



St Kitts ~ Nevis Customs & Excise Department

"To Protect and Collect"

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SUBSEQUENT PROCEEDS

This policy explains how payments made after goods are imported into St. Kitts and Nevis, "subsequent proceeds", are treated within the provision of the Transaction Value Method.

Legislation

Second Schedule of the Customs Act, No. 19 of 2014, Paragraph 8. (1)

In determining the customs value under section 3, there shall be added to the price actually paid or payable for the imported goods;

(d) the value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues, directly or indirectly, to the seller;

<http://skncustoms.com/Customs%20Act%202014/Schedules.pdf>

Guidelines and General Information

1. The expression "subsequent proceeds" is a practical term used in this document to simplify the phrase: "the value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods which accrues, directly or indirectly, to the seller of such goods", as found in paragraph 8(1) (d) *Second Schedule* of the *Customs Act*.
2. Subsequent proceeds must be added to the price paid or payable and form part of the transaction value of goods as required by 8(1) (d) *Second Schedule* of the *Customs Act*.
3. Subsequent proceeds are a type of post-importation payments. They are subject to two conditions:
 - (a) the payments accrue directly or indirectly to the seller of the goods; and,
 - (b) the payments are based on, or a result of, the resale, disposal or use of the goods in St Kitts and Nevis:

4. The terms of the payments of the subsequent proceeds, whether based on a percentage of the resale price of the goods, fixed on a per-unit amount, lump sum payments, or by any other agreed to formula, are often negotiated under a separate contract, and the payments themselves remitted separately from the payment for the goods. Whether or not a formula exists for the terms of the subsequent proceed, the fact that payments are sent by a buyer to a seller means these amounts may be added to the price paid or payable to establish the value for duty.
5. Subsequent proceeds usually occur in situations where the buyer is related to the seller, but they could also happen in unrelated party transactions. Since payments made after the importation are generally remitted separately from the payment for the goods themselves, importers often do not include them in the value for duty. Such payments must be included in the customs value.
 - (i) For example, a buyer in St Kitts and Nevis pays \$100 for pens in a sale for export to St Kitts and Nevis. Under a separate agreement, the buyer agrees to pay 10% of the resale price of the pens to the seller. The buyer resells the pens in St Kitts and Nevis for \$200 and remits another \$20 to the seller for the pens. The \$20 must be added to the price paid or payable.

Additional Information

For more information please contact us in St. Kitts 1(869) 466-7227 ext. 3243/3239/3225 or 1(869) 467-1077; Nevis 1(869) 469-0704/469-5521 ext. 2066. Email us at enquiry@skncustoms.com or customerservice@skncustoms.com
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