



Bestway International

P.O. Box 20763, Kansas City, Mo. 64195
(9754 N. Seymour, Kansas City, Mo. 64153)
(816) 891-8339 Phone
(816) 891-8949 Fax
(800) 288-8339 Toll Free

Customs Broker #17499

IMPORTS - Key Considerations

Transaction Value

Generally the Customs value of all merchandise imported into the United States will be the transaction value. This is the price actually paid or payable for the merchandise when sold for exportation to the US, plus amounts for the following items if not included in that price, and minus amounts for the following items if included in that price.

Items to include

The packing cost incurred by the buyer

Any selling commission incurred by the buyer.

The value of any assist (please see later section).

Any royalty or license fee that the buyer is required to pay as a condition of the sale.

The proceeds, accruing to the seller, of any subsequent resale, disposal or use of the imported merchandise.

Items to Exclude

International transportation and insurance charges.

Technical assistance, assembly and/or construction charges provided in the US after the goods are imported.

US inland transportation.

US Customs duties, fees, or taxes.

Notes: If sufficient information is not available on any above values, transaction value cannot be used.

Assists

Assists are any of the items listed below that the buyer of imported goods provides directly or indirectly, free of charge or at a reduced cost, for use in the production or sale of merchandise for export to the US.

Materials, components, parts and similar items incorporated in the imported merchandise.

Tools, dies, molds and similar items used in producing the imported merchandise.

Merchandise consumed in producing the imported merchandise.

Engineering, design work, artwork or plans that are undertaken outside the US unless the work is:

1. Performed while that person is domiciled within the within the US.
2. Performed while that person is acting as an employee or agent of the buyer of the imported merchandise
3. Incidental to other engineering, design work, artwork, or plans that were undertaken withing the US.

Note: The value of an assist includes the cost of transporting the assist to the place of production, which would include freight and insurance charges.

Invoice Requirements for US Customs

US Customs has requirements detailing what information needs to be on a commercial invoice. Customs contends that it is the importer's responsibility to ensure that this information is enumerated on the invoice.

Why does Customs need a detailed invoice?

- To ensure proper classification
- To ensure proper valuation
- To ensure proper duty collection
- To facilitate release of goods
- To obtain quality trade statistics

Items Required on a commercial invoice

1. The date of the invoice.
2. The port of entry to which the merchandise is destined
3. The name and address of the seller, or shipper if not a purchase transaction
4. The name and address of the purchaser, or consignee if not a purchase transaction.
5. A detailed description of the merchandise, which includes:
 - the common name of the merchandise
 - the grade or quality
 - the marks, numbers and symbols under which each item is sold and packaged
6. The quantities being imported in appropriate weights
7. The purchase price of each item.
8. The currency of the transaction.
9. All relevant charges (such as freight and insurance) to bring the merchandise from alongside the carrier at the port of export to alongside the carrier at the first US port of entry.
10. All relevant discounts
11. The country of origin of each item.
12. The terms of sale of the transaction
13. The entire invoice must be in English or translated into English.
14. Goods or services furnished for production of merchandise not otherwise included in the invoice price (i.e. assists).
15. The name and signature of a responsible individual (an employee of the seller or shipper) who can readily obtain knowledge of the transaction.

Note: If an invoice is more than one page, each page is to be numbered.

Frequent Errors in Invoicing

The shipper assumes a charge is non-dutiable and omits it from the invoice.

The shipper manufactures the goods with US parts and fails to state the value of the US parts on the invoice.

The shipper does not invoice for goods shipped because they are replacement goods for items damaged from a prior shipment.

Gifts or other items which are included in the shipment, are not listed on the invoice.

Reasonable Care

Under the Customs Modernization Act, the burden of responsibility for correctly classifying and valuing merchandise, and for properly taking advantage of duty reduction programs has shifted to the US importer. The law defines a new standard of Reasonable care which importers must meet to avoid costly penalties and sanctions from US Customs.

Failure to act with reasonable care amounts to negligence, gross negligence or fraud.

Is your Company in Compliance

1. Do you have a formal management policy statement that encompasses Customs compliance?
2. Do you have written manuals and procedures to ensure compliance?
Who is responsible for creating and maintaining them?
3. Are specific individuals identified as being responsible for your company=s Customs compliance program?
4. Have you assessed your company=s knowledge of Customs rules and procedures, and defined when you will seek and rely on the guidance of an expert?
5. Do you have a program for checking entries filed for accuracy and for reporting violations?
6. Have you conducted a Test Audit of select import transactions tracing each from purchase order, through entry, to liquidation - focusing on issues such as: determination of value, classification, marking, and declaration of all assists?
7. Have you reviewed and revised your document filing systems and verified they are in compliance with Customs record keeping requirements?
8. How do the people who deal with Customs matters develop and maintain their knowledge of Customs procedures and requirements? Do you have records of all trade-related education programs attended?
9. What reference materials and trade periodicals does your company subscribe to and review on a regular basis?
10. What measures does your company take to ensure imported merchandise is actually manufactured in the country it is purportedly manufactured in (transshipment)?
11. Do you periodically review all the above to ensure adherence and compliance?

Country of Origin Markings

As a general rule, every article of foreign origin entering the United States must be legibly and permanently marked with the English name of the country of origin unless an exception from marking is provided for in the law.

The country of origin marking should be as permanent and indelible as the nature of the product will permit. The marking must be conspicuous - able to be seen with casual handling of the article. The best method of marking is one which becomes a part of the article itself, such as stenciling, stamping, printing, molding or similar methods.

Generally, if an item cannot be marked due to its nature, the immediate container in which the item is imported must be marked with the English name of the item's country of origin.

The purpose of this rule is to ensure that the ultimate purchaser in the US can decipher in which country an article is made.

Ultimate Purchaser

The ultimate purchaser is generally the last person in the US who receives the article in the form in which it was imported.

If the good is that of a NAFTA country, the ultimate purchaser is the last person in the US who purchases the good in the form it was imported.

If the article will be used to manufacture a new and different product, the US manufacturer is the ultimate purchaser.

If the article is sold at retail in its imported form, the purchaser at retail is the ultimate purchaser.

If an imported article is distributed as a gift, the recipient is the ultimate purchaser unless the article is from a NAFTA country, in which case the purchaser of the gift is the ultimate purchaser.

Special marking by means of die-stamping, cast-in-the-mold-lettering, etching, engraving; or by means of metal plates attached to the article by welding, screws or rivets, is required for the following items: knives, forks, steels, cleavers, clippers, shears, scissors, safety razors, blades for safety razors, surgical instruments, dental instruments, lab instruments, pliers, pincers, hinged hand tools and vacuum containers.

Very specific marking requirements apply to watches and clocks.

Penalties for Not Marking Correctly

Articles that are not marked with the English name of their country of origin at the time of importation in the US are subject to 10% additional marking duties unless properly marked, exported or destroyed under Customs supervision prior to liquidation of the entry. Customs may demand redelivery of items not properly marked. If the redelivery demand is not complied with, Customs can assess Liquidated Damages up to 3 times the value of the shipment - all for failure to properly mark imported goods.

Terms of Sale for US Imports

EXW Ex-Works, Ex-Factory, Ex-Warehouse

The seller is only responsible to have the goods available at his/her factory door. The seller does not take responsibility to load the cargo on a truck, or bring it to the terminal for loading. All other charges are the responsibility of the buyer. The buyer owns the goods outside the factory door. The buyer assumes all risks at this point.

FAS Free Along Side, (named port of shipment)

The seller is responsible for bringing the goods to the side of the vessel (i.e. to the terminal). Because the goods are only along side of the vessel, the terminal charges (charges to place the cargo on board the craft) become the expense of the buyer. The buyer is also responsible for clearing the goods for export. The buyer owns the goods when they reach the foreign terminal.

FOB Free On Board, (named port of shipment)

The seller places the goods on the vessel at a named port. The key factor is the named port, because FOB may also include the international freight. If the named port is the foreign port, the international freight is not included. If the named port is a US port, the international freight is included.

CFR Cost of Goods and Freight, (named port of destination), formerly C & F

The seller pays the cost and freight necessary to bring the goods to the named destination. The buyer owns the goods when they are taken off the vessel in the named port of destination.

CIF Cost, Insurance, and Freight (named port of destination)

This terms is the same as CFR but the seller also has to provide marine insurance against loss or damage to the goods during carriage. The seller is only required to provide minimum insurance on specific conditions. The buyer takes ownership of the goods at the named port of destination.

DDU Delivered Duty Unpaid (named destination)

This includes the cost of the goods and all charges to bring the goods to the place of delivery stated. It does not include import Customs duties and fees, but may include the Customs clearance fees. This should be verified and stated.

DDP Delivered Duty Paid (named destination)

This includes the cost of the goods and all charges to bring the goods to the named place of delivery - including the Customs duties and fees. It should include the Customs clearance fees and all brokerage charges. Most often this corresponds to the more common terms of Free Domicile or Free House.