

# The use of CIF Incoterms in Indonesia's import declarations

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## Abstract

The World Trade Organization (WTO) *General Agreement on Tariffs and Trade (GATT) 1994* (WTO Valuation Agreement) and the International Chamber of Commerce's (ICC) International Commercial Terms (Incoterms®) are two quite separate instruments. In Indonesia, however, reference to 'customs value' in some regulations is confused by the use of the Cost, Insurance and Freight (CIF) Incoterm in the same regulation. This paper identifies several areas of confusion and identifies changes that, if made to some Indonesian regulations related to the determination of customs value and the use of the import declaration form, would clarify the methods used to calculate that value.

## 1. Introduction

Indonesia ratified the Agreement establishing the World Trade Organization (WTO) in 1994.<sup>1</sup> The provisions of Article 7 of the *General Agreement on Tariffs and Trade (GATT) 1994*, known as the WTO Valuation Agreement, are incorporated in chapter 15 of Indonesia's Customs Law,<sup>2</sup> which requires that the value for calculating customs duties be determined using one of six methods. Further regulations to determine customs value were included in the Regulation of the Ministry of Finance,<sup>3</sup> for example, Article 2, para. 1 provides that the 'customs value' is the 'transaction value' of the imported goods which meets certain requirements, and Article 2, para. 2 provides that the 'customs value' referred to in paragraph 1 is consistent with the International Chamber of Commerce's (ICC) International Commercial Terms (Incoterms®) Cost, Insurance and Freight (CIF).

The provisions of Article 2 of the Regulation of the Ministry of Finance essentially provide a new approach to the determination of customs value. The term 'CIF' is not recognised in the WTO Valuation Agreement despite its use in the Incoterms, and it is contended that Article 2 of the Regulation of the Ministry of Finance confuses the terminology in the WTO Valuation Agreement and that of the Incoterms. Based on the provisions in some regulations on customs valuation, the amount of customs value should be represented as 'CIF'. For example, on the import declaration form, column 23 is titled 'FOB'; column 24, 'Freight'; column 25, 'Insurance'; and column 26, 'CIF value'.<sup>4</sup>

The import declaration form indicates that the value in the column 'CIF value' should be the basis for calculating customs duties. The amount of duty is the multiplication of tariffs with the CIF value. In the import declaration application, the calculation is automatic, and the instructions indicate that 'CIF value' equals 'customs value'.<sup>5</sup> Confusion therefore seems to exist in Indonesian law between the WTO Valuation Agreement and the Incoterms as the terminology used in Incoterms is used as a basis in the determination of customs value. The ambiguity of this approach could result in inaccuracies when calculating customs duty, and therefore the appropriateness of this practice is worthy of further examination.

Indonesian Customs adopts a self-assessment system which implies that importers are expected to understand the customs regulations and when completing import procedures, importers themselves

should declare, calculate and pay the applicable customs duty. Customs officers will examine the declaration and when the declared customs value is incorrect and the customs officers assign a higher ‘customs value’, the customs officers will issue a revised calculation. The importer must then pay the shortage in customs duty and is also subject to administrative sanctions such as fines or a penalty.<sup>6</sup> For example, Article 16 of the Customs Law provides that incorrect declaration of customs value that leads to a shortage in customs duty is subject to a penalty ranging from 100% to 1000% as shown in Table 1.

*Table 1: Administrative sanctions for erroneously declaring customs value*

	<b>Shortage in Customs Duty</b>	<b>Administrative Sanction (% of underpayment)</b>
1	Up to 25%	100% penalty
2	More than 25% & up to 50%	200% penalty
3	More than 50% & up to 75%	400% penalty
4	More than 75% & up to 100%	700% penalty
5	Above 100%	1000% penalty

*Source:* Republic of Indonesia Government Regulation Number 28 of 2010.

## **2. Determination of customs value**

The international reference for the determination of customs value is the WTO Valuation Agreement.<sup>7</sup> As mentioned above, in Indonesia, customs value for the purpose of import duty calculation is based on six methods:

Method 1: Customs value is the transaction value of the imported goods

Method 2: Customs value is based on the transaction value of identical goods

Method 3: Customs value is based on the transaction value of similar goods

Method 4: Customs value is based on deduction methods

Method 5: Customs value is based on computed methods

Method 6: Customs value is based on fallback methods.

These six methods are applied hierarchically, as per the WTO Valuation Agreement. For example, the customs value for import duty calculation is the transaction value of the imported goods based on Method 1. If the customs value cannot be determined under Method 1, the customs value will be determined based on Method 2. When Method 2 cannot be applied, the customs value is determined using Method 3, and so on up to Method 6. At the request of the importer, Method 5 can be applied before Method 4.<sup>8</sup>

The transaction value is the price actually paid or payable by the buyer to the seller for the goods when sold for export to Indonesia, adjusted with certain costs and/or values that should be added. The Indonesian Ministry of Finance Regulation provides that those costs are as follows:

1. costs incurred by the buyer, such as commission and brokerage services, as well as packaging costs
2. the value of goods and services supplied directly or indirectly by the buyer free of charge or at a reduced cost
3. royalty and licence fees to be paid by the buyer directly or indirectly, as a condition of sale of the imported goods
4. the value of any part of the proceeds of any subsequent re-sale, disposal or use of the imported goods that accrues directly or indirectly to the seller
5. the cost of transport of the imported goods to the port or place of importation

6. the cost of loading, unloading and handling charges associated with transport of the imported goods to the port or place of importation, and
7. the cost of insurance.<sup>9</sup>

In addition to the above provisions, the regulations provide that the customs value shall not include certain charges or costs, including:

- activities undertaken by the buyer on the buyer's own account
- costs that can clearly be distinguished from the price actually paid or payable that occurs after the importation of goods
- dividends
- interest.<sup>10</sup>

### 3. Provisions of Article 8 of the WTO Valuation Agreement

Article 1 of the WTO Valuation Agreement stipulates that 'The customs value of imported goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the country of importation adjusted in accordance with the provisions of Article 8' (WTO 1994). Furthermore, Article 8, para. 1 provides that 'In determining the customs value under the provisions of Article 1, there shall be added to the price actually paid or payable for the imported goods' (WTO 1994):

1. costs incurred by the buyer (commissions and brokerage services except purchase commission, packaging and packing costs)
2. value of assists
3. royalties and licence fees
4. proceeds.

Then, Article 8, para. 2 stipulates that 'In framing its legislation, each [WTO] Member shall provide for the inclusion in or the exclusion from the customs value, in whole or in part, of the following:

- (a) the cost of transport of the imported goods to the port or place of importation;
- (b) loading, unloading and handling charges ...; and
- (c) the cost of insurance' (WTO 1994).

With the provisions of Article 8, para. 2, WTO Members can choose whether or not the three elements of cost (transport; loading, unloading, handling; insurance costs) are to be added to the price actually paid or payable for the purpose of determining customs value. Some countries choose not to include these three elements so that the 'addition' element of the transaction value consists of only four costs (costs incurred by buyers; assists; royalties/licence; proceeds).

Article 15 of Indonesia's Customs Law provides that the calculation of the value for customs duty is the transaction value of the imported goods, and states that transaction value is the price actually paid or payable for the goods when sold for export to an Indonesian Customs Area plus the seven elements of costs in accordance with the WTO Valuation Agreement stipulated in Article 8, paras 1 and 2. Thus Indonesian legislation has complied with the WTO Valuation Agreement Article 8, para. 2, namely that the three elements of cost (in total) shall be added to determine customs value for the purpose of duty calculation.

Further regulations regarding the determination of customs value are stated in the Ministry of Finance Regulation concerning customs value for duty calculation. Article 2, paras (1) and (2) provide:

- (1) customs value to calculate customs duty is the transaction value of the imported goods which meet certain conditions

(2) the customs value as referred to in paragraph (1) is the customs value in the Incoterms CIF.<sup>11</sup>

Article 5 of the Ministry of Finance Regulation reiterates that the determination of customs value using Method 1 shall be based on the transaction value of the imported goods adjusted with the seven elements of costs explained in Article 15 of Indonesia's Customs Law. However, the provisions of Article 2, para. 2 introduce new terminology, namely 'Incoterms' and 'CIF'.

## **4. Incoterms**

Incoterms were first published by the ICC in 1936, known as Incoterms 1936, and have been updated several times. The most recent definitions, Incoterms 2010, are set out in the ICC publication number 715. Incoterms are a 'set of rules which define the responsibilities of sellers and buyers for the delivery of goods under sales contracts for domestic and international trade'.<sup>12</sup> Incoterms are intended to avoid misunderstandings between sellers and buyers. The terminology in Incoterms explains liability, costs and risks that arise or occur during the delivery of goods from seller to buyer. They clarify who is responsible for the cost of transporting the goods, including insurance, taxes and duties; where the goods should be picked up from and transported to; and who is responsible for the goods at each step during transportation.<sup>13</sup>

The highest authority of the ICC is the World Council whose members consist of business people, not government officials. Incoterms 2010 came into effect in January 2011.

There are 11 terms in Incoterms 2010, divided here into four groups for ease of understanding:

- A. Group 'E': Departure term:
  - 1. EXW: Ex Works
- B. Group 'F': Shipment Terms, Main Carriage Unpaid:
  - 1. FCA: Free Carrier
  - 2. FAS: Free Alongside Ship
  - 3. FOB: Free on Board
- C. Group 'C': Shipment Terms, Main Carriage paid:
  - 1. CFR: Cost and Freight
  - 2. CIF: Cost, Insurance and Freight
  - 3. CPT: Carriage Paid To
  - 4. CIP: Carriage And Insurance Paid To
- D. Group 'D': Arrival Terms:
  - 1. DAT: Delivered At Terminal
  - 2. DAP: Delivered At Place
  - 3. DDP: Delivered Duty Paid.<sup>14</sup>

These terms are divided into two categories, that is, seven terms applied in general, and four terms applied specifically for delivery via water transport. Groups of terms applied to all modes of transportation include EXW, FCA, CPT, CIP, DAT, DAP, and DDP. Groups of terms applied only for sea and inland waterway transport are FAS, FOB, CFR, and CIF.

## **5. Indonesia's customs declaration form**

Indonesia's customs declaration form does not distinguish between the mode of transport (ship, truck or plane) and the type of importation ports (seaports or airports).<sup>15</sup>

Figure 1 (or Figure 1a in English) displays columns specifically related to customs value. Column 23 (FOB) has a button 'edit price (F9)' which will display a more detailed elaboration 'editing price' when clicked, as seen in Figure 2 (or Figure 2a in English).

Figure 1: Import declaration application fields related to customs value

23. FOB	<input type="text" value="0"/>	<a href="#">Edit Harga [F9]</a>
24. Freight	<input type="text" value="0.00"/>	26. Nilai CIF
25. Asuransi	<input type="text" value="0.00"/>	Rp. <input type="text" value="0.00"/>

Source: Indonesia Import Declaration Application version 5.05.

Figure 1a: Import declaration application fields related to customs value (English translation)

23. FOB	0	Edit Price (F9)
24. Freight	0.0	26. CIF Value
25. Insurance	0.0	Rp
		0.0

Figure 2: Editing price column on customs declaration application

**Editing Harga** x

Isi Sesuai Invoice/Dok Lain

Col1	<input type="text" value="1-CF"/>	Harga CIF	<input type="text" value="0.00"/>
Valuta	<input type="text"/>	Biaya Tambahan	<input type="text" value="0.00"/>
NPDBM	<input type="text" value="0.0000"/>	Diskon	<input type="text" value="0.00"/>

Nilai ini yang akan tercantum di FIB

Asuransi bayar di	<input type="text" value="1 - Luar Negri"/>	FOB	<input type="text" value="-"/>
Nilai Asuransi	<input type="text" value="0"/>	CIF	<input type="text" value="0.00"/>
Freight	<input type="text" value="0"/>	CIF Rp	<input type="text" value="0.00"/>

Source: Indonesia Import Declaration version 5.05.

Figure 2a: Editing price column on customs declaration application (English translation)

Editing Price			
Fill using Invoice or other document			
Price Code	(CIF, CFR, FOB)	CIF Value	0.00
Currency		Additional cost	0.00
Base value for calculation of import duty	0.0000	Discount	0.00
This price will be shown on import declaration			
Insurance paid in	Domestic/abroad	FOB	
Value of insurance	0	CIF	0.00
Freight	0	CIF Rp	0.00
		<b>Save</b>	<b>Cancel</b>

Based on the information entered, the value/price (FOB, CFR, or CIF) can be adjusted in the form of ‘additional costs’ and ‘discounts’. For the value of insurance, there are options: paid in Indonesia or abroad. There is no further explanation for the additional costs and discounts. Terms used in this application are likely to follow the terms in the Incoterms but are limited to only three terms: CIF, CFR and FOB.

The main terms used in the column headings related to the determination of customs value are those used in the Incoterms. The terms in the WTO Valuation Agreement which also appear in the import declaration forms are discount, freight, and insurance. Some terms that do not appear in the import declaration application are commission, brokerage service, post-importation costs, interest, dividends and assists.

## 6. Comparison with other countries’ import declaration forms

### 6.1 United States Customs and Border Protection

The United States (US) adopts the provisions of the WTO Valuation Agreement but its implementation differs from Indonesia’s in terms of the additional elements on the price actually paid or payable for the purpose of duty calculation. The US does not add freight, insurance and charges. The import declaration to the US is divided into several ways of importing. Some import declaration forms are: CBP form 7501 (Entry Summary), CBP form 3461 (Immediate Delivery), CBP Form 3347 (Declaration of Owner for Merchandise Obtained [Otherwise Than] In Pursuance of a Purchase or Agreement to Purchase), and CBP form 3347A (Declaration of Consignee when Entry is Made by an Agent).<sup>16</sup>

Terms used in the Incoterms and in the WTO Valuation Agreement are not found in those forms. The customs value determination is described in a separate publication referred to as the WTO Valuation Agreement. Publications in the form of question-and-answer are titled ‘What Every Member of the Trade Community Should Know About: Customs Value’, published in May 1996 and revised in July 2006.<sup>17</sup>

The US import declaration form uses the term ‘entered value’ to refer to the value of imported goods. There are at least three columns related to the determination of the value or price of the goods, namely entered value, charges, and relationships.<sup>18</sup> The explanation of how to determine the value of the goods is described in the publication ‘Importing into the United States: A Guide for Commercial Importers’.<sup>19</sup>

Customs authorities use Incoterms to facilitate the determination of the customs value and not as a final result of customs value determination. In the publication ‘Importing into the United States: A Guide for Commercial Importers’, the terms ‘FOB’ and ‘CIF’ are used only once, as the initial basis to determine the customs value. When using CIF, a deduction is required, and FOB is used as an error example to determine customs value.

### 6.2 Australian Customs and Border Protection Service

Australia has adopted the WTO Valuation Agreement and applies Article 8, para. 2, by excluding freight, insurance and charges. The import declaration is submitted by completing Form N10 which consists of three pages. In relation to customs value, on the first page of the form, there are multiple columns headed with Incoterms. There are also many columns on page 3, with headings which include Valuation Basis Type and Valuation Elements.<sup>20</sup>

The column titled ‘Valuation Elements’ is provided to make adjustment to the value stated on the invoice. This column consists of four lines. Thus it can be understood that the column with titles using Incoterms is not the final customs value determination because there is room for adjustments to be made.

### 6.3 HM Revenue and Customs (UK)

In the United Kingdom (UK), HM Revenue and Customs has adopted the WTO Valuation Agreement and implements Article 8, para. 2, in the same way as Indonesia, by adding freight, insurance and charges to the price actually paid or payable. One of the declaration forms in the UK is called the C88. When the import value exceeds a certain limit (GBP6,500), the importer may be required to submit a customs value declaration (form C105A or C105B). The declaration is a form that identifies many things about the price of the goods. This form can also be requested by the customs authorities at the time of post clearance audit. Form C105A is a customs value declaration determined by Method 1, and Form C105B is for the use of methods other than Method 1.

The UK customs form C105A was used by the Indonesian Directorate General of Customs and Excise in 1996 for comparison or as a basis to create the existing form, now called the Customs Value Declaration. Procedures applicable now in Indonesian Customs include that the importer will submit a Customs Value Declaration if so requested by customs officials.

The UK import declaration form does not use Incoterms to identify customs value. However, column 3 in form C105A is related to the Incoterm 'terms of delivery' and values in this column can be adjusted based on the values in subsequent columns.

### 6.4 Japan Customs

The Japanese customs declaration form contains three main columns related to customs value.<sup>21</sup> The first column identifies the value of the goods as agreed by seller and buyer in accordance with Incoterms. The second column contains necessary adjustments in the form of additions or subtractions. The third column is the amount of the customs value. According to the explanation given, Incoterms are needed to facilitate the calculation of customs value but CIF value itself is not the customs value. Adjustment to the CIF value is necessary, at least to include the addition of elements outside the values.

## 7. The negative side of using the CIF term

### 7.1 Interpretation of the law

The purpose of a provision in the legislation should, implicitly or explicitly, be able to be clearly understood based on the words and/or sentences used which must be appropriate, explicit and concise to avoid multiple interpretations.<sup>22</sup> Using a particular sentence may result in different interpretation by one person to another. What a regulator actually requires is sometimes misunderstood by those who implement the regulation.

The use of CIF, for example, to determine customs value may cause multiple interpretations. The Incoterms and the WTO Valuation Agreement are two quite separate instruments. It may be that the CIF value is different from the customs value, for example, when there is royalty or a licence fee payable to a third party in a transaction, the CIF value will be less than customs value. Similarly, this would apply if there is an indirect assist (a buyer supplies raw materials to a seller in which the buyer buys the materials from other parties abroad).

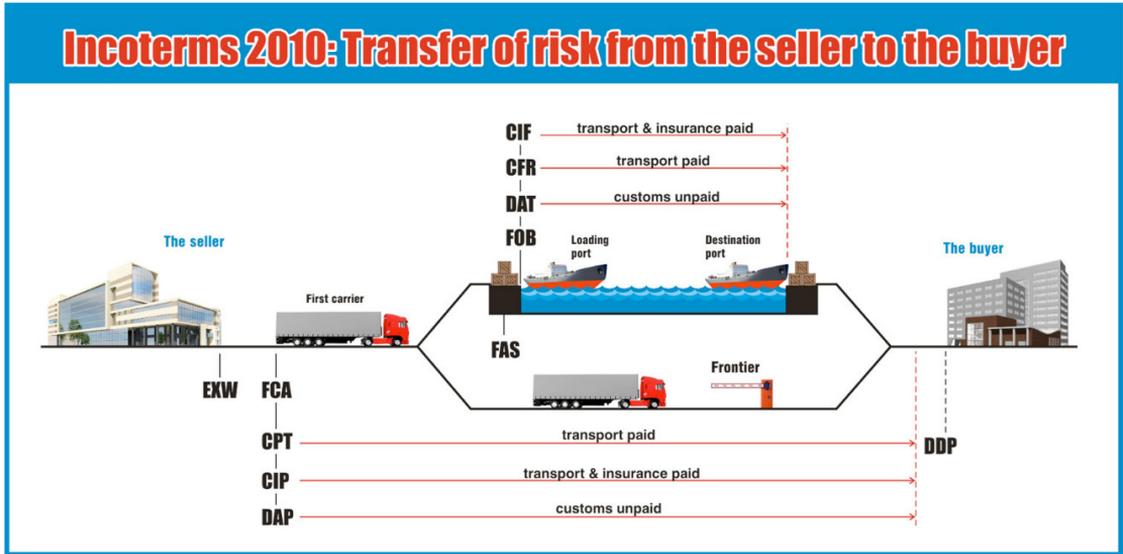
### 7.2 Air transport does not use the CIF term

The use of Incoterms is intended to avoid misunderstandings caused by differences in trade practices in each party's country. Each term in Incoterms is a reference to determine the obligations of each party (for example, who is responsible for services such as transportation, import and export licences, etc.). The agreed Incoterms should be stated in the sale's contract, thereby enabling the buyer and seller to achieve

exactly the same understanding of the obligations of each party, and who is responsible in case of loss, damage or accident.

Figure 3 shows the risk sharing scheme according to Incoterms 2010.<sup>23</sup>

Figure 3: Incoterms 2010: transfer of risk



Source: WTG Logistics (www.wtg.hk/ru).

Figure 3 illustrates graphically the use of Incoterm CIF where the seller delivers the goods by passing the ship's rail at the port of shipment. The seller must pay the necessary costs and freight to bring the goods to the destination port but the risk of loss or damage to the goods, as well as any additional costs due to things occurring after the delivery, is transferred from the seller to the buyer. The seller pays the marine insurance for the risk in the event of loss or damage to the goods during shipping.

The seller arranges contracts for insurance and pays the insurance premium. The buyer must understand that in CIF terms, the seller holds the insurance contract only in respect of minimum cover. When the buyer wants greater insurance protection, they need to hold their own additional insurance contracts. Use of the CIF term requires the seller to complete the export obligation and the CIF term is used only for sea freight and inland waters. If the delivery is not by sea, the seller uses the Incoterm CIP. Thus, CIF cannot be used for transport by air and land.

Indonesian Customs does not distinguish a customs declaration based on the type of port. Indonesia's Import/Customs Declaration is a single form for all kinds of customs service and is used for transport by sea, air and inland waters. Thus the single form of uniform customs declaration using CIF terms means that the customs declaration form is inappropriate for use in the case of airfreight.

It is clear that, if a customs declaration incorporates the use of Incoterms for a value statement, a different form must be used for each kind of transport. For example, for sea or waterway transport, it may use CIF, whereas for cross-border and airport transportation, it should use CIP.

### 7.3 Indonesia's Directorate General of Customs and Excise

As mentioned above, UK Customs has adopted the WTO Valuation Agreement and applies the selection of seven additional elements to the actual price paid or payable in the application of Method 1, in the

same way as Indonesia. To determine the customs value, the price actually paid or payable should be increased by seven other cost elements, and according to the UK Customs' instructions for import and export, there should be an adjustment to the CIF value to determine customs value:<sup>24</sup>

Where the goods you are importing are subject to a sale, the customs value should be based on the CIF price (cost, insurance, freight) plus certain other costs you may have incurred in purchasing the goods (for example, some commissions, royalty and licence fees and even the value of materials you have supplied free of charge to a manufacturer).<sup>25</sup>

This description indicates that beyond the CIF value, there are other costs that should be paid by buyers. For example, commission fees, royalties and licences, and assists supplied to the seller. These costs should be added to the CIF value to determine the customs value.

If, as in the case of Indonesia, the customs declaration uses CIF value for the determination of the customs value, it is necessary to include columns to make the necessary adjustment. In Indonesia, there is a price editing window on the electronic customs declaration form. This window gives more detail about making adjustments. There is a column to make additions although it does not specify what should be added. There is also a discount adjustment column. If this column refers to the costs which need to be deducted, then it should not only mention 'discount' because there are other elements that may be deducted, including interest, costs incurred for the buyer's own interests, and costs incurred after importation.

One other shortcoming of this approach is the restricted use of Incoterms: only FOB, CFR and CIF. Incoterms recognise 11 types of condition of delivery of goods. Restricting the choice to these three terms makes it difficult for importers if the condition of their delivery is not one of the three.

## **8. Legal policy**

### **8.1 Principle of formulation clarity**

There are many principles that apply to the composition of regulations. Of particular relevance to this study is the principle of formulation clarity. The principle sets out that a regulation must meet the technical requirements of drafting legislation, be systematic and avoid ambiguity in the choice of words or terms, as well as use the statutory language which should be clear and easy to understand to avoid a variety of interpretations.

Legislation should also reflect the principle of order and legal certainty, and because there is the possibility of misinterpretation, Indonesia's regulations related to customs value need to be adjusted.

### **8.2 Amendments required**

Indonesia's regulations related to the determination of the customs value require amendment, especially regarding the use of the CIF term, although other rules also need revision. In turn, the Indonesian customs declaration form needs to be amended.

Incoterms remain an important starting point for the calculation of customs value because importers are generally familiar with Incoterms, but not with the WTO Valuation Agreement. Indonesia's column 23 uses the FOB Incoterm and its value. Column 24 provides for final adjustments of additions or subtractions. Column 25 results in the customs value determination. Column 26 is titled 'determination method' and is completed using the methods used in the determination of the customs value. When the customs value is defined other than by Method 1, columns 23 and 24 do not need to be filled in. The customs declaration form should be amended by expanding the editing window to include all seven additional elements and the four subtraction elements which should be clearly explained.

## 9. Conclusions

The above analysis leads to the following observations and conclusions:

1. The CIF term is not a standard term in the WTO Valuation Agreement. The standard term referring to the value of goods as a basis for calculating import duty is 'customs value'.
2. The CIF term may be used in a customs declaration form for sea and waterway transport as a way to simplify the calculation of customs value because, generally, importers are more familiar with Incoterms than with the WTO Valuation Agreement. To determine the customs value, CIF values should be adjusted when costs are to be added or subtracted.
3. Indonesia's Import Declaration form should be amended, including the title of the column 'CIF Value' which should be adjusted to 'Customs Value'.

## Notes

- 1 Indonesia Law No. 7 of 1994, *Ratification of Agreement establishing the World Trade Organisation*.
- 2 Indonesia Law No. 10 of 1995 about 'Customs' as amended by Law No. 17 of 2006.
- 3 Regulation of the Ministry of Finance of the Republic of Indonesia No. 160/PMK.04/2010, 'Customs valuation to calculate customs duty'.
- 4 Regulation of Indonesia Directorate General of Customs and Excise No. P-22/BC/2009, 'Customs Notification for Import' as amended by Regulation of Directorate General of Customs and Excise No. 44/BC/2011.
- 5 See Note 4.
- 6 Republic of Indonesia Government Regulation No. 28 of 2008, 'Imposition of administrative penalties in the forms of fine in customs field'.
- 7 World Trade Organization (WTO) 1994, *Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994*, viewed 10 September 2013, [www.wto.org/english/docs\\_e/legal\\_e/20-val.pdf](http://www.wto.org/english/docs_e/legal_e/20-val.pdf).
- 8 Article 16 of Indonesia Law No. 10 of 1995 about 'Customs' as amended by Law No. 17 of 2006.
- 9 See Note 8.
- 10 See Note 8.
- 11 See Note 3.
- 12 [www.export.gov/faq/eg\\_main\\_023922.asp](http://www.export.gov/faq/eg_main_023922.asp).
- 13 International Chamber of Commerce (ICC) n.d., 'The new Incoterms® 2010 rules', viewed 10 September 2013, [www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/](http://www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/).
- 14 See Note 13.
- 15 Most Indonesian Customs and Excise Offices now use information technology for import services including for the submission of import declarations. Indonesian Customs currently use import declaration application version 5.05 which is submitted using a flash drive or online with electronic data interchange. The application calculates customs duty automatically.
- 16 US Customs and Border Protection 2012, 'CBP Form 7501 Instructions (updated July 24, 2012)', viewed 10 September 2013, [www.cbp.gov/sites/default/files/documents/CBP%20Form%207501\\_Instructions.pdf](http://www.cbp.gov/sites/default/files/documents/CBP%20Form%207501_Instructions.pdf).
- 17 US Customs and Border Protection, 'What every member of the trade community should know about: customs value', An Informed Compliance Publication Revised July 2006, viewed 10 September 2013, [www.cbp.gov](http://www.cbp.gov).
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- 20 Australian Customs and Border Protection Service 2011, 'Instructions and guidelines customs valuation', File No. 2008/038154-01, September, viewed 10 September 2013, [www.customs.gov.au](http://www.customs.gov.au).
- 21 Based on a verbal explanation by a Customs Clearance Division officer, Japan Customs, during his visit to Indonesian Customs in May 2013.
- 22 Bangun, Cerah 2013, 'Penafsiran Hukum' ['Interpretation of laws'], *Warta Bea Cukai*, Edition 462, May 2013, pp. 38-9.
- 23 WTG Logistics, 'Incoterms', viewed April 2014, [www.wtglogistics.com/en/info/incoterms.html](http://www.wtglogistics.com/en/info/incoterms.html).
- 24 HM Revenue & Customs 2013, 'Guidance to Importing & Exporting', Version 38, June 2013, viewed 10 September 2013, [www.hmrc.gov.uk/customs/](http://www.hmrc.gov.uk/customs/).
- 25 HM Revenue & Customs 2013, 'Notice 252: valuation of imported goods for customs purposes, VAT and trade statistics', 1 July, viewed 10 September 2013, [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

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