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REGULATION

ON IMPLEMENTATION OF THE PROVISIONS OF THE CUSTOMS CODE CONCERNING VALUATION OF GOODS FOR CUSTOMS PURPOSES

Article 1

- (1) In applying the provisions of Articles 28 to 38-h of the Customs Code and those of this Regulation, the provisions set out in Annex 1, being integral part of this Regulation, shall also apply.
The provisions as set out in the first column of Annex 1 shall be applied in the light of the interpretative note appearing in the second column.
- (2) If it is necessary to make reference to generally accepted accounting principles in determining the customs value, the provisions of Annex 2, being integral part of this Regulation, shall apply.

Article 2

- (1) For the purposes of this Regulation:
 - a) 'The Agreement' means the Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade concluded in the framework of the multilateral trade negotiations of 1973 to 1979 and referred to in the first indent of Article 35 (1) of the Customs Code;
 - b) 'produced goods' includes goods grown, manufactured and mined;
 - c) 'identical goods' means goods produced in the same country which are the same in all respects, including physical characteristics, quality and reputation. Minor differences in appearance shall not preclude goods otherwise conforming to the definition from being regarded as identical;
 - d) 'similar goods' means goods produced in the same country which, although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable. The quality of the goods, their reputation and the existence of a trademark are among the factors to be considered in determining whether goods are similar;
 - e) 'goods of the same class or kind' means goods which fall within a group or range of goods produced by a particular industry or industry sector, and includes identical or similar goods.
- (2) 'Identical goods' and 'similar goods', as the case may be, do not include goods which incorporate or reflect engineering, development, artwork, design work, and plans and sketches for which no adjustment has been made under Article 36 (1) b) 4. of the Customs Code because such elements were undertaken in the Republic of Macedonia.

Article 3

- (1) For the purposes of Articles 28 to 38-h of the Customs Code and of this Regulation, persons shall be deemed to be related only if:
 - a) they are officers or directors of one another's businesses;
 - b) they are legally recognized partners in business;
 - c) they are employer and employee;
 - d) any person directly or indirectly owns, controls or holds 5 % or more of the outstanding voting stock or shares of both of them;
 - e) one of them directly or indirectly controls the other;
 - f) both of them are directly or indirectly controlled by a third person;
 - g) together they directly or indirectly control a third person; or

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- h) they are members of the same family. Persons shall be deemed to be members of the same family only if they stand in any of the following relationships to one another:
- husband and wife,
 - parent and child,
 - brother and sister (whether by whole or half blood),
 - grandparent and grandchild,
 - uncle or aunt and nephew or niece,
 - parent-in-law and son-in-law or daughter-in-law,
 - brother-in-law and sister-in-law.
- (2) Persons who are associated in business with one another in that one is the sole agent, sole distributor or sole concessionaire, however described, of the other shall be deemed to be related only if they fall within the criteria of paragraph 1.

Article 4

For the purposes of determining customs value under Article 29 of the Customs Code of goods in regard to which the price has not actually been paid at the material time for valuation for customs purposes, the price payable for settlement at the said time shall as a general rule be taken as the basis for customs value.

Article 5

- (1) Where goods declared for free circulation are part of a larger quantity of the same goods purchased in one transaction, the price actually paid or payable for the purposes of Article 29 (1) of the Customs Code shall be that price represented by the proportion of the total price which the quantity so declared bears to the total quantity purchased.
- Apportioning the price actually paid or payable shall also apply in the case of the loss of part of a consignment or when the goods being valued have been damaged before entry into free circulation.
- (2) After release of the goods for free circulation, an adjustment made by the seller, to the benefit of the buyer, of the price actually paid or payable for the goods may be taken into consideration for the determination of the customs value in accordance with Article 29 of the Customs Code, if it is demonstrated to the satisfaction of the customs authority that:
- a) the goods were defective at the moment referred to by Article 62 (3) of the Customs Code;
 - b) the seller made the adjustment in performance of a warranty obligation provided for in the contract of sale, concluded before release for free circulation of the goods;
 - c) the defective nature of the goods has not already been taken into account in the relevant sales contract.
- (3) The price actually paid or payable for the goods, adjusted in accordance with paragraph 2, may be taken into account only if that adjustment was made within a period of 12 months following the date of acceptance of the declaration for entry to free circulation of the goods.

Article 6

Where the price actually paid or payable for the purposes of Article 29 (1) of the Customs Code includes an amount in respect of any internal tax applicable within the country of origin or export in respect of the goods in question, the said amount shall not be incorporated in the customs value provided that it can be demonstrated to the satisfaction of the customs authority concerned that the goods in question have been or will be relieved there from for the benefit of the buyer.

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- (1) For the purposes of Article 29 of the Customs Code, the fact that the goods which are the subject of a sale are declared for free circulation shall be regarded as adequate indication that they were sold for export to the customs territory of the Republic of Macedonia. In the case of successive sales before valuation, only the last sale, which led to the introduction of the goods into the customs territory of the Republic of Macedonia, or a sale taking place in the customs territory of the Republic of Macedonia before entry for free circulation of the goods shall constitute such indication.
- (2) Where goods are used in a third country between the time of sale and the time of entry into free circulation the customs value need not be the transaction value.
- (3) The buyer need satisfy no condition other than that of being a party to the contract of sale.

Article 8

Where, in applying Article 29 (1) b) of the Customs Code, it is established that the sale or price of imported goods is subject to a condition or consideration the value of which can be determined with respect to the goods being valued, such value shall be regarded as an indirect payment by the buyer to the seller and part of the price actually paid or payable provided that the condition or consideration does not relate to either:

- a) an activity to which Article 29 (3) b) of the Customs Code applies; or
- b) a factor in respect of which an addition is to be made to the price actually paid or payable under the provisions of Article 36 of the Customs Code.

Article 9

- (1) For the purposes of Article 29 (3) b) of the Customs Code, the term 'marketing activities' means all activities relating to advertising and promoting the sale of the goods in question and all activities relating to warranties or guarantees in respect of them.
- (2) Such activities undertaken by the buyer shall be regarded as having been undertaken on his own account even if they are performed in pursuance of an obligation on the buyer following an agreement with the seller.

Article 10

- (1) In applying Article 30 and 31 of the Customs Code, a transaction value for goods produced by a different person shall be taken into account only when no transaction value can be found for identical or similar goods produced by the same person as the goods being valued.
- (2) For the purposes of applying Article 30 of the Customs Code, the transaction value of identical imported goods means a customs value previously determined under provisions of Article 29 of the Customs Code, adjusted as provided for in Article 30 (1) b) and (2) of the Customs Code.
- (3) For the purposes of applying Article 31 of the Customs Code, the transaction value of similar imported goods means a customs value previously determined under Article 29 of the Customs Code, adjusted as provided for in Article 31 (1) b) and (2) of the Customs Code.

Article 11

- (1) In applying Article 33 of the Customs Code (*deductive value*), the unit price at which imported goods are sold in the greatest aggregate quantity is the price at which the greatest number of units is sold in sales to persons who are not related to the persons from whom they buy such goods at the first commercial level after importation at which such sales take place.
- (2) Any sale in the Republic of Macedonia to a person who supplies directly or indirectly free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods any of the elements specified in Article 33 (1) b) of the Customs Code should not be taken into account in establishing the unit price for the purposes of Article 33 of the Customs Code.

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- (3) For the purposes of Article 33 (1) b) of the Customs Code, the 'earliest date' shall be the date by which sales of the imported goods or of identical or similar imported goods are made in sufficient quantity to establish the unit price.

Article 12

- (1) Customs value under provision of Article 34 of the Customs Code (computed value) as a general rule is determined on the basis of information readily available in the Republic of Macedonia.
- (2) Where information other than that supplied by or on behalf of the producer is used for the purposes of determining a computed value, the customs authority shall inform the declarant, if the latter so requests, of the source of such information, the data used and the calculations based on such data, subject to Article 34 of the Customs Code.
- (3) The cost or value of materials and fabrication referred to Article 34 (1) a) of the Customs Code shall include the cost of elements specified in Article 36 (1) a) 2. and 3. of the Customs Code and shall also include the value, duly apportioned, of any product or service specified in Article 36 (1) b) of the Customs Code which has been supplied directly or indirectly by the buyer, for use in connection with the production of the imported goods. The value of the elements specified in Article 36 (1) b) 4. of the Customs Code which are undertaken in the Republic of Macedonia shall be included only to the extent that such elements are charged to the producer.
- (4) The 'general expenses' referred to in the second indent of Article 34 (1) b) of the Customs Code, cover the direct and indirect costs of producing and selling the goods for export which are not included under the first indent of Article 34 (1) a) of the Customs Code.

Article 13

Where containers referred to in Article 36 (1) a) 2. of the Customs Code are to be the subject of repeated importations, their cost shall, at the request of the declarant, be apportioned, as appropriate, in accordance with generally accepted accounting principles.

Article 14

For the purposes of Article 36 (1) b) 4. of the Customs Code, the cost of research and preliminary design sketches is not to be included in the customs value.

Article 15

Article 37 (1) c) of the Customs Code shall apply *mutatis mutandis* where the customs value is determined by applying a method other than the transaction value.

Article 16

- (1) The customs authority may, at the request of the person concerned, authorize:
 - by derogation from Article 36 (2) of the Customs Code, certain elements which are to be added to the price actually paid or payable, although not quantifiable at the time of incurrence of the customs debt, to be determined on the basis of appropriate and specific criteria;
 - by derogation from Article 37 of the Customs Code, certain charges which are not to be included in the customs value, in cases where the amounts relating to such elements are not shown separately at the time of incurrence of the customs debt, to be determined on the basis of appropriate and specific criteria.

In such cases, the declared customs value is not to be considered as provisional within the meaning of the second indent of Article 9 (1) of the Regulation on determining the cases and manners on approving the application of simplified procedures concerning customs declarations.

- (2) The authorization shall be granted under the following conditions:

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	<ul style="list-style-type: none"> a) the carrying out of the procedures provided for by Article 13 of the Regulation on determining the cases and manners on approving the application of simplified procedures concerning customs declarations would, in the circumstances, represent disproportionate administrative costs; b) recourse to an application of Articles 30 to 35 of the Customs Code appears to be inappropriate in the particular circumstances; c) there are valid reasons for considering that the amount of import duties to be charged in the period covered by the authorization will not be lower than that which would be levied in the absence of an authorization; d) competitive conditions amongst operators are not distorted.

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Article 17

- (1) For the purposes of Article 36 (1) c) of the Customs Code, royalties and licence fees shall be taken to mean in particular payment for the use of rights relating:
 - to the manufacture of imported goods (in particular, patents, designs, models and manufacturing know-how), or
 - to the sale for exportation of imported goods (in particular, trade marks, registered designs), or
 - to the use or resale of imported goods (in particular, copyright, manufacturing processes inseparably embodied in the imported goods).
- (2) Without prejudice to Article 36 (1) b) of the Customs Code, when the customs value of imported goods is determined under the provisions of Article 29 of the Customs Code, a royalty or licence fee shall be added to the price actually paid or payable only when this payment:
 - is related to the goods being valued, and
 - constitutes a condition of sale of those goods.

Article 18

- (1) When the imported goods are only an ingredient or component of goods manufactured in the Republic of Macedonia, an adjustment to the price actually paid or payable for the imported goods shall only be made when the royalty or licence fee relates to those goods.
- (2) Where goods are imported in an unassembled state or only have to undergo minor processing before resale, such as diluting or packing, this shall not prevent a royalty or licence fee from being considered related to the imported goods.
- (3) If royalties or licence fees relate partly to the imported goods and partly to other ingredients or component parts added to the goods after their importation, or to post-importation activities or services, an appropriate apportionment shall be made only on the basis of objective and quantifiable data, in accordance with the interpretative note to Article 36 (2) of the Customs Code in Annex 1.

Article 19

A royalty or licence fee in respect of the right to use a trade mark is only to be added to the price actually paid or payable for the imported goods where:

- the royalty or licence fee refers to goods which are resold in the same state or which are subject only to minor processing after importation,
- the goods are marketed under the trade mark, affixed before or after importation, for which the royalty or licence fee is paid, and
- the buyer is not free to obtain such goods from other suppliers unrelated to the seller.

Article 20

When the buyer pays royalties or licence fees to a third party, the conditions provided for in Article 17 (2) shall not be considered as met unless the seller or a person related to him requires the buyer to make that payment.

Article 21

Where the method of calculation of the amount of a royalty or licence fee derives from the price of the imported goods, it may be assumed in the absence of evidence to the contrary that the payment of that royalty or licence fee is related to the goods to be valued. However, where the amount of a royalty or licence fee is calculated regardless of the price of the imported goods, the payment of that royalty or licence fee may nevertheless be related to the goods to be valued.

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Article 22

In applying Article 36 (1) c) of the Customs Code, the country of residence of the recipient of the payment of the royalty or licence fee shall not be a material consideration.

Article 23

In applying Article 36 (1) a) 1. of the Customs Code the buying commissions shall not be added to the price actually paid or payable if they are paid by the buyer, apart from the payment of the goods.

Article 24

- (1) The buyer, may the goods mentioned in Article 36 (1) b) 1, 2. and 3. of the Customs Code deliver to the seller directly or indirectly. Those goods, except those mentioned in b) 2, later must be used and incorporated or consumed in production of the imported goods.
- (2) Goods mentioned in Article 36 (1) b) 1. of the Customs Code, supplied by the buyer can be supplied from any foreign country, including the country of the seller.
- (3) For the goods mentioned in Article 36 (1) b) 3. of the Customs Code shall be considered goods mentioned in Article 36 (1) b) 1. of the Customs Code, if they are not bought abroad, as well as consumed materials.

Article 25

For the purposes of Article 36 (1) e) and Article 37 (1) a) of the Customs Code, the place of introduction into the customs territory of the Republic of Macedonia shall be:

- a) for goods carried by rail, road or inland waterway - the place where the first customs office is situated;
- b) for goods carried by air transport - the place of the first destined airport;
- c) for goods carried by other means - the place where the land frontier of the customs territory of the Republic of Macedonia is crossed.

Article 26

In applying Article 36 (1) e) and 37 (1) a) of the Customs Code:

- a) where goods are carried by the same mode of transport to a point beyond the place of introduction into the customs territory of the Republic of Macedonia, transport costs shall be assessed in proportion to the distance covered outside and inside the customs territory of the Republic of Macedonia, unless evidence is produced to the customs authority to show the costs that would have been incurred under a general compulsory schedule of freight rates for the carriage of the goods to the place of introduction into the customs territory of the Republic of Macedonia;
- b) where goods are invoiced at a uniform free domicile price which corresponds to the price at the place of introduction into the customs territory of the Republic of Macedonia, transport costs within the customs territory of Republic of Macedonia shall not be deducted from that price. However, such deduction shall be allowed if evidence is produced to the customs authority that the free-frontier price would be lower than the uniform free domicile price;
- c) where transport is free or provided by the buyer, transport costs to the place of introduction, calculated in accordance with the schedule of freight rates normally applied for the same modes of transport, shall be included in the customs value.

Article 27

- (1) All postal charges levied up to the place of destination in respect of goods sent by post shall be included in the customs value of these goods, with the exception of any supplementary postal charges levied in the Republic of Macedonia.

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- (2) No adjustment to the declared value shall, however, be made in respect of such charges in determining the value of consignments of a non-commercial nature.
- (3) Paragraphs 1 and 2 are not applicable to goods carried by the express postal services. (known as EMS)

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Article 28

- (1) For the purposes of Article 38-e of the Customs Code, when a customs declaration has been presented, and where the customs authority has reason to doubt the truth or accuracy of the particulars or of documents produced in support of this declaration, the customs authority may ask to be provided with further explanation, including documents or other evidence, that the declared value represents the total amount actually paid or payable for the imported goods, in accordance with the provisions of Article 29 of the Customs Code.
- (2) If, after receiving further information, or in the absence of a response, the customs authority still has reasonable doubts about the truth or accuracy of the declared value, it may be deemed that the customs value of the imported goods cannot be determined under the provisions of Article 29 of the Customs Code.
- (3) Before taking a final decision, the customs authority shall communicate to the importer, in writing if requested, its grounds for doubting the truth or accuracy of the particulars or documents produced and the importer shall be given a reasonable opportunity to respond.
- (4) When a final decision is made, the customs authority shall communicate to the importer in writing its decision and the grounds therefore.

Article 29

For all information which is by nature confidential or which is provided on a confidential basis for the purposes of customs valuation shall be treated as strictly confidential, provisions of Article 19 of the Customs Code shall apply.

Article 30

- (1) Where it is necessary to establish a customs value for the purposes of Articles 28 to 38-h of the Customs Code, a declaration of particulars relating to customs value (customs value declaration) shall accompany the customs declaration made in respect of the imported goods. The value declaration shall be drawn up on a form DCV (customs value declaration) corresponding to the specimen in Annex 3 being integral part of this Regulation.
- (2) DCV set is made of two sheets, the first one containing answers, listed on the sample, given to the questions concerning the establishing of the customs value, while the second one contains numerical details necessary to establish the customs value.

If one SAD set for importation covers goods classified under more than three different subheadings, DCV form is supplemented by one or more DCV-BIS forms corresponding to the specimen in Annex 4 being integral part of this Regulation, in order to allow all subheadings in the SAD for importation to be covered.

Each DCV and DCV-BIS form shall measure 210 x 297 mm; a tolerance of up to minus 5 mm or plus 8 mm in the length may be allowed. The form must be printed on self-copying paper not containing mechanical pulp and weighting not less than 40gr/m². The paper must be of sufficient strength so that details on one sheet of the forms shall not affect the validity on the other sheet and its strength shall be such that in normal use it does not easily tear or crease.

DCV and DCV- BIS forms are printed in two copies. First copy of the DCV and DCV- BIS forms are retained by the customs authority attached to the relevant SAD, while the second copy after being authenticated by the customs authority is returned to the declarant.

- (3) The customs value declaration provided for in paragraph 1 shall be made only by a person established in the Republic of Macedonia and in possession of the relevant facts.
- (4) The customs authority may waive the requirement of a DCV on the form referred to in paragraph 1 where the customs value of the goods in question can not be determined under the provisions of Article 29 of the Customs Code. In such cases the person referred to in paragraph 3 shall furnish or cause to be furnished to the customs authority such other information as may be requested for the purposes of determining the customs value under another Article of the Customs Code. Such other information shall be supplied in such form and manner as may be prescribed by the customs authority.

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- (5) The person referred to in paragraph 3 shall be responsible, without prejudice to the possible application of penal provisions, for the lodging with a customs office of a Customs Value Declaration required by paragraph 1 in respect of:
- the accuracy and completeness of the particulars given in the customs value declaration,
 - the authenticity of the documents produced in support of these particulars given in the customs value declaration, and
 - the supply of any additional information or documents necessary to establish the customs value of the goods.

Article 31

- (1) Except where it is essential for the correct application of import duties, the customs authority shall waive the requirement of furnishing all or part of the customs value declaration provided for in Article 30 (1) in the following cases:
- a) where the customs value of the imported goods in a consignment does not exceed 500 EUR, provided that they do not constitute split or multiple consignments from the same consignor to the same consignee; or
 - b) where the importations involved are of a non-commercial nature; or
 - c) where the declaration of the particulars in question is not necessary for the application of the Customs Tariff or where the customs duties provided for in the Tariff are not chargeable pursuant to specific customs provisions.
- (2) In the case of continuing traffic in goods supplied by the same seller to the same buyer under the same commercial conditions, the customs authority may waive the requirement that all particulars under Article 31 (1) be furnished in support of each customs declaration, but shall require them whenever the circumstances change and at least once every three years.
- (3) A waiver granted under this Article may be withdrawn and the submission of a DCV may be required where it is found that a condition necessary to qualify for that waiver was not or is no longer met.

Article 32

Where computerized systems are used, or where the goods concerned are the subject of simplified customs declaration, the customs authority may authorize variations in the form of presentation of data required for the determination of customs value.

Article 33

- (1) The person referred to in Article 30 (3) shall furnish the customs authority with two copies of the invoice on the basis of which the value of the imported goods is declared. One of these copies shall be retained by the customs authority; the other, bearing the stamp of the office in question and the serial number of the customs declaration at the said customs office shall be returned to the declarant for forwarding to the person to whom the invoice is made out.
- (2) The person referred to in Article 30 (3) shall furnish the customs authority all relevant information of other payments done or to be done (i.e. invoice of transport costs, insurance documents, etc), and upon request of the customs authority other documents necessary to establish the customs value.

Article 34

With the publication of this Regulation the Regulation on the rules and procedures for customs valuation published in the Official gazette of the Republic of Macedonia (17/2000) is repealed.

Article 35

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This Regulation shall enter into force the following day of its publication in the Official Journal of the Republic of Macedonia

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ANNEX I
INTERPRETATIVE NOTES ON CUSTOMS VALUE

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Article 29 (1)	The price actually paid or payable refers to the price for the imported goods. Thus the flow of dividends or other payments from the buyer to the seller that do not relate to the imported goods are not part of the customs value.
Article 29 (1) a), third indent	An example of such restriction would be the case where a seller requires a buyer of automobiles not to sell or exhibit them prior to a fixed date which represents the beginning of a model year.
Article 29 (1) b)	<p>Some examples of this include:</p> <ul style="list-style-type: none"> (a) the seller establishes the price of the imported goods on condition that the buyer will also buy other goods in specified quantities; (b) the price of the import goods is dependent upon the price or prices at which the buyer of the imported goods sells other goods to the seller of the imported goods; (c) the price is established on the basis of a form of payment extraneous to the imported goods, such as where the imported goods are semi-finished goods which have been provided by the seller on condition that he will receive a specified quantity of the finished goods. <p>However, conditions or considerations relating to the production or marketing of the imported goods shall not result in rejection of the transaction value. For example, the fact that the buyer furnishes the seller with engineering and plans undertaken in the country of importation shall not result in rejection of the transaction value for the purposes of Article 29 (1).</p>
Article 29 (2)	<ol style="list-style-type: none"> 1. Paragraphs 2 a) and b) provide different means of establishing the acceptability of a transaction value. 2. Paragraph 2 a) provides that where the buyer and the seller are related, the circumstances surrounding the sale shall be examined and the transaction value shall be accepted as the customs value provided that the relationship did not influence the price. It is not intended that there should be an examination of the circumstances in all cases where the buyer and the seller are related. Such examination will only be required where there are doubts about the acceptability of the price. Where the customs authority has no doubts about the acceptability of the price, it should be accepted without requesting further information from the declarant. For example, the customs authority may have previously examined the relationship, or it may already have detailed information concerning the buyer and the seller, and may already be satisfied from such examination or information that the relationship did not influence the price.

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	<p>3. Where the customs authority is unable to accept the transaction value without further inquiry, it should give the declarant an opportunity to supply such further detailed information as may be necessary to enable it to examine the circumstances surrounding the sale, in this context, the customs authority should be prepared to examine relevant aspects of the transaction, including the way in which the buyer and seller organize their commercial relations and the way in which the price in question was arrived at, in order to determine whether the relationship influenced the price. Where it can be shown that the buyer and seller, although related under the provisions of Article 3 of this Regulation, buy from and sell to each other as if they were not related, this would demonstrate that the price had not been influenced by the relationship. As an example of this, if the price had been settled in a manner consistent with the normal pricing practices of the industry in question or with the way the seller settles prices for sales to buyers who are not related to him, this would demonstrate that the price had not been influenced by the relationship. As a further example, where it is shown that the price is adequate to ensure recovery of all costs plus a profit which is representative of the firm's overall profit realized over a representative period of time (e.g. on an annual basis) in sales of goods of the same class or kind, this would demonstrate that the price had not been influenced.</p> <p>4. Paragraph 2 b) provides an opportunity for the declarant to demonstrate that the transaction value closely approximates to a 'test' value previously accepted by the customs authority and is therefore acceptable under the provisions of Article 29. Where a test under paragraph 2 b) is met, it is not necessary to examine the question of influence under paragraph 2 a). If the customs authority already has sufficient information to be satisfied, without further detailed inquiries, that one of the tests provided in paragraph 2 b) has been met, there is no reason for them to require the declarant to demonstrate that the test can be met.</p>
Article 29 (2) b)	A number of factors must be taken into consideration in determining whether one value 'closely approximates' to another value. These factors include the nature of the imported goods, the nature of the industry itself, the season in which the goods are imported, and, whether the difference in values is commercially significant. Since these factors may vary from case to case, it would be impossible to apply a uniform standard such as a fixed percentage, in each case. For example, a small difference in value in a case involving one type of goods could be unacceptable while a large difference in a case involving another type of goods might be acceptable in determining whether the transaction value closely approximates to the 'test' values set forth in Article 29 (2) b).
Article 29 (3) a)	An example of an indirect payment would be the settlement by the buyer, whether in whole or in part, of a debt owed by the seller.
Article 30 Article 31	1. In applying these provisions, the customs authority shall, where possible, use a sale of identical or similar goods, as appropriate, at the same commercial level and in substantially the same quantity as the goods being valued. Where no such sale is found, a sale of identical or similar goods, as appropriate, that takes place under any one of the following three conditions may be used:

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	<p>(a) a sale at the same commercial level but in a different quantity;</p> <p>(b) a sale at a different commercial level but in substantially the same quantity; or</p> <p>(c) a sale at a different commercial level and in a different quantity.</p> <p>2. Having found a sale under any one of these three conditions adjustments will then be made, as the case may be, for:</p> <p>(a) quantity factors only;</p> <p>(b) commercial level factors only; or</p> <p>(c) both commercial level and quantity factors.</p> <p>3. A condition for adjustment because of different commercial levels or different quantities is that such adjustment, whether it leads to an increase or a decrease in the value, be made only on the basis of demonstrated evidence that clearly establishes the reasonableness and accuracy of the adjustment, e.g. valid price lists containing prices referring to different levels or different quantities. As an example of this, if the imported goods being valued consist of a shipment of 10 units and the only identical or similar imported goods, as appropriate, for which a transaction value exists involved a sale of 500 units, and it is recognized that the seller grants quantity discounts, the required adjustment may be accomplished by resorting to the seller's price list and using that price applicable to a sale of 10 units. This does not require that a sale had to have been made in quantities of 10 as long as the price list has been established as being bona fide through sales at other quantities. In the absence of such an objective measure, however, the determination of a customs value under the provisions of Article 30 and Article 31 is not appropriate.</p>
Article 30 (1) b) Article 31 (1) b)	The expression 'and/or' allows the flexibility to use the sales and make the necessary adjustments in any one of the three conditions described in paragraph 1 of the interpretative note to Articles 30 and 31.
Article 33 (1) a) 1.	<p>1. The words 'profit and general expenses' should be taken as a whole. The figure for the purposes of this deduction should be determined on the basis of information supplied by the declarant unless his figures are inconsistent with those obtaining in sales in the Republic of Macedonia of imported goods of the same class or kind. Where the declarant's figures are inconsistent with such figures, the amount for profit and general expenses may be based upon relevant information other than that supplied by the declarant.</p> <p>2. In determining either the commissions or the usual profits and general expenses under this provision, the question whether certain goods are of the same class or kind as other goods must be determined on a case-by-case basis by reference to the circumstances involved. Sales in the Republic of Macedonia of the narrowest group or range of imported goods of the same class or kind, which includes the goods being valued, for which the necessary information can be provided, should be examined. For the purposes of this provision, 'goods of the same class or kind' includes goods imported from the same country as the goods being valued as well as goods imported from other countries.</p>
Article 33 (2)	1. Where this method of valuation is used, deductions made for the value added by further processing shall be based on objective and

First column	Second column
Reference to provisions of the Customs Code	Notes
	<p>quantifiable data relating to the cost of such work. Accepted industry formulas, recipes, methods of construction, and other industry practices would form the basis of the calculations.</p> <p>2. This method of valuation would normally not be applicable when, as a result of the further processing, the imported goods lose their identity. However, there can be instances where, although the identity of the imported goods is lost, the value added by the processing can be determined accurately without unreasonable difficulty.</p> <p>On the other hand, there can also be instances where the imported goods maintain their identity but form such a minor element in the goods sold in the country of importation that the use of this valuation method would be unjustified. In view of the above, each situation of this type must be considered on a case-by-case basis.</p>
Article 34	<p>1. As a general rule, customs value is determined under these provisions on the basis of information readily available in the Republic of Macedonia. In order to determine a computed value, however, it may be necessary to examine the cost of producing the goods being valued and other information which has to be obtained from outside the Republic of Macedonia. Furthermore, in most cases the producer of the goods will be outside the jurisdiction of the authorities of the Republic of Macedonia. The use of the computed value method will generally be limited to those cases where the buyer and seller are related, and the producer is prepared to supply to the authorities of the Republic of Macedonia the necessary costings and to provide facilities for any subsequent verification which may be necessary.</p> <p>2. The 'cost or value' referred to in Article 34 (1) a), is to be determined on the basis of information relating to the production of the goods being valued supplied by or on behalf of the producer. It is to be based upon the commercial accounts of the producer, provided that such accounts are consistent with the generally accepted accounting principles applied in the country where the goods are produced.</p> <p>3. The 'amount for profit and general expenses' referred to in Article 34 (1) b), is to be determined on the basis of information supplied by or on behalf of the producer unless his figures are inconsistent with those usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to the Republic of Macedonia.</p> <p>4. No cost or value of the elements referred to in this Article shall be counted twice in determining the computed value.</p> <p>5. It should be noted in this context that the 'amount for profit and general expenses' has to be taken as a whole. It follows that if, in any particular case, the producer's profit figure is low and his general expenses are high, his profit and general expenses taken together may nevertheless be consistent with that usually reflected in sales of goods of the same class or kind. Such a situation might occur, for example, if a product were being launched in the Republic of Macedonia and the producer accepted a nil or low profit to offset high general expenses associated with the launch. Where the producer can demonstrate that he is taking a low profit on his sales of the imported goods because of particular commercial circumstances, his actual profit figures should be taken into account provided that he has valid commercial reasons to justify</p>

First column	Second column
Reference to provisions of the Customs Code	Notes
	<p>them and his pricing policy reflects usual pricing policies in the branch of industry concerned. Such a situation might occur, for example, where producers have been forced to lower prices temporarily because of an unforeseeable drop in demand, or where they sell goods to complement a range of goods being produced in the Republic of Macedonia and accept a low profit to maintain competitiveness. Where the producer's own figures for profit and general expenses are not consistent with those usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to the Republic of Macedonia, the amount for profit and general expenses may be based upon relevant information other than that supplied by or on behalf of the producer of the goods.</p> <p>6. Whether certain goods are 'of the same class or kind' as other goods must be determined on a case-by-case basis with reference to the circumstances involved. In determining the usual profits and general expenses under the provisions of Article 34, sales for export to the Republic of Macedonia of the narrowest group or range of goods, which includes the goods being valued, for which the necessary information can be provided, should be examined. For the purposes of Article 34, 'goods of the same class or kind' must be from the same country as the goods being valued.</p>
Article 35 (1)	<p>1. Customs values determined under the provisions of Article 35 (1) should, to the greatest extent possible, be based on previously determined customs values.</p> <p>2. The methods of valuation to be employed under Article 35 (1) should be those laid down in Articles 29 and 34, but a reasonable flexibility in the application of such methods would be in conformity with the aims and provisions of Article 35 (1).</p> <p>3. Some examples of reasonable flexibility are as follows:</p> <p>(a) <i>identical goods</i> — the requirement that the identical goods should be exported at or about the same time as the goods being valued could be flexibly interpreted; identical imported goods produced in a country other than the country of exportation of the goods being valued could be the basis for customs valuation; customs values of identical imported goods already determined under the provisions of Articles 33 and 34 could be used;</p> <p>(b) <i>similar goods</i> — the requirement that the similar goods should be exported at or about the same time as the goods being valued could be flexibly interpreted; similar imported goods produced in a country other than the country of exportation of the goods being valued could be the basis for customs valuation; customs values of similar imported goods already determined under the provisions of Articles 33 and 34 could be used;</p> <p>(c) <i>deductive method</i> — the requirement that the goods shall have been sold in the 'condition as imported' in Article 33 (1) a) of the Customs Code could be flexibly interpreted; the '90 days' requirement could be administered flexibly.</p>
Article 36 (1) b) 2.	<p>1. There are two factors involved in the apportionment of the elements specified in Article 36 (1) b) 2. to the imported goods — the value of</p>

First column	Second column
Reference to provisions of the Customs Code	Notes
	<p>the element itself and the way in which that value is to be apportioned to the imported goods. The apportionment of these elements should be made in reasonable manner appropriate to the circumstances and in accordance with generally accepted accounting principles.</p> <ol style="list-style-type: none"> 2. Concerning the value of the element, if the buyer acquires the element from a seller not related to him at a given cost, the value of the element is that cost. If the element was produced by the buyer or by a person related to him, its value would be the cost of producing it. If the element had been previously used by the buyer, regardless of whether it had been acquired or produced by him, the original cost of acquisition or production would have to be adjusted downwards to reflect its use in order to arrive at the value of the element. 3. Once a value has been determined for the element, it is necessary to apportion that value to the imported goods. Various possibilities exist. For example, the value might be apportioned to the first shipment, if the buyer wishes to pay duty on the entire value at one time. As another example, he may request that the value be apportioned over the number of units produced up to the time of the first shipment. As a further example, he may request that the value be apportioned over the entire anticipated production where contracts or firm commitments exist for that production. The method of apportionment used will depend upon the documentation provided by the buyer. 4. As an illustration of the above, a buyer provides the producer with a mould to be used in the production of the imported goods and contracts with him to buy 10 000 units. By the time of arrival of the first shipment of 1 000 units, the producer has already produced 4 000 units. The buyer may request the customs authority to apportion the value of the mould over 1 000, 4 000 or 10 000 units.
Article 36 (1) b) 4.	<ol style="list-style-type: none"> 1. Additions for the elements specified in Article 36 (1) b) 4. should be based on objective and quantifiable data. In order to minimize the burden for both the declarant and customs authority in determining the values to be added, data readily available in the buyer's commercial record system should be used insofar as possible. 2. For those elements supplied by the buyer which were purchased or leased by the buyer, the addition would be the cost of the purchase or the lease. No addition shall be made for those elements available in the public domain, other than the cost of obtaining copies of them. 3. The ease with which it may be possible to calculate the values to be added will depend on a particular firm's structure and management practice, as well as its accounting methods. 4. For example, it is possible that a firm which imports a variety of products from several countries maintains the records of its design centre outside the country of importation in such a way as to show accurately the costs attributable to a given product. In such cases, a direct adjustment may appropriately be made under the provisions of Article 36. 5. In another case, a firm may carry the cost of the design centre outside the country of importation as a general overhead expense without allocation to specific products. In this instance, an appropriate adjustment could be made under the provisions of Article 36 with respect to the imported goods by apportioning total design centre costs

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Reference to provisions of the Customs Code	Notes
	<p>over total production benefiting from the design centre and adding such apportioned cost on a unit basis to imports.</p> <p>6. Variations in the above circumstances will, of course, require different factors to be considered in determining the proper method of allocation.</p> <p>7. In cases where the production of the element in question involves a number of countries and over a period of time, the adjustment should be limited to the value actually added to that element outside the Republic of Macedonia.</p>
Article 36 (1) c)	The royalties and licence fees referred to in Article 36 (1) c) may include, among other things, payments in respect to patents, trademarks and copyrights.
Article 36 (2)	Where objective and quantifiable data do not exist with regard to the additions required to be made under the provisions of Article 36, the transaction value can not be determined under the provisions of Article 29. As an illustration of this, a royalty is paid on the basis of the price in a sale in the importing country of a litre of a particular product that was imported by the kilogram and made up into a solution after importation. If the royalty is based partially on the imported goods and partially on other factors which have nothing to do with the imported goods (such as when the imported goods are mixed with domestic ingredients and are no longer separately identifiable, or when the royalty can not be distinguished from special financial arrangements between the buyer and the seller), it would be inappropriate to attempt to make an addition for the royalty. However, if the amount of this royalty is based only on the imported goods and can be readily quantified, an addition to the price actually paid or payable can be made.

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Reference to provisions of the Regulation	Notes																																										
Article 3 (1) e)	One person shall be deemed to control another when the former is legally or operationally in a position to exercise restraint or direction over the latter.																																										
Article 11 (1)	<div>1. As an example of this, goods are sold from a price list which grants favourable unit prices for purchases made in larger quantities.</div> <table><tr><th>Sale quantity</th><th>Unit price</th><th>Number of sales</th><th>Total quantity sold at each price</th></tr><tr><td>1 to 10 units</td><td>100</td><td>10 sales of 5 units Five sales of 3 units</td><td>65</td></tr><tr><td>11 to 25 units</td><td>95</td><td>Five sales of 11 units</td><td>55</td></tr><tr><td>Over 25 units</td><td>90</td><td>One sale of 30 units One sale of 50 units</td><td>80</td></tr></table> <div>The greatest number of units sold at a price is 80; therefore, the unit price in the greatest aggregate quantity is 90.</div> <div>2. As another example of this, two sales occur. In the first sale 500 units are sold at a price of 95 currency units each. In the second sale 400 units are sold at a price of 90 currency units each. In this example, the greatest number of units sold at a particular price is 500; therefore, the unit price in the greatest aggregate quantity is 95.</div> <div>3. A third example would be the following situation where various quantities are sold at various prices</div> <div>(a) Sales</div> <table><tr><th><i>Sale quantity</i></th><th><i>Unit price</i></th></tr><tr><td>40 units</td><td>100</td></tr><tr><td>30 units</td><td>90</td></tr><tr><td>15 units</td><td>100</td></tr><tr><td>50 units</td><td>95</td></tr><tr><td>25 units</td><td>105</td></tr><tr><td>35 units</td><td>90</td></tr><tr><td>5 units</td><td>100</td></tr></table> <div>(b) Total</div> <table><tr><th><i>Total quantity sold</i></th><th><i>Unit price</i></th></tr><tr><td>65</td><td>90</td></tr><tr><td>50</td><td>95</td></tr><tr><td>60</td><td>100</td></tr><tr><td>25</td><td>105</td></tr></table> <div>In this example, the greatest number of units sold at a particular price is 65; therefore, the unit price in the greatest aggregate quantity is 90.</div>	Sale quantity	Unit price	Number of sales	Total quantity sold at each price	1 to 10 units	100	10 sales of 5 units Five sales of 3 units	65	11 to 25 units	95	Five sales of 11 units	55	Over 25 units	90	One sale of 30 units One sale of 50 units	80	<i>Sale quantity</i>	<i>Unit price</i>	40 units	100	30 units	90	15 units	100	50 units	95	25 units	105	35 units	90	5 units	100	<i>Total quantity sold</i>	<i>Unit price</i>	65	90	50	95	60	100	25	105
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ANNEX 2

APPLICATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF CUSTOMS VALUE

- (1) "Generally accepted accounting principles" refers to the recognized consensus or substantial authoritative support within a country at a particular time as to which economic resources and obligations should be recorded as assets and liabilities, which changes in assets and liabilities should be recorded, how the assets and liabilities and changes in them should be measured, what information should be disclosed and how it should be disclosed, and which financial statements should be prepared. These standards may be broad guidelines of general application as well as detailed practices and procedures.
- (2) For the purposes of the application of the customs valuation provisions, the customs authority shall utilize information prepared in a manner consistent with generally accepted accounting principles in the country which is appropriate for the Article in question. For example, the determination of usual profit and general expenses under the provisions of Article 33 (1) a) 1. of the Customs Code would be carried out utilizing information prepared in a manner consistent with generally accepted accounting principles of the Republic of Macedonia. On the other hand, the determination of usual profit and general expenses under the provisions of Article 34 (1) b) of the Customs Code would be carried out utilizing information prepared in a manner consistent with generally accepted accounting principles of the country of production. As a further example, the determination of an element provided for in Article 36 (1) b) 2. of the Customs Code undertaken in the Republic of Macedonia would be carried out utilizing information in a manner consistent with the generally accepted accounting principles.

1 NAME AND ADDRESS OF SELLER (Block Letters)	FOR OFFICIAL USE	1
2 (a) NAME, ADDRESS AND VAT NUMBER OF BUYER		
2 (b) NAME, ADDRESS AND VAT NUMBER OF DECLARANT (Block Letters)		
IMPORTANT NOTE By signing and lodging the declaration the person accepts responsibility for the accuracy and completeness of the particulars given on this form and on any continuation sheet lodged with it and the authenticity of any document produced in support. The person also accepts responsibility to supply any additional information or document necessary to establish the customs value of the goods.	3 Terms of delivery	
	4 Number and data of invoice	
	5 Number and data of contract	
6 Number and date of any previous Customs declaration concerning boxes 7 to 9	Enter X where applicable <input type="checkbox"/> yes <input type="checkbox"/> no	
7 (a) Are the buyer and the seller RELATED in the sense of Article 3 (*) of the Regulation on implementation of the provisions of the Customs Code concerning valuation of goods for customs purposes? If "NO", go to box 8. (b) Did the relationship INFLUENCE the price of the imported goods? (c) (reply optional) Does the transaction value of the imported goods CLOSELY APPROXIMATES to a value mentioned in Article 29 (2) b) of the Customs Code? If "YES", give details:		<input type="checkbox"/> yes <input type="checkbox"/> no
8 (a) Are there any RESTRICTIONS as to the disposition or use of the goods by the buyer, other than restrictions which : - are imported or required by law or by other regulation of the Republic of Macedonia; - limit the geographical area in which the goods may be resold , or - do not substantially affect the value of the goods? (b) Is the sale of price subject to some CONDITION or RESTRICTION for which a value cannot be determined with respect to the goods being valued? Specify the nature of the restrictions, conditions or considerations as appropriate: If the value of conditions or considerations can be determined, indicate the amount in box 11 (b)	<input type="checkbox"/> yes <input type="checkbox"/> no	
	<input type="checkbox"/> yes <input type="checkbox"/> no	
9 (a) Are the ROYALTIES and LICENCE FEES related to the imported goods payable either directly or indirectly by the buyer as a condition to sale? (b) Is the sale subject to an agreement under which part of the proceeds of any subsequent RESALE, DISPOSAL or USE accrues directly or indirectly to the seller? If "YES" to either questions, specify conditions and, if possible, indicate the amounts in boxes 15 and 16.	<input type="checkbox"/> yes <input type="checkbox"/> no	
(*) NOTES TO BOX 7 1. Persons shall be deemed to be related only if: a) they are officers or directors of one another's businesses; b) they are legally recognized partners in business; c) they are employer and employee; d) any person directly or indirectly owns, controls or holds 5 % or more of the outstanding voting stock or shares of both of them; e) one of them directly or indirectly controls the other; f) both of them are directly or indirectly controlled by a third person;	10 (a) Number of continuation sheets DCV-BIS attached	
	10 (b) Place: Date: Name, Surname, Signiture and stamp of the responsible person:	

- g) together they directly or indirectly control a third person; or
 - h) they are members of the same family.
2. The fact that the buyer and the seller are related need not preclude the use of a transaction value (see Article 29 (2) of the Customs Code and the Interpretative Notes on that provision in Annex 1 to the Regulation on implementation of the provisions of the Customs Code concerning valuation of goods for customs purposes.

FOR OFFICIAL USE

2

		Item	Item	Item
A. Basis of calculation	11 (a) Net price in CURRENCY OF INVOICE(price actually paid or price payable for settlement at the material time for valuation for customs purposes)			
	(b) Indirect payments (see box 8 (b))			
	(rate of exchange:			
	12 Total A in DENARS.			
B. ADDITIONS : Costs in DENARS INCLUDED in A above (*) QUOTE BELOW previous relevant Customs decisions if any :	13 Costs incurred by the buyer:			
	(a) commissions, except buying commissions			
	(b) brokerage			
	(c) containers and packing			
	14 Goods and services supplied by the buyer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods: The values shown represent an apportionment where appropriate			
	(a) materials, components, parts and similar items incorporated in the imported goods			
	(b) tools, dies, moulds and similar items used in the production of the imported goods			
	(c) materials consumed in the production of the imported goods			
	(d) engineering, development, artwork, design work and plans and sketches undertaken elsewhere than in the Republic of Macedonia and necessary for the production of the imported goods			
	15 Royalties and licence fees (see box 9 (a))			
	16 Proceeds of any subsequent resale, disposal or use accruing to the seller (see box 9 (b))			
	17 Costs of delivery to (place of introduction)			
	(a) transport			
	(b) loading and handling charges			
	(c) insurance			
	18 Total B			
C. DEDUCTIONS: Costs in DENARS INCLUDED in A above (*)	19 Costs of transport after arrival at place of introduction			
	20 Charges for construction, erection, assembly, maintenance or technical assistance undertaken after importation			
	21 Other charges (specify)			
	22 Customs duties and taxes payable in the Republic of Macedonia by reason of the importation or sale of the goods			
	23 Total C			
24 VALUE DECLARED (A + B - C)				

(*) Where amounts are payable in FOREIGN CURRENCY, indicate in this section the amount in foreign currency and the rate of exchange by reference to each relevant element and item:

Reference	Amount	Rate of exchange

