

Case Study

Food Importer Avoids Price Lawsuit with Russian Customs



An Swiss cheese manufacturer has her own legal entity in Russia. Since import duties are substantial, it makes fiscal sense for the manufacturer to allocate maximum profit in Russia and return final results to Italy as dividends.

Starting Situation

Products are sold to the Russian daughter entity at the lowest price possible as per the arms-length principle. This value is lower than the statistical average and minimum import value for similar products in Russia.



For this reason, Russian customs authorities challenged the pricing and wished to charge additional import duties.

Solution

To continue with daily operations and proceed with imports into Russia, Hellmann filed for a preliminary customs release in which a guarantee payment is made to cover the difference between the declared and requested customs payments.



In parallel, we coordinated the preparation of documentation that validated the declared value to customs authorities. Our reasoning was accepted by customs, the pre-paid guarantee payment was returned to the importer, and future shipments were no longer challenged for a perceived low value.

Conclusion

Customs can challenge declared information for a variety of reasons. In most cases, this does not have to disturb your supply chain in a fundamental way. Following up with customs authorities properly reduces further lawsuits and structural problems can be avoided.



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