

**R. S. MCGILL & BROTHER, Appellants, VS. THE REPUBLIC OF LIBERIA,
Appellee.**

LRSC 2; 1 LLR 129 (1880)

[January Term, A. D. 1880.]

Appeal from the Court of Quarter Sessions and Common Pleas, Maryland County.

Ad valorem duties—Value—Cost—Discount on invoice.

1. Ad valorem duties imposed on goods and merchandise are the . . . rate per centum on their value and sometimes on their cost.
2. By the terms of the Act of 1878, ad valorem duties on invoices must be assessed upon the value and not the prime cost of goods.
3. Where discount is allowed on goods invoiced in consideration of cash payment, assessment can only be made upon the value of the goods and not upon the gross sum or price of them.

This cause was appealed from the Court of Admiralty, Maryland County, and the only question in the case which presents itself is whether in the assessment of the duties on invoices the discount should be allowed. The judge of the court in giving his opinion remarked, in substance, that there appeared on the face of the invoice a discount of seventy-seven and one-half per centum, but what this discount was allowed for was not made to appear to the court, and, it says, "neither was it very important to a proper judgment that it should have done so, as the discount was allowed in part payment of the bill, and the government has nothing whatever to do with the way and manner of the payment of the bill, but only upon the prime original cost of the articles upon which ad valorem duties are paid."

The cause of complaint originated in 1878, and the statute enacted in 1877—1878 provides that "there should be assessed on all articles not exempted, or upon which specific duties had not been imposed, an ad valorem duty of twelve per cent."

This brings us to the consideration of the meaning of the law. Bouvier defines "ad valorem" as "according to valuation," Burrill in his Law Dictionary says, "Ad valorem duties are those which are imposed on goods, merchandise, and other articles at a certain rate per centum on their value, and sometimes on their cost. Bouvier further defines 'value' to be "the utility of an object, the worth of an object in purchasing other goods. The first may be called value in use, the latter value in exchange."

Discount in commerce ' 'is commonly applied to the sum allowed by the seller to the buyer for ready money payment, and is generally a deduction of a certain percentage on the principal for the usual term of credit." (An allowance sometimes made for prompt payment," is one of Bouvier's definitions of the term.

We discover, then, that while under former law duties were to be assessed on prime costs, yet under the act in force at the time of the transaction, the basis upon which the computation was to be made was the value, and this, we have seen, is defined to be the worth of one object in purchasing others.

We also find from the definition of "discount" that goods are worth less according to the usage of trade for ready money or prompt payment than when sold on other conditions, and the trade value of the importer, or real invoice price of merchandise, is represented not by its gross sum or price fixed for selling on credit, but by this sum reduced by the discounts allowed.

The court therefore erred in decreeing that the plaintiff, now appellee, should recover the amount as assessed on the gross sum of the invoice.

The decree of the Court of Admiralty is reversed.