

When Vietnam integrates into the international trade, its customs officials should appraise the worth of imported goods according to rules set by the WTO, instead of rules set by its government. The appraisal of the value of imported goods, however, affects not only the budget income, but also the protectionist policies required by domestic industries and relations with foreign countries.

The Customs Valuation Code introduced by the GATT and accepted by the WTO is an effort to facilitate the international trade and ensure fair competition between countries. This code requires contracting members to use the "transaction value" of imported goods, or the price actually paid or payable for them, as the principal basis for valuing the goods for customs purposes. When the transaction value can't be determined because of the lack of necessary information then the secondary bases of value, listed below in order of precedence for use, must be considered for appraisement:

- Transaction value of identical merchandise,
- Transaction value of similar merchandise,
- Deductive value,
- Computed value

The order of precedence of the last two values can be reversed if the importer so requests. The transaction value is usually the price stated in the trading contract plus certain reasonable costs if not included in the price. According to the WTO, this value is applied to some 90% of international trade.

To determine the transaction value of imported goods, customs officials have to collect a wide range of information about costs relating to the sale of goods because both importers and exporters are ready to do anything to reduce their tax payments. Evading taxes by giving inexact information is common even in such developed countries as the United States.

Vietnam with its economy in transition stage, imperfect legal system and obsolete facilities for customs officials, will certainly face the tax evasion by both foreign and local traders that causes great losses to the budget income, so it has to prepare everything (legal system, technical facilities and trained personnel) for the integration process.

From now to 2003, Vietnam has to apply the Customs Valuation Code when trading with ASEAN members and other countries in various groupings Vietnam has entered (APEC,

ASEM for example), but up to now, the Vietnamese customs still uses the Minimum Price List set by the central government for appraising the values of some 70% of goods traded between Vietnam and foreign countries. In fact, the use of this list constitutes a non-tariff barrier that will face protest from our trading partners.

Reducing inspection to the minimum before and during customs clearance is an objective requirement and also a precondition for attracting foreign investment and enhancing the national competitiveness. In principle, most importers keep their books and invoices carefully for tax purposes and they are ready to pro-

duce documents and data to get their goods taxed properly and reasonably. So the customs forces should gather information from various sources to detect signs of tax evasion or commercial frauds instead of inspecting all goods exported or imported. They could also carry regular inspections of account books and tax documents of importing companies in order to classify importers and exporters into groups according to their records. In inspecting accounting books, customs forces could get help from auditing companies. In addition, the customs forces should keep a close watch on their personnel with a view to preventing all corruption or their connivance with dishonest importers ■

ON APPLICATION OF THE WTO CUSTOMS VALUATION CODE TO VIETNAM

by MEcon. ĐOÀN NGỌC XUÂN

