

Incoterms (The D Terms)

With reference to the International Terms of buying and selling, we would like to have a look at the terms of buying and selling for both the importer (buyer) and exporter (seller). This will explain to what extend you will be liable for goods that you've bought or sold.
With this you would see where the liabilities end or start. We will also go into the VAT factor and give some clarification on the matter as well.
In this issue, we will look into all the Incoterms starting with D (DAF, DES, DEQ, DDU and DDP)

DAF (Delivery at Frontier) (Named Point)

The delivery of goods to the specified point at the frontier at seller's expense. Buyer is responsible for the import customs clearance, payment of customs duties and taxes, and other costs and risks.

The Seller's Obligations

Ten obligations that the seller might need to fulfill in terms of Delivery at Frontier:

- 1) The provision of goods in conformity with the contract
- 2) Licenses, authorizations, and formalities
- 3) Contracts of carriage and insurance
- 4) Delivery
- 5) Transfer of risks
- 6) Division of costs
- 7) Notice to the buyer
- 8) Proof of delivery, transport documents or equivalent electronic message
- 9) Checking, packaging, marking; and
- 10) Other obligations.

As for the transfer of risks, the seller bears all risks of the loss or damage to the goods until delivery has taken place at the named place of destination. In relation to the division of costs, the seller must pay all the costs relating to the goods up to the delivery at the named place of destination, and in certain instances, the costs, duties, taxes, and other charges payable on export and at the port of destination. The seller must give sufficient notice to the buyer that the goods have been delivered. If the carrier fails to take delivery at agreed time, the seller needs to inform the buyer.

The Buyer's Obligations

Ten obligations that the might need to fulfill:

- 1) The payment of the price
- 2) Licenses, authorizations, and formalities
- 3) Contracts of carriage and insurance
- 4) Taking delivery
- 5) Transfer of risks
- 6) Division of costs
- 7) Notice to the seller
- 8) Proof of delivery, transport documents or equivalent electronic message
- 9) Inspection of the goods; and
- 10) Other obligations

DES (Delivery Ex Ship) (+ the named port of destination)

The delivery of goods on board the vessel at the named port of destination (discharge), at the seller's expense. Buyer is responsible for import customs clearance, payment of customs duties and taxes, cargo insurance from that point, and other costs and risks.

The Seller's Obligations

The obligations of the seller are the same as explained under the obligations for the seller in DAF above.

The Buyer's Obligations

The buyer's obligations are the same as explained under the obligations for the buyer in DAF above.

DEQ (Delivery Ex Quay) (+ the named place of destination)

The delivery of goods to the quay (the port) at destination at the seller's expense. The buyer is responsible for import customs clearance and payment of customs duties and taxes, cargo insurance from there and other costs and risks.

The Seller's Obligations

The obligations of the seller are the same as explained under the obligations for the seller in DAF and DES above.

The Buyer's Obligations

The buyer's obligations are the same as explained under the obligations for the buyer in DAF and DES above.

DDU (Delivery Duty Unpaid) (+ the named place of destination)

The delivery of goods and the cargo insurance to the final point of destination, which is often the project site or buyer's premises, at the seller's expense. The buyer assumes the import customs clearance and payment of customs duties and taxes.

The Seller's Obligations

The obligations of the seller are the same as explained under the obligations for the seller in DAF, DES and DEQ above.

The Buyer's Obligations

The buyer's obligations are the same as explained under the obligations for the buyer in DAF, DES and DEQ above.

DDP (Delivery Duty Paid) (+ the named point of destination)

The seller is responsible for most of the expenses, which include the cargo insurance, import customs clearance, payment of customs duties and taxes at the buyer's end and the delivery of the goods to the point at destination, which is often the project site or the buyer's premises. The buyer will only receive the goods where his responsibility starts.

The Seller's Obligations

The obligations of the seller are the same as explained under the obligations for the seller in DAF, DES, DEQ and DDU above.

The Buyer's Obligations

The buyer's obligations are the same as explained under the obligations for the buyer in DAF, DES, DEQ and DDU above.

In all "D" terms, the seller may opt not to insure the goods at his/her own risks.

The "D" Terms and VAT

As the seller is in control of the freight and the delivery, DAF,DES, DEQ, DDU and DDP, contract should be ZERO Rated and the seller should not charge VAT.