



Valuation For International Shipping



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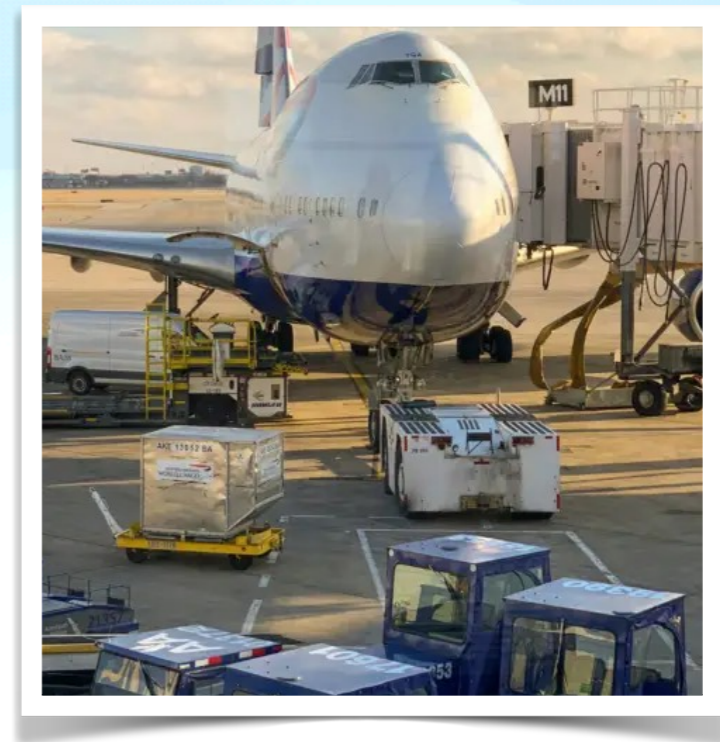
Fundamental Aspect for International Shipping

HS Code / Tariff Classification

Valuation

Country of Origin

= Resulting duty assessment



USEFUL INFORMATION REGARDING HS CODES



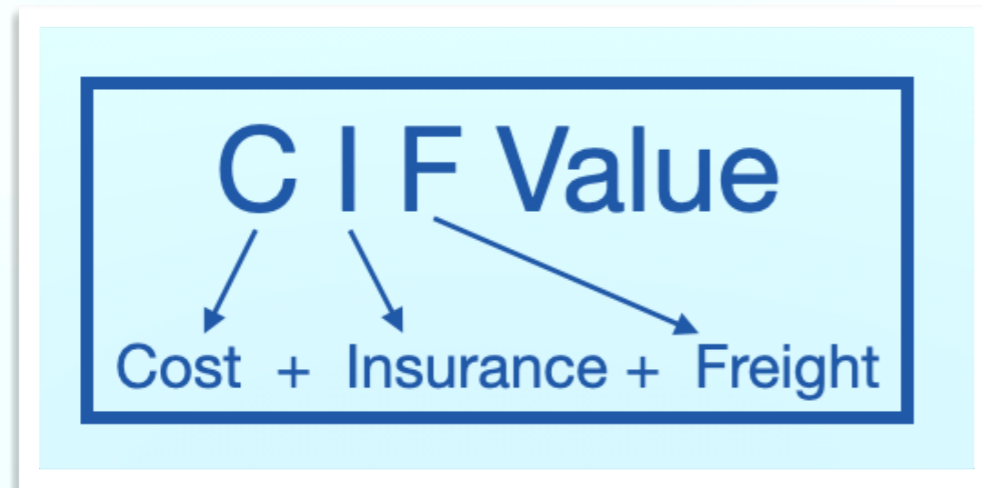
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Value For Duty - Landed Cost

Transaction Value

In the majority of the cases, the correct value to declare at export and import is the “transaction value.” The transaction value is the price paid - or payable - for the goods.

Customs considers the cost of shipping and insurance as part of the transaction value (known as CIF value).

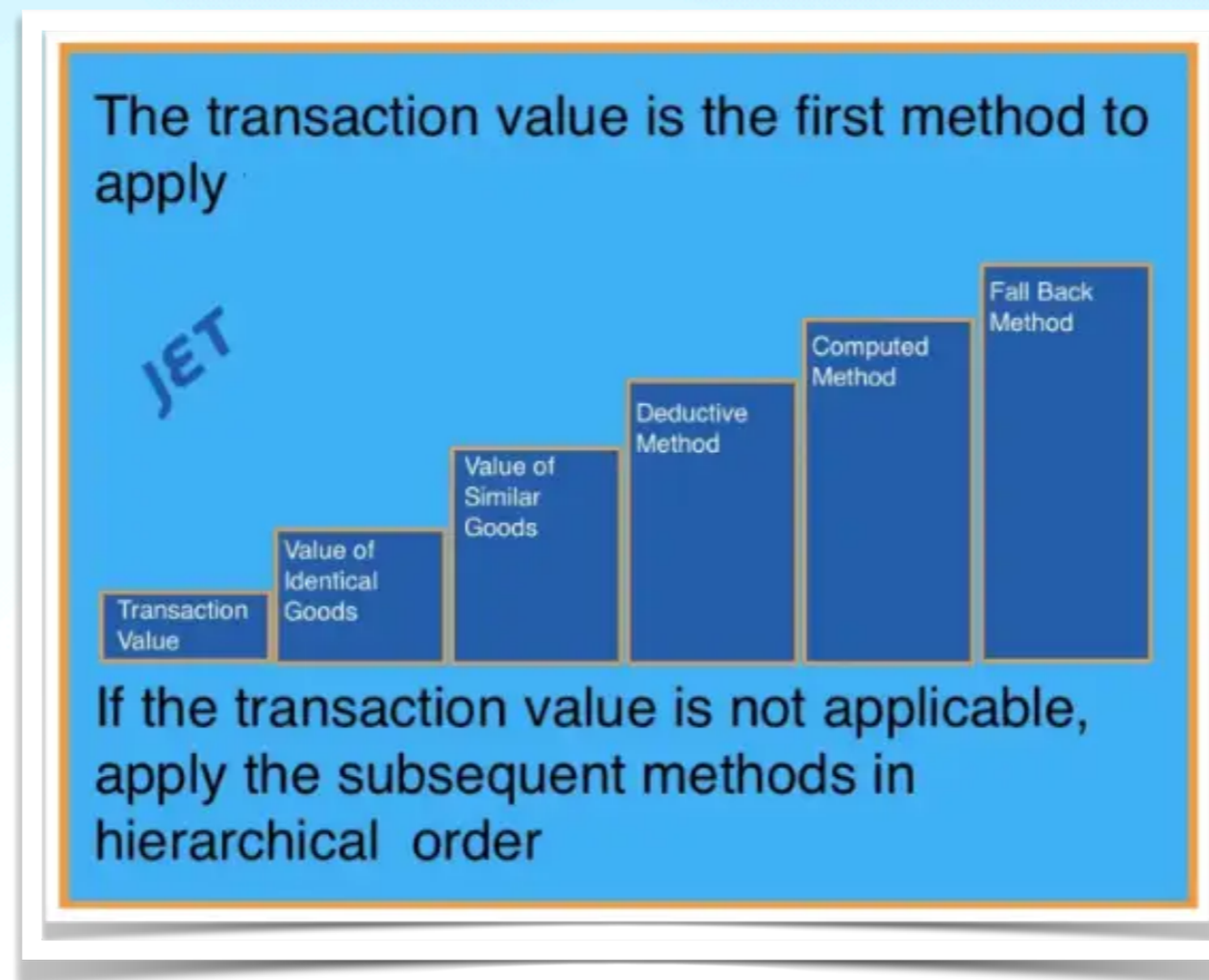


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Methods of Valuation

If the transaction value cannot apply, then other methods of assessment are necessary,.

Alternative valuation methods - to be used in hierarchal order - include:



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Value For Duty - Versus - Value for Tax

Value for Duty:
Cost
+ Insurance
+ Freight

VERSUS

Value for Tax:
CIF Value
+ Duty

Example:

Cost: \$800
Insurance \$50
Freight: \$150
CIF Value = \$1000

8% duty
Duty Charge = \$80

Value for Tax:
CIF Value: \$1000
Duty Charge: \$80

Value for Tax = \$1080



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De Minimis Value

Some countries have a low value duty and tax free thresholds, below which customs duty does not apply. Also known as the low value duty free threshold.

- To the USA the low value duty free threshold (Section 321) is \$800 USD
- To Canada, the duty free threshold for shipments from the USA is \$150 CAD and \$20 otherwise
- It is lower to most other countries with different eligibility rules
 - The De Minimis to Europe is €150 Euros
 - The De Minimis to the UK is £135 UKL
- National taxes - such as VAT & GST - apply to all imports regardless of value



General Concepts of de minimis value:

1. Applies for single orders on single day
2. Value is per consignment, not per item within the consignment
3. Some goods do not qualify regardless of value

[READ MORE ABOUT DE MINIMIS VALUE](#)



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Related Parties and Currency Conversion

When a transaction value may not be considered:

Related Parties

The transaction value within a company and/or between subsidiaries may not be the correct amount to declare for shipping. This goes beyond import duty and can include issues with tax authorities.

Non-Resident Imports / Foreign Importer of Record

Some countries - including the USA and Canada - allow foreign companies one act as the importer of record. These imports may be subject to different valuation methods.

Currency Conversion:

The invoice should indicate the currency used in the transaction. The declared value converts to the local currency for import assessments. The “prevailing rate” often applies to the date of export.



