

1404: Alternative Methods to Determine the Customs Value of Imported Goods

1. When the primary method cannot be used

Since the primary method cannot be used in the following cases, alternative methods will apply to determine the Customs value of the imported goods.

(1) When there are any special circumstances with respect to the import transaction as follows:

- There are restrictions as to the disposition or use of the goods by the buyer.
- The import transaction is subject to the condition which makes it difficult to determine the Customs value of the imported goods.
- The amount of proceeds of any subsequent disposition or use of the imported goods by the buyer which accrue directly or indirectly to the seller is not clear.
- The relationship between the seller and the buyer influences the transaction value of the imported goods.

(2) When the goods being valued are not imported by import transactions

“Import transaction” is defined as a sale made by the buyer, either individual or corporate body, who has its domicile, residence, principal office, branch office, other offices, place of business or other equivalent places in Japan with the seller in order to have goods arrived in Japan. Therefore, the following goods are considered not to be imported by import transactions.

- Free consignment
- Goods imported on consignment
- Goods imported by the seller’s agent for sale in an importing country on account and at the risk of the seller
- Goods imported under a hire or leasing contract
- Goods supplied on loan, which remain the property of the sender
- Goods imported by branches which are not separate legal entities
- Goods imported for destruction in country of importation, with the sender paying the importer for his services

(3) When the doubts about the Customs value have not been resolved

The case where the further explanation and information from the importer do not resolve the doubts about the documents provided to calculate the Customs value of the imported goods, and the case where the price actually paid by the buyer to or for the benefit of the seller cannot be confirmed as the further explanation and information are not presented, are the examples of this category.

(Paragraph 2, Article 4 of the Customs Tariff Law, Section 4-1.2 of the Administrative guideline for the Customs Tariff Law)

2. Alternative methods

If the primary method cannot be used, one of the following alternative methods will be used to determine the Customs value.

(1) Identical or similar goods value method

If the transaction value of identical or similar goods exported from the same country of production to Japan at or about the same time of importation is found, the Customs value of the imported goods shall be determined based on the said value.

In applying this method, the necessary adjustments shall be made to take into account of differences in commercial level, quantity, distances and modes of transport between the imported goods and the identical or similar goods in question.

(2) Deductive value or computed value method

If the Customs value of the imported goods cannot be determined under the method (1) above, the Customs value shall be determined under the either of the followings.

(i) The price at which the imported goods or identical or similar imported goods are sold in Japan, subject to deductions for either the usual commissions or the usual profit and general expenses in connection with sales in Japan, the usual costs of transport and insurance and associated costs incurred within Japan, and the Customs duties and other national taxes payable in Japan.

(ii) The cost of production of the imported goods added by the amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to Japan, and the cost of transport and other expenses associated with the transport of the imported goods to the port of importation.

This method shall be used when the Customs value cannot be determined under the method (i) above except that, at the request of the importer to the Director-general of regional Customs, the order of application of (i) and (ii) shall be reversed.

(3) Fall-back value method

If the Customs value of the imported goods still cannot be determined under the method of (1) or (2), the Customs value shall be determined using reasonable means of the primary method or alternative methods with flexible interpretation of each requirement.

(Article 4-2 to 4-4 of the Customs Tariff Law, Article 1-12 of the Cabinet Order for Enforcement of Customs Tariff Law)

Please refer to the following URL for details on customs valuation:

<http://www.customs.go.jp/zeikan/seido/hyoka.htm>