COOPERATION BETWEEN CUSTOMS AUTHORITIES AND BROKERS IN DETERMINING CUSTOMS VALUE

Rima SURGELIENĖ, Vytautas Magnus University, Agriculture Academy, Faculty of Bioeconomy Development, email: rima.surgeliene@vdu.lt
Jakub DOBRZYNSKI, Vytautas Magnus University, Agriculture Academy, Faculty of Bioeconomy Development, email: jakub.mikolaj.dobrzynski@stud.vdu.lt

Abstract

The article analyses the cooperation between customs authorities and customs brokers in determining customs value and implementing tax policy. The research emphasizes the role of brokers as intermediaries who ensure compliance, transparency, and efficiency in customs valuation processes. The study is based on the analysis of scientific literature, international and EU legislation, and institutional reports. Empirical insights were drawn from case studies by the World Customs Organization and the Lithuanian Customs. The findings reveal that the main challenges in cooperation are inconsistent valuation practices, fraudulent invoicing, documentation gaps, and limited data exchange. The study proposes several measures to improve cooperation, including the standardization of documentation, the introduction of performance indicators (KPIs), digitalization, professional training, and transparent information sharing. Strengthened cooperation and partnership-based risk management between customs and brokers can improve valuation accuracy, enhance compliance, and contribute to fair taxation and sustainable customs modernization in the European Union.

Keywords: customs valuation, customs brokers, cooperation, risk management, EU customs, tax policy, digitalization.

Introduction

Cooperation between customs authorities and customs brokers is a key element in ensuring that the declared customs values accurately reflect the declared transaction value and, more broadly, the economic value of goods, and supports compliance. Customs brokers, who assist importers and exporters in working through a range of complex administrative regulations and procedures, are usually the main points of contact with customs (De Wulf & Sokol, 2005). Customs brokers participate in several stages of the international trade process carrying out activities such as: classifying products to apply the adequate tariff, elaborating the required trade documents, submitting the information to Customs Administration and arranging for the payment of duties (BSFH, 2005). The customs value of imported goods directly affects both the amount of customs and tax duties and the competitiveness of international trade enterprises. Within the European Union (EU), the process of determining customs value is harmonized under the Union Customs Code (UCC) and the World Customs Organization (WCO) Customs Valuation Agreement (CVA), based on Article VII of the General Agreement on Tariffs and Trade (GATT). Articles 70–74 of the UCC define six valuation methods that ensure fair and predictable duty collection (EU, 2013).

The purpose of this paper is to present how this cooperation affects the accuracy and predictability of taxation, what are the typical risk points, and which organizational and analytical tools can limit disputes and divergences in the area of customs valuation of goods.

Research object

cooperation between customs authorities and brokers in determining customs value

Research aim is to reveal the situation of cooperation between customs authorities and customs brokers in determining customs value.

The following **objectives** have been set to achieve the aim:

1. To analyze the role of customs brokers in determining customs value based on regulations;
2. To identify the challenges involved in the cooperation between customs authorities and customs brokers in the context of determining customs value;
3. To propose improvements to the cooperation between customs authorities and customs brokers to minimize disputes and ensure accurate customs valuation.

Research results and discussion

1. The Role of Customs Brokers in Determining Customs Value

Customs valuation is the process of determining the economic value of goods declared for importation. It serves as the basis for calculating customs duties, value-added tax (VAT), and trade statistics. The WCO (2018) defines valuation as a mechanism ensuring that duties and taxes are applied based on the true transaction value of goods. Correct valuation is fundamental not only for accurate revenue collection but also for fairness and transparency in international trade (Truel, 2010).

Customs brokers play a central role by acting as intermediaries between importers and customs authorities. Article 18 of the UCC defines a customs broker – legally referred to as a customs representative – as a person authorized to perform customs formalities on behalf of another person, either directly or indirectly (European Union, 2013). De Wulf and Sokol (2005) describe customs brokers as professionals licensed by customs to carry out clearance procedures on behalf of importers and exporters, ensuring compliance with customs regulations and fiscal requirements.

Table 1. Definitions of Customs Broker

Author	Definition
European Union (2013)	"Any person may appoint a customs representative. Such representation may be either direct, in which case the customs representative acts in the name of and on behalf of another person, or indirect, in which case the customs representative acts in his or her own name but on behalf of another person." (Art. 18, UCC)
De Wulf & Sokol (2005)	"A customs broker is a person or company licensed by customs to carry out customs clearance formalities on behalf of importers and exporters."
World Customs Organization (2022)	"Customs brokers are intermediaries between customs and traders who provide professional services to facilitate the clearance of goods, ensuring compliance with laws and regulations."
Juárez Allende (2021)	"The WCO recognizes customs brokers as strategic partners that support customs administrations in ensuring compliance, transparency and facilitation."

As seen in Table 1, these definitions emphasize brokers' dual role in ensuring compliance and facilitating trade. The UCC stresses their legal representation function, while De Wulf and Sokol (2005) highlight their professional licensing and procedural expertise. The WCO (2022) and Juárez Allende (2021) underline the strategic partnership dimension – brokers are not only intermediaries but also essential collaborators in modern customs management.

Within the EU, approximately 80 % of import and export declarations are submitted by customs brokers, confirming their major role in clearance procedures (Naujokė, 2023). According to DG TAXUD, the transaction value method (Article 70 UCC) is used in about 95 % of valuation cases (European Commission, 2022). Therefore, brokers ' competence in applying these methods directly influences the accuracy of tax collection and the efficiency of customs operations.

The growing number of Authorized Economic Operator (AEO) certificates also reflects increasing trust between customs and economic operators. In Lithuania, 181 valid AEO authorizations were registered by the end of 2024, including 100 Authorized Economic Operator for Customs Simplifications (AEOC), 78 Authorized Economic Operator for Security and Safety (AEOS), and 3 Authorized Economic Operator for Customs Simplifications and Security and Safety (AEOF) permits (Lithuanian Customs, 2024). This demonstrates that cooperation and trust-based compliance are key elements of modern customs administration.

Table 2. The Role of Customs Brokers in Valuation

Source	Role of Customs Brokers	Aspect
Truel (2010)	Maintain integrity and prevent under/over-valuation	Transparency
De Wulf & Sokol (2005)	Ensure accuracy of declarations and valuation data	Compliance and documentation
WCO (2018)	Support risk-based verification through pre-clearance data	Risk management
Juárez Allende (2021)	Act as intermediaries fostering trust and efficient clearance	Cooperation

As summarized in Table 2, brokers not only ensure correct valuation and documentation but also enhance communication, transparency, and risk management. In Lithuania, customs collected EUR 185.16 million in customs duties, VAT, and excise taxes in 2024, exceeding the national plan by 1 %. Public trust in Lithuanian Customs (Customs Department under the Ministry of Finance of the Republic of Lithuania), also rose from 26.9 % to 46.5 % during the same year (Lithuanian Customs, 2024). These findings suggest that cooperation with professional brokers may contribute to improved compliance and enhanced institutional credibility.

2. Challenges in Customs Valuation and the Role of Brokers in Cooperation with Customs Authorities

Despite the advantages of cooperation, several challenges remain. From the customs perspective, the main risk is revenue loss, while for traders it is non-compliance and penalties (Truel, 2010). Incorrect valuation affects fiscal revenue even when goods are duty-free because customs also collect VAT and other charges based on the declared value (Truel, 2010).

Common valuation risks include under-invoicing, over-invoicing, and splitting consignments to avoid thresholds. These irregularities are identified through valuation databases and risk management systems (WCO News, 2016). The WCO warns that valuation databases are useful tools for detecting undervaluation but should not be misused to create artificial reference values (WCO News, 2016).

According to the Lithuanian Customs (2024), value controls resulted in EUR 16.35 million in additional duties, showing continued relevance of valuation checks. Over 90 % of control adjustments were linked to valuation issues, confirming that customs value remains the most risk-prone area.

The WCO (2018) notes a persistent tension between customs and tax authorities: customs aim to prevent undervaluation, while tax administrations focus on avoiding overstated transfer prices. This difference often leads to inconsistencies and double assessments. Therefore, information exchange between customs, tax authorities, and brokers is crucial to ensure alignment with both WTO valuation and OECD transfer pricing principles. Recent empirical studies confirm that professional brokers improve compliance and efficiency. Sernero (2024) found that both brokers and importers rated service performance highly (means between 4.2-4.5 on a five-point scale), particularly in reliability, flexibility, and cost-efficiency. Such cooperation increases trust, reduces disputes, and strengthens compliance.

Another common challenge lies in documentation and data reliability. The WCO (2018) emphasizes that reliable supporting documentation is vital for verifying declared values. During audits, customs compare invoices, contracts, and payment records to ensure consistency and identify any irregularities. Poor cooperation or incomplete data often lead to delays or fines (Truel, 2010). Enhancing cooperation between customs authorities and brokers through improved data exchange and advanced digitalisation processes is essential for ensuring accurate customs valuation (Lithuanian Customs, 2024

Table 3. Key Challenges in Customs Valuation and Related Cooperation Issues

Source	Description	Challenge	Role of Customs Broker in Addressing the Challenge
Truel (2010); WCO News (2016)	Manipulation of invoices to move profits or evade duties	Fraudulent invoicing	Identify inconsistencies in invoice values; verify transaction details; request supporting documents; communicate risks to the importer; explain customs valuation rules and consequences of non-compliance
De Wulf & Sokol (2005); Sernero (2024)	Weak communication between customs, brokers, importers, and tax authorities	Coordination issues	Act as a communication intermediary; ensure accurate and timely information flow; clarify requirements; align stakeholders and reduce misunderstandings
WCO (2018)	Differences between customs and tax valuation (transfer pricing vs. transaction value)	Inconsistent valuation methods	Advise importers on differences between customs and tax rules; support alignment of declared values; cooperate with tax and customs authorities to avoid double assessments
WCO (2018)	Missing or inconsistent supporting records	Documentation gaps	Ensure completeness and consistency of documentation; collect and verify invoices, contracts, and payment proofs; prepare documentation for audits
WCO News (2016)	Importers have no access to valuation data of similar goods	Limited data access	Use professional knowledge and available databases; advise importers on reasonable value ranges; support risk assessment and proper declaration

As shown in Table 3, the main obstacles include inconsistencies in customs valuation, documentation gaps, and limited institutional coordination. Overcoming these challenges requires a partnership-based approach rather than a purely control-oriented model. Close cooperation, transparency, and shared responsibility among customs authorities, tax administrations, customs brokers, and importers—who provide the underlying data and bear responsibility for its accuracy—are essential to ensuring fair and efficient customs valuation. Such an approach also helps reduce the risk of disputes and non-compliance.

3. Proposals for Improving Cooperation between Customs Authorities and Customs Brokers

To strengthen the cooperation between customs authorities and customs brokers and ensure transparent and fair customs valuation, several improvement directions can be proposed based on international practice and institutional experience (WCO, 2018; European Commission, 2022).

1. Standardization of documentation and procedures

The development of a unified EU checklist of documents for applying the transaction value method (Article 70 UCC) could improve the consistency of valuation procedures among the EU Member States. Standardized documentation, including invoices, proof of payment, and contracts, would reduce interpretation differences between customs offices and support more accurate valuation control (European Union, 2013; De Wulf & Sokol, 2005).

2. Introduction of KPIs for the broker–authority relationship

KPIs are quantifiable measures that evaluate the effectiveness and quality of cooperation between customs authorities and brokers. Some indicators specifically reflect broker performance (e.g., response time to inquiries), while others reflect customs processes (e.g., post-clearance corrections). They may include the share of declarations accepted without value adjustments, the average response time to brokers’ inquiries, and the number of post-clearance corrections.

Monitoring these indicators helps identify areas for improvement, increase accountability, and enhance transparency (Sernero, 2024; WCO, 2018).

3. Process digitalization and a shared data system

Digitalisation of valuation processes and data sharing among customs authorities and brokers can reduce administrative burden and human error. The European Commission's Data-Driven Customs Strategy and the upcoming EU Customs Data Hub aim to facilitate real-time exchange of customs data, enabling faster detection of anomalies and increasing transparency (European Commission, 2022; Lithuanian Customs, 2024).

4. Developing brokers' competences and their role as compliance partners

Continuous professional training and certification for customs brokers should focus on customs valuation, risk management, and tax compliance. Participation in the AEO program, or its extension, the Trust & Check Trader, can further enhance mutual confidence and improve the quality of customs declarations (WCO, 2022; De Wulf & Sokol, 2005).

5. Strengthening knowledge and professional capacity for effective cooperation

Regular information-sharing platforms such as workshops, working groups, or online consultations between customs authorities and brokers would promote a shared understanding of valuation practices. This approach fosters transparency, reduces uncertainty, and enables proactive identification of potential valuation risks (WCO, 2018; Truel, 2010).

These proposals are closely aligned with the WCO's (2022) strategy for customs-business partnership and the EU's modernization framework, aiming to increase efficiency, compliance, and predictability in customs valuation processes.

Conclusions

1. Customs brokers are vital intermediaries ensuring compliance with customs valuation rules and facilitating trade. Their professional competence and cooperation with customs authorities directly influence the accuracy of tax collection and the effectiveness of customs procedures (De Wulf & Sokol, 2005; Juárez Allende, 2021; WCO, 2022).
2. The main challenges in cooperation relate to valuation inconsistencies, fraudulent invoicing, documentation gaps, and weak coordination between institutions. Improved digital data exchange, trust, and structured information sharing can minimize these problems (Truel, 2010; WCO, 2018; Sernero, 2024; Lithuanian Customs, 2024).
3. Recommendations for improvement include the standardization of documentation and procedures, the introduction of key performance indicators (KPIs) to measure the quality of cooperation, strengthening professional training for brokers, enhancing digitalization and real-time data exchange, and increasing transparency of customs valuation criteria and decision-making processes.
4. Promoting joint risk management between customs authorities and brokers is essential for improving compliance. This includes coordinated identification, assessment, and monitoring of valuation risks, systematic information sharing on high-risk transactions, early detection of irregularities, and alignment of control strategies to ensure fair and consistent taxation (WCO, 2018; De Wulf & Sokol, 2005).
5. These findings indicate that current cooperation models remain largely operational rather than strategic, highlighting the need for a more integrated, risk-based, and data-driven governance framework between customs authorities and brokers.
6. Overall, cooperation between customs authorities and brokers is a cornerstone of accurate valuation and transparent tax administration. Continuous partnership, trust, and modernization contribute to sustainable and fair customs management across the European Union.

References

1. Antov, G. (2023). E-commerce and customs valuation: Challenges of low-value consignments in the EU. *European Trade Studies Review*, 12(2), 45-59.
2. Besusparienė, E. (2023). Customs valuation of goods and VAT on imports. Lecture slides, Vytautas Magnus University, Faculty of Bioeconomy Development.
3. De Wulf, L., & Sokol, J. (Eds.). (2005). *Customs Modernization Handbook*. Washington, D.C.: World Bank Publications.
4. BSFH, EPFL CDM IML. (2005). New Roles for Customs Brokers in the International Supply Chain. Lausanne: École Polytechnique Fédérale de Lausanne, International Institute for Management of Logistics.
5. European Commission. (2022). EU Customs Valuation Compendium. Brussels: DG TAXUD.
6. European Union. (2013). Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code. Official Journal of the European Union, L 269, 1-101.
7. Gwardzińska, E. (2014). The role of customs brokers in the EU customs system. *Journal of Customs and Trade Policy*, 6(1), 25-39.
8. Juárez Allende, H. H. (2021). *The World Customs Organization: Past, Present and Future*. Cham: Springer Nature. https://doi.org/10.1007/978-3-030-85296-2
9. Lithuanian Customs. (2024). Annual Activity Report 2024. Vilnius: Customs Department under the Ministry of Finance of the Republic of Lithuania.
10. Naujokė, V. (2023). Customs brokerage and its impact on trade facilitation in Lithuania and Bulgaria. *Baltic Customs Review*, 5(1), 33-48.

11. Sernero, R. (2024). Customs broker services operational performance: Basis for the development of corporate strategy. *Journal of Interdisciplinary Perspectives*, 2(7), 432-445. https://doi.org/10.69569/jip.2024.0190
12. Truel, C. (2010). A Short Guide to Customs Risk. Farnham: Gower Publishing Limited.
13. World Customs Organization. (2016). Addressing the misuse of customs valuation databases. *WCO News*, No. 79, 58-59.
14. World Customs Organization. (2018). Guide to Customs Valuation and Transfer Pricing. Brussels: WCO.
15. World Customs Organization. (2022). WCO Guidelines on Customs Brokers. Brussels: WCO.