



**Second Joint WCO/OECD Conference  
on Transfer Pricing and Customs Valuation  
Brussels (Belgium), 22-23 may 2007**

## **Summary Remarks**

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***Kunio Mikuriya***  
***Deputy Secretary General***  
***World Customs Organization***

Colleagues, Ladies and Gentlemen:

Now that we have come to the end of the Conference, it pleases me that the event 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.

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- (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 exists 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) 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.

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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 that has evolved with all stakeholders.

Thank you for your attention.



**Jeffrey Owens**  
**Director, Centre for Tax Policy and Administration**  
**Organisation for Economic Co-operation and Development**

Deputy Secretary General Mikuriya has provided an excellent summary of the main points arising in the conference and I would like to take this opportunity to thank him for all his support in organising this meeting.

I would see four areas where the OECD and WCO could cooperate to address some practical issues which have been raised in the conference:

On valuation:

An examination of the interaction between the valuation methods used by customs & revenue authorities, the hierarchy of methods used, what role is there for functional analysis. Also can we agree on a common definition of intangibles?

Provision of greater certainty for business:

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Can we make more use of joint rulings and APA? How can we develop more effectively tax dispute resolution mechanisms to enable business to plan and close their accounts more quickly?

How can we improve compliance?

Greater consistency in documentation requirements is necessary. How can we achieve better flows of information between tax authorities and customs authorities? What are the pros and cons of joint audits?

Improving the administrative capacity of tax and customs departments:

Can we develop joint WCO/OECD training programmes? What's been the experience of countries that have merged customs, VAT and direct tax departments? Can we strengthen the audit capacity of customs and tax departments? Australia and India's experience could be drawn upon.

How can we address these specific issues? I do not believe this can be done in large conferences like today's one. We need smaller working groups focused on specific issues. If the WCO decides it wants to take forward these ideas, the OECD is prepared to play a supporting role. I believe it is very important that business is a partner in any follow-up work, which should focus on sharing experience and identify practical solutions within the existing institutional constraints. The outcome from these focused groups could form the basis for the next conference.

Thank you.

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