



Activity Title and Number: Workshop on customs valuation, A313-C4

Beneficiary: General Administration of Customs (GACC)

Location and Date: Guilin, China, 10-12 March 2014

Stakeholders: DG Taxud, Member States' customs administrations, World Customs Organisation (WCO)

Brief Activity Report

Relevance and Impact

Modern customs administrations need to balance duty and tax collection with the facilitation of legitimate trade. Accordingly, **improving the efficiency and accuracy of customs valuation is a key priority under China's ongoing customs modernisation programme** as it can protect revenue and reduce compliance costs for business. This workshop brought together European, Chinese, international and private sector experts to discuss long term reform, and to exchange knowledge on how to respond to emerging challenges, including **customs fraud and transfer pricing**.

The workshop was a timely input to China's reform programme, with GACC expressing particular interest in trade facilitation and **risk management policies in the EU and the USA which can speed up valuation procedures**, and also in a French initiative to **authenticate French wines** which could improve the valuation of these products in this growing import sector. Local customs officials benefited from detailed discussions on complex transfer pricing cases, which were undertaken with a view to **promoting the consistent application of OECD transfer pricing guidelines** and improving customs-business cooperation.

Activity Description

Approximately 30 officials from GACC head office and local customs administrations participated in the workshop. **To improve the awareness of local customs officials** of the tools they can use to deal with transfer pricing, Dutch and Chinese experts presented complex transfer pricing case studies and a WCO expert presented on the WCO's ongoing work to assist customs administrations to manage this increasingly complex issue.

A private sector expert from Ernst and Young highlighted how a shift to a post-clearance auditing approach, backed up with customs security bonds, can facilitate trade while still protecting revenue. Discussions were active at both the technical and policy level, building the capacity of customs officials to manage transfer pricing and fraud, while also providing input to China's broader customs modernisation programme. Following the main programme, experts held a detailed roundtable discussion on the impact of buying agents on valuation.



EU and China experts at workshop on customs valuation

Results and Dissemination

- GACC expressed interest in exploring longer term reforms which could speed up customs clearance times through a greater emphasis on **post clearance auditing** and an **improved security bond regime**;
- GACC and the French Embassy agreed to discuss **how the French wine authentication initiative could be extended to customs** to improve the accuracy and efficiency of customs valuation of imported French wines; and
- Chinese valuation officials improved their knowledge of the latest international initiatives to support effective and consistent handling of complex **transfer pricing cases and to prevent valuation fraud**.