

Ottawa, March 27, 2001

SUBJECT

**GOODS IMPORTED IN
SPLIT SHIPMENTS**

This Memorandum outlines and explains the methods by which the value for duty of goods imported in split shipments may be determined.

**GUIDELINES AND
GENERAL INFORMATION**

1. The term “split shipment” refers to situations where goods, although forming the subject of one transaction between a buyer and seller, cannot be released from customs in a single shipment for reasons connected with delivery, transportation, payment, or the like and are consequently imported in partial or successive shipments, either through the same customs office or through different customs offices.
2. Most cases of goods being imported in split shipments will fall into one of the following three categories:
 - (a) Certain groups of goods and whole installations, such as industrial installations or plants, have to be imported in several shipments because of, for example, their size, or production schedules. In such cases, the value for duty of each shipment cannot generally be determined at the time of importation since such transactions often involve engineering service contracts or price review clauses. The value for duty of the whole installation may be based under the transaction value method (section 48 of the *Customs Act*), on the price paid or payable, as reflected in the transaction concluded between the buyer and the seller, adjusted in accordance with subsection 48(5) and apportioned as necessary:
 - (1) If the partial shipment has been invoiced separately, it will be necessary to add to the amount of the invoice the appropriate portion of the adjustments, determined under subsection 48(5), for the total transaction and to treat deductions similarly.
 - (2) If the partial shipment has not been invoiced separately, an apportionment of the total value of the transaction could be made in a reasonable manner appropriate to the circumstances and in accordance with generally accepted accounting principles.
 - (b) A sale of identical goods is split because of the quantities involved and sent to Canada in a number of different shipments. In this situation, the transaction would involve a number of units sold at an agreed price per unit or simply a total price which could be used to calculate a unit price. The value for duty of the goods imported may be determined under section 48 on the basis of the unit price paid or payable, multiplied by the number of units in the split shipment, adjusted as necessary under subsection 48(5).
 - (c) In the situation where shipments are split because of different ultimate destinations, the value for duty of the fraction of the goods imported may be determined under section 48 on the basis of the price paid or payable for the total transaction apportioned in accordance with one of the methods outlined in paragraphs (a) and (b) above, whichever is appropriate in the circumstances.

3. Apportionment using one of the methods in paragraph 2 would still be appropriate in cases where split shipments occur but, because the requirements of section 48 cannot be met, value for duty must be determined under another valuation method (sections 49 to 53 of the *Customs Act*).

REFERENCES

ISSUING OFFICE –

Origin and Valuation Policy Division
Trade Policy and Interpretation Directorate

LEGISLATIVE REFERENCES –

Customs Act, sections 48 to 53

HEADQUARTERS FILE –

7034-5-22

SUPERSEDED MEMORANDA “D” –

D13-3-10, June 1, 1986

OTHER REFERENCES –

N/A

Services provided by the Canada Customs and Revenue Agency are available in both official languages.

This Memorandum is issued under the authority of the Commissioner of Customs and Revenue.