Cost of Components — Sample Calculation

This example shows how to test whether a manufactured product meets the "more than 55%" domestic component-cost standard. The product below is manufactured in the United States; the question is whether its U.S. components exceed 55% of total component cost.

Step 1 — List all components and their costs

Component	Origin	Cost	Domestic?
Steel housing	United States	$40,000	Yes
Motor assembly	United States	$34,000	Yes
Control board	United States	$28,000	Yes
Wiring & fasteners	United States	$22,000	Yes
Sensor module	Imported	$16,000	No
Display panel	Imported	$10,000	No
Total component cost		$150,000	

Step 2 — Add up domestic component cost

Domestic components: $40,000 + $34,000 + $28,000 + $22,000 = $124,000.

Step 3 — Divide by total component cost

$124,000 ÷ $150,000 = 0.8267, or **82.67%**.

Step 4 — Compare to the 55% threshold

82.67% is greater than 55%, so this manufactured product **meets** the BABA domestic-content standard (assuming it was manufactured in the United States).

Reminders for the calculation

Count only component costs. Do not count the cost of manufacturing the final product itself.

For purchased components, use acquisition cost plus transportation to the place of incorporation, plus any duty.

For self-made components, use manufacturing cost plus allocable overhead, but exclude profit.

For kits, do not count on-site assembly labor or transportation to the site.

For more Information, see the Grantee BABA Manual or the RSBA BABA Manual.