The Commercial Invoice and INCOTERMS

Swanchester Group
Introduction

- Documents in International Trade
- The Commercial Invoice
- Types of Invoices
- INCOTERMS
The importance of the *documents* in the *International Trade*.

**Proof of contract.**
**Title to the goods.**
**Information \(\rightarrow\) Commercial Invoice.**
**Customs.**
**Proof of compliance.**
Information Documents

The Commercial Invoice

- Proforma Invoice (Factura Proforma)
- Commercial Invoice (Factura Comercial)
- Packing list/Weight List (Lista de embalaje/Lista de peso)
The Commercial Invoice

- **Proforma Invoice**
  - The buyer learns the general forms and contents of the future commercial invoice in advance after both sides reach a deal. On request of the importer, the exporter usually offers an informal invoice listing cargo name, specification, unit price, total price, delivery term, payment term and so on, which is used for applying for import license or foreign exchange from the domestic trade management administration or foreign exchange management administration.

- **Commercial Invoice**
  - 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 and importer. 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 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.
  - It is a document required by customs to determine true value of the imported goods, for assessment of duties and taxes.

- **Packing List**
  - This is a formal document that itemizes quite a number of details about the cargo. The details on the packing list (such as shipper's/importer's details, number of items involved, etc.), match what is stipulated on the commercial invoice and bill of lading/airway bill.
The Commercial Invoice and The Law

- **In Spain:** Real Decreto 1496/2003, de 28 de noviembre, por el que se aprueba el Reglamento por el que se regulan las obligaciones de facturación y se modifica el Reglamento del Impuesto sobre el Valor Añadido.

- **In US:** 19 CFR 141.86 - Contents of invoices and general requirements.
The Commercial Invoice

FUNCTIONS:

- The seller's *demand for payment*
- A source of *information* for shipping documents
- *The* source document for destination customs clearance
- Information about the terms and conditions of a sales transaction
- The basis on which a *claim* must be made
The Commercial Invoice

USED:

- Customs
- Freight forwarders
- International bankers
- Transport
- Insurance companies
What should appear in a commercial invoice?

- The document title should clearly state "Commercial Invoice"

- The name of the exporter (referred to as the shipper) and their contact details

- The name of the importer (referred to as the consignee) and their contact details

- 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

- A commercial invoice reference number
- A purchase order number or similar reference

- 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

- The quantity of goods in question, including the number of units/items

- The packing details unless provided in a separate packing list, including their external dimensions, cubic capacity, weight, numbers and contents of each package shipped, and kinds of packaging involved- 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 currency in which the goods will be sold

• 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, 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**
- Any **additional exporter-provided services** that should be added to the invoice to come to the grand total.
- Any **transhipment requirements** such as the port of loading and discharge
- Indicate the **total weight** of your shipment
- The **validity** of the commercial invoice
- **Any other information relevant** to the order
- Make sure the commercial invoice is **signed**
### Parts of a Commercial Invoice

**Commercial Invoice**

<table>
<thead>
<tr>
<th>Date</th>
<th>Invoice #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipper Name</td>
<td>Consignee Name</td>
</tr>
<tr>
<td>Contact Person</td>
<td>Contact Person</td>
</tr>
<tr>
<td>Street Address</td>
<td>Street Address</td>
</tr>
<tr>
<td>City</td>
<td>Postal Code</td>
</tr>
<tr>
<td>Country</td>
<td>Email Address</td>
</tr>
<tr>
<td>Telephone Number</td>
<td>Fax Number</td>
</tr>
<tr>
<td>Tax ID Number (EIN)</td>
<td>Exporting Carrier: DHL</td>
</tr>
<tr>
<td>Other Information, (i.e. ITN #)</td>
<td>Total # of Pieces</td>
</tr>
<tr>
<td>Total Gross Weight in Kilos</td>
<td>AWB #</td>
</tr>
<tr>
<td>Complete Commodity Description</td>
<td>HTS, Schedule B</td>
</tr>
<tr>
<td>Country of Manufacture</td>
<td>Quantity, Unit of Measure</td>
</tr>
<tr>
<td>Unit Price USD</td>
<td>Total Price USD</td>
</tr>
</tbody>
</table>

I/we hereby certify that the information on this invoice is true and correct and that the contents of this shipment are as stated above.

<table>
<thead>
<tr>
<th>Subtotal (USD $)</th>
<th>Freight Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Cost</td>
<td>Total Invoice Value (USD $)</td>
</tr>
</tbody>
</table>

These commodities, technology, or software were exported from the United States of America for ultimate destination in accordance with export administration regulations. Diversion contrary to U.S. law is prohibited.

Signature and Title of Authorized Person | Date
The Commercial Invoice

- **English**
- **Legalese**

<< We hereby certify that this is a true and correct invoice both as regards the prices and descriptions contained herein. We confirm that no other invoice has been or will be issued and that any particulars are in accordance with our books.

Subject to all the terms and conditions printed hereof and of any agreement or licence between the said parties. This contract shall be governed by Incoterms 1990 and English Law apply.>>

- **No standard format**
- **Original**
- **Accuracy**
INVOICE ORIGINAL

TESCO

Tesco House, E.O, Box 1

Invoice No. & Date (Tax Point)
6255 /10804

Consignee

Payment Terms

Forwarding Agent

Custody of Original Goods

Invoice Recipient is to be marked with “X”

E.T.S.

E.T.A.

Vessel/Aircraft

Place of Loading

Terms of Delivery & Payment

Insurance

Port of Discharge

EX- Works

60 Days from Date of Invoice

Marks and Number

Number and kind of packages/Description of goods

629 CASES TESCO BRAND
GROCERY PRODUCTS

Gross Weight (Kg) | Cube (M3)
---------- | ----
5.856.3 | 10.05

Quantity

Total

£3,667.59

We hereby certify that this is a true and correct invoice both as regards the prices and descriptions contained herein. We confirm that no other invoice has been or, will be issued and that any differences in accordance with our books.

Griffins

Name of Signatory

Position

Place & Date of Issue

WELSH CARDS CIVIC 19/01/08

SUMMARY

COST OF 6 WHITE PALLETS @ £5 PER PALLETS

COST OF TRANSPORT FROM TESCO WAREHOUSE TO FREIGHT FORWARDER

TOTAL

Amount (State Currency)

STERLING

3,667.59

175.00

3,842.59

Fuente: factura facilitada por la empresa Galaco de Las Palmas.
FACTURA COMERCIAL

Vendor:
SAMSUNG ELECTRONIC CO. LTD.
C.P.O. BOX 2775
SEOUL, KOREA

N° de factura y fecha
IKKR1908351251
19 de junio de 1997

CC N° y fecha
LPS 0486R8002017
2-8-97

Distractor
A la orden de
RANKINTER S.A.

Comprador o a quien concide con el distractor:
DUROSTA SL
CL CONCEPCIÓN ARENAL 20
35008 LAS PALMAS DE G. CANARIA, ESPAÑA

Fecha de salida
26 de junio de 1997

Bajo/Cargo
LINDEO MAERSK /7008

A
LAS PALMAS
DE G. CANARIA, ESPAÑA

Condiciones de compra y de pago
CIF LAS PALMAS DE G. CANARIA
FORMA DE PAGO

Número de embarque
Fecha de despacho

N° y naturaleza de los hechos: descripción de las mercancías
Cantidad
Precio unitario
Importe

405 APARATOS
USD
USD

400 APARATOS
USD
USD

TOTAL:
810 EQUIPOS
USD

* SEGÚN FACTURA PROFORMA N° ESPECIFICADO CON FECHA DE 2 DE MAYO DE 1997

[Sellos de SAMSUNG ELECTRONICS CO. LTD.]
[Firma]
Firmado por JONG YONG YUN, PRESIDENTE

Fuente: texto facilitado por la empresa Martíns & Spencer de Las Palmas de G. Canaria.
1. *Proforma* Invoices

2. Commercial Invoices

3. Customs Invoices

4. Consular Invoices
Types of invoices

1. **Proforma invoices**: Estimated invoice sent by a seller to a buyer in advance of a shipment or delivery of goods.

- Kind and quantity of goods, value, weight, transportation charges...

- “Offer” put to the importer by the exporter. It serves as a means of negotiating the actual contract.
### FACTURA PROFORMA

**Jaime Estévez Rodríguez**  
Cl San Benito, 38  
28029 Madrid

<table>
<thead>
<tr>
<th>N° Cliente</th>
<th>N.I.F.</th>
<th>Vigencia Maxima</th>
<th>Fecha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28000000H</td>
<td>15 Días</td>
<td>09/06/2008</td>
</tr>
</tbody>
</table>

**Grupo / Presupuesto**  
008

<table>
<thead>
<tr>
<th>Conceptos</th>
<th>CANT</th>
<th>Precio Unitario (IVA incl.)</th>
<th>% IVA</th>
<th>Importe IVA</th>
<th>Importe Total</th>
<th>Importe Total Sin IVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Videocámara JVC G7 MG HD6 REF.61101088</td>
<td>1</td>
<td>1399,00</td>
<td>18</td>
<td>193,0</td>
<td>1399,00</td>
<td>1208,03</td>
</tr>
<tr>
<td>Apple MacBook Pro 15&quot; 2,5</td>
<td>5</td>
<td>2149,00</td>
<td>18</td>
<td>1482,1</td>
<td>10745,00</td>
<td>9262,93</td>
</tr>
<tr>
<td>Apple MacPro 20QUAD</td>
<td>1</td>
<td>2449,00</td>
<td>16</td>
<td>337,8</td>
<td>2449,00</td>
<td>2111,21</td>
</tr>
<tr>
<td>Apple Cinema TFT 20&quot;</td>
<td>1</td>
<td>599,00</td>
<td>16</td>
<td>96,6</td>
<td>599,00</td>
<td>516,38</td>
</tr>
</tbody>
</table>

**Reason for Export:**

**Mode of Transport**  
Air

<table>
<thead>
<tr>
<th>ID</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>22</td>
<td>44,99</td>
<td>1034,77</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal**  
1222,15

**Tax Rate**  
6.50%

**Sales Tax**  
78,74

**Total**  
1300,89
• Once the importer indicates that 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.

• It should reflect the final agreed proforma invoice exactly - any deviances will result in problems executing the transaction and/or receiving payment.
2. Commercial/Export invoices: A customs declaration form used in international trade that describes the parties involved in the shipping transaction, the goods being transported, and the value of the goods.

In exporting, the commercial invoice is considered a very important document as it serves as the starting document that supports an export transaction.
Based on the terms specified in this commercial invoice, the importer will instruct his/her bank (issuing bank) to issue a letter of credit.

This letter of credit 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.

Central role in an export transaction
Types of invoices

3. Customs invoices: Extended form of commercial invoice required by customs in which the exporter states the description, quantity and selling price, freight, insurance, and packing costs, terms of delivery and payment, weight and/or volume of the goods for the purpose of determining customs import value at the port of destination.

Some countries: commercial invoice to be completed on their own specified forms ("Customs' invoices") and may be provided in addition to the standard commercial invoices referred to above.
Types of invoices

4. Consular invoices: In international commerce, an invoice which is signed and sealed by a consul of the importing country who is posted in the exporting country.

- It builds trust between the buyer and seller and helps reduce the possibility that the seller (exporter) will overcharge the buyer (importer).

- The consular invoice must be prepared in the language of the destination country and can be obtained from the country's consulate.
"There is no organization better placed than ICC – the organization that created and maintains the Incoterms rules – to help traders learn how to apply the rules correctly to their global or domestic sales transactions."

(Emily O'Connor, ICC Senior Policy Manager and Secretariat for the Drafting Group)
INCOTERMS

• International Commerce Terms.

• A series of international sales terms, first published by the International Chamber of Commerce (ICC) in 1936.

• Widely used in international commercial transactions.
INCOTERMS

- They help traders avoid costly misunderstandings by clarifying the tasks, costs and risks involved in the delivery of goods from seller to buyer.

- Nowadays, we have Incoterms 2000.

- The new Incoterms 2010 were launched in September 2010 and will come into effect on 1 January 2011.
INCOTERMS DO...

- Fix liability of buyer and seller.
- Fix division of costs
- Assume risks (loss or damage)
- Are adapted to contemporary commercial practices.
INCOTERMS DO NOT...

- Dictate the contract of carriage (title or ownership/Bill of Lading)
- Include all the duties of the buyer and seller.
- Deal with breach of contracts.
- Deal with exemptions from liability in case of impediments.
- Speak about payment terms.
Incoterms
Incoterms

- International Commercial terms known as incoterms
- Do not cover ownership or transfer of the title of goods
- The importance of knowing which Incoterm is used at the start of negotiation/quotation of a sale
- International Chamber of Commerce
Sales transactions
Exporters should determine which Incoterm works best for the company
Inexperienced exporters may use Incoterm “Exworks”
A sale based on Incoterm “CIF”: Exporter has to arrange and pay for pre-carriage, shipping, insurance
Incoterms

- Incoterms on a commercial invoice or quotation to buyer: Term should be followed by city or port of load/discharge e.g.
  - ExWFactory, Richmand, Va
  - CIF Rotterdam
- Communication is crucial
- Under EXworks the shipper should notify the importer when the goods are ready
Incoterms

- The most burdensome Incoterm for exporter is “Delivered Duty Paid” (DDP)
- Shipping DDP assumed by the most experienced exporters
- Many details considered
- Many questions asked
• Group E – Departure
• Group F – Main carriage paid by buyer
• Group C – Main carriage paid by seller
• Group D – Arrival
GROUP F (Main carriage paid by buyer)

- FCA - Free Carrier
- FAS - Free alongside Ship
- FOB - Free on Board
FCA

Free carrier

• (Named places)

• Seller fulfills its obligations once it hands over the goods into the custody of the carrier named by the buyer

• FCA can be used for all means of transport

• Buyer’s obligation to receive seller’s arriving vehicle unloaded
FCA

TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Puede o No Incluir Fletes, Seguros, pero incluye Maniobras y Despacho de Export.

Riesgo del Vendedor
- Entregar mercancía en el transporte

Riesgo y Responsabilidad del Comprador
- Contratar Transporte y Seguro de mercancía hasta destino
- Efectuar el despacho de Importación
- (Named loading port)
- Seller fulfills its delivery obligations once it has placed the goods alongside ship in dock or landing area
- Risks pass to buyer once delivered alongside ship by seller
- Used for sea or inland waterway transportation
**FAS**

**TRANSFERENCIA DE LA RESPONSABILIDAD**

Precio Mercancía:
Incluye Fletes y Seguros al costado del buque y despacho de Exportación.

**Vendedor**

- Entregar mercancía al costado del buque
- Efectuar despacho Export.

**Puerto de Embarque**

**FAS**

**Comprador**

- Subir la mercancía al buque
- Contratar Transporte y Seguro hasta destino
- Efectuar el despacho de Importación

**Aduana Export.**

**Aduana Import.**

**Puerto de Destino**
FOB
Free on board

• (Named loading port)
  • Seller fulfills its delivery obligation once it has placed the goods on board the vessel
  • Risks pass to buyer once delivered on board the ship by seller
  • Used for sea or inland waterway transportation
TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes, Seguros, Maniobras hasta cruzar la borda del buque y Despacho de Export.

Riesgo del Vendedor
- Entregar mercancía cruzando la “borda” del buque
- Efectuar despacho de Export.

Riesgo y Responsabilidad del Comprador
- Contratar Transporte y Seguro hasta destino
- Efectuar el despacho de Importación
INCOTERMS: GROUP C

MAIN CARRIAGE PAID

- Two critical division points: division of costs and division of risk.

- Costs → SELLER → destination point

- Risk → BUYER → point of shipment
<table>
<thead>
<tr>
<th>ANY MODE OF TRANSPORT INCLUDING MULTIMODAL</th>
<th>SEA AND INLAND WATERWAY TRANSPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPT “Carriage Paid To”</td>
<td>CFR “Cost And Freight”</td>
</tr>
<tr>
<td>CIP “Carriage And Insurance Paid To”</td>
<td>CIF “Cost, Insurance and Freight”</td>
</tr>
</tbody>
</table>
CFR
"Cost and Freight"

(...named port of destination)

SELLER → costs and freight → port of destination.

Risk: transferred to the BUYER once the goods have crossed the ship's rail.

Insurance: NOT included.
TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes hasta puerto destino, maniobras hasta cruzar la borda del buque y despacho de Export.

CFR

Vendedor

Puerto de Embarque

Riesgo del Vendedor
• Contrata transporte hasta puerto de destino
• Entregar en la “borda” del buque
• Efectuar despacho de Export.

Comprador

Puerto de Destino

Riesgo y Responsabilidad del Comprador
• Contratar seguro hasta puerto de destino
• Efectuar el despacho de Importación
CIF
"Cost, Insurance, and Freight"

-(...named port of destination)

SELLER costs and freight port of destination.

Risk: transferred to the BUYER once the goods have crossed the ship's rail.

SELLER insurance premium (on minimum cover).
CIF

TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes y Seguro hasta puerto de destino, maniobras hasta cruzar la borda del buque y despacho de Exportación.

CIF

Vendedor

Puerto de Embarque

Riesgo del Vendedor
• Contratar Transporte y Seguro hasta puerto de destino
• Entregar en la “borda” del buque
• Efectuar despacho de Export.

Comprador

Puerto de Destino

Riesgo y Responsabilidad del Comprador
• Efectuar despacho de Importación

Aduana Export.

Aduana Import.
CPT
"Carriage Paid To"

(...named place of destination)

SELLER → cost of carriage → named destination.

Risk of loss or damage to the goods transfers from the SELLER to the BUYER when the goods have been delivered to the custody of the final carrier.

CARRIER: person who, in a contract of carriage, undertakes to perform or to procure the performance of transport (by rail, road, sea, etc.)
CPT

TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes hasta punto de destino, maniobras de carga en el lugar convenido y despacho de Export.

Vendedor

Puerto de Embarque

Aduana Export.

Comprador

Puerto de Destino

Aduana Import.

CPT

Riesgo del Vendedor

• Contratar Transporte hasta punto de destino
• Entregar en el lugar convenido
• Efectuar despacho de Export.

Riesgo y Responsabilidad del Comprador

• Contratar seguro hasta punto de destino
• Efectuar el despacho de Importación
"Carriage And Insurance Paid To"

- (...named place of destination)

SELLER → cost of carriage → named destination.

Risks and any additional costs transfers from the SELLER to the BUYER when the goods have been delivered.

SELLER → insurance premium (on minimum cover).
TRANSFERENCIAS DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes y Seguros hasta punto de destino, Maniobras de carga en el lugar convenido y Despacho de Export.

Riesgo del Vendedor
- Contratar Transporte y Seguro hasta punto de destino
- Entregar en el lugar convenido
- Efectuar despacho de Export.

Riesgo y Responsabilidad del Comprador
- Efectuar el despacho de Importación
String sales
- Only the first SELLER is responsible for shipping the goods.

New Rules: CIF and CFR now refer to an obligation to “contract or procure a contract for the carriage of the goods…”

Terminal handling charges
- Incoterms 2000 Rules (e.g. CIF/CFR): BUYER potentially faced paying for the same service twice.
- Incoterms 2010: allocating such costs under the relevant Rules.
INCOTERMS 2010

INCOTERMS rules is an internationally recognized standard for international and domestic contracts for the sale of goods, published by the International Chamber of Commerce. This illustration shows risk and cost distribution between seller and buyer in accordance with INCOTERMS 2010.

### CFR
- **Cost & Freight**
- **Risk**: Seller's place
- **Cost**: Loading at seller
- **Transport**: Initial transport
- **Customs Clearance, Duty Paid**: Export customs clearance, duty paid
- **Reloading at Carrier's Terminal**: Reloading at carrier's terminal
- **Loadings**: Cargo insurance
- **Main Transport**: Main transport
- **Unloading**: Unloading
- **Reloading at Freight Terminal**: Reloading at freight terminal
- **Import Customs Clearance, Duty & Taxes Paid**: Import customs clearance, duty & taxes paid
- **Transport to Destination**: Transport to destination
- **Unloading at Consignee**: Unloading at consignee

### CIF
- **Cost, Insurance & Freight**
- **Risk**: Seller's place
- **Cost**: Loading at seller
- **Transport**: Initial transport
- **Customs Clearance, Duty Paid**: Export customs clearance, duty paid
- **Reloading at Carrier's Terminal**: Reloading at carrier's terminal
- **Loadings**: Cargo insurance
- **Main Transport**: Main transport
- **Unloading**: Unloading
- **Reloading at Freight Terminal**: Reloading at freight terminal
- **Import Customs Clearance, Duty & Taxes Paid**: Import customs clearance, duty & taxes paid
- **Transport to Destination**: Transport to destination
- **Unloading at Consignee**: Unloading at consignee

### CPT
- **Carriage Paid To**
- **Risk**: Seller's place
- **Cost**: Loading at seller
- **Transport**: Initial transport
- **Customs Clearance, Duty Paid**: Export customs clearance, duty paid
- **Reloading at Carrier's Terminal**: Reloading at carrier's terminal
- **Loadings**: Cargo insurance
- **Main Transport**: Main transport
- **Unloading**: Unloading
- **Reloading at Freight Terminal**: Reloading at freight terminal
- **Import Customs Clearance, Duty & Taxes Paid**: Import customs clearance, duty & taxes paid
- **Transport to Destination**: Transport to destination
- **Unloading at Consignee**: Unloading at consignee

### CIP
- **Carriage, Insurance Paid**
- **Risk**: Seller's place
- **Cost**: Loading at seller
- **Transport**: Initial transport
- **Customs Clearance, Duty Paid**: Export customs clearance, duty paid
- **Reloading at Carrier's Terminal**: Reloading at carrier's terminal
- **Loadings**: Cargo insurance
- **Main Transport**: Main transport
- **Unloading**: Unloading
- **Reloading at Freight Terminal**: Reloading at freight terminal
- **Import Customs Clearance, Duty & Taxes Paid**: Import customs clearance, duty & taxes paid
- **Transport to Destination**: Transport to destination
- **Unloading at Consignee**: Unloading at consignee

**Please note:** Above are guidelines only and can not be used as a full and complete illustration of the cost and risk distribution between **seller** and **buyer** when using INCOTERMS.

**INCOTERMS should always be followed by a named place of delivery. Compulsory cargo insurance is part of CIF and CIP clauses only.**

©Blue Water Shipping A/S
GROUP E (departure)
EXW
“Ex works”

• (…named place)

• EXW is used for any mode of transportation.
• The seller has the goods ready for collection at his premises. The buyer does the rest.
• The seller will not contract any transportation.
• The greatest responsibility on the buyer and minimum obligations on the seller.
EX-work Trade Term Flow Chart

Importor or buyer assumes all risks and responsibilities
GROUP D (arrival)

- The seller bears all the costs and risks in shipping the goods to the country destination.
- It is formed by 5 types:
  - DAF*
  - DES*
  - DEQ*
  - DDU*
  - DDP
This term is used for any mode of transportation but must be delivered by land.

The **seller** pays for transportation to the named place of delivery at the frontier.

The **buyer** arranges for customs clearance and pays for transportation from the frontier to his factory.

The passing of risk occurs at the frontier.
TRANSFERENCI A DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes y Seguros hasta frontera de Export., maniobras de carga en lugar convenido y Despacho de Export.

Riesgo del Vendedor
- Contratar Transporte y Seguro hasta punto de destino
- Entregar en el lugar convenido
- Efectuar despacho de Export.

Riesgo y Responsabilidad del comprador
- Efectuar el despacho de Importación
• (…named **port** of destination)
• This term is used for ocean shipments only.
• The **seller** has to bear all the costs and risks involved in bringing the goods to the named port of destination **before discharging**.
• The passing of the risks when the goods made available for unloading to the buyer.
TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes, Maniobras y Seguro hasta puerto de destino, y Despacho de Export.

Riesgo y Responsabilidad del Vendedor
- Contratar Transporte y Seguro hasta puerto de destino
- Entregar a bordo del buque en puerto de destino
- Efectuar despacho de Export.

Riesgo del Comprador
- Efectuar despacho de Import.
• (...named port of destination)

• This term is used for ocean shipments only.
• The **seller** has to bear all the costs and risks involved in bringing the goods to the named port of destination **and** discharging the goods on the quay.
• The passing of risk occurs when the goods have been unloaded at the port of destination.
DEQ

TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes y Seguro hasta puerto de destino, Maniobras de descarga y Despacho de Export.

Vendedor

Riesgo y Responsabilidad del Vendedor
- Contratar Transporte y Seguro hasta puerto de destino
- Entregar al costado del buque en puerto de destino
- Efectuar despacho de Export.

Puerto de Embarque

Aduana Export.

Comprador

Riesgo del Comprador
- Efectuar despacho de Import.

Puerto de Destino

Aduana Import.
DDU
Delivery Duty Unpaid

- (...) named destination place
- This term is used for any mode of transportation.
- The **seller** delivers the goods to the buyer to the named destination place → not unloaded and cleared
- The **buyer** bears the costs and risks for the unloading, duty and any subsequent delivery beyond the place of destination.
TRANSFERENCIA DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes y Seguro hasta punto de destino, y Despacho de Export.

Riesgo y Responsabilidad del Vendedor
- Contratar Transporte y Seguro hasta punto de destino
- Entregar después de cruzar la frontera sin Despacho de Import.
- Efectuar despacho de Export.

Riesgo del Comprador
- Efectuar despacho de Import.
DDP
Delivered Duty Paid

- (...)named destination place
- This term is used for any mode of transportation.
- The **seller** pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.
- DDP represents the maximum obligation for the **seller**.
TRANSFERENCIAS DE LA RESPONSABILIDAD

Precio Mercancía:
Incluye Fletes y Seguro hasta punto de destino,
Despacho de Export y Despacho de Import.

Riesgo y Responsabilidad del Vendedor
- Contratar Transporte y Seguro hasta punto de destino
- Entregar en punto convenido en país de destino.
- Efectuar despacho de Export. y Despacho de Import. en país de destino
The DAF, DES, DEQ, and DDU designations have been eliminated.

They have been added:

- **DAT (Delivered at Terminal)** → it replaces DEQ.
- **DAP (Delivered at Place)** → it replaces DAF, DES, DEQ and DDU.

They attempt to better take into account the role cargo security and electronic data interchange now play in international trade.
DAT

- DAT (Delivered at Terminal) replaces DEQ (Delivered ex Quay). DAT may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.
- “Delivered at Terminal” means that the seller delivers when the goods, having been unloaded from the arriving means of transport, are placed at the buyer’s disposal at a named terminal at the named port or place of destination.
- DAT requires the seller to clear the goods for export where applicable but the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities. It was considered that DAT would prove more useful than DEQ in the case of containers that might be unloaded and then loaded into a container stack at the terminal, awaiting shipment. There was previously no term clearly dealing with containers that were not at the buyer’s premises.
DAP

- DAP (Delivered at Place) replaces DAF, DES, DEQ and DDU. The arriving “vehicle” under DAP could be a ship and the named place of destination could be a port. Consequently, the ICC considered that DAP could safely be used instead of DES and that it would make the Rules more “user-friendly” if they abolished terms that were fundamentally the same. Again, a seller under DAP bears all the costs (other than any import clearance costs) and risks involved in bringing the goods to the named destination.

• Páginas web:
  • http://www.docstoc.com/docs/15098563/COMMERCIAL-INVOICE-(FACTURA-COMERCIAL)
  • http://www.dhl-usa.com/resources/commercialinvoice_0701.pdf
  • http://www.camaragijon.es/contenidos/documentos/Qux_es_una_factura_comercial.pdf
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