

International Sales Models

UK Manufacturer (UKCo) and US Affiliate (USCo)

	Sales Agent Model	Distributor Model	Drop-Shipper Model
General Description	USCo acts as commissioned sales agent	USCo acts as a reseller of the goods	USCo acts as a reseller of the goods, with orders fulfilled directly by UKCo
Order Process	Orders are submitted to UKCo and become binding when accepted by UKCo	Orders are submitted to USCo and become binding when accepted by USCo. USCo places order with UK Co to establish or replenish stock.	Orders are submitted to USCo and become binding when accepted by USCo. USCo places order with UKCo to fulfill customer order.
Customer Terms & Conditions	Sale is governed by UKCo's T&Cs (typically governed by English law)	Sale is governed by USCo's T&Cs (typically governed by law of USCo's US state of incorporation)	Sale is governed by USCo's T&Cs (typically governed by law of USCo's US state of incorporation)
Customs	Either UKCo or customer acts as importer of record	USCo acts as importer of record, with goods shipped either to USCo or to customer as ultimate consignee	Either USCo or UKCo acts as importer of record, with goods shipped to customer as ultimate consignee
Title to Goods	Title to goods passes from UKCo directly to customer	Title to goods passes from UKCo to USCo. USCo then resells to customer, result in transfer of title to customer.	Title to goods passes from UKCo directly to customer (or USCo has "flash title" before title passes immediately to customer)
Intercompany Charge	USCo invoices UKCo for sales agent services, on a commission basis	UKCo invoices USCo for cost of goods sold, typically at cost plus a reasonable margin or resale price minus a reasonable margin	UKCo invoices USCo for cost of goods sold, typically at cost plus a reasonable margin or resale price minus a reasonable margin
Reseller Relationships	UKCo contracts directly with resellers in the territory, although USCo may have right to appoint subagents	USCo typically contracts directly with resellers in the territory, although UKCo sometimes reserves the right to appoint other distributors	USCo typically contracts directly with resellers in the territory, although UKCo sometimes reserves the right to appoint other distributors
Warehousing and Logistics	UKCo responsible for warehousing; UKCo or customer responsible for logistics	USCo responsible for warehousing and logistics	UKCo responsible for warehousing; UKCo responsible for logistics
Sales Tax Compliance	UKCo responsible for all US sales tax compliance	USCo responsible for all US sales tax compliance	USCo responsible for all US sales tax compliance
Corporate Income Tax Compliance	UKCo responsible for all US corporate income tax compliance on sale of goods	USCo responsible for all US corporate income tax compliance on sale of goods	USCo responsible for all US corporate income tax compliance on sale of goods
Product Liability and Breach of Warranty	Usually only UKCo has product liability and breach of warranty exposure	UKCo and USCo can both have product liability and breach of warranty exposure	Usually only UKCo has product liability exposure and only USCo has breach of warranty exposure