

Practical Guide

Calculation of customs value

1st edition
Nov. 2017



Practical Guide

Calculation of customs value

Warning

This guide and its content are purely informational and are subject to the general terms of use published on the [Single Window for Logistics portal](#).

Who is this practical guide for?

This practical guide is targeted at anyone who purchases or resells merchandise internationally, and who must calculate the value to declare to customs for an import or export.

Why must one calculate a customs value?

Customs value is used as the basis of calculation:

- to determine the amount of duties and taxes due on import of goods (customs duties, import VAT, anti-dumping duties, etc.)
- for the amount of guarantee to provide for tax and duty-suspended [suspensive customs procedures](#)
- for calculating export refunds, as part of the common agricultural policy of the European Union (EU).

It also allows to establish import and export international trade statistics, and is used to analyze and implement commercial policy measures.

Attention: the tax basis of the import VAT due is calculated on the customs value to which certain elements must be added.

How is a customs value calculated?

The customs value of goods purchased or sold is based on the price effectively paid or to be paid (transaction value). This practical guide explains the practical method of determining the transaction value and, in particular:

- the transaction value to use in the case of chain sales or use of a customs warehouse
- what fees should be included or excluded from the transaction value to obtain the customs value
- what fees should be added to the customs value to obtain the tax basis of the import VAT.

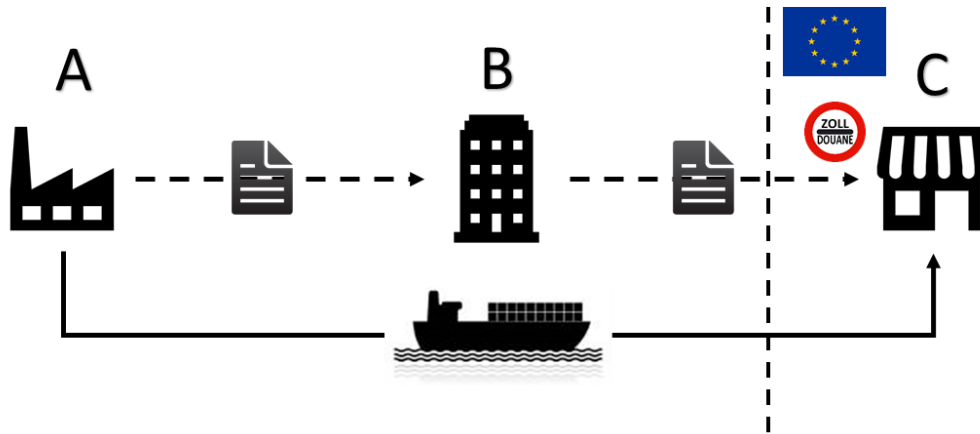
What transaction value to use in cases of chain sales prior to import or sales within customs warehouse?

Chain transactions on import

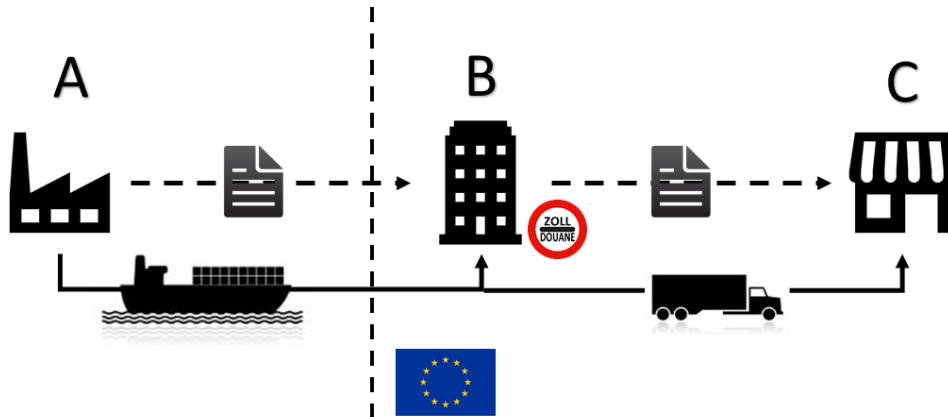
The transaction value to use for calculating the customs value is the **price effectively paid or to be paid** for goods **when they are sold for export to the EU customs territory**. The price to use is the one corresponding to the sale that occurred **immediately before the introduction** of the goods in the EU customs territory.

Examples:

In the diagram shown below, A sells goods to B who in turn resells them to C. The sale price between B and C must be used to determine the customs value since it corresponds to the sale that occurred immediately before the introduction of the goods in the EU customs territory.



In the diagram shown below, A sells goods to B who in turn resells them to C. The sale price between A and B must be used to determine the customs value since it corresponds to the sale that occurred immediately prior to the introduction of the goods in the EU customs territory.



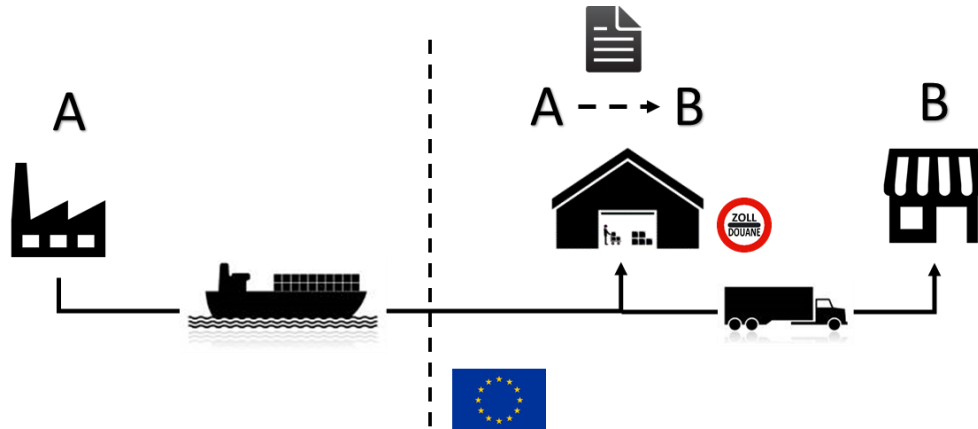
Sales in customs warehouse

When goods are placed in a **customs warehouse** without a sale occurring prior to their introduction in the customs territory, and when the sale took place when the goods were stored in the warehouse, the **transaction value is based on the price of that sale**.

Examples:

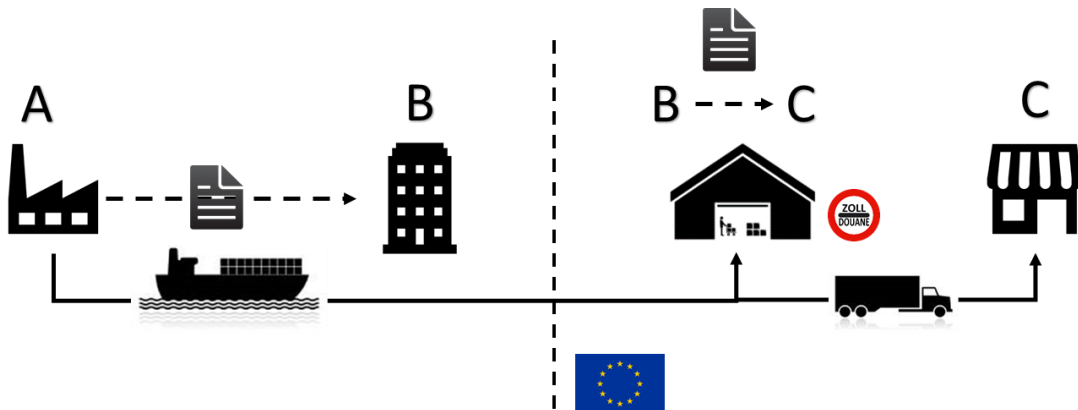
In the diagram shown below, A transfers goods belonging to them in a customs warehouse, and sells them to B while they are stored there.

The sale price between A and B must be used to determine the customs value since the sale occurred in the customs warehouse.



In the diagram shown below, A sells goods to B who immediately places them in a customs warehouse, then B sells them to C while they are stored there.

The sale price between A and B must be used to determine the customs value since it corresponds to the sale occurring immediately before the introduction of the goods in the EU customs territory.



What fees should be included or excluded from the customs value?

The customs value must include some fees if they are not already included in the transaction value. These include the following:

For imports and exports: Ancillary insurance and transport fees up to the 1 st point of entry into or exit from the EU	
The customs value corresponds to the value of the goods delivered under conditions set by the Incoterms CIP/CIF/DAP/DAT point of entry or exit at first EU border. The calculation will therefore depend on the Incoterm used -> For more information please see our pages on Incoterms and Incoterm impacts on duties and taxes	
These fees must be added to the transaction value if...	they are not included in the transaction value. Example: Incoterms "on departure" (EXW, FCA, FOB, etc.)
They must not be added to the transaction value if...	they are already included in the transaction value Example: Incoterms "on arrival" (DAP, DDP, DAT)
Attention	Fees for transport from the point of entry in the EU and up to the 1 st destination in the EU must be deducted from the customs value BUT they must be added back when calculating the import VAT due Example: Incoterms DAP or DDP Contern

Example:

Calculation of customs value	
Import of goods purchased under Incoterm FOB Shanghai, unloaded in Antwerp and delivered in Luxembourg	
Invoice value	EUR 12,000
+ Cost of maritime transport	+ EUR 500
(Cost of transport Belgium -> Luxembourg)	(not included)
Customs value	= EUR 12,500
<i>The cost of transport up to the first point of entry in the EU customs territory is added to the transaction value, but not the cost of transport after entry in the EU.</i>	

Import of goods purchased under Incoterm DDP Contern, unloaded in Antwerp and delivered in Contern in Luxembourg	
Invoice value	EUR 12,000
(Cost of maritime transport)	(already included)
- Cost of transport Belgium -> Contern	- EUR 170
Customs value	= EUR 11,830
<i>The cost of transport after the first point of entry in the EU customs territory is deducted from the transaction value.</i>	

Export of goods sold under Incoterm EXW Contern, delivered in Geneva in Switzerland, that crosses the border at Saint-Julien-en-Genevois (France)	
Invoice value	EUR 12,000
+ Cost of road transport Contern -> Saint-Julien-en-Genevois	+ EUR 300
(Cost of transport Saint-Julien-en-Genevois -> Geneva)	(not included)
Customs value	= EUR 12,300
<i>The cost of transport up to the first point of exit from the EU customs territory is added to the transaction value.</i>	

For imports and exports: All payments effectively made or to be made to the seller	
These must be added to the transaction value if...	<p>they are a condition of sale of imported or exported goods</p> <p>This includes advance payments and indirect payments to third parties to the benefit of the seller, including commissions paid on any sale that would be subject to a separate invoice from that of the goods</p> <p>This also includes any costs of analysis carried out to verify compliance of the products with the national regulation of the country of import, if the seller is contractually required to deliver a product that is compliant with that regulation.</p>
They must not be added to the transaction value if...	<p>they do not represent a payment to make to the seller</p> <p>This excludes buying commissions, that would remunerate a service supplied to the seller, as well as the interest amounts paid in respect of a financing agreement entered into with the purchaser and relating to the purchase of the imported goods. To achieve this, the amount of interests must be separate from the price effectively paid for the goods, and there must be a written financing agreement and the interest rate must correspond to commonly used rates.</p> <p>Price reductions can be taken into account if they are known at the time of customs clearance.</p>

Example:

Importer A orders goods from Producer B (value equal to EUR 1,000), under Incoterm DAT Antwerp. The importer requires, as a condition of its orders, that the products ordered are compliant with laws applicable to this type of products in Luxembourg.

Company C intervenes in the country of production to verify the compliance of the products with the said Luxembourg laws (product compliance inspection by C: EUR 200).

Company D also intervenes to verify the quality of the sourcing process of Producer B (sourcing process compliance inspection by D: EUR 200).

The invoice from B indicates a 2% discount on payment within eight days of delivery of the products.

Calculation of customs value	
Transaction value	EUR 1,000
+ Inspection by C*	+ EUR 200
(inspection by D) **	(not included)
- Discount for rapid payment	- EUR 20
Customs value	= EUR 1,180

* since the compliance of the products is a condition of the sale of the goods

** since the quality of sourcing is not a condition of the sale of the goods

For imports and exports: The price of containers and packaging	
These must be added to the transaction value if...	their cost is paid by the purchaser and is not included in the price of the imported goods
These must not be added if...	They are means of transport: container, accessory transport materials

Example:

Importer A orders goods from Producer B (value equal to EUR 1,000), under Incoterm DAT Antwerp. B packages the goods in specific containers, intended to accompany the goods but whose price is not included in the initial order and will be subject to separate invoicing (with a value of EUR 150).

Calculation of customs value	
Transaction value	EUR 1,000
+ Packaging	+ EUR 150
Customs value	= EUR 1,150

For imports: The costs of working/processing not included in the sale price	
These must be added to the transaction value if...	they were undertaken for the preparation of the imported goods and they were not included in the sale price of the imported goods
These must not be added if...	the working/processing occurs after the importation therefore, if the price of the imported goods includes the cost of their installation in the EU, the cost of installation must be deducted from the customs value

Example:

Importer A orders goods to install from Producer B (with a value of EUR 1,000), under DAT Antwerp conditions.

B intervenes for the installation of the products in Luxembourg (installation value included in the invoice: EUR 200).

A asks C to intervene for final work on the products in the country of production. C invoices its intervention directly to A (for an amount of EUR 100).

Calculation of customs value	
Transaction value	EUR 1,000
- installation in the EU	- EUR 200
+ work done by C	+ EUR 100
Customs value	= EUR 900

For imports: Any assistance brought in the production of goods in a third country (materials, molds, cutout patterns, etc.)*	
These must be added to the transaction value if...	they are provided free of charge or at a reduced price to the manufacturer of the imported goods, and are not included in the price of the goods and they are used in the manufacturing process
These must not be added if...	they are sold at a normal price to the manufacturer of the imported goods or they are not used in the manufacturing process
For imports: Works of engineering, studies, art and design plans and sketches undertaken outside of the EU *	
These must be added to the transaction value if...	the services were supplied by a service provider established outside of the EU and they are necessary for the production of the imported goods
These must not be added if...	the services were supplied by a service provider established in the EU or they are not necessary for the production of the imported goods

* In practice, the value to add will be added on the price of the imported goods in any of the following ways: Either the importer adds the total value once on the first importation; or the importer adds the value on successive importations, depending on the quantities already produced or the totality of the estimated production if contracts or firm commitments exist for that production.

Example:

Importer A orders goods from Producer B (with a value of EUR 1,000), under DAT Antwerp conditions.

A purchases a mold from an Italian manufacturer (with a value of EUR 500), that it delivers to B who will use it in its manufacturing process.

A also provides detailed drawings prepared by a service provider in Switzerland (with a value of EUR 200) describing the steps of production of the products as well as the products themselves.

A also provides B with a quality charter prepared by a Norwegian firm specifying the criteria that the manufacturers of A must meet (with a value of 200 EUR).

Calculation of customs value	
Transaction value	EUR 1,000
+ value of mold provided	+ EUR 500
+ value of drawings provided (quality charter)	+ EUR 200 (Not taken into account)*
Customs value	= EUR 1,700

* since it is not necessary for the production of the goods

For imports: Royalties and license fees, including trademark royalties	
These must be added to the transaction value if...	they are a condition of the sale they are directly related to the imported goods and they are not taken into account in the price of the goods
These must not be added if...	They are included in the price of the goods or the amounts paid remunerate a supply of services such as the training of the workers of the licensor enabling the use of the manufacturing machines or the control of the manufacturing process or if they are not a condition of the sale between the manufacturer/seller of the imported goods, and the importer

Example:

Importer A orders goods from Producer B (with a value of EUR 1,000), under DAT Antwerp conditions.

A must pay, as a condition for manufacturing the products under the trademark used, a royalty to an American group (with a value of EUR 500), EUR 100 of which is used to cover the costs of training of the workers involved in the manufacturing process.

Calculation of customs value	
Transaction value	EUR 1,000
+ value of royalty	+ EUR 500
- portion of the fee dedicated to the training of workers	- EUR 100
Customs value	= EUR 1,400

What fees must be included in order to calculate the import VAT?

The import VAT is calculated on the basis of the customs value, calculated by taking into account the above principles, to which different fees must be added. These are the following fees:

- any taxes, duties, levies and other taxes due abroad
- any taxes, duties, levies and other taxes due on import, except for the VAT itself
- any ancillary fees, such as commissions, packaging, transport and insurance fees incurred up to the first place of destination of the goods within the country or the EU. If, at the time of import and in the light of the transport documents, the 1st place of destination:
 - is known, the fees shall be added up to this first place of destination
 - is not known, the 1st place of destination is assumed to be the place of the first bulk breaking within the country.

Example:

Importer A orders goods from Producer B (value equal to EUR 1.000), under Incoterm DAT Antwerp The goods shall be directly delivered to Contern after their import (value of EU transport and ancillary fees: EUR 200).

The order is accompanied by the following:

- A requires, as a condition of its order, that the products ordered are compliant with laws applicable to this type of products in Luxembourg. Company C intervenes in the country of production to verify compliance of the products with the said Luxembourg laws (product compliance inspection by C: EUR 200).
- A purchases a mold from an Italian manufacturer (with a value of EUR 500), that it delivers to B that will use it in its manufacturing process.
- A asks C to intervene for final work on the products in the country of production. C invoices its intervention directly to A (in the amount of EUR 100)
- B packages the goods in specific containers, intended to accompany the goods but whose price is not included in the initial order and will be subject to separate invoicing (with a value of EUR 150).
- A must pay, as a condition for manufacturing the products under the trademark used, a royalty to an American group (with a value of EUR 500), EUR 100 of which is used to cover the costs of training of its workers involved in the manufacturing.
- the invoice from B, concerning the goods, indicates a 2% discount for payment within eight days of delivery of the products.
- the imported products bear a customs duty rate of 4.7%, without preferential origin.

Calculation of customs value	
Transaction value	EUR 1,000
+ Verification of product compliance	+ EUR 200
+ mold provided	+ EUR 500
+ working/processing by C	+ EUR 100
+ packaging	+ EUR 150
+ royalty	+ EUR 500
- portion of the fee dedicated to training workers	- EUR 100
- discount for rapid payment	- EUR 20
Customs value	= EUR 2,330
Customs duties due (4.7%)	EUR 109.51
Calculation of the tax basis of the import VAT	
Customs value	EUR 2,330
+ Customs duties	EUR 109.51
+ EU transport and ancillary fees	EUR 200
VAT taxation base	EUR 2,639.51
Vat due (17%)	EUR 448.72

[For further information](#)

[Guidance on customs value published by the European Commission.](#)