

The World Customs Organisation (WCO), on occasion of the 50th Session of the Technical Committee on Customs Valuation, the technical body established under the World Trade Organization (WTO)

[Customs](#)

[s Valuation Agreement \(CVA\)](#)

to ensure uniform interpretation and application of the Agreement, dedicated its

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to the customs valuation topic.

The last edition of WCO News, the WCO flagship magazine aimed at the global Customs community, traces the history of the rules used to determine the value of imports, the challenges raised by their implementation and existing opportunities for Customs to enrich their knowledge and improve their practices in this area.

The CVA introduced 5 alternative methods for determining the customs value of goods declared to Customs, the main one being (Articles 1 and 8) the “transaction value” (i.e. the determination of such value on the basis of the price actually paid or payable for the goods when sold for export to the country of importation plus adjustments for other cost elements not included on the invoice price). According to such a method, the customs value must be primarily determined on the basis of the selling price agreed between the buyer and seller, as represented on the invoice. Exceptions to this method are allowed only when it is not possible to use the transaction value (e.g. related parties impacting the price, cases where there is no sale, unreliable supporting documentation), in which case, other 4 alternative methods of valuation should be used, according to the drop-down list indicated hereunder, where the following method applies only when the previous one cannot be adopted:

- The "transaction value of similar goods": the value is determined on the basis of the transaction of similar goods produced by the same producer, under the same conditions as for identical goods. (Article 3)
- The "deductive method": the value is determined on the basis of the sale price of the goods in the country of importation minus deductions for certain costs (e.g. an amount for profit and expenses). (Article 5)
- The "computed method": the value is determined on the basis of the costs of materials and production in the country of export plus certain other costs, for example, packing, engineering, development work, an amount for profit, general expenses, transport and insurance. (Article 6)
- The "fall-back method": Customs authorities can devise their own procedure based on any of the previous methods as long as it is reasonable and consistent with the principles of Article

VII of the GATT and the CVA. (Article 7)

The WTO also published on December 2010 an Handbook on the WTO Customs Valuation Agreement that provides a comprehensive explanation of the terms of the CVA. The introduction of such handbook is available on the [WTO website](#) , while the full version can be ordered to the WTO in printed copy.