What is Customs valuation?
This is the process of determining customs value of commodities for the purpose of determining necessary taxes on such commodities.

What is customs value?
Customs value means the value of goods for the purposes of levying ad valorem duties of customs. Customs value is a composition of cost, insurance, freight of goods imported through road or rail and cost and insurance of goods imported through air.

What are ad valorem duties?
Ad valorem duties of customs are duties levied according to the value of the goods and are usually expressed in percentages of value. Such duties are distinct from specific values that are based specific measures as goods such as numbers, weight, volume, area, capacity etc. There can also be composite duties that are partly ad valorem and partly specific. Customs tariff of a country indicates what kind of duty is levied on different kinds of goods.

What is customs value used for?
The customs value is used as the basis for calculating customs duties.

How are the goods valued?
The primary method of valuation is the transaction value, which is the price actually paid or payable for the goods when sold for export to the country of importation.

A number of conditions must be met to use the transaction valuation method and it can involve deductions or additions such as commissions or royalties.

When the transaction value cannot be used, one of the alternative methods will be used to determine the customs value (methods of valuation):

- Identical goods value method—the price of similar goods sold for export to Uganda.
- Similar goods value method—the price of similar goods sold for export to Uganda.
- Deductive value method—the price in the sale in Uganda of the imported goods, identical goods or similar goods. This price must be adjusted for costs etc. incurred between the place of export and the sale in Uganda.
• Computed value method – this is based on the price of producing the goods general expenses, other costs and profits relating to the imported goods

• Fall-back value – where no other methods are suitable, the customs value can be derived based on one of the five methods reasonably adjusted.

Customs will determine the value by taking into account the above valuation methods and any other relevant information.

**Should customs value include charges toward freight, insurance, loading, unloading and delivery?**

The customs value will include the following;

• Freight charges up to the place of importation

• Loading, unloading, and handling charges associated with transport of goods to the place of importation; and

• The cost of insurance.

**Should customs value include charges for pre-shipment inspection?**

Charges for pre-shipment inspection are normally incurred by the importer or by government of the importing country. Such inspection may have been undertaken as per importing country’s policy or as the requirement per donor agency financing such import or as importers own requirement. If such charges are paid for the importers benefit then they should be added to the customs value.
What other charges may be included in the customs value?

East Africans customs management act (EACMA) requires that amounts for certain charges and the value of certain goods and services, if not already included in the price paid or payable for the imported goods, must be added to the price paid or payable. These charges and values are can include amounts for the following:

- Commissions and brokerage
- Cost of containers
- Packing costs
- Assists (goods or services provided by the buyer to the seller free of charge or at reduced price to be used in the production of the imported goods)
- Royalties and license fees
- Subsequent proceeds (a financial advantage to the vendor resulting from resale, disposal or use of imported goods by the purchaser)

Transportation costs and insurance costs to the place of direct shipment to the partner state.

Are packing costs included in the customs value?

The cost of packing overseas, such as labour and packages, is included in customs value of the goods. The cost of containers and pallets imported temporarily are not included in the customs value.

In what currency should the customs value be?

The customs value must be in Uganda currency. Where the invoices are in the foreign currency and conversion of is necessary for determination of customs
value the rate of exchange duly published monthly by the bank of Uganda to be used.

**How do you calculate import taxes?**

**Step I**

First determine Customs Value of the item. This is the sum of Cost, Insurance and Freight up to Mombasa port.

**Step II**

Change the currency to Ugandan shillings by multiplying the customs value by the prevailing exchange rate.

**Step III**

Determine the necessary taxes.

**Example:**

If you imported a car worth 2,000 dollars, paid 200 dollars for insurance and 300 dollars as freight charges up to Mombasa and the exchange rate is 1 dollar = 2,500 shillings;

**Step I**

Customs Value = Cost + Insurance + Freight

= 2,000 + 200 + 300

= 2,500

**Step II**

Customs Value = Customs value * Exchange rate

= 2,500 * 2,500

= 6,250,000

**Step III**

Determine the taxes.

Import duty = 25%, VAT = 18%, Withholding Tax = 6%

**Import Duty**

= 25% of 6,250,000

= 25/100 * 6,250,000

= 1,562,500

VAT

= 18% of (Customs Value + Import Duty)

= 18% of 6,250,000 + 1,562,500

= 18/100 * 7,812,500

= 1,406,250
WHT = 6% of Customs Value  
= 6/100 X 6,250,000  
= 375,000

INFRASTRUCTURAL LEVY = 1.5% of Customs Value  
= 1.5/100 X 6,250,000  
= 93,750

NB If the car is above five (5) years but less than ten (10) years since the date of manufacture, you need to compute environmental levy at 35% and if the car is above ten (10) years you compute the environmental levy at 50%.

Passenger vehicles below five (5) years do not pay environment levy.  
All goods vehicles do not pay environmental levy

ENVIRONMENTAL LEVY (5 to10 years) = 35% of Customs Value  
= 35% X 6,250,000  
= 2,187,500

TOTAL TAXES (5 to10years) = Import duty+VAT+WHT+Infrastructural Levy+Environmental Levy  
= 1,562,500+1,406,250+375,000+93,750+2,187,500  
= 5,625,000

OR

ENVIRONMENTAL LEVY above10 years = 50% of Customs Value  
= 50% X 6,250,000  
= 3,125,000

TOTAL TAXES above 10years = Import duty+VAT+WHT+Infrastructural Levy+Environmental Levy  
= 1,562,500+1,406,250+375,000+93,750+3,125,500  
= 6,562,500

NB Please note that there is a value guideline for used cars. This means that customs value for a used car has already been determined. The value guideline disregards the invoice price. It is available on the URA web portal; http://ura.go.ug
What transactions are not considered a sale for export?
The importer must determine if his goods were imported into the country as a result of a sale. A sale requires a transfer of ownership of goods for a monetary amount (a price). Examples of situations that would not be considered a sale for export to Uganda are:

- Goods imported by intermediaries
- Free of charge shipments
- Goods supplied on loan
- Goods imported for destruction
- Goods imported by branches
- Barter transactions
- Goods imported on consignment
- Leased Goods

What is considered a place of export?
The place of export can include:

- Where the goods are posted
- The place, or first place, the goods were placed on board a ship or aircraft for export.
- Where the goods crossed the border of the exporting country.

How are the replacement goods to be valued?
The replacement goods may be invoiced free of charge or invoiced at the original price with an arrangement for giving credit for the original goods. In either case the replacement goods are to be valued at the original price.

How are rented or leased goods to be treated for valuation purposes? 
Hire or leasing transactions do not constitute sales, even if the contract allows an option to purchase the goods. Therefore in such cases the transaction value method cannot be applied and resource has to be taken to other methods of valuation.

Is it necessary for importers to maintain records after duty is paid? 
Yes, since post importation audit may take time he importer has to keep records relating to his import transactions for at least five years. (sect 235 of EAC-CMA).

Does the importer have a right to appeal against determination of the value by customs authorities? 
Yes, the importer has a right to appeal without penalty. The appeal may be at departmental level or to an independent tribunal also known as tax appeal tribunal (TAT)
At times, the final determination of customs value may be time consuming. Does the importer have a right to take clearance of his goods pending such determination?

The importer is allowed to withdraw his goods from customs control pending determination of customs value by providing sufficient guarantee in the form of surety, a deposit or any other instrument as required, covering the final payment of customs duties on the goods.

Any relevant legislation?

This information is intended only as a guide and has no legal force. Full details relating to the valuation requirements are in the East African Customs Management Act 2004. Our valuation system is based on the world trade organization (WTO) valuation agreement—the system used by major trading nations throughout the world.