### PO FREIGHT TERMS

**NOTE:** Freight terms determine when title to what is ordered passes to the University and who pays the freight. Freight terms apply only to goods that are to be delivered by the vendor to the University, not to services. In the Financials Purchasing System, the default for freight terms is FOB Destination, which prints on the purchase order.

This job aid lists the various freight terms, what they mean, and how to let Accounts Payable know when it's appropriate to pay freight charges on a purchase order.

### Definition of Terms:

1. **FOB Destination**
   - Title to goods passes to the University when a University representative signs for the delivery - either at the University's receiving dock, or the department location - depending on where the vendor's representative (carrier) delivers the shipment. Damage to goods in transit is covered by the vendor.
   - **Prepay/Add**
     - The vendor will prepay the freight and add the charge to the invoice for the goods.
   - **Freight Allowed (No Freight)**
     - The vendor will pay the freight.

2. **FOB Shipping Point**
   - Title to goods passes to the University at the point of shipment. This means that should anything happen to the goods in transit, it is up to the customer to deal with the trucker to resolve the issue.
   - **Prepay/Add** - See 'Prepay/Add,' above.
   - **Freight Allowed** - See 'Freight Allowed,' above

### How do I let Accts. Payable know when it's okay to pay freight on a purchase order?

The FOB field is not available on purchase requisitions and the term FOB Destination as it stands by itself does not address who pays the freight.

It is up to the department to determine if the vendor charges for shipping. If the vendor’s freight terms are Prepay/Add, add a line to the purchase requisition to cover the estimated freight charges. Use a Requisition Line Quantity of 1 ea., Shipping Charges, and charge to Category/account 739200 – Freight. The shipping line alerts Accounts Payable that it is appropriate to pay for freight.

### Contract Purchase? Don’t make assumptions.

If this is a contract purchase, do not assume that because the vendor’s quotation says the University pays the freight that we should pay it. Frequently, it is necessary to point out to the vendor that the contract terms are for freight allowed. Don't be afraid to question.

### How do I determine if the vendor is on contract and their freight terms?

To determine if a vendor is on contract and the vendor’s freight terms, you may access detailed contract information from the Procurement Department website: [http://www.umass.edu/procurement/commcont.html](http://www.umass.edu/procurement/commcont.html).