Taxable value of imported goods

The taxable value of imported goods is comprised of the customs value of the goods according to the Union Customs Code and all duties payable upon import, as well as other costs related to the delivery of the goods to destination, including commission, packing, transportation and insurance costs which have not been included in the customs value, up to the first place of destination in the territory of Estonia.

The first place of destination in the territory of Estonia is the place indicated in the accompanying documents or other documents on the basis of which the goods are imported. If this is not indicated, the first place at which the goods are loaded in the territory of Estonia is deemed to be the first place of destination.

As of 1 July 2022, the costs incurred in connection with the transport of the goods from Estonia to another destination in the European Union must be added to the taxable value of the imported goods if that destination is known at the time of importation of the goods into Estonia.

VAT is not included in the taxable value of imported goods (subsection 7 of § 13 of the VAT Act).

Travellers must pay VAT on import of goods if they have imported goods in excess of the tax-free cost limit. In that case, the taxable value of the imported goods is comprised of the purchase price of the goods and all import duties. In other words, it means that not only the part of the cost in excess of the tax-free cost limit is subject to taxation, but the purchase price of the goods as a whole, including all import duties. Travellers must prove the purchase price on the basis of payment documents. Where there are none or the customs authorities have reasonable doubts that the declared taxable value does not correspond to the amount actually paid, customs authorities will determine the customs value of the goods using methods specified in Article 74 of the Code (subsection 3^2 of § 13 of the VAT Act).

If the goods delivered into the customs territory **are imported after being placed under a special procedure**, the taxable value of the imported goods may not, as a general rule, be less than what the taxable value of those goods would have been upon import directly after having been delivered into the customs territory. If a lower taxable value is declared upon import of the goods which have been placed under a special procedure, the customs authorities will act according to the provisions of Article 140 of Commission Implementing Regulation (EU) 2015/2447 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, pp. 558–893).

When the conditions laid down in Articles 69–76 of the Customs Code and Articles 127–146 of Commission Implementing Regulation (EU) 2015/2447 are fulfilled and the justification of the decrease in value satisfies the customs authorities, the customs authorities will accept the declared taxable value. If the justification of the decrease in taxable value does not satisfy the customs authorities, the customs authorities will determine the customs value pursuant to Article 74 of the Customs Code (subsection 4 of § 13 of the VAT Act).

In other words, if import takes place after the implementation of another customs procedure (e.g. release

for free circulation after customs warehousing), the taxable value of the imported goods should normally not be less than what the customs value of the goods would have been upon immediate import following introduction into the Community. However, in certain justified cases, such as the sale of bankruptcy estate in a customs warehouse, the customs authorities may also accept a reduction in the taxable value. Customs authorities have the right to adjust the taxable value if necessary.

In the case of the import of goods covered by**outward processing procedure** into the Union by the person who exported the goods from the Union, the taxable value is comprised of the value added during such processing and the loading, packing, transportation and insurance costs added to the value of the goods, including all import duties. Under the standard exchange system, the taxable value of the replacement product shall be determined pursuant to the provisions of subsection 1 of § 13 of the VAT Act and it shall not be less than the taxable value of the exported goods (subsection 5 of § 13 of the VAT Act).

In this case, its mainly the value added during the processing that is taxed. This means that the taxable value does not include the initial value of goods placed under outward processing. In addition to the value added by processing, the loading, packing, transport and insurance costs, as well as all import duties will be added to the taxable value. The same provision also regulates, where the standard exchange system is used, the taxable value of the import of the replacement product, which must comply with the general principles laid down in subsection 1. At the same time, the taxable value of the replacement product may not be less than the taxable value of the goods exported. This provision is applied only if the importer of the goods into the Community is the same person as the person who originally exported the goods. If the importer is another person, the taxable value of the goods is determined in accordance with subsection 1 of § 13 of the VAT Act.

Where goods are delivered into Estonia from a third country which is part of the Union customs territory (special territory, e.g. Åland Islands, subsection 4 of § 6 of the VAT Act), the taxable value of the goods must be determined pursuant to the provisions of § 12 of the VAT Act.

Taxable value of imported goods and taxation of transport services of such goods

The taxable value of imported goods is comprised of the customs value of the goods according to the Code and all duties payable upon import, as well as other costs related to the carriage of the goods to destination, including commission, packing, transportation and insurance costs which have not been included in the customs value, up to the first place of destination in the territory of Estonia. Consequently, as of 1 January 2006, the cost of the transport service to the first destination is also included in the taxable value of the imported goods, regardless of whether or not the supplier has added VAT to the invoice. If VAT is added to the invoice, the value of the transport service will be included in the taxable value without VAT in accordance with the provisions of subsection 1 of § 12 of the VAT Act.

Under clause 10 of subsection 4 of § 15 of the VAT Act, VAT is charged at a rate of 0% on transport services for the import of goods, services for the organisation of transport of goods and ancillary services related to such transport of goods, if the cost of such services is included in the taxable value of the goods to be imported pursuant to subsection 1 of § 13 of the VAT Act.

According to the Union Customs Code, only the costs incurred up to the point of entry of the imported goods into the territory of the European Union is included in the customs value of the goods. Transport costs are included in the customs value on the basis of the terms of delivery established as the conditions of sale. Article 72 (a) of the Code provides that the cost of transport of the imported goods after their entry into the customs territory of the Union are not to be included in the customs value. As referred to in the preceding subparagraph, for the purposes of calculating the VAT payable on import, all other taxes payable on import, as well as any other costs relating to the transport of the goods to their destination will be added to the customs value.

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