

What is customs valuation?

The customs value is the amount duty is calculated on. It is not always the invoice total. WTO valuation rules, mirrored in Article 70 of the EU Union Customs Code, prescribe six methods applied in strict order. The primary method is the transaction value: the price actually paid or payable for the goods.

The six methods, in order

- 1 **Transaction value:** the price paid or payable, adjusted for statutory add-ins and deductions
- 2 **Transaction value of identical goods:** imported at or about the same time
- 3 **Transaction value of similar goods:** imported at or about the same time
- 4 **Deductive method:** based on the resale price in the country of import
- 5 **Computed method:** production cost plus profit and general expenses
- 6 **Fall-back method:** reasonable means consistent with WTO principles

What is in and what is out

- **Included:** royalties and licence fees related to the goods; transport and insurance to the EU border; selling commissions; the value of “assists” provided free by the buyer.
- **Excluded:** post-import assembly, installation and training; buying commissions; interest charges; post-import maintenance.

Why it matters

Duty is a percentage of value. If the value is wrong, the duty is wrong. With higher tariff rates, lump-sum invoices that bundle non-dutiable services can become very expensive. Related-party transactions face extra scrutiny because pricing may not be at arm's length.



- Voices are lump sums covering goods and services together.
- Post-import installation is billed with the equipment.
- Transfer prices set for corporate income tax are re-used unchanged for customs.
- Royalties are paid to the seller but not declared to customs.

Mini case. An importer of industrial machinery paid duty on a single lump-sum invoice that included post-import assembly. Splitting the assembly service out of the invoice, in line with WTO valuation rules, reduced the tariff burden by 50 to 60%.

How to get it right

- Structure contracts so dutiable and non-dutiable elements are separately identifiable.
- Review whether royalties and licence fees are dutiable.
- Test whether related-party transaction values pass the “circumstances of sale” test.
- Where material, apply for a valuation ruling from the national customs authority.

Free tools & resources

TO Customs Valuation Agreement

wto.org

EU Union Customs Code Article 70

eur-lex.europa.eu

Dutch Customs valuation guidance

douane.nl

Options for a Dutch business without an in-house customs team

Your customs broker; a specialist trade or customs adviser; your industry or branch organisation. Consider a valuation ruling before restructuring a contract.

Key vocabulary.

Transaction value: the price actually paid or payable.

Related parties: buyer and seller in the same corporate group.

Assist: a good or service provided free by the buyer to help produce the imported goods.

Incoterms: define whether transport and insurance are included in the invoice.