

## **CLIENT ALERT**

### **New Customs Publication Demands Independent Satisfaction of Customs Value Requirements**

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Several weeks ago, U.S. Customs issued another in its series of Informed Compliance Publications for importers, this one concerning transfer pricing. We have included a link below.

There has always existed a tension between international transfer pricing principles under the customs laws (which seek to maximize import value) and under the income tax laws (which seek to minimize cost of goods sold), but for some time there was a tacit recognition by Customs that a tax compliant transfer price would not be challenged by it. The new Customs publication refutes that tacit recognition, and demands independent satisfaction of the customs value requirements. The Customs publication does acknowledge, however, that the same economic and financial analyses which led to a tax compliant transfer price might support a customs compliant transfer price, but that importers would at least have to perform a separate "reasonable care" inquiry under the customs laws and not just assume that the tax-driven transfer price is an acceptable customs value.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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