NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

Customer guide:
Last sale - Customs valuation of imported goods

Protecting and promoting
New Zealand across borders

Introduction | Whakatakinga

Use this guide to help determine which is the last sale specified in the definition of **sold for export to New Zealand** in clause 2 of Schedule 4 of the Customs and Excise Act 2018 (CEA 2018).

Customs officers may need to establish which is the relevant ‘sale for export to New Zealand’ occurring prior to importation of goods into New Zealand to assess the correct Customs value of the goods under the Transaction Value Method (Schedule 4, Part 1 of the CEA 2018).

Definition of ‘sold for export to New Zealand’ under Transaction Value Method

Section 101 of the CEA 2018 requires that every entry for imported goods must include the Customs value of the goods determined in accordance with Schedule 4, Valuation of goods for purposes of Tariff.

The primary method of valuation under Schedule 4 is the Transaction Value Method, which is the price paid or payable for the goods when **sold for export to New Zealand** subject to relevant adjustments. See information on the Customs website about the transaction value method.

The phrase “sold for export to New Zealand” (clause 2 of Schedule 4) is defined as the last sale of the goods occurring prior to the importation of the goods into New Zealand.

An importer cannot choose any transaction price in a chain of sales. Only the price in respect of the last sale that occurs immediately before the goods enter New Zealand can be used to determine a transaction value.

Transaction value of imported goods

To use the Transaction Value Method, the importer must show:

- Evidence of a sale for export to NZ (for example, a commercial invoice, contract or purchase order). If there are multiple sales for export, then the Customs value is to be based on the 'last sale' that occurs immediately before the goods enter New Zealand, and not on any other sale that occurred prior in the supply chain.
- Any relationship between the buyer and seller must not have affected the item’s price.
- The item’s price or sale must not be subject to any condition or consideration where a value can’t be determined.
- There must not be any restrictions in the sale about how the buyer will dispose of or use the item, except for those:
  - imposed by law
  - that limit where the item can be sold
  - that don’t have a substantial effect on the item’s value.

If there is only one sale for export to New Zealand leading to the importation of the goods into New Zealand, then the price paid or payable (plus any relevant adjustment) by the buyer for the goods will form the basis of determining the Customs value of the imported goods under the Transaction Value Method.

However, if there is more than one successive sale that led to the importation of the goods into New Zealand, then only the last invoice price may be used to determine the transaction value of the imported goods.

Last sale occurring prior to importation of the goods into New Zealand

In a situation involving successive sales, determining which is the 'last sale' will depend on the specific circumstances.

The sale used to determine the value of the goods must be the last sale of the goods occurring **prior to importation** of the goods into New Zealand.

To identify which is the last sale Customs will consider the following key elements:

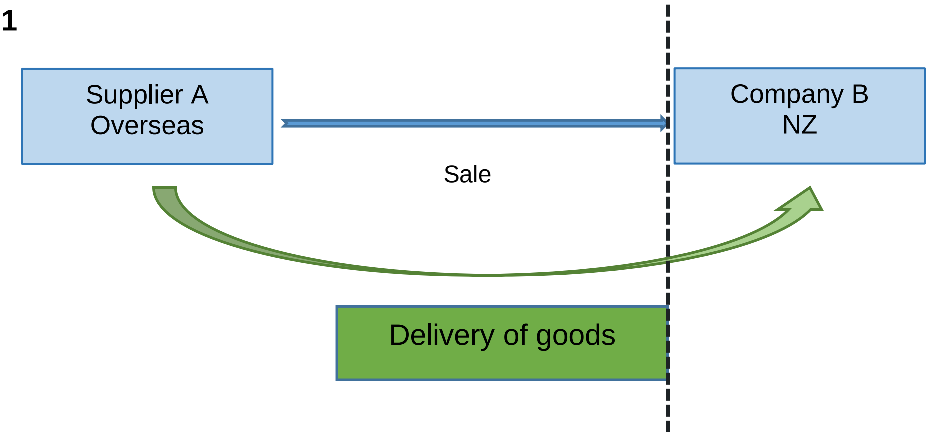
- Who are the suppliers and importer/recipient of the goods?
- Who are the buyers and sellers of the goods?
- What was agreed between the buyer and seller?
- When does the transfer of property or title to the goods for consideration take place under each of the sales transactions?
- Any other relevant aspect of the sale.

Note: The importer may not necessarily be the actual buyer or the last buyer of the goods. The importer could have on-sold the goods to another buyer in New Zealand and passed on ownership or title in respect to the goods to a new buyer before the goods enter New Zealand.

Examples

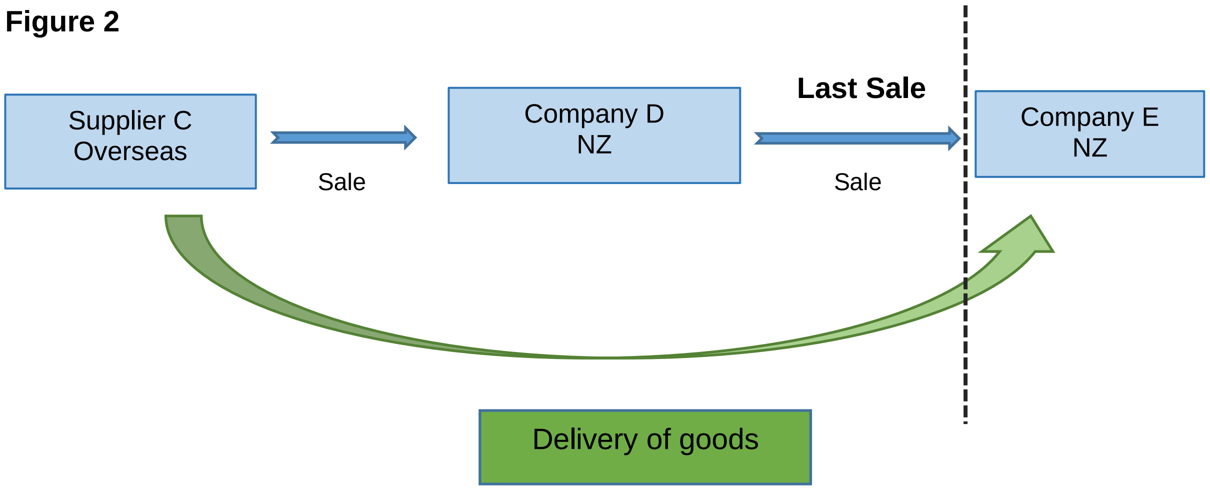
These examples illustrate the relevant last sale for export to New Zealand for determining the transaction value under Part 1 of Schedule 4 of the Act.

Figure 1



Company B in New Zealand buys and pays for shoes from Supplier A. Supplier A ships the shoes directly to Company B in New Zealand. This is the primary sale that led to the goods being imported into New Zealand. Therefore, the sale between Company B and Supplier A is the relevant sale for determining the transaction value of the imported goods (the question of which is the last sale does not arise).

Figure 2

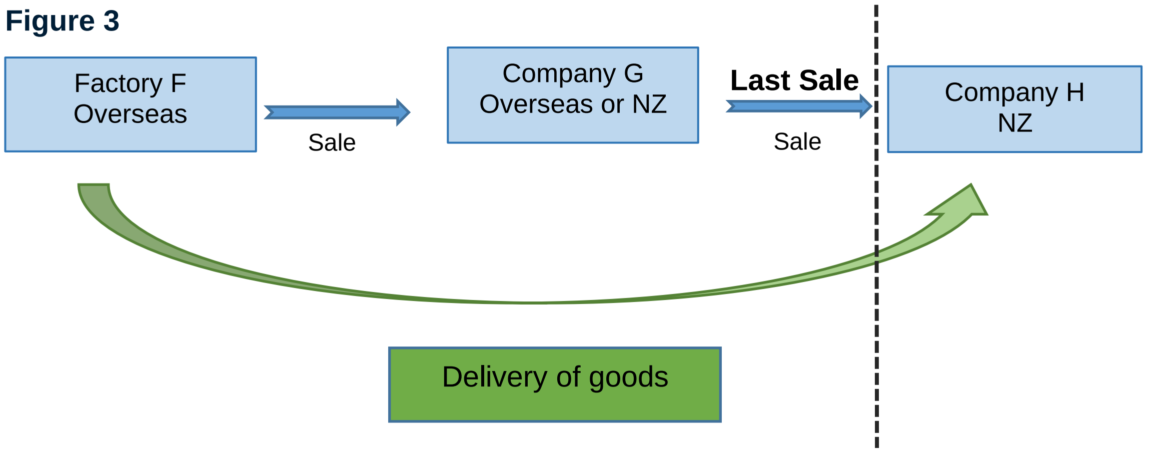


Company D in New Zealand buys building materials from Supplier C for importing into New Zealand. Before the materials are delivered to New Zealand, Company D on-sold the goods to Company E in New Zealand and asked Supplier C to deliver them directly to Company E.

Both sales took place successively prior to importation of the goods into New Zealand. The sale between Company D and Company E was the relevant transaction that occurred last prior to importation of the goods into New Zealand.

Therefore, the sale between Company D and Company E should be used for determining the transaction value of the imported goods.

Figure 3



Company H in New Zealand places an order for goods with Company G (which could be located either overseas or in NZ). Company G then contracts with Factory F to fill the order and ship the goods directly to Company H.

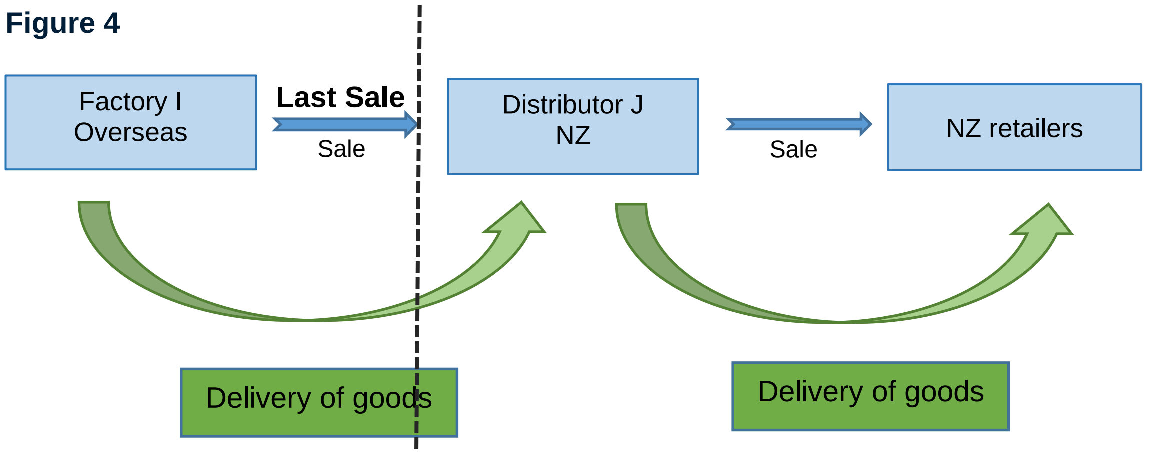
In this case, both the sales led to the importation of the goods into New Zealand:

- From Factory F to Company G
- From Company G to Company H.

The sale between Company G and Company H is the last sale occurring (ie, property and title transferred etc) before the goods are imported into New Zealand.

Use this sale for determining the transaction value of the imported goods.

Figure 4

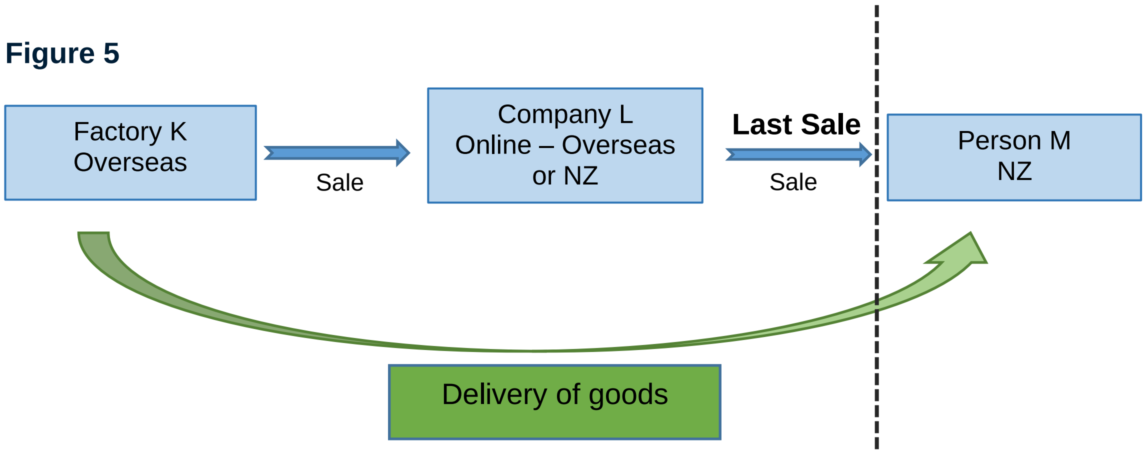


Distributor J based in New Zealand buys washing machines from Factory I to supply in New Zealand. Upon importation of the goods in New Zealand, Distributor J then on-sells the goods to retailers in New Zealand.

In this case, the sale between Distributor J and the New Zealand retailers effectively occurred after the goods were imported into New Zealand. The only sale occurring prior to importation of the goods into New Zealand is the sale between Factory I and Distributor J.

Therefore, the sale between Factory I and Distributor J should be used for determining the transaction value of the imported goods.

Figure 5



Person M in New Zealand orders and pays for a new laptop from Company L via online Company L. Company L then orders the laptop from Factory K. Factory K ships the laptop directly to Person M.

In this case, both the sales led to the importation of the goods into New Zealand:

- From Factory K to Company L.
- From Company L to Person M.

Although Person M has an agreement to purchase the goods with Company L prior to the agreement between Factory K and Company L, the sale between Person M and Company L was only completed when the goods were delivered to Person M.

Effectively, the sale between Company L and Person M occurred (ie, property and title transferred etc) subsequent to the sale between Factory K and Company L.

Use the sale between Person M and Company L to determine the transaction value of the imported goods. The online company can be either overseas or in New Zealand. Person M is the importer.