

U.S. Customs Instructions to Importers (DECLARING FREIGHT AND INSURANCE)¹

Customs is compelled by law to obtain actual freight and insurance costs for each shipment.

CUSTOMS REQUIRES THE FREIGHT AND INSURANCE COSTS FOR ALL IMPORT SHIPMENTS WHETHER OR NOT THEY ARE INCLUDED IN THE INVOICE VALUE!

Summaries of the principal components of these changes are as follows:

- 1. Ocean/Air Freight.** Customs requires the actual amount paid to the carrier, agent, forwarder or NVOCC be declared on the entry summary. If you are paying the freight direct then you need not do anything further. Simply insure that we have a copy of the freight bill that you are paying. However, if you are paying your vendor/shipper as part of the invoice price or by a separate invoice from the shipper, then you must verify that the amount included on the invoice is the actual amount. We believe that a copy of a freight invoice from a carrier, agent, forwarder or NVOCC *to the vendor/shipper* is sufficient substantiation at this time.
- 2. Marine Insurance.** Customs again requires the actual amount paid to the surety, insurance agent or broker be declared on the entry summary. If the shipment is insured by the vendor/shipper, you need to verify the amount actually paid by the vendor/shipper to the surety, insurance agent or broker. If you insure direct, please provide a copy of your Insurance endorsement or blanket policy showing the actual charge. We believe that this verification can be done periodically and need not be done on each individual shipment. Since the insurance premiums for similar moves change very little over time (unless a new insurance carrier is selected)
- 3. Foreign Inland freight.** This is a concern for you only if you intend on deducting this from the invoiced value of your imported cargo. In this case, it is strongly recommended that a service provider be used who can arrange to move the freight from the vendor/shipper's location, on to the Airport or port of exportation and into the US. It need not be delivered to your door! Under these circumstances, the foreign inland freight is a component of the Air/Ocean freight (see number 1 above).
- 4. Duty.** If duty is included in the invoice value as part of the agreed terms, it must be stated on the invoice. We will naturally deduct only the actual. This is a simple algebraic formula and is done at the time that the entry is prepared. The 'duty' amount that is separately stated on the vendor/shipper's invoice is irrelevant.
- 5. U.S. Domestic Transportation.** Domestic transportation, if included in the invoice, is never dutiable if it is separately stated. Customs will allow ANY REASONABLE AMOUNT for U.S. domestic freight to be deducted. This is important in a situation where the seller is offering delivery to your door but is unable to arrange delivery through the carrier and asks you or your broker to arrange and bill back to him.

Each of the above are required even though you may not intend to, or are prevented from deducting the costs from the dutiable value of the imported cargo.

¹ Treasury Decision 00-20 March 15, 2000; Stuart Seidel, Assistant Commissioner; Office of Regulations and Rulings.