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## **DDU / DDP (Free Domicile / Free House Delivery) Services**

### **Importing to the United States of America**

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(Updated 2006) – Revision 4

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(Updated April 26, 2004) – Revision 2

(Updated February 18, 2004) – Revision 1

To our Overseas Partners ...

Norman G. Jensen, Inc. is pleased to offer, to our Overseas Partners, this Value Added Service.

Attached please find our DDU/DDP policy / fee schedule for your reference. Please pass this information on to any staff that may need it.

Due to regulatory requirements and their complexities, DDP service is NOT available for Importing to Canada. Canadian (Canadian Border Services Agency) Customs Clearances can be performed by Jensen Customs Brokers Canada Inc. by and for the account of the Canadian or Non-Resident Importer. For additional information, please contact Jensen Customs Brokers Canada Inc. [winnipeg@ngjensen.com](mailto:winnipeg@ngjensen.com)

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# Definitions

## Free domicile

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[\(GISTnet\)](#)

A terms of sale definition under American foreign trade definitions and previous versions of Incoterms. Under free domicile terms, the seller has complete responsibility for delivering the goods to the buyer at the buyer's facility. That is, the seller must arrange all needed transportation and customs clearance, bear all costs up to the buyer's door, including customs duty if any, and bear all risks of cargo loss or damage until the buyer accepts the goods.

Beginning with *Incoterms 1990*, "free domicile" was replaced with DDP or DDU, depending on whether the seller or buyer is responsible for paying arranging the customs clearance into the destination country, and paying the customs duty, if any.

## Free house

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[\(GISTnet\)](#)

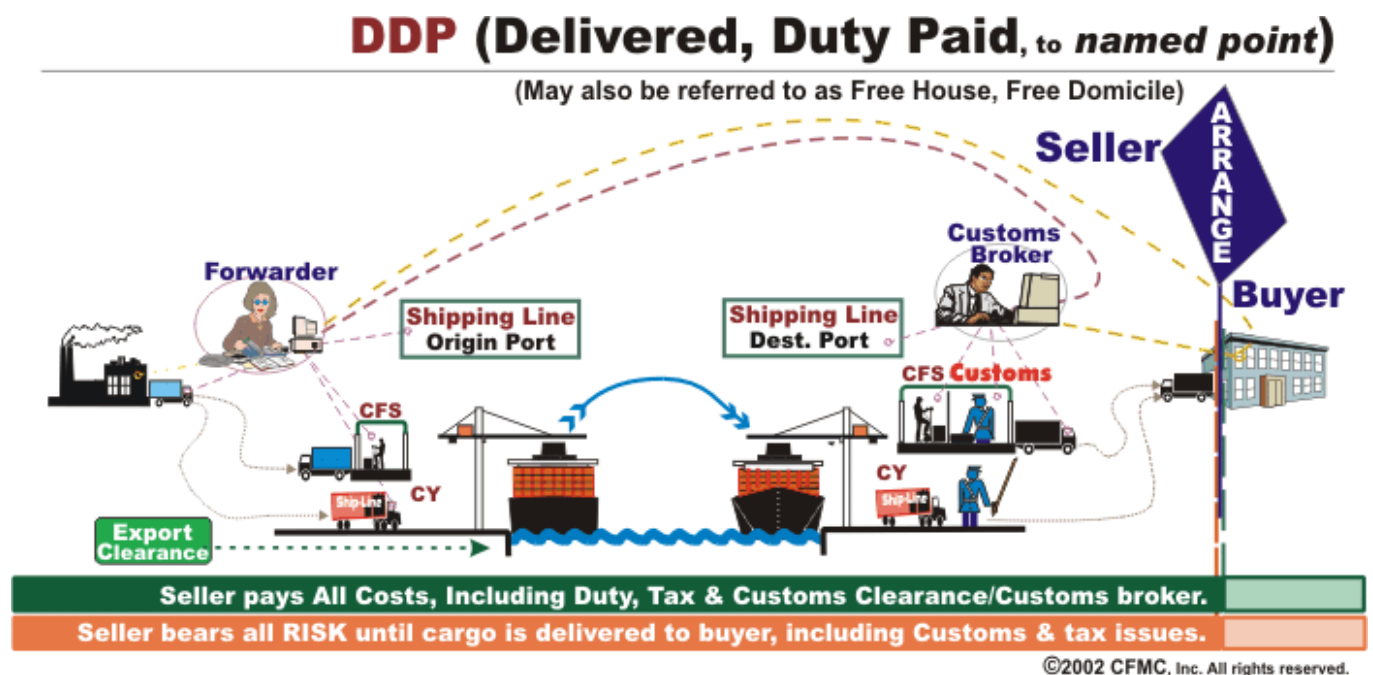
An informal expression of delivery terms referring to DDP or free domicile.

## DDP

(GISTnet)

Abbreviation for *delivered duty paid*. The Incoterm (delivery term) under which the seller is responsible for arranging transportation of the goods through to the buyer's door, and pays all costs required to accomplish this, including customs clearance, customs duty, and taxes due upon importation. Under pre-1990 versions of *Incoterms*, and under American Foreign Trade Definitions, this is also known as free domicile or free house. Under DDP terms, the seller has no obligation to insure the shipment. This Incoterm may be used with any transportation mode or combination of modes.

Action responsibilities, division of costs and passage of risk, DDP terms may be illustrated as follows where the principal modes of transportation are airfreight and ocean freight:



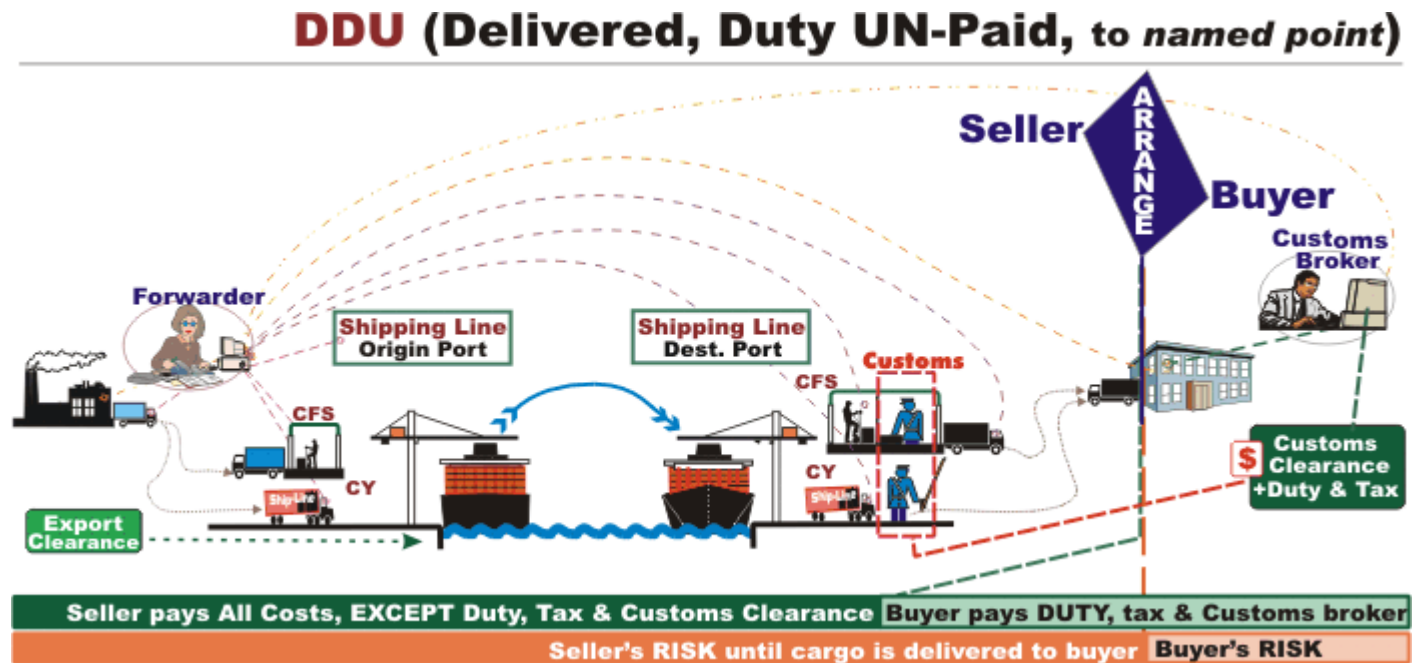
The official Incoterms publications (*Incoterms 2000*, and *ICC Guide to Incoterms 2000*) may be ordered from the International Chamber of Commerce (ICC)(<http://www.iccbooks.com/>)  
<http://www.iccwbo.org/incoterms/preambles.asp> .

## DDU

(GISTnet)

Abbreviation for *delivered duty unpaid*. The Incoterm (trade terms) under which the seller is responsible for arranging transportation of the goods through to the buyer's door or other specified point in the destination country, and pays all costs required to accomplish this, except for customs clearance, customs duty, and any taxes due upon importation. The buyer bears only the costs and risks of the customs clearance process, and consequences for not promptly arranging customs clearance. Under DDU terms, the seller has no obligation to insure the shipment. This Incoterm may be used with any transportation mode or combination of modes.

Action responsibilities, division of costs and passage of risk, DDU terms may be illustrated as follows where the principal modes of transportation are airfreight and ocean freight:



The official Incoterms publications (*Incoterms 2000*, and *ICC Guide to Incoterms 2000*) may be ordered from the International Chamber of Commerce (ICC)(<http://www.iccbooks.com/>)  
<http://www.iccwbo.org/incoterms/preambles.asp> .

# US Customs Duties & Fees

## Customs Duties

Charged by the U S Bureau of Customs and Border Protection  
|T-QW|SEE QUOTATION WORKSHEET LINE 5.

[http://www.customs.ustreas.gov/xp/cgov/import/duty\\_rates/](http://www.customs.ustreas.gov/xp/cgov/import/duty_rates/)

Classification advice available upon request ...

**This advice represents our opinion based on analysis of the applicable laws and regulations governing the importation into (or exportation from) the United States of your merchandise. As NGJ is not able to speak for the Bureau of Customs and Border Protection, our advice may not represent the views of the U.S. Customs Service or other applicable government agency. To fully protect yourself and your company under the law, we suggest you obtain a written ruling from Customs and Border Protection's Office of Regulations and Rulings.**

## Merchandise Processing Fee (MPF)

Charged by the U S Bureau of Customs and Border Protection

For more information, refer to the [Code of Federal Regulations, 19 CFR 24.23](#)

|T-QW|SEE QUOTATION WORKSHEET LINE 6.

.210% of invoice value  
Minimum \$25.00 / Maximum \$485.00

## **Harbor Maintenance Fee (HMF)**

Charged by the U S Bureau of Customs and Border Protection  
(for ocean shipments entering the United States via a U S ocean port)

For more information, refer to the [Code of Federal Regulations, 19 CFR 24.24](#)

|T-QW|SEE QUOTATION WORKSHEET LINE 7.

.125% of invoice value  
No Minimum / No Maximum

## Overseas Agent's Free House / Free Domicile Instructions

Norman G Jensen, Inc. (NGJ) understands the desire of our Overseas Partners to offer Free House / Free Domicile (DDU / DDP) services to their export customers.

NGJ will strive to provide our Overseas Partners with a simplified DDU / DDP Fee Schedule.

All requests for DDU and DDP quotations are to be sent to the appropriate NGJ Port Office that is located in the geographical region of the place of final delivery. ([See the DDU / DDP Value Added Service Map.](#))

(A [Quotation Worksheet](#) is provided to assist you in determining the total charges.)

NGJ further understands the difficulties in protecting Customs Brokerage quotations as it relates to DDU and DDP transactions.

DDU / DDP Entry Summary Fee: \$150.00 per Entry (\$225.00 per Entry for Out Port Clearances) subject to the following conditions: (|T-QW|SEE QUOTATION WORKSHEET LINE 3.)

(A [Quotation Worksheet](#) is provided to assist you in determining the total charges.)

(Reduced Entry Summary Fees are available at the discretion of the appropriate Customs Brokerage Manager. [http://www.ngjensen.com/dir\\_coastal.php](http://www.ngjensen.com/dir_coastal.php))

- Customs Clearance is performed by NGJ, or it's authorized Out Port Broker, after obtaining the required Foreign Power of Attorney from the Exporter at origin. The Foreign Power of Attorney must include a "Third Party Billing Waiver" directing that copies of the bills for services and copies of customs entries be transmitted to the Origin Agent.
- In lieu of a Foreign Power of Attorney from the Exporter at origin, Customs Clearance is performed by NGJ, or it's authorized Out Port Broker, after obtaining the required Power of Attorney from the Importer of Record, domiciled in the United States. The Importer of Record's Power of Attorney must include a "Third Party Billing Waiver" directing that copies of the bills for services and copies of customs entries be transmitted to the Origin Agent.
- Should the U.S. Importer of Record decline to grant the Power of Attorney, NGJ, will a) notify the Overseas Partner, b) turn over the documents to the Importer's authorized customs broker, and c) advise the customs broker

that Norman G Jensen will accept a 'bill back' for the Entry Summary Fee up to \$150.00. (\$225.00 for OutPort Clearances).

All charges above \$150.00 / \$225.00 are for the account of the Importer.

- NGJ will notify the Overseas Agent, **within one business day** of any situation (Customs Holds, PGA Holds, Delivery Delays, Equipment Shortages, etc) that would effect the original DDU/DDP quotation.
- The Overseas Agent will respond to NGJ **within one business day** with a Guarantee of Payment or further instructions (including a request to collect any additional charges directly from the Importer).
- If the Importer refuses to accept any additional charges, the DDU / DDP services will be immediately terminated, the Importer and Overseas Agent will be notified, and the consignment will be held until the matter is resolved.
- All additional charges (storage, etc) incurred will be for the account of the Importer or Overseas Agent / Exporter.
- NGJ will make every effort to ensure that the proper payment guarantees are received prior to allowing the goods to be released from NGJ's control.
- Above Entry Summary Fee excludes the following Entry Types:
  - Quota / Visa Entries
  - Warehouse & Warehouse Withdrawal Entries
  - US Department of State or US Department of Commerce Licensed Entries
  - Temporary Importations Under Bond Entries
  - ATA Carnet Entries
  - Perishable and/or Temperature Controlled Entries
  - Invoices exceeding five per Entry
  - Classifications exceeding five per Entry
- The Overseas Partner should consult the appropriate Customs Brokerage Services contact for additional information and/or pricing of these excluded Entry Types. [http://www.ngjensen.com/dir\\_coastal.php](http://www.ngjensen.com/dir_coastal.php)
- Single Transaction Bonds (STB) are required by US Customs if the Importer does not have a Continuous Transaction Bond on file. The fee for the STB is \$4.50 per \$1,000 of Bond Value (minimum \$45.00). Bond Value is the value of the goods plus duties -or- if goods are regulated by

an “other government agency” (OGA); i.e.: USDA, USF&W, USFDA, etc; the Bond Value is three times the value of the goods (without duties added). |T-QW|SEE QUOTATION WORKSHEET LINE 4.

- Unforeseen Customs fees / duties and destination / handling charges, as well as Customs exam fees are in addition to the above mentioned fees.
- Destination Handling Fees are quoted in accordance with the NGJ Import Freight Services House Destination Tariff.
- Delivery Charges are valid for 90 days, from the time of the quotation until the date of arrival at the US Customs Entry Port.
- Container Drayage Services is subject to delay, storage, detention and chassis rental, and chassis pickup and return charges, as applicable.
- The Master Transport Document (bill of lading / air waybill) is to terminate at the Ocean Port/CY/CFS or Air Port. Services provided beyond these points are Customs Brokerage Services related, and not Freight Services related.
- Fees for Services beyond the Ocean Port/CY/CFS or Air Port are not subject to Profit Sharing.
- NGJ will protect all DDP / DDU quotations if this policy is followed. A copy of the quotation is required to be included with the Pre-Alert or attached to the consolidation documents.
- In addition to a copy of the quotation, the Credit Memo, covering these charges, is required to be included with the consolidation documents.
- NGJ cannot protect the DDP / DDU quotations in the event of a content, quantity, valuation, or logistics changes.
- The Overseas Partner is to include in their Pre-Alert, a designation of any Free House / Free Domicile shipments. This will allow NGJ to obtain the required Power of Attorney, or make the necessary arrangements with the Importer’s Customs Broker.

- The Incoterm DDU is assumed to mean, unless specifically designated otherwise at the time of the original quotation, charges quoted by NGJ will include all charges beyond the Ocean Port/CY/CFS or Air Port, excluding Customs Duties, Customs Broker's Clearance Fees and other Customs Related Charges and Fees.  
(As further detailed in the |T-QW|QUOTATION WORKSHEET.)
  
- The Incoterm DDP is assumed to mean, unless specifically designated otherwise at the time of the original quotation, charges quoted by NGJ will include all charges beyond the Ocean Port/CY/CFS or Air Port, including Customs Duties and Customs Broker's Clearance Fees.  
(As further detailed in the |T-QW|QUOTATION WORKSHEET.)

## DDU / DDP Quotation Worksheet

Type of Service (Charge to be Included in Quotation)

	<u>DDU</u>	<u>Charge</u>	<u>DDP</u>	<u>Charge</u>
(1) Destination Terminal Charges	Yes	_____	Yes	_____
(2) Other Destination Handling Fees	Yes	_____	Yes	_____
(3) a) Customs Clearance	No	N/A	Yes	_____
b) RLF Fee				_____
c) Outport Broker Fee				_____
(4) Single Transaction Bond	No	N/A	Yes	_____
(5) Customs Duties	No	N/A	Yes	_____
(6) Merchandise Processing Fee	No	N/A	Yes	_____
(7) Harbor Maintenance Fee	No	N/A	Yes	_____
(8) Delivery Charges	Yes	_____	Yes	_____
(9) Other Charges	Yes	_____	Yes	_____
<b>Total Charges:</b>		_____		_____

## DDU / DDP Value Added Service Map

[\(See the DDU / DDP Value Added Service Map.\)](#)

## Internal NGJ Free House / Free Domicile Policy

All requests for DDU / DDP quotations, from our **Overseas Partners**, are to be forwarded immediately to the appropriate NGJ Port Office. [\(See the DDU / DDP Value Added Service Map.\)](#)

- The NGJ Port Manager may, at their discretion, forward the DDU / DDP request to another NGJ Port Office.
- A response will be sent to the Overseas Partner within 1 business day of the request for quotation.
- All requests for DDU / DDP quotations, from our **Import Customers**, are to be forwarded immediately to the Brokerage “Controlling” Port Office for both ocean freight and airfreight.
- Import Freight Services involvement with ocean freight DDU / DDP transactions is limited to the quotation and the normal transportation related functions. Involvement with the transaction will terminate at the Ocean Port/CY/CFS.
- All services and issues related to the transaction beyond the Ocean Port/CY/CFS or Airport are to be handled by the Brokerage “Controlling” Port Office, regardless if NGJ is able to obtain a Power of Attorney from the Foreign Exporter or US Importer.
- DDU / DDP quotations are to be offered in accordance with the Overseas Agent’s Free House / Free Domicile Policy.
- Copies of all DDU / DDP quotations are to be sent to Quality Management. If / when the business materializes, a copy of the Transportation Document, along with the Transaction File Number, is to be sent to Quality Management for Sales Lead distribution to the appropriate Sales & Marketing Representative.

- NGJ has agreed to “protect” the quotations providing there are no content, quantity, valuation, or transportation changes.
- The Customs Brokerage Departments are encouraged to place a “DDU / DDP” stamp on the outside of the transaction file in an effort to flag the shipment in case problems arise that require notification to the Overseas Agent.
- For transactions involving IFS (Ocean Freight and Minneapolis Air Freight), IFS will initiate the billing as is currently the normal process.
- The Port Office will utilize their local House Delivery Tariffs, when quoting delivery charges.
- Should the Importer of Record decline to grant the Power of Attorney, NGJ, will not charge a Document Transfer Fee to the Importer’s Broker.
- The Brokerage “Controlling” Port Office is to notify the Overseas Agent **within one business day** of any situation (Customs Holds, PGA Holds, Delivery Delays, Equipment Shortages, etc) that would effect the original DDU/DDP quotation. Copies of any relative third-party documentation are to be provided to the Overseas Agent to aid them in explaining any potential additional fees to their Customer.
- If the Importer “demands” immediate delivery, the Brokerage “Controlling” Port Office should require a refundable deposit to cover the estimated charges that would later be paid by the Exporter.
- The Overseas Agent is to be notified **within one business day** after all final charges are known. A corrected Credit Note should be requested at this time.
- All involved parties (Brokerage “Controlling” Port Office, Brokerage “Clearing” Port Office, Import Freight Services Department) are expected to ensure that the proper payment guarantees are received prior to allowing the goods to be released from NGJ’s control.
- The Brokerage “Controlling” Port Office is to provide a copy of the Transport Document to the Sales & Marketing Representative in an effort to solicit additional services directly from the Importer.