



Australian Government
Anti-Dumping Commission

NON-CONFIDENTIAL / PUBLIC RECORD

Exporter Questionnaire



Tatung Company, Taiwan

Product: POWER TRANSFORMERS

From: China, Indonesia, Korea, Taiwan, Thailand and Vietnam

Period of Investigation: 1 July 2010 – 30 June 2013

Response due by: 28 January 2014

Investigation case manager: Chris Vincent

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**Return completed
questionnaire to:**

Anti-Dumping Commission
Customs House
5 Constitution Avenue
Canberra ACT 2600

Attention: Director Operations 1

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GOODS UNDER CONSIDERATION

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices are:

Liquid dielectric power transformers with power ratings of equal to or greater than 10 MVA (mega volt amperes) and a voltage rating of less than 500kV (kilo volts) whether assembled or unassembled, complete or incomplete.

Incomplete transformers are subassemblies consisting of the active part and any other parts attached to, imported with or invoiced with the active parts of power transformers. The active part of a power transformer consists of one or more of the following when attached to or otherwise assembled with one another:

- the steel core;
- the windings;
- electrical insulation between the windings; and
- the mechanical frame.

The product definition includes step-up transformers, step-down transformers, autotransformers, interconnection transformers, voltage regulator transformers, rectifier transformers, traction transformers, trackside transformers and power rectifier transformers.

Distribution transformers are not the subject of this application.



SECTION A - COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

TATUNG Industrial Appliance Business Unit and Factory:

Name:	Mr. Chang-Hung Chien
Position in the company:	Senior Department Manager of Export Department
Address:	102, Minsheng Rd., Neihai Village, Tayuan, Taoyuan, Taiwan, 33759
Telephone:	+886-3-386-3123 ext. 1304
Facsimile number:	+886-3-386-3123 ext. 1380
E-mail address:	chienge@heap.tatung.com.tw

A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name:	Mr Alan Bennett	Mr Kevin Reilly
Address:	AB Legal 44 Araluen Drive Killcare NSW 2257	2 Julianne Close Bolwarra Heights NSW 2320
Telephone:	+61 438 235 581	+61 411 439 366
Facsimile:	+61 2	+61 2 4930 1217
E-mail address:	abennett@ablegal.com.au	kevin@gtrconsulting.com.au
Please note that all communications in relation to this matter should be directed to AB Legal in the first instance.		

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.



A-3 Company information

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

The legal name of the business is TATUNG COMPANY, a Company limited by shares. Tatung does not use any other business name to export and sell the goods.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

[CONFIDENTIAL TEXT DELETED – details of shareholders]

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

Not applicable.

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

Not applicable.

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

Please refer to page 9 & 10 of "TATUNG 2012 Annual Report" (Attachment 1 - Non-Confidential).

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

[CONFIDENTIAL TEXT DELETED – details of intra-company arrangements]

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

Tatung Industrial Appliance Business is responsible for designing, manufacturing, and selling of transformers, switchgears, gas insulated switchgears, gas circuit breaker, underground 2-way/4-way switches, maintenance, diagnostic services, and system engineering. The integration of Group resources to provide the distribution feeder automation systems, hydro- & thermal power system, transmission and distribution system with the full range of high-quality turnkey service from planning, design, procurement, manufacturing, installation, testing and commissioning to operation.



8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:
- produce or manufacture
 - sell in the domestic market
 - export to Australia, and
 - export to countries other than Australia.

Tatung performs all functions stated above.

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Please refer to page 9 & 10 of "TATUNG 2012 Annual Report" (Attachment 1 - Non-Confidential).

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

TATUNG 2012 Annual Report (Attachment 1 - Non-Confidential).

TATUNG Power Transformers Brochure (Attachment 3 - Non-Confidential).

A-4 General accounting/administration information

1. Indicate your accounting period.

The accounting period is from Jan. 1st to Dec. 31st.

2. Indicate the address where the company's financial records are held.

TATUNG Company's Head Office is at 22, Sec. 3, Chung-Shan N. Rd., Taipei City, 104, Taiwan. However, the financial record can be fully accessed at Industrial Appliance Business Unit of TATUNG, at TATUNG's Factory address 102, Minsheng Rd., Neihai Village, Tayuan, Taoyuan, Taiwan, 33759.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts
- Please refer to Attachment 4 - Chart of accounts – CONFIDENTIAL;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Please refer to TATUNG 2012 Annual Report (Attachment 1 - Non-Confidential).and TATUNG 2011 Annual Report (Attachment 2 - Non-Confidential).



- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

TATUNG does not prepare such documents for production and sale of the goods under consideration.

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Not applicable. TATUNG COMPANY's accounts are audited.

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

TATUNG adopts the accounting practices according to the generally accepted accounting principles in Taiwan before the year of 2013.

From the year of 2013 the IFRS accounting principle is adopted.

6. Describe:

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);

Inventories are valued at the lower of the cost and net realizable value item by item. Cost incurred in bringing each product to its present location and conditions are accounted for as follows:

[CONFIDENTIAL TEXT DELETED – details of company's valuation methods]

- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

The shared allocating costs are by [REDACTED].

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Not applicable.



- valuation methods for scrap, by products, or joint products;
The scrap is sold and recorded as another income. Value is determined by market price.
- valuation and revaluation methods for fixed assets;
Property, plant and equipment
 - a. Property, plant and equipment are stated at cost (or cost plus revaluation increment) less accumulated depreciation and accumulated impairment loss.
 - b. Major renewals and improvements are capitalized, while maintenances and repairs are expensed as incurred.
 - c. Upon disposal or sale of an item of property, plant and equipment, the related cost, accumulated depreciation and accumulated impairment loss are removed from the account. Gains or losses from disposal of property, plant and equipment are recorded as non-operating income or expense.
- average useful life for each class of production equipment and depreciation method and rate used for each;
Depreciation is provided by using straight-line method which was approved by the Financial Supervisory Commission over the following estimated useful lives:
 - Buildings: 3~50 Years
 - Machinery and equipment: 3~10 Years
 - Transportation equipment: 3~10 Years
 - Instrument and equipment: 3~10 Years
 - Leased assets: 3~50 Years
 - Miscellaneous equipment: 2~10 Years
- treatment of foreign exchange gains and losses arising from transactions;
- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;
[1] The Company's functional currency is New Taiwan dollars.
[CONFIDENTIAL TEXT DELETED – details of company's method of dealing with foreign exchange gains/losses]
- inclusion of general expenses and/or interest;
Please refer to Page 89 of "TATUNG 2012 Annual Report" (Attachment 1 - Non-Confidential)..
The general and administrative expenses are classified as "Operating expenses".
The interest income is non-operating income and the interest expenses are non-operating expenses.
-



- provisions for bad or doubtful debts;

Please refer to Page 115 of "TATUNG 2012 Annual Report" (Attachment 1 - Non-Confidential).

Credit risk

[CONFIDENTIAL TEXT DELETED – details of company's treatment of credit risk]

- expenses for idle equipment and/or plant shut-downs;

For the Transformer Division, [REDACTED] will be the expenses for idle equipment and plant shut-downs.

- costs of plant closure;

Not applicable.

- restructuring costs;

Not applicable.

- by-products and scrap materials resulting from your company's production process; and

The costs of by-products and scrap materials resulting from the production process are calculated in advance during quotation.

- effects of inflation on financial statement information.

Risk management countermeasures are taken into consideration to minimize the effects of inflation.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

- [1] Effective on January 1, 2011, the Company changed the method of depreciation from fixed-percentage-on-declining-basis to straight-line-basis and the [CONFIDENTIAL TEXT DELETED – details of effect on company's income resulting from change in depreciation method]
- [2] Effective on January 1, 2011, the Company adopted the third version of R.O.C. SFAS. No. 34, "Financial Instruments: Recognition and Measurement. This change in accounting principles had no significant effect on net income for the year ended December 31, 2011.
- [3] The accounting method of IFRS was adopted from the year of 2013 instead of R.O.C. GAAP to catch up the international trend.



A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration ('*goods under consideration*' (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

	Most recent completed financial year (specify)		Investigation period(2010 7/1-2013 6/30)	
	All products	Goods Under Consideration	All products	Goods Under Consideration
Gross Sales (1)				
Sales returns, rebates and discounts (2)				
Net Sales (3=1-2)				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
Total cost to make (9=4+5+6+7+8)				
OPERATING INCOME (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12+13)				
INCOME FROM NORMAL ACTIVITIES (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
PROFIT BEFORE TAX (20)=(15+16+17+18+19)				
Tax (21)				
NET PROFIT (22)=(20-21)				



Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.

Prepare this information on a spreadsheet named "**Income statement**".

Please refer Attachment 5 – TATUNG EQ spreadsheets – A.5 income statement -
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This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

	Most recent completed financial year (specify)		Investigation period	
	Volume	Value	Volume	Value
Total company turnover (all products)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "TURNOVER".

This information will be used to verify the cost allocations to the goods under consideration in Section G.



Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

Please refer Attachment 5 – TATUNG EQ spreadsheets – A.6 Turnover -
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SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but the Commission may also compare prices at the ex factory level.

*You should provide details of **all** goods under consideration (the goods):*

- *invoiced during the investigation period; and*
- *subject to tenders that were won during the investigation period, even in circumstances where the goods were not invoiced or **shipped** to Australia during the investigation period. In this circumstance, please provide details of any expenses already incurred with respect to the goods shipped outside of the investigation period,*

For tender sales, the Commission considers the contract date will normally be taken to be the date of sale. To ensure that the Commission can make a proper assessment of date of sale, we request the contract date, invoice date and delivery date. If you consider that a date other than the contract date is the appropriate date of sale, please provide a response outlining your reasons for this.

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

Name: [CONFIDENTIAL TEXT DELETED – details of company's customers]
 Address:
 Contact name:
 Phone number:
 Fax number:
 Trade level: Distributor

Name:
 Address:
 Contact name:
 Phone number:
 Fax number:
 Trade level: Distributor

B-2 For each customer identified in B1 please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

[CONFIDENTIAL TEXT DELETED – details of company's trading terms]

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Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

- [1] The trading relationship between [REDACTED] and Tatung is [REDACTED] to export the power transformers in Australia [REDACTED]. Hence, it is not required to pay commission. The Division of Works is shown as the following:

Content of the Work	[REDACTED]	TATUNG
Collect Project & Bidding Information	<input type="radio"/>	
Prepare bidding documents & provide the quotation		<input type="radio"/>
Attend the bidding	<input type="radio"/>	
Issue the order if the project is awarded	<input type="radio"/>	
Manufacture the power transformer & export to Australia		<input type="radio"/>
Witness test if required	<input type="radio"/>	<input type="radio"/>
Import the power transformer & transport to the job site	<input type="radio"/>	
Dispatch the technical advisor as the supervisor to perform the installation, testing and commissioning of the power transformer at job site if required		<input type="radio"/>
Install, test and commission the power transformer	<input type="radio"/>	
Receive the payment from the customer and remit the payment to Tatung according to the payment term as agreed	<input type="radio"/>	

- [2] Tatung sold the new identical power transformer to [REDACTED] to replace the one was made by Tatung around [REDACTED] years ago.
- (b) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.
- Only [REDACTED] terms are applied to the sales, DPP sales is not applicable. [CONFIDENTIAL TEXT DELETED – details of who retains ownership of goods]
- (c) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

Please refer to “GENERAL PURCHASE AND SALES AGREEMENT BETWEEN [CONFIDENTIAL TEXT DELETED – Customer name] TATUNG COMPANY RELATING TO POWER TRANSFORMER”.

Please refer Attachment 6 – [REDACTED] Agreement - CONFIDENTIAL

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- (d) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are determined through a tender process, supply copies of winning tender bids.

[CONFIDENTIAL TEXT DELETED –Details of commercial dealings]

[8] Then, the project is accomplished.

- (e) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

There is no relationship between Tatung and Australian customers.

- (f) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

There is no forward order of the goods under consideration at this moment.

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Power transformer is a custom-made product. Tatung needs to perform the quotation jobs according to the technical specification provided by the customer. After reviewing the costs, Tatung provides the offer to the customer. The customer reviews the price and proposal submitted by Tatung. The customer attends the tender. The final price is negotiated.

Tatung negotiates the export selling prices case by case not by distribution channel.

- B-4** Prepare a spreadsheet named “Australian sales” listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period.

Where a contract has been won during the investigation period but the goods are not yet shipped, provide details of these goods with any expenses incurred to date and the scheduled delivery date specified in the contract.

You must provide this list in electronic format. Include the following export related information:

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Power rating (MVA)	Where more than one unit of the goods is shipped and the power rating differs between units, please list these units separately.
Voltage ratio (kV)	Where more than one unit of the goods is shipped and the voltage ratio differs between units, please list these units separately.
Contract number	Show order confirmation, contract or purchase order number

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Contract date	Date contract was agreed with Australian customer – ensure all contracts entered in to during the investigation period are included, regardless of whether the goods were invoiced or delivered to your Australian customers outside of the investigation period
Invoice number	invoice number
Invoice date	Invoice date - ensure details of all invoiced goods during the investigation period are included, regardless of whether the contract was agreed or the goods were shipped outside of the investigation period.
Delivery date	if the delivery date differs from the invoice date please specify. If delivery has not occurred, include the scheduled delivery date set out in the contract for sale.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms eg. 60 days=60 etc
Quantity	Quantity in units shown on the invoice.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts on the invoice	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Rebates or other allowances	the amount of any deferred rebates or allowances paid to the importer in the currency of sale
Other discounts	the actual amount of any other discount not deducted from the invoice. Show a separate column for each type of discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed. If the goods are not yet shipped, provide an estimate of ocean freight.
Marine insurance	Amount of marine insurance. If the goods are not yet shipped, provide an estimate of marine insurance.
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export. If the goods are not yet shipped, provide an estimate of inland freight.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Installation expenses	Any expense associated with the installation of the goods if included in the contract
Technical assistance & other	expenses for after sale services, such as technical assistance or installation costs.

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services*	
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

** FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

* All of these costs are further explained in section E-1.

Please refer Attachment 5 – TATUNG EQ spreadsheets – B.4 Australian Sales - CONFIDENTIAL

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see “other factors” in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

TATUNG's accounting system enables expenses to be identified in detail. Some expenses can be directly related to either export or domestic sales. Other expenses may not be able to be directly related to particular sales. These expenses are allocated appropriately.

Adjustments will need to be made to fairly compare export and domestic sales. TATUNG is able to fully quantify all expenses and explain their allocations to the Commission's officers at the on-site verification.

- B-6** For each type of discount, rebate, allowance offered on export sales to Australia:
- provide a description; and
 - explain the terms and conditions that must be met by the importer to obtain the discount.

Not applicable.



Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

Not applicable.

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

Not applicable.

- B-8** If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

Not applicable.

- B-9** For two contracts where the goods were also shipped to Australia during the investigation period, please provide a complete set of all documentation related to the export sale. For example:

- the contract between your company and your Australian customer;
- the commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

Please refer Attachment 7 – ■■■ Export sales documentation – CONFIDENTIAL;
and
Attachment 8 – ■■■ Export sales documentation – CONFIDENTIAL



SECTION C - EXPORTED GOODS & LIKE GOODS

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

Each power transformer is a custom-made product to meet each customer's design and specifications. TATUNG considers that there are no "like goods" to compare export sales with domestic sales.

- C-2** List each unique unit of goods exported to Australia (these types should cover all types listed in spreadsheet "**Australian sales**" – see section B of this questionnaire).

EXPORT TYPE	Mega volt amperes (MVA)	Kilo volts (kV)
Product code of each unique unit of the goods exported to Australia		

Please refer to Attachment 5 – TATUNG EQ spreadsheets – B.4 Australian Sales – CONFIDENTIAL for power and voltage ratings for each power transformer exported to Australia. The list of individual specifications for each unit exported to Australia is available in the comprehensive specification requirements of each contract and will be available to the Commission officers at the on-site verification.

- C-3** List each unique unit of power transformer sold on the domestic market during the investigation period.

DOMESTIC TYPE	Mega volt amperes (MVA)	Kilo volts (kV)
Product code of each unique unit of the goods sold domestically		

Please refer to Attachment 5 – TATUNG EQ spreadsheets – D.4 Domestic Sales – CONFIDENTIAL for power and voltage ratings for each power transformer sold on the domestic market. Again the comprehensive specification requirements of domestic sales contracts will be available to the Commission officers at the on-site verification.



C-4 Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Please refer to TATUNG Power Transformers Brochure (Attachment 3 - Non-Confidential)



SECTION D - DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

The Commission's preliminary view of normal value:

The Commission considers that it may not be appropriate to determine normal values in accordance with section 269TAC(1) of the Act, using your domestic sales as adjusted for proper comparison with export sales, as the goods under consideration are capital goods that are manufactured to order.

*The Commission seeks information on your domestic sales for the purpose of determining profit so that a normal value can be properly constructed pursuant to section 269TAC (2)(c), using your cost to make and sell plus amounts for selling, general and administrative expenses and profit. If you consider that this is appropriate, **you do not need to complete Section E (fair comparison) of this questionnaire.***

*If you consider that it is appropriate for the Commission to determine normal values pursuant to section 269TAC (1) of the Act, **please ensure you complete Section D, Section E and Section F of this questionnaire.***

Information requested in relation to domestic sales:

In Section B, the Commission requests information in relation to your export sales to Australia. The Commission requested the following:

- *details of all invoiced sales made during the investigation period; and*
- *details of all tenders won during the investigation, regardless of whether the goods were invoiced and delivered outside of the investigation period. In these circumstances, the Commission requested that you provide an estimate of when the goods will be delivered to your Australian customers.*

*In relation to domestic sales, the Commission requests that you provide details of ALL of your invoiced sales during the investigation period. You **do not need** to provide details of tenders that were won during the investigation period but invoiced outside of the investigation period.*

*If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.



D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;

There are two kinds of sales route for Tatung to sell the power transformers to domestic customers in Taiwan.

[1] TATUNG→ END USER.

Tatung sells the power transformer directly to end user.

[CONFIDENTIAL TEXT DELETED – details of commercial trading conditions]

Most of the projects are awarded by tender.

[2] TATUNG→ DISTRIBUTOR→ END USER.

Tatung sells the power transformer to distributor and the distributor resells it to the end user.

[CONFIDENTIAL TEXT DELETED – details of commercial trading conditions]

The distributor may inquire from several manufacturers and choose the best of them to cooperate with the project to attend the bidding or to issue the order depending on the types of the project.

- information concerning the functions/activities performed by each party in the distribution chain; and

[1] For the sales route: TATUNG→ END USER.

Content of the Work	END USER	TATUNG
Provide tender information and send letter of inquiry	<input type="radio"/>	
Prepare bidding documents & provide the quotation		<input type="radio"/>
Review the offer	<input type="radio"/>	
Issue the order if the project is awarded	<input type="radio"/>	
Manufacture the power transformer & deliver to job site		<input type="radio"/>
Witness test if required	<input type="radio"/>	<input type="radio"/>
Install, test and commission the power transformer	<input type="radio"/>	
Receive the payment from the customer according to the payment term as agreed	<input type="radio"/>	

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[2] For the sales route: TATUNG→DISTRIBUTOR→ END USER.

Content of the Work	DISTRIBUTOR	TATUNG
Provide tender information and send letter of inquiry	<input type="radio"/>	
Prepare bidding documents & provide the quotation		<input type="radio"/>
Attend the bidding		<input type="radio"/>
Issue the order if the project is awarded	<input type="radio"/>	
Manufacture the power transformer & deliver to job site		<input type="radio"/>
Witness test if required	<input type="radio"/>	<input type="radio"/>
Dispatch the technical advisor as the supervisor to perform the installation, testing and commissioning of the power transformer at job site if required		<input type="radio"/>
Install, test and commission the power transformer	<input type="checkbox"/> (※)	<input type="checkbox"/> (※)
Remit the payment to Tatung according to the payment term as agreed	<input type="radio"/>	

※ Note:

This is judged by the scope of work required by the distributor. If Tatung includes the scope of work in the quotation, this job belongs to Tatung; otherwise, the scope of work belongs to distributor.

- a copy of any agency or distributor agreements, or contracts entered into.

In Taiwan, Tatung doesn't have any agency or distributor agreement entering into effective for power transformer domestic sales.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

Not applicable.

- D-2** Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Power transformer is a custom-made product. Tatung needs to perform the quotation jobs according to the technical specification provided by the customer. After reviewing the costs, Tatung provides the offer to the customer. The customer reviews the price and proposal submitted by Tatung. The final price is negotiated.

Tatung negotiates the domestic selling prices case by case not by distribution channel.



D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and

[1] Price setting:

- a. Our engineer will review the technical specification provided by the customer in advance and perform quotation design to verify the quantities of the material to be used.
- b. The engineer lists the "Material Cost Sheet" to identify the material cost.
- c. Calculate the manufacturing costs and submit the "Cost Table" to the executives to determine the selling price according to the competition of the market and the order book of the plant.
- d. The sale representative provides the quotation along with the technical specification and bidding documents to the customer. The final price is negotiated.
- e. If the price is not accepted by the customer or the project is awarded by other competitor from bidding procedure, Tatung loses the project and the failure report will be submitted to executives for approval. Then, this project will be closed.
- f. If the price is accepted by the customer or the project is awarded by Tatung from bidding procedure, then go to the order receiving procedure.

[2] Order receiving:

- a. The sale representative needs to investigate the credit of a new customer and creates the basic information in SAP system.
[CONFIDENTIAL TEXT DELETED – details of commercial trading conditions]
- b. Any contract or order relating to awarded project shall be submitted to Legal Division via ECS system for reviewing in advance.
[CONFIDENTIAL TEXT DELETED – details of commercial trading conditions]

[3] Delivery making:

- a. The delivery can be in accordance with the proposal by Tatung or the proposal by the customer.
- b. Tatung will evaluate the feasibility to achieve the delivery during the quotation stage.

[4] Invoice:

- a. The sale representative will issue "Uniform Invoice" with 5% VAT to customer to apply for the payments according to the payment term as agreed in the contract or order.
- b. The "Uniform Invoice" issuing stages can be shown as follows.
[CONFIDENTIAL TEXT DELETED – details of commercial trading conditions]

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[5] Payment receiving:

The customer will remit the payments to Tatung's designation account according to the payment term after receiving the "Uniform Invoice". The sale representative will check the payment when notice from the customer.

[6] Payment term:

The payment can be in accordance with the customer's regulation or Tatung's standard by negotiation between both parties.

- whether price includes the cost of delivery to customer.

The price includes the cost of delivery to customer but it will be judged by the contract or the order.

If sales are in accordance with price lists, provide copies of the price lists.

Power transformer is a customer made product. In Taiwan, there are too many requirements to determine the price. Hence, Tatung has no price list for the promotion of power transformer.

- D-4** Prepare a spreadsheet named "**domestic sales**" listing **all** sales of like goods made during the investigation period. The listing must be provided on a CD-ROM. Include all of the following information.

Column heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Product code	code used in your records for the model of the goods identified. Explain the product codes in your submission.
Power rating (MVA)	Where more than one unit of the goods is shipped and the power rating differs between units, please list these units separately.
Voltage ratio (kV)	Where more than one unit of the goods is shipped and the voltage ratio differs between units, please list these units separately.
Contract number	Show order confirmation, contract or purchase order number
Contract date	Date contract was agreed with your domestic customer. Do not include information relating to contracts where the goods were invoiced outside of the investigation period.
Invoice number	invoice number
Invoice date	invoice date
Delivery date	If the delivery date is different to the invoice date please specify
Delivery terms	eg ex factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer eg. 60 days=60 etc
Quantity	quantity in units shown on the invoice eg kg.
Gross Invoice value	gross value shown on invoice <i>in the currency of sale</i> , net of taxes.
Discounts on the Invoice	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in	the net invoice value expressed in your domestic currency as recorded in

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the currency of the exporting country	your accounting system
Rebates or other Allowances	the actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	packing expenses
Inland transportation Costs*	amount of inland transportation costs included in the selling price.
Handling, loading And ancillary Expenses*	handling, loading & ancillary expenses.
Warranty & Guarantee expenses*	warranty & guarantee expenses
Installation expenses	Any expense associated with the installation of the goods if included in the contract
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	any other costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.

Costs marked with * are explained in section E-2.

Please refer to Attachment 5 – TATUNG EQ spreadsheets – D.4 Domestic Sales – CONFIDENTIAL

D-5 If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see “other factors”). For example, certain other selling expenses incurred.

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

Not applicable for power transformer product. All data provided in TATUNG's EQ response can be verified on-site by the Commission.



- D-7** Select two domestic sales that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, the tender bid, the contract of sale, commercial invoice, discounts or rebates applicable, credit/debit notes, inland freight contract, bank documentation showing proof of payment.)

The Commission will select additional sales for verification at the time of our visit.

Please refer Attachment 9 – Domestic sales documentation – CONFIDENTIAL



SECTION E - FAIR COMPARISON

As outlined in Section D, please complete Section E only if you would submit that the Commission should determine normal values pursuant to section 269TAC (1).

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.

TATUNG does not submit that the Commission should determine normal values pursuant to section 269TAC (1). TATUNG has provided a list of all domestic sales (Attachment 5 – D.4 Domestic Sales - CONFIDENTIAL) and all export sales to Australia (Attachment 5 - B.4 Australian Sales - CONFIDENTIAL). From these lists TATUNG has selected certain Domestic sales and provided full cost to make and sell (Attachment 5 – G.4 Domestic CTMS – CONFIDENTIAL) as agreed with the Commission and at Attachment 5 – G.5 Australian CTMS – CONFIDENTIAL, the full cost to make and sell all export sales to Australia.



E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale ("**Inland transportation costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

The export sales representative issues an application form to Logistic Department in HQ of Tatung to inquire the expenses to export the power transformer from Taiwan to destination. The staff of Logistic Department will choose a suitable quotation and feedback it to the plant to approve the budget. The budget includes inland transportation, handling, loading and ancillary expenses.

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified ("**Handling, loading & ancillary expenses**"). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

As above

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.



The payment term for [CONFIDENTIAL TEXT DELETED – details of payment terms]

The payment term for other customers is [CONFIDENTIAL TEXT DELETED – details of payment terms]

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**Packing**'.

The difference of packing method between export product and domestic market is the packing of the accessories. For the export product, the accessories will be packed using wooden crates with fully sealed type. For the domestic product, the accessories may be packed with fully sealed or non-fully sealed type according to the contract.

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

No commission is required to pay for the export sales to Australia.

6. Warranties, guarantees, installation and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("**Warranty & guarantee expenses**", "**Installation expenses**" and "**Technical assistance & other services**"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are included in the contract for sale or closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

For the warranties and guarantees, Tatung will evaluate the risks during quotation stage. That is, the costs are not calculated.

For the installation expenses, since Tatung cannot perform the installation job because of the regulations in Australia or other countries. This item is not applicable.

Upon request, technical advisor will be dispatched to job site to supervise the installation. The cost is not included in the selling price of the power transformer. It will be charged respectively to the customer upon agreement.



7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. For example, other variable or fixed selling expenses, including salesmen’s salaries, salesmen’s travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a ‘sustained’ movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect ‘sustained’ movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at question D-4, “**domestic sales**”)

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

This adjustment recognises that differences, such as structure or design, mean that the goods are not identical. The Commission considers that the goods are unlikely to have identical models sold on the domestic market as they are large capital goods that are produced to order.

To support your claim that the Commission should determine normal values pursuant to section 269TAC (1), you will need to identify and quantify the physical or specification differences in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data.

Using the table below, provide a list of the claimed comparable product sold on the domestic market. Describe in detail the specification differences between the comparable products. Also provide your claimed adjustment on the basis of this specification difference, stating the source of your data.



The Commission will seek to verify your claimed specification adjustments during the verification visit.

EXPORTED TYPE	DOMESTIC TYPE	DIFFERENCES	CLAIMED ADJUSTMENT
Product code, power rating and voltage ratio of each model of the goods exported to Australia	Product code, power rating and voltage ratio of comparable model sold on the domestic market of the country of export	Describe the specification differences in detail. If it is impractical to detail specification differences in this table refer to documents which outline differences	The claimed adjustment must be quantifiable and supported by evidence that is available for verification by the Commission

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;



Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: *“Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs”*

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions:* the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.



or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system¹, the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable.

(It is a measure of how many times the average receivables balance is converted into cash during the year).

¹ Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.



In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

The following items are identified in the amounts quantified at question D-4:

5. Transportation

Explain how you have quantified the amount of inland transportation associated with the domestic sales ("**Inland transportation Costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified ("**Handling, loading and ancillary Expenses**"). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed "**Packing**".

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed "**Commissions**". Identify the general ledger account where the expense is located.



9. Warranties, guarantees, installation expenses and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & Guarantee expenses**”, “**Installation expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are included in the contract for sale or closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

E-3 Duplication

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson’s salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.



SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

As outlined in Section D, the Commission considers that, given the nature of the goods under consideration, it may not be appropriate to determine normal values on the basis of domestic sales (pursuant to section 269TAC(1)), or sales to third countries (pursuant to section 269TAC(2)(d)).

Please complete Section F only if you would submit that it is appropriate for the Commission to determine normal values pursuant to section 269TAC(2)(d).

Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

TATUNG does not submit that it is appropriate for the Commission to determine normal values pursuant to section 269TAC(2)(d).

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate the number of units sold
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

Please refer to Attachment 5 – TATUNG EQ spreadsheets – F.1 Third Country – CONFIDENTIAL

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.



SECTION G - COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- *testing the profitability of sales of like goods on the domestic market;*
- *determining a constructed normal value of the goods under consideration (the goods) - ie of the goods exported to Australia; and*
- *making certain adjustments to the normal value.*

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

Please provide costs associated to each of the export sales detailed at question B4 and domestic sales details in question D4.

For export sales, this will include costs associated with tenders that may be invoiced or delivered outside of the investigation period. Where these costs have not yet been incurred, please provide an estimate of these costs such as, for example, the cost you estimated at the time of bidding for the tender.

*For domestic sales, you only need to include **actual** costs incurred in relation to goods invoiced during the investigation period.*

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

G-1. Production process and capacity

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

Please refer to Attachment 10 - The Flowchart of TR. Manufacturing Process - CONFIDENTIAL



G-2. Provide information about your company's total production in the following table:

	PREVIOUS FINANCIAL YEAR	MOST RECENT FINANCIAL YEAR	Investigation Period
A – Production capacity (eg capacity of units sold)*			
B – Actual production in volume (eg capacity of units sold)			
C – Capacity utilisation (%) (B/A x 100)			

* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.

Provide this information on a spreadsheet named **"Production"**.

Please refer to Attachment 5 – TATUNG EQ spreadsheets – G.2 Production –
CONFIDENTIAL

G-3. Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

Tatung adopts SAP management system to maintain audited financial statements.

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Tatung's cost accounting system bases on standard budget costs.

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

Not applicable.

4. Describe the profit/cost centres in your company's cost accounting system.

The profit centres in Tatung's cost accounting system is to set up the yearly target revenue and to allocate the budgets to be executed. The profits and costs will be calculated independently for every profit centre. The lump sums of all profit centres will be summarized into financial accounting system.



- 5 For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.
- The costs are divided into the following items.
- [CONFIDENTIAL TEXT DELETED – details of allocating costs]
- 6 Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.
- Tatung uses the SAP system to record all costs. We can trace the record by "Manufacturing Number".
- 7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.
- Not applicable.
- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.
- Not applicable.
- 9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.
- Not applicable.

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.²

- Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each unique unit of the goods invoiced during the investigation period.
- Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

CUSTOMER		
Contract number		
Item number		
Quantity		
Contract date		
Delivery date		
Power rating (MVA)		

² The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.



Voltage Ratio (kV)		
Variable manufacturing costs		
Raw material - core steel		
Raw material – conductor		
Raw material – insulation		
Raw material - mild steel		
Raw material – tapchanger		
Raw material - CT & CT terminal box		
Raw material - radiators or heat ex., fittings		
Raw material - fibre optics probes		
Raw material – fans		
Raw material – pumps		
Raw material – valves		
Raw material - control panel		
Raw material – oil		
Raw material - bushings (HV, MV, LV)		
Raw material – other		
Direct labour – Engineering (design)		
Direct labour – manufacturing (production)		
Other costs		
Fixed manufacturing costs		
Overheads		
Depreciation		
Finance charges		
Other costs		
Total cost to make		
Selling costs		
Administration costs		
Financial costs		
Delivery expenses		
Other costs		
Total cost to sell		
Total cost to make and sell		
Unit cost to make and sell		

Prepare this information in a spreadsheet named "**Domestic CTMS**".

Provide this information for each unique unit of the goods invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.



Please refer to Attachment 5 – TATUNG EQ spreadsheets – G.4 Domestic CTMS – CONFIDENTIAL

TATUNG maintains actual costs for all power transformers manufactured and sold on the domestic market during the POI. At Attachment 5 – TATUNG EQ spreadsheets – D.4 Domestic Sales – CONFIDENTIAL TATUNG provides the summary of total CTMS for all 79 units sold on the domestic market during the POI. As agreed with the Commission TATUNG has selected 11 units and provided the CTMS data in the format requested by the Commission at Attachment 5 – TATUNG EQ spreadsheets – G.4 Domestic CTMS – CONFIDENTIAL.

G-5 Cost to make and sell goods under consideration (goods exported to Australia)

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

CUSTOMER		
Contract number		
Item number		
Quantity		
Contract date		
Delivery date		
Power rating (MVA)		
Voltage Ratio (kV)		
Variable manufacturing costs		
Raw material - core steel		
Raw material - conductor		
Raw material - insulation		
Raw material - mild steel		
Raw material - tapchanger		
Raw material - CT & CT terminal box		
Raw material - radiators or heat ex., fittings		
Raw material - fibre optics probes		
Raw material - fans		
Raw material - pumps		
Raw material - valves		
Raw material - control panel		
Raw material - oil		
Raw material - bushings (HV, MV, LV)		
Raw material - other		
Direct labour – Engineering (design)		
Direct labour – Manufacturing (production)		
Other costs		
Fixed manufacturing costs		
Overheads		
Depreciation		
Finance charges		
Other costs		
Total cost to make		



Selling costs		
Administration costs		
Financial costs		
Delivery expenses		
Other costs		
Total cost to sell		
Total cost to make and sell		
Unit cost to make and sell		

Prepare this information in a spreadsheet named "**Australian CTMS**".

Provide this information for all goods invoiced during the investigation period and for all goods the subject of a contract that was entered into during the investigation period, but invoiced or delivered outside of the investigation period. Where actual costs are not yet incurred, provide an estimate of these costs, such as for example, the estimate of the costs that formed the basis of your winning tender bid.

Provide this information for each unique unit of the goods contracted for sale or invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

Please refer to Attachment 5 – TATUNG EQ spreadsheets – G.5 Australian CTMS – CONFIDENTIAL

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

Power transformer is a custom-made product. Tatung needs to perform the quotation jobs according to the technical specification provided by the customer. After reviewing the costs, Tatung provides the offer to the customer. The customer reviews the price and proposal submitted by Tatung. The customer attends the tender. The final price is negotiated.

- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

Not applicable.

- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

Not applicable.



G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

The major raw materials are:

- Core Steel; and
- Conductor

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.

Please refer to Attachment 11 – Main Components and Accessories – CONFIDENTIAL



SECTION H

EXPORTER'S DECLARATION



SECTION I CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – general information	<input checked="" type="checkbox"/>
Section B – export price	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic price	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – declaration	<input checked="" type="checkbox"/>

Electronic Data	Please tick if you have provided spreadsheet
INCOME STATEMENT	<input checked="" type="checkbox"/>
TURNOVER – sales summary	<input checked="" type="checkbox"/>
AUSTRALIAN SALES – list of sales to Australia	<input checked="" type="checkbox"/>
DOMESTIC SALES – Revised list of all domestic sales	<input checked="" type="checkbox"/>
THIRD COUNTRY – third country sales	<input checked="" type="checkbox"/>
PRODUCTION – production figures	<input checked="" type="checkbox"/>
DOMESTIC COSTS – costs of goods sold domestically	<input checked="" type="checkbox"/>
AUSTRALIAN COSTS – costs of goods sold to Australia	<input checked="" type="checkbox"/>



ATTACHMENTS

- Attachment 1 - TATUNG 2012 Annual Report - Non-Confidential
- Attachment 2 - TATUNG 2011 Annual Report - Non-Confidential
- Attachment 3 - TATUNG Power Transformers Brochure - Non-Confidential
- Attachment 4 - Chart of accounts – CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – A.5 income statement – CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – A.6 Turnover - CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – B.4 Australian Sales – CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – D.4 Domestic Sales – CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – F.1 Third Country – CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – G.2 Production – CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – G.4 Domestic CTMS – CONFIDENTIAL
- Attachment 5 – TATUNG EQ spreadsheets – G.5 Australian CTMS – CONFIDENTIAL
- Attachment 6 – ODM Agreement – CONFIDENTIAL
- Attachment 7 – TIC Export sales documentation – CONFIDENTIAL;
- Attachment 8 – EP Export sales documentation – CONFIDENTIAL
- Attachment 9 – Domestic sales documentation – CONFIDENTIAL
- Attachment 10 - The Flowchart of TR. Manufacturing Process – CONFIDENTIAL
- Attachment 11 – Main Components and Accessories – CONFIDENTIAL