

# Free of Charge Items

## Guidelines and General Information

### Definition

Free of Charge items are those given by the seller to the buyer at no cost. Here there is no sale or a sale for export. Examples of these are samples and advertising or promotional materials.

1. Because there is no sale for export, Transaction value method is not applicable. However, the goods may be valued under one of the subsequent methods of valuation as stipulated in Paragraphs 4-6 of the Schedule to Section 19 of the Customs Act, and the importer must use the C85, "Particulars for Declaration of Value form".

If transaction value of identical or similar goods method is to be used in arriving at the value for duty of the no charge/free of charge items, evidence or knowledge of such imports under method 1, Transaction Value Method, must be provided by the importer.

2. If the value cannot be determined using any of these methods you must use the Fallback Method (Paragraph 2(5) of the schedule to the Customs Act). The Customs value will be based, for example, on the price the buyer would have paid if he had bought the goods.
3. If a large consignment using the C84 form includes free of charge goods valued at

US\$1000 or less you need not complete a separate valuation declaration (C85) for the free of charge goods.

4. No charge/free of charge items should be declared on invoices at their correct value as if they were sold and not a nominal value or value for “Customs Purposes Only”.