



**FIJI REVENUE AND
CUSTOMS SERVICE**



CUSTOMS VALUATION



Introduction

When you bring goods into Fiji you may need to pay Customs duty and other charges on your arrival.

The payment made will depend on a number of factors such as whether the goods are for your own personal use or they are covered by a concession or duty-free allowance or they are for commercial use.

When taking goods out of Fiji, your goods may incur a fee if they require Customs inspection.

What is Customs Value?

Customs Value is the value of goods calculated for the purpose of collecting customs duty.

It is the price actually paid or payable for the goods when sold for export to Fiji. This includes the cost, inward freight, insurance and all other charges related to the goods being valued.

What should an importer do if the goods do not have any value or is being donated?

Customs Tariff Act 1986 stipulates that "where the customs value cannot be determined under normal circumstances, there should be a process of consultation between the customs officials and the importer with a view to arriving at an alternatives basis of valuation".

The Legislation places a lot of emphasis on the interaction between the importers and customs officials to determine the customs value in a transparent manner.

What other cost should be included in the customs value for the calculation of duty?

Valuation components are the various element which must be considered in determining the customs value. The dutiable elements are to be added whereas the nondutiable elements are to be deducted to compute the customs value.

Other costs that will be included:

- Commissions and brokerage, except buying commissions.
- The cost of containers which are treated as being one for customs purposes with the goods in question.
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- The cost of packing whether for labor or materials;
- The value, apportioned as appropriate, of the following goods and services were supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable.
- Materials, components, parts and similar items incorporated in the imported goods.
- Tools, dyes, molds and similar item used in the production of the imported goods.
- Materials consumed in the imported goods and engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the importing country and necessary for the production of imported goods.
- Royalties and license fees related to goods being valued that the buyer must pay either directly or indirectly, as condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable.
- The value of any part of the proceeds of any subsequent resale, disposal or use of the goods that accrues directly or indirectly to the seller.
- Advance payments made earlier but not reflected in the invoice.
- All discounts except retrospective discounts.
- The following charges, provided they are separately declared in the commercial invoice:
 - **Interest charges for deferred payment.**
 - **Post-importation charges such as inland construction, erection, assembly etc, undertaken after importation.**
 - **Duties and taxes payable in the importing country.**

Should the customs value include charges towards freight, insurance, loading, unloading and delivery?

Customs value is based on CIF (cost, insurance and freight) basis which includes the following:

- Freight charges up to the place of importation
- The inland freight charges from the suppliers warehouse to the port of origin
- Loading, unloading and handling charges associated with transport of the goods to the place of importation; and
- The cost of insurance

▶ How should the royalties and license fees be treated for valuation purposes?

When the buyer pays a royalty or license fees related to the imported goods as a condition of sale, the amount has to be added to the price actually paid or payable.

Examples are payments in respect of patents, trademarks, copyrights etc. The basic requirement for addition of these fees under Article 8.1 (c) of the valuation agreement and Customs Tariff Act 1986 are:

- i. such amounts are related to the goods being valued.
- ii. the buyer pays these amounts as a condition of sale of the goods being valued.

Payments made by the buyer for the right to distribute or resell the imported goods have to be added to the price actually paid or payable for the imported goods only if such payments are a condition of the sale for export to the country of importation. On the other hand, payments for the right to reproduce the imported goods in the country of importation should not be added to the price actually paid or payable for the imported goods in determining the customs value.

▶ Treatment of Lease Goods

If you import goods under lease or rental agreement, then there will be no sale between you and the supplier.

In such circumstances, we will rely on the terms and conditions of the contractual agreement to determine the customs value. It becomes your obligation to provide Customs with the details of the contractual agreement for ease of reference and to establish the correct value for duty.

Duty will be calculated based on the lease value of the goods for the specified period as per the contract.

In case the importer later decides to own or purchase the said goods then the supplier shall provide the proper value as price paid or payable for the sale of goods in consideration for duty payment.

Disclaimer:

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please call us on 3243000 or 1326
or email: info@frcs.org.fj

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