

My Supplier Offered to Under-Declare the Invoice. Should I?



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No. An invoice below the real price, or a deal split into an invoiced part and a cash part, gives customs a false value. In the US, UK, Australia and New Zealand the customs value is the total paid or payable for the goods, including indirect payments, and the importer who makes the declaration is the one who answers for it. The supplier usually means it as a favour. The answer is the true price on the commercial invoice, every time.

The Short Version

- Customs value is the total you pay for the goods, direct or indirect, so a cash side-payment is still part of the value.
- The importer on the entry carries the liability. Your customs service comes to you, not to the supplier in India.
- US civil penalties for a false value can reach the domestic value of the goods where there is fraud.
- On a 0% FTA line, under-declaring saves little or nothing in duty but still risks the penalty.
- If a wrong value has already been declared, talk to your broker about correcting it before customs finds it.

You shouldn't, however kindly it was meant. A lower invoice "for customs", or paying part of the price in cash and part against the invoice, is a false customs value. Your supplier in India won't be the one who pays for it, because the declaration is made in your country in your name. The fix costs nothing. Ask for the true price on the commercial invoice, every time.

The offer is real, and it comes up often enough that we track it. A US buyer wrote in November 2025 that "My supplier suggested I could pay 40 % in cash and 60 % by invoice to lower tariff costs" ([r/importexport, November](#)

2025). The first reply called it "textbook customs fraud (called 'double invoicing')". Forwarders see the same thing from the other side. One wrote that Indian shipments come in "under declaring the value and we will always have to ask for an amended invoice for customs" ([r/logistics, August 2023](#)), and a UK voice said goods from India and China "have a habit of being massively undervalued, and indicated as being a personal shipment" ([r/smallbusinessuk, November 2023](#)). Below is why the law in your country counts the cash part anyway, who carries the risk, and what to say back without souring the relationship. The caveat – this is how the rules read at the official sources on 18 October 2026, not legal advice. Penalties depend on the facts, so take your own case to your customs broker or a customs lawyer.

SourcingFrom Intelligence

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- 01 **Three independent voices, no defenders.** In our review of importer forum threads, US and UK buyers and forwarders describe Indian suppliers offering split cash-and-invoice deals or low values. Nobody in those threads defended the practice. (*Our forum-signal log FS-SHP-021, 2023 to 2025*)
- 02 **The cash part is still customs value.** US law defines the price as "the total payment (whether direct or indirect...)" made for the goods. The UK counts "the total payment made, or to be made", and New Zealand "the aggregate of all amounts paid or payable", which may be "in money or in kind". (*19 U.S.C. 1401a(b)(4)(A), GOV.UK Method 1, updated 25 June 2025, NZ Customs valuation guide, May 2025, read 18 October 2026*)
- 03 **Australia makes false information a strict liability offence.** The ABF reminds importers that providing false or misleading information is an offence under sections 243T and 243U of the Customs Act. (*Australian Customs Notice 2021/01, read 18 October 2026*)

What we don't know yet

- How often under-declared Indian shipments are caught, and in which markets. No customs service publishes it by origin.

1. Why Do Suppliers Offer This?

Mostly to help you, as they see it. Duty on Indian goods went up in some markets in 2025 and 2026, and a supplier who wants to keep your order looks for a way to make the landed price smaller. Some have seen it done for domestic buyers or on parcels, and assume it's normal. A few want the cash for their own reasons.

None of that makes the supplier a bad business. It makes them wrong about whose problem it is. The exporter answers to Indian customs for the Indian side of the paperwork. You answer to your own customs for the value you declare, and that's where an under-declared invoice lands.

2. Doesn't Customs Only Look at the Invoice?

It starts with the invoice, but the law looks at what you actually paid. Every one of our reader markets values most imports on the transaction value, which is the price paid or payable for the goods, and they all count payments that go around the invoice.

- **United States.** The price is "the total payment (whether direct or indirect, and exclusive of any costs ... for transportation, insurance, and related services ...) made, or to be made, for imported merchandise by the buyer to, or for the benefit of, the seller" (19 U.S.C. 1401a). A cash payment to the seller is a direct payment.
- **United Kingdom.** HMRC bases the value on "the total payment made, or to be made" and tells you to add indirect payments to the seller (GOV.UK).

- **Australia.** The ABF describes transaction value as "the price the importer actually paid (or is going to pay) for the goods" ([ABF valuation fact sheet, April 2011](#)).
- **New Zealand.** NZ Customs counts all amounts paid or payable, including agreed payments not yet made, and payments in money or in kind ([NZ Customs valuation guide](#)).

So the cash half of a 60/40 split isn't outside the customs value. It's part of it, undeclared. And customs services can ask for your bank records, order history and emails when a value looks low.

3. Who Pays If It's Caught?

The importer on the entry. That's you, or whoever you let make the declaration for you, which is a story we tell on [importer of record](#).

What it costs depends on the market. In the US the civil penalty caps are set in [19 U.S.C. 1592](#). For negligence it's the lesser of the goods' domestic value or twice the duty lost, for gross negligence four times, and for fraud up to the full domestic value of the goods. Which level applies is for customs to decide, and a deliberate cash-and-invoice split is unlikely to be treated as a simple mistake. In Australia, false or misleading information is a strict liability offence under sections 243T and 243U of the Customs Act, as the ABF reminds importers ([ACN 2021/01](#)). In the UK and New Zealand, customs can review the value, reassess the duty and tax and apply their own penalties. Check how that works for your business with your customs broker.

On top of the penalty you pay the duty and tax you should have paid, and your later shipments may be held for checks. The supplier, meanwhile, is in another country and outside your customs service's reach.

4. Does Under-Declaring Even Save Much?

Often less than buyers think, and sometimes nothing. Indian goods can enter Australia at 0% under ECTA with a valid certificate of origin, and New Zealand's agreement with India starts taking duty to zero from 20 October 2026 (see [India to New Zealand](#)). On a 0% line, a lower value saves no duty at all. It only cuts the GST or VAT, which a registered business normally accounts for or claims back anyway. You'd be risking a strict liability offence to save nothing.

The saving is real only where duty is high, which today mostly means the US, where Indian goods pay the normal rate plus additional duty (rates on [India to the US](#)). That's also where penalties are steepest. Check your own line on [working out the real import duty](#) before anyone talks you into a "saving".

There's a further cost on the Indian side. India's export rules track the value on each shipping bill against money received through the exporter's bank (see [what an Indian shipping bill is](#)). A cash side-payment leaves the supplier with export money outside that record. That's their risk, not yours, but a supplier who takes it with you will take it with others.

5. What Should You Say to the Supplier?

Keep it short and friendly, and put it in writing. Something like this works.

"Thanks for trying to help with the duty. We have to declare the full price at our border, so please put the full agreed price on the commercial invoice, with the same Incoterm and the same total as the PO. All payments will go by bank transfer to your company account."

Then make it structural, so the question doesn't come back.

1. **Put the price, the Incoterm and the total on the PO**, and say the commercial invoice must match it.

2. **Pay only by bank transfer** to an account in the exporter's registered name. A proforma that shows the right name and account is the first check, set out in what an Indian proforma invoice should show.
3. **Refuse "gift", "sample" or "personal" labels** on commercial goods. Gift reliefs are for gifts, not stock.
4. **Check the invoice before dispatch.** Your broker or forwarder will spot a low value faster than customs does.

If the supplier's real worry is your landed cost, solve that properly. Claim the FTA rate with the right certificate (see certificate of origin), check the classification on HS codes, or look at whether duty you've already paid can come back on duty refunds.

6. What If It Has Already Happened?

Don't hope it goes away. Talk to your customs broker about correcting the declaration. US law reduces the penalty for a prior disclosure made before an investigation starts (19 U.S.C. 1592(c)(4)), and the UK, Australia and New Zealand all have ways to amend an entry or tell customs about an error. Which route fits, and what it costs, is a question for your broker, not a forum. Keep the real invoice, the payment records and your emails together.

Ready to act

Need hands-on help?

If you want the supplier's invoices checked against your PO before each dispatch, or an exporter in India who issues clean export paperwork, SourcingSync does that work.

Talk to SourcingSync ↗

Questions Buyers Ask

Is it legal to pay part cash and part invoice? ^

Paying in instalments is fine. Declaring only the invoiced part to customs is not, because customs value counts the total you pay for the goods.

The supplier says everyone does it. Do they? v

Can my forwarder fix a low invoice? v

Is it different for samples? v

7. Back to the 40/60 Offer

The US buyer who posted about the 40% cash offer did the right thing - they asked before agreeing. The answer from the thread was unanimous, and it's ours too. Thank the supplier, decline, and get the full price on the invoice. It's the cheapest risk you'll ever remove from a shipment.