

**COST SUBMISSION**

19 U.S.C. 1511

**COST SUBMISSION**

**BY**

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For the Period \_\_\_\_\_ through \_\_\_\_\_

**CERTIFICATION**

This declaration of actual costs, inclusive of attached Exhibits A through D and required supporting schedules, is complete, accurate, and responsive to the instructions listed hereon to the best of my knowledge. Any omission resulting in the under payment of duties could result in the assessment of penalties under the provisions of Section 592, Tariff Act of 1930.

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Name and Official Company Title

**PAPERWORK REDUCTION ACT NOTICE:** This request is in accordance with the Paperwork Reduction Act. We ask for the information in order to carry out the laws of the Bureau of Customs and Border Protection. We need it to ensure importers/brokers are complying with these laws and to allow us to properly appraise and classify imported merchandise and to ensure correct values and duties are being reported to CBP. Your response is voluntary. The estimated average burden associated with this collection of information is 52 hours per respondent depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to Bureau of Customs and Border Protection, Information Services Branch, Washington, DC 20229, and to the Office of Management and Budget, Paperwork Reduction Project (1651-0028), Washington, DC 20503

## HOW TO PREPARE THE COST SUBMISSION

### EXHIBIT A

#### 1. Materials and Components

Components which are of U.S. manufacturer and which are in condition ready to assemble without further fabrication are not dutiable. You must maintain auditable records, which demonstrate that these components were not just purchased in the U.S., but were also *made* in the U.S.

Components which are further manufactured prior to assembly are *dutiable*.

Components of foreign or undetermined origin are dutiable. The value of the components shall include transportation and related transportation expenses to the border.

#### 2. Foreign Operating Expenses

All costs incurred in the foreign assembly plant are reported in this category. Do not fail to report costs considered "non-dutiable." Attach an explanation and schedule for non-dutiable items.

#### 3. Assist Costs

Assists are items of value supplied to the producer of the imported merchandise, free or at reduced cost, directly or indirectly by the buyer of merchandise. These items are now limited to the following:

- a. *Components* (See item 1 above)
- b. *Tools, dies, molds and similar items*. This category includes machines and machine tools furnished to the assembler.
- c. *Merchandise consumed in production* (glue, thread, nails, lubricating oils) in addition to item 1 above.
- d. *Engineering development, artwork, design work and plans and sketches undertaken elsewhere than in the U.S.* Design work performed in the U.S. is now expressly non-dutiable.
- e. *General purpose equipment, such as sewing machines, ovens, drill presses, etc. used abroad in production.* Depreciation expense would be dutiable.

The actual profit and general expenses of the assembler will generally be used, unless that figure is unusual for goods of the same class or kind as good being valued which are made in the country of exportation for export to the U.S.

#### 5. Total Value

This amount is the total of all costs and value declared for the reporting period.

#### 6. Non-Dutiable Costs

This item sums up all deductibles: Item 9802.00.80 (807) is for all qualifying components, i.e., those which were produced in the U.S and were exported in condition ready to assemble without further fabrication. Item 9801.00.10 (800) includes items, including packing, which are of U.S. origin and are returned without having been advanced in value by any process. Item 9802.00.60 (806.30) is for U.S. metal articles sent abroad for processing and returned for further processing in the U.S. As the application of all those provisions involves highly technical law, the advice of the import specialist will be particularly valuable.

### **EXHIBIT B**

#### Summary of Entries

In Exhibit A, you summarized your costs for the reporting period. Exhibit B provides a format to summarize the declared value and duty for the same period.

### **EXHIBIT C**

#### Calculation of Duty

This page is a worksheet to be used to calculate the duty based on actual costs declared on Exhibit A for comparison with total duty deposits shown on Exhibit B.

### **EXHIBIT D**

#### Company Information

This information should be provided with every cost submission. Only changes need to be submitted subsequently.

**NOTE:** *Importers completing this form should contact CBP officials at the appropriate port of entry for further clarification and/or assistance.*

**EXHIBIT A**

Name of Company: \_\_\_\_\_

Cost Submission to CBP for period \_\_\_\_\_ through \_\_\_\_\_

dated \_\_\_\_\_.

**DESCRIPTION OF COSTS**

**1. Material Components Cost**

**a. Non-Dutiable Cost**

Material \_\_\_\_\_

Scrap \_\_\_\_\_

Freight \_\_\_\_\_

**b. Dutiable Cost**

Material \_\_\_\_\_

Scrap \_\_\_\_\_

Freight \_\_\_\_\_

Total Material Components Cost \$ \_\_\_\_\_

**Comments on Material costs:**

1. Components which are destroyed, scrapped, or lost, and which are not physically incorporated into the imported articles are not assists. Scrap is no longer an element of cost
2. If standard component costs are used in company records, add variance to arrive at actual
3. Supporting schedules may be attached for explanatory purposes.
4. Some acceptable methods of determining material costs include:
  - a. Shipments of materials to foreign subsidiary, with beginning and ending inventory adjustments.
  - b. Reliable raw material cost control accounts
  - c. Bills of materials.

**EXHIBIT A**

2. Foreign Operating Expenses

- a. Direct Labor \_\_\_\_\_
- b. Overhead:
  - Production \_\_\_\_\_
  - General & Administrative \_\_\_\_\_
  - Total Operating Expenses \_\_\_\_\_
- c. Less: Non-Dutiable ( \_\_\_\_\_ )
- d. Net Operating Expenses \_\_\_\_\_

**Comments on Foreign Operating Expenses:**

- 1. Costs should be taken directly from the expense account in the Factory Ledger.
- 2. Internal operating statements summarizing expense accounts should be attached to this submission.
- 3. A supporting schedule of non-dutiable expenses should be attached.
- 4. A supporting schedule of foreign currency conversion to U.S. dollars and methodology should be attached.

3. U.S. Assist Costs\* (other than materials included in item 1)

- a. Tools, dies, molds and similar items \_\_\_\_\_
- b. Merchandise consumed in production \_\_\_\_\_
- c. Engineering, development, artwork, design work and plans and sketches undertaken outside the United States \_\_\_\_\_
- d. Depreciation of general purpose equipment \_\_\_\_\_
- Total Assist Costs \$ \_\_\_\_\_

The term "assists" is now defined as items supplied free or at a reduced cost by the buyer of imported goods to the producer, and is limited in scope by comparison with previous practice.

**EXHIBIT A**

|     |                  |             |
|-----|------------------|-------------|
| 4.  | Profit (Actual)* | _____       |
| 4a. | Packing          |             |
|     | U.S. Packing     | _____       |
|     | Foreign Packing  | _____       |
|     |                  | Total _____ |
| 5.  | Total Value      | \$ _____    |

The above information constitutes your submission of actual costs and value.

**SHOW MARK-UP AND HOW DETERMINED:**

Less:

|    |                                       |         |
|----|---------------------------------------|---------|
| 6. | Non-Dutiable Costs                    |         |
|    | Item 9802.00.80 (807.00)              | (_____) |
|    | Item 9801.00.10 (800.00) U.S. Packing | (_____) |
|    | Item 9802.00.40 (806.20)              | (_____) |
|    | 9802.00.60 (806.30)                   | (_____) |
| 7. | Dutiable Value                        | _____   |

**\* Comments on Profit** (if there is no profit, place a zero in the blank and explain):

## EXHIBIT B

**SUMMARY OF ENTRIES** under item 9802.00.80 (807.00) for period \_\_\_\_\_ through \_\_\_\_\_

| Column (1)               | Column (2)                | Column (3)                 |                         | Column (4)                             |   |   | Column (5)                 | Column (6)                 | Column (7)                             | Column (8)            |
|--------------------------|---------------------------|----------------------------|-------------------------|--|---|---|----------------------------|----------------------------|--|-----------------------|
| Entry No.<br>and<br>Date | Total<br>Entered<br>Value | Value Entered Non-Dutiable |                         | Dutiable Value Entered Under Each Rate |   |   | Total<br>Dutiable<br>Value | Total<br>Duty<br>Deposited | Liquidation<br>Increase or<br>Decrease | Total<br>Duty<br>Paid |
|                          |                           | 9802.00.80<br>(807.000)    | 9801.00.10<br>(800.000) | %                                      | % | % |                            |                            |  |                       |
|                          |                           |                            |                         |  |   |   |                            |                            |  |                       |
| <b>TOTALS</b>            |                           |                            |                         |  |   |   |                            |                            |  |                       |

**NOTE:**

1. Exclude returned machinery, excess components, and all items generally not subjected to foreign labor or overhead. You may find it convenient to list by invoice. Use rounded figures from Column (3) of the entry forms.
2. This Exhibit may also be used for entries involving HTSUS 9802.00.40 (806.20) AND/OR 9802.00.60 (806.30) by changing the item number in Column (3) or by adding additional columns as necessary.
3. Do not include the merchandise processing fee in column (6).

**EXHIBIT C**

CALCULATION OF DUTY BASED ON ACTUAL COSTS

|   |    |    |    |    | TOTALS |
|---|----|----|----|----|--------|
| 1. Duty Rates of Importations<br>(Exhibit B, Column 4)  | %  | %  | %  | %  |        |
| 2. Dutiable Values Entered Under Each Rate<br>(Exhibit B, Column 4)                                   | \$ | \$ | \$ | \$ | \$     |
| 3. Percentage of each Dutiable Value to Total<br>(Divide each value on line 2 by the total on line 2) | %  | %  | %  | %  | 100%   |
| 4. Actual Dutiable Value<br>(Exhibit A, Line 7)   |    |    |    |    | \$     |
| 5. Proration of Actual Dutiable Value:<br>(Percentage on Line 3 X value on line 4)                    | \$ | \$ | \$ | \$ |        |
| 6. Duty on Actual Value<br>(Line 1 X line 5)  | \$ | \$ | \$ | \$ | \$     |
| 7. Duty Paid on Estimate Value<br>(Exhibit B, Column 8)   |    |    |    |    | \$     |
| 8. Total Duty Difference<br>(Line 6 minus line 7)   |    |    |    |    | \$     |

## EXHIBIT D

### COMPANY INFORMATION

In order to familiarize the auditors with your company organization, please furnish the following information:

- (1) Name and location of Parent Company.
- (2) Names and locations of principal U.S. Divisions.
- (3) Name and location of foreign subsidiaries.
- (4) Identify the relationship of the subsidiaries to Divisions and Parent (i.e., materials furnished, assistance, shipments of finished goods to U.S. companies and how product is used). Identify the relationship of the Foreign Assembly Plant Operation to the Parent Company (i.e., materials furnished, assistance, shipments of finished goods to U.S. companies and how product is used).
- (5) Furnish names of principal managers of the foreign subsidiaries.
- (6) Identify the products manufactured or assembled by technical name. Show duty rate and the Tariff Schedule item under which each is imported into the United States.
- (7) Furnish a description of the manufacturing or assembly process for the imported articles.
- (8) Does your company use a standard cost system for pricing inventories or raw materials, work-in process, and finished goods? Are these standard costs the basis on which estimated duties have been paid on CBP entries?
- (9) On what date did your foreign subsidiary from which you import assembled products begin operations? If the period of this reconciliation between actual and estimated costs and duty does not begin with the inception of operations, state the reason, e.g., similar reconciliation may have been submitted to CBP previously. Also, state why the reconciliation does not coincide with the fiscal and/or calendar year and provide a schedule to demonstrate differences between period used and fiscal or calendar year.
- (10) Identify any royalty payments or patent costs relating to imported merchandise.
- (11) Furnish information on automated record storage devices (e.g., magnetic discs, and tapes, computer programs necessary to retrieve information in a usable form, the computer language used, and the types of computerized accounting records used by the company.

**EXHIBIT D**  
**COMPANY INFORMATION**  
**CONTINUATION SHEET**

Please use this additional page, if needed. (Continued from Previous page).  
Please number your comments according to the question you are answering.