

1403: Primary Method to Determine the Customs Value of Imported Goods

Methods of determining customs value of imported goods are prescribed in the Customs Tariff Law and comply with international rules.

Customs Tariff Law provides for the primary (transaction value) method of determining customs value as follows.

The Law provides that the customs value of the imported goods shall be the price actually paid or payable by the buyer to or for the benefit of the seller for the imported goods in import transaction relating to the imported goods, plus the cost of transport, the cost of insurance and other additions, to the extent that it is not included in the price actually paid or payable for the goods.

Specifically, following five expenditures are additions.

- (1) Cost of transport, cost of insurance and other expenses incurred for transport of the imported goods to the port of importation.
- (2) Commissions and brokerage except buying commissions, the cost of containers, or the cost of packing the imported goods to the extent that they are incurred by the buyer in the import transaction relating to the imported goods.
- (3) The value of materials, parts, tools, molds, engineering, plans etc. out of those 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 and the import transaction.
- (4) The consideration for the use of patent, design or trademark right and such similar rights, relating to the imported goods, which the buyer must pay, directly or indirectly, as a condition of the import transaction of the imported goods.
- (5) The proceeds of any subsequent disposition or use of the imported goods by the buyer that accrue directly or indirectly to the seller.

The primary method mentioned above shall not be applied, in the case where there are some specific conditions relating to the import transaction or there are no import transactions relating to the imported goods such as free consignment, goods imported under a hire or leasing contract, goods imported on consignment.

If the customs value of the imported goods can not be determined by the primary method, see code No.1404 “Alternative Methods to Determine the Customs Value of Imported Goods”.

(Article 4 of the Customs Tariff Law)