



# VALUATION TREATMENT OF PRODUCTION ASSIST COSTS

Production Assist Costs must be included in the value of imported goods when making a Customs and Border Protection import declaration.

## WHAT ARE PRODUCTION ASSIST COSTS?

Sometimes a purchaser (person buying goods with the intent to import them to Australia) provides goods, materials or services either free of charge or at a reduced cost to use in the production of the imported goods.

The value of these goods, materials or services is known as the *Production Assist Costs*, or *assists*.

## CATEGORIES OF ASSISTS

- a) materials, components or other goods that form part of the imported goods
- b) materials consumed in the production of the imported goods
- c) tools, dies, moulds or other machinery or equipment used in the production of the imported goods
- d) art work, design work, development work and engineering work (including models, plans and sketches) – the design of which has been undertaken outside Australia
- e) inputs in the production of the goods referred to in (a) to (d) above
- f) overseas transportation and packing costs relating to (a) to (e) above
- g) foreign customs duties, sales tax, or other duties or taxes on production tooling, work goods or subsidiary goods
- h) repairs or modifications to the materials, components, subsidiary goods, tools, dies, moulds, and other goods referred to above.

## EXAMPLE OF AN ASSIST

An Australian clothing importer buys fabric from Italy, pays for it and sends it directly to the manufacturer of their garments, in Hong Kong, at a reduced cost.

In this case, the Customs value of the finished garments, when imported, must include the full value of the fabric which includes those costs listed in (a) to (h) of the categories of assists.

Australian made or sourced materials or components also form part of the Customs value of the imported goods. For example, imagine the clothing importer in the example above had purchased or produced Australian fabric, in Australia, and sent it free of charge, or at a reduced price, to the manufacturer in Hong Kong.

In this case too, the Customs value of the finished garments, when imported, must include the full value of the Australian sourced fabric (including those costs listed in assist categories (a) to (h)).

## RELEVANT LEGISLATION

This information is intended only as a guide and has no legal force. Full details relating to the valuation requirements are contained in the *Customs Act 1901*. The following provisions of the *Customs Act 1901* are relevant to 'assists':

- Transaction Value Method: Subsection 161(1) ('price related costs')
- Identical Goods Value: Subsection 161A(2) ('unit price')
- Similar Goods Value: Subsection 161B(2) ('unit price')

- Deductive Valuation Methods: Subsections 161C(2)(c)(ii), 161D(2)(c)(ii) and 161E(2)(c)(ii)
- Computed Value: Subsections 161F(1) (a)-(d); 161F(2)
- Transportation Costs: Section 158
- Useful definitions can be found in Section 154(1), for example, 'price related costs', 'production assist costs'; 'production materials'; 'production tooling', 'production work' and 'subsidiary costs'.

## RELATED FACT SHEETS

You can access the following related fact sheets from [www.customs.gov.au](http://www.customs.gov.au):

- Valuation of free-of-charge goods
- Valuation of imported goods

## FOR MORE INFORMATION

A penalty may apply where incorrect Customs values are declared. If you are unsure how to value particular goods, Customs and Border Protection officers are available to assist you.

For information on any Customs and Border Protection matter, contact the Customs Information and Support Centre on 1300 363 263, email [information@customs.gov.au](mailto:information@customs.gov.au) or browse our website [www.customs.gov.au](http://www.customs.gov.au).