

Regulations Concerning Order of Determining the Customs Value of Goods Imported to Georgia

Part I

General Provisions

Article 1

The present Instructions are based on the Customs Code of Georgia and the Law on Customs Tariff and Customs Duty. The provisions of these Instructions shall determine the customs value of goods being imported to Georgia. Customs valuation involves classifying and valuing imports for the purpose of levying tariffs, imposing taxes and collecting statistics.

Article 2

Basis of the Customs Valuation of Goods

These Regulations for defining the customs value of goods are based upon the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 ("Customs Valuation Agreement") of the World Trade Organization.

The notes at Annex I to that Agreement form an integral part of these Regulations and the Articles of these Regulations are to be read and applied in conjunction with the respective notes in Annex I.

Part II

General Rules for Determining the Customs Value

Article 3

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 Georgia adjusted in accordance with the provisions of Article 10, provided:

(a) that there are no restrictions as to the disposition or use of the goods by the buyer other than restrictions which:

- (i) are imposed or required by Georgian laws or authorities;
- (ii) limit the geographical area in which the goods may be resold; or
- (iii) do not substantially affect the value of the goods;

(b) that the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;

(c) that no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of Article 10; and

(d) 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 of this Article.

2. (a) In determining whether the transaction value is acceptable for the purposes of paragraph 1 of this Article, the fact that the buyer and the seller are related within the meaning of Article 16 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 he 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 of this Article whenever the importer demonstrates that such value closely approximates to one of the following occurring at or about the same time:

- (i) the transaction value in sales to unrelated buyers of identical or similar goods for export to Georgia;
- (ii) the customs value of identical or similar goods as determined under the provisions of Article 7;
- (iii) the customs value of identical or similar goods as determined under the provisions of Article 8;

In applying the foregoing tests, due account shall be taken of demonstrated differences in commercial levels, quantity levels, the elements enumerated in Article 10 and costs incurred by the seller in sales in which he and the buyer are not related that are not incurred by the seller in sales in which he and the buyer are related.

(c) The tests set forth in paragraph 2(b) of this Article 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) of this Article.

Article 4

whether the adjustment leads to an increase or a decrease in the value.

2. Where the costs and charges referred to in subparagraphs 1(e), (f), and (g) of Article

- (iii) where appropriate, the costs and charges referred to in subparagraphs 1(e), (f), and (g) of Article 10; and
- (iv) the customs duties and other national taxes payable in Georgia by reason of the importation or sale of the goods.

(b) If neither the imported goods nor identical nor similar imported goods are sold at or about the time of importation of the goods being valued, the customs value shall, subject otherwise to the provisions of paragraph 1(a) of this Article, be based on the unit price at which the imported goods or identical or similar imported goods are sold in Georgia in the condition as imported at the earliest date after the importation of the goods being valued but before the expiration of ninety days after such importation.

2. If neither the imported goods nor identical nor similar imported goods are sold in Georgia in the condition as imported, then, if the importer so requests, the customs value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons in Georgia who are not related to the persons from whom they buy such goods, due allowance being made for the value added by

higher of two alternative values;

- (c) the price of goods on the domestic market of the country of exportation;
- (d) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of Article 8;
- (e) the price of the goods for export to a country other than Georgia;
- (f) minimum customs values; or
- (g) arbitrary or fictitious values.

3. If he so requests, the importer shall be informed in writing of the customs value determined under the provisions of this Article and the method used to determine such value.

Article 10

1. In determining the customs value under the provisions of Article 3, there shall be added to the price actually paid or payable for the imported goods:

(a) the following, to the extent that they are incurred by the buyer but not included in the price actually paid or payable for the goods:

- (i) commissions and brokerage, except buying commissions;
- (ii) the cost of containers which are treated as being one for customs purposes with the goods in question;
- (iii) the cost of packing whether for labour or materials;

(b) the value, apportioned as appropriate, of the following goods and services where supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:

- (i) materials, components, parts and similar items incorporated in the imported goods;
- (ii) tools, dies, molds and similar items used in the production of the imported goods;
- (iii) materials consumed in the production of the imported goods;
- (iv) engineering, development, artwork, design work, and plans and sketches undertaken outside Georgia and necessary for the production of the imported goods;

(c) royalties and license fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable;

(d) the value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller;

(a) "customs value of imported goods" means the value of goods for the

