

## FAQs: Customs Valuation in One-Time Transfer Pricing of the Fiscal Year

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Question	Answer
<p>Q1: One-time transfer pricing of the fiscal year uses proforma invoices for import declaration. How is this different from import declaration using proforma invoices as explained by the Ministry of Finance (MOF) in an explanatory decree issued on February 3, 1997?</p>	<p>A: The explanatory decree issued by the MOF on February 3, 1997 regarding import declaration cases with proforma invoices applies to those in which the transaction value of the imported goods cannot be finalized at the time of importation. The explanatory decree issued by the MOF on November 15, 2019 applies to cases where there is a special relationship between the buyer and seller and the transaction value of the imported goods cannot be finalized at the time of importation. The prerequisites of the two cases described above are different.</p>
<p>Q2 When a profit-seeking enterprise makes a declaration but fails to fill out the items on the declaration form as required by the explanatory decree issued by the MOF on November 15, 2019, is it possible to file a correction after the declaration?</p>	<p>A: No. If a profit-seeking enterprise fails to fill out the items on the declaration form as required by the explanatory decree issued by the MOF on November 15, 2019, it is not applicable to customs valuation in one-time transfer pricing of the fiscal year. However, no later than 6 months after the</p>

	<p>release of the imported goods, the profit-seeking enterprise can still file a correction of the import declaration according to the Regulations Governing the Correction of Import and Export Declarations.</p>
<p>Q3: Why are the import cases of customs valuation in one-time transfer pricing of the fiscal year subject to document review or physical examination?</p>	<p>A: According to the explanatory decree issued by the MOF on November 15, 2019, the case of customs valuation in one-time transfer pricing of the fiscal year shall be applied in accordance with Subparagraph 3, Paragraph 3, Article 18 of the Customs Act. Customs may, at the request of the duty-payer, examine and release the goods by allowing him or her to pay an appropriate deposit. Therefore, the import cases of customs valuation in one-time transfer pricing of the fiscal year are subject to document review or physical examination.</p>
<p>Q4: In cases of one-time transfer pricing of the fiscal year, Customs may, at the request of the duty-payer, examine and release the goods by allowing him or her to pay an appropriate deposit and complete customs formalities</p>	<p>A: According to Paragraph 1, Article 11 of the Customs Act, the deposit may be provided in the following ways: 1. Cash.</p>

<p>within a prescribed period. Must the deposit be in cash?</p>	<ol style="list-style-type: none"> <li>2. Bonds issued by the government.</li> <li>3. Time deposit certificates issued by a bank.</li> <li>4. Time deposit certificates issued by a credit cooperative.</li> <li>5. A one-year or more common trust certificate issued by a trust and investment company.</li> <li>6. A guarantee provided by a financial institution.</li> <li>7. Any other property approved by the MOF which is easy for sale and custody, and free from any dispute over proprietary rights.</li> </ol>
<p>Q5: The profit-seeking enterprise shall submit an application to Customs to determine the customs value within one month of the end of the fiscal year. Is it necessary to submit applications for each importation?</p>	<p>A: No. The profit-seeking enterprise can decide, in accordance with its own needs, which importation items apply in the case of this explanatory decree.</p>
<p>Q6: In cases of several importations of the same goods, is it necessary to adjust the transaction value for each importation? Or, can the duty-payer adjust the transaction value as a lump sum amount?</p>	<p>A: When the profit-seeking enterprise applies for one-time transfer pricing of the fiscal year, the regulations of customs valuation still apply. If the profit-seeking enterprise adjusts the transaction value as a lump sum amount to a single</p>

	<p>importation, the adjusted transaction value will stand out as abnormal and not reveal the actual transaction. Hence, it is necessary to adjust the transaction value in each importation.</p>
<p>Q7: Can the “transfer pricing report” of a multinational enterprise serve as the reference document when applying for the customs valuation in one-time transfer pricing of the fiscal year?</p>	<p>A: The “transfer pricing report” of a multinational enterprise can serve as a reference document when applying for the customs valuation in one-time transfer pricing of the fiscal year. However, the customs value of imported goods shall still be determined by Customs in accordance with the regulations of customs valuation.</p>
<p>Q8: Is one-time transfer pricing of the fiscal year reviewed by Customs?</p>	<p>A: No. Customs review “customs value”, whereas one-time transfer pricing is reviewed by the National Taxation Bureau.</p>
<p>Q9: How will Customs proceed in cases where the profit-seeking enterprise fails to submit the application of one-time transfer pricing within one month of the end of the fiscal year?</p>	<p>A: In accordance with Article 10 of the Directions of Customs Valuation in One-time Transfer Pricing of Fiscal Year, if the profit-seeking enterprise fails to submit the application of one-time transfer pricing within one month of the end of the fiscal year, Customs will determine the</p>

	customs value of the imported goods accordingly.
<p>Q10: Why do profit-seeking enterprises have to submit applications within one month of the end of the fiscal year along with the payment vouchers according to Article 7 of the Directions of Customs Valuation in One-time Transfer Pricing of Fiscal Year?</p>	<p>A: The payment vouchers serve as evidence for cross-checking the consistency of goods flow and cash flow of the transactions. The payment vouchers include bank slips, money orders, or other proof of cash payment.</p>
<p>Q11: How does Customs determine the customs value of imported goods at the end of the fiscal year?</p>	<p>A: Customs will examine the relationship of multinational enterprises in accordance with Article 30 of the Customs Act and Article 14 of the Enforcement Rules of the Customs Act. Then Customs will determine the customs value of imported goods according to Section 2, Chapter 2 of the Customs Act. Finally, Customs will issue the notice of determination and the certificate of duty-payment.</p>
<p>Q12: Are there required formats of “proforma invoice” and “commercial invoice”?</p>	<p>A: In practice, there are no required formats of “proforma invoice” and “commercial invoice”.</p>
<p>Q13: Could the exporter apply for customs valuation in one-time transfer pricing of the fiscal year in cases of export declaration?</p>	<p>A: No. According to the explanatory decree issued on November 15, 2019 by the MOF, the exporter cannot apply for customs</p>

	<p>valuation in one-time transfer pricing of the fiscal year.</p> <p>Since there is no harmonization between customs duty and income tax in cases of export declaration, Customs only deals with cases of import declaration for customs valuation in one-time transfer pricing of the fiscal year.</p>
<p>Q14:</p> <p>According to Article 16 of the Directions of Customs Valuation in One-time Transfer Pricing of Fiscal Year, the competent Customs field office of customs valuation in one-time transfer pricing of the fiscal year is the one that has the most cases of import declaration.</p> <p>How is “the most cases of import declaration” defined?</p>	<p>A:</p> <p>The competent Customs field office of customs valuation in one-time transfer pricing of the fiscal year is an internal matter of assignment. The duty-payer need only submit the application to any Customs within one month of the end of the fiscal year, and the application will be assigned to the proper Customs field office.</p>
<p>Q15:</p> <p>Can the duty-payer apply for customs valuation in one-time transfer pricing of the fiscal year in cases of triangular trade?</p>	<p>A:</p> <p>In cases of triangular trade, the foreign exporter makes a trade with the Taiwan dealer. However, the goods are shipped to a third party instead of the Taiwan dealer. Since there is no import declaration in Taiwan, there is no case for Customs to review.</p>