



2 February 2022

(22-0798)

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Committee on Customs Valuation

Original: English

**NOTIFICATION UNDER ARTICLE 22 OF AGREEMENT ON IMPLEMENTATION
OF ARTICLE VII OF THE GENERAL AGREEMENT
ON TARIFFS AND TRADE 1994**

REPLIES FROM ICELAND TO QUESTIONS FROM THE EUROPEAN UNION
REGARDING DOCUMENT G/VAL/N/1/ISL/2

ICELAND

The following communication, dated 28 January 2022, is being circulated at the request of the delegation of Iceland.

Question

Article 65 of Regulation No. 1100/2006 on the custody and customs clearance of goods, as amended by Regulations Nos. 172/2008 and 823/2009b, provides that the determination of the value of vehicles under the fallback method should be done on the basis of the "reference value of a new vehicle of the same type and subtype as specified in the List of Vehicles prepared by the Director of Internal Revenue". Could Iceland please elaborate on how this is consistent with Article 7 of the Agreement?

Reply

Article 65 of the regulation in question stipulates that the determination of the value of vehicles under the fallback method should be done on the basis of the "reference value of a new vehicle of the same type and subtype as specified in the List of Vehicles prepared by the Director of Internal Revenue", calculated according to the rules in article 66. Up until 2016, the Director of Internal Revenue published a list of new vehicles, which was based on information from all the car dealerships in Iceland, and the list was used to determine the tax value of new vehicles. Today, Icelandic customs uses the retail price from car dealerships for new vehicles on the grounds of analogia iuris, if the price in the published list is higher than that of new vehicles today.

Article 66 provides that when computing customs value on the grounds of article 65 one must first deduct VAT, excise tax and 12% mark-up as well as the cost of freight, insurance etc. to determine the FOB price for a new vehicle of the same type and subtype of the vehicle which is being imported. After the FOB price is determined depreciation is calculated according to the age of the imported vehicle by 1,5% per month for the first 12 months, 1% per month for the next 24 months and 0,5% for each month after that until a depreciation of 90% has been reached. The calculations provide customs with a reasonable FOB price for the imported vehicle. Due to the relatively high depreciation values the calculated price is usually lower than the price of comparable vehicles in databases such as DAT and Redbook.

Due to Iceland's small market size and geographical location it can be difficult to find identical or similar goods sold and imported to Iceland at or about the same time as the goods being valued. Articles 65 and 66 of the regulation in question are meant to guarantee a fair customs price for used vehicles in a clear and predictable manner.
