

# CUSTOMS EVALUATION OF IMPORTED GOODS

## General provisions

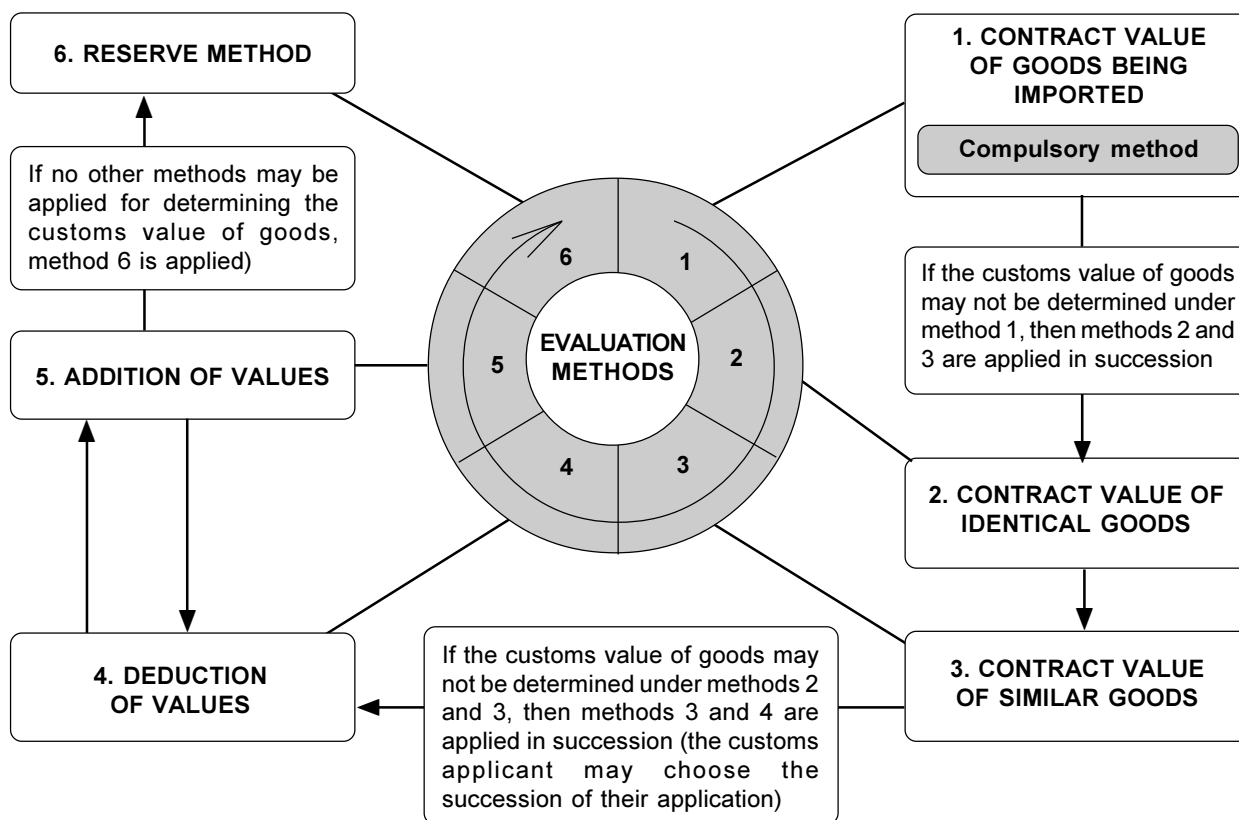
The customs value of imported goods is determined by the customs applicant in the customs declaration and serves as the basis for calculation of customs payments, foreign trade and customs statistics, other measures for state regulation of economic relations including currency control over foreign trade transactions and bank settlements.

When determining the customs value of goods, the declarer may apply each of the six methods established by the law “On Customs Tariff”. In most cases, the customs value is determined by the contract value of goods being imported. If this method cannot be used, the other methods are applied one after another. Each of the successive methods is applied if the preceding method cannot be used.

## Customs value control

Customs value control is conducted by the authorities of the customs post or a specialized division of the customs bodies.

## Methods of evaluation of customs value



- The indicated methods are applied with respect to goods which materially crossed the customs border of the RF at import to the customs territory of the RF or are declared for import in case of preliminary declaration, at the first placement of these goods under the established customs regime.
- Special rules of these methods' application have been established for evaluating customs value of goods illegally transferred through the Russian customs border or damaged as a result of an accident or an event of force majeure (Decree of the RF Government Nr 500 of 13.08.2006).
- In case of change of the customs regime the customs value of goods is the customs value determined as of the date the customs body accepts the customs declaration at the first placement of goods under customs regime after they materially crossed the customs border of the RF, unless otherwise provided for by the customs legislation of the RF.
- The customs body engaged in customs issuance of goods effects the control over correctness of the customs value calculation.

#### *Method of contract value of goods being imported (method 1)*

The customs value of goods is the contract value provided that:

- no restrictions are valid with respect to the buyer's right to use and disposal of goods except for:
  - restrictions introduced by federal laws, decrees and directives of the RF President, acts of the RF Government as well as regulatory legal acts of federal executive bodies
  - restrictions on the geographic region where the goods may be re-sold
  - restrictions substantially influencing the value of goods
- sale of goods or their price does not depend on the observance of conditions or obligations whose influence on the value of goods may not be defined by quantity
- any part of the income gained as a result of further sale of goods, another disposal or use will not be due either directly or indirectly to the seller, except for additional accruals
- the seller and the buyer are not inter-dependent persons except for the cases where the contract value is acceptable for customs purposes

The parties to the deal are inter-dependent if:

- each of these persons is an employee or CEO of an organization created with participation of the other person
- they are business partners
- they act as an employer and an employee
- any person owns directly or indirectly 5% and over of voting shares in circulation of both persons, controls 5% and over of voting shares in circulation of both persons or is a nominee of 5% and over of voting shares in circulation of both persons
- one of the persons directly or indirectly controls the other one or they both are directly or indirectly controlled by a third party or they both directly or indirectly control a third party
- they are close relations

**Customs value  
of goods**

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**Contract value**

*(the price actually paid or to be paid for goods at their sale for export in the RF)*

For determining the customs value of goods the following documentary confirmed expenses are excluded from the contract value:

- expenses on construction, erection, assembly, servicing or technical maintenance after industrial devices or equipment have been imported to the customs territory of the RF
- expenses on transportation of the goods being evaluated after their arrival at the customs territory of the RF
- duties, taxes and charges established in the RF

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**Additional accruals**

- Expenses borne by the buyer but not included into the price:
  - expenses on remuneration to the agent except for remuneration to its agent for purchase of goods
  - expenses on packing and packaging
- The value of certain goods given by the buyer free of charge or for the reduced price provided these goods are necessary for manufacture and sale for export in the RF of goods being evaluated, to the amount not included into the price. This is the value of:
  - batching being a component of imported goods
  - instruments, stamps, forms and other similar goods used at manufacture of the imported goods
  - materials spent on manufacture of imported goods
  - drawings, engineering, designing in any country except for the RF and necessary for manufacture of the goods being evaluated
- Payments for use of objects of intellectual property pertaining to sale of evaluated property
- Any part of income gained from subsequent sale, disposal by any other way or use of goods
- Expenses on transportation of goods to the place of arrival at the customs territory of the RF, their loading and unloading
- Expenses on insurance for international transportation of goods

**Methods 2-6**

**METHOD 2**  
**(Contract value of identical goods)**  
 "Identical" goods – goods identical in every respect to the goods being evaluated

**METHOD 3**  
**(Contract value of similar goods)**  
 "Similar" goods – goods with similar characteristics and made of similar components that may be each other's substitutes from commercial point of view

Goods are not treated as identical or similar if they are manufactured not in the country where the evaluated goods are manufactured or if design, R&D works and other similar works with respect to these goods have been performed in Russia

- The contract value of identical (similar) goods sold for the same commercial (wholesale, retail and other) price and to the same amount as the evaluated goods is applied for determining the customs value of goods
- If there were no such sales the contract value of goods sold for another commercial price and (or) to other amounts is applied provided such value has been subject to adjustments
- Should more than one contract value of identical or similar goods be available, the lowest one is applied for determining the customs value of evaluated goods

**METHOD 4**  
**(Deduction of values)**

The method is applied if evaluated (identical or similar) goods are sold in the RF in the same condition they are imported to the customs territory of the RF

**Customs value of goods**

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Unit price of goods to the largest consignment being sold to persons who are not inter-dependent with persons selling the goods on the RF territory at the same time period the evaluated goods are imported to the RF customs territory

- Agency fee or price markups for profit gaining and covering of commercial and management expenses on sale of goods of the same category or type in the RF
- Expenses on transportation, insurance on the RF territory and other related expenses
- Customs duties, taxes and charges subject to payment due to import of goods to the RF customs territory or their sale on the RF customs territory

**METHOD 5**  
**(Addition of values)**

**Customs value**

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**Estimated value**

**Estimated value includes:**

- expenses on manufacture and purchase of materials and expenses on manufacture of imported goods
- profit, commercial and management expenses equivalent to the amount usually accounted at sales of goods of the same category or type as the evaluated goods in the exporting country
- expenses on transportation of goods to the place of their arrival at the customs territory of the RF, their loading and unloading
- expenses on insurance for international transportation of goods

**METHOD 6**  
**(Reserve method)**

This method for determining the customs value is similar to the above described, however, some deviations are allowed:

- The basis for determining the customs value may be:
  - contract value of identical or similar goods manufactured in another country than the country of manufacture of evaluated goods
  - customs value of identical or similar goods
- At determining the customs value of goods:
  - on the basis of contract value of identical or similar goods - some reasonable deviation from the requirement that identical or similar goods should be imported at the same time period as the evaluated goods is allowed
  - on the basis of the method of deduction of values – some deviation from the above established term is allowed

## Declaring customs value in different cases

The procedure of declaring customs value also depends on the customs regime under which the goods are brought in and on whether the goods are subject to import duties and VAT.

