

When Customs Questions Your Value

Customs disputes are rarely won by argument alone. They are built on facts, evidence and a customs position that can be demonstrated from the records surrounding the transaction.

It is the *documentary trail...*

not one particular document, that allows the taxpayer to demonstrate the justification for the value declared.

When Customs questions a declared value, the discussion should begin with the transaction itself: **what was imported, what was agreed, what was paid or payable**, and whether the records tell one coherent commercial story. If not, we have to find the correct method in their hierarchy to determine the customs value.

The starting point is the **Price Actually Paid or Payable**, provided the sale is for export to Kenya, the buyer and seller are not related (or that the relationship did not influence the price), and there are no restrictions affecting the value. Where this method cannot be used, we consider the next method in the hierarchy, using the available evidence.

Crucial to the customs valuation exercise is how you link all your evidence. It should start from an order or LPO and be traceable through the commercial and tax invoices, bill of lading/airway bill, customs declaration (C17), proof of payment and finally to your books of accounting.

Whether the payment is on account or settlement by invoice does not matter, what matters most is that a proof of payment actually exists.

Many taxpayers struggle to justify the **Price Actually Paid or Payable** due to inadequate documentation, inconsistencies in records or lack of a clear commercial rationale. With the right documentation and expertise, the customs valuation exercise is straightforward.



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