



# TRADE LOGISTICS

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## GUIDE TO Commercial Invoices

The commercial invoice is a demand by the seller to the buyer for payment in accordance with goods provided as specified in the sales contract. The commercial invoice is a serious document to any official officer, as it is sufficient proof that the buyer and seller did agree to the price charged for the said goods or service invoiced.

A pro-forma invoice is a statement provided by the seller for goods to be provided by seller. The proforma invoice may be used as a quote or be requested by the buyer in order to obtain an import permit, raise finance or simply check the details that would appear on the commercial invoice.

## Information on the International Commercial Invoice:

Whatever the form of export invoice required it needs to contain the below information:

- 1) Seller and buyer (who may not always be the same as the exporter and importer).
- 2) Goods description, quantity, origin and value.
- 3) Trade terms ([Incoterms](#))
- 4) Terms and methods of payment
- 5) Ancillary costs (e.g. freight and insurance)
- 6) Shipment details (points of departure and destination).
- 7) [Packing Specification](#). The number and kind of packages, individual contents, sizes, weights, marks and numbers.

## Types of Commercial Export Invoices:

The exporter is faced with producing a variety of different invoices depending on import customs requirements. Because the export invoice is of such importance to the overseas Customs authorities, it is they who insist on a particular format. The export invoice falls into five distinct types.

- 1) Standard commercial invoice.
- 2) Commercial invoice with a declaration.
- 3) Commercial invoice requiring third party verification.
- 4) Consular invoice.
- 5) Specific Customs invoice.

### **1) The standard Commercial invoice:**

The simplest and most common situation is one where the importing country has no special requirements. The exporter uses the company's standard commercial invoice, just as for a domestic sale, and include the above mentioned information. The invoice may also be zero-rated for vat. Use this form of invoice unless other requirements have been submitted to you by the importer or clearing agent.

### **2) Commercial invoice with declaration:**

It is quite common for countries to require a declaration to be typed on the invoice. The wording differs from country to country, and is often in the language of the importing country, but invariably declares the origin of the goods and that the prices are correct export prices. Customs are concerned that the origin and prices are legitimate. If the seller makes a false declaration to help the buyer escape responsibilities and obligations, then the seller is party to fraud.

A typical declaration would be..... “ We hereby guarantee that this is a true and correct invoice and that the goods referred to are of the origin, manufacture and production of South Africa”.

### **3) Certified invoices:**

The above declarations sometimes require a third party to validate it and the content of the invoice. The most common required third party would be the Chamber of Commerce. They will stamp the documents with their own certification stamp. What they certify in practice is that the signatory of the invoice is one authorized by the company to make such declarations on behalf of the company. Exporting companies lodge the signatures of approved signatories with the Chamber for this purpose.

In some cases, there is a requirement for invoices to be certified by the commercial section of the embassy of the importing country, in the country of export. The procedure may be that the exporter arranges certification at the Chamber of Commerce and then presents the documents to the appropriate embassy. Due to the association of the Chamber and the embassies, the chamber to the embassy may forward the documents.

### **4) Consular invoices:**

Some countries require their own, unique, consular invoice form to be completed and returned to the Consulate for legalization. The format of such invoices varies enormously and they are often in the language of the country of import. It is possible that the consular fees could be quite high, sometimes even a percentage of the invoice value. It is perfectly acceptable to show consular fees as a separate item on the pro-forma invoice quotation.

**5) Specific Customs invoice:**

These invoice forms are particularly related to ex- Commonwealth countries however it is not that common any more. The exporter must complete the appropriate invoice form for the country of destination, which are available from specialist printers.

## Example of a typical Commercial Invoice:

| <b>COMMERCIAL INVOICE</b>   |                                 |  |              |        |
|---|---------------------------------|--|--------------|--------|
| <b>Exporter</b>   |                                 | Invoice No. and Date                         |              |        |
|   |                                 | Exporter's Reference                         |              |        |
|   |                                 | Buyer's Reference                            |              |        |
| <b>Buyer</b>  |                                 |  |              |        |
| <b>Notify Party</b>   |                                 | Country of Origin                            |              |        |
|   |                                 | Country of Final Destination                 |              |        |
|   |                                 | Terms of Delivery and Payment                |              |        |
| Vessel & Voyage No.   | Port of Loading                 |  |              |        |
| Port of Discharge   | Place of Delivery by On-carrier |  |              |        |
| Marks, Nos. and Container No.: No. and Kind of Packages: Description of Goods |                                 | Quantity                                     | @            | Amount |
|   |                                 |  |              |        |
|   |                                 |  | <b>Total</b> |        |
|   |                                 | Name of Authorised Signatory (BLOCK LETTERS) |              |        |
|   |                                 | Place and Date of Issue                      |              |        |
|   |                                 | Signature                                    |              |        |



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