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CONTACT US

840 Tollgate Road • Elgin, IL 60123
Phone: 800-327-6392
Fax: 847-760-0005
www.bdginternational.com

E-MAIL ADDRESSES

import@bdginternational.com
airfreight@bdginternational.com
ocean@bdginternational.com
domestic@bdginternational.com

BDG Intensive Exam Prevention Program

If you are experiencing consistent intensive exams on your import shipments BDG may be able to help. We take a systematic approach to determining the cause for the exams and work to provide long-term solutions that will reduce the likelihood of the exam. We have outlined our process below, contact our import team for more information

BDG asks the questions

- What is the cause/reasoning for the request for the exam?
- Was there an issue at origin to cause the exam?
- Customs is questioning classification of product.
- Is there a political reason that freight is being examined?
 - If, so what is the reasoning?
 - Is the reasoning related to where the freight is coming from or manufactured?

BDG finds Solutions

- We ask all agencies involved what is the reasoning behind the exam.
- We will find out what agency is requesting the exam
- The customer to disclose full description of the product on their commercial invoice.
 - See customs regulation 19CFR141.86 Titled "What should be on a commercial invoice?"
http://edocket.access.gpo.gov/cfr_2002/aprqrtr/19cfr141.86.htm
- BDG suggests the customer to request a binding ruling for the product.
 - BDG will submit the request for the customer.
- BDG adds all solutions are added to customer's profiles for future reference.
- We provide the political reasoning to the customer.
- BDG asks the agencies involved for solutions to clear more efficiently for the next shipment.
- BDG asks the agency what they are looking for specifically.
 - Provide the agency with exactly what they are looking for for the current and future shipments.
- BDG contacts our agents as to why the problem happened if origin related
 - BDG provides the agent with the solutions to the problem

Export Commercial Invoice Preparation.

After the pro-forma invoice is accepted by the importer, the exporter must prepare a commercial invoice. The commercial invoice is required by both the exporter (to obtain the necessary export documents to enable the consignment to be exported, to prove ownership and to enable payment) and importer (who requires the commercial invoice to facilitate the import of the goods into the country in question). In exporting, the commercial invoice is considered a very important document as it serves as *the* starting or initiating document that underpins the rest of the export transaction.

The commercial invoice is essentially a bill (i.e. invoice) from the seller (the exporter) to the buyer (the importer) describing the parties to the agreement, the goods to be sold, and the terms involved, as agreed between the exporter and importer. As such, the commercial invoice is the *final bill* exchanged between the seller and the buyer. The commercial invoice will normally be presented on the exporter's letterhead and will be addressed to the importer.

It should contain full details of the consignment, including price and other related costs, in order to facilitate customs clearance. It must also be signed and dated. Freight and insurance, when included in the selling price, should be itemised separately as these charges are not subject to duty in certain countries. It is important that the commercial invoice clearly differentiates between the dutiable component of the order (the market value of the order), any other typically non-dutiable charges such as freight and insurance, and the total invoice value of the order.

You should be aware that the commercial invoice is used by Customs authorities throughout the world for assessing Customs duties, inspection purposes, and for the keeping of statistics. If there is specific information required to appear on the commercial invoice by the Customs' authorities in the importing country, the importer should advise you of this. It does no harm, however, just to ask him/her if they don't mention it on their own. If it later transpires that certain additional information was required, you can at least say that you did ask!

Customs' and consular invoices

Some countries, however, may require the commercial invoice to be completed on their own specified forms - such commercial invoices are known as "Customs' invoices" and may be provided in lieu of or in addition to the standard commercial invoices referred to above. In addition, a "consular invoice" is required by certain countries. The consular invoice must be prepared in the language of the destination country and can be obtained from the country's consulate, and often must be "consularised" (i.e. stamped by an authorised Consul official in the exporting country).

Tip

The importer needs the commercial invoice since it is often used by Customs authorities to assess duties. For this reason, it is common practice to prepare a commercial invoice in English and in the language of the destination country. BDG can advise you when a translated copy is necessary.

From the proforma to the commercial invoice

There is usually *very little, if any, difference* between the final proforma invoice accepted by the importer and the commercial invoice, except that the one is titled "Proforma Invoice", while the other is titled "Commercial Invoice". Although the proforma invoice comes before the commercial invoice, the proforma invoice really only serves as a means of negotiating the actual contract. We said previously that the proforma invoice is the 'offer' put to the importer by the exporter. The importer may accept the terms specified in the proforma invoice, but a more likely scenario is that the importer will negotiate some of these terms with the exporter. There may be some backward and forward communication between the exporter and importer before the importer finally agrees to the transaction. Once the importer indicates that (s)he is happy with the terms of the contract as outlined in the (final) proforma invoice, the exporter will then be requested to provide the importer with a commercial invoice. The commercial invoice should reflect the final (agreed-upon) proforma invoice exactly - any deviations will result in problems executing the transaction and/or receiving payment (unless such changes have been requested by the importer and are agreed to by the exporter).

Based on the terms specified in this commercial invoice, the importer will instruct his/her bank (referred to as the issuing bank) to issue a letter of

credit (L/C). This L/C (or the documentation associated with any other form of payment) will also need to reflect the terms specified in the commercial invoice exactly, while all subsequent documentation must reflect the terms of the L/C; there can be no exceptions. From this explanation, it is clear that the commercial invoice plays a central role in an export transaction.

What should appear in the commercial invoice

The following details should appear in the commercial invoice:

- The document title should clearly state "Commercial Invoice"
- The name of the exporter (referred to as the **shipper**) and their contact details (tel, fax, cell, e-mail), including physical (not postal) address
- The name of the importer (referred to as the **consignee**, meaning the person or firm to whom the goods are to be sent) and their contact details (tel, fax, cell, e-mail), including physical (not postal) address (In the case of transshipment, there may be an intermediate consignee and their contact details and address should then also be included on the invoice.)
- If the person or firm buying the goods (the importer) is not the same as the person or firm to whom the goods are being sent, then you should include both their contact details and addresses in the commercial invoice
- The name of the person and company to notify once shipment has taken place and their contact details and physical address (here the contact details such as telephone, fax and cell number and e-mail address are more important than the physical address)
- A commercial invoice reference number
- A purchase order number or similar reference to correspondence between the supplier and importer
- The date of issue of the commercial invoice
- A complete, detailed and clear description of the goods in question, incorporating the appropriate HS codes and brandmarks if applicable (here the importer may ask you to remove these codes as they may not be the same in the importing country and may thus incur additional or higher duties to the importer's detriment because of their inadvertent misuse)
- The quantity of goods in question, including the number of units/items
- The packing details can be provided on a separate packing list. Packing list information should include the external dimensions, cubic capacity, weight, numbers and contents of each package shipped, and kinds of packaging involved (pallets, boxes, bags, etc.) - if a separate packing list is used, reference should be made in the commercial invoice to the packing list.
- The grand total price of the goods for the whole consignment
- Where applicable, the unit prices should be indicated - the unit price multiplied by the number of units/items should be reflected in the line total. The various line totals (in the case where different items are included in the same commercial invoice, or where additional services are itemised in the invoice), should add up to the total price for the whole consignment (also referred to as the 'Grand Total')
- The currency in which the goods will be sold (e.g. US dollars or rands)
- The type and amount of any discount given, where applicable
- The likely delivery schedule and delivery terms
- The payment methods (for example cash in advance, documentary collection, L/C, etc.)
- The payment terms (for example 30 days on sight)
- The Incoterm to be used (Incoterms 2000 - FAS, CIF, CFR, DDP, etc.)
- Who is responsible for the banking fees and other related costs (insurance and freight costs are covered by the incoterm in question)
- What the freight and insurance charges are
- The exporter's banking details

- A declaration of the country of origin of the goods
- The expected country of final destination
- Any freight details such as the port of loading and discharge
- Any additional exporter-provided services that should be added to the invoice to come to the grand total
- Any transshipment requirements
- The validity of the commercial invoice - that is, when does the offer expire (leaving it open-ended could be very risky)
- Any other information relevant to the order
- Make sure the commercial invoice is signed, together with the signature's name written underneath, with initials, title and position

Commercial invoices are the basis for assessing duties and statistics

Commercial invoices are often used by governments to determine the true value of goods when assessing customs duties and recording trade statistics. Governments that use the commercial invoice to control imports, will often specify its form, content, number of copies, language to be used, and other characteristics.

Examples of commercial invoice

[Unzco commercial invoice](#) with instructions for completing the invoice

Commercial invoice: Checklist

The invoice is regarded as the commercial document which contains and confirms the details of the transaction taking place between the buyer and seller. It is issued once the contract between the two parties has been finalised. Information appearing on the invoice normally includes the name and address of the buyer and seller, date of invoice, description of goods, unit prices and final price, terms of settlement, shipping marks and numbers, etc. This site, provided by FNB, provides a checklist of items that need to be checked on the commercial invoice.

BDG Export Air and Ocean Freight Management

- Cargo Booking
- Freight Documentation Preparation
 - Letter of Credit Presentation
 - Other documents: Master B/L of Lading, Legalization, C of O's
- Web based Track and Trace to Incoterm or Cargo Turnover
 - Report Writing
 - Exception Management
 - Consolidated tracking information from multiple carriers.
- Dedicated Account Management Team
- Contract Management
 - Carrier rate management: GRI's BAF's, CAF's, etc.
- Invoice Management
 - Confirm Carrier Rates
 - Pay Carrier charges
 - Consolidated Invoice: Inland, Ocean, Documentation and Door Fees.
- Export Customs Compliance
- Bureau of Census and Customs Compliance
 - Electronic AES Filing
 - Record Keeping
 - ITAR Compliance
- Dangerous Goods Compliance
- Solution Management

- Identification of problems
- Solution presentation and implementation.
- Additional Transportation Modes
 - Project Cargo
 - LCL
 - Air Freight