

Commercial invoice

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Introduction:

Commercial invoice or customs form is the most crucial document in international trade and freight shipping. It is the legal document generated by the seller to the buyer in case of an international transaction and serves as a contract and proof of sale between the buyer and the seller. In this blog, we will have a look at the information required for the commercial invoice, and what is the difference between a commercial invoice with that of a proforma invoice and a packing list.

Information in Commercial Invoice

Every commercial invoice can be different. Irrespective of the differences the information provided in a commercial invoice is crucial for shipping management as well as [order management](#) and can be classified under three major heads:

- Transactional Information

- Information related to Import and Export
- Shipping Information



Transaction information

In an organization, numerous transactions go through each day. To keep track of these transactions, transactional information comes into play. In layman language, transactional

information is all the information contained within a business unit as a result of performing daily operating tasks/daily transactions.

In general, transaction information consists of the following details:

Invoice number: it is a unique 9-13 digit number assigned by the shipping carrier to a shipment for billing purposes.

Invoice date: the official date in which the transaction took place.

Order number: a computer-generated number for confirmation of the order being placed. Order numbers are used for tracking purposes of your order.

Total sale amount: it is represented by the total number of units sold times per unit price.

Currency: mutually agreed upon standard currency considered for the transaction purpose.

Payment instructions: consist of the status of payment, COD(Cash on Delivery), partial or full payment, or any ad hoc instructions related to payment.

Information related to the exporter and importer

Importer and exporter information consists of the details related to the buyer and the supplier. A typical set of information falling in this domain includes

Seller Information: this consists of primary information of the seller. Example name, address, phone number, etc.

Seller's tax identification number: consists of the taxpayer identification number for the administration of taxation laws—for example, VAT, EORI, etc.

Buyer information: this consists of primary information of the buyer—for example, name, address, and phone number, etc.

Buyer's tax identification number: buyers tax identification number is included in this commercial invoice information, for example, VAT, EORI, etc.

Shipping Information

The third section of the commercial invoice consists of all the necessary information related to the shipping of the order. The information that falls under this domain are as follows:

Clear description of goods: the first information related to shipment is going to be the detailed description of the shipping goods—for example, the number of packages, units, package weight, etc.

Bill of Lading number: Also known as BoL is a legal document issued by the carrier to the shipper consisting of details such as product type, quantity, and the destination of the goods being carried.

Forwarding agent: A forwarding agent or a freight forwarder, also known as a non-vessel operating common carrier (NVOCC), is a person/company that organizes shipment for an individual or organization to get goods from manufacturers to a market, customer or final point of distribution.

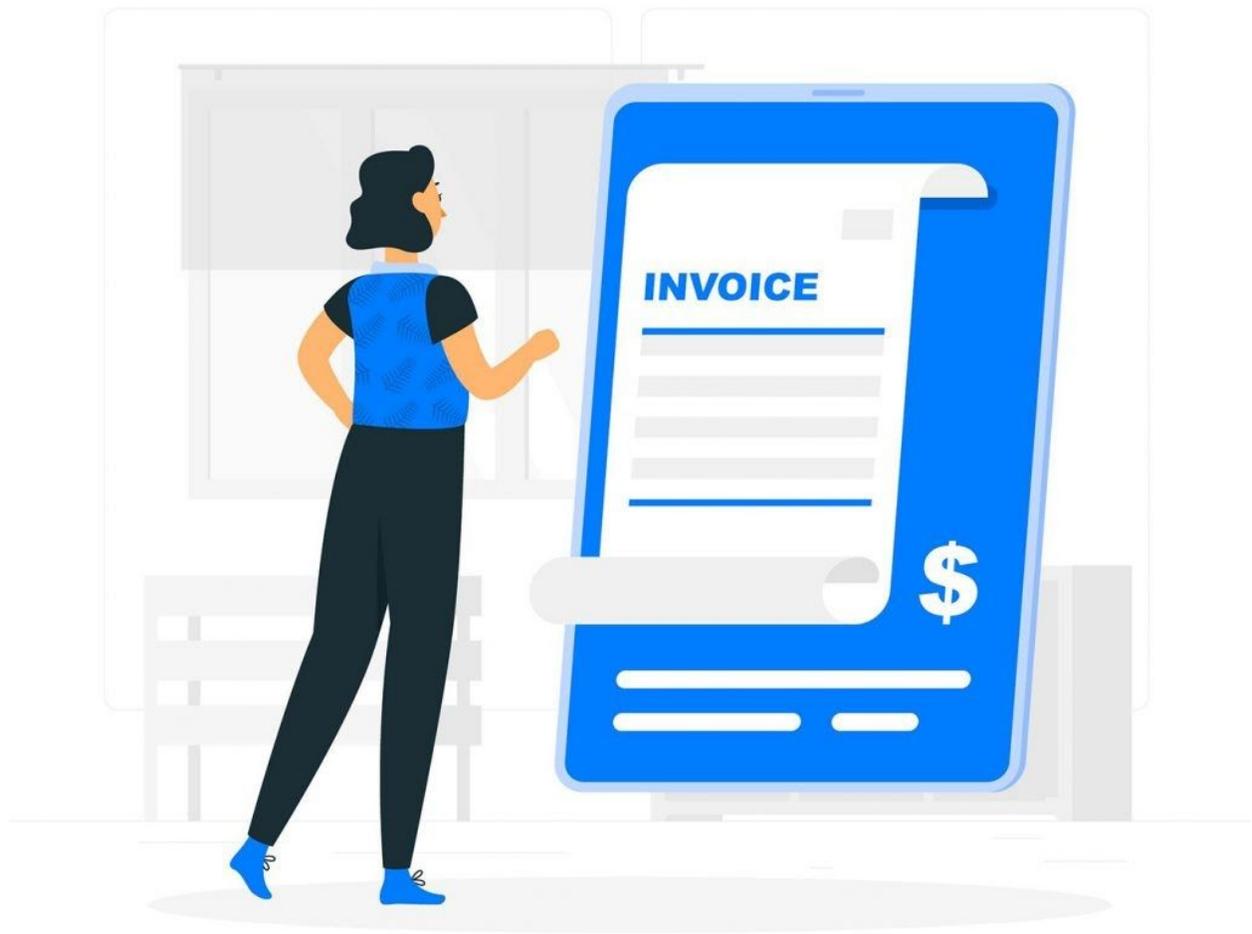
HS code: the official term for HS code is Harmonized Commodity Description and Coding System. It is an internationally standardized classification system that categorizes merchandise being traded and shipped across the globe. The merchandise is tagged with a number according to the nature, type, and purpose of the product.

Incoterm: Incoterm is the short form for International Commercial Terms. It is a three-letter trade term established by the international chamber of commerce to facilitate cross border trade and determine the responsibility of each party during each leg of transportation.

Shipping Details: It consists of information like date of exportation, means of transport, and final destination

Shipper's signature: the final information that concludes information related to shipping is with the shipper's signature on it.

Difference between commercial invoice and packing list



The slight difference between a packing list and a commercial invoice can be easily confused for being the same thing.

The packing list emphasizes the physical description of the goods being shipped. The document is required in the event of any disputes or claims that may arise with the customs department or between buyer and seller of the goods.

The commercial invoice, on the other hand, is a legal document that serves the details of the financial transactions between the buyer and the seller. It consists of details such as the cost of goods, payment details, instructions, and terms.

The packing list is sent to the receiver of the goods or consignee, while the commercial invoice is sent to the party that is responsible for the payment of the goods. These may be the same or different.

Difference between commercial invoice and proforma invoice

The proforma invoice can be thought of as a first draft invoice confirming the international trade between the two parties. The Proforma invoice is a document issued by the seller to the buyer when there is a confirmed international order. The seller creates a proforma invoice and sends it to the buyer confirming the new order for fulfillment. It also includes the seller's bank details to request payment. An important thing to notice about a proforma invoice is that the seller issue a proforma invoice before the goods have been produced or delivered

Contrary to this, a commercial invoice is issued to the buyer by the seller after the seller dispatches the goods. The commercial invoice is the final invoice that consists of details about the exact quantity of the products that have been actually shipped.

Risks of the commercial invoice not filled out accurately

As mentioned earlier, a commercial invoice is a legal document. Failure to fill it accurately may lead to lengthy hold-ups and shipping delay costs. Commercial invoices are also used in custom declaration purposes. Any misinformation as such may lead to either a hefty fine charges or in worst scenarios, legal consequences.

Recommended reading:

- <https://www.icontainers.com/help/what-is-a-commercial-invoice/>
- <https://incodocs.com/blog/difference-proforma-invoice-commercial-invoice/>