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One Valuation For Imports Is Demanded

Sedgewick Says Retailer,
Wholesaler Should Get
Same Duty Basis

RAPS DEPARTMENT

From Our Own Correspondent

OTTAWA.—A question of utmost importance for Canadian business in connection with the administration of the customs tariff was raised by the federal tariff board during the past week when the appeal of the International Fibre Board Co. of Ottawa, the Donnacona Paper Co., Quebec, and Building Products Co., Port Neuf, Quebec, was up for hearing.

The appellant companies were protesting the valuations for duty purposes charged by the department of national revenue upon imports by the Canadian distributors for the Insulite Co. of Minneapolis. The contention was that they were too low.

The commissioners of the tariff board questioned for the first time, the practice which the national revenue department has been following of considering the function which the importer performs—that is to say, whether retailer, wholesaler, or manufacturer—and basing the duty which he shall pay accordingly.

One Fair Valuation

In many cases the difference in duty between payment on the basis of a manufacturer's price as compared with a retail price is as much as 100%. Chairman W. H. Sedgewick contended that the department of national revenue should place one fair valuation for duty purposes for any commodity and that all importers of it should be treated alike.

Under the Customs' Act, the revenue department fixes the value for customs and dump duty purposes of any imported commodity at its "fair market value" in the country of origin. For this purpose the revenue department has regulations requiring invoices of such imports to give the fair market value "as when sold at the same time and place in like quantity and condition for home consumption in the principal markets of the country whence exported directly to Canada."

The revenue department has always interpreted the phrase "in like quantity and condition" to embrace prices. For instance, the price at which a U.S. manufacturer invoices to a reciprocating manufacturer, to his distributor or to independent wholesalers and jobbers has been taken in the past as a "condition" of the "fair market value" for calculating duty. The department has gone further and, for some years, consistently endeavored to class Canadian importers on the same basis.

Thus, a Canadian factory reciprocating with a U.S. factory in the exchange of similar though not exactly the same goods would have the value of these imports for duty purposes fixed at the same figure as the U.S. factory charges reciprocating manufacturers in the United States—not upon the prices which it charges its wholesalers or the retail trade.