

The LVS License Exception: What is it and How Does it Work?

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So your company has a new overseas customer that requires several low value shipments this year. But when you check the Commerce Control List you discover this new business will require an export license. What do you do? You should first check to see if the “LVS” license exception applies.

LVS is for single shipments of limited value to Country Group B destinations. The details are found at 15 CFR Part 740.3, but here are the basics:

Let’s say you are exporting computer equipment classified as Export Control Classification Number (“ECCN”) 4A004, which has an LVS exception of up to \$5,000. LVS will allow you to ship the equipment without an export license so long as (1) the net value does not exceed \$5,000 and (2) you are shipping to a Country Group B destination. This includes almost all countries. See Supplement No. 1 to Part 740 for the entire Country Group B list.

Here are a few wrinkles you should know about:

- An LVS shipment can include more than one order so long as its net value is below the LVS value specified by the commodity’s ECCN.
- You cannot split up orders in order to meet the LVS dollar limit.
- The total value of LVS exports to the same customer in a calendar year cannot exceed twelve times the applicable LVS value limit. There is no restriction on the number of orders so long as the annual LVS value limit per ECCN is not exceeded.
- An order may include commodities controlled under different ECCNs, but the net value of the commodities controlled under each ECCN shall not exceed the LVS limit specified for that ECCN.

For example, if an \$8,000 order includes commodities controlled under two different ECCNs, each with an LVS limit of \$5,000, you can ship so long as neither commodity alone exceeds \$5,000 in value.

- Finally, always read the entire ECCN entry. There may be specific restrictions to LVS applicability depending on the destination and reason for control.

That’s the LVS exception in a nutshell. Obviously, it can be a real life-saver if your company does only limited amounts of business with a specific customer each year.

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