



**World Customs
Organization**

Adjustments

Knowledge Academy

Adjustment



- The Customs value of imported goods shall be the transaction value, that is the price actually paid or payable for goods when sold for export to the country of importation **adjusted in accordance with the provisions of Article 8** of the WTO Customs Valuation Agreement

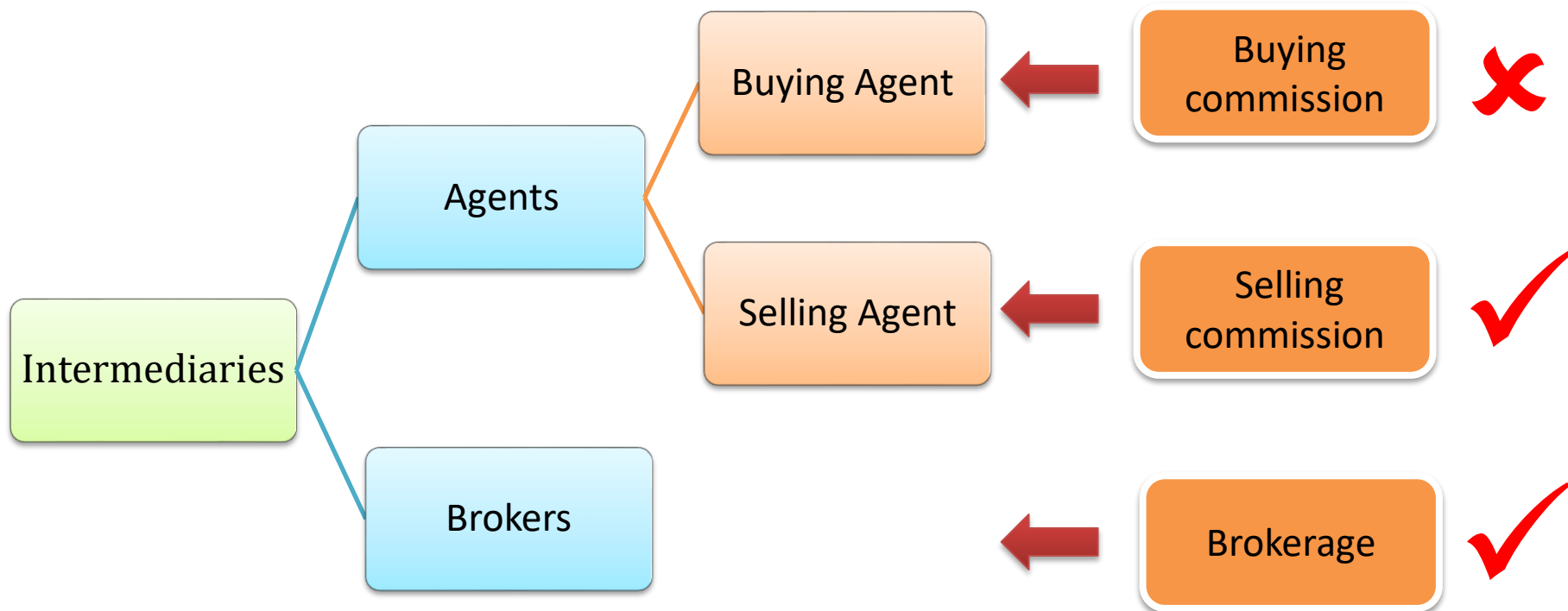
Adjustments

- Compulsory adjustments (*Article 8.1*)
 - Commissions & Brokerage (*a*) (*i*)
 - Packing & Containers Costs (*a*) (*ii*)-(*iii*)
 - Assists (*b*)
 - Royalties & License Fees (*c*)
 - Subsequent Proceeds (*d*)
- Optional adjustments (*Article 8.2*)

Commissions & Brokerage



Payments made to parties acting as intermediaries in a transaction



Packing & Containers Costs



- the cost of containers which are treated as being one with the goods for Customs purposes; (*Article 8.1(a) (ii)*)
- the cost of packing whether for labor or materials (*Article 8.1(a) (iii)*)
 - interior packing boxes or cartons
 - exterior packing boxes or cartons
 - packing materials
 - the labor costs involved in placing the goods in the containers

Assists

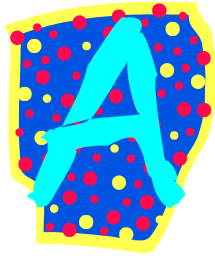
The value, apportioned as appropriate, of :

- certain goods or services,
- supplied directly or indirectly by the buyer,
- free of charge or at reduced cost
- for use in connection with the production of the imported goods

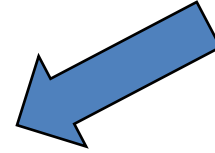
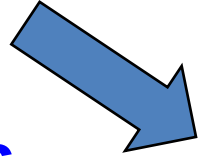
Assists

Categories of Assists

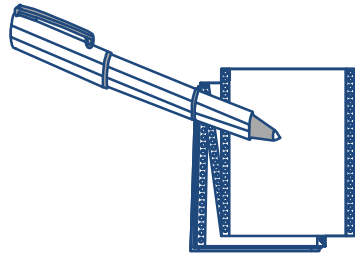
- Materials, components and parts incorporated in imported goods
- Tools, dies and moulds used in the production of imported goods
- Materials consumed in production of imported goods
- Engineering, development, artwork, design work and plans and sketches (undertaken elsewhere than in country of importation)



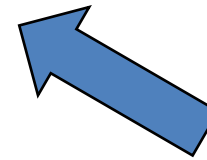
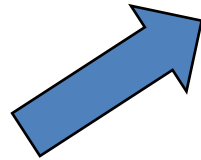
Samples



Buttons



Design Work



Bleach

Royalties & Licence Fees



- What are Royalties?

The Collins Dictionary and Thesaurus (1991) defines “royalty” as *“a percentage of the revenue from the sale of a book, performance of a theatrical work, use of a patented invention ... paid to the author, inventor ...”*

- Royalties and licence fees may include, among other things, payments in respect to patents, trademarks and copyrights.

The Interpretative Note to Article 8.1(c)

Royalties & License Fees

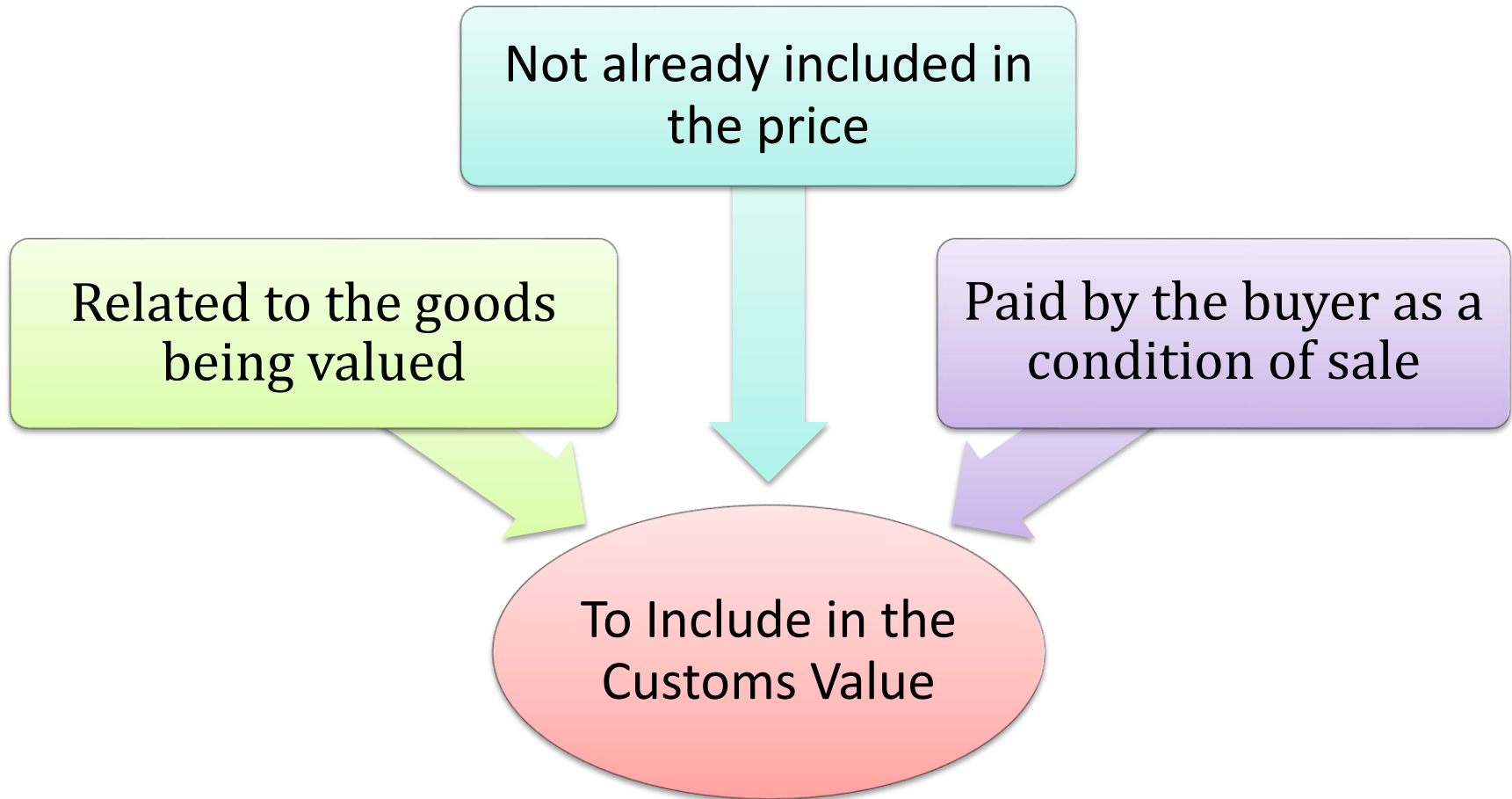


In determining the Customs value under the provisions of Article 1, there shall be added to the price actually paid or payable for the imported goods :

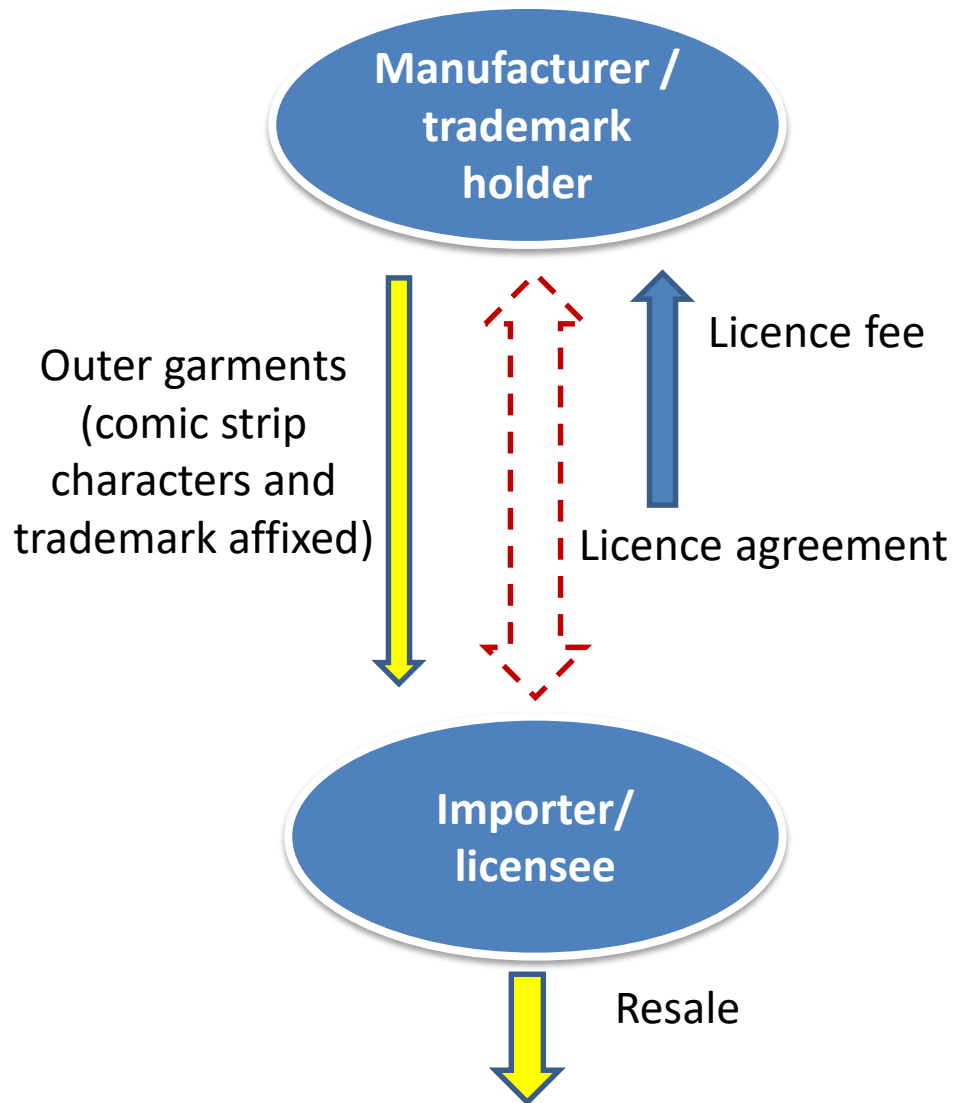
*... royalties and licence fees **related to the goods** being valued that the buyer must pay, either directly or indirectly, **as a condition of sale** of the goods being valued, to the extent that such royalties and fees **are not included** in the price actually paid or payable;*

Article 8.1 (c)

Royalties & License Fees

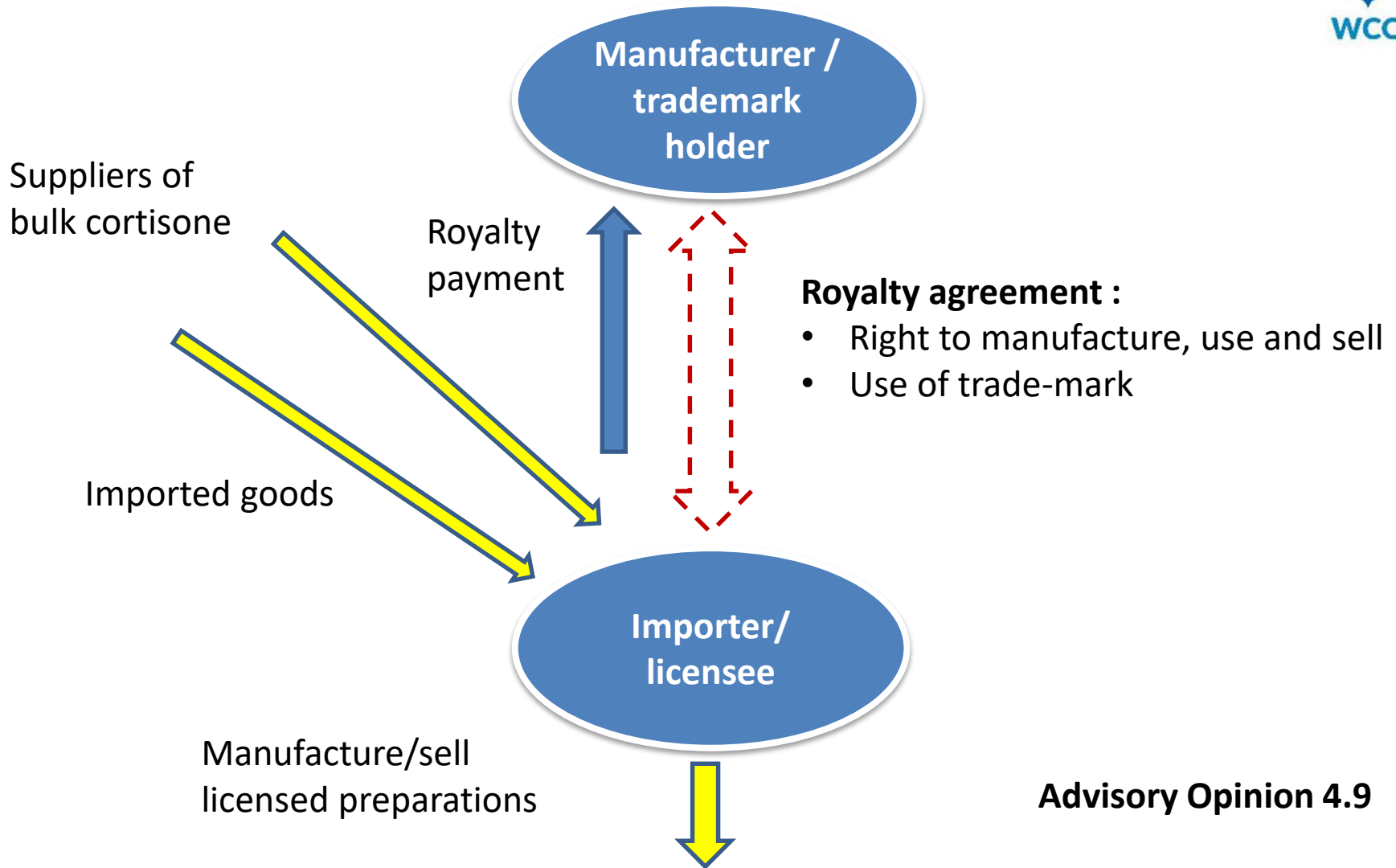


Royalties & License Fees



Advisory Opinion 4.10

Royalties & License Fees

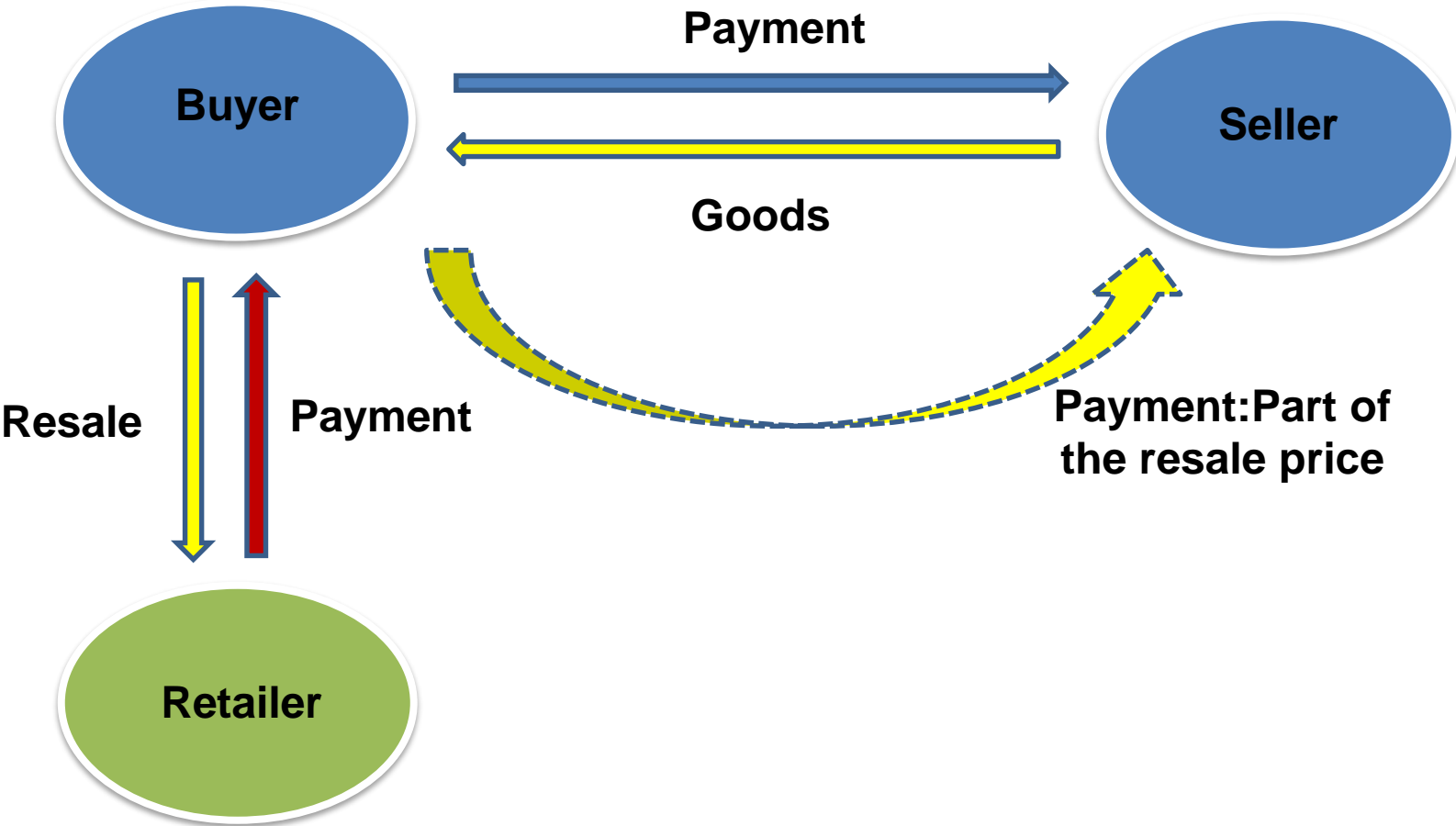


Subsequent Proceeds



- The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller

Subsequent Proceeds



Optional adjustments



- Depending on each country's decision
 - cost of transport
 - loading, unloading and handling charges
 - cost of insurance
- Terms of Sale
 - INCOTERMS: guidelines for the interpretation of the most commonly used terms in international trade.

General Requirements



- Objective and quantifiable data (*Article 8.3*)
Additions to the price actually paid or payable shall be made under this Article only on the basis of objective and quantifiable data.
- Condition of addition (*Article 8.4*)
No additions shall be made to the price actually paid or payable in determining the customs value except as provided in this Article.



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Thank you

