CBLE Valuation – Comprehensive Outline

This two-week CBLE valuation module prepares students to identify the proper appraisement method, calculate transaction value, determine whether additions or exclusions apply, analyze related-party transactions, distinguish buying commissions from selling commissions, evaluate assists, royalties, proceeds, freight, insurance, and packing costs, and apply alternative valuation methods when transaction value cannot be used.

The primary exam skill is not memorizing definitions alone. Students must learn how to read a valuation fact pattern, identify the sale for exportation, isolate the price actually paid or payable, apply only legally permitted additions, remove permitted exclusions, and move through the valuation hierarchy in the correct order.

Two-Week Course Schedule Overview

Week	Module	Main Topic	Exam Skill Developed
Week 1	Module 1	Introduction to Customs Valuation	Understand why value matters and how appraisement affects duty
Week 1	Module 2	Valuation Hierarchy	Apply valuation methods in correct order
Week 1	Module 3	Transaction Value	Identify price actually paid or payable
Week 1	Module 4	Additions to Transaction Value	Add packing, selling commissions, assists, royalties, and proceeds
Week 1	Module 5	Exclusions and Non-Dutiable Charges	Remove qualifying freight, insurance, post-importation costs, duties, and taxes
Week 2	Module 6	Assists	Recognize and calculate assists
Week 2	Module 7	Related-Party Transactions	Determine when related-party transaction value is acceptable
Week 2	Module 8	Identical and Similar Merchandise	Apply second and third valuation methods

Week	Module	Main Topic	Exam Skill Developed
Week 2	Module 9	Deductive, Computed, and Fallback Value	Apply alternative valuation methods
Week 2	Module 10	Exam Review and Mixed Valuation Problems	Practice CBLE-style valuation analysis

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Module 1: Introduction to Customs Valuation

I. Purpose of Customs Valuation

Customs valuation determines the **appraised value** of imported merchandise. This value is used to calculate ad valorem duties, certain fees, and import compliance obligations.

II. Why Valuation Appears on the CBLE Exam

Valuation questions often test whether the student can:

Exam Task	What the Student Must Do
Identify the correct valuation method	Know the required hierarchy
Calculate transaction value	Start with price actually paid or payable
Add dutiable amounts	Add only legally permitted additions
Exclude non-dutiable charges	Remove charges that are separately identified and legally excludable
Recognize related-party problems	Determine whether the relationship affected price
Analyze assists	Add apportioned assist value when required
Apply alternative methods	Move to identical, similar, deductive, computed, or fallback value

III. Key Valuation Vocabulary

Term	Meaning	Exam Example
Appraisement	CBP's determination of customs value	CBP determines imported watches are appraised at $50,000
Transaction value	Primary valuation method	Invoice price plus required additions
Price actually paid or payable	Total payment by buyer to seller for imported merchandise	Buyer pays seller $20,000 for machinery
Assist	Buyer-supplied item or service used in production	Buyer provides molds to foreign manufacturer
Selling commission	Commission paid to seller's agent	Dutiable addition
Buying commission	Commission paid to buyer's agent	Generally not added if bona fide
Royalty/license fee	Payment for intellectual property rights	May be dutiable if condition of sale
Proceeds	Resale proceeds returned to seller	Dutiable if accruing to seller

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Module 2: Valuation Hierarchy

I. Required Order of Valuation Methods

Imported merchandise must be appraised using the valuation methods in order:

1. Transaction value
2. Transaction value of identical merchandise
3. Transaction value of similar merchandise
4. Deductive value
5. Computed value
6. Fallback value

The importer may request computed value before deductive value at the time the entry summary is filed.

Order	Valuation Method	Use When
1	Transaction value	There is an acceptable sale for export to the United States
2	Transaction value of identical merchandise	Transaction value cannot be used and identical merchandise data exists
3	Transaction value of similar merchandise	Identical merchandise data is unavailable
4	Deductive value	Based on U.S. resale price after importation
5	Computed value	Based on production cost, profit, and general expenses
6	Fallback value	Reasonable adjustment of prior methods

II. Exam Rule

Do **not** jump to deductive, computed, or fallback value unless earlier methods cannot be used.

III. Example

Facts:
A U.S. importer buys ceramic mugs from an unrelated foreign seller for $12,000. The sale is for export to the United States. There are no assists, royalties, commissions, or proceeds.

Result:
Use **transaction value** because there is an acceptable sale for export to the United States.

Module 3: Transaction Value

I. Definition

Transaction value is the **price actually paid or payable** for imported merchandise when sold for exportation to the United States, plus the required statutory additions.

II. Transaction Value Formula

Component	Treatment
Invoice price / price actually paid or payable	Starting point
Packing costs incurred by buyer	Add if not included
Selling commission	Add if not included
Assist value	Add if not included
Royalty/license fee	Add if related to imported merchandise and condition of sale
Proceeds accruing to seller	Add if not included
International freight and insurance	Exclude if properly identified
Post-importation transportation	Exclude if separately identified
U.S. duties and certain taxes	Exclude if separately identified

III. Basic Calculation Example

Item	Amount
Invoice price	$50,000
Packing paid by buyer, not included	$1,000
Selling commission	$2,000
Assist apportioned to shipment	$3,000
International freight separately identified	$1,500
U.S. customs duties	$700

Calculation:

Step	Amount
Invoice price	$50,000
Add packing	+$1,000
Add selling commission	+$2,000
Add assist	+$3,000
Exclude international freight	$0
Exclude U.S. duties	$0
Transaction value	**$56,000**

Module 4: Additions to Transaction Value

I. The Five Major Additions

The price actually paid or payable is increased only by specified additions, and only when they are not already included and are based on sufficient information.

Addition	Dutiable?	Exam Signal
Packing costs	Yes	Buyer pays for export cartons separately
Selling commission	Yes	Paid to seller's agent
Assists	Yes	Buyer provides molds, tools, designs, components
Royalties/license fees	Sometimes	Required as condition of sale
Proceeds	Yes	Seller receives part of resale revenue

II. Packing Costs

Packing costs include containers and coverings used to place the merchandise in condition packed ready for shipment to the United States.

Example:
Importer pays seller $40,000 for goods and separately pays $2,000 for export cartons.

Dutiable value: $42,000.

III. Selling Commissions

A selling commission is paid to the seller's agent and is added to transaction value.

Commission Type	Paid To	Treatment
Selling commission	Seller's agent	Add
Buying commission	Buyer's agent	Usually not added if bona fide

Example:
Importer pays $100,000 for goods and $5,000 to the seller's sales agent.

Transaction value: $105,000.

IV. Royalties and License Fees

A royalty or license fee may be added when it is related to the imported merchandise and the buyer must pay it as a condition of sale for exportation to the United States.

Situation	Treatment
Royalty required before seller will sell goods	Likely dutiable
Royalty unrelated to imported merchandise	Not added
Royalty based only on domestic services after importation	Usually not added
Royalty partially related but cannot be quantified	Transaction value may not be determinable

V. Proceeds

If part of the buyer's later resale proceeds goes back to the foreign seller, that amount is added.

Example:
Importer pays $80,000 for handbags. Contract requires importer to pay seller 5% of U.S. resale revenue. Resale revenue is $200,000.

Item	Amount
Invoice price	$80,000
5% resale proceeds to seller	$10,000
Transaction value	**$90,000**

Module 5: Exclusions and Non-Dutiable Charges

I. Exclusions from Transaction Value

Certain charges are excluded from transaction value if separately identified. These include reasonable costs for post-importation construction, erection, assembly, maintenance, technical assistance, post-importation transportation, customs duties, and certain federal taxes.

Charge	Add or Exclude?	Condition
International freight	Exclude	Must be identifiable and incident to international shipment
International insurance	Exclude	Must be separately identified
U.S. inland freight after importation	Exclude	Must be separately identified
U.S. assembly after importation	Exclude	Must be separately identified
Customs duties	Exclude	Must be separately identified
Export packing	Add	If buyer incurred and not included
Domestic selling expenses after importation	Usually exclude	Not part of sale for export

II. Freight Example

Facts:
Invoice states:

Item	Amount
Merchandise	$75,000
Ocean freight	$4,000
Marine insurance	$500
U.S. inland freight after importation	$1,000

Transaction value: $75,000

The freight, insurance, and post-importation transportation are not added if properly separated.

III. Indirect Payment Example

Indirect payments can be part of the price actually paid or payable, such as when the buyer settles a debt owed by the seller.

Facts:
Importer pays seller $45,000 for goods. Importer also pays $5,000 to a third party to satisfy seller's debt.

Item	Amount
Direct payment to seller	$45,000
Indirect payment for seller's benefit	$5,000
Price actually paid or payable	**$50,000**

Module 6: Assists

I. Definition of Assist

An assist includes buyer-supplied materials, components, parts, tools, dies, molds, similar production items, merchandise consumed in production, and certain engineering, development, artwork, design work, plans, and sketches undertaken outside the United States and necessary for production.

II. Types of Assists

Type of Assist	Example	Add to Value?
Materials/components	Buyer supplies leather for handbags	Yes
Tools/dies/molds	Buyer supplies injection mold	Yes
Consumed merchandise	Buyer supplies chemicals consumed in production	Yes
Foreign design work	Buyer pays foreign designer for production plans	Yes
U.S. design work	Buyer's U.S. employee creates design in U.S.	Generally not treated as assist under assist rule

III. Assist Calculation Example

Facts:
Importer provides a mold to the foreign manufacturer.

Item	Amount
Mold cost	$20,000
Freight to foreign factory	$2,000
Units produced with mold	10,000 units
Units in current shipment	2,000 units

Assist value: \$22,000
Assist per unit: \$22,000 ÷ 10,000 = \$2.20
Assist for current shipment: 2,000 × \$2.20 = \$4,400

Transaction Value Component	Amount
Invoice price	\$60,000
Assist apportioned to shipment	\$4,400
Transaction value	**\$64,400**

IV. Common Exam Trap

Do not add the entire assist value to every shipment. The assist must be **apportioned** appropriately.

Module 7: Related-Party Transactions

I. Related Persons

Related persons include family members, officers and directors of organizations, partners, employer and employee, persons owning or controlling 5% or more of voting stock, and persons under common control.

II. Related-Party Rule

A related-party transaction is not rejected merely because the buyer and seller are related. Transaction value may still be used if the relationship did not influence the price or if the value closely approximates acceptable test values.

III. Related-Party Analysis Table

Question	If Yes	If No
Are buyer and seller related?	Continue analysis	Transaction value likely acceptable if other conditions met
Did the relationship influence price?	Transaction value may be rejected	Transaction value may be accepted
Does the price closely approximate test values?	Transaction value may be accepted	Move to next valuation method
Is sufficient documentation available?	Support declared value	CBP may question value

IV. Example

Facts:
U.S. importer owns 60% of the foreign supplier. The invoice price is $100,000. The importer shows that the price is consistent with industry pricing and allows the foreign seller to recover all costs plus normal profit.

Result:
Transaction value may be acceptable because the relationship did not influence the price.

Module 8: Transaction Value of Identical and Similar Merchandise

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I. Identical Merchandise

Identical merchandise means merchandise identical in all respects and produced in the same country and by the same person as the merchandise being appraised. If unavailable, merchandise produced in the same country by another person may be considered.

II. Similar Merchandise

Similar merchandise means merchandise produced in the same country, like the appraised merchandise in characteristics and component materials, and commercially interchangeable with it.

III. Comparison Table

Feature	Identical Merchandise	Similar Merchandise
Physical match	Identical in all respects	Similar characteristics
Same country	Required	Required
Same producer	Preferred	Preferred
Commercial interchangeability	Implied by identical nature	Required
Minor appearance differences	Usually allowed	Quality, reputation, and trademark considered

IV. Commercial Level and Quantity

Transaction values for identical or similar merchandise should be based on sales at the same commercial level and substantially the same quantity. Adjustments may be made if supported by sufficient information. If two or more values are available, use the lower or lowest value.

V. Example

Facts:
Importer's transaction value cannot be used. CBP has three values for identical merchandise exported at about the same time:

Shipment	Quantity	Adjusted Value
A	1,000 units	$12 per unit
B	1,000 units	$11 per unit
C	1,000 units	$13 per unit

Result:
Use **$11 per unit**, the lowest acceptable value.

Module 9: Deductive, Computed, and Fallback Value

I. Deductive Value

Deductive value starts with the U.S. resale price of the imported merchandise, identical merchandise, or similar merchandise, then deducts allowable amounts such as commissions or profit and general expenses, transportation and insurance costs, duties and taxes, and certain processing costs.

Deductive value generally looks to the unit price at which the merchandise is sold in the greatest aggregate quantity at or about importation, or within the regulatory resale period.

II. Deductive Value Example

Facts:
Imported coffee machines are sold in the U.S. after importation.

Item	Amount
U.S. resale price per unit	$200
Profit and general expenses	$40
U.S. freight	$10
Customs duties and taxes	$15
International freight and insurance	$8

Deductive value per unit:

$200 − $40 − $10 − $15 − $8 = **$127**

III. Computed Value

Computed value is based on the cost or value of materials and processing, plus profit and general expenses, assists, and packing costs. Computed value may be unavailable if the importer cannot provide required information or the foreign producer refuses or is legally prevented from providing it.

IV. Computed Value Example

Component	Amount
Materials	$30,000
Fabrication/labor	$15,000
Profit and general expenses	$10,000
Packing	$2,000
Assist value	$3,000
Computed value	**$60,000**

V. Fallback Value

Fallback value is used only when the previous methods cannot be determined or used. It is based on reasonable adjustments to the earlier valuation methods and uses information available in the United States.

VI. Unacceptable Bases of Appraisement

Imported merchandise may not be appraised using arbitrary or fictitious values, minimum values, the selling price of U.S.-produced merchandise in the United States, the price in the domestic market of the exporting country, or the price for export to a country other than the United States.

Module 10: CBLE Exam Review and Mixed Valuation Problems

I. Exam Decision Tree

Step	Question	Action
1	Is there a sale for export to the U.S.?	If yes, test transaction value
2	Is the price actually paid or payable known?	If yes, start with that price
3	Are buyer and seller related?	If yes, test whether relationship influenced price
4	Are there additions?	Add only permitted additions
5	Are there exclusions?	Exclude only if separately identified and permitted
6	Is transaction value unacceptable?	Move to identical merchandise
7	No identical merchandise?	Move to similar merchandise
8	No similar merchandise?	Use deductive value unless computed was requested first
9	Deductive unavailable?	Use computed value
10	Computed unavailable?	Use fallback value

Comprehensive Valuation Tables

Table 1: Transaction Value Additions

Addition	Add to Transaction Value?	Example
Packing costs	Yes	Buyer pays for export cartons
Selling commission	Yes	Commission paid to seller's agent
Buying commission	No, if bona fide	Buyer pays its own purchasing agent
Assist	Yes	Buyer provides molds to factory
Royalty/license fee	Sometimes	Required trademark royalty
Proceeds to seller	Yes	Seller receives 3% of resale price
Ocean freight	No, if separately identified	Freight from China to U.S. port
Marine insurance	No, if separately identified	Insurance for international shipment
U.S. inland freight	No, if separately identified	Port to warehouse trucking
U.S. duties	No	Duties shown separately

Table 2: Common CBLE Valuation Red Flags

Red Flag	Likely Issue
"Buyer provided tooling"	Assist
"Seller receives part of resale proceeds"	Proceeds addition
"Royalty must be paid before seller ships goods"	Possible dutiable royalty
"Buyer and seller are related"	Related-party transaction analysis
"Invoice includes ocean freight"	Determine whether freight is separately identifiable
"Discount given after importation"	Usually disregarded
"Buyer pays seller's debt"	Indirect payment
"Goods sold in U.S. after importation"	Deductive value may apply
"Producer refuses cost data"	Computed value may be unavailable
"No transaction value exists"	Move through valuation hierarchy

Table 3: Add or Exclude?

Fact Pattern	Treatment	Reason
Buyer pays $1,000 for export cartons	Add	Packing cost
Buyer pays seller's agent $2,500	Add	Selling commission
Buyer pays its own buying agent	Exclude	Buying commission, if bona fide
Buyer provides free mold to manufacturer	Add	Assist
Buyer pays ocean freight separately	Exclude	International freight
Buyer pays U.S. delivery after importation	Exclude	Post-importation transportation
Buyer pays royalty required for purchase	Add	Condition of sale
Buyer pays optional advertising expenses	Usually exclude	Buyer's own account
Seller receives 5% of U.S. resale	Add	Proceeds accrue to seller
Buyer receives rebate after importation	Disregard	Post-importation rebate

Practice Examples

Example 1: Basic Transaction Value

Facts:
Importer buys lamps from an unrelated seller.

Item	Amount
Invoice price	$25,000
Export packing paid by buyer	$1,500
Ocean freight separately listed	$2,000
Marine insurance separately listed	$300

Answer:
Transaction value = $25,000 + $1,500 = **$26,500**

Example 2: Assist

Facts:
Importer buys metal parts for $100,000. Importer provided a die costing $12,000. The die will produce 6,000 units. Current shipment contains 1,500 units.

Step	Amount
Die cost	$12,000
Units supported	6,000
Assist per unit	$2
Current shipment units	1,500
Assist added	$3,000
Invoice price	$100,000
Transaction value	**$103,000**

Example 3: Royalty

Facts:
Importer buys branded shoes for $200,000. Importer must pay a $20,000 trademark royalty to obtain the shoes from the seller.

Answer:
The royalty is likely added because it relates to the imported merchandise and is required as a condition of sale.

Transaction value: $220,000.

Example 4: Related Party

Facts:
Importer and seller are related. Invoice price is $500,000. Importer proves the price is consistent with the seller's pricing to unrelated buyers.

Answer:
Transaction value may be accepted because the relationship did not influence the price.

Example 5: Deductive Value

Facts:
Transaction value, identical merchandise, and similar merchandise methods cannot be used. Imported jackets are sold in the U.S. for $100 each.

Item	Amount
U.S. resale price	$100
Profit and general expenses	$25
U.S. freight	$5
Duties/taxes	$10
International freight/insurance	$4

Deductive value:
$100 − $25 − $5 − $10 − $4 = **$56 per jacket**

CBLE Exam Strategy for Valuation Questions

I. Read the Question for the Required Method

Some questions ask for:

Question Wording	What to Do
"What is the transaction value?"	Calculate price plus required additions
"What is the appraised value?"	Apply full hierarchy
"Which method should be used?"	Identify correct valuation method
"Which charge is dutiable?"	Determine add/exclude
"Which value is unacceptable?"	Apply prohibited valuation bases

II. Circle the Key Facts

Look for:

Key Fact	Why It Matters
Sale for export	Required for transaction value
Related parties	May require acceptability test
Assist	Must be apportioned
Royalty	Determine condition of sale
Freight/insurance	Usually excluded if separately identified
Post-importation cost	Usually excluded if separately identified
Resale in U.S.	May indicate deductive value
Production cost data	May indicate computed value

III. Use a Consistent Formula

Transaction Value = Price Actually Paid or Payable + Required Additions − Permitted Exclusions

Required additions are limited to:

1. Packing costs
2. Selling commissions
3. Assists
4. Royalties/license fees meeting the rule
5. Proceeds accruing to seller

IV. Avoid Common Mistakes

Mistake	Correct Rule
Adding buying commissions automatically	Add only selling commissions; bona fide buying commissions are generally not added
Adding all freight	International freight and post-import freight may be excluded if properly identified
Adding U.S. duties	Duties are excluded if separately identified
Ignoring related-party issue	Test whether relationship influenced price
Using deductive value too early	Follow hierarchy
Adding full assist value to every shipment	Apportion assist value
Treating every royalty as dutiable	Royalty must relate to goods and be condition of sale
Using arbitrary fallback values	Fallback must reasonably derive from earlier methods

Final Review Checklist

Before answering any valuation question, ask:

Checklist Question	Yes/No
Is there a sale for export to the United States?	
Is the price actually paid or payable known?	
Are buyer and seller related?	
Did the relationship affect the price?	
Are packing costs included or separate?	
Is there a selling commission?	
Is there a buying commission?	
Did the buyer provide assists?	
Are royalties or license fees required?	
Do resale proceeds return to the seller?	
Are freight and insurance separately identified?	
Are post-importation costs separately identified?	
If transaction value fails, what is the next method?	

End-of-Module CBLE Practice Set

Multiple Choice

1. The primary method of customs valuation is:
A. Deductive value
B. Computed value
C. Transaction value
D. Fallback value

Answer: C

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2. Which amount is generally added to transaction value?
A. Bona fide buying commission
B. U.S. inland freight after importation
C. Selling commission
D. Customs duties

Answer: C

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3. A buyer provides a mold free of charge to the foreign manufacturer. The mold is used to produce the imported goods. This is most likely:
A. A buying commission
B. An assist
C. A deduction
D. A fallback value

Answer: B

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4. If transaction value cannot be used, the next method is generally:
A. Deductive value
B. Computed value
C. Transaction value of identical merchandise
D. Fallback value

Answer: C

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5. A post-importation rebate is generally:
A. Added to transaction value
B. Used as computed value
C. Disregarded in determining transaction value
D. Treated as a selling commission

Answer: C

True or False

1. Transaction value may be used even when buyer and seller are related, if the relationship did not influence the price.
Answer: True

2. Selling commissions are generally excluded from transaction value.
Answer: False

3. Assists must be apportioned when appropriate.
Answer: True

4. Fallback value may be based on arbitrary or fictitious values.
Answer: False

5. Deductive value begins with a U.S. resale price and subtracts allowable deductions.
Answer: True