

What is the Sigma Efficiency “first cost model”?

We all want to pay the correct duty, however we also want to pay the lowest legitimate amount. If you are selling goods to an EC customer and you are a trading company, there is an alternative model to improve your profitability.

Who is the model suitable for?

Intermediaries who are selling to retailers and distributors e.g. trading companies

What do Sigma Efficiency do?

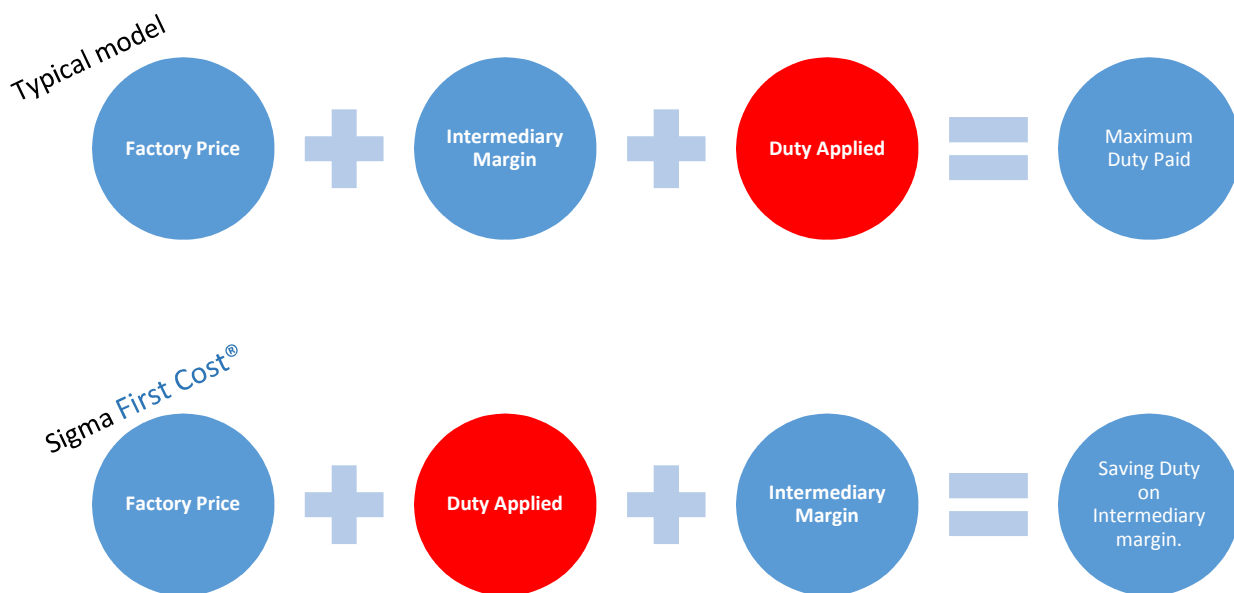
We act as your import representative, handling everything involved in the process for you with complete confidentiality.

Why use Sigma Efficiency?

Sigma is uniquely placed to deliver this sales model, with our expertise in EC duty management and EC retailing. We have a team of consultants in Hong Kong to support you, we have the customs duty expertise to guide you and confirm the landed cost of the shipments. We also have the relevant import duty software and deferment accounts for your import declarations in Europe and we have the retail experience to understand your customers’ needs and requirements.

What does the Model look like compared to a standard Model?

The only change is a move from selling on FOB terms to DDP terms (Delivered Duty Paid) and we will assist you in calculating the new DDP price.



What are the potential savings?

You will note that duty is not being paid on your margin. Therefore the cost savings depend upon three factors, firstly the EC duty rates on your goods, secondly your margin and thirdly the sales volume of dutiable imports.

What difference will my customer see in the process changing?

It will be easier for your customers to purchase from you. They will be buying on DDP terms and will consider this as a local EC purchase rather than an international transaction. They will know the landed price agreed with you and will not have to estimate a landed cost based on an agreed FOB price.

After importation, you sell to EC customer using the services of Sigma as VAT representative. Your EC customer pays you directly at the DDP price and Sigma invoice you for our management fee. Sigma do not need to be in the sales chain.

How much does it cost, what are the service fees?

We charge an on-going fixed percentage based on 30% of the duty savings achieved using our "First Cost Model" rather than an FOB sales model.

What about confidentiality?

The entire process is based around complete confidentiality of factory prices. We manage the process using our own internal systems and the factory prices are not divulged to your EC customers. We will audit the process to ensure we are paying customs duty on the lowest legitimate value and therefore making maximum cost savings.

What are the ideal Sectors Duty and Anti-Dumping for this type of Model?

Duty Toys

The duty rates on toys are generally 4.7% (of the CIF value) but there are some toys which can be imported duty free. The main toys subject to the 4.7% rate are dolls and human figurines, plastic construction sets, stuffed toys (plush), toy sets, motorised toys, die-cast metal models, most plastic toys. The exceptions which are duty free are scooters, pedal cars and dolls prams, electric train sets, plastic figurines representing animals or non-human creatures, musical toys, toy weapons and most wooden toys. Although the duty rate of 4.7% is quite low if there is sales volume and secondly if the intermediary company is the licensor of a trademark such as Disney then the margins made by them (currently in the customs value on an FOB sale) could make this sector attractive to the DDP model.

Duty Garments

The garment duty rates are generally 12% which is at the high end in the EC tariff.

Anti-dumping additional to normal duty (normally in place for 5 year periods)

Ceramics:-

- Ceramic tiles ex China rates from 26.3% to 69.7% but majority of China factories appear to be on 30.6% rate on top of rates of between 5% and 7%.
- Ceramic tableware and kitchenware ex China rates from 13.1% to 36.1% but majority of factories on 17.9% on top of normal rates stoneware 5.5%, earthenware 9% and porcelain 12%.

Other:-

- Chamois leather 58.9% ex China
- Ironing boards 18.1% to 42.3% ex China
- Stainless steel fasteners (screws etc) 11.4% to 27.4% but majority on 15.8% ex China, Philippines and Taiwan
- Steel fasteners up to 74.1% with majority of factories on 54.1%

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