Australian Customs Notice 2002 57

**Inclusion of warranty in Customs value**

The valuation provisions in Division 2 of Part VIII of the Customs Act 1901 (Customs Act) have been amended to provide consistency with Article 1 of the Agreement on Implementation of Article VII of the General Agreement on Tariff and Trade 1994 (the Valuation Agreement). The changes were implemented through Customs Legislation Amendment Act (No 1) 2002 which received Royal Assent on 10 October 2002.

The amendments were necessary after the Full Court of the Federal Court ruled, on 19 September 2000, that warranty costs were a "value unrelated matter" and should not be included in the customs value of imported goods. The Government considers that this decision interpreted the valuation provisions of the Customs Act in a manner that was inconsistent with the Valuation Agreement.

The effect of the amendments is that all payments by the buyer of the imported goods to the seller, including any payments for warranty, are to be included in the customs value of all goods entered for home consumption on or after 10 October 2002. While there is now no specific mention in the Customs Act of activities undertaken by the purchaser on the purchaser's own account, it is clear from the Valuation Agreement that any costs, charges or expenses in relation to these activities should not be added to the price of the goods when determining the customs value.

All Valuation Advices (VAs) that have been issued indicating that warranty cost could be deducted from the price of the imported goods as a value unrelated matter have been voided and owners of the VAs advised accordingly. Anyone wishing to obtain a ruling on future importations may seek a fresh VA from Manager, Tariff and Valuation, Australian Customs Service, Customs House, 414 La Trobe Street Melbourne VIC 3000 (GPO Box 2809AA Melbourne VIC 3001).

**Any questions in relation to this ACN should be directed to the Director, Valuation and Origin, on (02) 6275 6383.**

**Tom Marshall National Manager Trade Branch**

**For**

**Chief Executive Officer 30 October 2002**