



CUSTOMS & EXCISE DIVISION

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PRESS RELEASE

Calculation of Customs Duties and Taxes Payable on Online Purchases

The Customs and Excise Division has become aware of numerous complaints re: charges applied to items purchased by members of the public and imported via Express Consignment Cargo Reporters (Courier companies). To ensure greater understanding of the calculation of these charges, the Comptroller of Customs and Excise Division advises that:

The **Customs Value** (also called **CIF** – Cost, Insurance & Freight) of an item is determined by calculating the sum of the following:

- Cost (Invoice value)
- Insurance (If paid)
- Freight (Cost of shipping)

Once the Customs Value / C.I.F of the item has been determined, duties and taxes inclusive of Online Purchase Tax (OPT) are applied as shown in the examples below:

Example 1	Example 2
<u>Clothing is imported with an invoice value of US \$400.00</u>	<u>A Laptop is imported with an invoice value of US \$400.00</u>
Invoice value – US \$400.00	Invoice value – US \$400.00
Insurance – US \$10.00	No insurance paid
Freight – US \$150.00	Freight = US \$22.00
Customs Value/C.I.F (US\$) = 400.00+10.00+150.00=US\$560.00	Customs Value/C.I.F. (US\$) = 400.00 + 22.00 = US \$422.00
Rate of Exchange = 6.77959 TT to US \$1	Rate of Exchange = 6.77959 TT to US \$1
Customs Value/C.I.F (TT) = \$560.00 x 6.77959 = TT \$3,796.57	Customs Value/C.I.F (TT) = \$422.00 x 6.77959 = TT \$2,860.99
Rate of Import Customs Duty (ICD) on clothing = 20%	Rate of Import Customs Duty (ICD) on laptop = 0%
Import Duties = \$3,796.57 x 20% = \$759.31	Import Duties = \$0.00
Online Purchase Tax (OPT) = \$3,796.57x 7% = TT\$265.76	Online Purchase Tax (OPT) = \$2,860.99x 7% = \$200.27
Value Added Tax (VAT) = (\$3,796.57+\$759.31+\$265.76) x 12.5% = \$602.71	Value Added Tax (VAT) = (\$2,860.99+\$200.27) x 12.5% = \$382.66
Total Taxes Payable = 759.31+ 265.76+ 602.71 = TT \$1,627.78	Total Taxes Payable = \$200.27 + \$382.66 = TT \$582.93

- ❖ The rate of exchange to be used in any period shall be that notified to the Comptroller by the Central Bank, in accordance with Section 23 (3) of the Customs Act, Chapter 78:01.
- ❖ Import Duty - The Rate of Duty applicable is listed under the respective tariff heading number of the item as classified under the First Schedule of the Customs Act, Chapter 78:01.
- ❖ Online Purchase Tax (OPT) - Is applied at a **rate of 7%** of the **Customs Value** of goods that have been **purchased** by means of an **electronic transaction, imported** into Trinidad and Tobago by **air transportation**, consigned to a **consumer** and **entered from a transit shed** in accordance with Section 70 of the Miscellaneous Taxes Act, Chapter 77:01.
- ❖ Value Added Tax (VAT) - This is calculated at a **rate of 12.5%** of the **Customs Value and other Taxes on importation**, in accordance with Sections 7 and 9 to 12 of the VAT Act, Chapter 75:06.

The laws mentioned above can be viewed at: http://www.legalaffairs.gov.tt/Laws_listing.html

Please note that charges such as fuel surcharge, miscellaneous fees or handling charges are **NOT** Customs charges.

Members of the public should ensure that a copy of the supplier's invoice is included with their online purchases.

In cases where invoices are not provided or the declared values are found to be unacceptable, the public is advised that the Customs Value shall be determined in accordance with the Sixth Schedule of the Customs Act Chapter 78.01.

All breaches pertaining to a false declaration, evading Customs Laws or concealment of goods will be dealt in accordance with Sections 212 to 214 of the Customs Act, Chapter 78:01.

For further enquiries members of the public can email: policyunit@customs.gov.tt

