



Ottawa, April 29, 2014

# Memorandum D13-3-9

## Package Deals

### In Brief

The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.

This memorandum outlines and explains the application of the valuation sections of the [Customs Act](#) to importations of goods sold as package deals.

### Legislation

Sections 44 to 55 of the [Customs Act](#).

### Guidelines and General Information

1. A package deal is an agreement to pay a single price for a group of goods sold together, the price of the goods being the only consideration. If a price paid or payable can be established for the total package, the package may be valued under the transaction value method, providing that the other requirements of section 48 of the [Customs Act](#) (the Act) are met. The fact that the items in a shipment are not priced separately does not preclude the applicability of the transaction value method in valuing a package deal (refer to [Memorandum D13-4-3, Customs Valuation: Price Paid or Payable](#)).
2. The agreement between the parties needs to be examined in order to ensure that the sale is not subject to some condition or consideration with respect to the imported goods, which a value cannot be determined and would preclude the goods from being valued under the transaction value method, in accordance with paragraph 48(1)(b) of [the Act](#). In cases where there is a price paid or payable for a package deal but one of the other requirements for, or limitations on, the use of transaction value is not met, the package must be valued under a subsequent method of valuation (refer to [Memorandum D13-4-4, Limitations on the Use of Transaction Value Method](#), and [Memorandum D13-3-1, Methods of Determining Value for Duty](#)).
3. For example, a vendor agrees to sell five (5) units of product A and five (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 transaction value method would be used to value the goods because, there is no 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 purchaser buying a certain quantity of product C at a future time, then there is a condition or consideration as described in paragraph 48(1)(b) of [the Act](#). In this case an arrangement known as a “tie-in” sale, occurs and the transaction value method cannot be used to value the goods.
4. In cases where there is not sufficient information to determine a value for duty for the package under any of the successive methods of valuation identified in sections 49 to 52 of [the Act](#), the value would be determined using the residual method, which is described in section 53 of the Act. Under this section, the value of each of the separate items in the package will each be derived from one of the preceding five methods, and the aggregate of these values will be used as the value for duty of the goods being appraised.

## Apportionment of Total Package Costs

5. If the goods acquired in a package are accounted for under different classification numbers, it is necessary to apportion the total package price among the individual goods in the package. Once the value for duty of the package has been determined, the apportionment is not an application of valuation provisions, but is one of customs administration.
6. In making such an apportionment, the price or cost breakdowns must be reasonable and based on sufficient information. The following examples will serve as guidelines as to what may constitute sufficient information for purposes of apportioning the package deal:
- (a) the price breakdown of the separate items in the package may be determined by examining importations of identical goods and this breakdown applied to the package in question; or
  - (b) cost breakdowns, supplied by the producer or vendor of the goods being appraised, through the importer, which conform to generally accepted accounting principles based on:
    - (i) the cost of production of the goods being appraised; or
    - (ii) the vendor's acquisition cost of the goods being appraised.
7. The following example illustrates how an apportionment of the total package price may be made in cases where goods are classified under different classification numbers:

**Example:** A tent and a camp cot are imported as a package with a declared value of \$80. The requirements of the transaction value method have been met and the value for duty of the package deal has been determined to be \$80. In order to apportion the value, previous importations of tents and cots, imported separately, are examined and found to have the following values:

Tent \$ 70  
Cot \$ 30  
Total \$100

Based on this breakdown, the tent represents 70% of the value of the total and the cot represents 30%. Applying these percentages to the package in question, the tent represents 70% of \$80, or \$56, and the cot represents 30% of \$80, or \$24.

8. In importations of package deals where the goods contained in the package are classified under the same classification number, and are subject to the same assessment of duties and taxes, it is not necessary to make an apportionment of value among the individual goods. In such cases, it is sufficient to determine the value for duty of the total package.

## Additional Information

9. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time/except holidays). TTY is also available within Canada: **1-866-335-3237**.

<b>References</b>	
<b>Issuing Office</b>	Trade and Anti-dumping Programs Directorate
<b>Headquarters File</b>	79070-4-3
<b>Legislative References</b>	<a href="#"><i>Customs Act</i></a>
<b>Other References</b>	<a href="#">D13-3-1</a> , <a href="#">D13-4-3</a> , <a href="#">D13-4-4</a>
<b>Superseded Memorandum D</b>	D13-3-9 dated March 29, 2001