



VALUATION TREATMENT OF FREE-OF-CHARGE GOODS

INTRODUCTION

A Customs value must be determined for imported goods that are provided by an overseas supplier free of charge. Examples of free-of-charge goods are: gifts, bonus goods, samples and promotional goods.

VALUATION OF IMPORTED GOODS

The customs value of imported goods is determined in accordance with the valuation provisions of the *Customs Act 1901* (the Act).

Section 159 of the Act outlines the methods for determining the Customs value of imported products.

The first and most common valuation method is the transaction value method. In this method, the Customs value is based on the sale price of the goods, i.e. the price actually paid or payable for the imported goods.

The other valuation methods are explained later in this document.

VALUATION OF FREE-OF-CHARGE GOODS

In determining the Customs value of free-of-charge goods the importer, or agent, should have all relevant information relating to the valuation of the goods.

The valuation of free-of-charge goods will depend, in part, on whether they are the subject of a contract of sale or of an agreement.

Contract of sale applies:

For free-of-charge goods that are the subject of a contract of sale or of an agreement, the transaction value method will apply (assuming that all of the requirements of that valuation method are met).

Free-of-charge goods may be included in a shipment that is the subject of a contract of sale or of an agreement. The importer will need to apportion the total value of the shipment to each good in the shipment, including the free-of-charge goods, on the basis of the relative value of each good. The Customs value of each good will be determined on the basis of each (apportioned) value.

To apportion the total value, the importer may use the commercial documents or may need to contact the overseas supplier to ascertain the value of each good in the shipment. Where there is insufficient information to apportion the total value, the importer should contact the valuation area of Customs in the local State or Territory for assistance.

Contract of sale does not apply:

Where free-of-charge goods are not the subject of a contract of sale or of an agreement, the transaction value method **cannot** apply to the goods. One of the other valuation methods will apply.

OTHER VALUATION METHODS

Section 159 of the Act provides that the methods of valuation must be considered in sequence, which is:

- the identical goods value method—this is the transaction value of **identical** goods sold for export to Australia
- the similar goods value method—this is the transaction value of **similar** goods sold for export to Australia
- the deductive value method—this value is based on the price of either the imported goods, **identical** goods or **similar** goods, in a sale in Australia, to a party that is not related to the owner, adjusted for costs incurred between the place of export and the first sale in Australia
- the computed value method—this value is based on the production value, general expenses, other costs and profit relating to the imported goods
- the fall-back value method—this value is determined by Customs having regard to all of the above valuation methods and other matters that Customs considers relevant.

FOR MORE INFORMATION

Further information on the valuation of imported goods can be obtained from the Customs Information and Support Centre by telephoning 1300 363 263 or from the following valuation documents on the Customs website:

[Valuation treatment of production assist costs](#)
[Customs valuation of imported goods](#)
[Importing handicrafts into Australia](#)

Customs officers are available to assist you if you require further general information about the valuation of imported goods or if you are unsure how to value particular goods.

A penalty may apply where incorrect Customs values are declared.

This information is intended only as a guide and has no legal force. Full details relating to the valuation requirements are contained in the relevant sections of the Act.