GATT VALUATION

The customs value of imported goods is determined mainly for the purposes of applying taxes duties. It constitutes the taxable basis for Customs duties. It is also an essential element for compiling trade statistics, monitoring quantitative restrictions, and collecting national taxes.

Today, almost all Customs administrations of the current WTO members value imported goods in terms of the provisions of the WTO Agreement on Customs Valuation. This Agreement establishes a Customs valuation system that primarily bases the Customs value on the transaction value of imported goods, which is the price actually paid or payable for the goods when sold for export to the country of importation, plus, certain adjustments of costs and charges.

Customs Valuation

Similar to other WTO members, the current valuation system of Thailand is based on the GATT Valuation System that came into effect on 1 January 2000. Before the implementation of the GATT Valuation System, the valuation system of Thailand was based on the notional concept of “true market value”. "True Market Value" or "Value" of any goods means the wholesale cash price (exclusive of duty in the case of imports), for which goods of the like kind and quality would be sold without loss at the time and place of importation or exportation, as the case may be, without any deduction or abatement.
Legal Provision

To implement the GATT Valuation System in Thailand, the national legislation as well as relevant regulations/practices listed below were enacted:

- Customs Act (No 17) B.E. 2543
- Ministerial Regulation No 132 B.E. 2543
- Ministerial Regulation No 145 B.E. 2547
- Ministerial Regulation No 146 B.E. 2550
- Customs Code of Practices
- Customs Notifications and Orders

Valuation Methods

The Ministerial Regulation No 132 B.E. 2543 which is based on the principles of the Agreement on the Implementation of Article VII of the GATT provides six methods for the valuation of imports. The primary basis for valuation is the "Transaction Value" which means the price actually paid or payable for the goods when sold for export to Thailand, adjusted in accordance with the provisions of Articles 9-12 of the Ministerial Regulation No 132 B.E. 2543.

The price actually paid or payable should be adjusted to include all the costs and services such as royalties, license fees, commission and brokerage, cost of container and packing, tool, mold, engineering and design work, made as a condition of sale of the imported goods by the buyer to the seller or by the buyer to a third party to satisfy an obligation of the seller. Since the assessment is on a CIF basis, the invoice value should be suitably adjusted to include the freight, insurance and handling charges as well.

Where the transaction value cannot be applied, the following methods are used in sequential order of application:
• **Transaction Value of Identical Goods**, - the transaction value of identical goods sold for export to Thailand

• **Transaction Value of Similar Goods**, - the transaction value of similar goods sold for export to Thailand

• **Deductive Value**, - the value is applied to determine the Customs value based on the deduction process of the GAQ sale price of goods, general expenses and profits incurred in Thailand as well as all import taxes and national taxes after shipment of imported goods.

• **Computed Value**, - the value is applied to determine the Customs value based on the sum of production cost, general expenses and profits in country of origin relating to the imported goods

• **Fall Back Value**: - the value is applied to determine Customs value based on the reasonable and flexible interpretation of all the previous methods.

In order to enable Customs to determine the value by application of the most appropriate method, the importer is required to truthfully declare the full particulars concerning the goods. These include full description and specifications of the goods, basis of valuation applied, relationship with the supplier, conditions and restrictions if any attached with the sale, elements of cost not included in the invoice price, and royalty and license fees payable in relation to the imported goods. These details are to be declared in a special Valuation Declaration Form designed for this purpose in addition to the Import Declaration.
CONTACT

For further inquiry and information, you may contact the Customs Call Center at Tel. 1164 or the Customs Clinic at Tel. 02-667-7880-4, Fax. 02-667-7885, e-mail: customs_clinic@customs.go.th. Additional information may also be obtained from Customs ports of entry/exit. Please consult our telephone directory for a Customs office near you. The listing can be found under the “CONTACT US” section.

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Source : The Customs Department