

Second WCO/OECD Conference on Transfer Pricing and Customs Valuation

Summary Remarks by Kunio Mikuriya, Deputy Secretary General, World Customs Organization.

Now that we have come to the end of the joint Second WCO/OECD Conference on Transfer Pricing and Customs Valuation, it pleases me that the Conference was attended by over 200 participants from customs administrations, tax authorities and the business community, representing both developed and developing countries. Through the presentations and discussions over the past two days, we have further deepened our understanding with the following points readily coming to mind:

(1) Between customs valuation and transfer pricing, common features and similarities do exist, but there are also significant divergences.

(2) In addition to income tax and customs, the aspect of VAT has been highlighted, prompted by the recent EU regulation.

(3) Recent regional developments show encouraging trends towards convergence in approach, including the review of transfer pricing studies by customs, joint actions and information sharing.

(4) On the future relationship between transfer pricing rules and customs valuation methods, two schools of thought still exist between those who think convergence desirable and possible and those who hold a more cautious view.

(5) There seems to be a general view on the necessity of finding a way to improve consistency and increase certainty between transfer pricing and customs valuation, with many practical proposals being provided during the conference.

(6) In dispute prevention and resolution, there is room for increased use of APA, exchange of information and other measures, especially from a customs perspective.

Regarding the way forward, I have taken note of the following recommendations put forward by the Conference:

(1) We need to continuously encourage dialogue between customs administrations, tax authorities and the business community, possibly by establishing a mechanism for liaison.

(2) A comprehensive Government approach is needed between customs administrations and tax authorities as this will facilitate better understanding between the two role-players.

(3) It would be helpful to explore the possibilities of a joint approach to audit, compliance and advanced pricing agreements as a means to enhance cooperation and coordination between customs administrations and tax authorities.

(4) It is desirable that WCO/OECD member administrations continue to share best practices in this area.

(5) At the global level the WCO and the OECD should continue their existing cooperation relating to the sharing of knowledge, the development of training material, and the e-learning module initiative. This cooperation could be further enhanced by the suggestion to create a small focus group of customs and tax experts to dialogue on and study issues involving the WTO and the business community initially targeting practical and concrete case studies based on commercial realities.

(6) We should continue to build administrative capacity to better address transfer pricing and customs valuation.

(7) Interesting proposals presented, including the creation of a central arbitration body and the use of technology should be further explored.

(8) The WCO Technical Committee on Customs Valuation could play a role in examining specific proposals from members.

We certainly appreciate the recommendations and will explore these issues with the Members of our respective organizations and of course with our other stakeholders too. This dialogue will enable us to decide on how best we can pursue these issues in the future.

Finally, on behalf of the organizers of the conference, I would like to express my deep appreciation to the moderators, the presenters, the sponsors and exhibitors, as well as their organizations, for their valuable contributions to the conference. I should also like to thank all participants for the keen interest shown in the conference and their active participation during the open discussion sessions. Finally, my personal thanks are extended to the Secretariat staff of the OECD and the WCO for their joint efforts in organizing this Conference.

In closing, we will continue to promote the partnership with all stakeholders that has evolved.