

# **WORLD TRADE ORGANIZATION**

**G/VAL/N/2/ISL/1**  
16 April 1999

(99-1514)

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## **Committee on Customs Valuation**

### **INFORMATION ON IMPLEMENTATION AND ADMINISTRATION OF THE AGREEMENT ON CUSTOMS VALUATION**

#### Check-list of Issues

#### **ICELAND**

The following communication, dated 12 April 1999, has been received from the Permanent Mission of Iceland.

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The Permanent Mission of Iceland hereby submits the following answers to questions presented in Annex to the WTO document G/VAL/5 (checklist of issues) regarding the Agreement on Implementation of Article VII of the GATT 1994.

Answers to questions regarding the Agreement on Implementation of Article VII of the  
General Agreement on Tariffs and Trade 1994 (Checklist of issues).

Iceland

Following are the answers to the questions regarding the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Checklist of issues):

**1. Questions concerning Article 1:**

(a) Sales between related persons:

(i) *Are sales between related persons subject to special provisions?*

Yes, such provisions can be found in Article 4, 5 and 6 of the enclosed Regulation No. 374/1995, on Customs Value and the Determination of Customs Value. All these Articles reflect the Articles of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (hereafter referred to as the Agreement).

(ii) *Is the fact of intercompetency prices prima facie considered as grounds for regarding the respective prices as being influenced?*

No. According to Article 4 of Regulation no. 374/1995, the fact that the buyer and the seller are related within the meaning of Article 6 of the regulation (Article 15 (4) of the Agreement), shall not in itself be grounds for regarding the transaction value as unacceptable when determining whether the transaction value is acceptable. In such a 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 the respective customs administration has, in the light of information provided by the importer or otherwise, grounds for considering that the relationship influenced the price, it shall communicate its grounds to the importer and the importer shall be given a reasonable opportunity to respond. If the importer so requests, the communication of the grounds shall be in writing.

(iii) *What is the provision for giving a communication of the afore-mentioned grounds in writing if the importer so requests?*

This question has already been dealt with under (ii).

(iv) *How has Article 1.2(b) been implemented?*

Article 1.2(b) has been implemented in Article 5 of Regulation no. 374/1995.

(b) Prices of lost or damaged goods: Are there any special provisions or practical arrangements concerning the valuation of lost or damaged goods?

No special provisions or practical arrangements can be found concerning the valuation of lost or damaged goods. However, in Article 6 (9) of the Icelandic Customs Law<sup>1</sup>, the Minister of Finance is authorised to reduce or waive duty on goods which prove to be defective or which have suffered destruction, shrinkage or damage en route to this country, during unloading, during storage in the customs or in certified warehouses of the transporter or in bonded warehouses, or during transport between domestic customs ports, before being delivered to the consignee. According to the Article,

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<sup>1</sup> The Icelandic Customs Law, in English, can be found on the Internet, at the homepage of the Directorate of Customs, the address is: [www.tollur.is](http://www.tollur.is).

duty waiver is subject to the condition that the goods must be destroyed under customs supervision or they must be relinquished to the State Treasury for disposal without remuneration. - The Ministry of Finance has in Regulation no. 545/1990 authorised customs authorities to reduce or waive duties in such cases, and determined the requirements that have to be met.

**2. How has the provision of Article 4 to allow the importer an option to reserve the order of application of Articles 5 and 6 been implemented?**

The provision of Article 4 that allows the importer an option to reserve the order of application of Articles 5 and 6 (which have been implemented in Articles 13 and 14 in Regulation No. 374/1995) has been implemented in Article 12 of Regulation no. 374/1995.

**3. How has Article 5.2. been implemented?**

Article 5.2. has been implemented as Article 13, paragraph 3 of Regulation no. 374/1995.

**4. How has Article 6.2. been implemented?**

This Article has not been directly implemented in Icelandic law or regulations. It was not considered necessary, since the rule laid out in the Article would anyway result from the fact that the competence of the customs authorities is limited to the customs territory, as it is described in Article 26 of the Customs Law.

**5. Questions concerning Article 7:**

**(a) What provisions have been made for making value determinations pursuant to Article 7?**

The provisions of Article 7 regarding the making of value determinations have been implemented as Article 15 of Regulation no. 374/1995.

**(b) What is the provision for informing the importer of the customs value determined under Article 7?**

Regulation no. 374/1995 does not give an explanation of how the importer should be informed of customs value determined under Article 15 (Article 7 of the Agreement). However, according to the Customs Law, as well as the Icelandic Administrative Law, the importer always has the right to have decisions regarding customs valuation in writing, with the arguments that lie behind the decision.

**(c) Are the prohibitions found in Article 7.2 delineated?**

Yes, in Article 15 of Regulation no. 374/1995.

**6. How have the options found in Article 8.2 been handled? In the case of f.o.b. application, are ex-factory prices also accepted?**

According to Article 3 of Regulation no. 374/1995, the following shall be included in the customs value:

- the cost of transport of the imported goods to the port or place of importation;
- loading, unloading and handling charges associated with the transport of the imported goods to the port or place of importation; and
- the cost of insurance.

Additions to the price actually paid or payable shall be made under this Article only on the basis of objective and quantifiable data. No additions shall be made to the price actually paid or payable in determining the customs value except as provided in the Article.

**7. Where is the rate of exchange published, as required by Article 9.1?**

The exchange rate, which is based on an official adjustment rate of exchange registered by the Central Bank of Iceland, is published in Icelandic newspapers and in other places where necessary (i.e. banks).

**8. What steps have been taken to ensure confidentiality, as required by Art. 10?**

According to Article 141 of the Customs Law, customs employees are prohibited, subject to penal provisions of the Penal Code regarding violations in civil service, to divulge to persons not concerned information obtained in their work regarding the business activities of individuals or companies, including any information found in copies of bills of sale or invoices retained by the customs authorities.

**9. Questions concerning Article 11:**

- (a) What rights of appeal are open to importer or any other person?

According to Article 101 of the Customs Law, the importer can appeal the decision of the customs authorities, i.e. regarding the customs value of the imported goods, to an impartial committee, called the State Customs Board. A ruling by the State Customs Board is a conclusive decision at the administrative level. In addition, the possibility of bringing the dispute before a court is open to the importer.

- (b) How is he to be informed of his right to further appeal?

According to Article 100 of the Customs Law, a ruling of the local customs authorities shall be sent to the importer by registered mail and he must be made aware of the authorization to appeal the ruling to the State Customs Board.

**10. Provide information on the publication, as required by Article 12, of:**

- (a)

- (i) *The relevant national laws:*

The Icelandic Customs Law, no. 55/1987.

- (ii) *The regulations concerning the application of the Agreement;*

Regulation no. 374/1995, on Customs Value and Customs Valuation. Regulation No. 723/1997 on Rate of Exchange for Customs Clearance.

- (iii) *The judicial decision and administrative rulings of general application relating to the Agreement;*

The rulings made by the State Customs Board.

- (iv) *General or specific laws being referred to in the rules of implementation or application.*

The Customs Law.

- (b) Is the publication of further rules anticipated? What topics would they cover?

Publication of further rules is not foreseen in the nearest future.

**11. Questions concerning Article 13:**

- (a) How is the obligation of Article 13 (last sentence) being dealt with in the respective legislation?

This obligation is dealt with in Art. 26 of Regulation no. 374/1995, according to which the importer must be permitted to get a release of the goods from customs in cases where it proves necessary to delay the final decision in determining the customs value of imported goods, provided that he presents satisfactory security to cover charges levied on the goods according to law.

- (b) Have additional explanations been laid down?

No.

**12. Questions concerning Article 16:**

- (a) Does the respective national legislation contain a provision requiring customs authorities to give an explanation in writing as to how the customs value was determined?

This question has already been dealt with, under 5 (b).

- (b) Are there any further regulations concerning an above-mentioned request?

In addition, Article 28 of Regulation no. 374/1995 grants the importer the right to get a written communication from the director of customs explaining how the customs value of goods he imported was determined, provided that he submits to the director of customs a written request therefor.

**13. How have the Interpretative Notes of the Agreement been included?**

They have not been included in the respective laws or regulations.

**14. How have the provisions of the Decision on the Treatment of Interest Charges in the Customs Value of Imported Goods been implemented?**

They have not been implemented.

**15. For those countries applying paragraph 2 of the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment, how have the provisions of this paragraph been implemented?**

They have not been implemented.

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