

DAP: Delivered at place – delivery without the seller's customs clearance obligation

DAP (Delivered At Place) is a delivery term under the Incoterms under which the seller transports the goods to the named place of destination and makes them available there ready for unloading. From that point, the buyer bears all costs and risks, in particular import duties and customs clearance in the recipient country. For technical procurement, DAP is a predictable term that clearly allocates cost responsibility without obliging the seller to handle import clearance.

Key facts

- DAP has been part of the Incoterms since the 2010 edition and was carried forward unchanged in 2020.
- The seller bears transport costs and risk up to the named place of destination, excluding import duties.
- Import clearance, import VAT and any levies are the buyer's responsibility.
- Unlike DDP, import clearance remains the buyer's responsibility.
- A precisely named place in the contract is crucial, as it defines the transfer of risk.
- DAP is typically suitable for road, rail, inland waterway and multimodal transport.

Definition: DAP

DAP (Delivered At Place) is an international delivery term under which the seller transports the goods at their own cost and risk to the place of destination named by the buyer. Risk transfers when the goods are made available to the buyer at the place of destination – on the arriving means of transport, ready for unloading.

Classification within the Incoterms

The International Chamber of Commerce (ICC) publishes the Incoterms as an internationally recognised set of rules for delivery terms, currently in the 2020 edition. DAP belongs to the group of "any mode of transport" rules (DAP, DPU, DDP) and can therefore be used for road, rail, air, sea and multimodal transport. It replaced the earlier rule DAF (Delivered At Frontier), thereby consolidating the earlier separate rules for border crossing and modes of transport. For buyers, the choice of Incoterms rule is part of the purchase contract negotiation and should match their own import expertise.

Distinction from DDP and DPU

Under DDP (Delivered Duty Paid), the seller also handles import clearance including duties and taxes – the maximum obligation profile for the supplier. Under DPU (Delivered at Place Unloaded), the seller must additionally contribute to unloading at the place of destination, unlike under DAP. In practical terms, DAP means for the buyer: the supplier delivers "to the doorstep", but customs clearance and import VAT remain in-house. This allocation is often sensible when the buyer uses its own customs procedures, customs declarations or tax structures.

Methods and approach for applying DAP

DAP should not be chosen in isolation in procurement, but determined on the basis of the company's own import organisation, transport cost structure and customs expertise. The term should be followed by clear documentation in the ordering process, so that procurement, logistics and finance share the same assumptions about costs and responsibilities.

Name the place of destination precisely

The term is only as good as the specification of the place of destination. Instead of "DAP Germany", buyers should agree exact places such as "DAP Nabburg plant, gate 3, loading ramp 5". The named place determines where risk and costs transfer – including the question of who is liable for contingency costs at the unloading point. In practice, a schedule provision in the framework agreement proving standard places for all delivery sites has proven its worth. This eliminates the need to renegotiate the delivery term on every call-off order.

Prepare customs clearance and import processes

Under DAP, the buyer must organise import clearance themselves. This includes a contracted customs broker or a freight forwarder interface, correct customs tariff codes, origin information and, where applicable, carnet documents (ATA) for samples or exhibition goods. Those who rely on their own import VAT models or customs procedures can use DAP to structure costs in a targeted manner without imposing customs clearance on the supplier. Lack of preparation frequently leads to terminal storage charges or delays in the order fulfilment process.

Cost structure and price comparisons

Since the seller delivers to the place of destination, transport costs are included in the quoted price. Buyers should therefore use a category value driver analysis to check whether DAP quotations are genuinely competitive or whether FOB/EXW comparisons with their own freight costing work out cheaper. For raw material or energy-dependent prices – for example in steel – an alloy surcharge can be shown separately and negotiated separately from the DAP transport component.

Key KPIs and controlling under DAP

DAP shifts cost and risk responsibility – controlling must make this shift measurable. Key KPIs concern schedule reliability at the place of destination, customs clearance duration and the consistency of shipping documents.

Delivery reliability and confirmation rates

At the place of destination, what counts is confirmation of arrival within the correct time window. In practice, typical target values for call-off delivery reliability are above 95 per cent; deviations are handled via a defined deviation workflow for quantity and date. Since unloading is the buyer's responsibility, the suppliers' delivery forecast should also be taken into account so that ramp and warehouse capacities can be planned.

Customs clearance lead time

What matters is the time between arrival at the border crossing point and release for collection or availability at the place of destination. In practice, typical benchmarks for standard customs declarations in the EU range from a few hours to one working day; special cases such as customs inspections can

take considerably longer. This KPI indicates whether the company's own import organisation adequately supports DAP or whether switching to DDP or FCA would be more pragmatic.

Three-way match rate and invoice reconciliation

Since transport costs are built into the DAP price, accounts payable benefits from a high three-way match rate: purchase order, goods receipt and invoice should match without manual reconciliation. Typical target values are above 98 per cent. Freight surcharges invoiced retrospectively are a warning sign under DAP, as the seller contractually bears the transport costs to the place of destination.

Risks and controls under DAP

DAP distributes responsibility between two parties. Typical risks arise when the place of destination, unloading or customs clearance are not clearly regulated, or when the company's own import organisation is understaffed.

Unclear named place and the unloading question

The most common point of dispute is unloading: DAP does not oblige the seller to unload, yet in practice it often happens without a clear agreement. Costs for unloading infrastructure or waiting times may then end up with the buyer unresolved. A written clarification in the framework agreement is recommended, supplemented by a clause on whether packaging requirements under the Packaging Act and take-back obligations lie with the buyer or the seller.

Import dependency and delay risk

The buyer bears the risk of customs backlogs, missing documents or incorrect origin information. Without established processes and without a procurement emergency team for critical parts, a single uncleared shipment can become a blockade for assembly. Especially for customer-specific components with a co-development history, early coordination of customs documents with the supplier is advisable, including certificates of analysis or material certificates that may be relevant for tariff classification.

Dangerous goods, liability and supplier evaluation

For dangerous goods transport by road, ADR requirements must be observed; the buyer should check which documents and markings the supplier provides. An audit programme for suppliers focusing on transport and import handling is suitable for selecting and monitoring the supplier's freight forwarders. The supplier status in the company's own supplier evaluation should reflect DAP experience with clearance deadlines, document quality and damage cases.

Current developments around DAP

Tighter customs and sustainability requirements as well as the digitalisation of freight documentation are changing how DAP terms are handled. Buyers should regularly benchmark the condition of the term against alternative delivery term models.

Emissions considerations and CO2e accounting

Since the seller organises the transport route, transport emissions up to the place of destination fall within the seller's sphere of influence. Nevertheless, the buyer must be provided with data for their own CO2e accounting – ideally as emission values per shipment. Within supply chain analytics, these values can be compared with alternative scenarios (own inbound transport, different terms). A supplier day can

be used to present approaches to emissions measurement and transport route optimisation in a structured way.

Digitalisation and supply chain analytics

Tracking data, digital customs declarations and automated freight forwarder interfaces shorten the lead time to availability at the place of destination in practice. Buyers who use DAP intensively integrate shipment data into supply chain analytics in order to detect bottlenecks in customs clearance proactively. This makes it possible to control order prioritisation and capacity planning at goods receipt far more effectively.

Contract strategy and procurement controlling

Procurement controlling should regularly review the cost allocation under DAP and the alternatives, as freight rates, duty rates and packaging rules can shift. In more strategic contexts, such as tenders or defined negotiation stages, a clear term strategy is part of the overall package. For sensitive design data prior to tendering, a non-disclosure agreement (NDA) is standard before delivery term models are negotiated with third-party information.

Typical metrics

Call-off delivery reliability: > 95%

Proportion of on-time arrivals at the named place of destination

Customs clearance lead time: < 1 working day

Standard declarations; special cases may take considerably longer

Three-way match rate: > 98%

Proportion of automatically matched purchase order/goods receipt/invoice

Import-ready documentation rate: > 99%

Proportion of shipments with complete import papers on arrival

Practical example

A mid-sized machinery manufacturer with plants in Germany and Poland long sourced purchased parts predominantly on DDP terms. A category value driver analysis revealed that the suppliers' DDP prices included customs clearance with a substantial mark-up. Switching to DAP to the company's own plants enabled own customs declarations via the contracted customs broker.

- Place of destination precisely defined in a schedule provision (plant, gate, ramp), including an arrangement that unloading is carried out by the buyer.
- Import organisation established with a contracted customs broker and document templates (invoice, packing list, origin declaration) agreed with every supplier.
- Call-off delivery reliability and customs clearance lead time integrated as new KPIs into procurement controlling.
- Freight cost component and alloy surcharge on raw material parts shown separately in quotations to ensure comparability.

Conclusion

DAP is a practical term for buyers who possess their own import expertise and want transport costs to

be transparently integrated into the quoted price. The biggest lever lies in precision: a clearly named place of destination, an explicit unloading arrangement and a functioning customs clearance organisation prevent the most common disputes. KPIs such as call-off delivery reliability, customs clearance lead time and three-way match rate make the term manageable. Compared with DDP, DAP remains a liberal model that gives the buyer control over customs procedures and tax models. However, anyone unable to establish robust import processes should critically weigh the choice of term against FCA or DDP.

Frequently asked questions

What does DAP mean in procurement?

DAP stands for "Delivered At Place" and is an Incoterms rule. The seller delivers the goods at their own cost and risk to the named place of destination and makes them available there ready for unloading. Import duties, customs clearance and import VAT are borne by the buyer.

Who pays customs duties and import VAT under DAP?

Under DAP, the buyer bears all import costs, i.e. customs duties, import VAT and any clearance fees. The seller pays for export packaging, export clearance and transport to the named place. Customs clearance in the country of destination is entirely the responsibility of the recipient.

What is the difference between DAP and DDP?

Under DDP, the seller additionally handles import clearance and bears duties and taxes up to the goods being made available. Under DAP, the seller's obligations end with making the goods available at the place of destination. DDP is more onerous for sellers, and DDP prices are generally correspondingly higher.

Must the seller unload the goods under DAP?

No, unloading is not part of the seller's obligations under DAP. The seller makes the goods available ready for unloading on the arriving means of transport. The buyer must organise unloading costs and logistics, unless these have been separately agreed by contract.

Which modes of transport is DAP suitable for?

DAP belongs to the "any mode of transport" rules and can be used for road, rail, inland waterway, air, sea and multimodal transport. It is therefore more flexible than pure sea freight rules such as FAS or CIF. DAP is particularly common in international road and combined transport.

When is DAP sensible for a buyer?

DAP makes sense when the buyer has a functioning import organisation and customs declaration expertise and wants to retain control over customs procedures, import VAT or favourable freight rates. It offers cost transparency, as transport costs are included in the sales price. If import expertise is lacking, FCA or DDP is often the more pragmatic choice.