

## **Is the process of defining customs value “transparent”?**

The RA authorities regularly state that their activities in various spheres are transparent and accountable and in this regard we correspond to international standards.

But by an example of one sphere we'll try to show that in practice it doesn't correspond to the reality.

The issue of applying the method of “Transaction price” is still one of the problematic and main issues in the customs sphere: the customs bodies don't use this method while defining the customs value and are guided by the so-called “Control prices”.

This issue rises particularly while importing vehicles from the Eurasian Economic Union (EEU). Citizens applying to Shirak regional branch office of A.D. Sakharov Armenian Human Rights Centre in this regard complain that before buying a vehicle and importing it to Armenia they can't know by what customs fee it will be calculated, which complicates the process of calculating their primary expenses.

After March 30, 2016 VAT 20% isn't charged for importing vehicles from EEU countries by physical persons. But, instead, in 10 days' term the RA citizens have to pay the environmental tax. But the calculation of the customs value is the base of calculating the environmental tax, which is not available for a citizen.

Thus:

**The tax of environmentally harmful products imported to Armenia is calculated according to the customs value of those products by the rates defined by the RA law “On the rates of environmental tax”.**

The customs value of products imported to Armenia is defined aimed at calculation of ad valorem customs payments, application of non-tariff regulation means and maintenance of customs statistics.

The customs value of products transported through the customs border is the transaction price: i.e. the amount that has actually been paid or is subject to payment for exporting the product to a country and transferring it through the border of the Republic of Armenia.

There are 6 methods defining customs value:

1. according to the price of transaction;
2. according to the price of transaction of the same products;
3. according to the price of transaction of similar products;
4. according to the settlement value;
5. defining customs value of products transferred through the RA customs border on the basis of sales price of a product unit in the domestic market of the Republic of Armenia.
6. reserve method of defining customs value.

**Only one of these methods (the price of transaction) is defined and declared by the declarant. At the same time the RA Customs Code defines that the customs bodies have the right not admitting the customs**

**value calculated by this method if the submitted documents are inaccurate. In this case the other methods of defining the customs value are applied according to the sequence mentioned above.**

About three years ago there was a calculation system on the website of the State Revenue Committee, which made the calculation of the customs value of imported vehicles almost explicit. But a couple of months later the list was removed from the website. Instead citizens were to call for getting information.

The first deputy of the President of the RA State Revenue Committee informed that no country publishes benchmark criteria of state customs values. That's why it was decided to remove that information from the website.

Regarding the criteria of customs values, they informed in written form that each citizen can visit Customs House for Processing Vehicle Customs (in Yerevan) and get information there.

Nowadays, the word "to visit" has a new meaning and application-to visit a website. The difference is evident, when a citizen in Syunik, Tavush or Gegharkunik region visits the website in his own house and when he visits Yerevan for getting information. Such a visit can cost him time and considerable sum of money.

The mentioned Customs House for Processing Vehicle Customs in Yerevan is available not for every citizen wishing to import a vehicle, as it serves mainly those who have already imported a vehicle and already entered the house territory to undergo customs clearance. For clarifying this issue Shirak regional branch of Sakharov Centre has applied to the RA State Revenue Committee by an official letter (July 21, 2016) and also asked to enclose the copy of the confirmed document in which the customs value defined by the control price and the order of calculation are mentioned (which was not enclosed to the answer of the Committee).

Also they informed that by the initiative of the RA State Revenue Committee citizens can get information on the customs value and customs clearance payments from the call service centre of the Committee by calling 060-54-44-44.

It's worth mentioning that by calling this number we got only some links to the RA Customs Code and rates of the environmental tax, and not on the customs value of vehicles.

Taking into consideration the abovementioned we can state that an ordinary citizen can't get the whole information and doesn't have an opportunity to protect his rights in customs bodies.

It's interesting that in the state bodies, responsible for transparent and public procedures in the sphere of defining the customs value of products, citizens are forced to use such technologies which don't correspond to the modern requirements of providing state services. We hope that those bodies will take proper measures for improving the technologies of providing the population with objective information.

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