

# Australian Customs Notice 2000 51

## VALUATION OF CARRIER MEDIA BEARING SOFTWARE

On 1 July 2000, Customs published information on the Tax Reform website about the valuation procedures relating to software contained on imported disks, tapes, CD-ROMS and other similar items (generally referred to as "carrier media"). It is apparent that some importers/brokers have not been including the value of the software in the customs value of these goods when entering them for home consumption. This practice, which appears to have developed in 1991 when carrier media became free of customs duty but were still subject to sales tax, is incorrect.

Customs notes that some confusion may also have arisen following the General Agreement on Tariffs and Trade (GATT) Customs Valuation Committee decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment in September 1984. This decision noted the application of normal valuation rules which provide for the customs value to include payments for both the software and the carrier media. However, in recognition of the fact that some countries wanted to continue their previous (pre-Customs Valuation Agreement) practice of excluding the value of software from the customs value, the decision also allowed Members to adopt that approach.

Australia notified the Customs Valuation Committee that normal valuation rules would apply to carrier media bearing software, but that the software was free of customs duty.

Importers and brokers are reminded that, notwithstanding the various changes to customs duty and sales tax in relation to software and carrier media, the normal principles of customs valuation contained in Division 2 of Part VIII of the Customs Act apply to carrier media bearing software and remain unchanged. The customs value of carrier media bearing software should therefore include the payments made, or to be made, for both the software and the carrier media.

Any questions in relation to this ACN should be directed to Manager, Valuation and Origin on (02) 6275 6556.

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