

Independent Study Title : The Problem on Customs Valuation concerning
Royalties on Imported Goods
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ABSTRACT

There are problems of collecting customs duty regarding royalties related to imported goods which provides in Article 8 and 9 of Ministerial Regulations No 132 under Customs Act. Royalties related to the imported goods as a condition of sale is still unclear due to the interpretation of Customs Regulation, though it should be a standard measures as it cause a direct effect to the taxpayer. In case of owner of royalty granted the right on trademarks to importer, the importer shall obtain the right to trade, distribution and manufacture of goods with such trademark in Thailand. For this reason, the importer can order a manufacturer to produce goods in a foreign country and import them to Thailand. Regarding royalties relate to the imported goods, once the royalties have been paid, it should clearly specify whether or not such royalty payment will be calculated as price value of imported goods for tax base under customs duty.

The cause of problem mainly comes from Customs Regulation, it defines that royalties related imported goods as a condition of sale, regardless it is the cost of seller or buyer. However, as Thailand is a contracting party of GATT, it is required to comply with the regulations provided by GATT including the determination of custom duty. The principle of GATT applies a condition of sale with cost or benefit of seller or exporter into imported country. The problem is appeared about collecting tax of Customs Department to cost of buyer and has an effect from royalties related to imported goods.

In order to solve these problems, Customs Department should review Customs Regulation regarding imported goods and royalty connection based on GATT and World Custom Organization to determine the customs valuation under a condition of sale. The purpose of Customs Valuation regarding the condition of sale is to show that

the price of imported goods can reflect the actual cost and profit of exporter or seller in foreign country. As a result, Customs Department should set and determine the customs value clearly in condition of sale and should issue rulings for Customs Regulation Code. Then, the problem of collecting customs duties concerning royalties related to imported goods will be solved.

