

Customs & Trade in Israel

A Legal Newsletter

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The Claim of a Private Importer Against a broker for Extra Import Duties Was Accepted

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Case Facts:

An importer who sought to purchase a Mercedes luxury car through a broker. A few years after the car was imported, the Customs Authority contacted the importer, demanding that he pay additional import duties due to importing the car. The Customs Authority claimed that while the car's purchasing price was declared as price x, it was later discovered that the car's price is higher than declared. Therefore, insufficient import duties were paid due to the lower car price declared.

Following the Customs Authority's demand, the importer turned to the broker and its shareholder, demanding they cover the additional import duties payment. After the broker and shareholder refused, the importer submitted a claim to the Ashdod Magistrate Court in order to force them to pay.

Parties' Arguments:

The importer claims that the broker misled him, among others by concealing essential information regarding the price of the car and lacking report filed to the Customs Authority. The importer argued that he should be viewed as a party which signed a contract due to misinformation, as he would have not signed the deal had he known the car's price was downplayed in a manner which exposes him to serious duty fraud allegations.

The broker argued that the car was imported by the importer, with the aid of the brooker's services. Therefore, he should be responsible for payment of all import duties derived from the import, as he's the one liable for the payments under the law.

The Court's Ruling:

The court ruled that payment liability of the import duties rests upon the shoulders of the importer. The importer avoided questioning how the "discount" in the price was achieved, and he had no legal alternative for importing the car without paying the required import duties. Even so, the court determined that the broker is responsible for the importer's situation, and should have presented the detailed method by which it achieved the "discount" rate, so that the importer may make an educated decision of whether to take the risk upon himself. The broker's failure to clarify the matter is what prevented the importer from avoiding the deal, and therefore the importer is entitled to compensation for the grief the situation caused him.

The court ruled that the parties bear shared responsibility for importing a car while attempting to pay reduced import duties, noting that the importer's economic interest is higher than the broker's interest in this case, for if the fraudulent declaration was not exposed, he would have enjoyed a higher percentage of the profit than the company.

Conclusion:

The court partially accepted the claim, ordering the broker to compensate the importer by a sum equal to a quarter of the additional import duties he is required to pay.

[TA 64712-06-15 ruling given on 29.7.18. Presiding judge: Yehuda Lieblein]

The above review is a summary. The information presented is for informative purposes only, and does not constitute legal advice.

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