

➤ **Q: How to calculate the amount of customs duties payable?**

A: Customs duties are computed either on ad valorem basis or on quantity basis. The customs duty payable is calculated either on the basis of the prices of the goods for import and export or on the basis of the quantity imported or exported and by applying the suitable tariff rates.

The formula for calculating the amount of customs duties payable is:

- a. Duties payable = quantity of dutiable imports or exports*dutiable price per unit*applicable rate
- b. Duties payable = quantity of dutiable imports or exports*applicable duty per unit

In computing the multiple tariff, the two formulas above may be integrated for use.

The formula for computing the duty payable is:

Duty payable = quantity of taxable imports or exports*customs completion price per unit*applicable rate+quantity of taxable imports or exports*applicable duty per unit

Example 1:

Some unit imported 200 micro-computers. The dutiable price for each computer is equal to RMB 8000yuan. The MFN tariff is 3.8%, and the ordinary tariff is 70%. The amount of duties payable by the unit is computed as:

- i. By use of MFN rate: duties payable = $200*8000*3.8\% = 60800$ yuan
- ii. By use of ordinary rate: duties payable = $200*8000*70\% = 1.12$ million yuan.

Example 2:

A company imported beer of 2 million liters. The MFN tariff is 3 yuan per liter, and the ordinary tariff is 7.5%yuan per liter. The duties payable is computed as:

- i. By use of MFN rate: duties payable = $2 \text{ million liters}*3\text{yuan/liter} = 6\text{million yuan}$
- ii. By use of ordinary rate: duties payable = $2 \text{ millions liters}*7.5\text{yuan/liter} = 15 \text{ million yuan}$

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