

Package Deals or Lot Value

Guidelines and General Information

1. A package deal or lot value is an agreement to pay a single price for a group of goods together, the price of the goods being the only consideration.
2. To illustrate, a seller and a buyer negotiate a sale in which 5 units of Product A and 5 units of Product B, which normally sell for \$10 per unit and \$20 per unit respectively, are sold for a total package price of \$135. This situation would constitute a package deal and the provisions of Paragraph 3(2)(b) of the schedule to the Customs Act would not come into play, i.e. there is not condition or consideration with respect to the goods for which a value cannot be determined. However, if the sale (quantity and/or price) of the package is conditional upon the buyer purchasing at a future time a certain quantity of Product C, there then exists a condition or consideration as envisaged by Paragraph 3(2)(b) of the schedule to the Customs Act. This arrangement is known as a tie-in-sale, and the package comprised of Products A and B could then not be valued under Paragraph 3 of the Schedule of the Customs Act - Transaction Value Method.

Value for Duty

3. If a price paid or payable can be established for each imported item as described or identified for tariff purposes, then they may be valued under Paragraph 3 of the schedule to the Customs Act, providing that the other requirements of that Paragraph are met. The fact that the shipment contains items that are not priced

separately makes it very difficult to arrive at a transaction value for each individual commodity. Therefore value deliberations will have to take place on a case-by-case basis in consultation with the importer. However, this position does not preclude the use of Paragraph 3 of the schedule to the Customs Act in valuing a package deal.

4. In cases where there is a price paid or payable for a package deal but one of the other requirements for or limitation on the use of transaction value is not met, the package must be valued under a subsequent method of valuation (Methods 2-4).
5. In cases where there is not sufficient information to determine a value for duty for the package under Paragraphs 4-6 (Methods 2-4) of the schedule to the Customs Act, the value for duty may be determined under Paragraph 2(5) of that Schedule to Section 19 of the Customs Act. Under Paragraph 2(5), the value of each of the separate items in the package will be determined; using one of the previous methods of valuation outlined in Paragraphs 4-6 of the schedule to the Customs Act, and the aggregate of these values will be used as the value for duty of the goods being appraised.
6. In importation of package deals where the goods contained in the package are classified under the same classification number, it is not necessary to make an apportionment such as that contained in the foregoing example. In such cases, it is sufficient to determine the value for duty of the total package providing the same rate of duty.