



Verification of import transactions using commercial documents

The Australian Customs and Border Protection Service (ACBPS) may request commercial documents to verify a broad range of regulatory requirements for the importation and exportation of goods across the Australian border.

The ACBPS has published Australian Customs and Border Protection Notice number 2013/46, *Supply of commercial documents and evidence of monies price paid to verify particulars on import and export declarations*. The notice provides guidance about acceptable standards of commercial documentation that a person can use to support statements made in declarations. You can find that notice on the ACBPS website at:

www.customs.gov.au/webdata/resources/files/ACBPSNoticeNo.201346.pdf

ACBPS has developed this fact sheet to provide further details on why it may not accept pro forma and/or electronic documents as evidence of the actual price paid on the imported goods.

CUSTOMS VALUE

The ACBPS published the fact sheet *Valuation of Imported Goods* in April 2011 to provide guidance on how to determine customs value. You can find that fact sheet on the ACBPS website at:

www.customs.gov.au/webdata/resources/files/ValueofImportedGoodsApril2011WEB.pdf

The fact sheet highlights that the *Customs Act 1901* imposes a range of record keeping requirements on people connected to the importation of goods.

The retention of these documents is necessary in order to satisfy ACBPS that the details were correct at the time of importation.

PRO FORMA INVOICES

Historically individuals and companies use pro forma invoices during initial negotiations between parties and they do not necessarily represent the final contract of sale.

The Business Dictionary defines a **pro forma invoice** as:

(www.businessdictionary.com/definition/pro-forma-invoice.html)

An abridged or estimated invoice sent by a seller to a buyer in advance of a shipment or delivery of goods. It notes the kind and quantity of goods, their value, and other important information such as weight and transportation charges.

Pro forma invoices are commonly used as preliminary invoices with a quotation, or for customs purposes in importation.

They differ from a normal invoice in not being a demand or request for payment.

A pro forma invoice may be electronic or in hard copy. A pro forma invoice is not a demand for payment and may not provide sufficient evidence to determine the actual price of the goods. You should not rely routinely on pro forma documents to support statements made in declarations without further verification, particularly as ACBPS has found that details included in pro forma documents, including the value of the goods, has been highly inaccurate in a significant number of cases.

ACBPS may not accept the presentation of pro forma invoices to support import declarations as evidence of the true sale's transaction. This could result in delays to cargo clearance.

ELECTRONIC INVOICES

To facilitate the importation of the goods, some people create electronic invoices in order to establish a record of the value of goods. These types of invoices are not produced as part of the sale's transaction. ACBPS has found that in a considerable number of cases electronic invoices do not reflect the important details of the sale's transaction, including the value of the goods.

Reporting parties and brokers should be aware that where ACBPS has found these documents to be unreliable in the past and notified the relevant reporting party or broker of those deficiencies, the reporting party or broker should not continue to rely on them to support statements made in declarations without further verification.

Where the reporting party or broker hosts the facilities for the production of electronic invoices, those parties should take steps to ensure the ongoing integrity of documents produced. If ACBPS is not satisfied with the accuracy of documents produced through such facilities, ACBPS may refuse to accept any documents produced by those facilities to support statements made in declarations.

Failure to address the issues with pro forma and electronic invoices could expose the owner of the goods, the relevant reporting party or customs broker to increased levels of intervention and potentially sanctions.

VERIFICATION OF IMPORT TRANSACTIONS USING COMMERCIAL DOCUMENTS

The following table is a non-exhaustive guide of commercial documents that you could use to support evidence of the actual price paid for the goods:

<p>1) <u>Personal Importations</u></p> <p><u>Order Details/Records:</u></p> <ul style="list-style-type: none">• order confirmation (including online)• purchase order• arrangement emails• full invoice <p><u>Evidence of Payment:</u></p> <ul style="list-style-type: none">• receipt• bank transfers• PayPal• EFT• credit card or bank account statements• EBay transaction number	<p>2) <u>Commercial Importations</u></p> <p><u>Order details/Records:</u></p> <ul style="list-style-type: none">• purchase order• contract of sale• order confirmation (including online)• arrangement emails• commercial invoice <p><u>Evidence of payment:</u></p> <ul style="list-style-type: none">• letter of credit• bank transfers• receipt• PayPal• EFT• credit card or bank account statements• if ongoing trading/payment terms are in place, documents detailing those arrangements. Copies of past payments for like goods or evidence of value such as online sale web pages, suppliers' published pricelists or catalogues may provide supporting evidence.• <i>if goods are free of charge, refer to www.customs.gov.au/webdata/resources/files/ValuationofFree-of-chargeGoodsApril2011.pdf</i>• <i>evidence should be provided of what method of valuation was used and supporting documentation or information that was consulted.</i>
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FOR MORE INFORMATION

If you have any questions about this factsheet, ACBPS officers are available to assist you.

For information on any ACBPS matter, contact the Customs Information and Support Centre on:

Phone Within Australia 1300 558 099
(for the cost of a local call)

Outside Australia +61 2 9313 3010

Email cargosupport@customs.gov.au

Or browse our website www.customs.gov.au