3: Providing a final value	
	<p>If you provided your final value late (so did not receive an invoice) and...</p> <p>our review found we agreed with your reconciliation letter on the amount of money owed</p>
	<p>then...</p> <p>we will issue you with either:</p> <ul style="list-style-type: none"> • an Assessment Notice <p>Note: You will be issued an Assessment Notice if you did not meet the threshold for compensatory interest.</p> <ul style="list-style-type: none"> • a combined Assessment Notice/Statement of liability. <p>Note: You will be issued an Assessment Notice/Statement of liability if you met the threshold for compensatory interest.</p>
	<p>our review found we disagreed with your reconciliation letter on the amount of money owed</p> <ul style="list-style-type: none"> • we will contact you to discuss • we will issue you with either: <ul style="list-style-type: none"> ◦ an Assessment Notice ◦ a combined Assessment Notice/Statement of liability.
11	<p>You receive our correspondence and you may:</p> <ul style="list-style-type: none"> • have to pay more money • be notified about your refund. <p>Note: The money owed cannot be added to your deferred account (if you have one).</p>

Important points about the scheme

Summary

Here are important points about the provisional values scheme:

- The provisional value must be a reasonable estimate.
 - You can only use provisional values in import declarations.
 - There are three instances when you can use provisional values:
 - when you automatically qualify
 - when you apply and are accepted
 - when the chief executive approves certain importers or certain goods.
 - You must provide one final value for all of your provisional value estimates in a given financial year.
 - Your final value must be provided by the end of your next financial year.
 - Your provisional value payment can be added to your deferred account but your final value payment cannot.
-

Provisional value must be a reasonable estimate

The provisional value must be a reasonable estimate of the anticipated final amount.

The estimated value must be:

- based on information known to you at the time the import declaration is being made
 - calculated in accordance with [Schedule 4 of the Customs and Excise Act 2018](#).
-

Used in import declarations only

You can **only** use a provisional value in an import declaration.

You cannot use a provisional value in an Inward Cargo Report.

A provisional value must be used for goods over NZ\$1,000.

Note: An Inward Cargo Report used to be known as an Electronic Cargo Information (ECI) clearance.

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Important points about the scheme, continued

Three instances of when you can use provisional values

You can use provisional values in your import declarations when:

- you notify us that you **automatically qualify** under the Act, we assess your notification and then if we agree we will register you to use provisional values
- you **apply to use provisional values**, we assess your application and then if we approve your application we will register you to use provisional values
- you fall within a general class of importers, or your goods fall within a general class of goods, which the **chief executive** had approved to use provisional values in import declarations.

Note: You will need to tell us that you fall within this group so that we can register you.

Automatically qualify

If you satisfy the requirements of [s102\(1\)\(a\) or \(b\)](#), then you will automatically qualify to use provisional values.

See: [When you can automatically qualify](#).

If you automatically qualify, then you will need to tell us by completing the form called: **Notification to use provisional values in import declarations**.

For more information on this form and what you need to tell us, please see the topic: [What to do if you automatically qualify](#).

Apply to use provisional values

If you do not automatically qualify to use provisional values, then you can apply to use provisional values.

If you want to apply, then you will need to complete our form: **Application to use provisional values in import declarations**.

For more information on this form and what you need to tell us, please see the topic: [What to do if you want to apply](#).

Continued on next page

Important points about the scheme, continued

Chief executive issues a statement

The chief executive may approve a:

- class of importer to use provisional values
- general class of goods that importers can use provisional values for.

The chief executive's statement will be:

- added to the Customs website
- published in the **Customs Release** (a weekly publication issued to those importers, brokers and agents who subscribe).

If the chief executive issues a statement, you will need to email us to confirm that you qualify. Please email us at: voc@customs.govt.nz.

Note: Remember to include your importer code (client code) in your email.

You must provide one final value

You **must** provide one final value for all of your provisional value estimates in a given financial year.

You must provide the final value by the end of your next financial year. This is within 12 months after the end of the financial year in which the provisional values were made.

Note: We do not want you to go back online into your import declaration and change your provisional value to a more accurate final value.

When you can automatically qualify

Introduction

The Act specifies three instances when you automatically qualify to use provisional values in your import declarations.

These instances have to do with:

- transfer pricing
- royalties and licence fees
- further proceeds.

If you meet the criteria set out in these instances, then you will automatically qualify to use provisional values.

Transfer pricing

You can automatically qualify to use provisional values when you use transfer pricing to determine the Customs value of your imported goods

AND

you need to make year-end adjustments to the transfer price in line with your organisation's financial results

AND

you have one of the following agreements:

- unilateral advance pricing agreement (APA)
- bilateral advance pricing agreement (BAPA)
- multilateral advance pricing agreement (MAPA).

For more information about the above agreements, please refer to:
[Appendix 1: Advance pricing agreements](#).

See: [section 102\(1\)\(a\) and \(14\)](#).

Royalties and licence fees

You can automatically qualify to use provisional values when you use the Transaction Value Method to determine the Customs value of your imported goods

WHEN

you need to include royalties and licence fee payments in your Customs value

AND

the amount of those royalties and licence fee payments can only be established after importation.

See: [section 102\(1\)\(b\)](#).

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When you can automatically qualify, continued

Further proceeds

You can automatically qualify to use provisional values when you use the Transaction Value Method to determine the Customs value of your imported goods

WHEN

you need to include in your Customs value further proceeds to the seller for:

- resale
- disposal
- use of the goods.

See: [section 102\(1\)\(b\)](#).

If you meet the criteria

If you meet the criteria in one of the instances in this topic, then you will automatically qualify to use provisional values.

Please read the topic: [What to do if you automatically qualify](#).

If you do not meet the criteria

If you do not meet the criteria in any of the instances in this topic, then you may still use provisional values if you apply and your application is approved.

Please read the topic: [What to do if you want to apply](#).

What to do if you automatically qualify

Introduction

This topic covers:

- the notification form
- what information you need to tell us in the notification
- the supporting documents you need in your notification for:
 - transfer pricing
 - royalties and licence fees
 - further proceeds
- what happens after you notify us
- where to go for help.

You must notify us

If you think you automatically qualify to use provisional values, then you need to notify us by completing our form: **Notification to use provisional values in import declarations**.

Information you need to tell us

In our notification form you need to tell us:

- your importer name
- your importer code (also known as your client code)
- your contact information
- your financial year end
- the goods, or class of goods that you are notifying us about
- how you automatically qualify, is it because you meet the criteria for:
 - transfer pricing
 - licence fees and royalties
 - further proceeds.

You also need to attach supporting document(s) that show you automatically qualify to use the provisional values scheme.

Transfer pricing supporting document

If you are notifying us because of transfer pricing, then your supporting document will be one of the following agreements from Inland Revenue:

- private binding ruling – also known as a unilateral advance pricing agreement (APA)
- bilateral advance pricing agreement (BAPA)
- multilateral advance pricing agreement (MAPA).

See: [Appendix 1: Advance pricing agreements](#).

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What to do if you automatically qualify, continued

Transfer pricing supporting document – *continued*

Your agreement must:

- be current
 - specify the goods, or class of goods that you are notifying us about
 - have your importer name in it (the same importer name as in the notification form)
 - be signed by an Inland Revenue representative.
-

Royalties, licence fees and further proceeds supporting documents

If you are notifying us because of royalties, licence fees or further proceeds, then your supporting document will be one or more of the following documents:

- royalty agreement
- licence fee agreement
- further proceeds agreement.

Your agreement must:

- be current
 - specify the goods, or class of goods that you are notifying us about
 - have your importer name in it (the same importer name as in the web form).
-

Need help?

If you need help completing the notification form, or if you need more information about the supporting documents, please refer to [Appendix 3: NZ Customs Service contact information](#) (contact for notifying or applying to use provisional values).

What happens after you notify us?

When we receive your notification, we will assess it.

Our assessment should be completed within 5 working days.

After our assessment, we will either:

- agree that you automatically qualify
- disagree that you automatically qualify.

We will send you an email telling you of the outcome of our assessment.

If you are successful, your use of provisional values will be limited to the parties and situations identified in your supporting documentation.

If we disagree that you automatically qualify, then you can apply to use provisional values.

See: [What to do if you want to apply](#).

What to do if you want to apply

Introduction

If you don't automatically qualify to use provisional values in your import declarations, then you can apply and we will assess your application.

This topic covers:

- the application form
 - what information you need to complete for the application
 - the supporting documents you need to include in your application
 - what happens after you apply
 - what you can do if you disagree with our decision to decline your application
 - where to go for help.
-

Use our web form

To apply to use provisional values, you must complete our form: **Application to use provisional values in import declarations.**

Information you need to tell us

In our application form you need to tell us:

- your importer name
- your importer code (also known as your client code)
- your contact information
- your financial year end
- the goods, or class of goods that you are applying for
- the reason why the final value cannot be provided at the time of importation
- how the provisional value will be determined
- which method of valuation will be used to establish the Customs value of the goods
- what your expected timeframe is to finalise the Customs value

Examples:

- 6 months from the date you lodged your provisional value.
- 7 months after your financial year end.
- 10 months after your financial year end.
- which supporting documents you have provided
- anything else that you think is relevant to your application.

Note: You will also need to attach any relevant files to the application.

Continued on next page

What to do if you want to apply, continued

Application supporting documents

For your application to be assessed, you need to provide us with supporting documents.

Your supporting documents should provide us with the following information, if relevant:

- an overview of the supply chain for the imported goods from the ordering of the goods by the end-purchaser in New Zealand through to delivery of the goods to the end-purchaser in New Zealand

This includes both:

- the physical movement of the goods
- the passing of legal title in the goods
- details of the:
 - buyer
 - seller
 - supplier
 - exporter and the importer involved
 - contractual arrangements between the parties
 - nature of the relationships between the parties
- calculations/method of valuation used (or proposed to be used) to arrive at the Customs value
- all agreements, contracts, policies or guidelines relating to the supply of the imported goods, such as:
 - sale and purchase agreements
 - distribution agreements
 - cost contribution agreements
 - transfer pricing study
- an overview of the organisational structure of the multinational group

Example: An organisation chart showing the head office and subsidiaries (domestic and foreign) and all significant holdings.

- any other information that will assist us to gain a fuller picture surrounding the importation of the goods into New Zealand.

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What to do if you want to apply, continued

What if your file size is too large?

You can attach files to an email with your application form, providing the file size is no more than 25MB in total.

If your attached file(s) are too large, then please submit the application without the files and contact us to discuss how we can receive the files.

Our contact details are in [Appendix 3: NZ Customs Service contact information](#) (contact for notifying or applying to use provisional values).

Need any other help?

If you need any other help with your application, please contact us and we can help you.

What happens after you apply?

When you email us the application, we will assess it.

Our assessment should be completed within 30 working days. If it will take longer, we will contact you.

If you have applied because you have a transfer pricing arrangement, then as part of our assessment we will consult with Inland Revenue regarding your transfer pricing arrangement.

After our assessment, we will either:

- approve your application
- decline your application.

If we approve your application, we will send you an email telling you that you have been successful. We will also outline any conditions for using the provisional value.

If we decline your application, we will send you an email explaining the reasons why we have declined your application.

What if you disagree with our decision?

If you disagree with our decision to decline your application to use provisional values, you have the right to appeal to the Customs Appeal Authority (CAA).

The CAA hears appeals against the decisions or directions of the New Zealand Customs Service.

The CAA resides within the Ministry of Justice.

For more information about the Authority, including how to apply for an appeal, please refer to the [Ministry of Justice website](#).
(Home>Tribunals>Customs.)

How to lodge an import declaration with a provisional value

Adding a provisional value

Importers and brokers can use different systems to lodge import declarations.

To add a provisional value in your import declaration, you will use the same system that you use to lodge your import declarations.

Example: If you use Trade Single Window (TSW) to lodge your import declarations, then you will use TSW to lodge your import declarations that will have provisional values in them.

How to specify a provisional value

You can specify a provisional value by using the **Other information** field in either the header or the line detail level.

Header

If you want the entire import declaration to be identified as a provisional value declaration, then you will either:

- type **PVL** in the **Other information** field in the Header
- select **Provisional values** from the dropdown option in the **Other information** field in the Header.

Line Detail

If you want only one or specific lines of your import declaration to include a provisional value, then you will either:

- type **PVL** in the **Other information** field in the relevant Line Detail section
- select **Provisional values** in the **Other information** field in the relevant Line Detail section.

Note:

- The **Other information** field may be called another name, depending on your system. Another name that this field may be known as could be the **OINF** field.
- If you are using third party provided software to complete your entries you may need to contact your software provider if you need help completing an entry with provisional value(s).

Warning!

We can only treat your Customs value as a provisional value if you indicate it as one in your import declaration.

If you forget to enter the code in the other information field, then:

- you cannot include the import declaration in your final value calculation
- you may be subject to compensatory interest when:
 - you amend the value in the import declaration
 - Customs identify during an audit that you had a shortfall.

The final Customs value

Introduction

This topic covers:

- providing a final value is a legal requirement
- when you have to provide your final Customs value
- what you need to include in your reconciliation letter
- what should be in your spreadsheet
- what supporting documents should be supplied.

Legal requirement

It is a legal requirement that you provide a final value within a specified timeframe. If you do not do this you will have committed an offence.

See: [section 112\(2\)](#) and [section 363\(1\)\(b\)](#)

Note: The only way to provide a final value is as a total figure for all of the provisional value estimates. You cannot go back into the import declaration and change the provisional value estimate to a final value.

When do you have to provide the final value?

You must provide the final value by the end of your next financial year.

(This is 12 months after the end of the financial year in which the provisional values declarations were made.)

Example: Assume that your financial year end is 31 March and you have lodged import declarations with provisional values in them from 1 April 2018 to 31 March 2019. You must complete your final Customs value for all of your provisional value estimates by 31 March 2020

What if you change your financial year end?

If you change your financial year end, you must immediately notify us at voc@customs.govt.nz.

We will tell you what you need to do and when your final value is due.

**What you
need to
send us**

To provide a final value, you will need to send us:

- a reconciliation letter
- a spreadsheet
- supporting documents for your import declarations.

Note:

- We will assess your information and when accepted, we will mark your provisional value declarations as closed.
- When you have all the information ready to send, please email it to: provisional.values@customs.govt.nz.
- Your supporting documents should contain sufficient information for us to validate your final Customs value.

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The final Customs value, continued

- Reconciliation letter** Your reconciliation letter should include:
- your company name
 - your importer code (also known as your client code)
 - your financial year period
 - the reason you have used provisional values, i.e.
 - transfer pricing
 - royalty and licence fees
 - further proceeds
 - any changes to your transfer pricing policy, royalty contracts or licence agreements
 - the total provisional values for the specified financial year
 - the total final value for the specified financial year
 - breakdown of amounts owed, if the final value is greater than the total of the provisional values, i.e. DUTY amount, GST amount etc.
 - the total amount due to be refunded, if the final value is less than the total of the provisional values on a manual refund form.
 - a note to indicate that there is no change in duty
 - any other relevant information, such as changes of business operation affecting the provisional values and the final value
 - a list of the attached supporting documents, such as:
 - invoices
 - credit notes
 - calculations
 - annual financial statements.

Note: These documents should also be attached to your email that you send in to us.

See: [Appendix 2: Template for reconciliation letter](#).

Spreadsheet

Your spreadsheet that you send in to us may be:

- the actual Excel spreadsheet that you used in your calculations for your final value
- a copy of a printout of your spreadsheet
Example: A PDF of a printed page from your spreadsheet.
- in another form (if there are not many import declarations).
Example: An electronic version of Word with a table in it.

We prefer the actual Excel spreadsheet for larger groups of import declarations (including explanations of any acronyms used within the spreadsheet).

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The final Customs value, continued

If you calculate a refund

If you have calculated that you are due a refund, then please complete form: **NZCS 223 Application for refund of revenue.**

Email all relevant information for your final value

When you have completed everything, please email all your information to: provisional.values@customs.govt.nz.

In your email, please ensure you have attached your:

- reconciliation letter
- spreadsheet
- supporting documents
- completed refund form (if you have calculated that you are due a refund).

If you have any questions

If you have any questions about how to provide a final value, please contact us well before your legislated timeframe at provisional.values@customs.govt.nz.

It may take us up to 5 working days to respond.

What happens if you provide your final value late or not at all?

Introduction

Please ensure you complete your final value on time because certain sanctions apply if you do not.

This topic covers:

- what could happen if you provide your final value late or not at all
 - compensatory interest and late payment penalties
 - suspension of your ability to use provisional values
 - prosecution.
-

If you finalise late or not at all

If you provide your final Customs value more than 12 months **after** the end of your organisation's financial year in which the provisional value was made, then you will be late.

If you provide your final value late or don't provide a final value at all, then you may:

- be charged compensatory interest
 - be charged a late payment penalty
 - have your ability to use provisional values suspended
 - face prosecution for failing to finalise within the prescribed timeframe.
-

Interest and late payment penalty	<p>You will be charged compensatory interest and/or a late payment penalty if:</p> <ul style="list-style-type: none">• we issued you an invoice based on your final value, you did not pay within the prescribed timeframe on the invoice, and compensatory interest and/or a late payment penalty applies• you completed your final value within time:<ul style="list-style-type: none">○ you were issued an invoice○ after the invoice was due we conducted compliance work on your final value○ the compliance work identified that you had a shortfall○ the shortfall amount was sufficient to have compensatory interest applied.• you completed your final value late, we assessed that your final value had a shortfall, and that shortfall was sufficient to have compensatory interest applied.
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Note: In the above two bullet point scenarios we would contact you to discuss before we issued an Assessment Notice/Statement of Liability.

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What happens if you provide your final value late or not at all?, continued

Duty payer guide

For more information about compensatory interest and late payment penalties, please refer to the document on our website: **Duty payer guide: Compensatory interest and late payment penalties**.

Use of provisional values suspended

You may be suspended from using provisional values if you:

- provide your final value late
- do not provide a final value at all
- did not provide a reasonable estimate of your provisional value on the original import declaration.

Your suspension may be for:

- a specified time period
- an indefinite period of time.

Prosecution

You may face prosecution if you:

- provide your final Customs value late
- do not finalise your final Customs value at all.

See: [section 363\(1\)\(b\)](#).

Note:

- If you are an individual importer, you could face a fine not exceeding \$1,000.
- If you are in an importing organisation, your organisation could face a fine not exceeding \$5,000.

Reviewing or appealing a provisional values decision

Introduction

This topic covers reviewing or appealing a decision about provisional values made by us.

You have two options when it comes to:

- asking for a review of a decision made by us – this applies to certain decisions only, see information on our website about Administrative Reviews
- appealing a decision made by us.

The option you take will depend on what type of decision was made.

The two options for review and appeal are:

- asking for an administrative review (Customs does this review)
 - applying to the Customs Appeal Authority (this is administered by the Ministry of Justice).
-

Customs' administrative review

You can apply for a Customs' administrative review if you are dissatisfied with a provisional values decision about:

- an assessment, or reassessment, made by us for a provisional value or a final Customs value

See: [section 117](#).

- compensatory interest and late payment penalties for a final Customs value

See:

- [section 164](#)
- [section 173](#)

○ Duty payer guide: Compensatory interest and late payment penalties (on our website).

- an administrative penalty.

See:

- [section 291](#)
- [section 292](#).

You cannot apply for an administrative review if you are dissatisfied with a decision about us:

- declining your application to use provisional values
- suspending your ability to use provisional values.

Note: For information about the administrative review, please read this document on our website: [Administrative review applicant guidelines](#).

Continued on next page

Reviewing or appealing a provisional values decision, continued

Customs Appeal Authority

You can apply to the Customs Appeal Authority at the Ministry of Justice if you are dissatisfied with a provisional values decision about:

- an assessment, or reassessment, made by us for a provisional value or a final Customs value

See: [section 117](#).

- compensatory interest and late payment penalties for a final Customs value

See:

- [section 164](#)
- [section 173](#)
- **Duty payer guide: Compensatory interest and late payment penalties** (on our website).

- an administrative penalty

See:

- [section 291](#)
- [section 292](#).

- us declining your application to use provisional values
- us suspending your ability to use provisional values.

Refer to the Ministry of Justice website

For more information about the Customs Appeal Authority, including how to apply, please refer to the [Ministry of Justice website](#) (Home>Tribunals>Customs).

Appendix 1: Advance pricing agreements

Introduction

This appendix provides information on the following advance pricing agreements from Inland Revenue:

- private binding ruling – also known as a unilateral advance pricing agreement (APA)
 - bilateral advance pricing agreement (BAPA)
 - multilateral advance pricing agreement (MAPA).
-

Private binding ruling

Inland Revenue has a special type of private binding ruling that is called a unilateral APA.

Inland Revenue may refer to this type of private binding ruling as either:

- a private binding ruling
- a unilateral advance pricing agreement (APA)
- an advance pricing agreement (APA).

Inland Revenue: [Types of binding rulings](#)

If you have a private binding ruling, you will need to attach it to the notification form so we can assess your notification.

Bilateral advance pricing agreement (BAPA)

A BAPA is an advance pricing agreement agreed upon by the New Zealand Inland Revenue and another country's tax administration (e.g. Australian Taxation Office).

You can only have a BAPA if the other country's tax administration has a double tax agreement with New Zealand.

Inland Revenue's double tax agreement countries: <http://taxpolicy.ird.govt.nz/tax-treaties#dta>

If you have a BAPA, you will need to attach it to the notification form so we can assess your notification.

Multinational advance pricing agreement (MAPA)

A MAPA is an advance pricing agreement agreed upon by the New Zealand Inland Revenue and two or more other countries' tax administrations.

If you have a MAPA, you will need to attach it to the notification form so we can assess your notification.

Appendix 2: Template for reconciliation letter

Introduction This appendix provides you with a template that we recommend you use for your reconciliation letter. It is not however obligatory.

New Zealand Customs Service
 PO Box 29
 Shortland Street
 Auckland 1140
NEW ZEALAND

Attention: Trade Assurance

OR

Via Email: provisional.values@customs.govt.nz

Date

Dear Sir / Madam

Company name and client code – Finalising provisional value entries

Company X Limited is providing a final value for import declarations cleared using provisional values for the financial year **1 January 2019 to 31 December 2019**.

This adjustment is in regards to: *related parties/transfer pricing/royalties/other adjustments under Schedule 4 of the Customs and Excise Act 2018 (delete non applicable)*).

We submit this final value in accordance with the Customs and Excise Act 2018.

Background

Please provide some background. Example: Background to the transfer pricing agreement and how it applies to the imported goods.

Provisional and final values

The total import declaration value declared to Customs as provisional values is: \$1,000,000.00. The final value after all adjustments is \$1,265,589.16.

GST and duty implications

Financial year	VFD Declared	Transfer pricing adjustment	Adjusted final VFD	Duty @ 5% on adjustment	GST @ 15% on adjustment + duty	Duty refund amount
Jan to Dec 2017	\$1,000,000.00	\$265,589.16	\$1,265,589.16	\$13,279.45	\$41,830.29	

Appendix 2: Template for reconciliation letter, continued

Going Forward

Please include any information regarding your company structure/transfer pricing agreements or any other information that will affect the way your company operates for the upcoming year or if not applicable, do not have this heading.

If you have any questions with the above, please contact John on john@companyX.co.nz.

Attachments

Please find attached:

- a spreadsheet showing:
 - our import declaration numbers that used provisional values in them for the financial year *1 January 2019 to 31 December 2019*
 - our calculations to arrive at the total provisional values, the final value and duty owed
- invoices to show year-end price adjustments (*If not applicable, do not include*)
- credit notes to show year-end price adjustments (*If not applicable, do not include*)
- debit notes to show year-end price adjustments (*If not applicable, do not include*)

Yours sincerely

Name
Position in company

Appendix 3: NZ Customs Service contact information

Contact for notifying or applying to use provisional values

Here are the contact details if you want to contact us about:

- notifying to use provisional values
- applying to use provisional values.

Method of communication	Contact
Email	voc@customs.govt.nz
Free phone within New Zealand	0800 428 786 (0800 4 CUSTOMS) Monday – Friday 7:00am – 6:00pm
Post	Valuation, Origin and Classification New Zealand Customs Service PO Box 29 Shortland Street AUCKLAND 1140

Contact for lodging a provisional value import declaration

Here are the contact details if you want to contact us about lodging an import declaration using a provisional value:

Method of communication	Contact
Email	provisional.values@customs.govt.nz
Free phone within New Zealand	0800 428 786 (0800 4 CUSTOMS) Monday – Friday 7:00am – 6:00pm

Contact for providing a final Customs value

Here are the contact details if you want to contact us about providing a final Customs value.

Method of communication	Contact
Email	provisional.values@customs.govt.nz
Free phone within New Zealand	0800 428 786 (0800 4 CUSTOMS) Monday – Friday 7:00am – 6:00pm

Appendix 4: Glossary

Term	Definition
Automatically qualifies	<p>When an importer automatically qualifies to use provisional values in their import declarations.</p> <p>An importer will automatically qualify when they meet the criteria in section 102(1)(a) or (b) of the Customs and Excise Act 2018.</p> <p>An importer will automatically qualify if:</p> <ul style="list-style-type: none"> • they are an importer that: <ul style="list-style-type: none"> ◦ has a transfer pricing arrangement ◦ has an advance pricing agreement from Inland Revenue. <p>Examples: Unilateral Advanced Pricing Agreement (APA), bilateral advance pricing agreement (BAPA) or a multilateral advance pricing agreement (MAPA).</p> <ul style="list-style-type: none"> • the Customs value of imported goods: <ul style="list-style-type: none"> ◦ can be determined under the Transaction Value Method ◦ have royalty payments that need to be made and those royalties can only be determined after the sale of the goods in NZ. • the Customs value of imported goods: <ul style="list-style-type: none"> ◦ can be determined under the Transaction Value Method ◦ have further proceeds of sale to be paid by the buyer to the seller of the goods once goods are sold after importation.
Customs Appeal Authority	<p>The Customs Appeal Authority is an independent judicial body that hears appeals against the decisions and directions of the New Zealand Customs Service.</p> <p>The Authority consists of at least one person appointed by the Governor-General on the recommendation of the Customs Minister and the Justice Minister.</p> <p>The Authority is governed by the Customs and Excise Act 2018.</p> <p>It holds hearings throughout New Zealand.</p> <p>For more details, refer to the Ministry of Justice website. (Home>Tribunals>Customs>)</p> <p>Note: There is an application fee to appeal.</p>

Continued on next page

Appendix 4: Glossary, continued

Term	Definition
Final Customs value	<p>A value declared by an importer that finalises provisional values that were previously declared to Customs for goods they have imported.</p> <p>Note: The final value must be in accordance with Schedule 4, using the valuation method specified in your application.</p>
Importer	An importer (or their agent) that seeks to declare provisional values for goods they are importing into New Zealand.
Notification	An importer notification to use provisional values as allowed under section 102(1)(a) and (b) of the Customs and Excise Act 2018.
Provisional value	<p>A value declared by an importer for goods they intend to import, or have imported, when the importer knows the value is likely to change after importation.</p> <p>Situations when importers can declare provisional values are limited by section 102 of the Customs and Excise Act 2018.</p>
Reasonable estimate of the Customs value	<p>The estimated appraised value by the importer applying the requirements of the valuation methodology as set out in Schedule 4 of the Customs and Excise Act 2018, based on:</p> <ul style="list-style-type: none"> • the buyer and seller's budgeted and/or historic costs and figures • any other information that is available to the importer at the time the import declaration is being made.
Refund	The giving back of duty after it has been paid.
Transfer pricing arrangement	<p>An arrangement is a transfer pricing arrangement if:</p> <ul style="list-style-type: none"> • the arrangement involves the supply and acquisition of goods, services, money, other intangible property, or anything else • the supplier and importer are associated persons • the arrangement is a cross-border arrangement.
