

# HOW IS THE VALUE OF AN ASSIST DETERMINED?

## In determining the value of an assist, the following rules apply:

1. The value is either a) the cost of acquiring the assist, if acquired by the importer from an unrelated seller, or b) the cost of producing the assist, if produced by the importer or a person related to the importer.
2. The value includes the cost of transporting the assist to the place of production.
3. The value of assists used in producing the imported merchandise is adjusted to reflect use, repairs, modifications, or other factors affecting the value of the assists. Assists of this type include such items as tools, dies, and molds.
4. In the case of engineering, development, artwork, design work, and plans or sketches undertaken elsewhere than in the United States, the value is; a) the cost of obtaining copies of the assist, if the assist is available in the public domain; b) the cost of the purchase or lease if the assist was bought or leased by the buyer from an unrelated person; c) the value added outside the United States, if the assist was produced in the United States and one or more foreign countries.

So far as possible, the buyer's commercial record system is used to determine the value of an assist, especially such assists as engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the United States.

## EXAMPLES:

- If the importer previously used the assist, regardless of whether he acquired or produced it, the original cost of acquisition or of production must be decreased to reflect the use. Alternatively, repairs and modifications may result in the value of the assist having to be adjusted upwards.
- A U.S. buyer supplied detailed designs to the foreign producer. These designs were necessary to manufacture the imported merchandise. The U.S. importer bought the U.S. produced designs from an engineering company in the U.S. for submission to his foreign supplier. Should the appraised value of the merchandise include the value of the assist? No. Design work undertaken in the U.S. may not be added to the price actually paid or payable.
- A U.S. buyer purchases merchandise from a foreign producer. The price actually paid or payable includes the cost of a U.S. design incorporated in the merchandise. Is there any authority to deduct the cost of the U.S. design from the price actually paid or payable? No. Authority exists to deduct such costs from the price actually paid or payable.
- A U.S. buyer supplied molds free of charge to the foreign seller. The molds were necessary to manufacture merchandise for the U.S. importer. The U.S. importer had some of the molds manufactured by a U.S. company and others manufactured in a third country. Should the appraised value of the merchandise include the value of the molds? Yes. It is an addition required to be made to transaction value.

## How is the value of an assist apportioned?

Having determined the value of an assist, the next step is to apportion that value to the imported merchandise. The apportionment is done reasonably and according to generally accepted accounting principles. The meaning of the latter being any generally recognized consensus or substantial authoritative support regarding the recording and measuring of assets and liabilities and changes therein, the disclosing of information, and the preparing of financial statements.

The method used to apportion the value of the assist depends on the details. For example, if the entire anticipated production using the assist is to be exported to the United States, then the value of the assist could be pro-rated by one of several ways:

- over the first shipment if the importer wants to pay duty on the entire value at one time
- over the number of units produced up to the time of the first shipment, or
- over the entire anticipated production. If the entire anticipated production is not destined for the United States, some other method of apportionment will be used that is consistent with generally accepted accounting principles.