# Procedure Instruction for Suppliers of KNAPP for Direct Exports to the USA

Suppliers of KNAPP for components or assemblies that are exported directly from the supplier to the USA via KNAPP (e.g., OSR or AeroBot rack components) must indicate the following specifics on their invoices to KNAPP:

- Correct customs tariff number for export (HTSEU Code or HTSUS Code)
- Breakdown into raw material value (steel, aluminium, or copper depending on the HTS code) and total value (value of processing and other “value added”)
- The breakdown can be provided on an attachment to the invoice, provided this attachment includes the invoice number and invoice date.

**The determination of the raw material value must be carried out according to the following hierarchy:**

1. **Most reliable method, proof via individual invoices:**
   Purchase price of the raw material per kg multiplied by the net weight of the component. In this case, in the event of a US customs audit, proof of the calculation must be provided by means of an available purchase invoice.

   **If this method is not feasible due to non-traceable individual invoices for the sold component (various purchases with different prices or suppliers on the same material number, without serial numbers or batch tracking), the supplier must justify this to KNAPP in a separate letter stating the reason.**

2. **Less reliable method, average price:**
   If method 1 is not applicable, the supplier must determine the raw material value as follows: Average price (batch price or moving average price or average price for a period) per kg multiplied by the net weight of the component. In this case, the supplier must document the calculation of the average price in a separate letter to KNAPP and demonstrate that this average price at the time of delivery of the component to KNAPP most closely approximates the purchase value of the raw material (approximation method). An example would be an average price per quarter for quarterly prices or an average price per batch for batch prices, etc.

   **If this method is not feasible due to missing data (no average prices available), the supplier must justify this to KNAPP in a separate letter.**

3. **Least reliable method, index determination:**
   If methods 1 and 2 are not feasible, the indexed method can be applied. Here, an official industry index, such as MEPS for steel or LME average values for aluminium and copper, can be used. In

this case, however, a valid service surcharge must be added, which closely approximates the actual purchase price and can be proven accordingly in an audit. The calculation is then as follows: Index price plus service surcharge per kg multiplied by the net weight of the component. In this case, the supplier must document the method of determination and the derivation in a separate letter to KNAPP.

**ATTENTION: This method is very unreliable and may be rejected as inadmissible by the US customs authorities, which can lead to full repayment of the lost customs value! This method is therefore not recommended by KNAPP!**

We thank you for your cooperation and collaboration.

**Any disadvantage in the customs value due to missing data must be appropriately evaluated by KNAPP in the offer comparisons and worsens the supplier's offer price!**