



Final Report
Third Workshop for State Customs Service of Ukraine:
Customs Valuation and Audit Procedures

Executive Summary

From April 17 through April 20, 2012, CLDP, in cooperation with U.S. Customs and Border Protection (CBP), held a workshop on customs valuation and audit procedures at the Headquarters of the State Customs Service of Ukraine. The objectives of the program were a) to ensure that the customs valuation process by the State Customs Service of Ukraine is fair, harmonized, transparent and meets the requirements of the General Agreement on Tariffs and Trade (GATT) and the WTO Customs Valuation Agreement and b) to thoroughly train a cadre of officials from the State Customs Service of Ukraine on all practical aspects of customs valuation and audit procedures, who will, in turn, conduct trainings in their respective offices.

This workshop was the third in a series of workshops and the curriculum covered in this program built upon material covered in the previous two programs. Three officials from CBP conducted the training, addressing both general and Ukraine-specific aspects of customs valuation and audit procedures. There were 24 customs officials, participating in the workshop, including 17 officials from various regions of Ukraine and 7 officials from Kyiv, Kyiv oblast and Kyiv region. This number included the Deputy Head of Division of Customs Value, Department of Customs Payments, State Customs Service of Ukraine, who made a presentation on Day One and participated in the private sector panel on Day Four. Many of the participants in the third workshop also participated in the first and the second workshop.

The first day of the training started with opening remarks, followed by a presentation made by the State Customs Service of Ukraine on the newly adopted Customs Code of Ukraine and its impact upon the functions and authorities of the State Customs Service in Ukraine. The new Customs Code was approved in the final reading, after being vetoed on March 13, 2012, and signed by the President into law on April 19, 2012. This was followed by workshop introduction and presentation on origin validation procedures. For the rest of Day One, the workshop was focused on case studies related to transaction value.

On Day Two, the focus of the workshop shifted to audit targeting and detailed descriptions of the stages of audit procedures. This was illustrated with a series of case studies on the subject. For each case study, the breakout group discussion was followed by a general group discussion of the answers and feedback from the US advisors. The discussion was not limited to just the factual circumstances described in the case but also dealt with numerous similar problems faced by the Ukrainian participants in their work.

On Day Three the morning session dealt with various aspects of customs audit procedures, followed by presentation on deductive value.

The Day Four morning session opened with discussions on computed value and the fallback method of customs valuation. A private sector panel, which included representatives from numerous companies operating in Ukraine, took place in the afternoon in an effort to increase communication and cooperation between the State Customs Service and the private sector and as an opportunity for

the private sector to share their comments and concerns about customs valuation and classification practices in Ukraine. The private sector participants are listed in Annex 1 to this report.

The concluding discussion on Day Four dealt with:

- (1) The importance of effective post audit control for the efficiency and effectiveness of customs valuation in Ukraine.
- (2) New provisions of the Customs Code on customs valuation and their impact upon the working methods of the State Customs Service of Ukraine.
- (3) Methods of interaction and coordination between the State Customs Service of Ukraine and the private sector.

The third workshop on customs valuation was designed and developed to build on the foundation of the first two workshops on customs valuation. It should be noted that both in the course of the first and second workshop, Ukrainian customs officials who participated in the workshops shared with CLDP lists of issues, which they wished to have covered in the next workshops. Also, the CBP advisors had discussed issues of customs valuation and classification in Ukraine with representative of the Ukrainian private sector. Thus, the agenda for the third workshop was built with due regard to the issues suggested by Ukrainian customs officials and the private sector. These issues include, but are not limited to:

- (1) Various aspects of post-clearance audit.
- (2) Documents required and procedures applied in the process of determining the country of origin of a product.
- (3) Issues of assessment in the case of related parties transactions.
- (4) Assessment of products imported for repairs.

Also, since the participants commended the use of case studies in the training process and asked for additional case studies in the third workshop, especially in regard to use of customs valuation methods other than transaction value, significant amount of time in the third workshop dealt with case studies on these particular topics.

At the end of the workshop the participants filled in the evaluations. These were in two forms. One was distributed among first time participants; the other form was distributed among the participants who took part in at least one other CLDP customs valuation workshop. In general, the participants commended the high quality of the program, the interactive case studies, the high quality of presentations and the usefulness of these and the other two programs for their professional development.

Annex 1. List of participants for private sector panel (Day Four)

1. Mr. Robert Zeldy, PwC
2. Mr. Dmytrii Bakumenko, KPMG-Ukraine Ltd
3. Ms. Olena Voznyuk, Ulyssesco
4. Mr. Grigoriy Dzhulay, Deloitte
5. Mr. Alexander Oleynik, Pratt & Whitney – Paton
6. Ms. Anzhela Makhinova, Sayenko Kharenko
7. Mr. Sergey Ivantsov, GAP Ukraine LCC
8. Mr. Andrey Timoshenko, Unilever Ukraine LCC
9. Ms. Tatiana Bratuseva, USPOT Ltd
10. Mr. Vlad Zhuravlyov, UPS
11. Ms. Olena Litova, Jahn & Jensen Group Ukraine
12. Mr. Anton Pakhomov, Pfizer Inc
13. Ms. Svitlana Slatina, Bayer Ltd