# Carriage Paid To (Place): Overview (CPT)

Carriage Paid To (CPT) Incoterm® states that the cost of the items includes everything needed to transport the goods to the specified location. Only local shipping and unloading fees as well as import procedures are the buyer's responsibility.

Once the items are delivered to the first carrier, typically at the origin port, the responsibility for the shipment is transferred. CPT is similar to an FCA agreement in that it can be applied to all modes of transportation, but unlike an FCA agreement, the delivery destination is not predetermined. Even though CPT is a less frequent Incoterm®, there are specific instances in which it can be applied.

Since the buyer and seller must provide two central locations—which are not always the most obvious—CPT can be a complicated Incoterm®. The delivery location and the destination are the two points that must be determined in a CPT agreement.

Delivery is the act of handing over items to the carrier that the seller has hired to carry the cargo to the customer. The buyer's risk starts at this moment. The cost of shipping the freight to the destination must also be covered by the seller. Although the buyer now bears the risk and obligation for the shipment, the seller is still in charge of delivering the shipment until it reaches the specified destination. Once the risk shifts from the buyer, he is obliged to pay the seller.

# Carriage Paid To: Seller's Responsibilities

When transacting using CPT Incoterm®, the seller is accountable for the following:

1) Export packaging: The vendor must put the sold goods in export packing that is suitable for transit.

2) Loading cost: The seller is liable for any fees paid while the cargo is being loaded onto a truck at the seller's warehouse.

3) Delivery to port/place: All expenses related to moving the loaded items to the port or export location are the seller's responsibility.

4) Origin Terminal Handling Charges (OTHC): These fees at the origin terminal are the responsibility of the seller.

5) Loading on carriage: The seller is responsible for covering the expense of loading the cargo into the carriage.

6) Freight cost: These are the delivery costs, which the vendor is responsible for covering.

7) Destination Terminal Handling Charges (DTHC): These expenses at the final terminal are also the responsibility of the vendor.

# Carriage Paid To: Buyer's Responsibilities

When making a purchase using CPT Incoterms®, the buyer is in charge of the following steps:

1) Delivery to destination: The cost of transporting the goods to the final destination is the buyer's responsibility once it has been unloaded from the carrier.

2) Unloading at destination: When cargo arrives at warehouses, there occasionally exist unloading costs. It is the buyer's obligation to pay any costs that might be incurred.

3) Taxes, duties and customs: All import fees must be paid by the buyer. This covers dunnage, penalties, inspections by customs, and holding fees.

# CPT: Advantages for the Buyer

The buyer is at less at risk when shipping under CPT and when the payment terms provide that the products must be paid for at the destination. The fact that the buyer is not compelled to pay for the goods until the cargo shows up at the stated location has considerable benefits for them.

The buyer's obligation for a big portion of the logistics process is reduced because the seller is also in charge of providing the buyer with the Bill of Lading, or Airway Bill. The buyer does not have to deal with any export procedures or costs, which is an additional benefit.

CPT can be helpful when an importer has an agency in charge of clearing the cargo once it reaches the destination country because it gives the buyer authority over the DTHC and customs clearance.

# CPT: Disadvantages for the Buyer

Since the buyer is obligated to pay for the goods after they are in the custody of the seller's carrier, CPT places a significant degree of risk on them whether shipping by sea freight or air freight. The buyer is responsible for paying for the merchandise because the risk is transferred once the cargo arrives at the destination. The buyer typically has no idea when the products will be sent, which is a big risk.

Since the seller is the one who contracts the carrier, they can ask for a Bill of Lading or Airway Bill before the cargo ever moves.

# When to Use CPT Incoterm®

The Incoterm® works extremely well when moving the cargo overland from one location to another. For instance, CPT performs remarkably well in cross-border trading, where the seller arranges the cargo for their carrier to transport the items across many nations.