Valuation of Imported Road Vehicles

This factsheet outlines the different valuation procedures that apply to imported road vehicles (including motorcycles and trailers).

To enable the Australian Border Force (ABF) to determine the value of your road vehicle, you must present your passport, all purchase documents, bills of sale, registration papers, service records and shipping Bill of Lading, together with any other documents that may assist the ABF to determine the vehicle's customs value.

Determining the customs value

The amount of customs duty payable is calculated using the customs value.

Determining the customs value using the transaction value method

The first question to ask when importing a road vehicle is whether the "transaction value" method of section 161 of the *Customs Act 1901* can be used. The transaction value method uses the price actually paid or payable for the road vehicle to determine the customs value.

Calculate the customs value using the transaction value method by following these steps:

- First take your purchase price in the foreign currency.
- Next, convert the purchase price to Australian dollars using the official rate of exchange on the date of export of the vehicle from the place of export. Information on rates of exchange and determining the day of exportation can be found in Australian Customs Notice 2020/08 on the ABF website. https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2020-08.pdf
- The figure that has been obtained is called the customs value.

When the transaction value method cannot used

The transaction value method cannot be used in circumstances when the importer cannot demonstrate that the road vehicle purchase took place for the sole purpose of exporting the vehicle to Australia. An example to illustrate this is where the exported road vehicle has been used overseas prior to making the decision to export to Australia.

The transaction value method is also not used when the purchaser cannot present to ABF staff at the port of entry, satisfactory purchase documentation such as invoices, receipts, etc, which could verify the full purchase price of the road vehicle.

Other circumstances when the transaction value method cannot be used include where:

- The road vehicle has been purchased overseas for only a token or nominal price.
- Sufficient and reliable information (see section 160 of the *Customs Act 1901*) is not available to the ABF.
- Between the date of purchase of the road vehicle and its subsequent exportation to Australia, the value of the road vehicle has altered due to any of the following occurring:
    - the vehicle has had accessories, fittings or options added or it has undergone major restoration or other modifications or
    - improvements have been made to the road vehicle after its purchase; or
    - the road vehicle has depreciated due to wear and tear caused by usage before exportation.

Where any of the above situations have occurred, the transaction value method cannot be used and an alternate method of determining the customs value must be considered.

ABF experience has shown that many road vehicles imported cannot be valued using the transaction value method because they were not purchased solely for export to Australia, or the vehicle has depreciated since purchase due to use.

Alternative methods of determining the customs value

There are several alternative methods that can be used to determine the customs value of an imported road vehicles. For these methods to be used, however, ABF must be provided with the relevant information, which may include details of sales of equivalent road vehicles, which have occurred “about the same time” as the road vehicle to be valued.

It is typically unlikely that the information necessary to utilise these alternative valuation methods would be available and the application of these methods is therefore often impractical.

It is for these reasons that the Fall-Back Deductive method is usually the most appropriate method for establishing the customs value of imported road vehicles when it cannot be determined using the previous methods listed in the Customs Act. This method is based on the cost of the road vehicle at the Australian port (i.e. the ‘landed cost’).

The value is established by referring to an ‘expert’ appraisal. In this context, the appraisal should provide a value for the road vehicle that is the appraisal cost as inspected at the point of importation. It will be the role of the ‘expert’ appraiser to provide the client with a ‘realisable’ value of the road vehicle in the condition that it is first imported into Australia.

The value so provided should be based on the condition of the vehicle as landed on the wharf in Australia and will not include any estimation of costs which might subsequently be incurred in Australia (for example, detailing or conversion to right hand drive), or any costs usually involved in marketing the vehicle in Australia (for example, profit and general expenses).

The landed cost does not include customs duty, goods and services tax (GST) or Australian inland freight costs. If the appraiser is unable to deduct these costs from their appraisal value of the road vehicle, the ABF should be notified that such costs have been included in the valuation and the ABF will make the necessary deductions. The ABF will seek clarification regarding what the appraisal includes or excludes. Once all

allowable deductions have been made to the appraised value, the resultant value will be used as the customs value for calculating any customs duty and GST payable on the road vehicle.

Importer's responsibility to obtain an Australian valuation

Where an 'expert' appraisal is necessary to establish the value of the road vehicle, it is the importer's responsibility to obtain and pay for that service. Such appraisal must be to the satisfaction of the ABF. Should the ABF require a further appraisal, that cost will be borne by the ABF.

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 specific matters 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