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Committee on Customs Valuation

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NOTIFICATION UNDER ARTICLE 22 OF THE AGREEMENT ON IMPLEMENTATION OF ARTICLE VII OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994

AFGHANISTAN

The following submission, dated 19 October 2020, is being circulated at the request of the delegation of Afghanistan.

Custom valuation procedure

CHAPTER ONE: GENERAL PROVISIONS

Article One: Basis

This procedure in accordance to provisions of article 20, 35 and 206 and pursuant to Article 23 of Customs Act, has been approved for determination of terms and conditions for Customs Valuation of Goods.

Article two: Objective

This procedure is enacted for the achievement of following objectives:

1. To determine rights and responsibilities of the declarer or importer in relation to Customs Valuation of imported goods;
2. To determine exercise of principles under six valuation methods for the purpose of Customs Valuation of Goods;
3. Avoid delays in receipt and dissipation of revenue;
4. To create facilities for traders and maintain transparency in customs decision making in relation to Customs Valuation of Goods;
5. Managing price registration and relevant information in valuation system of ASYCODA and use of it as a tool for identification, management, reduction and avoidance of risks in accordance to enacted laws.

Article three: Terminology

Following terminologies used in this procedure are defined as follows:

1. Valuation: is the process to determine the Customs Value of Goods in accordance to methods set in the Customs Act and World Trade Organization.
2. Tariff Specification Code (TSC): is a four-digit code containing specification enlisted in Article Seventeen of this procedure.
3. Valuation Database: valuation database is a Risk Assessment Tool used to assess potential risk regarding truth or accuracy of the declared customs value for imported goods.
4. Brand: is a name, symbol, term, feature or specifications that identify a company or product as distinct from those of others.

5. Accepted Value: is a value declared by declarer, and accepted by taxing or border customs after assessment and valuation considering set methods for valuation.
6. Maximum Value: is accepted value of goods recorded in the system with 50% increase in coordination and agreement between valuation and ASYCUDA unit, maximum valuation is used for system use only and shall have no effect on valuation.
7. Average Valuation: is total value of processed goods declaration within 90 days divided on number of processed declarations. Average valuation is used for system use only and shall have no effect on valuation.
8. Cost, Insurance and Freight (CIF): is an expense paid by a seller to cover the costs, insurance, and freight of a buyer's order while it is in transit. The goods are exported to a port named in the sales contract.

CHAPTER TWO: GOODS CUSTOMS VALUATION METHODS
Customs Valuation Methods:

Article Four: Goods Customs Valuation is determined using one of 6 below listed methods.

Main principle for customs valuation is the transaction value of goods, and other methods can only be used if customs value could not be determined on the basis of transaction value.

Article Five: First method- Transaction Value Method

(1) The customs value of imported goods shall be the transaction value, which is the price actually paid or payable for goods;
(2) Transaction value of goods including following expenses payable to the seller and shall be added to the actual paid or payable price:

1. Commissions and brokerage, except buying commissions;
2. The cost of containers which are treated as being one;
3. The cost of packing, including labour or materials;

4. The value of following goods and services supplied directly or indirectly by the buyer at free of cost or at reduced cost for use in connection with the production and sale of imported goods, to the extent that such value has not been included in the actual price:

   - Materials, components, parts and similar items incorporated in the imported goods; Tools, dies, modules and similar items used in the production of the imported goods, Materials consumed in the production of the imported goods;
   - Engineering, development, artwork, design work and plans and sketches undertaken elsewhere than in the country and necessary for the production of the imported goods;

5. Royalties and license fees related to the goods being valued that are not included in the actual price;
6. The value of any part of the proceeds of any subsequent resale, providing or reuse of imported goods that accrue to the seller;
7. The cost of loading, transport, insurance, offloading and other costs related to transportation of goods to identified destination.

Article Six: Elements Excluded in Customs Valuation of Goods

In determination of goods customs valuation under transaction value method stated in article 5 of this Procedure, following expenses are not included in the customs value of goods, provided they are stated separately in the actual price paid or payable for imported goods:

(1) Expenses for the transportation of goods after their arrival at identified destination in Afghanistan;
(2) Expenses for construction, erection, assembly, maintenance or technical assistance, undertaken after importation of imported goods such as industrial plant, machinery or equipment;

(3) Costs of interest under financing arrangement entered into by the buyer and relating to the purchase of imported goods. In this case irrespective of whether the finance is provided by the seller or another person provided that the financing arrangement has been made in writing and where required the buyer can demonstrate that:

1. Such goods are actually sold at the price declared;
2. Reproduction cost of imported goods in Afghanistan;
3. Buying commissions;
4. Import duties or other costs payable in Afghanistan for import or sale of goods.

Article Seven: Elements for Non-Application of Transaction Value Method

Transaction value method is not applied in the following cases:

1. That there are no restrictions as to the disposition or use of goods by the buyer other than that of legal, geographical and non-effect on value of goods;
2. That the sale or price of goods is subject to conditions or considerations for which value cannot be determined;
3. That no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will acquire directly or indirectly to the seller;
4. That the customs authority has reasonable doubts on declared transaction value (total paid or payable value), they are not satisfied;
5. That the relation between buyer and seller has influenced the transaction of goods.

Article Eight: Application of Alternative methods for Goods Customs Valuation

(1) If the customs value of goods cannot be determined due to limitations and restrictions stated in provisions of Article seven of this procedure under transaction value method, customs authorities shall determine goods value using following methods:

1. Similar value method;
2. Identical value method;
3. Deductive value method;
4. Computed value method;
5. Fall-back value method;

(2) The importer (trader or agent) has the right to choose or priorities between deductive and computed value methods. In case the importer doesn't request use of computed method, considering valuation methods order, deductive method shall apply.

Article Nine: Second Method: Similar Value Method

(1) Under this method; the customs value of goods shall be transaction value of similar goods sold for export to Afghanistan, considering following affairs:

1. That similar goods at or about the same time as being valued enters the country, are sold for export to Afghanistan;
2. That similar goods in a sale at the same commercial level as the goods being valued;
3. That size and volume of similar goods is not substantially different to the size and volume as the goods being valued;

(2) Where no such sale according to paragraph 1 of this article was found, the transaction value of similar goods sold at a different commercial level and or in different quantities is considered in accordance to evidence;

(3) If, in applying this method, more than one transaction value of similar goods is found, the lowest value shall be used to determine the customs valuation of goods.

Article Ten: Third method: Identical Value Method

(1) Under this method, the Customs Value of Goods shall be the transaction value of identical goods sold for export to Afghanistan considering following points:

1. That identical goods at or about the same time as being valued enter the country, are sold for export to Afghanistan;
2. That identical goods are sold at the same commercial level as the goods being valued;
3. That size and volume of identical goods are not substantially different to the size and volume as the goods being valued.

(2) Where no such sale according to paragraph 1 of this article was found, the transaction value of identical goods sold at a different commercial level and or in different quantities is considered in accordance to evidence.

(3) If, in applying this method, more than one transaction value of identical goods is found, the lowest value shall be used to determine the customs valuation of goods.

Article Eleven: Fourth Method: Deductive Value Method

(1) Under this method, customs valuation of goods is determined on the basis of unit price of imported goods both similar and identical in the country of importation conditioned to the fact that the product has same condition as at the time of its import;

(2) The customs value of goods under the provisions of paragraph 1 of this article is valued on the basis that the greatest aggregate quantity at or at the time of the importation of goods being valued is sold to persons who are not related to the sellers;

(3) Goods valuation under this method are subject to following deductions:

1. The commission paid or agreed to be paid or the additions usually made for profit and general expenses in connection with sale of imported goods in Afghanistan, imported goods of the same kind or category;
2. Freight cost in connection to movement of goods, insurance and other related expenses from the point of entry to the point of delivery in Afghanistan, if these costs are not already added to general expenses;
3. Customs duties and all other taxes payable on imported goods to Afghanistan which usually is not responsibility of seller;
4. If value is determined in accordance to paragraph (3) of this clause, taxes added to the value are deducted after entry and processes of goods;

(4) For customs value determination of goods under this method, following specified principles are considered:

1. Processing of Deductions from total profit and expenses on the basis of total profit and expenses of the importer;
2. All types of duties related to sale of products applied to the importing trader are considered as general expenses
3. In the determination of deductions from commissions, profit and general expenses and sale from the smallest group in Afghanistan or type of imported goods under value determination with provided information are evaluated;
4. If packing cost is not included in the determined value according to paragraph (2) of this article, in this case it is added unless the equivalent price is paid by the buyer or importer in the cost of goods.

Article Twelve: Fifth Method: Computed Value Method

Under the computed value method, goods value is calculated from the sum of following:

1. The cost or value of materials and fabrication or other processing employed in production of imported goods;
2. An amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to Afghanistan;
3. All cost or necessary expenses that are required for valuation under this procedure.

Article Thirteen: Sixth Method: Fall-back Value Method

Where the customs value of imported goods cannot be determined under Transaction Value Method, Similar Value Method, Identical Value Method, Deductive Value Method and Computed Value Method enlisted in this procedure, it shall be determined in accordance to the Fall-back Value Method in consideration to the enacted legal provisions, principles and general rules on valuation methods that are re-evaluated and that uses updated information for determination of reasonable values.

CHAPTER THREE: THE NATIONAL DATABASE FOR VALUATION

Article Fourteen: Data and Information of Database

Date and information recorded in the database should reflect customs valuation and all other information related to previously imported goods.

Article Fifteen: Price Difference

The customs authorities cannot reject declared value only on the basis of difference between declared value and one recorded in the database for valuation but having benefit of this different information along with all other available indicators can use it as preliminary and supportive information for documents check and verification of accuracy or inaccuracy of the declared value.

Article Sixteen: Important information required for the creation of Tariff Specification Code (TSC):

At the time of generation of Tariff Specification Code (TSC) for a product in the valuation database following information is recorded:

1. Complete explanation of a product including Name and areas of use and other main specifications
2. Quantity, volume, quality and weight
3. The unit for Measurement
4. The brand
5. The country of origin
6. Tariff code
7. The photo of product
8. The value
9. Method used for Valuation of product
10. Date of registration of Tariff Specification Code (TSC)
11. Renewal date of value of Tariff Specific Code (TSC)

Article Seventeen: Validity of Database Figures

1. For effective usage of valuation database and as a tool for evaluation of risks, recorded numbers in the database has to be accurate, updated and re-updated.
2. For the purpose of updating values in the database, the valuation office can use average values that are not in contrary with rules and methods for valuation.
3. The valuation office on the basis of proposal can suspend Tariff Specification Code that have not been used for two years and are recorded in duplicate, whenever appropriate.

CHAPTER FOUR: UTILIZATION OF LATEST VALUATION DATABASE OR LATEST VALUATION MODULE OF ASYCUDA

Article Eighteen: Determination of Dual Routes (Green and Yellow)

The valuation under Dual Routes on the basis of selectivity using ASYCODA Module is determined as follows:

Case One:

In the case that the declared valued is 80% above or 10% below from the average price, the mentioned value is automatically accepted by the system and declaration is automatically processed to green route without involvement of customs authorities.

Case Two:

In the case that the declared valued is more than 10% lower than the accepted value, the declaration form is automatically processed through yellow route and passed to a staff member in the Customs Valuation Department. Those declaration forms that are processed to yellow route under risk management profiles and are not passed to valuation officers is not the responsibility of the Customs Valuation Department.

Case Three:

In the case that the goods valued is declared at a lower price compared to price accepted by the system, the ASYCUDA system will automatically process the declaration form to one of the customs valuation department officers and following steps shall be taken:

(1) Officers at the relevant customs valuation department are compelled to verify the recorded value in accordance to the alternative valuation methods recorded in the database and take following steps concerning amendments:

1. Records amended value on the back of declaration form and after signing the systematic declaration form refers it to the CURE unit (Customs Reform Unit) for assessment.
2. The assigned officer in the CURE unit or Scrutiny office at the relevant customs department amends the declaration form as per the recorded value by the valuation officer and returns the valuation form to the relevant valuation office for review and approval. The valuation officer verifies that the form is amended as per highlighted correction and re-approves it.
3. Those declaration forms that are processed in accordance to above stated paragraph should be assessed by the inspection personnel after release of goods.
4. In case the declaration form is processed to yellow route only on the bases of value, the mentioned declaration form is processed by the CURE unit after the verification of valuation department.

Article Nineteen: Responsibilities of the Declarer during the course of creation of Tariff Specification Code (TSC):

The declarer has following responsibilities in relation to the creation of Tariff Specification Code (TSC):

1. The declarer is obliged to fill-in the declaration form in the view of documents in hand such as Invoice, Packing List and other relevant documents by providing complete information including Tariff Identification Code, clear description, measurement unit, country of origin, country of export, quality and quantity.
2. The declarer is obliged to search and select the accurate tariff code for importing goods in the system. In case of non-existence of tariff code, the incumbent should fill in the provided code identifier form accurately by providing information including Tariff code, Brand, producing and exporting country, measurement unit, unit price and all required information along with supporting documents on an approach to the valuation officers at the relevant customs.
3. Creation and processing of new tariff code for goods that is already available in the system, is prohibited. In the case of violation, the declarer, relevant customs and those involved shall be taken responsible.

Article Twenty: Responsibilities of valuation department officers about Tariff Specification Code (TSC)

Responsibilities of Valuation Department Officers in the regional offices are as follows:

(1) In case of non-finding of Tariff Specification Code (TSC) in the valuation module by the declarer, the valuation department in the relevant customs assists the declarer in search for the Tariff Specification Code (TSC).

(2) The valuation department at the relevant customs office receives required specification of goods and relevant supporting document in accordance to the 6 valuation methods identified below and passes the issue to the Valuation Section in the central office of the Afghanistan Customs Department (ACD) via the valuation module secure email system:

1. In order to use the first method, the valuation officer at the relevant customs office shall collect customs related documents including original copy of sale invoice, document of origin of goods, packing list, export declaration form of the country of origin, money transfer receipt (TT), goods quality control certificate and all other relevant documents that proves the actual value of the invoice from the trader's representative and submit it to the Valuation Section in the central office at the Afghanistan Customs Department, suing the secure system email.
2. If First Valuation Method could not be utilized due to specific reason and valuation principles, officers at valuation office of the relevant Customs Office are compelled to identify value of similar goods before the expiration of 90 days period, and pass it along with required documents including original copy of invoice, packing list, documents of origin, export declaration documents of country of origin to the Valuation Section at the central office of Afghanistan Customs Department for creation of Tariff Specification Code (TSC).
3. In case of non-compliance of second Valuation Method, valuation officers at the relevant customs department are compelled to identify identical goods before the expiration of 90 days' period from the ASYCODA system and send it along with required document including original copy of invoice, packaging list, documents of origin for creation of Tariff Specification Code (TSC) and support for price assessment to the Valuation Section at the central office at the Afghanistan Customs Department.
4. In case conditions under third method could not be met, valuation officers at the relevant customs department are compelled to identity and assign a delegation for accurate valuation of goods in accordance to the Deductive Valuation Method. Identified value is then forwarded to the Valuation Section at the central office of the Afghanistan Customs Department for the purpose of price assessment and creation of Tariff Specification Code (TSC).
5. If conditions specified under fourth valuation method didn't meet, the fifth or Computed Valuation Method or per unit valuation method shall be utilized. Valuation officers at the relevant Customs Department are compelled to forward relevant information to the Valuation Section at the central office of the Afghanistan Customs Department for the purpose of price assessment and creation of Tariff Specification Code (TSC).
6. In case conditions for fifth valuation method did not meet, the sixth method or Fallback Valuation method shall be applied.
7. Valuation Office at the relevant customs departments can only verify and sign the deceleration form referred to them and do not have the responsibility to verify or approve the green rout.

Article Twenty-One: Responsibilities of Valuation Office

Responsibilities of the valuation officer are as follows:

(1) For the purpose of implementation of ASYCUDA valuation system module, the Valuation Officer gradually creates Tariff Specification Code (TSC) for all importing products and records it in the ASYCUDA system.

(2) For the creation of new Tariff Specification Code (TSC) following steps are taken:

1. Value for the new Tariff Specification Code (TSC) is recorded in the system after the approval of the Valuation Section at the central office of the Afghanistan Customs Department.
2. Clerical mistakes made at the time of creation of Product Specification Code (TSC) by the officers are rectified by the Valuation Department.
3. If a specification code repeatedly exists in the system for a product, the Valuation Office or relevant authority shall block the repetition after evaluation.

4. Once the Tariff Specification Code (TSC) form is approved, it shall not be sent concurrently for verification by the valuation office.

CHAPTER FIVE: MISCELLANEOUS PROVISIONS

Article Twenty-Two: Tariff Processing without Tariff Specification Code (TSC)

(1) Exemption for importing and exporting goods, auction and all special schemes are processed in accordance to Article 1 of this procedure and are processed in accordance to the available documentations and are controlled and monitored by the Valuation Office at the relevant customs departments.
(2) If the Tariff Office issues a letter or single and double character goods, the valuation office at the relevant customs department conducts valuation applying six international methods for valuation and evaluation of goods.
(3) Decisions made under the Advance Ruling process are conditioned that the trader or importer poses following traits:

1. Clear all duties on time;
2. No T1 and all valid documents at taxing customs and borders;
3. Not under legal prosecution during the Advance Ruling (remote prosecution).

Article Twenty-Three: Freight and Insurance

Addition of Cost, Insurance and Freight (CIF) for duties collection only takes place on the basis of original invoice and other relevant documentation related to insurance and freight. Declarer is compelled to provide CIF related documentations.

Article Twenty-Four: Value Review Process in the Database and Valuation

(1) Declarer can request review or revision of database value in accordance to this procedure or on the basis of Customs Act.
(2) Declarer submit value review petition officially to the taxing customs or border customs in writing.
(3) The database value review petition should contain reasons for non-acceptance of database value, complete description of product, Tariff Specification Code (TSC), customs value, country of origin, Tariff code and other matters affecting customs value of mentioned goods.
(4) Following listed documents shall be attached to the review petition:

1. Original copy of invoice;
2. Packing list;
3. Goods original documents;
4. Export declaration form;
5. Freight receipt;
6. Insurance receipt;
7. Bank transfer documents;
8. Other relevant documents;

(5) Office of the Director of taxing customs shall refer the review petition to the relevant office (Valuation Office).
(6) The Valuation Office shall assess documents on the basis of CIF within days, applying one of the six international Valuation methods, and submits their proposed valuation and attached documents to the Valuation Section at the Afghanistan Customs Department.
(7) In case of requirements, the Valuation section can officially request sealed product sample.

Article Twenty-Five: Responding General Objections

Review petitions and customs related objections are responded according to provisions in the relevant procedures.

Article Twenty-Six: Determination of Customs Valuation of Perishable Goods

Customs valuation of perishable goods is determined in accordance to the procedure for perishable goods considering season and weather at the time of year.

CHAPTER SIX: CONCLUDING PROVISIONS

Article Twenty-Seven: Enactment

This procedure is prepared in 27 Articles and is enacted following its approval by authorized authorities and 20 days after its dissemination. Following its enactment previous procedures are abrogated.

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Legislation Office	ASYCUDA Office	Valuation Office

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Director of Support and Development	Director of Operations

Director of Professional Affairs

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Director General of Customs	**Approved by the Minister of Finance**