


Learn ways to navigate Asia-Pacific's transfer pricing and customs valuation maze. Help safeguard your business against unexpected fiscal impacts.

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Transfer pricing and customs valuation — a hot topic in Asia-Pacific

The potential for divergence between transfer pricing and customs valuation can happen anywhere in the world, but because the World Trade Organization (WTO) customs valuation rules are not implemented harmoniously across Asia-Pacific (APAC), it is encountered frequently in the region. This can lead to uncertainty and disputes; and the financial impact of any changes in the customs-value for imported goods can be significant — for businesses and customs authorities alike.

Customs may challenge companies' import prices as being too low — requiring additional duties. But applying higher import prices may, in turn, result in scrutiny from the tax authorities if the higher values result in a lower corporate income tax base.

Retrospective transfer pricing adjustments may also create difficulties. By definition, these adjustments occur after the time of importation and may lead to a higher or lower valuation than originally used for the goods. Some APAC jurisdictions have well-defined procedures and guidance for dealing with adjustments, but, in other countries, this is a gray area and requires careful case-by-case analysis. And while customs rulings can provide certainty for importing businesses and help to avoid audits, assessments and fines, they are not available everywhere.

In this complex environment, multinational entities need to understand the interplay of customs valuation and transfer pricing and know the different approaches taken by individual jurisdictions.

To learn more, read [EY TradeWatch Issue 3, 2023 Asia-Pacific: Interplay between transfer pricing and customs valuation](#).

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