

How Do You Prove Transaction Value?

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Determining the price actually paid or payable for your Customs entry can be quite tricky. Transaction Value rules, pursuant to 19 USC 1401a(b), place responsibility on the importer to exercise reasonable care and accurately provide Customs and Border Protection (CBP) with the proper declared value.

It's important to assure that all lawfully mandated payments (additions) and allowable deductions (subtractions) are accounted for in the total entered value on the Entry Summary.

If you are an importer that purchases goods under an INCOTERMS® rule starting with C or D (CIF, CFR, CPT, CIP, DAP, or DDP), you may deduct the freight transportation and other costs (insurance, etc.), provided they are included in the price payable and you have supporting documentation. To help guide importers, CBP has published the Informed Compliance Publication, [Proper Deductions of Freight and Other Costs from Customs Value](#).

Keep in mind that Customs doesn't consider amounts shown on the commercial invoice as proof of freight transportation paid by the shipper.

What is CBP's position?

Customs requires transportation and insurance to be deducted as actual—not estimated—costs paid to the international carrier, freight forwarder, insurance company, or other appropriate provider of such services. Again, declaring these amounts without the proper backup may result in CBP disallowing the deductions during an audit or review of the Customs entry.

So what does CBP consider proof?

To prove actual price paid, CBP requires evidence, such as a rated bill of lading, from the service provider showing the actual freight/insurance charges. CBP may allow other types of substantiation as well.

Finally, it's important for importers to be able to produce the required Customs entry documentation and the supplementary information showing the actual costs to support the entered value. This should be part of every importer's recordkeeping program.

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