

**The Link Between Transfer
Pricing and Customs Valuation**
2018 Country Guide

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Foreword

The Link Between Transfer Pricing and Customs Valuation — 2018 Country Guide continues to remain one of the most broad-based and authoritative, annually updated, guides of its kind, compiling essential information regarding the customs-related requirements and implications of related party pricing and retroactive transfer pricing adjustments in numerous jurisdictions around the world. The information contained herein has been provided by local country specialists from Deloitte's* global network of Global Trade Advisory (GTA) professionals.** With more than 450 professionals worldwide, Deloitte's GTA practices provide services to importers and exporters in business sectors and industries around the world.

What's new in 2018?

The Link Between Transfer Pricing and Customs Valuation — 2018 Country Guide has been expanded this year to include several new countries of interest, including Angola, Greece, Kazakhstan, Nigeria, Serbia, and Panama, bringing the total number of contributing countries in this edition to 58. For past contributing countries, this year's responses have been updated to address on-going, country-specific regulatory and enforcement changes, as well as other advancements and events impacting related party customs valuation.***

The past year has seen the following trends and developments, among others:

- There remains a significant variance in the types of evidence the customs authorities will consider as supportive of the acceptability of transfer pricing as the basis for transaction value. This includes referrals by the customs authorities to reference prices, information contained in transfer pricing studies, as well as various commercial documentation supporting the business transaction such as invoices and agreements. There also remains a significant variance in the application of the related party value tests, as well as a variance in focus on profits achieved on in-country sales versus intercompany sales when evaluating the acceptability of intercompany pricing.
- 13 of the 58 countries surveyed have published and made publicly available specific guidance on the treatment of related party prices and/or transfer pricing adjustments, including Australia, Austria, Belgium, Canada, Croatia, France, Germany, Israel, Italy, Russia, the United Kingdom (UK), the United States (US), and Vietnam. New guidance is expected to be published in New Zealand and, potentially, several of the European Union (EU) Member States in 2018.
- 36 (up from 29 last year) of the 58 countries surveyed have noted related party customs valuation as an increasingly high-focus enforcement area.
- 26 of the 58 countries surveyed continue to note that retroactive transfer pricing adjustments may require corrections on previously reported export values.
- 18 of the 58 countries surveyed have noted that prospective transfer pricing adjustments will likely invite scrutiny by the customs authorities, while an additional 20 of the 58 countries surveyed have noted that increased scrutiny may be possible.
- India finally implemented its new Goods and Services Tax (GST) regime in July 2017, which appears to have increased the tax authorities' scrutiny with respect to related party customs values upon which import GST

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** *The Link Between Transfer Pricing and Customs Valuation — 2018 Country Guide* is intended as a general guide only. Its application will depend on the particular circumstances involved. While all reasonable attempts have been made to publish accurate information as of 1 January 2018, the rules underlying the information provided may change, which may impact the accuracy of this communication. None of the DTTL member firms or their related entities is rendering professional advice or services by means of this publication. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

*** The WTO Customs Valuation Agreement defines "related parties" as: (a) officers or directors of one another's businesses; (b) legally recognized partners in business; (c) employer and employee; (d) any person [that] directly or indirectly owns, controls or holds five (5) % or more of the outstanding voting stock or shares of both of them; (e) one of them directly or indirectly controls the other; (f) both of them are directly or indirectly controlled by a third person; (g) together they directly or indirectly control a third person; or (h) members of the same family.

is assessed. In addition, new Value Added Tax (VAT) regimes came into effect in Saudi Arabia and the United Arab Emirates for 2018, which are expected to result in similar impacts.

Finally, several changes continue to occur at the global and regional levels that could significantly influence the management and enforcement of related party customs valuation in the coming year. These include:

- From a broader policy perspective, the international trade world continues to face changes and increasing uncertainty with respect to new national political policies and a shift towards protectionism. For example, in the past year, the US withdrew from the Trans-Pacific Partnership trade negotiations and initiated a renegotiation of the North American Free Trade Agreement with Canada and Mexico. In the UK, the impact on trade policy of the “Brexit” decision to secede from the EU in 2019 remains uncertain. Additionally, more countries have implemented value-added tax systems, while more tax and customs authorities are scrutinizing transfer pricing more closely. Each of these events continues to have the potential to impact supply chains and production models that could

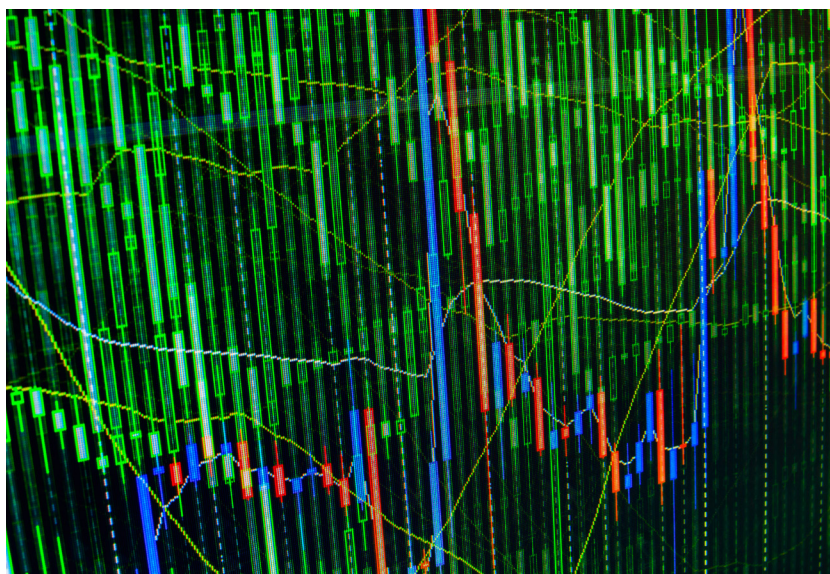
change the footprint of related party transactions and create new issues that require attention under the customs valuation rules. Indeed, companies engaged in international trade will need to continue to monitor policy changes, develop impact assessments of potential decisions and outcomes, study their intercompany pricing, and consider contingency planning based on their evolving supply chains.

- The World Customs Organization (WCO), in October 2017, published a second case study intended to provide guidance to Member States’ customs authorities on the use of information contained in transfer pricing documentation. “Case Study 14.2, Use of Transfer Pricing Documentation when Examining Related Party Transactions Under Article 1.2(a) of the Agreement,” provides an example of the examination of the acceptability of related party pricing based on the resale price method, which focuses on an importer’s gross margin achieved on domestic sales with those achieved by comparable companies in their transactions with unrelated parties in the sale of similar goods on the domestic market. In the example, the importer earned a higher margin than the range earned by comparable companies set forth in the importer’s transfer pricing



study, which led to the conclusion that import prices were not settled in a manner consistent with the normal pricing practices of the industry and, accordingly, had been influenced by the relationship between the related buyer and seller.

- Finally, there was an important development that occurred in late December 2017 in the EU that could substantially change the way customs values are declared and supported in the future. Specifically, the Court of Justice of the European Union (CJEU) issued a judgment in the *Hamamatsu* case (C-529/16) that raises many questions and potential challenges for both companies and the customs authorities centering on the use of the “transaction value” method of customs valuation based on transfer pricing that, subsequent to importation, may be the subject of retroactive transfer pricing adjustments. In this case, the CJEU opined that the customs valuation methods of the Customs Code (which was in effect until 30 April 2016, and was replaced by the new Union Customs Code (UCC)) must be interpreted as “meaning that they do not permit an agreed transaction value, composed of an amount initially invoiced and declared and a flat-rate adjustment made after the end of the accounting period, to form the basis for the customs value, without it being possible to know at the end of the accounting period whether that adjustment would be made up or down.” It remains to be seen how the customs authorities throughout the EU will interpret and apply the holdings of this CJEU case under the new UCC. It is possible that some customs authorities may question whether transaction values can still be used in cases involving retroactive transfer pricing adjustments, and require the use of alternative bases of customs valuation. Further, it remains unclear whether the judgment only applies to transactions where adjustments are based on flat rate retroactive transfer pricing adjustments as per the specific facts in the *Hamamatsu* case. Notably, the CJEU’s opinion in this judgment appears to be inconsistent with the guidance that continues to be released by the WCO, which calls for



greater alignment between tax and customs authorities on transfer pricing and customs valuation matters.

Because it remains to be seen how events will unfold in the wake of this decision, all of the answers provided in this year’s *Country Guide* for EU Member States reflect local practice as it stood at the end of 2017, and may be subject to dramatic change during the course of 2018. EU importers should keep close attention to this development, and local practices of the various Member States of the EU should be verified throughout the coming months.

Deloitte global profile

Deloitte's worldwide network of tax professionals keeps current on changes that may impact clients' business tax planning. Deloitte's tax professionals provide the breadth and depth of specialized resources for clients to consult on the various tax objectives or tax related issues they may encounter.

Deloitte provides audit and assurance, consulting, and financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities, deep local knowledge and experience to help clients succeed wherever they operate.

Deloitte's approximately 263,900 professionals are committed to becoming the standard of excellence.

Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.



WTO Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 — Related Party Valuation Rules excerpt*

The following is an excerpt from the above-named agreement that sets forth the basic rules pertinent to the use of related party pricing as the basis for customs valuation in countries that are signatories to the agreement.

Part I: Rules on customs valuation

Article 1, paragraph 1: The customs value of imported goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the country of importation adjusted in accordance with the provisions of Article 8**, provided that...the buyer and seller are not related, or where the buyer and seller are related, that the transaction value is acceptable for customs purposes under the provisions of paragraph 2.

Paragraph 2:

(a) In determining whether the transaction value is acceptable for the purposes of paragraph 1, the fact that the buyer and the seller are related...shall not in itself be grounds for regarding the transaction value as unacceptable. In such case the circumstances surrounding the sale shall be examined and the transaction value shall be accepted provided that the relationship did not influence the price. If, in the light of information provided by the importer or otherwise, the customs administration has grounds for considering that the relationship influenced

the price, it shall communicate its grounds to the importer and the importer shall be given a reasonable opportunity to respond. If the importer so requests, the communication of the grounds shall be in writing.

- (b) In a sale between related persons, the transaction value shall be accepted and the goods valued in accordance with the provisions of paragraph 1 whenever the importer demonstrates that such value closely approximates the customs value in sales to unrelated buyers of identical or similar goods at or about at the same time***....In applying the foregoing tests, due account shall be taken of demonstrated differences in commercial levels, quantity levels, the elements enumerated in Article 8 and costs incurred by the seller in sales in which the seller and the buyer are not related that are not incurred by the seller in sales in which the seller and the buyer are related.
- (c) The tests set forth in paragraph 2(b) are to be used at the initiative of the importer and only for comparison purposes. Substitute values may not be established under the provisions of paragraph 2(b).

* Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Customs Valuation Agreement), 1868 U.N.T.S. 279, Part I

** Article 1 is to be read together with Article 8 which provides, *inter alia*, for adjustments to the price actually paid or payable for elements that are part of the customs value but are not included in the price. Article 8 also provides for the inclusion in the transaction value the value of specified goods or services from the buyer to the seller.

*** Such value is determined under the provisions of Articles 5 (deductive value) and 6 (computed value) when the customs value cannot be determined on the basis of transaction value (under Article 1).

Answer		
1	Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method. Note that Angola is not yet a party to an APA.
2	In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Transfer pricing reviews are a new and evolving area of focus for the customs authorities. Generally, invoices, contracts, and proofs of payment are acceptable. The customs authorities may require transfer pricing reports. It is recommended to conduct a market analysis that shows that intercompany prices are in line with market prices.
3	Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. However, we are not aware of this happening in practice yet.
4	Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5	Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6	As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7	Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8	As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, if the importer can provide proof to support the claim. The request process is the same.
9	In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 5 years from the date of the taxable event. Duty refunds: 1 year from the date of the original payment of duties.
10	Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes, but only if the disclosure is not voluntary. Penalties depend on several factors. Where adjustments are made, an importer must seek guidance on how to proceed.
11	If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Whether the result of increases or decreases in transfer pricing or for other reasons, any adjustment to the customs value must be reported through the "Declaration of Values" form. Importers should seek guidance on how to proceed from the customs authorities if adjustments occur.
12	If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction or aggregate, depending on the request of the customs authorities. The disclosure process is the same.
13	Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14	If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional filings are required. An adjustment to import value will automatically result in the assessment of additional taxes, where applicable.
15	If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional filings are required. However, a request must be made to obtain a refund of any overpaid taxes.
16	Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17	Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists. It is recommended that the importer engage in discussions with the customs authorities.
18	Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent due to the potential risk that the tax and customs authorities may exchange information and reject/amend either the taxpayer's taxable basis or customs value.
19	Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20	For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may perform a "value study" and request information to verify whether the related party price is acceptable. Generally, this includes a review of contracts, price lists, and imports of same or similar goods made at or about the same time as the goods being valued. It is recommended that the importer conduct a test/analysis to confirm the acceptability of the transfer price against the customs rules to verify if the price closely approximates unrelated party prices.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No. However, in some cases, a reference price may be provided by the customs authorities for specific Harmonized Tariff Codes and countries of origin.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, should an increase in prices be discovered upon audit, the customs authorities may issue a fine that is the greater of 1 to 5 times the loss of duties, taxes, and fees, or 1 to 5 times the difference in the price paid or payable.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes, if discovered upon audit. In such cases, the customs authorities may require a payment of the loss of duties and taxes/fees, in addition to the applicable fine.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, should decreases in prices be discovered upon audit, the customs authorities may assess a fine of 1 to 5 times the difference in the price paid or payable.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, duty refunds are difficult to obtain. There is no specific request process. A request for duty refunds could trigger additional information requests.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 5 years.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Fines of 1 to 5 times the tax loss, or the difference in the price paid or payable, may be assessed. Voluntary disclosure does not eliminate these penalties. However, a reduction of 75% of the fine may apply should the importer report the change in customs value within 30 business days of the original customs clearance of the goods.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	A change in customs value resulting from either a voluntary disclosure or an audit usually leads to a self-incrimination procedure for submitting an inaccurate customs declaration. Under this procedure, the importer is required to state the tax payment loss and the applicable fine. Upon receiving a response from the customs authorities, the importer may consent to the charges within 10 business days to mitigate the risk of fines and penalties. The same procedure is required when a change in customs value is the result of a retroactive transfer pricing adjustment.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction. However, aggregate adjustments may be accepted on a case-by-case basis. The process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If requested upon audit, additional VAT filings may be required and additional VAT and other taxes and fees may be due.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	When value decreases are reported, no additional import duties, taxes, and/or related fees filings are required.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Yes.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. However, in practice, a difference of 10% would typically trigger questions about the value and information requests. The importer should contact the customs authorities to discuss the transfer pricing adjustments. The customs authorities may request the transfer pricing study during such discussions.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent because of the potential risk that the customs authorities may discover the discrepancy during an audit. The customs authorities review the inventory basis during an investigation, and if the discrepancy is not justified, the customs authorities may impose penalties depending on the severity of the discrepancy and the company's background with the customs authorities.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	As part of a Valuation Advice application, the customs authorities will require the relevant transfer pricing documentation (e.g., APA or transfer pricing study) and evidence that the adjustment was necessary to bring the operating margin into the range outlined in the APA or the transfer pricing study. It is not recommended to proactively conduct any additional testing based on customs arm's length rules; rather, this should only be done if required by the customs authorities.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. The importer would apply for a Valuation Advice after an APA has been issued to obtain mutual agreement between the tax and customs authorities.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. "Practice Statement No: B_IND08" provides legislative customs valuation requirements and policies for transfer pricing adjustments.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception when the duty rate is 0. Penalties may apply regardless of whether the change impacts the duty payable.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception when the duty rate is 0. Penalties may apply regardless of whether the change impacts the duty payable.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same. Each individual import declaration must be amended. Amendments, however, should only be made based on a Valuation Advice obtained from the customs authorities.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 4 years from the date of the import declaration. There is no time limitation in cases of fraud.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. If the adjustment results in additional duty owed, penalties up to 5 times the amount of duty owed or AUD 63,000 per import declaration, whichever is greater, would apply, and no interest would apply. If the adjustment does not impact the duty owed or results in a duty refund, penalties up to AUD 63,000 per import declaration, but no interest, would apply. If a voluntary disclosure is made, no fines, penalties, or interest would apply, unless fraud is involved. On 1 July 2017, each "penalty unit" under Australian federal law increased from AUD 180 to AUD 210. The magnitude of fines and penalties for offenses under Australian federal law are determined on the basis of the number of these penalty units associated with such offenses.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, a Valuation Advice application or disclosure is filed with the customs authorities to obtain an advance ruling on the change in value. This is the general procedure to report both increases and decreases in value. In the event of customs value changes due to retroactive transfer pricing adjustments, a Valuation Advice application is generally filed.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Disclosures can be made in the aggregate for payments and refunds. If refunds are sought, transaction-by-transaction adjustments are required; whereas, if a payment is due, this can generally be made through a single aggregate payment advice. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. The Valuation Advice process states that a binding ruling remains in place for 5 years and can be used over this period for repeated retroactive customs value adjustments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional Goods and Services Tax (GST) filings are required, unless an aggregate adjustment is made. Under this arrangement, the customs authorities would issue a payment notice, and the importer would pay the customs authorities the GST amount and claim an input tax credit for that GST amount on its next Business Activity Statement.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional GST filings are required. An adjustment to import value will automatically reduce the reported GST amounts.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. The importer may submit a Valuation Advice to the customs authorities if there is a significant change to the pricing structure, the importer is under increased customs scrutiny, or the importer is seeking approval of a particular pricing structure. Outside of these circumstances, submitting a Valuation Advice is generally not recommended.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes. It is typically a high area of focus and is always an area of focus during an audit of a multinational importer.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	In practice, no.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	There is no exhaustive list. However, the customs authorities generally review invoices, internal accounting records, transfer pricing studies, audit reports, and evidence on the gross margins achieved on sales to unrelated parties. It is recommended that the importer conduct a customs value analysis to demonstrate that the price is adequate to recover all costs plus profit, or that the price was settled in a manner consistent with the pricing practices of the industry or with sales to unrelated buyers.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. Provided that both the tax and the customs authorities agree that the price is considered to be arm's length.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes, the customs authorities have published guidelines on customs valuation that include comments on transfer pricing adjustments and related party transactions.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, provided that the price change was accounted for in the contract conditions for the sale of goods and the contract was established prior to importation. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years from the date the customs declaration was accepted, 10 years in cases of fraud. Duty refunds: 3 years, with the possibility of an extension in certain cases.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Administrative fines, penalties, or imprisonment, as well as interest, may apply. Generally, if a voluntary disclosure is made, fines, penalties, or imprisonment may be reduced or eliminated, but late payment interest would still apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no set procedure for either an increase or decrease. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If the importer is fully entitled to a VAT deduction and a correct VAT rate has been applied, no additional actions are required. In all other instances, VAT returns must be amended and any additional VAT owed must be paid.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required provided that the importer is fully entitled to a VAT deduction. If the VAT deduction is not applicable, the VAT filing must be amended to adjust the amount of import VAT.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. However, there is no set threshold or process that would trigger scrutiny from the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No, unless the change in export value impacts the collection of customs duties.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies may contain information that is useful for supporting the transaction value method. APAs are not available in Belgium.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request transfer pricing agreements, proofs of payment, declarations of third party accounts stating that the transfer prices invoiced are the only payments made for the sale, calculations of production costs, and evidence on the margins achieved on goods sold to third parties. It is recommended to conduct a customs valuation analysis. The importer can defend the use of its transaction values by demonstrating that this value is approximately the same as one of a series of possible test values, determined at or about the same time.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. However, this depends on the goodwill of the customs and tax authorities since there is no formal procedure.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	The customs authorities have published administrative clarifications that address customs valuation and related party pricing. However, these publications do not address the treatment of prospective/retroactive transfer pricing adjustments.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: In principle, the customs authorities can claim the duties for a period of up to 10 years after the date on which the customs debt was incurred. In practice, a 3-year period is typically applied. Duty refunds: Typically within 3 years of the date of notification of the customs debt.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penal sanctions would apply, unless the importer files a voluntary disclosure. Additionally, interest on arrears will be charged on the amount of import duty owed. In Belgium, the rate of interest on arrears shall be equal to the interest rate as published in the Official Journal of the European Union, C series, which the European Central Bank applied to its main refinancing operations, on the first day of the month in which the due date fell, increased by 2%.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	A standard declaration rectification can be done through the electronic declaration system. However, it is recommended to contact the customs authorities to seek guidance on how to proceed.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction. Aggregate adjustments may be accepted in certain ad-hoc cases. In principle, the disclosure process is the same. In practice, disclosures regarding customs value changes due to transfer pricing adjustments are specific and would likely require individual review.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. A company-specific ruling from the customs authorities may facilitate repeated retroactive adjustments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If the importer does not have an ET 14.000 license to defer the import VAT to the VAT return, no additional VAT filings are required and any additional VAT would be automatically paid to the customs authorities. If the importer does have an ET 14.000 license, the correction must be made in the periodic VAT return covering the month in which the adjustments were made.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	If the importer does not have an ET 14.000 license to defer the import VAT to the VAT return, no additional VAT filings are required. If the importer does have an ET 14.000 license, the correction must be made in the periodic VAT return covering the month in which the adjustments were made.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties of up to 20% of the VAT owed plus interest of 0.8% per month may apply if the adjustment is discovered upon audit. If a voluntary disclosure is made, only late payment interest may apply. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. It is recommended that the importer proactively contact the customs authorities to discuss prospective transfer pricing adjustments and to obtain an advance valuation ruling on the requirements for modifying the customs value.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent. There is a potential risk that the tax and customs authorities may exchange information and reject/amend either the taxpayer's taxable basis or customs value.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities would invite the importer to submit a customs value declaration and may request contracts, price lists, and accounting registries to support the related party price. Brazilian authorities may also contact the customs authorities in certain countries of export for information regarding export values declared. It is recommended that the importer maintain a list of related suppliers and controls applied to the declared customs value to support related party prices and related party price adjustments that could trigger the customs authorities' attention.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Generally, no.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. There is a risk of fines and penalties in the event that fraud is found or in the event of a customs audit.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	N/A. However, if the customs authorities increase the customs value based on a customs audit, any additional customs duties and taxes owed would be levied.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties. Brazilian legislation defines transfer pricing adjustments and customs valuation as distinct and independent matters. As such, there is no obligation to amend previous customs entries when making retroactive transfer pricing adjustments. Please note that Brazil does not follow the Organization for Economic Cooperation and Development (OECD) guidelines and retroactive transfer pricing adjustments can only be made within the current calendar year.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	N/A
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	N/A. However, if the customs authorities increase the customs value based on a customs audit due to unacceptable customs values, a fine of 100% of the difference between the customs value originally declared and the corrected customs value may apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	N/A
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	N/A. However, if the customs authorities increase the customs value based on a customs audit, additional customs duty and VAT would be assessed.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	N/A. However, if the customs authorities decrease the customs value based on a customs audit, then a VAT credit would automatically result.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Generally, no. However, a 75% fine on the difference of the federal taxes, including VAT, levied on imported goods, plus interest, would apply in connection with the customs fine.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. A variance in the customs value of 10% or more would likely trigger the customs authorities' scrutiny. It is recommended that the importer proactively contact both the tax and customs authorities to discuss the transfer pricing adjustments before a prospective adjustment occurs.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Generally, no.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	Generally, yes. However, there has been increased scrutiny in verification audits with respect to the support for, and allocation of, downward adjustments.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities will typically accept transfer prices derived from one of the methods set out by the Organization for Economic Cooperation and Development as a basis for customs values. However, customs guidance indicates that the customs authorities may rely on information that is available on prices that is more directly related to the specific importations. In such cases, it is recommended that a "circumstances of sale" analysis be conducted.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. Generally, the customs authorities will accept the arm's length price determined for tax purposes provided that it is supported (e.g., by a transfer pricing study). However, the transfer price may be subject to specific adjustments that could apply under the Customs Act. The tax and customs authorities each reserve the right to make an independent decision.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. Customs Departmental Memorandum D13-4-5, entitled "Transaction Value Method for Related Persons," provides guidance with respect to the treatment of related party prices, adjustments, agreements, etc.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes, even in the event that the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes, provided appropriate supporting documentation is available, the adjustment is related to non-dutiable goods, and does not result in a refund of duties for each affected transaction. There is no exception to report when the duty rate is 0. Where an adjustment would result in a refund of duties for all affected transactions, an importer may seek a refund, but is not required to do so.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, provided appropriate supporting documentation is available. The request process is generally the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: Within 90 days of booking or invoicing the adjustment (whichever is earlier). The obligation to adjust ends 4 years after the date that the goods are accounted for under the Customs Act. Duty refunds: Within 4 years of the original date of accounting.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Interest is applied based on the duty and/or taxes owed. If increases in value for dutiable goods or decreases in value for non-dutiable goods are not reported within 90 days, penalties may be issued and are based on the number of affected transactions or the number of issues being penalized. Penalties generally apply at CAD 150, CAD 225, or CAD 450 per affected transaction depending on level, and may be subject to maximums of CAD 5,000 or CAD 25,000 for first level, CAD 200,000 for second level, and CAD 400,000 for third and subsequent levels. A voluntary disclosure, if accepted, should waive penalties and may reduce/waive interest. Failure to file a refund request is not subject to penalty.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	An importer must file a correction within 90 days of discovering the value error in the original declaration. If the correction is made after 90 days, a voluntary disclosure must be filed. If there is a value decrease, the refund request may be filed within 4 years after the original declaration. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Aggregate adjustments may be agreed upon with the customs authorities. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No. However, obtaining a blanket authorization may allow for future retroactive adjustments on a case-by-case basis.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Additional Goods and Services Tax (GST) must be paid to the customs authorities on amended entries, and can be claimed as an input tax credit on the GST return provided that the importer is eligible to claim such credits.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	If customs value decreases are reported to the customs authorities, and the importer is either a non-registrant or does not recover full input tax credits, it may be possible to recover the GST. The form and process varies depending on the circumstances. GST is not refunded to registrants as the eligible portion of GST originally paid would have already been recovered.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No. However, if a non-Canadian vendor is registered for GST/Harmonized Sales Tax (HST), it might be required to collect VAT (GST/HST) in connection with a value increase, and may be subject to interest and/or penalties for failing to do so.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly, if the value reported significantly differs from the prior reporting period. No set threshold exists. It is recommended that the information and support for making a prospective adjustment be appropriately documented and maintained.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	In practice, no. However there is a requirement for information reported on export declarations to be true, accurate, and complete. Penalties apply when the requirement is not met.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request documentation regarding the import of similar goods. Technically, no test/analysis is required; however, an analysis to substantiate the arm's length nature of the related party price under the customs rules is recommended.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. There is no legal obligation to report. However, in practice, the importer should report the value changes since there is potential for the customs authorities to discover discrepancies in customs audits, which can result in fines and penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. There is no legal obligation to report. However, in practice, there is potential for the customs authorities to discover discrepancies in customs audits, which can result in additional fines and penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same. However, duty refunds are difficult to obtain.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 1 year from the date the customs declaration is modified. The time limitation is extended to 3 years in cases of fraud.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of up to 100% of the duty owed or 200% of the duty difference may apply. However, penalties are uncommon as most Chilean imports qualify for duty free treatment.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should submit an application to the customs authorities with the corrected declared customs values. However, requests for refunds may lead to further investigation into the original declaration.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The monthly VAT return should be amended to reflect the correct import VAT and filed with the tax authorities.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The monthly VAT return should be amended to reflect the correct import VAT and filed with the tax authorities.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increases: Yes. Fines of up to 60% of the VAT owed may apply. Value decrease: Yes. However, only administrative fines may apply.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. It is recommended that the information and support for making a prospective transfer pricing adjustment be appropriately documented and maintained. The importer may also proactively contact the customs authorities to discuss the transfer pricing adjustments. For even greater certainty, the importer may request an APA with the corporate tax authorities and provide a copy of the APA to the customs authorities. The adjustment should be made within the same fiscal year.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The potential risk is the denial of the corporate tax deduction.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Evidence would include, but is not limited to, the sales price from the same seller to third parties in China, price composition, margin earned by the seller and the buyer in relation to the supply of goods in question, transfer pricing documentation, and a benchmarking study. An explanation letter justifying the rationale of the related party prices is recommended.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Possibly. Although difficult to achieve in practice, the customs and tax authorities may agree on the same price if there is a reasonable basis to do so.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. Reporting is voluntary, although recommended to avoid potential penalties that may result from an audit.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. Reporting is voluntary, although recommended to avoid potential penalties that may result from an audit.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. In practice, however, duty refunds are difficult to obtain. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years. Duty refunds: 1 year.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Value increase: Yes. Administrative penalties of 30% to 200% of the import duties and taxes owed, plus a late payment surcharge, may apply. Value decrease: No.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	If the importer elects to report, the importer should contact the customs authorities to seek guidance on how to proceed. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction or aggregate, depending on the requirements of the customs authorities involved. In general, aggregate is more common in practice. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. An adjustment to import value will automatically result in the assessment of additional VAT.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. However, VAT refunds are difficult to obtain.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Administrative penalties of 30% to 200% of the import VAT owed, plus a late payment surcharge, may apply. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold has been published. However, in practice, a 5% or more variance in price may trigger the scrutiny of the customs authorities in Shanghai. It is recommended that the information and support for making a prospective adjustment be appropriately documented and maintained, and that the importer be prepared to answer any questions regarding its related party pricing and prospective transfer pricing adjustments. The importer could seek an advance agreement with the customs authorities, but it may be difficult to obtain.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Generally, no. However, the Processing Trade Relief provisions require consistency. Also, a significant variance may trigger scrutiny by the tax authorities.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No. Reporting is voluntary although recommended to mitigate potential penalties that may result from an audit.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request the invoice and Andean Value Declaration. No test/analysis is required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Possibly. Tax and customs operate as two branches within one authority, but separate methodologies are used to evaluate pricing. There are no procedures to coordinate decision-making between the two branches.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, importers may voluntarily report the change by correcting the import declaration and paying any additional duties, penalties, and related interest. The customs value may not be increased without undertaking this process. If the increase does not trigger additional duty payments, no penalties will apply.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties. If the importer voluntarily decreases the customs value, it must request a refund of any overpaid duties. Any customs value decrease must be substantiated.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, there is a procedure to ask for a refund of duties paid in excess after a customs value decrease. Such a refund is possible as long there is a reason to justify the customs value decrease (other than just a change in prices).
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payment and duty refunds: 3 years from the date of the accepted import declaration.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Whether the customs authorities investigate or the importer voluntarily adjusts the customs value, penalties equivalent to 50% of the difference between the declared value and the adjusted value, plus additional duties and interest, will apply. However, if a voluntary disclosure is made, applicable penalties will be reduced to 20% of the total penalty.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	No formal procedures exist. In the event of an increase, the importer may submit a corrected import declaration, and pay for any additional penalties and interest due. In the event of a decrease, even if the importer submitted a corrected import declaration, a refund would not be granted when the basis for the decrease is a retroactive transfer pricing adjustment.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments may be required by the customs authorities as the result of an audit. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If there is an increase in the customs value, additional VAT may be applicable. Any applicable VAT must be declared in the periodic VAT return.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	If the customs authorities accept a request to correct an import declaration, the importer may request a refund of any overpaid VAT.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties of 10% of the additional VAT owed, plus interest, may apply. Value decrease: no additional penalties.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. It is not recommended to significantly adjust transfer prices on a prospective basis. It is recommended that any such adjustments be made gradually with extended intervals between adjustments.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The potential risk is an investigation by one or both branches (tax and/or customs).
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No. However, the customs authorities do review customs values regardless of whether the parties are related.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No. However, it is recommended that export values be restated for a 3-year period.

Note: The information provided for the country below may change during 2018 due to new precedent set by the Court of Justice of the European Union in the Hamamatsu case C-529/16, dated 20 December 2017, the impact of which remains to be seen in practice. See the discussion of this case in the Foreword section of this Country Guide.



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Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities will require all available documentation substantiating that the related party price is acceptable for customs purposes, in particular the documentation proving the transaction value corresponds with one of the test values determined pursuant to the customs rules or the documentation substantiating the arm's length transaction (information that the price is determined in accordance with the practice in a specific industry, the price paid covers all costs and profit, etc.).
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. The customs authorities could accept the price determined for tax purposes provided it is substantiated in a way that also meets the customs requirements.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. The customs authorities have published internal guidance on specifics associated with related party transactions. This guidance is also available to the public.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date the customs declaration is accepted.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Fines may range from EUR 350 to EUR 130,000 in cases where the value change from the retroactive transfer pricing adjustment would be considered a misdemeanor (a non-criminal offense typically punishable by a prescribed fine). The applicable interest rate would be the rate that applies at the time of reassessment.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should notify the customs authorities by filing a letter of explanation along with supporting documents. In some cases, the importer can agree with the customs authorities to declare a provisional value at the time of import and finalize the value following any transfer pricing adjustments before a deadline agreed upon with the customs authorities. The disclosure process is the same for both increases and decreases.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Typically, transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. The importer is obligated to pay the VAT that is assessed by the customs authorities.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required in relation to import VAT liability. An adjustment to import value will automatically result in a refund of the overpaid VAT. An input VAT deduction would be corrected through the VAT return.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists. It is recommended that the adjustment is duly evidenced so that the importer is able to address and answer any questions regarding its related party pricing and prospective transfer pricing adjustments.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Czech Republic

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Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities generally require an invoice. If prices vary widely from similar imports, additional documentation (including the transfer pricing analysis) may be requested. No additional test/analysis is required. However, an analysis to substantiate the arm's length nature of the related party price under the customs rules is recommended.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Possibly, but this is untested.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Possibly. Based on recent practice changes, when there is a decrease in customs value, duty refunds may be available if approved by the customs authorities on a case-by-case basis and provided written documentation supporting the transfer pricing adjustment is in place prior to the date of importation. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of release of the imported goods. This time limitation is extended to 10 years for criminal acts.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Fines of up to CZK 4,000,000, plus interest, may apply. If a voluntary disclosure is made, fines, penalties, and/or interest may be reduced or eliminated.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should submit an application to the customs authorities for the correction of declared customs values. If the new customs value is higher, then the customs authorities will calculate the additional customs duties owed and issue an additional payment assessment. If the new customs value is lower, then the customs authorities will decide whether the customs duty will be refunded. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The ordinary VAT return for the period in which the change was made must be adjusted to reflect the new VAT tax base and VAT amount.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The ordinary VAT return for the period in which the change was made must be adjusted to reflect the new VAT tax base and VAT amount.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. If the adjustment is discovered upon audit, penalties of 20% of the VAT owed, plus interest, and a fine of up to CZK 500,000 may apply. If an adjusted VAT return is filed, no penalties or interest would apply. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly, based on recent practice changes. There is no formal process to proactively address this with the customs authorities. However, it is recommended to contact the customs authorities in advance.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Possibly, based on recent practice changes. The potential risk is the denial of the corporate tax deduction and the issuance of fines, penalties, and interest.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No. However, transfer pricing in general is subject to increased scrutiny by tax authorities.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request transfer pricing studies, APAs, invoices, and price lists, though the evidence requested will vary on a case-by-case basis. It is recommended to conduct a test/analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes. This is generally required when the price is not fixed at the time of importation. There is no exception when the duty rate is 0.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same; however, the type of documentation needed to support a refund claim may differ based on the situation.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of release of the imported goods. This time limitation is extended to 10 years for criminal acts.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of up to 50% of the duty owed may apply if the adjustment is discovered upon audit. If a voluntary disclosure is made, there may be reduced or no penalties. No interest would apply in either case.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should file a general correction form, including supporting documents, and a letter of explanation. The disclosure process is the same. A new tool ("Told Wizard") is now available, which an importer can use to apply for adjustments and submit corrections via direct web-access to the customs authorities.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No. However, in the event that the final invoice is not available, a simplified customs declaration authorization may facilitate repeated adjustments. The customs declaration should clearly indicate that the value is provisional and will be adjusted after customs clearance.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	For importers with a deferred payment arrangement, VAT will automatically be corrected if the importer files a correction. For other importers, import VAT need not be corrected in the VAT return if an importer has the right to a full deduction of import/input VAT.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	For importers with a deferred payment arrangement, VAT will automatically be corrected if the importer files a correction. For other importers, import VAT need not be corrected in the VAT return if an importer has the right to a full deduction of import/input VAT.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. The percentage threshold of change to customs value will vary depending on the goods involved. There is no process to proactively address this with the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, invoices, contracts, and payments are acceptable. It is recommended that the importer conduct a specific test or analysis under the customs rules.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The process for requesting duty refunds is specific and different than other value-related corrections because there is no disclosure process available for customs value changes resulting from retroactive transfer pricing adjustments.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 5 years from the date of entry. Duty refunds: N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	No.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	No disclosure process is available for customs value changes resulting from retroactive transfer pricing adjustments. For a customs value increase or decrease resulting from other value-related corrections, a customs filing, plus the payment of fines and interest owed, is required.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	No disclosure process is available for customs value changes resulting from retroactive transfer pricing adjustments. For customs value changes resulting from something other than a retroactive transfer pricing adjustment, transaction-by-transaction adjustments are required.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	An amended VAT filing is required to reflect the revised amount.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filing is required.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. There is no process to proactively address this with the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The potential risk is increased scrutiny by either the tax or customs authorities, or both. Discrepancies between the inventory basis (cost of goods sold) and the customs value may trigger an investigation by the tax authorities.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	Generally, yes.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	N/A
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, there is a risk of fines and penalties that may result from the declaration of an incorrect customs value. This may also lead to an increased risk of audit or increased scrutiny by the customs authorities.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	N/A. However, if the customs authorities require an increase in the customs value, additional customs duties will be assessed, as applicable.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	N/A
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	N/A
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	N/A
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	N/A
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	N/A
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	N/A
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. It is recommended that the importer compare its prices against the customs authorities' guidance price lists prior to importation.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Generally, no. However, in practice, the two values should be consistent. The potential risk is the denial of the corporate tax deduction. In all cases, the tax authorities use the customs authorities' validated information via an online system.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request a cost analysis of the transfer prices and the transfer pricing documentation. No advance test and/or analysis is required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Generally, no. The customs and tax authorities communicate with each other, but there are no procedures to coordinate decision-making between the two authorities.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. The published guidance entitled, "Règlement particulier: la valeur en douane (Special Regulation: Customs Value)," defines the concept of transfer pricing and the use of the simplified customs declaration authorization (formerly referred to as the Provisional Customs Clearance program). The publication has been updated for 2017 to improve compliance and align with the Union Customs Code (UCC) that took effect on 1 May 2016.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. The customs authorities' prior reluctance to grant retroactive decreases in customs value has changed due to the UCC implemented on 1 May 2016. The customs authorities will now allow decreases in customs value provided there is a prior agreement in place between the customs authorities and the importer on the transfer pricing methodology.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Duty refunds have become easier to obtain since the UCC took effect on 1 May 2016.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of the price change (taxable event), unless there is an advance agreement in place that requires the change to be reported within the same year.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Monthly interest of 0.4% is charged starting on the first day of the month after the date in which the current duties are payable on the overall loss of revenue. Penalties for such an adjustment may be avoided if the importer has a simplified customs declaration authorization in place with the customs authorities.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Based on the UCC that took effect on 1 May 2016, an importer can either enter into an "adjustment agreement" with the customs authorities that coincides with potential year-end lump-sum adjustments, or request a simplified customs declaration authorization for periodic adjustments. The applicable reporting requirements are specified by the individual agreement terms. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction. However, aggregate adjustments may be permitted under a simplified customs declaration authorization. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. The importer may request a simplified declaration authorization or enter into an adjustment agreement related to potential year-end lump-sum adjustments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional filings are required. The VAT owed will be collected by the customs authorities. However, if the importer is authorized to reverse-charge the import VAT, the correction must be made in the periodic VAT return covering the month in which the adjustments were made.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The original invoices must be canceled and reissued, and the customs declaration must be amended. The overpaid VAT could be refunded or credited on the VAT return depending on the advance agreement with the customs authorities. The December 2017 finance bill further defines the reverse charge mechanism to VAT filings.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Generally, no, if the import VAT owed is properly reverse-charged. A failure to reverse-charge the import VAT can result in a penalty of 5% of the VAT owed.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. There is no process to proactively address this with the customs authorities, with the exception of obtaining a simplified customs declaration authorization or an APA.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Increasingly, yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No, but it is recommended.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	There is no exhaustive list, but generally the customs authorities will accept some combination of evidence (customs declaration for similar goods, audit reports, or transfer pricing documentation, studies or calculations) to substantiate the arm's length nature of the sale. It is recommended that the importer conduct a test or analysis under the customs rules.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes, the customs authorities can agree to accept the arm's length price determined for tax purposes, provided that, among other things, it is supported by a transfer pricing study.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes, the customs authorities have published an internal guideline (E-VSF Z 51 01) that addresses these issues in paragraphs 30 to 37.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, upon application by the importer, provided that a written contract or transfer pricing agreement indicating that a change in price may occur was in place prior to the date of importation. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date the customs declaration is accepted. This time limitation can be extended to 10 years in cases of fraud.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties and, in cases of tax fraud, interest may apply. In cases of tax evasion, the penalty amount is up to EUR 50,000. In cases of fraud, imprisonment of up to 10 years may apply. If a voluntary disclosure is made, fines up to 20% of the duty owed may apply in cases of tax fraud, and no fines in cases of tax evasion. However, the customs authorities may still impose a penalty in the amount equal to its determination of the "economic benefit" received by the importer due to the under-declaration of value.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer must amend each customs declaration. Before doing so, the importer should contact the customs authorities to seek guidance on how to proceed. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments or aggregated adjustments for product categories that are subject to the same duty rate are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. If the importer is not fully entitled to recover import VAT, an adjustment to import value will automatically result in the assessment of additional VAT. If the importer is fully entitled to recover import VAT, the additional VAT will not be assessed.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. However, the difference between the import VAT claimed for input VAT recovery from the tax authorities and the import VAT assessed and refunded by the customs authorities will need to be paid to the local tax office.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Yes. Penalties may apply. In cases of fraud, penalties and interest may apply. If a voluntary disclosure is made, penalties can be reduced.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly, during an audit. No set threshold exists. However, it is recommended that the information and support for making a prospective adjustment be appropriately documented and maintained, and that the importer be prepared to answer any questions regarding its related party pricing and prospective transfer pricing adjustments.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. In practice, few companies in Greece have applied for APAs.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request the underlying transaction documents, including purchase orders, invoices, and/or any agreements between the involved parties. The customs authorities may also request proof of payment documentation (i.e., a bank transfer statement that matches the sales value) and/or export value information associated with the imported goods and prior imports of the same goods from the same supplying country. A test/analysis is not required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No formal procedure exists.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	There is no formal procedure in place that specifically focuses on transfer pricing adjustments. However, companies may file an additional revised customs declaration where a customs value requires correction. There is a risk of fines and penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, companies may file an additional revised customs declaration where a customs value requires correction. There is a risk of fines and penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. While an importer may apply for a refund of the overpaid taxes and duties, and provide the basis for the request, the procedure is lengthy, the outcome of the audit is uncertain, and penalties will apply if calculation errors occurred.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years from the date the duty became owed. This can increase to 7 years if smuggling is involved. In practice, customs records supporting import declarations should be maintained for 10 years after the date of import. Duty refunds: each case is examined on an ad hoc basis.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	For any unintentional undervaluation of customs value on dutiable goods, a penalty of 15% may apply to the difference in duties, taxes, and surcharges owed. For any unintentional overvaluation of customs value on dutiable goods, a 5% penalty may apply to the difference in duties, taxes, and surcharges overpaid. For any unintentional under- or over-valuation that does not have an impact on duties or other charges owed, a penalty of EUR 100 per customs record may apply. For any intentional misdeclaration of customs value (e.g., smuggling), a penalty of 3 to 5 times the total customs debt and/or criminal sanctions may apply. The lack of timely payment of a customs debt will also result in penalties based on the type of violation, plus interest equal to the European Central Bank main refinancing operations (MRO) interest rate, plus 8.51% annually.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no formal procedure in place that specifically focuses on transfer pricing adjustments. For either an increase or decrease, a written statement identifying the grounds for submitting an Amending Customs Declaration to change the customs value should be filed together with all supporting documents, including any debit or credit invoices issued, the relevant agreements, and/or transfer pricing studies. The customs authorities will issue the necessary official customs documents, which will be linked to the initial import declaration file bearing a unique number.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	No specific procedure exists. Each case must be dealt with on an ad hoc basis. There is no difference in approach.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. VAT refunds and credits are considered by the tax authorities on an ad hoc basis.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, repeated and significant differences may trigger attention by the tax authorities.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request transaction documents. No test/analysis is required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. Reporting a post-importation increase in the price paid is not recommended given the absence of customs regulations requiring/allowing this type of adjustment. Reporting may expose the importer to sanctions or criminal prosecution.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	N/A
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	N/A
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	No.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	N/A
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	N/A
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	N/A
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes, if the value is decreased. No set threshold exists. There is no process to proactively address this with the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The potential risk is the denial of the corporate tax deduction.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request invoices, transfer pricing studies, APAs, or price lists of similar products. It is recommended to proactively conduct a test/analysis that could be provided to the customs authorities, if needed.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years after the closing of the verification activities by the customs authorities, which typically occurs 21 days after import.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	If the customs authorities determine duties are owed, the penalty rate under the applicable Hungarian legislation is generally 50% of the duty owed (or 200% for excise products), with a minimum of HUF 40,000. If the customs authorities determine no duties are owed, the following customs fines may be assessed: – For infringements related to the filing of customs declarations, notification procedures, or the preservation of supporting documents, a maximum fine of HUF 500,000; or – For infringements related to the application of the customs legislation, a maximum fine of HUF 1 million.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer must amend the affected import declarations. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Typically, transaction-by-transaction adjustments are required. Some regional customs authorities may allow aggregate adjustments. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The import VAT filing must be amended to adjust the amount of input tax (provided the importer is not fully entitled to recover input VAT). Any additional VAT owed must be paid.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required, provided that the VAT deduction is applicable. If a VAT deduction is not applicable, the import VAT return must be amended to adjust the amount of overpaid import VAT.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. It is recommended that the importer proactively contact the customs authorities to discuss prospective transfer pricing adjustments to avoid fines or penalties.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Generally, no. However, there is increasing scrutiny in this area.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method. If available, a copy of the APA should be provided to the customs authorities.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities rely on transaction values of similar or identical goods or test values of similar goods using the computed value or deductive value method. In addition, the customs authorities request, among other documentation, transfer pricing documents, APAs, comparable invoices, price lists, etc. It is recommended to conduct a test/analysis. Also, for related party imports with significant revenue implications, the customs authorities may refer the case to the Special Valuation Branch (SVB) at designated ports of entry to investigate and finalize the duty assessment.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No. However, the two authorities increasingly share information. Since a customs assessment is done on a transactional basis and corporate tax is determined at the entity level on an annual basis, in practice, the two laws do not generally allow for agreement on pricing for each transaction.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. Any post-importation price adjustment is considered a change in circumstances surrounding the sale that the importer is required to report. In all such cases, the customs authorities could examine the transaction, and when required, the jurisdictional Customs Commissioner could further refer the matter to the jurisdictional SVB for examination. No exception is provided, even when the duty rate is 0. Failure to report import value increases may result in penalties if discovered upon audit.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes, unless the goods are duty free.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. Any post-importation price adjustment is considered a change in circumstances surrounding the sale which the importer is required to declare for the import. In all such cases, the customs authorities could examine the transactions, and when required, the jurisdictional Customs Commissioner could further refer the matter to the jurisdictional SVB for examination. There is no exception to report when the duty rate is 0. An importer must submit the underlying documentation to justify any reduction in transaction value, as it is likely that the customs authorities may dispute the price reduction and reject any refund claim.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Possibly. In most cases, it is unlikely that a refund will be allowed. Requesting duty refunds is a multi-step process that involves a final assessment or reassessment of the provisional determination, and filing and processing the refund claim, which must clear the burden of unjust enrichment.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: No time limitation for voluntary payment. The customs authorities can request additional duty payments within 2 years from the date of the original payment of duty under normal circumstances and within 5 years from the date of the original payment of duty in the case of suppression or misdeclaration. Duty refunds: 1 year from the duty payment.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Generally, only interest would apply. When voluntary disclosures are submitted, the Customs law provides protection against penalties. However, in cases of suppression or misdeclaration leading to additional duties owed, various types of penalties are applicable.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should document the facts relating to the change in the reported customs value in the prescribed format and report them to the customs authorities at the port of import as well as the SVB. Any annual price adjustment must be apportioned to the individual import transactions to determine the change in duty liability and the interest payable at each port of import. Any change in duty payment can be made in writing against a challan (i.e., a tax document that sets forth the duty owed) followed by a full disclosure of details to the customs authorities. Alternatively, a declaration of change in duty payment and interest can be submitted to the respective ports for verification, and duty payments would be made following their confirmation.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction disclosures are required for any customs value changes being reported, since customs duty rates are linked to the date when the entry documents were filed. Interest is computed from the date of customs clearance to the date of payment of the difference in duty. The process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No. The customs law allows for the self-assessment of any underpaid import duty, and subsequent reporting and payment to the authorities. Multiple corrections may be permitted if the pricing methodology was reported and accepted by the customs authorities in advance. Multiple customs value adjustments caused by transfer pricing adjustments should be reported to the SVB as well as the port of import. In the absence of prior reporting, multiple corrections are likely to be investigated and examined for intent. Multiple corrections can also lead to penalty assessments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Any increase in customs value that leads to changes in the integrated tax computation must be reported in Goods and Services Tax (GST) returns.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	Any decrease in customs value that leads to changes in the integrated tax computation must be reported in GST returns.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Possibly. Penalties, reversal of credit, and/or interest-related consequences would depend on the conditions surrounding the changes in the GST returns or any late credit claims.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. However, there is no set percentage threshold. If the customs authorities consider such adjustments to be a change in the circumstances of the sale, or if any other payments—such as royalties, license fees, or post-sale proceeds—become payable to the related supplier, the importer is required to report such payments to the port of import. In all such cases, the customs authorities would examine the transactions, and where required, the jurisdictional Customs Commissioner could further refer the matter to the jurisdictional SVB for investigation.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the values should be consistent. The potential risk is a demand for customs duties, plus interest and penalties, and/or further transfer pricing adjustments if the price differences are not satisfactorily explained.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Complete transaction documentation (invoice, packing list, bill of lading/air waybill, sales contract, purchase order, pro forma invoice, etc.) is required at the time of clearance to assist the customs authorities in their analysis of related party pricing.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, any attempt to voluntarily disclose such adjustments will not reduce or eliminate potential penalties. There is a risk of fines or penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	N/A
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 2 years from the date of import declaration. Duty refunds: N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. A maximum penalty of 1,000% of the duty owed may apply depending on the amount of duty owed and the tariff provisions applied to the imported goods. Voluntary disclosure does not eliminate or reduce these penalties.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction or aggregate, depending on the requirements of the customs authorities conducting the audit. There is no disclosure process for voluntarily reporting customs value changes resulting from retroactive transfer pricing adjustments.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. An adjustment to import value will automatically result in the assessment of additional VAT.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	N/A
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value Increase: Interest of 2% of the VAT owed per month, for a maximum of 24 months, may apply if the adjustment is discovered upon audit. The interest is calculated from the date the payment is due, which is 60 days from the date the payment is assessed. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes, if the value is decreased. No set threshold exists. However, the use of transaction value may be rejected if the price decrease is significant (e.g., more than 5% variance). It is recommended that the information and support for making a prospective transfer pricing adjustment be properly documented and maintained.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent. An inconsistency may draw scrutiny from the customs authorities, and a downward adjustment to inventory value may draw scrutiny from the tax authorities.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Note: The information provided for the country below may change during 2018 due to new precedent set by the Court of Justice of the European Union in the Hamamatsu case C-529/16, dated 20 December 2017, the impact of which remains to be seen in practice. See the discussion of this case in the Foreword section of this Country Guide.



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Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities accept transfer pricing documentation and studies to substantiate the arm's length nature of the sale. No additional tests are needed.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. It is required to report when the duty rate is 0, but the customs authorities may agree to an exception.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes, provided the adjustment exceeds 5% of the originally declared value of the goods. It is required to report when the duty rate is 0, but the customs authorities may agree to an exception.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of importation. This time limitation may be extended in cases of fraud.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Interest may apply from the date when the debt was communicated (as opposed to the date of the adjustment or the date of the original import). In practice, it is unlikely that penalties would apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should file Form C&E 125A with the customs authorities and amend the original import declaration. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction adjustments are required. However, aggregate adjustments may be accepted on a case-by-case basis depending on the number of affected transactions. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. The customs authorities may require the importer to pay any additional VAT owed.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	In practice, no additional VAT filings should be required.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties and interest may apply. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. However, transfer pricing is a relatively new feature of Irish taxation, and such scrutiny may be introduced in due course. There is no recommended approach.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, one could expect that large disparities between the two values would result in some inquiries by an auditing tax official.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No. However, transfer pricing is a relatively new concept, and it remains to be seen how this will be viewed by the customs authorities.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request sales agreements, internal records (e.g., price lists, catalogues, correspondence), a statement regarding the relationship of the parties, information on sales to unrelated parties, or any documentation that substantiates the arm's length nature of the sale.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Possibly, if the price is considered to be arm's length.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. The customs authorities have published "Customs Procedure Chapter 2 – Evaluation," which addresses related party pricing. However, this publication does not address the treatment of prospective/retroactive transfer pricing adjustments.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, duty refunds are difficult to obtain. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 5 years from the date of the taxable event.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Fines, interest, and an inflation adjustment will apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no formal procedure. The typical approach would be to amend the import declaration. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists. The customs authorities use several criteria to assess risk. It is recommended that the importer obtain an advance ruling and that information to support a prospective adjustment be appropriately documented and maintained.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent. There is a potential risk that the tax and customs authorities may exchange information and reject/amend either the taxpayer's taxable basis or customs value.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.



Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	A transfer pricing study or international ruling (which is similar to an APA and can be unilateral, bilateral, or multilateral) may be used to support the transaction value method if they clearly refer to the imported goods. It is recommended that the importer include a customs appendix to further demonstrate that the transfer price complies with customs requirements.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	In practice, the customs authorities may require sales agreements and transfer pricing documentation, as well as information regarding company structures and the relationship of the parties. It is recommended that the importer conduct a "value test" to substantiate the arm's length nature of the sale according to the customs rules. Based on a circular letter issued in April 2017, if the importer requests authorizations for a simplified declaration and for the simplification procedure, the following documents should be filed with the customs authorities: a transfer pricing study and/or any international rulings, intercompany agreements signed before the date of importation, and, in general, any other documents related to the determination of the transfer prices for the last 3 years.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Generally, no. While no formal procedures govern how the tax and customs authorities would arrive at the same price, it may be possible to meet with them jointly to obtain approval. In Circular Letter 16/D dated November 2015, the customs authorities indicated that they may exchange information with the tax authorities and they may accept transfer pricing documentation to support related party customs values after examining the circumstances of the sale.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. Circular letter 16/D and Circular Letter 5 (April 2017) address the treatment of related party prices and post-importation transfer pricing adjustments.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. Based on Circular letters 16/D and 5, penalties could apply unless a voluntary disclosure (made before a customs audit commences) or an authorization for a simplified declaration is granted. There is no exception to report when the duty rate is 0. To avoid penalties, an intercompany transfer pricing agreement must be executed before the date of import to support post-importation transfer pricing adjustments. However, based on Circular Letter 5, if no such agreement exists or if the adjusted values do not meet arm's length pricing requirements per the applicable customs value tests, the voluntary disclosure may be rejected.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes, based on Circular letters 16/D and 5. There is no exception to report when the duty rate is 0. However, according to Circular Letter 16/D, post-transaction customs value adjustments can only be supported with a transfer pricing agreement.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	No, based on Circular letters 16/D and 5, unless the importer utilized the simplified declaration authorization program and the transfer pricing adjustment can be supported under a transfer pricing agreement entered into between the related parties before the importation date.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: generally, 3 years from the date of the taxable event. Under the May 2016 Union Customs Code (UCC), any failure to pay customs duties through criminal activity could result in additional payments going back 5 years from the date of import. Duty refunds: the timing for the duty refund is determined in the simplified declaration authorization.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties from EUR 103 to up to 10 times the duty owed, plus interest, may apply when there is a variance in duty owed greater than 5%. This may be mitigated after a customs audit. No penalty will be assessed if the importer has implemented the simplified declaration and the simplification procedure, or has filed a voluntary disclosure (if accepted by the customs authorities). Criminal penalties (including imprisonment) may also apply if there are repeat offenses or aggravating circumstances.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	In accordance with the UCC that took effect on 1 May 2016, in order to adjust customs values post-importation, the importer must request an authorization for the simplified declaration or for the simplification procedure prior to importing the goods. In the event of retroactive transfer pricing adjustments, this authorization will specify the procedure for making adjustments to customs values. However, if the above-mentioned authorization has not been granted, voluntary disclosure (if accepted by the customs authorities) is an option if a transfer pricing agreement exists. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction adjustments are required. However, aggregate adjustments may be authorized if a simplified declaration authorization is in place, or another specific authorization is obtained in advance, and a transfer pricing agreement exists. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. An authorization to submit a simplified declaration may facilitate repeated value corrections allowing the importer to submit a customs declaration without the final customs value. The provisional customs clearance agreement allows the final customs value to be declared up to 3 years after importation. Additionally, an importer that is authorized for the simplification procedure may make customs value adjustments as agreed with the customs authorities. Under UCC rules, an importer, in special circumstances, may request a binding ruling on customs value. However, this process is pending official clarification from the customs authorities.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. An adjustment to import value will automatically result in the assessment of additional VAT.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required, although a request must be made to obtain a refund of overpaid VAT. However, this is not recommended because the importer may have already recovered input VAT through the monthly VAT computation.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. VAT fines are assessed collectively with customs fines. However, no penalty will be assessed if the importer has implemented the simplified declaration and the simplification procedure, or has filed a voluntary disclosure before a customs audit commences (if accepted by the customs authorities). Value decrease: In practice, no substantial penalties would likely apply; however, theoretically, penalties are possible.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists. Customs values are scrutinized on a transaction-by-transaction basis. However, the risk of a customs audit may increase if the price of the same product changes within the same year.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes, and the scrutiny is expected to increase.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request, in addition to a transfer pricing study or APA, product-specific cost data to support that the related party price is not below cost and that the bank remittance records for the product purchased is the amount actually paid. A "circumstances of sale" test or "test values" test may be helpful, but is not required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. Reporting is voluntary, although recommended to avoid potential penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, duty refunds are difficult to obtain. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 5 years from the date of import permission for goods affected by a retroactive transfer pricing adjustment.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 10% to 15% of the duty owed, plus interest (currently 2.6% per annum of the duty owed since the date of the original import permission), may apply for the understated value at the time of importation. If values are overstated and an application for refund is accepted by the customs authorities, the importer will be paid the overpaid duty, plus interest at the annual rate. If a voluntary disclosure is made, interest may apply, but no penalties.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	In the event of either an increase or decrease, the importer should contact the jurisdictional customs authorities and negotiate how to amend past import declarations. The disclosure process is the same. However, changes resulting from retroactive transfer pricing adjustments may require additional time for review by the customs authorities.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Aggregate adjustments are available for upward adjustments, if previously negotiated with the customs authorities. Duty refunds may require a transaction-by-transaction adjustment. The disclosure process is the same. However, changes resulting from retroactive transfer pricing adjustments may require additional time for review by the customs authorities.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. The "advanced declaration of customs valuation" program allows the importer to obtain approval to calculate the expected customs value based on transfer pricing adjustments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	An adjustment to import value will automatically result in the assessment of additional Japanese Consumption Tax (JCT) by the customs authorities. However, a claim for a JCT refund may be filed with the tax authorities.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	An adjustment to import value will automatically result in a JCT refund from the customs authorities. However, amended JCT filings with the tax authorities are required to decrease the input JCT credit.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Penalties of 10% to 15% of the JCT owed, as well the annual rate of interest (currently 2.6%) may apply. If a voluntary disclosure is made, interest would apply, but no penalties. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. If the adjustment is significant, it is recommended that the importer submit product-specific cost data to support the related party price prior to importing at new prices.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, the customs authorities may request transaction documentation (e.g., foreign export declarations, shipping documents, purchase orders, supply contracts, price lists, commercial invoices, bank payment documents, catalogues, etc.). A customs analysis of the transfer pricing is not necessary to justify the arm's length nature of prices.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties. Importers may consider voluntarily reporting downward adjustments to potentially obtain a duty refund, but refunds are difficult to obtain.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, duty refunds are difficult to obtain. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: Generally, 5 years from the date of original payment. Duty refunds: 5 years from the date of original payment.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Interest and penalties may apply. Fines of KZT 345,000 could apply for inaccurate declarations of customs values. In the event of repeated violations during the same year, the importer could be held accountable for a fine of approximately KZT 690,000 per change and goods may be confiscated. Exception: the importer will not be fined if it voluntarily identifies and eliminates the violation within 1 year after the goods are released and before a customs inspection.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, the importer must submit an application form called the "Form of Adjustment." This form must provide details on the value adjustment and documentation that supports the change in value. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Generally, additional import VAT, as well as late payment interest, must be paid to the customs authorities. This additional VAT payment may be recovered if the conditions for input VAT recovery are met. The importer is responsible for amending its customs declaration and submitting the Form of Adjustment.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	Generally, no additional VAT filings are required. However, if a VAT refund is requested and granted, then the original VAT filing must be amended.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, significant deviations between tax and customs data could attract more scrutiny during tax/customs audits.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes, but only for goods that are subject to export duties. The declarant (i.e., the party that conducts the foreign economic transaction) is responsible for paying the duties upon the export of the goods.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Required evidence may include a supplier discount policy, a supplier price list, information on costs incurred by the foreign related seller, an explanation of the circumstances of the sale, or test values on identical goods cleared at or about the same time. It is recommended to conduct a test and/or analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	This is difficult in practice.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, the customs authorities still expect the importer to report any changes that increase the customs value of the goods.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Generally, no. Refunds may be possible in the unlikely event that a decrease in value due to a retroactive transfer pricing adjustment is accepted by the customs authorities. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 5 years following a demand by the customs authorities. If additional duties are owed as a result of an audit, additional duties are payable within 30 days of notification of a demand. In the event of voluntary disclosure, a settlement is agreed between the importer and the customs authorities. Duty refunds: 12 months from the date of the original payment.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 2% of the duty owed per month, payable from the date the duty was due, may apply. In addition, the false declaration of value may result in fines of up to approximately KES 1,000,000. If found upon audit, penalties and fines may not be assessed if the importer pays the additional duties owed within a period agreed between the importer and the customs authorities. If a voluntary disclosure is made, penalties may be reduced.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no formal procedure. Generally, the importer should write a letter to the customs authorities disclosing the change in the reported customs value. The customs authorities will compute any duties payable and a payment authorization form will be issued. In the case of a decrease in the reported customs value, the importer may apply for a refund of the overpaid custom duties. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. Any additional VAT owed must be paid.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. In the unlikely event that the customs authorities accept a decrease in customs values due to a retroactive transfer pricing adjustment, the importer may make a claim for a VAT refund.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	If the adjustment results in additional VAT owed, penalties of 1% of the VAT owed per month, payable from the date the VAT was due, will apply.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. It is recommended that the importer proactively contact the customs authorities before importing at new prices, especially when the adjustment yields a higher customs value. The customs authorities maintain a valuation database against which they identify unexplained differences.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, during an audit of the company's transfer pricing activity, the income tax authorities may request the values that are reported for customs purposes and seek a reconciliation.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Note: The information provided for the country below may change during 2018 due to new precedent set by the Court of Justice of the European Union in the Hamamatsu case C-529/16, dated 20 December 2017, the impact of which remains to be seen in practice. See the discussion of this case in the Foreword section of this Country Guide.

Luxembourg

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Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	Possibly. This would need to be negotiated with the customs authorities on a case-by-case basis.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may require the invoice, commercial documents, or intercompany agreements. It is recommended to conduct a test/analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Possibly. This would need to be negotiated with the tax and customs authorities on a case-by-case basis.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, this is not common. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of the taxable event, or 10 years in cases of fraud or other criminal activity.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 2 times the additional duty owed, plus interest of 9.6% per year, may apply. If a voluntary disclosure is made, penalties may be reduced or eliminated, except in cases of obvious negligence or fraud.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should notify the customs authorities and file an additional customs declaration. The customs authorities would then provide guidance on how to proceed.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction or aggregate, depending on the requirements of the customs authorities involved. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	An amended VAT return must be filed in addition to the customs declaration. The import VAT declared would be recoverable on the same return according to the importer's overall VAT recovery rate.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	An amended VAT return must be filed in addition to the customs declaration. The import VAT declared would be creditable on the same return according to the importer's overall VAT recovery rate.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Yes. Penalties and interest may apply on a case-by-case basis.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. It is recommended that the importer proactively contact the customs authorities to discuss prospective transfer pricing adjustments if the price change is significant.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No. However, valuation in general is an area of increased focus by the customs authorities.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request transaction documentation on an unrelated party transaction. While a test or analysis would help support the related party price should it be questioned by the customs authorities, no specific guidelines have been published.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes, even if the import duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes, even if the import duty rate is 0. The importer may apply for a duty refund. However, in practice, duty refunds are difficult to obtain.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, duty refunds are difficult to obtain. Claims for refunds must be made via a proscribed JKED 2 form.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: Generally, 3 years from the date on which the customs duty was payable or the deficient customs duty was paid. There is no time limitation in cases involving fraud or tax evasion. Duty refunds: An application to the customs authorities for a refund may be made within 1 year after the overpayment. Beyond 1 year, any such application may be made to the Ministry of Finance.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Typically, no. However, if no corrective declaration is filed, the importer may be convicted of a misdeclaration and may be jailed for up to 5 years and/or receive a fine of up to RM 500,000. In practice, undeclared decreases in customs value do not typically attract penalties.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	In the event of either an increase or decrease, the importer should submit a letter to the customs authorities to seek guidance on how to proceed. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Typically, transaction-by-transaction adjustments are required. Aggregate adjustments may be permitted with agreement from the customs authorities. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The applicable Goods and Services Tax (GST) must be paid if the customs authorities issue a bill of demand. Additionally, an application should be made to the customs authorities to seek approval to claim the GST paid as an input tax credit.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No actions are mandatory. The importer may apply for a refund, but the customs authorities may make adjustments to any import GST claimed.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increases and decreases: Typically, no, as long as the importer makes the necessary declaration and adjustments to the GST return. However, if no corrective declaration is filed, the importer may be convicted of a misdeclaration and may be jailed for up to 3 years and/or fined up to RM 50,000. A penalty equal to the amount of GST undercharged would also apply.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. It is recommended that the importer obtain an advance valuation ruling with the customs authorities before importing at new prices or to write to the customs authorities to seek guidance/agreement on a preferred disclosure process.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request supplier agreements, contracts, and transfer pricing documents. In the event of an audit, the importer should conduct a customs study to determine whether the relationship influenced the purchase price. It is recommended to perform a test under the customs rules.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. However, there is no guidance or administrative process. Therefore, it is uncommon. Prices need to be supported on a case-by-case basis.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes. Additional duties and taxes/fees would be payable, if applicable.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0. There is more risk when changes are caused by penalties associated with incorrect value declarations for statistical purposes.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The process to request duty refunds is specific and must be made on a proscribed form.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: No time limitation. Duty refunds: 5 year statute of limitations might be considered.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. If the adjustment is found during an audit and no duties are underpaid, fines may range from 130% to 150% of the import tax underpaid, plus 55% of the unpaid customs processing fee. In addition, the additional duty underpaid must be paid with an adjustment for the applicable surcharges and inflation adjustment. If the adjustment is discovered through audit and no duties are underpaid, a fixed fine of MXN 2,930 per import declaration is applied. If the adjustment is self-reported, no penalties apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	For upward or downward changes in value, the importer may submit a Customs R1 Form for transaction-by-transaction amendments. Under this method, the importer would amend the customs document through the Customs R1 Form and amend the original invoice. For upward changes in value, the importer may alternatively use a Customs GC Form, which allows the importer to aggregate several amended import transactions into one consolidated filing before the importer submits its annual income tax return, or amend the income tax return for the adjustment. An analysis of the customs valuation method should be conducted when transfer pricing adjustments lead to decreases in customs values.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are available for any customs value modification and an amended customs document must be generated for each transaction that is modified. Alternatively, a single consolidated amendment to correct the previous fiscal year's customs declarations is filed along with a copy of the annual income tax return that has already been filed.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The monthly VAT declarations, as well as the customs documents, must be amended and the additional VAT owed must be paid. The importer is also required to support the increase in value and the additional VAT owed.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The monthly VAT declarations, as well as the customs documents, must be amended, which will result in a credit of the overpaid VAT. The importer may request a refund instead of a credit. It is required to support the credit of the overpaid VAT.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: If the adjustment is discovered through audit by the customs authorities and additional VAT and DTA are underpaid, a penalty of 55% of the additional VAT and DTA owed underpaid may apply. Also, the additional VAT owed underpaid must be paid with an adjustment for applicable surcharges and inflation. If duties are underpaid, a penalty of 130% on top of the duty omission might be triggered. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. Prior to importing at the new prices, it is recommended that the importer obtain an advance valuation ruling with the customs authorities that would apply for the fiscal year.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The potential risk is the denial of the corporate tax deduction and the rejection of the VAT credit.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may require transfer pricing documents, buy-sell agreements, invoices, proofs of payment, financial statements, cost breakdowns, or bills of material. It is recommended to conduct a test/analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. The customs and tax authorities cooperate closely on transfer pricing issues.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years from the date on which the customs debt was incurred. This time limitation can be extended to 5 years for acts that give rise to criminal court proceedings. Duty refunds: 3 years from the date the debt is communicated to the importer.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Monetary penalties, or the suspension or revocation of the importer's customs authorization, may apply. Interest may also apply in certain circumstances. If a voluntary disclosure is made, in practice, no penalties would apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer must contact the customs authorities to revise previous customs declarations. If customs value changes due to transfer pricing adjustments are expected to recur, it is recommended that the importer obtain an advance valuation ruling and agree with the customs authorities on a correction mechanism through a clear and verifiable procedure to avoid noncompliance for future adjustments. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Aggregate adjustments may be permitted. However, if requested by the customs authorities, each adjustment must be linked to a specific transaction and the corresponding duty rates for the affected entries. The disclosure process is the same. It is recommended to agree to a correction mechanism with the customs authorities in advance to facilitate repeated disclosures.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. A customs valuation ruling and an agreement on a procedure are recommended to implement repeated adjustments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Additional VAT must be paid and/or reported by the taxpayer. However, it may be possible to obtain a refund of the VAT if certain conditions are fulfilled.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The taxpayer must account for the decrease in VAT, which could result in a payment. The method to do so will vary depending on the situation.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Yes. Fines, penalties, and interest may apply if amended VAT filings are not timely filed.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. Any change in value may trigger scrutiny during a customs audit. It is recommended that the importer obtain an advance valuation ruling with the customs authorities before importing at the new prices. In practice, the customs authorities are increasingly reluctant to accept prospective transfer pricing adjustments because prospective prices cannot compensate for prices on past transactions.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, it may trigger increased scrutiny from the tax and customs authorities if inconsistent.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.



Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method. New legislation is anticipated in 2018 that is expected to further clarify, among other things, the impact of post-importation adjustments on customs value.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Currently, there is no published list of evidence that the customs authorities will accept. However, in practice, the customs authorities will generally accept transfer pricing documentation and/or a benchmarking study if based on each transaction. It is recommended that the importer maintain transactional documentation to support the related party price (e.g., invoices from sales to unrelated parties).
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No. However, new guidance and regulations are expected during 2018.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0. A failure to report may result in penalties, but no interest. Changes to the penalty regime are expected based on new legislation anticipated in 2018.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0. A failure to report may result in penalties, but no interest. Changes to the penalty regime are expected based on new legislation anticipated in 2018.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 4 years from the date of the original assessment. There is no time limitation in cases of fraud.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes, penalties may apply, but no interest. A fine of NZD 5,000 may be assessed. In cases of fraud, higher fines may be assessed. Changes to the penalty and interest regimes are expected based on new legislation anticipated in 2018.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There are no proscribed forms. The importer would make a voluntary disclosure via letter to the customs authorities to report either an increase or a decrease to the customs value. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Adjustments can generally be made on a transaction-by-transaction basis or as an aggregate adjustment. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional Goods and Services Tax (GST) filings are required. The additional GST must be paid to the customs authorities and should be recoverable in the importer's GST return, if registered.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional GST filings are required. The importer may request a refund of overpaid GST provided that the importer is not already registered for GST. If the importer is registered for GST, the overpaid GST would be claimed as an input tax deduction and, therefore, no refund would be granted.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. There is no formal process to proactively address this with the customs authorities. However, importers may enter into an advance agreement with the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. There are limited risks from a corporate tax perspective. However, either the customs authorities or tax authorities may still question why different values are reported.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes. However, in practice, this is not often done.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, a transfer pricing study may contain information that is useful for supporting the transaction value. APAs are not available in Nigeria.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request a proof of payment (e.g., a commercial invoice), contracts, an attestation that the related prices are accurate and the only basis for valuation of the transaction, and/or any additional supporting documentation that can verify that arm's length pricing requirements are met. An analysis to substantiate the arm's length nature of the related party price is recommended.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. In practice, however, duty refunds are difficult to obtain. There are no formal procedures in place.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and refunds: The Nigerian customs regulations do not set forth a period of limitations in either case.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	No. The Nigerian customs regulations do not set forth a penalty regime.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	A formal letter to the customs authorities supported by relevant documentation is sufficient. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, the disclosure of customs value changes are required on a transaction-by-transaction basis. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	VAT owed will be collected by the customs authorities. An additional filing is not required; however, the importer should submit a formal letter to the tax authorities to disclose the adjustment.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	An additional filing is not required unless the importer is unable to take a credit on its regular VAT filings, in which case the importer would need to notify the tax authorities of an additional VAT claim.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. It is recommended that the importer proactively contact the customs authorities to discuss managing customs values due to prospective transfer pricing adjustments.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may require transfer pricing documents and data, supplier agreements, accounting documents, and/or any documented related party service agreements. It is recommended to conduct a test that will support related party prices based on available accounting/financial data.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. However, there are no formal procedures that govern how the tax and customs authorities would arrive at the same price.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No. The customs authorities have not provided guidance on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective. However, the customs authorities recently released high-level comments confirming that transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties. However, voluntary reporting is recommended if the importer wishes to request a duty refund.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the filing date of the customs declaration. This time limitation is extended to 10 years in cases of negligence or if insufficient information is provided by the importer.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Interest will apply for adjustments that increase the customs value. Penalties may apply if the importer is negligent in declaring the incorrect customs value. Penalties may be up to 30% of the duties owed. A change to the customs value due to a retroactive transfer pricing adjustment also requires a change to the original customs declaration, and fees/charges could result if this change is not reported within the deadline set by the customs authorities.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, changes to customs value must be made post-importation on a transaction-by-transaction basis. However, the importer may file an application for an uplift agreement (postponed value determination) if the final customs value is not known at the time of importation. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction adjustments are required. However, the importer may file an application with the customs authorities for an uplift agreement (postponed value determination) if the value is not known at the time of import. If an uplift agreement has been granted prior to importation, aggregate retroactive adjustments for a predefined period may be made. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	As of 1 January 2017, the reporting of import VAT for VAT-registered entities is subject to reverse charge. Accordingly, the taxpayer should calculate and report both the output import VAT and input (deductible) import VAT directly in the VAT return. Any additional import VAT owed must be included (and deducted) in an amended VAT filing for the respective VAT period. For imports made prior to 2017, the importer is required to amend the original import declaration and report the amendment in the corresponding VAT return for that correction date.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	An amended VAT filing is required to reflect the revised amount, but the difference in VAT is not deductible.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No. As of 1 January 2017, for the import VAT that is reported and deducted in the VAT return (reverse charge), no penalty will be levied if the originally reported import VAT is increased/decreased.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. Significant changes to transfer pricing may invite scrutiny. There is no formal process to proactively address this with the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Generally, yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes. However, the risk related to non-compliance is considered low due to a lack of enforcement.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Customs values are not adjusted based on retroactive transfer pricing adjustments. The customs authorities do not generally question related party sales unless doubts arise related to the acceptability of the price. When questions arise, the importer will have the opportunity to demonstrate that the originally declared transaction value closely approximates a "test" value previously accepted by the customs authorities. If a "test" value is not available, the importer can demonstrate the price is acceptable under the circumstances of sale tests. The customs authorities may review intercompany contracts, shipment documents detailing the transaction, and/or proofs of payment (e.g., a credit note).
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	N/A
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No with respect to retroactive transfer pricing adjustments; however, yes with respect to other cases when customs values may require correction (e.g., misdeclared value).
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	N/A with respect to retroactive transfer pricing adjustments. Yes with respect to other increases in value.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	N/A with respect to retroactive transfer pricing adjustments. Yes with respect to other decreases in value. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	N/A with respect to retroactive transfer pricing adjustments. Yes with respect to other decreases in value.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	N/A. However, if the customs authorities, upon audit, require changes in customs values, they could impose surcharges and interest on duties owed. Interest and penalties will apply if the customs authorities find that the customs value was intentionally misdeclared to avoid taxes and fees.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A with respect to retroactive transfer pricing adjustments. With respect to other customs value corrections, the importer's broker may submit a request to amend the customs declaration through SIGA, the customs electronic reporting system. The reason for the change must be explained. The customs authorities will consider the request and decide on the new customs value. Afterwards, an importer has 3 business days to request reconsideration, if it chooses, without penalty. An importer also has the option to appeal any reconsideration results within 5 business days after the notification of the initial decision.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A with respect to retroactive transfer pricing adjustments. With respect to other customs value corrections, transaction-by-transaction adjustments are required.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	N/A
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Import VAT is treated the same as customs duties. Additional import VAT would become payable. N/A with respect to retroactive transfer pricing adjustments. With respect to other value corrections, the importer's broker may submit a request to amend the customs declaration through SIGA.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	Import VAT is treated the same as customs duties. Additional import VAT would become payable. N/A with respect to retroactive transfer pricing adjustments. With respect to other value corrections, the importer's broker may submit a request to amend the customs declaration through SIGA.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	N/A. However, if the customs authorities, upon audit, require changes in customs values, they could impose surcharges and interest on duties owed. Interest and penalties will apply if the customs authorities find the customs value was intentionally misdeclared to avoid taxes and fees.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	If the customs authorities have reasonable doubt concerning the customs values, the customs authorities can request the importer to provide additional information or documents concerning the declared values.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	The tax authorities require that these values match, as these values will probably result in deductible costs for income tax purposes. Article 65 of Executive Decree No.170 of 1993 establishes that values used for imported goods in inventory should include the transfer pricing, import duties, other applicable taxes, the cost of transportation, and any other cost incurred in order to transport the merchandise to Panama. However, there is no risk if there is a difference in prices, unless the customs authorities determine the values to be fraudulent, in which case the importer can be subject to penalties.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may require invoices, price lists, accounting documents, and banking documents, as well as other transaction documents deemed necessary to support the related party prices. It is recommended to conduct a test/analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, it is recommended to avoid potential fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, refunds may be difficult to obtain. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 4 years from 1 January of the year following the declaration date.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties amounting to 2 times the additional duty owed may apply. If a voluntary disclosure is made, penalties may be reduced to 10% of the original penalty assessment. Interest of 1.2% would apply to additional duties and penalties owed.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should submit an electronic correction to the original declaration. Also, it is recommended to amend each individual invoice that is subject of the import declaration corrections. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	An electronic correction must be made to the customs value. However, no additional VAT filings are required because the customs value change will automatically trigger changes in the VAT paid. An upward adjustment to import value will automatically result in the assessment of additional VAT.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. However, if the importer voluntarily reports a decrease in the customs value, it must first make an electronic correction to the customs value and then formally request a VAT credit because a downward adjustment will not automatically result in a VAT credit.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties of twice the additional VAT owed may apply. If a voluntary disclosure is made, penalties may be reduced to 10% of the original penalty assessment. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. It is recommended that the information and support for making a prospective adjustment be appropriately documented and maintained.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent because the tax authorities may issue penalties based on the discrepancy.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Primarily the transfer pricing study. The customs authorities may also require additional supporting documents pertaining to circumstances surrounding the sale, or may refer to third party sources to verify the data presented in the transfer pricing study.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. Filing a prior disclosure pursuant to the new Tax Reform for Acceleration and Inclusion Act effective December 17, 2017, remains voluntary, although recommended to mitigate potential penalties. The Prior Disclosure Program imposes a 10% penalty due to new customs regulations.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of customs fines or penalties and minimal risks for import VAT penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, tax credit certificates that can be used to pay customs duties are provided rather than duty refunds.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: Generally, 3 years from the date of payment. There is no time limitation in cases of fraud. Duty refunds: 12 months from the date of payment.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	If duties are discovered to be owed during a post-clearance audit, the importer may be liable for a penalty of 125% and 20% interest per year from the date of final assessment. If a voluntary disclosure is made under the Prior Disclosure Program, penalties may be reduced to 10%.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	If the adjustment results in an increase, the importer should send a letter to the Commissioner of Customs, in accordance with the Prior Disclosure Program, amending the affected entries and tendering the duty owed. This program is not available if the importer is under prior investigation. If the adjustment results in a decrease, the adjustment must be requested in writing and forwarded, together with the supporting documents, to the Collector of Customs to whom such duties were paid. If found correct and in accordance with law, a recommendation will be forwarded to the Commissioner of Customs for final review and approval of the refund. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The quarterly VAT return should be amended to reflect the correct amount of import VAT and filed with the tax authorities. Any additional VAT owed must be paid.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The quarterly VAT return should be amended to reflect the correct amount of import VAT, and the taxpayer may file for a VAT refund for the erroneous payment of taxes. Obtaining a VAT refund is a very difficult and lengthy process.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Yes. If the adjustment is discovered upon audit, penalties of PHP 1,000 to PHP 50,000, plus interest of 20% of the VAT owed, per annum, may apply. A 50% surcharge may also apply if the VAT-related adjustment is more than 30% of the original VAT base.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. However, if the value reported significantly differs from the prior reporting period, it may invite scrutiny during a customs audit or post-entry verification. There is no process to proactively address this with the customs authorities. It is recommended, however, that the information and support for making a prospective adjustment be properly documented and maintained.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	There is no official set of documents or other evidence that the customs authorities require to substantiate the related party price, but they may examine the transfer pricing documents. It is highly probable that the customs authorities will not consider an analysis performed by the importer.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No. However, the customs authorities may consider the approved transfer pricing methodology as a factor in supporting the price. Moreover, as of March 2017, the customs authorities and tax administration have merged into one government agency, which has increased, to some extent, the level of cooperation. This could potentially result in the customs and tax authorities cooperating more closely with respect to customs valuation.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0. Also, if the duty rate is 0, the risk of fines/penalties is lower.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0. Also, if the duty rate is 0, the risk of fines/penalties is lower.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, but only if the customs authorities approve the refund based on a case-by-case analysis. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years. This time limitation may be extended in cases of fraud. Duty refunds: Generally, 3 years.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Interest may also apply. The current interest rate for late payment of customs duties is 3.5%. If criminal acts are involved, penalties of up to EUR 4.75 million and imprisonment for up to 5 years may apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	For both increases and decreases, the importer should file an application to amend the import declaration and submit an explanatory letter to the customs authorities for both increases and decreases. The customs authorities will then issue a decision. If an adjustment is discovered upon audit, the customs authorities will amend the import declaration. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. The customs authorities will issue a decision, and any additional VAT owed must be paid. An additional disclosure for VAT purposes may be filed to mitigate the risk of fines and penalties.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	A separate application must be filed with the tax authorities in order to obtain a VAT refund, which is available provided that the import VAT has not already been recovered.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increases and decreases: a standard interest rate of 8% will apply with two exceptions. First, the applicable interest rate may decrease to 4% if the importer voluntarily amends the customs declaration within 6 months and pays any outstanding VAT payments within 10 days of receiving the tax authorities' decision. Second, depending on the circumstances, the applicable interest rate may increase to 12% if an obligation to settle any outstanding VAT payments results from a decision made by the tax authorities as the result of an audit. If criminal actions are involved, additional penalties and/or a prison term may apply.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Generally, yes. No specific threshold has been published. It is recommended that the importer be prepared to support the related party pricing and prospective value adjustment upon filing the import declaration.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent. An inconsistency may draw scrutiny and the tax authorities may assess fines or penalties.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may require transfer pricing reports. It is recommended to conduct a market analysis that shows that the intercompany prices are in line with market prices.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Generally, no. However, in theory, it should be possible to get the customs and tax authorities to both agree on the same price for corporate tax and customs value purposes, although we are not aware of any case in which such an agreement was concluded.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, provided the importer can provide proof to support the claim. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of the taxable event.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties and interest may apply. If a voluntary disclosure is made, penalties may be reduced. Penalties for an inaccurate declaration may range from EUR 150 to EUR 5,750 per transaction. Penalties for negligent or low value transactions may range from EUR 500 to EUR 165,000 per transaction. For intentional acts, a fine up to EUR 180,000 or 3 years imprisonment may apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should contact the customs authorities to seek guidance on how to proceed.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction or aggregate, depending on the requirements of the customs authorities involved. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	For imports that occurred prior to 1 September 2017, no additional VAT filings were required and an adjustment to the import value automatically resulted in additional VAT being assessed. For imports occurring from 1 September 2017 to 28 February 2018, the same applies, unless the importer opts to reverse charge the VAT on goods listed in Annex C of the VAT Code (excluding mineral oils), in which case an adjustment must be filed in the VAT return. For imports occurring on or after 1 March 2018, a reverse charge will apply to all imports and an adjustment will need to be reported in the VAT return.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	For imports that occurred prior to 1 September 2017, no additional VAT filings were required and an adjustment to the import value automatically resulted in additional VAT being assessed. For imports occurring from 1 September 2017 to 28 February 2018, the same applies, unless the importer opts to reverse charge the VAT on goods listed in Annex C of the VAT Code (excluding mineral oils), in which case an adjustment must be filed in the VAT return. For imports occurring on or after 1 March 2018, a reverse charge will apply to all imports and an adjustment will need to be reported in the VAT return.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties of 30% to 100% of the VAT owed (with a maximum of EUR 45,000 per penalty), plus interest of 4% per annum, may apply. If a voluntary disclosure is made, penalties may be reduced. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists. It is recommended that the importer have advance discussions with the customs authorities given that the tax authorities and the customs authorities were merged in 2012, and transfer pricing topics are a priority for both authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent because of the potential risk that the tax and customs authorities may exchange information and reject/amend either the taxpayer's taxable basis or customs values.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, the customs authorities may compare the related party prices with prices of similar or identical products imported by other importers in the same period or may ask the importer to conduct such comparisons. A test/analysis is recommended only in cases when the customs authorities have doubts about the acceptability of the related party prices.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 0.1% per day, plus interest of 0.2% per day, may apply (i.e., 0.3% per day). In addition, a non-disclosure penalty of 0.08% per day may be applied. Fines of RON 500 to RON 8,000 per review period may apply. A voluntary disclosure would not eliminate or reduce the applicable penalties, fines, or interest.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Value increase and decrease: The importer must submit a letter to the customs authorities detailing the change in customs value and listing all affected transactions. The customs authorities will issue a decision to indicate the amount of duty and VAT owed or to be refunded. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Aggregate adjustments are permitted. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. However, the VAT adjustments would need to be declared in the VAT return if the importer is registered for VAT. Any additional import VAT paid when the customs declaration is amended would be deducted accordingly on the VAT return. If the importer is not registered for VAT, a request for a refund may be submitted pursuant to the 9th/13th Council Directives.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. However, the VAT adjustments would need to be declared in the VAT return if the importer is registered for VAT. Any overpaid import VAT determined by the customs authorities to be refundable will be refunded, and this amount will need to be reported as a settlement of deductible VAT in the VAT return.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists because it depends on the local customs authorities' review. It is recommended that the importer proactively contact the customs authorities before making the prospective transfer pricing adjustment.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request transaction documentation (e.g., foreign export declarations, shipping documents, purchase orders, supply contracts, price lists, commercial invoices, bank payment documents, catalogues, labels, details on the resale price of goods on the Russian market, etc.). In practice, the customs authorities rather than the importer will perform the "circumstances of sale" test and may evaluate the transaction-based data from other importers available only to them. Importers typically use test values to support the related party pricing and try to use transfer pricing studies and/or APAs in order to support the declared customs values.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. In December 2012, The Eurasian Economic Commission issued Resolution N 283, entitled "The Application of Transaction Value to Calculate Customs Value (Method 1)," which describes the transaction value method of appraisal and rules for verifying that the parties' relationship did not influence the price. However, there is no guidance on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties. Further, duty refunds will not likely be available.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, duty refunds will not likely be available. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years from the original payment. Duty refunds: 3 years from the date of payment.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Interest and penalties may apply. If an agent filed the customs declaration, the importer may be subject to an administrative fine of RUB 50,000 to RUB 300,000 per declaration and the agent may be subject to a fine of up to 200% of the amount of underpaid duties and taxes. Under civil legislation, the agent may charge its fine back to the importer. If the importer filed the declaration directly, it may be subject to a fine of up to 200% of the duties/taxes owed. Importers may file voluntary disclosures to try to avoid penalties, but this is not always successful. Daily interest rates for non-payment would apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer must submit an application form detailing the value adjustment together with documentation to support the change. The disclosure process is the same. In a limited number of cases, importers may use a special procedure to delay declaration of customs values. In such cases, the importer must provide documents confirming the preliminary customs value at the time of import and make customs payments based on that initial value. The final customs value must then be declared within 15 months after the importation and the relevant customs payments must be made/refunded. Although this procedure may potentially be used for retroactive transfer pricing adjustments, there is no clear guidance on this and it has not been seen in practice.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Corresponding import VAT, as well as late payment interest, must be paid to the customs authorities. The additional VAT may be recovered if the conditions for input VAT recovery are met.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. If a VAT refund is requested and granted, then the original VAT filing must be amended.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: No. Value decrease: Yes. If the overpaid VAT is refunded/offset, but the VAT filing is not properly amended, penalties of 20%, plus interest, may apply.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists. It is recommended that the importer be prepared to support the related party pricing and prospective value adjustments upon the filing of the import declaration.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes, but only for goods that are subject to export duties.



Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may review the transaction value of identical or similar goods across all importers. It is recommended to conduct a test/analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No. However, the tax authorities rely on the price that the customs authorities have accepted as the customs value.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, there is a risk of fines or penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	N/A
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, there is a risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	N/A
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	N/A
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	N/A
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	N/A
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	VAT was introduced into Saudi Arabia on 1 January 2018 with a standard rate of 5%, and includes VAT charged at import. The process for dealing with transfer pricing adjustments is not yet known as the tax authority has not released any information pertaining to this, but it is expected that where there is an adjustment to the customs declared value, there may be a corresponding adjustment to the import VAT amount payable. Where the importer has claimed a deduction for the import VAT on its VAT return, a corresponding adjustment may be required to the return.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	VAT was introduced into Saudi Arabia on 1 January 2018 with a standard rate of 5%, and includes VAT charged at import. The process for dealing with transfer pricing adjustments is not yet known as the tax authority has not released any information pertaining to this, but it is expected that where there is an adjustment to the customs declared value, there may be a corresponding adjustment to the import VAT amount payable. Where the importer has claimed a deduction for the import VAT on its VAT return, a corresponding adjustment may be required to the return.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	The VAT law contains a range of fines and penalties for the incorrect filing of VAT returns including: (1) Tax evasion is punishable by a fine of not less than the amount of VAT due, and not more than 3 times the value of the goods or services that are the subject of the evasion; (2) An incorrect VAT return filing, an amendment after filing, or the filing of any document with the tax authorities in relation to VAT that results in an under-calculation of the VAT owed may result in a fine equal to 50% of the additional VAT owed; and (3) A person who fails to pay VAT due by the payment date shall be liable to a fine equal to 5% of the value of the unpaid VAT for each month or part thereof for which the VAT has not been paid.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. In practice, if there is a discrepancy, the tax authorities will make an adjustment to the amount that has been reported in the tax return. The tax authorities will disallow the deduction for import (foreign purchase) if the value reported for tax purposes is higher than the reported customs value. Conversely, the tax authorities will impute a deemed profit if the import (foreign purchase) value reported for tax purposes is lower than the reported customs value.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Generally, no.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	Generally, yes. A transfer pricing study may be used to support the use of transaction value. APAs are not available in Serbia.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may require a transfer pricing study, contracts between the related parties, shipping documents detailing the transaction, and/or a proof of payment (e.g., a credit note). If the customs authorities do not find this documentation sufficient, a test and/or analysis to support the use of the transaction value is recommended.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Generally, yes. It is unlikely that the tax authorities will challenge the value determined by the customs authorities.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	In principle, yes, and there would be no exception to report when the duty rate is 0. However, in practice, the customs authorities rarely consider subsequent value adjustments of imported goods because the value is primarily determined at the time of importation.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	In principle, yes, and there would be no exception to report when the duty rate is 0. However, in practice, the customs authorities rarely consider subsequent value adjustments of imported goods because the value is primarily determined at the time of importation.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The process is the same. The importer must submit a refund request within 12 months of the day it became aware of the value decrease.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 5 years from the date that the customs debt arose. An importer has 8 days from the date of notification by the customs authorities of a customs debt to submit payment for the customs debt. Duty refunds: A refund may be requested within 3 years from the date that the customs debt arose. Refunds are typically issued within 30 days of the date of request.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 1 to 4 times the amount of the customs duties owed, with the maximum penalty not to exceed EUR 80,000. Duties owed may also be subject to a 13.75% interest rate.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should submit a letter with supporting documents and a new customs declaration for review by the customs authorities. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, the disclosure of customs value changes are required on a transaction-by-transaction basis. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The importer should adjust the amount of import VAT in the VAT return for the period in which the change occurred after the customs authorities issue a new customs debt calculation.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The importer should adjust the amount of import VAT in the VAT return for the period in which the change occurred after the customs authorities issue a new customs debt calculation. Also, the importer must submit a written request to the tax authorities to claim a refund of the overpaid import VAT amount.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. There is no formal process.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes. Such changes should be restated.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	An importer may produce documents (e.g., sales contract reflecting the methodology of sales value, commercial levels of sales, etc.) to demonstrate that the transaction value between parties was not affected by the relationship. The customs authorities impose no specific requirement for importers to perform a separate test/analysis to substantiate the arm's length nature of the transaction between the related parties. If there is a challenge, however, such test/analysis would be required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No. There is currently no formal procedure in place and implementation of such a procedure is not anticipated in the near future.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No. However, the tax authorities have issued a publication entitled "GST: Guide on Imports," which indicates that importers are required to declare the correct value of imported goods. This guide also describes how to correct over- and under-declarations of customs values on imported goods.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. When the customs duty rate is 0, the importer is still required to adjust the import values and account for the additional import Goods and Services Tax (GST) that is payable.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes. The additional customs duties and import GST must be accounted for and paid by filing a short-payment permit on each individual transaction.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. This can be done through a voluntary disclosure to customs authorities. There is no exception to report when the duty rate is 0 since the incorrect value would technically still be regarded as an incorrect declaration. In practice however, the risk of fines or penalties is low.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: There is no time limitation for importers to make additional duty payments. However, the customs authorities can only demand the recovery of underpaid or erroneously refunded duties within 1 year from the date of duty underpayment or erroneous refund. Duty refunds: 1 year from the date of entry of the goods and original payment.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Typically, no, if the changes in customs value are reported to the customs authorities on a voluntary basis before notice or commencement of audit checks and investigations. However, penalties would apply in cases of fraud and willful default. If the changes in customs values are discovered during audit checks and investigations, then fines may be imposed. Legally, any incorrect declaration constitutes an offense under the Customs Act and upon conviction, can result in fines of up to SGD 10,000 and/or imprisonment for up to 12 months. Such offenses can be compounded by the customs authorities in a sum not exceeding SGD 5,000 per incorrect declaration. In practice, such fines are only applied in serious cases. Generally, only administrative fines are applied.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	An increase or decrease may be reported to the customs authorities through the Voluntary Disclosure Program or by a letter to the relevant department. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, the adjustments are made on a permit-by-permit basis. However, if the customs authorities agree, aggregate adjustments are permitted and may be made by a single supplementary short payment permit as long as the individual impacted import permits are identified. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. The Voluntary Disclosure Program can facilitate repeated customs value adjustments due to retroactive transfer pricing adjustments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If the net GST impact of the adjustment is less than SGD 1,500 for all of the affected accounting periods, and the total non-GST amounts in error for each affected accounting period is not more than 5% of the total value of supplies declared in the submitted GST return, the adjustment may be reported on the next GST return. If not, the adjustment should be voluntarily disclosed in writing to the tax authorities and the approach to corrective action agreed upon.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	A refund of the overpaid import GST may be claimed in the next GST return. However, in practice, downward adjustments are rarely reported when the declarant is able to recover all the import GST paid.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: No penalties would apply if a voluntary disclosure is filed within 1 year of the filing deadline. However, if a voluntary disclosure is filed after the 1 year period, penalties will be 5% of the underpaid GST. Penalties may also be levied for incorrect GST returns arising from the adjustment that results in a underpaid GST. Such penalties would be in an amount equal to 2 times the amount of GST underpayment plus a fine not exceeding SGD 5,000, or imprisonment for a term not exceeding 3 years, or both. Such penalties would apply only upon conviction of an offense of having submitted an incorrect return without reasonable excuse or with negligence. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. However, it is recommended that the importer proactively contact the customs authorities to discuss transfer pricing adjustments before importing goods at new prices, especially when goods are subject to duties.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, if the customs authorities identify a significant variance between the two values, the importer may be required to explain the discrepancy. If the customs authorities conclude that the customs value declared was understated, then there will be a potential exposure for additional customs duties, import GST, and penalties.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Generally, no for non-dutiable products. For dutiable products, related party prices may occasionally be scrutinized.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs normally contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, an invoice is sufficient. However, if prices vary widely from similar imports, additional documentation, including the transfer pricing analysis, may be requested by the customs authorities. An analysis to substantiate the arm's length nature of the related party price under the customs rules is recommended, but not required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. The customs and tax authorities are a single authority and should be able to reach an agreement.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of release of the imported goods.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. The amount of the penalty depends on whether the adjustment was voluntarily declared by the importer or discovered by the customs authorities. If a voluntary disclosure is made, penalties may be eliminated.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should submit an application to the customs authorities for the correction of the declared customs values. If the new customs value is higher, then the customs authorities will calculate the additional customs duties owed and issue an additional assessment. If the new customs value is lower, then the customs authorities will decide whether customs duties will be refunded. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, a transaction-by-transaction adjustment is required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The corrected customs value and the VAT taxable amount should be reported in the regular VAT return submitted for the period in which the correction took place.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The corrected customs value and the VAT credit amount should be reported in the regular VAT return submitted for the period in which the correction took place.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: If the adjustment results from an audit and additional VAT is owed, a penalty of 10% per annum of the additional VAT owed may apply. If a voluntary disclosure is made, penalties should be eliminated. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. If the inconsistency is not sufficiently explained, penalties may be imposed.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No. However, transfer pricing is generally subject to increased scrutiny by the tax authorities.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method. Note that South Africa is not yet a party to an APA.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, the customs authorities may require sales invoices, customs clearance documents, related party agreements, or annual financial statements to substantiate related party pricing. It is recommended to conduct a "test values" test to provide proof of the acceptability of the prices.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No. However, the customs and tax authorities consult with each other on a case-by-case basis.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No. However, the customs authorities are increasingly focused on retroactive transfer pricing adjustments and how companies have treated the customs values impacted by such adjustments.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. Retroactive transfer pricing adjustments that increase the price paid by the importers are under heightened scrutiny by the customs authorities. If any credit or debit note is received, the customs authorities must be informed within 30 days from the date of the credit/debit note. There is no exception to report when the duty rate is 0. Penalties and interest may apply on under-declared customs duties and Value Added Tax (VAT).
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. If any credit or debit note is received, the customs authorities must be informed within 30 days from the date of the credit/debit note. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, provided that the customs authorities were informed within 30 days from the date of the credit/debit note. The request process is the same. Correction vouchers should be filed on each affected entry and a refund claim submitted to the customs authorities.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 2 years after the underpayment is identified. However, new customs legislation is expected in 2018 that will increase the statute of limitations to 3 years. Comparatively, underpayments of import VAT are subject to a 5-year period of limitations. Duty refunds: 2 years from the date of initial import.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 25% (or higher) of the duty owed, plus interest and forfeiture, may apply. If a voluntary disclosure is made, interest would apply, but the customs authorities may waive the penalties and forfeiture.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should file a voluntary disclosure for underpayments. For both increases and decreases, the importer should amend each affected entry using a correction voucher. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, a transaction-by-transaction adjustment is required. However, in some circumstances, the customs authorities may allow aggregate adjustments. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. However, it can only be done by agreement with the relevant customs office.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. An adjustment to import value will automatically result in the assessment of additional VAT. Penalties and interest may apply on under-declared VAT.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. No refund or credit of import VAT would be provided. Rather, overpaid VAT will be claimed back through the normal VAT return process.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties of up to 10% of the import VAT owed, plus interest, may apply. If a voluntary disclosure is made, interest would apply, and penalties may be applied on a case-by-case basis. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. No set threshold exists. If the customs values are specifically regulated through a value determination number (VDN), the importer should inform the customs authorities of the amended pricing and customs values and amend the VDN accordingly.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The customs authorities have introduced Form IT145D, which aims to match the cost of sales to the import values declared. Any discrepancies need to be substantiated. As this is a relatively new process, it is unclear what the potential risk will be if these values do not reconcile to the authorities' satisfaction.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.



Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, the customs authorities may require a transfer pricing policy or transfer pricing study as well as audit reports or financial statements. Any agreements between the buyer and the seller would also be required. For customs purposes, it is recommended to conduct a test/analysis under the customs rules rather than a test/analysis under the tax rules.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. Once an APA or an Advance Customs Valuation Arrangement (ACVA) exists, both the customs and tax authorities may consult with one another to establish an acceptable price for both corporate tax and customs value purposes.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, there is still a risk of penalties. The new Enforcement Decree of the Customs Act (2017.7.1) could be utilized to report changes in certain cases in order to avoid penalties.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes. The recent amendments to the Enforcement Decree of the Customs Act (2017.7.1) provide for the reporting of customs value changes in certain cases. If applicable, additional custom duties would be payable, though no penalties or interest would apply.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Generally, no. However, the customs authorities may allow a refund if the importer can show a pre-existing agreement for the transaction price. Procedures to report changes under the new Enforcement Decree of the Customs Act (2017.7.1) may be used in certain cases.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and refunds: 5 years.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. If an upward adjustment is discovered during an audit, penalties, plus interest, may apply. A voluntary disclosure does not eliminate the penalties or interest. However, an ACVA may cause only the interest, but not penalties, to be imposed. In the case of customs duties owed, 10% of the deficient duty amount is imposed as penalties and an interest rate of 0.03% per day is applied to the deficient duty amount. Procedures to report changes under the new Enforcement Decree of the Customs Act (2017.7.1) may be used in certain cases to avoid the payment of penalties.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer may file a revised or amended declaration in the event of an increase to the reported value. A "rectification" claim for the reassessment of duties may be filed upon discovering a decrease in the reported customs value. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction adjustments are required. Aggregate adjustments may be allowed if discovered upon audit. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. Under the amended Enforcement Decree of the Customs Act (2017.7.1), a party to an ACVA or APA could utilize the import reconciliation program in order to adjust customs values as a result of retroactive transfer pricing adjustments.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. Any additional VAT owed must be paid. The customs authorities would then issue a new import VAT receipt for the VAT paid, along with the date of payment.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required and any overpaid VAT is refunded. The customs authorities would then issue a new import VAT receipt for the VAT refunded, along with the date of refund.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties and interest may apply. If a voluntary disclosure is made within 6 months of the initial declaration date, penalties may be waived, although the interest would still apply. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. Generally, an adjustment over 10% in value may trigger the customs authorities' scrutiny. It is recommended that the information to support a prospective adjustment be appropriately documented and maintained.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent. This inconsistency may draw scrutiny from the customs authorities.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No. However, it is recommended that the information to support a retroactive transfer pricing adjustment be appropriately documented and maintained.



Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request commercial invoices, contracts, and any other commercial documentation useful to supporting the actual price paid or payable for the imported goods. A test or analysis is not required. In accordance with Union Customs Code ("UCC") reporting requirements, as of 18 September 2017, an importer must indicate in Box 44 of the Single Administrative Document ("SAD") whether the declared customs values may be impacted by retroactive transfer pricing adjustments.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is an exception to report if no duty is owed.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, provided that the importer reports a provisional customs value at the time of importation or has a customs valuation agreement in place. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of the taxable event.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 50% to 150% of the duty owed, plus interest and surcharges, may apply. If a voluntary disclosure is made, only interest and surcharges may apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should submit a written statement to the customs authorities to report the change in value and identify the affected import declarations. The customs authorities would then issue a payment letter outlining the additional duties and VAT owed, if any. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	European Union customs legislation requires transaction-by-transaction adjustments if customs value changes are voluntarily disclosed. If the importer meets the Authorized Economic Operator Customs Simplifications (AEOC) criteria, it may apply for a specific authorization to file an aggregated disclosure.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes, but only if the importer meets AEOC criteria and has obtained an authorization from the customs authorities that defines the conditions of the customs value adjustments (timing, amount, method, etc.).
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If the imports are covered by the deferred import VAT regime, the increase must be self-declared in the periodic VAT return. Otherwise, no additional VAT filings are required. The customs authorities will issue a payment letter, and any additional VAT owed must be paid.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required. If the importer has declared a provisional customs value at the time of import, an adjusted VAT return should be filed with the tax authorities to obtain a refund of any overpaid VAT.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Based on a recent change to VAT law, if the imports are covered by the deferred import VAT regime and are not self-declared, a fine amounting to 10% of the VAT owed will be applied. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. It is recommended that the importer obtain an advance ruling with the customs authorities (i.e., a Valuation Agreement, which is a binding agreement between the importer and the customs authorities).
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Increasingly, yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes. However, in practice, this is not done and no penalties would be imposed.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may request documentation on sales to unrelated parties or a transfer pricing analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes, but this is untested.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. The request process is the same, provided the importer did not foresee the adjustment at the time of importation.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments and duty refunds: 3 years from the date of the original import declaration.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of 20% of the duty owed, plus interest, may apply. If a voluntary disclosure is made, interest may apply, but no penalties.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer may file new import declarations to replace the original declarations, or may submit a spreadsheet containing all entry data with the adjusted values and corresponding duties, along with supporting documentation. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If the import took place on 1 January 2015 or later and the importer is registered for VAT in Sweden, additional VAT filings must be made. If the import took place prior to 1 January 2015 or the importer is not registered for VAT in Sweden, no additional VAT filings must be made.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	None. The customs authorities will not reassess the import VAT in the event of a customs value decrease.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: No, provided the import took place after 1 January 2015 and the importer is registered for VAT in Sweden. If the import took place before 1 January 2015 or the importer is not registered for VAT in Sweden, a tax surcharge of 10% of the import VAT owed could be assessed. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Generally, no. There is no process to proactively address this issue with the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Generally, no.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, no evidence other than the pro forma or commercial invoice is required to support the customs value for purposes of assessing import Value Added Tax (VAT). Typically, customs duties are assessed based on weight; therefore, customs value does not impact customs duties owed. Only two values are declared at the time of import — the VAT value and the statistical value. The VAT value is based on the Cost, Insurance, and Freight (CIF) value, plus inland transport. The statistical value is based on the CIF value.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. The importer may submit a ruling request to the customs authorities to confirm the acceptability of the transfer pricing.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Possibly. Importers are only required to report a change in the VAT value if they cannot deduct 100% of the import VAT or if another element of value was excluded (e.g., an assist previously not declared). Otherwise, importers are not required to report a change. There is no risk of fines or penalties. Statistical values never need to be adjusted due to retroactive transfer pricing adjustments. There is no exception to report a change in the VAT value when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	No. If the VAT value or statistical value is increased, this does not typically impact customs duties owed as customs duty is typically based on weight rather than value.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. The VAT value and statistical value do not need to be changed in the event of a decrease, unless the importer cannot deduct 100% of the VAT and is seeking a VAT refund. There is no risk of fines or penalties if the decrease is not reported.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	No. If the VAT value or statistical value is decreased, this does not typically impact customs duties owed because customs duty is typically based on weight rather than value.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	No.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	If there is a change to the VAT value and the importer is not entitled to a 100% input VAT reduction, the change in VAT value must be reported in writing to the customs authorities within 30 days of the VAT value adjustment. If the importer is entitled to 100% input VAT reduction, then reporting is not required. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	To change the VAT values, generally, transaction-by-transaction adjustments are required. However, aggregate adjustments may be accepted on a case-by-case basis. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No. However, it may be possible to file a request to obtain a "binding information" for repeated VAT value corrections.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	The customs authorities must be notified of the additional VAT owed within 30 days of the VAT value adjustment. There is no standard process for reporting the additional VAT payable. If the additional VAT payable can be deducted as input VAT, the importer may not be required to notify the customs authorities and the additional VAT may not be separately assessed.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The importer must file an application to obtain a refund of overpaid VAT if the importer is not entitled to a 100% VAT refund. If the importer is entitled to a 100% VAT refund, the overpaid VAT can be claimed on the next VAT return.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Penalties and interest may apply if the adjustment is discovered upon audit and the importer is not entitled to a 100% VAT refund. If the adjustment is communicated within 30 days of the adjustment, no penalties or interest would apply. Value decrease: Possibly. Penalties may apply, but are not likely.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. However, it is recommended that the importer proactively contact the customs authorities to discuss transfer pricing adjustments. There is no formal process to proactively address this with the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Possibly. One recent case led to additional payments of more than CHF 100,000,000 due to an inappropriate import VAT value. The Swiss Supreme Court, however, ultimately concluded in favor of the importer.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No, but VAT returns must be amended.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. Transfer pricing reports cannot be used as supporting documents.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Transfer pricing reports will not be used to support customs value. The importer may present international market information to support related party prices. The customs authorities will also conduct a separate test by using the valuation methodologies outlined in the Taiwan Customs Act.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0 because the import Value Added Tax (VAT) is levied based on the customs value. However, changes in customs values due to retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by a change in price or if the timing exceeds 6 months.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes. However, retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by changes in price.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception when the duty rate is 0. However, retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by changes in price.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, if the decrease in customs value is due to an obvious error or sales returns. However, retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by changes in price.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Customs value changes due to retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by changes in price. However, if the price change is due to other reasons, such as typographical errors or sales returns, the importer has 6 months to apply for amendments.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Customs value changes due to retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by post-importation price changes. If the post-importation price change is due to typographical errors or sales returns, and are minor in nature according to the Customs Anti-Smuggling Act, the importer's voluntary reporting before an audit could exempt the importer from any penalties. However, additional interest may still apply.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Customs value changes due to retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by post-importation price changes. If the change is due to reasons other than transfer pricing adjustments, the importer can submit a letter with supporting documents to the customs authorities for upward or downward adjustment approval. If approved, the customs authorities will issue a letter for additional duties or refunds. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Customs value changes due to retroactive transfer pricing adjustments may not be accepted by the customs authorities when caused by post-importation price changes. For other value corrections, transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	An adjustment to customs value will automatically result in the assessment of additional VAT. However, the assessment period by the customs authorities is shorter than that of the tax authorities and, therefore, the importer should notify the customs authorities of any adjustments.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	If a downward adjustment of customs value is approved by the customs authorities, the customs authorities will refund the overpaid import VAT. However, the assessment period by the customs authorities is shorter than that of the tax authorities. Therefore, the importer should notify the customs authorities of any adjustments.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The import declaration form is one of the required supporting documents in recognizing the cost of imported goods under the income tax regulations.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	In practice, the customs authorities may require an analysis using deductive, computed, or fallback value methods to substantiate the related party price. It is recommended to conduct a test/analysis under the customs rules to support related party prices, in addition to providing the transfer pricing analysis.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, provided the importer reserved the right to obtain a duty refund at the time of importation. Generally, the request process is the same. In practice, duty refunds are difficult to obtain.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Under the new Customs Act B.E. 2560, effective November 2017, the rules have changed. Additional duty payments: 3 years from the date of importation. However, this period can be extended up to 10 years on case-by-case basis. Duty refunds: 3 years.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Under the new Customs Act B.E. 2560, effective November 2017, penalties of 0.5 to 4 times the duty owed or imprisonment of up to 10 years or both, plus interest of 1% per month (capped at the duty shortfall) may apply. Also, the goods may be seized. If a voluntary disclosure is made before a customs audit commences, interest may apply, but there will be no penalties.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should submit a letter informing the customs authorities of the customs value changes, along with documents showing why the value increased or decreased. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Any additional VAT owed must be paid to the customs authorities. The additional import VAT would be claimed as a credit on the monthly VAT return.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	Generally, no action would be taken since the import VAT would already have been claimed as a credit in the monthly VAT return.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes, a maximum penalty of 1 times the VAT shortfall and a 1.5% monthly surcharge (capped at the VAT shortfall) may apply. Penalties may be reduced if the importer makes a voluntary disclosure. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	No. However, in the case of a downward adjustment, it is recommended that the importer either obtain an advance ruling, or document and maintain information and support for making a prospective adjustment.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may consider industry pricing practices as well as current market conditions. It is not required to conduct a test. However, it is recommended to regularly conduct a comparison of the related party prices to unrelated party prices and examine the market conditions to validate the acceptability of the related party prices.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, it is recommended to report any changes to customs values to avoid potential penalties if discovered upon audit. A supplementary declaration should be filed by the 26th of the month after the increase is discovered.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. However, penalties may still be assessed for reporting an incorrect value, if discovered upon audit.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	No, unless the price change is reflected in the contract conditions for the sale of goods and the importer files an Exceptional Value Declaration (EVD) with the customs authorities at the time of importation. In practice, however, duty refunds are difficult to obtain. The request process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years. Duty refunds: 3 years if the conditions for obtaining a duty refund are met.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. Penalties of up to 3 times the duty owed, plus interest, may apply. The amount of the penalty depends on whether the upward adjustment was voluntarily declared by the importer or discovered by the customs authorities.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no formal procedure. In practice, the importer should submit a letter to the customs authorities advising of the increase or decrease. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Transaction-by-transaction adjustments are required. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	No additional VAT filings are required. An adjustment to import value will automatically result in the assessment of additional VAT.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	No additional VAT filings are required if the conditions for obtaining a VAT refund are met.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Penalties of up to 3 times the VAT owed, plus interest. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. However, the use of transaction value may be rejected if the price variance is significant (e.g., more than a 5% to 10% variance, depending on the product). It is recommended that adjustments be managed to avoid a significant variance.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No. However, in practice, the two values should be consistent because of the potential risk that the tax and customs authorities may exchange information and investigate the taxpayer's taxable basis and/or customs value.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm’s length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may consider transfer pricing documentation in support of the customs value stated. However, each event is considered on a case-by-case basis. No specific test/analysis is required.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Importers are not required to report, although it is recommended. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Importers are not required to report, although it is recommended. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	No.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 5 years from the date of importation or 10 years for Free Zone entities. Duty refunds: N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Generally, if an incorrect customs value is discovered upon audit, a fine of not less than SAR 500 and not exceeding SAR 5,000 (approximately AED 490 to AED 4,895) would apply, unless fraud is involved.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no formal process. However, in practice, it is recommended that the importer contact the customs authorities to understand the first steps required to report customs value corrections associated with transfer pricing adjustments.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no formal process. In practice, the customs authorities would expect the importer to correct customs values on a transaction-by-transaction basis.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	VAT was introduced on 1 January 2018 with a standard rate of 5%, and includes VAT charged at import. The VAT authorities have not yet set forth guidelines with respect to VAT adjustments. However, it is expected that there will be a corresponding mechanism for adjustments to the import VAT amount payable.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	The VAT authorities have not yet set forth guidelines with respect to VAT adjustments resulting from a decrease in the customs value. However, it is expected that, where the importer has claimed a deduction for the import VAT on its VAT return, a corresponding adjustment may be required.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Federal Law No. 7 of 2017 on Tax Procedures and the corresponding Executive Regulations allows for VAT specific tax assessments, and penalties for administrative errors, and tax evasion. Penalties for incorrect values shall not be less than 500 AED and shall not exceed three times the amount of the total VAT assessed. VAT registered importers may make use of the reverse charge mechanism. The risk of penalties for such amendments is, in practice, generally only material for importers who are not fully entitled to recover the import VAT incurred.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. If the importer can support the change in price, the risk is low.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer’s inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	No.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	No.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.



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Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The customs authorities may require the related party sales contract, transfer pricing analysis, and an explanation of the circumstances surrounding the sale. It is recommended to conduct a test/analysis to support the related party price.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	The two branches of the tax authority act autonomously; thus, joint agreements are not possible. However, increased cooperation within the tax authorities is expected in the future as a result of the implementation of Base Erosion and Profit Shifting (BEPS) principles as well as the Union Customs Code (UCC) implemented on 1 May 2016.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. The customs authorities provide some guidance on the acceptability of related party pricing and more limited guidance on managing retroactive transfer pricing adjustments.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Yes. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes. However, in practice, duty refunds may be difficult to obtain. If the importer has an agreement with the seller that contemplates potential retroactive transfer pricing adjustments, this should be proactively discussed with the customs authorities in advance of the import. The process is the same.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 3 years from the date on which the debt was incurred. There is no time limitation in cases of fraud. Duty refunds: 3 years from entry acceptance. However, the customs authorities will still need to approve the refund, which is easier to obtain if there is an advance agreement.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Interest may apply at the discretion of the customs authorities. Penalties may apply in cases of fraud or negligence. Based on recent practice, this can include cases when a transfer pricing adjustment is discovered by the customs authorities that was not declared by the importer.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The importer should contact the customs authorities on how to proceed. In cases of underpayment, the customs authorities may typically issue a post-clearance demand notice. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Typically, a transaction-by-transaction breakdown is required. Aggregate adjustments may be permitted with an advance agreement from the customs authorities. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	No.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	Once the authorities are notified of the adjustment, a demand notice for VAT will be issued by the authorities.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	Adjustments should be made on the VAT return, according to the VAT rules.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase and decrease: Generally, no. There is a separate penalty regime for VAT, but additional penalties would rarely apply.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. No set threshold exists. A price change may trigger an audit if it is significant and results in a price decrease. In this regard, what is deemed "significant" by the customs authorities will vary by case. It is recommended that the importer verify that the transfer pricing is acceptable for customs value purposes and explain the prospective adjustment to the customs authorities.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. Consistency would be expected as both regulations essentially require that the price be at arm's length. The potential risk would be that, if the cost of goods sold were too high, taxable profits may be reduced. Penalties of up to 100% may be applied, but they may be mitigated through voluntary disclosure and cooperation with the corporate tax authorities.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Increasingly, yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.



Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful. Bilateral APAs have been viewed as more persuasive than the alternatives.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	The "circumstances of sale" test is more commonly applied than the "test values" test. The customs authorities will consider the totality of evidence available under the "circumstances of sale" test. This may include financial data, data from transfer pricing documents and/ or APAs, intercompany supply agreements, customs related party value studies, product- specific profitability analyses, objective industry studies that evidence pricing practices of the industry, data on unrelated party sales, and any other evidence that supports the arm's length nature of the prices under the customs rules. It is recommended that importers proactively conduct a customs analysis in addition to any transfer pricing analysis completed for tax purposes.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	Yes. If an APA is sought with the involvement of the customs authorities, it may be possible to obtain a supportive customs valuation ruling.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Yes. There is an Informed Compliance Publication entitled, "Determining the Acceptability of Transaction Value for Related Party Transactions," published in April 2007. In addition, numerous customs rulings and case law address valuation for related party import transactions. A landmark customs ruling issued in May 2012 (HQ W548314) outlines the requirements for an objective formula and the application of a five factor test when retroactive transfer pricing adjustments occur. There are many rulings that followed HQ W548314 that apply the new requirements.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Generally, yes, with very limited exceptions. There is no exception to report when the duty rate is 0, although, in practice, some importers do not report downward customs value changes when there is no revenue impact.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Generally, yes, unless the adjustment was unforeseeable.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	Generally, yes, with very limited exceptions. There is no exception to report when the duty rate is 0.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	Yes, but only for a limited period – i.e., prior to "liquidation" (which is typically about 314 days from the date of entry) or within the 21-month Reconciliation Program period, if applicable. The customs authorities strongly encourage that custom value changes due to transfer pricing adjustments be reported through the Reconciliation Program, especially if the importer seeks to obtain refunds on downward adjustments to customs values.
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	Additional duty payments: 5 years from the date of entry. Duty refunds: Generally, refunds must be claimed prior to "liquidation" or up to 21 months from the date of entry through the Reconciliation Program.
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. If the importer did not act with "reasonable care," the minimum penalty for negligence would be 2 times the duty owed if the goods were dutiable, or 20% of the import value if the goods were not dutiable. Penalties are much greater for gross negligence and fraud. If a prior disclosure is made, only interest may apply. No penalties would apply if the adjustments are made through the Reconciliation Program.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	The Reconciliation Program is the preferred method for reporting retroactive transfer pricing adjustments. Under the Reconciliation Program, values must be adjusted and reported via reconciliation entries filed within 21 months of entry. Outside the Reconciliation Program and prior to "liquidation" of the entry, the importer should file a Post Entry Amendment/Post Summary Correction. If the entry has already "liquidated," the importer should file a protest or prior disclosure. The disclosure process is the same.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	Generally, transaction-by-transaction, with limited exceptions. The disclosure process is the same.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	Yes. The Reconciliation Program allows the importer to flag entries for value at the time of import and then reconcile the originally declared value to a final value within 21 months of entry.
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	N/A
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	N/A
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	N/A
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Possibly. Related party import transactions continue to be a very high focus area. If the value reported significantly differs from prior reported values, it may trigger scrutiny by the customs authorities. It is recommended that the information and support for making a prospective adjustment be properly documented and maintained, and that the importer be prepared to answer any questions regarding prospective transfer pricing adjustments.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The potential risk is the denial of the corporate tax deduction.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes, increasingly so.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	Yes. According to regulation, declared export values must be restated if the value declared changes. If a transfer pricing adjustment increases the value of a specific Schedule B or Harmonized Tariff Schedule classification above USD 2,500, an export declaration for the shipment must be filed if one was not filed previously. In practice, export values are not commonly restated.

Question	Answer
1 Is a transfer pricing study or an Advance Pricing Agreement (APA) alone viewed by the customs authorities as sufficient to support the use of the transaction value method of customs valuation?	No. However, transfer pricing studies and APAs may contain information that is useful for supporting the transaction value method. Note that the APA regime is very new to Vietnam.
2 In practice, what evidence do the customs authorities require to substantiate that the related party price is acceptable from a customs perspective? Is it recommended to conduct a test and/or analysis under the customs rules to substantiate the arm's length nature of the related party price under the customs rules (which would be a separate test/analysis from the transfer pricing analysis)?	Generally, the customs authorities require written correspondence during the negotiation process between the buyer and seller to determine whether the negotiation was conducted as though the parties were unrelated. The import price may be tested against prices for identical or similar goods. The customs authorities do not currently accept tests or evaluations by independent third parties.
3 Is it possible to get the customs and tax authorities to both agree on the same price (price refers to the price paid or payable, exclusive of freight, insurance, and other additions to the price) for corporate tax and customs duties purposes?	No. However, Vietnam is working on a framework for this with pioneer APA cases currently under assessment. If approved, there may be a basis to seek agreement from the custom authorities.
4 Is there any publicly available guidance from the customs authorities (i.e., not the basic rules, but an elaboration on the rules) on the treatment of related party prices and/or prospective/retroactive transfer pricing adjustments from a customs perspective?	Related party price: Yes. Retroactive transfer pricing adjustment: No.
5 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that increases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No. There is a risk of fines or penalties if the change is discovered upon audit.
6 As applicable, if an increase to the customs value is reported, are additional customs duties and related taxes/fees due?	Yes, if the customs authorities re-assess the value.
7 Are importers required to report to the customs authorities a post-importation change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment) that decreases the price paid by the importer? If yes, is there an exception to report when the duty rate is 0? If no, is there still a risk of fines or penalties?	No, and there is no risk of fines or penalties.
8 As applicable, if a change in the reported customs value decreases the customs value, are duty refunds available? If yes, is the process for requesting the duty refunds the same if the change is the result of a retroactive transfer pricing adjustment?	N/A
9 In the event of a change to the reported customs value resulting from a retroactive transfer pricing adjustment, what are the time limitations for additional duty payments and/or duty refunds?	N/A
10 Are there any customs-related fines, penalties, or interest that could result from a change to customs value due to a retroactive transfer pricing adjustment? If yes, provide a brief description of the applicable fines, penalties, or interest.	Yes. If the customs authorities discover the adjustment and the value is reassessed, penalties and interest may apply in combination as follows: 0.03% interest per day on the unpaid duties, 20% of the duties owed, and/or a maximum penalty of 3 times the duties owed.
11 If available, what is the procedure for reporting to the customs authorities a change in the reported customs value (e.g., due to a retroactive transfer pricing adjustment or any other value correction)? Provide a brief description for reporting a change that results in: (1) an increase and (2) a decrease to the reported customs value. Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	There is no formal procedure for voluntarily declaring changes to customs values due to retroactive transfer pricing adjustments or corrections of a similar nature. However, there is a process for the voluntary correction of incorrect determinations of dutiable value on importation due to manual errors, undeclared additions to value, etc.
12 If available, can customs-related disclosures of customs value changes (e.g., due to retroactive transfer pricing adjustments or any other value correction) be made in the aggregate, or is a transaction-by-transaction adjustment required? Is the disclosure process different from other value-related corrections if the change is the result of a retroactive transfer pricing adjustment?	When applicable, corrections must be made on a transaction-by-transaction basis.
13 Do any customs programs currently exist to facilitate repeated value corrections (e.g., due to annual or quarterly retroactive transfer pricing adjustments)?	N/A
14 If customs value increases are reported to the customs authorities, what actions must also be taken with respect to import Value Added Tax (VAT) and equivalents?	If the customs authorities discover the upward adjustment, any additional VAT and excise tax (where applicable) must be paid to the customs authorities.
15 If customs value decreases are reported to the customs authorities, what actions must also be taken with respect to import VAT or equivalents?	If the customs authorities discover the downward adjustment, import VAT and excise tax (where applicable) may be refunded by the customs authorities.
16 Other than the customs-related fines, penalties, and interest described in Question 10, are there any VAT-only fines, penalties, or interest that could apply when making a VAT-related adjustment due to a customs value increase or decrease?	Value increase: Yes. Additional VAT, penalties, and interest may apply in combination as follows: 0.03% interest per day on the additional VAT owed, 20% of the VAT owed, and/or a maximum penalty of 3 times the VAT owed. Value decrease: No.
17 Do prospective transfer pricing adjustments that result in different customs values typically invite scrutiny by the customs authorities? If yes, is there a set percentage threshold which would automatically trigger such scrutiny? If either yes or no, is there a formal process, requirement, or recommended approach to managing prospective transfer pricing adjustments prior to importing at new prices?	Yes. No set threshold exists. However, a price change may trigger scrutiny by the customs authorities if it results in a price decrease; whereas, a price increase would automatically raise the benchmark price. It is recommended that the information and support for making a prospective adjustment be appropriately documented and maintained.
18 Do the income tax laws or practices in your country require (for corporate income tax purposes) consistency between a taxpayer's inventory basis (cost of goods sold) and values reported for customs purposes? If such amounts are not consistent, what are the potential risks?	Yes. The tax and customs authorities have begun to cross-check their databases. The inconsistency may invite increased scrutiny from the customs authorities, and the importer would be required to explain its position. An assessment for additional duties or taxes may result. The tax and customs authorities would not automatically impose an adjustment.
19 Is the acceptability of related party prices as the basis for determining customs value a high-focus enforcement area for the customs authorities in your country?	Yes.
20 For exported goods, must declared export values in the country of export be restated as a result of the application of retroactive transfer pricing adjustments?	No.

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