Australian BORDER FORCE

OFFICIAL

# Valuation of Free-Of-Charge Goods

This factsheet outlines the different valuation procedures that apply to imported free-of-charge goods.

All goods imported into Australia must be assigned a customs value by the Australian Border Force (ABF), even if they were provided free-of-charge. This includes gifts, bonus goods, samples and promotional goods.

The customs value of a good is the basis for determining if customs duty is payable and for calculating the amount of any customs duty or goods and service tax (GST) payable.

The *Customs Act 1901* (Customs Act) ensures that valuation for customs purposes is fair and uniform and precludes the use of arbitrary or fictitious customs values.

## Determining the customs value

The amount of customs duty payable is calculated using the customs value. The calculation of the customs value will depend on whether or not there is a contract of sale for the goods.

**Contract of sale**

The transaction value method is the price the importer has paid, or will pay, for the goods. The ABF will use the transaction value method if:

- there is a contract of sale or agreement, that includes the free-of-charge goods; and
- other conditions of that valuation method are met; and
- the total value of the shipment is apportioned to each good, including the free-of-charge goods.

The customs value of each good is calculated based on each apportioned value. To apportion the total value, you can use commercial documents or contact the overseas supplier to calculate how much each good in the shipment is worth.

**No contract of sale**

Where there is no contract of sale for the free-of-charge goods, the transaction value method cannot be used and the customs value will be determined by applying the following valuation methods in the following sequence:

1) Identical goods value – the price of identical goods sold for export to Australia
2) Similar goods value – the price of similar goods sold for export to Australia

3) Deductive value – the price of either the imported goods, identical goods or similar goods, sold in Australia to an unrelated importer (adjusted for costs incurred between the place of export and the first sale in Australia)

4) Computed value – the price of producing the goods, general expenses, other costs and profits relating to the imported goods

5) Fall-back value – where no other methods are suitable, the ABF will determine the value using the above valuation methods together with other relevant information.

## Example of valuing Sample Goods

*Sample goods are imported free of charge. The exporter does not sell the goods to the importer, and, even though the goods are consumed in Australia, ownership remains with the exporter. The accompanying documentation includes a value for ABF purposes.*

*The available evidence indicates the stated value is realistic for those goods. Because there is no contract of sale, there can be no transaction value. If all other methods fail - identical and similar goods methods, deductive methods, and computed methods, the fall-back method will apply.*

*The documented customs value could be accepted as a notional sale of the goods under the fall-back method. In this example, the ABF uses the fall-back method by using a flexible application of the transaction value method to value the goods.*

## For more information

Valuation of imported goods can be complex and importers are urged to seek advice from a licensed customs broker or to contact the ABF through the ABF website at https://www.abf.gov.au/help-and-support/contact-us.

Advance rulings are formal advices on how the ABF will apply certain laws to goods for importation. A Valuation Advice provides a ruling on a specific matter relating to the assessment of the customs value of imported goods. Valuation Advice enquiries can be sent to valuation@abf.gov.au.

## Document change control

| **Version number** | **Date of Issue** | **Author(s)** | **Brief description of change** |
|---|---|---|---|
| 1.0 | 26 July 2023 | Trade and Tariff Policy section | Update with current template |