

MEMORANDUM D13-11-3

Ottawa, March 9, 2001

SUBJECT

VALUE FOR DUTY OF PRINTED OR LITHOGRAPHED MATTER OF PAPER (*CUSTOMS ACT*, SECTIONS 48 TO 53)

This Memorandum outlines and explains the methods by which the value for duty of printed or lithographed matter of paper is determined.

GUIDELINES AND GENERAL INFORMATION

1. For customs purposes, printed or lithographed matter of paper includes letterheads, printed envelopes, advertising circulars, folders, catalogues, labels, tags, etc.

Transaction Value Method (Section 48 of the *Customs Act*)

2. If the goods are sold for export to Canada, the value for duty can be determined under the transaction value method (section 48 of the *Customs Act*) provided that the price paid or payable for the goods can be determined and adjusted in accordance with subsection 48(5) of the Act, as necessary, and that the other requirements of that section are met.

Adjustments

3. When adjusting the price paid or payable under subsection 48(5), it should be noted that the value of the goods and services (assists) is to be determined in accordance with section 4 of the *Valuation for Duty Regulations* (see Memorandum D13-4-8, *Assists (Customs Act, Section 48)*).

Computed Value Method (Section 52 of the *Customs Act*)

4. When the goods are manufactured by the exporter in his own plant for his own use with a portion being shipped to Canada free of charge, if transaction values of identical or similar goods cannot be found (sections 49 and 50) and if the goods are not resold in Canada (deductive value method, section 51), then the computed value method, (section 52) can be applied to determine the value for duty. Section 52 can be applied by taking into account the total cost of production of the goods plus an amount for profit and general expenses which is generally reflected on sales of goods of the same class or kind (calculated as per paragraphs 52(2)(a) and (b) of the Act and section 6 of the *Valuation for Duty Regulations*) by using the following formula:

$$\frac{\text{COP} + \text{PGE} \times \text{number of units appraised}}{\text{total units produced}}$$

5. Where COP is the cost of production and PGE refers to profit and general expenses, the sum of both is divided by the total number of units produced.

Residual Method (Section 53 of the *Customs Act*)

6. When the goods are purchased by the exporter in large quantities and a portion is shipped to Canada free of charge, section 48 cannot be used. If transaction values of identical or similar goods cannot be found (sections 49 and 50), if the goods are not resold in Canada (deductive value method, section 51), and if the exporter did not incur any cost of production (computed value method, section 52), then the residual method (section 53) can be applied to determine the value for duty, taking into account the exporter's cost of acquisition of the goods using the following formula:

$$\frac{\text{total acquisition cost} \times \text{number units appraised}}{\text{total units purchased by exporter}}$$

REFERENCES

ISSUING OFFICE –

Origin and Valuation Policy Division
Trade Policy and Interpretation Directorate

LEGISLATIVE REFERENCES –

Customs Act, sections 48 to 53

HEADQUARTERS FILE –

7034-5-60

SUPERSEDED MEMORANDA “D” –

D13-11-3, June 1, 1986

OTHER REFERENCES –

D13-4-8

Services provided by the Canada Customs and Revenue Agency are available in both official languages.

This Memorandum is issued under the authority of the Commissioner of Customs and Revenue.