



Fundamental Aspect for International Shipping

Declaring a Value For Customs



[View Video and Jet's Blog on Declaring a Value](#)

Valuation For International Shipping

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We encourage independent research directly with regulators and to see professional counsel as necessary.

Valuation For International Shipping

+ HS Code / Tariff Classification

+Value

+ Country of Origin

= Resulting duty assessment



Note: Duty sometime assesses on quantities (weight, volume, etc) rather than value. For example, duty for wine to the USA is per litre.

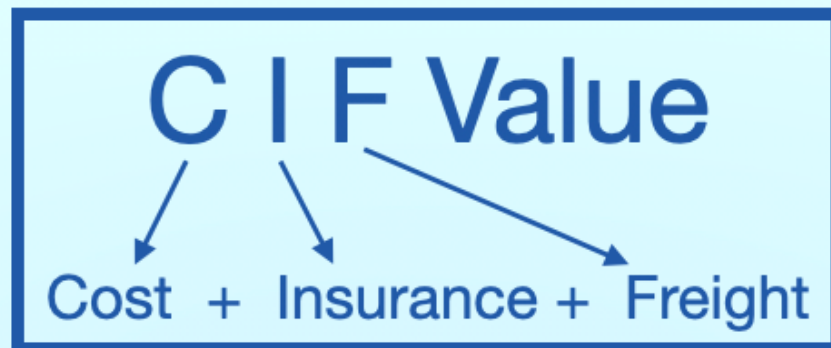
 [USEFUL INFORMATION REGARDING HS CODES](#)

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.

Many customs authorities consider the cost of shipping and/or insurance as part of the transaction value (known as CIF value).



US customs does not consider shipping and insurance as part of the value for duty

Canadian Customs does consider shipping and insurance as part of the value for duty

Transaction Value for USA Imports

US customs does not consider shipping and insurance as part of the value for duty

The transaction value of imported merchandise is the price actually paid or payable for the merchandise when sold for exportation to the United States, plus amounts equal to:

- The packing costs incurred by the buyer
- Any selling commission incurred by the buyer
- The value, apportioned as appropriate, of any assist
- Any royalty or license fees as a condition of the sale
- The proceeds of any subsequent resale, disposal, or use that accrue to the seller

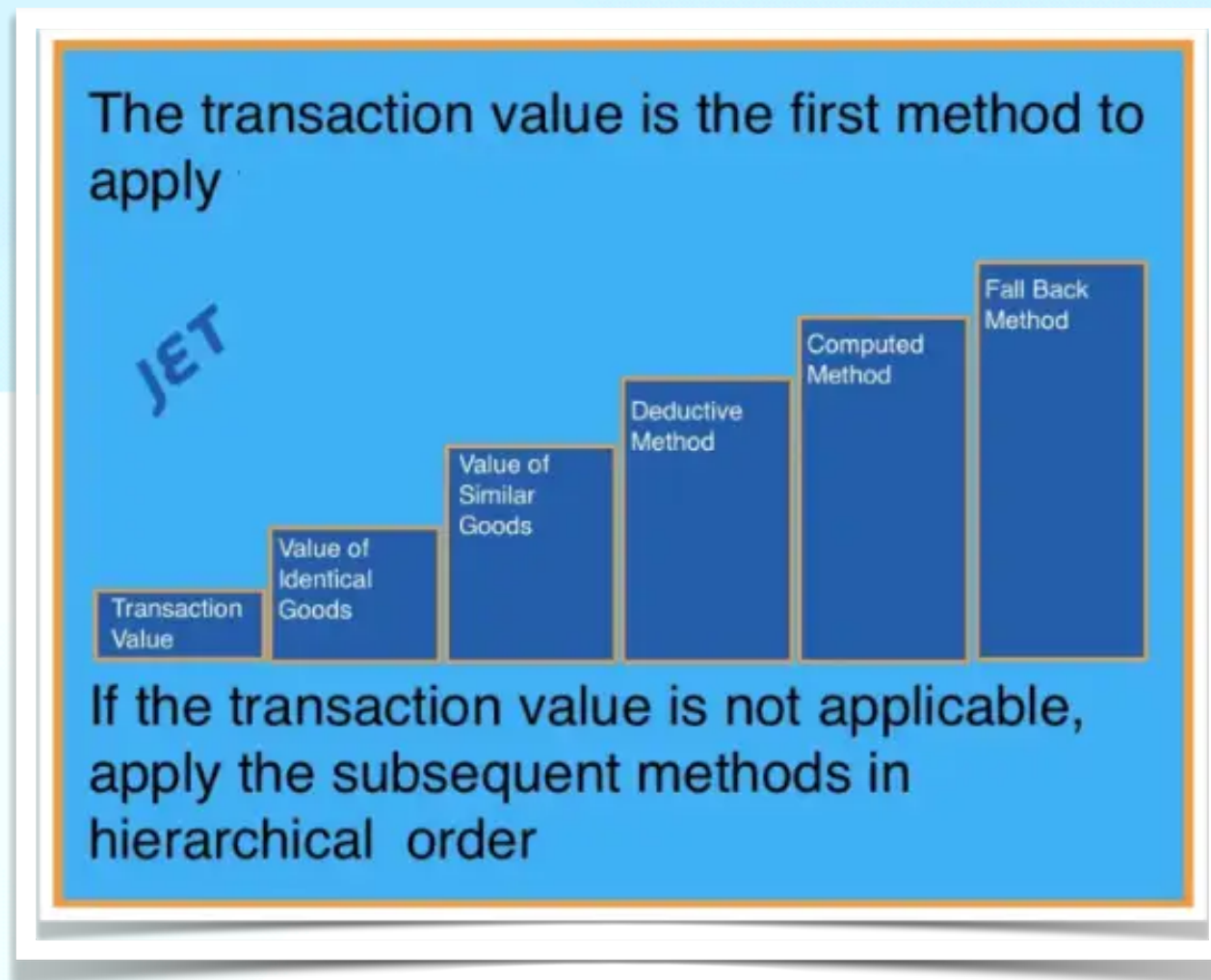


Source: <https://www.cbp.gov/sites/default/files/assets/documents/2020-Feb/ICP-Customs-Value-2006-Final.pdf>

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:



Valuation methods:

1. The transaction value method
2. The transaction value of identical goods
3. The transaction value of similar goods
4. The deductive method
5. The computed method
6. The fall-back method

When Transaction Value Does not Apply

Transaction Value of Identical Merchandise:

When the transaction value cannot be determined, then the value of identical merchandise applies. The value of the identical merchandise must be a previously accepted customs value.

Transaction Value of Similar Merchandise:

If merchandise identical to the imported goods cannot be found, then the transaction value of similar merchandise applies. The value of the similar merchandise must be a previously accepted customs value.

Deductive Value:

If the transaction value of identical or similar merchandise cannot be determined, then deductive value applies. Deductive value is the resale price after importation of the goods, with adjustments for certain items. The importer may be able to designate the computed value as the preferred method of appraisement.

Computed Value:

If customs valuation cannot be based on any of the values previously discussed, then computed value is considered. Computed value consists of the sum of the following items:

1. Materials, fabrication, and other processing used in producing the imported merchandise
2. Profit and general expenses
3. Any assist, if not included in items 1 and 2
4. Packing costs

Source: <https://www.cbp.gov/sites/default/files/assets/documents/2020-Feb/ICP-Customs-Value-2006-Final.pdf>

Valuation For International Shipping

Value: Helpful Links



WORLD TRADE
ORGANIZATION



https://www.wto.org/english/docs_e/legal_e/20-val_01_e.htm

Justice Laws Website



<https://laws-lois.justice.gc.ca/eng/acts/c-52.6/section-48.html>



Code of Federal Regulations

A point in time eCFR system



<https://www.ecfr.gov/current/title-19/chapter-I/part-152/subpart-E/section-152.103>



European
Commission



https://taxation-customs.ec.europa.eu/customs-4/calculation-customs-duties/customs-valuation_en

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

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 courier imports 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](#)

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.

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