



TECHNICAL COMMITTEE ON  
CUSTOMS VALUATION

VT1149E1a  
(+ Annex)

-  
47<sup>th</sup> Session  
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O. Eng.

Brussels, 9 July 2018.

QUESTION RAISED DURING THE INTERSESSION

VALUATION OF IMPORTED CHIP CARDS RELATING TO TRANSPORTATION SERVICE  
AND TOURIST ADMISSION TICKETS

REQUEST BY CHINA

(Item VI (a) on the Agenda)

Reference documents :

VT1136E1a (TCCV/46)  
VT1137E1a ((TCCV/46-draft Report)

I. BACKGROUND

1. During the intersession preceding the 46<sup>th</sup> Session of the Technical Committee, China submitted a question for consideration by the Technical Committee.
2. The question refers to chip cards and tickets imported from country A by a travel agency located in Country B. These are declared to Customs as “chip cards” and “printed paper”.
3. The chip cards and tickets which are purchased at a discounted price by the travel agency are, after being imported into country B, sold to end users in country B at the undiscounted price. The cards and the tickets give access to transportation services and admission to theme park D respectively in country A.
4. The amended text of the case including the facts of the transaction, the analysis and a conclusion submitted by China are reproduced in the Annex to this document.
5. Following a presentation of the case by China and a discussion at the 46<sup>th</sup> Session, no consensus could be reached as to whether to elevate this question to a Specific Technical Question. One delegate was of the view that Advisory Opinion 22.1 has already set the framework and analysis to conclude this case whilst another delegate argued that the facts are different from those of the said Advisory Opinion and supported an examination of the question from China.

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VT1149E1a

6. As it was noted that there is a growing trend in the use of such cards and tickets, the Technical Committee agreed to give more time for Members to study the question and consider whether to discuss the issue as a Specific Technical Question. The Technical Committee decided to maintain the question under the Agenda Item 'Questions raised during the intersession' for further consideration at its 47<sup>th</sup> Session.

## II. SECRETARIAT COMMENTS

7. The issue for the Technical Committee in the question submitted by China is how to determine the Customs value of the cards and tickets under the Agreement.
8. The Secretariat notes that in its analysis and conclusion China has applied the rationale of Advisory Opinion 22.1 which was annexed to Doc. VT1136E1a.

## III. CONCLUSION

9. The Technical Committee is invited to consider the question at the 47<sup>th</sup> Session and determine whether it wishes to examine this issue as a Specific Technical Question at a future Session.

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**TITLE:** Valuation of imported chip cards relating to transportation service and tourist admission tickets

**SUBMITTED BY:** People's Republic of China

### **Facts of Transaction**

1. A travel agency B in country B enters into contracts with transportation companies and tourist companies (separately) in country A for sale of "chip cards relating to transportation service" and "tourist admission tickets for theme park D". According to the contracts, the price of these cards/tickets is 200 c.u. each, and B gets a 5% discount based on the annual quantity of the purchase orders. The payments are made on a weekly basis, and it has been agreed in the contracts that after the payments have been effected, B sends its employees to collect these cards and tickets in designated location in country A, and then bring them back to country B.
2. The employees of B bring these cards and tickets back to country B every week, at the quantity of 1000 respectively for cards and tickets, with the overall transaction value of 380,000 c.u. per week ( $1000 \times 2 \times 200 \text{ c.u.} \times 95\% = 380,000$ ), while overall stated value of 400,000 c.u..
3. After the entering of these cards and tickets into country B, B sells them to end-users in country B at the stated price of 200 c.u. of each card/ticket for use and consumption in country A.

### **Issue for determination**

4. The issue brought before the Technical Committee is: how should Customs determine the Customs value of the cards and tickets under the Agreement?

### **References**

Advisory Opinion 22.1

### **Analysis**

5. When entering into Country B, "chip cards relating to transportation service" and "tourist admission tickets" are presented to Customs as "chip cards" and "printed paper" which should be regarded as tangible "goods" for which determination of the Customs value is required.
6. The payments for "chip cards relating to transportation service" and "tourist admission tickets" under the sales contracts, which amount to 380,000 c.u. each week, are made for relevant services that end-users receive in country A, namely transportation services and/or tour services; and the cards and tickets are payment vouchers. Accordingly, neither the transaction value nor the stated prices on the cards and tickets should be considered as the transaction value of the "chip cards" and "printed paper" for Customs valuation purposes.
7. In this case, only the "chip cards" and "printed paper" should be regarded as "goods" for which determination of the Customs value is required, while the prices of these goods have not been settled in the sales contracts. Therefore the transaction values of the "chip

cards” and “printed paper” do not exist. Accordingly, Article 1 of the Agreement cannot be applied.

8. According to a statement made by B and the research conducted by Customs, there are no identical or similar goods previously declared by other importers, thus the determination of Customs value under the provisions of Articles 2 and 3, as the case may be, would not be appropriate. Since B cannot provide information for applying deductive or computed value method, Articles 5 and 6 of the Agreement cannot be applied.
9. Based on the facts provided, the Customs value of the goods in question could be determined by flexible application of Article 7 of the Agreement through consultation with the importer. For instance, the Customs value of the goods in question could be determined on the basis of the cost of materials that are made for chip cards or tickets and the cost of printing or manufacturing of such goods.

### **Conclusion**

10. The Customs value of the goods in question could be determined by flexible application of Article 7 of the Agreement, based on the cost of materials that are made for chip cards or tickets and the cost of printing or manufacturing of such goods

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