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ACCOUNTING OF FOREIGN ECONOMIC ACTIVITY OF INDUSTRIAL ENTERPRISES: THE CUSTOMS VALUE ADJUSTMENT AND THE FORMATION TAX CREDIT FOR VAT

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Annotation. *The article presents enterprises' problems in determining of the imported goods customs value, it is defined possible strategies of enterprises actions in this area, it is considered the consequences of each of the proposed strategies concerning its influence on the tax credit formation on VAT.*

Keywords: *customs value, import, tax credit, value added tax.*

For companies a very important issue is the correct determination of the imported goods customs value, as it is the basis for the calculation of customs duties, fees, excise tax and value added tax. Enterprises face to a number of problems which are connected with substantiation of the correctness of the self-defined goods customs value and with appeal of customs Service decisions on the adjustment of customs value, as well as the question concerning the formation of tax credit on VAT on import operations.

Typically, business entities determine the customs value of imported goods by the basic method. But in practice, customs often require to make the customs value adjustment with the aim of its increase to obtain larger amounts of customs and tax payments. In this case there are two possible strategies of an economic entity: a) to agree or b) to disagree with the customs value adjustment.

If the enterprise selects option "a", it should pre-plan additional costs for customs duties and taxes payment because of the possible overestimation of the imported goods customs value by the customs.

If the company chooses option "b", then to

defend the self-calculated imported goods customs value it is necessary to collect a full package of documents confirming the customs value calculation. If the customs does not accept the documents and makes the customs value adjustment, it's necessary to appeal the customs decision in court.

Also, while the economic entity is making a decision, which strategy to choose, it has to consider their consequences, connected with the formation of tax credit on VAT. The choice of strategy «a» leads to the inclusion of the all paid VAT to the tax credit, and the size of this tax credit will be larger as it is assumed that the customs overestimates the customs value of the imported goods. The choice of strategy «b» does not allow the declarant to include the entire VAT amount paid during customs clearance into the tax credit because the part of the VAT that the company paid as «financial guarantees», is forbidden to include into a tax credit.

The choice of strategy remains with the company, but it must be based on calculation of the economic consequences of each option taking into account the above mentioned information.

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