

## [Purchasing Abroad](#) [1]

- [Purchasing Goods and Services Abroad](#) [2]
- [Allowable Costs and Vendors](#) [3]
- [Necessary Permits or Licenses](#) [4]
- [Paying Vendors](#) [5]
- [Equipment Inventory](#) [6]
- [Shipping](#) [7]
- [Value Added Tax](#) [8]

Purchasing goods and services abroad should comply with institutional purchasing policies and procedures, U.S. government restrictions (such as economic embargoes and export controls), and any fund restrictions (e.g., donor imposed). Only authorized individuals may enter into contracts and approve purchases on behalf of the institution.

When making purchases abroad, consider:

- How the goods or materials will be transported either to the U.S. or between foreign sites
- Methods of payment
- Currency conversion
- Transacting in a foreign language
- Export controls

## **Transactions on behalf of the institution**

Comply with UC policies regarding dollar thresholds, contract length, etc. Only authorized individuals may enter into transactions on behalf of the institution and high-dollar purchases and/or long-term contracts need to be approved by UC legal counsel and procurement office, and may have to be signed by host-country authorities in addition to UC.

- Best practices call for a code of ethics regarding purchasing, and require that those involved in purchasing and approving sign the document and retain copies in home and host country.
- Ensure that host-country program director or designee and others involved in the procurement process are properly trained to enter into contracts and subcontracts.
- Define in writing what constitutes a vendor and what constitutes a subcontractor, including the differences between the two.
- Comply with fund terms when entering into contracts if paying with sponsored funds.

Last updated: 7 Dec 2016

## **Allowable costs and vendors**

Work with legal counsel and research compliance to comply with institutional policies, U.S. government regulations, and fund terms related to allowable costs and vendors including:

- Capital equipment:
  - [About UCGO](#)
  - [Disclaimer](#)
  - [Terms of Use](#)
  - [Contact us](#)

- May require UC approval.
- May require approval from funding agency.
- Make sure not to purchase any equipment with funds from multiple donors as conflicts may arise.
- Work with reporting and compliance to properly document capital equipment in host country in accordance with the U.S. and host-country Generally Accepted Accounting Principles (GAAP).
- Request and retain bids (see below).
- Vehicles:
  - If U.S. government funding is used, you may be required to purchase U.S.-made vehicles, unless documented and approved extenuating circumstances.
  - Follow procedures as you would for capital equipment.
- "Buy America Act." (law requiring U.S. government to prefer U.S.-made products in its purchases).
  - Know that travel purchases must comply with the "Fly America Act." (Requires use of U.S. flag airlines when using federal funds.)
- Drugs/pharmaceuticals

Comply with any vendor debarment restrictions on the General Services Administration's (GSA) Excluded Parties List System (EPLS) - "a list of individuals and firms excluded by federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits."

Last updated: 7 Dec 2016

## Necessary permits or licenses

Work with legal counsel and export control officers to obtain any necessary permits or licenses when purchasing or shipping certain goods, including any export licenses required by the State Department for the following materials (not an exhaustive list):

- Radioactive materials and hazardous materials.

- Drugs/pharmaceuticals.
- Technical data on laptops and PDAs may be subject to export controls.

Consider hiring a vendor to help with brokering customs in certain host countries.

Work with finance offices to comply with any OFAC economic sanctions, including sanctions on countries and SDNs:

- OFAC notes that it has "the authority by means of a specific license to permit a person or entity to engage in a transaction which otherwise would be prohibited."
- U.S. Department of Treasury Resource Center.

Work with finance offices, and host-country legal counsel to comply with the FCPA, particularly its anti bribery provisions:

- Consult host-country legal counsel prior to making a payment if in doubt about compliance with FCPA.

Work with ethics compliance office to ensure that all purchase orders are subject to a bidding process in accordance with UC policies, U.S. government regulations, and award terms:

- Bids from host-country contractors may require translation by an accredited translator.
- Keep all bids on file in accordance with UC record-retention policies.
- Be aware that low-dollar purchases are typically not subject to a bidding process, but don't split purchases to avoid transaction or bidding thresholds.
- Comply with any U.S. or host-country or sponsored funding vendor-diversity requirements.

Ensure that all purchases and contracts are properly documented and kept on file by UC- and host-country finance offices in accordance with institutional record-retention policies.

Work with legal counsel, risk management, and campus controllers to comply with the U.S.- and host-country regulations regarding vendor payment:

- Minimize losses from currency conversion.
- Know that cash amounts coming into the host-country from the United States may be limited.
- Comply with the U.S. and host-country bank regulations when wiring money.
- Pay from U.S. bank accounts whenever possible to minimize the number of transactions and reduce the need to replenish host-country bank accounts.

Work with campus purchasing and fixed asset accounting groups, and with your Contracts and Grants office to ensure that host-country offices maintain up-to-date inventories of leased and purchased equipment in accordance with the U.S. and host-country Generally Accepted Accounting Principles (GAAP):

- Comply with UC policies regarding capital equipment.
- Know that you will need inventories in the event of insurance claims.
- Maintain inventories in accordance with sponsored funding terms.

Last updated: 10 Nov 2016

## Paying Vendors

Reach out to accounts payable and other finance offices, legal counsel, and risk management to comply with the U.S. and host-country regulations regarding vendor payment to:

- Minimize losses from currency conversion.
- Know that cash amounts coming into the host-country from the United States may be limited.
- Comply with the U.S. and host-country bank regulations when wiring money.
- Pay from the U.S. bank accounts whenever possible to minimize the number of transactions and reduce the need to replenish host-country bank accounts.

Last updated: 8 Jul 2016

## Equipment Inventory

Equipment purchased and used at a foreign site must be tagged and inventoried consistent with UC policies and procedures. Consult the campus risk services office for information regarding equipment insurance and if there are there host country requirements that will apply.

Last updated: 7 Dec 2016

## Shipping

Determine where equipment needed for the project will be purchased and factor in additional shipping charges. Options include:

- Buying in the U.S. and shipping to the foreign project site
- Buying in a different foreign country and shipping to the foreign project site
- Buying in the country where the project will be done

Typically, purchasing equipment in the host country is the most cost effective approach. The following charges will likely be assessed against equipment brought into the foreign location: taxes, customs duty, clearing charges, storage at the port of entry and transportation charge from the port of entry to the final in-country destination.

Shipping items out of the U.S. requires additional review and consideration.

Last updated: 8 Jul 2016

## Value Added Tax

Value Added Tax (VAT) is a consumption tax levied on goods and services in many countries. Each country has its own policy regarding whether VAT is charged, and if so, whether and how it can be reclaimed. For example, VAT rates in the European Union countries range from 3.5% to 25% depending on the country and the item purchased.

Some countries charge VAT on rent and associated costs like cleaning, gardening and landscaping. Some federal sponsors do not consider VAT payments to be reimbursable under their awards, which forces universities to pursue

time-consuming and uncertain application for foreign VAT exception. Departments are advised to explore processes to either waive or recover VAT.

Last updated: 8 Jul 2016

Last updated: 8 Jul 2016

### **Links**

- [1] <https://www.ucgo.org/purchasing-abroad>
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