



## **GUIDE TO THE VALUATION OF IMPORTED ROAD VEHICLES (Including Motorcycles and Trailers)**

This document outlines the different valuation procedures that apply to imported road vehicles.

Callers within Australia may obtain further information on matters in this guide by dialing the Customs Information and Support Centre on 1300 363 263 for the cost of a local call.

To enable the Australian Customs and Border Protection Service (Customs and Border Protection) 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 Customs and Border Protection in determining the **customs value**.

### **DETERMINING THE CUSTOMS VALUE**

The customs duty payable is based on the **customs value**.

#### **Transaction value method of determining the customs value**

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

For transaction value method, **customs value** is calculated in the following manner:

- First take your purchase price in the foreign currency.
- Next, the **purchase price is converted to Australian dollars** using the official rate of exchange on the **date of export** of the vehicle from the place of export.
- The figure that has been obtained is called the **customs value**.

#### **When the transaction value method is not used**

- The importer cannot demonstrate that the purchase took place for the sole purpose of exporting the road vehicle to Australia. An example to illustrate this is when the exported road vehicle has been used overseas prior to making the decision to export to Australia.
- The purchaser cannot present to Customs and Border Protection 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.
- The road vehicle has been purchased overseas for only a token or nominal price.
- Between the date of purchase of the road vehicle and its subsequent exportation to Australia, its value has altered due to the following occurring:

- the addition of accessories, fittings or options, major restoration, modifications or any improvements to the road vehicle made after its purchase; or
  - the road vehicle has depreciated due to wear and tear caused by usage before exportation.
- Sufficient and reliable information (Section 160 of the *Customs Act 1901*) is not available to Customs and Border Protection.

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

Customs and Border Protection experience has shown that the majority of 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.

### **Alternate Methods of determining the customs value**

There are several alternate methods used to determine the customs value of imported road vehicles. However, to utilise these methods Customs and Border Protection needs to be in possession of relevant information including details concerning sales of equivalent road vehicles, which have occurred "about the same time" as the road vehicle to be valued. It is highly unlikely that the information necessary to utilise these valuation methods would be available to Customs and Border Protection and the application of these methods would therefore not be practical.

The Fall-Back Deductive method is the most appropriate method for establishing the customs value of imported road vehicles when it is unable to be determined using the previous methods. This method is based on the cost of the road vehicle at the Australian wharf (i.e. the "landed cost"). The value is established by referring to an 'expert' appraisal. In this context, the 'expert' 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, GST, or Australian inland freight. If the appraiser is unable to deduct these costs from their appraisal value of the road vehicle, Customs and Border Protection should be notified that such costs have been included in the valuation and they will make the necessary deductions. Customs and Border Protection 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 levying 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 Customs and Border Protection. Where Customs and Border Protection requires a further appraisal, the cost will be borne by Customs and Border Protection.