

# BEFORE YOU AGREE TO DDP

Importer Responsibility Checklist • Southern Star Navigation • 833-782-7628 Ext. 1



**DDP (Delivered Duty Paid)** can look simple on a purchase order or sales contract because the seller appears to handle the freight, duties, taxes, and customs process. But **simple does not always mean visible, controlled, or risk-free.**

The **June 3, 2026 Executive Order on Strengthening Customs Enforcement** signals a stronger enforcement environment and directs DHS and CBP to develop or revise requirements around IOR eligibility, bonding, ownership disclosures, foreign IOR restrictions, and customs accountability. Use this checklist to ask better questions **before** agreeing to DDP or any supplier-controlled shipping arrangement.

***Incoterms allocate responsibilities between buyer and seller, but they do not replace customs laws, importer eligibility rules, recordkeeping obligations, or contract terms negotiated between the parties.***

## 1 CONFIRM WHO IS ACTING AS IMPORTER OF RECORD

Before agreeing to DDP, confirm:

- Who will be listed as the Importer of Record (IOR)?
- Is the IOR a U.S. entity, or a foreign IOR?
- Is the IOR properly established, documented, and able to support the import transaction?
- Who will be responsible if CBP asks questions after entry?
- Does the buyer have visibility into the customs broker, bond, and entry process?

### WHY THIS MATTERS

The EO (Sec. 2) directs DHS/CBP to revise IOR eligibility requirements, increase minimum bonding, and require ownership and beneficial ownership disclosures. These are directed changes and not all are immediately operative, but they signal heightened scrutiny. If the IOR setup is unclear, the shipment may carry more risk than the buyer realizes.

## 2 UNDERSTAND WHAT DDP ACTUALLY COVERS

Under DDP, the seller generally assumes responsibility for import clearance and payment of duties, taxes, and customs-related charges required to deliver the goods to the named destination. If VAT/GST, unloading, storage, demurrage, detention, exam fees, or other destination charges are excluded or handled differently, those exceptions should be clearly stated in the contract. Before accepting DDP, ask:

- Is the named place of destination clearly specified in the contract?
- Are duties, taxes, and customs fees included in the DDP price?
- Are exclusions identified, such as VAT/GST, storage, demurrage, detention, exam fees, or unloading?
- Who pays if customs delays or additional charges occur?
- Is the DDP price masking avoidable freight or customs costs?

### WHY THIS MATTERS

DDP places maximum responsibility on the seller, but the contract controls the details. Exclusions such as VAT/GST, storage, demurrage, detention, exam fees, or unloading should be clearly negotiated, not assumed.

### 3 REVIEW DOCUMENTATION BEFORE CARGO MOVES

Before shipment, confirm that the correct parties have reviewed:

- Commercial invoice and packing list
- Product descriptions, country of origin, and valuation support
- HTS classification
- Manufacturer or supplier details
- Certifications or supply chain records that CBP may require under future implementation
- Foreign tax identifiers and global business identifiers (where applicable)
- Foreign export documentation, if required under future CBP implementation
- Any required agency documentation (e.g., FDA, USDA, FCC)
- Any forced labor, sanctions, or supply chain risk indicators
- Product identifiers: model/style numbers, composition, grade, size, or specifications

#### WHY THIS MATTERS

EO Sec. 3(a) directs the Secretary to take steps to establish heightened certification and disclosure requirements, including supply chain certifications, foreign tax and global business identifiers, and detailed product data. EO Sec. 3(b) directs action within 90 days to address documentation submitted by the foreign exporter to its own customs authority. These are future DHS/CBP implementation directives, not immediate mandates, but importers should prepare documentation practices now.

### 4 KNOW WHO CONTROLS THE CUSTOMS BROKER RELATIONSHIP

Before agreeing to supplier-controlled shipping, ask:

- Who selects the customs broker?
- Does the buyer know which broker is filing the entry?
- Is the broker communicating directly with the buyer, seller, or both?
- Who is responsible for responding to CBP questions or Requests for Information?
- Does the buyer receive entry documents and shipment records?
- Are there clear steps if cargo is held, examined, or delayed?

#### WHY THIS MATTERS

The EO (Sec. 4) directs DHS/CBP, to the maximum extent permitted by law, to take stronger enforcement actions, including maximum penalties in situations such as broker failure to conduct due diligence, repeated representation of noncompliant clients, or failure to cooperate with CBP information requests. When the buyer lacks broker visibility, it may be harder to understand how the entry was filed and who is accountable if a problem arises.

## 5 CHECK FOR FOREIGN IOR OR LOW-VALUE IMPORT EXPOSURE

If a foreign party is controlling the import process, ask:

- Is a foreign IOR being used?
- Is the shipment moving as an informal or formal entry?
- Is the supplier relying on high-volume, low-value import processes?
- Is the foreign IOR prepared for DHS/CBP's directed prohibition on informal entry filing (EO Sec. 2(b))?
- Does the foreign IOR understand that EO Sec. 2(c) directs DHS/CBP to limit reliance on continuous bonds unless CBP permits it?
- Does the foreign IOR understand that EO Sec. 2(c) directs DHS/CBP to require CTPAT validation, if eligible, or use of a CTPAT validated licensed customs broker?
- Is there a contingency plan if entry requirements change before cargo moves?

### WHY THIS MATTERS

EO Sec. 2(b) directs DHS/CBP to prohibit foreign IORs from filing informal entries. EO Sec. 2(c) directs DHS/CBP to limit foreign IOR reliance on continuous bonds for formal entry unless CBP permits it. It also directs DHS/CBP to require foreign IORs to be CTPAT validated, if eligible, or to use a CTPAT validated licensed customs broker. These changes have implementation timelines, so DDP arrangements involving foreign IORs should be evaluated now.

## 6 EVALUATE CONTROL VS. CONVENIENCE

DDP may be useful in some situations, but understand what you may be trading away:

- Do we have visibility before cargo leaves origin?
- Do we know the true freight, duty, tax, and clearance cost (including all exclusions)?
- Do we understand who is responsible for customs accuracy and certifications?
- Can we access entry records if CBP asks questions later?
- Would another Incoterm (e.g., DAP or FCA) provide better control?
- Should we involve a logistics partner earlier in the process?

### WHY THIS MATTERS

The easiest looking term is not always the lowest risk term. Better visibility before cargo moves can reduce confusion, unexpected costs, and avoidable compliance exposure as DHS/CBP implements the new enforcement directives.

## 7

## QUESTIONS TO ASK BEFORE SIGNING A DDP AGREEMENT

- Who is the Importer of Record, and is it a U.S. or foreign IOR?
- Who is paying duties, taxes, and customs fees, and what is excluded?
- Who is responsible for customs clearance and certifications?
- Who selects and communicates with the customs broker?
- Who verifies classification, valuation, origin, and product data?
- Who receives entry documents and shipment records?
- What charges are explicitly excluded from the DDP price?
- What happens if CBP requests additional information or documentation?
- What happens if the shipment is delayed, examined, seized, or refused?
- Is DDP the best Incoterm for this shipment, or just the easiest one to quote?

**WHY THIS MATTERS**

These questions help ensure both parties understand their obligations before cargo moves. In a stronger enforcement environment, ambiguity about IOR identity, documentation, certifications, and broker accountability creates real exposure for the buyer.

## How Southern Star Navigation Can Help

Southern Star Navigation helps importers bring more structure, visibility, and communication to the international shipping process before cargo moves. Through our international logistics support, our team can help with:

- International ocean, air, truck, and rail freight planning
- Cross-border freight coordination between the U.S., Canada, and Mexico
- Customs brokerage coordination and shipment readiness
- Communication with overseas parties and logistics partners
- Documentation visibility and coordination before cargo moves
- Warehouse, distribution, and freight planning support
- A structured logistics process for importers navigating a stronger enforcement environment

**Key Takeaway:** DDP can be convenient but should not be accepted blindly. Know who controls the shipment, who is the IOR, who manages documentation, and who is accountable if CBP asks questions.

Questions about your  
import process?

Call Bethany  
833-782-7628 Ext. 1



*Based on ICC Incoterms® 2020 and the Executive Order on Strengthening Customs Enforcement (June 3, 2026). Many EO requirements are directives to DHS/CBP for future implementation and not yet fully operative. For informational purposes only and not legal or compliance advice. Consult qualified counsel for your specific arrangements.*