



## ***The ABC's of Customs Brokerage***

ABCCB1000

### **Week 4 Student Guide**

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<b>Assignment Checklist</b>	
By following this checklist, you will be able to complete the course assignments during the week. Be sure you read the directions for each of the assignments and discussion forums provided in the guide starting after this checklist.	
<b>Read / Watch:</b>	<input type="checkbox"/> Week 4 Introduction Video <input type="checkbox"/> Form Videos (there are 11) <input type="checkbox"/> Commercial Invoice: S/Ruby's C/Kathy Can <input type="checkbox"/> Airway Bill for S/Ruby's C/Kathy Can
<b>Discuss:</b>	⇔ Week Four Quote ⇔ CBP 3299 ⇔ HTS Unit of Measure ⇔ Duty Drawback  Submit your initial post to discussion forums by day four of the week, midnight (Eastern Time).  Your initial post should be between 200-300 words. Replies to classmates should be no less than 50 words.
<b>Submit:</b>	⇔ Power of Attorney ⇔ CBP Form 5106 Importer ID Input Record ⇔ CBP Form 301 Customs Bond ⇔ CBP Form 3461 Entry/Immediate Delivery (Cargo Release) ⇔ CBP Form 7501 Entry Summary ⇔ Quiz  Submit your assignments as an attachment by the last day of the week, midnight (Eastern Time).

## Week Four Quote

*"Automate or perish"*  
~ Commissioner William von Raab

As mentioned in Week 2, former Customs Commissioner William von Raab is well known for his quote during the National Customs Brokers and Forwarder Association of America (NCBFAA) 1988 Government Affair Conference – "Automate or perish." He went on to say at that time, only 63 percent of all entries are processed via ABI. You can read the full article on VON RAAB: NO PAPER IN CUSTOMS' FUTURE at [IOC.com](http://IOC.com). As of June 2019, almost 99 percent of all entries are filed electronically, according to the [BUSINESS RULES AND PROCESS DOCUMENT](#) Version 9.75 published by CBP.

Some of you "old-timers" may recall the paper world of international trade, and many of you "young in's" may have more experience and knowledge of our electronic world we live in today. Prior to the "paperless" environment, really a less paper one, I had a saying about the amount of paperwork that had to be done on a single shipment – "It takes five pounds of paperwork to move one pound of freight." While the paper requirement has become less and less, the amount of data needed has not, in fact, the new electronic data submissions seem to require more data than ever before.

Discuss how the world of automation has changed the way we work, live, and shop. Depending on your age, you may only know the electronic world, so you may have to ask an elder what it was like way back then ☺

OK, let's jump into all these forms and why they are needed.

There is a short video for each form. Please review the forms and watch the videos.

#### **4.1 Week 4 Lesson 1 – Power of Attorney**

The Power of Attorney (POA) gives a Customs Broker the authority to transact customs business on behalf of the importer of record (IOR). As I have stated before, I believe the POA is the most important document exchanged between the broker/forwarder and importer/exporter.

Transacting customs business without a valid POA can result in penalties that range from \$10,000 up to \$30,000. The requirement of a POA and the penalties that can be issued may be found in CFR Title 19 Parts 111, 141 Sub-part C, and 171. As well, 19 U.S.C § 1641 contains information relating to Customs brokers and customs business. A Customs Brokerage firm must also issue POA to the employees of their firm who have responsibilities of customs business.

Other Customs documents must also be executed by someone that has a POA from the corporation. One example is the importer's declaration that must be presented with an entry associated with claims of U.S. goods returned (HTS 9801). Section 10.1(a)(2) of the Customs Regulations provides: A declaration by the owner, importer, consignee, or agent having knowledge of the facts regarding the claim for free entry. If the owner or ultimate consignee is a corporation, such declaration may be signed by the president, vice president, secretary, or treasurer of the corporation, or may be signed by any employee or agent of the corporation who holds a power of attorney executed under the conditions outlined in subpart C, part 141 of this chapter and a certification by the corporation that such employee or other agent has or will have knowledge of the pertinent facts.

As per §111.23 Retention of records, most Customs documents must be retained for 5 years from the date of entry. Powers of attorney must be retained until revoked, and revoked powers of attorney and letters of revocation must be retained for 5 years after the date of revocation or for 5 years after the date the client ceases to be an “active client” as defined in §111.29(b)(2)(ii), whichever period is later. When merchandise is withdrawn from a bonded warehouse, records relating to the withdrawal must be retained for 5 years from the date of withdrawal of the last merchandise withdrawn under the entry.

In your study materials with the POA, you will find a copy of the CBP, current, policy for vetting the POA. In August 2019, CBP issued a Notice of Proposed Rule Making (NPRM) updating the [CUSTOMS BROKER VERIFICATION OF AN IMPORTER'S IDENTITY](#) via the POA.

Also included with the POA is a sample Terms and Conditions document. It is important to have T&C's with clients as these outline who is responsible for what...which can be valuable should an issue arise.

Noted in 141.34 - Powers of attorney issued by a partnership shall be limited to a period not to exceed 2 years from the date of execution. All other powers of attorney may be granted for an unlimited period.

The POA is covered on Customs Form 5291 and may be used for giving power of attorney to transact Customs business. If a Customs power of attorney is not on a Customs Form 5291, it shall be either a general power of attorney with unlimited authority or a limited power of attorney as explicit in its terms and executed in the same manner as a Customs Form 5291. (CFR 19, Part 141.32)

⇔ Watch the video CBP 5291/POA

⇔ Complete the POA with the information provided at the bottom of this Study Guide and upload it.

#### **4.2 Week 4 Lesson 2 – CBP Form 5106: Importer ID Input Record**

The 5106 is the document used to put importers, and others, on file with CBP. CBP Form 5106 is the basis for establishing bond coverage, release and entry of merchandise, liquidation, issuance of bills, refunds and the processing of drawback, and Fines Penalties & Forfeitures actions. On March 16, 2019, U.S. Customs and Border Protection (CBP) deployed a revised CBP Form 5106, "Create/Update Importer Identity Form", in the Automated Commercial Environment (ACE). A copy is in your materials labeled 4.2a and more information can be found at [Create/Update Importer Identity Form \(CBP Form 5106\)](#). While there are additional optional requirements in the new 5106, most of the mandatory requirements of the old 5106 have not changed, with the exception of the

requirement for and email address of the IOR and the type of address(es) eg. Residential, corporate office, warehouse, retail location, etc... CBP even has an [ACE 5106 Error Dictionary](#).

- ⇒ Watch the videos CBP 5106 and CBP 5106\_2
- ⇒ Complete the 5106 Importer ID Input Record (labeled 4.2) with the information provided at the bottom of this Study Guide and upload it.

### **4.3 Week 4 Lesson 3 – CBP Form 301: Customs Bond**

The Customs Bond is similar to an insurance policy – for the government. The bond ensures that CBP will get duties, fines, or other fees should the principle of the bond (usually an IOR) not pay them. And like an insurance policy, a premium is based on the limit of liability amount of the bond. For example, if a bond has to be posted at \$50,000 the cost of the bond is not \$50,000. As you may recall from Week 1 we have this little thing called anti-trust so we will not be discussing the cost of the bond paid to the surety or the price billed to the IOR, but there will be some references and generalities. Most sureties will only issue an IOR a bond through the services of a Customs Broker.

Importers of goods for commercial purposes, carriers of freight and passengers as well as warehouse operators and facility operators are often required to obtain a customs bond.

There are 3 types of bonds: single transaction, continuous, and government. There are 17 Activity Codes setting bond conditions. Some of the Activity Codes can be single or continuous; some single only; some continuous only.

Determining bond amounts differ from single transaction (STB) and continuous bonds. An STB Activity Code 1 is posted, usually at a minimum of \$1,000, although the minimum amount allowed by law is \$100.00. The limit of liability for an STB is determined in two ways. One, if no other government agencies are involved, the bond is posted for an amount covering the cost of the imported article(s) plus the amount of duty, taxes, and fees. Two, if other government agencies are involved, this

includes ITC or DOC in the case of AD/CVD, the STB must be posted at three times the value of the merchandise.

A continuous bond, Activity Code 1, is posted at a minimum of \$50,000 or 10 percent of the estimated annual duties, fees, and taxes. A \$50,000 continuous bond will cover \$500,000 in duties, fees, and taxes. If a principal pays over the percent, CBP will determine the bond insufficient and will require the principle to obtain another bond for the increased amount. Principles generally have 15 days to increase the bond once CBP determines it to be insufficient.

Continuous bonds are valid for one year unless CBP deems them insufficient.

- ⇒ Watch the video CBP 301 / Customs Bond
- ⇒ Review the Avalon Bond Presentation (4.3a)
- ⇒ Complete a CBP 301 for a \$50,000 Continuous Bond with the information provided at the bottom of this Study Guide and upload it

#### **4.4 Week 4 Lesson 4 – CBP Form 3299: Declaration for Free Entry of Unaccompanied Articles (Personal Effects)**

As previously noted, many of the forms including the CBP 3299 are now in a “paperless” environment. Numerous personal effects entries are processed in ACE as electronic entries using HTS numbers from Chapter 98, specifically 9804 which covers Articles imported by or for the account of any person arriving in the United States from a foreign country.

The CBP 3299 is for unaccompanied articles. Meaning this is for individual personal items that are shipped as cargo not carried on the conveyance by them. You will notice on the CBP 3299 and in the HTS 9804 tariff numbers that the box checked, on the 3299, or the number used, from the HTS, is dependent on the individual’s residential status. CBP may request certain additional documents to support the individual’s residence claim.

[International Association of Movers](#) has a good list of documents that could be required on a personal effects entry.

Instruction for completing the CBP 3299 can be found [here](#).



It is my suggestion that companies receive a properly executed POA before preparing a paper CBP 3299 on behalf of an importer – whether the broker or the importer signs the form.

- ⇒ Watch the video CBP 3299
- ⇒ Review the CBP 3299 Form and HTS Chapter 98, [9804](#) tariff numbers
- ⇒ Discuss with your classmates why it is important for CBP, or other government agencies, to know what someone is bringing in, even if it for their personal use

#### **4.5 Week 4 Lesson 5 – CBP Form 3311: Declaration for Free Entry of Returned American Products**

Again, this form is rarely used; however, some companies use it as a supplemental to the US goods declaration if a commodity is noted on the commercial invoice to be country of origin US. More information on US products being returned to the US can be found in [CFR Title 19, Part 10](#)

- ⇒ Watch the video CBP 3311
- ⇒ Review the CBP 3311 Form

#### **4.6 Week 4 Lesson 6 – CBP Form 3461: Entry/Immediate Delivery (Cargo Release)**

The customs entry is a two-part process. First, is the cargo release (3461) then the entry summary (7501). In Lesson 6 this week we will review the cargo release. A broker must have a valid POA to assist an importer in “customs business”, which includes Customs, and OGA, release of merchandise.

Included in your documents is the ACE fillable 3461 and instructions. For this lesson, we will not complete the ACE fillable, but I have included it, along with instructions, for your reference.

The cargo release information can be submitted in advance of the cargo arriving in the US. For ocean cargo, generally, it is 5 days prior to arrival and for airfreight cargo, it is when the cargo is "wheels up" and departed from the foreign country. Although Importer Security Filing is not an



“entry” per se, an ISF must be filed on all cargo arriving into the US by ocean vessel.

The CBP 3461 instructions are included under document 4.6a. We’ll recap them here -

Block 1 is the Arrival Date – that is the date the cargo is scheduled to arrive at the port of entry. This may be the same or a different date than the Import Date (Block 11 on the 7501 Form).

Block 2 is mostly used when a filer is “electing” an entry date. This field is customarily used when products are subject to quota, 301 tariffs, or other situations when the filer is submitting the cargo release request to CBP and asking for a date before the implementation of, for example, additional duty tariffs.

Block 3 identifies the type of entry being submitted. For this Lesson, we will do an 01-Consumption entry. In Week 5 we will review how to determine the correct entry type. Some entry types may be changed, while others may not.

Block 4 is the entry number. This is the “tracking number” for Customs. The first 3 digits of the entry number identify the filer. For example, Mullins International Solutions filer code is 9FB, so any entry we submit will start with 9FB.

Block 5 is the port where entry is being made – this may or may not be the same as the port of unloading in Block 16. Many elements of the entry may be changed after the initial submission of the cargo release data; however, this is one that cannot be changed. If an error is made on the port of entry, the entry will have to be canceled. This should only be done with the approval of a supervisor. US port codes can be found in the HTS under [Statistical Annexes, Annex C: Schedule D, Customs District, and Port Codes](#)

Block 6 contains the bond information. 8=continuous bond; 9=single transaction bond; 0=government bond.

Block 7 is the broker or filer reference number. Many firms will use the entry number as the file number for easy of tracking since CBP will reference the entry number on any of their inquiries.

Blocks 8 and 10 are for the Ultimate Consignee information. The UC will be a US address.

Blocks 9 and 11 are for the Importer of Record. The IOR and the UC may be the same and in some instances will be different. An example of when they will differ is in the case of a foreign importer of record. If the IOR is not a US entity, then the UC will be a US entity.

Block 12 identifies the carrier who brought the cargo into the US. As noted in the instructions, a two-letter IATA code will be used for cargo arriving by air (eg. Delta – DL, Korean Air – KE). Cargo arriving by vessel the SCAC, Standard Carrier Alpha Code, will be recorded (eg. NYK Lines – NYKS, K-Line – KKLK). The SCAC code is the first four characters of the ocean bill of lading number.

Block 13 is where the flight or voyage number is recorded. An air shipment arriving on DL423 would reflect the flight number. An ocean shipment would reflect the voyage of the vessel IE: 70E22.

Block 14 is where we record the bonded facility FIRMS (Facilities Information and Resources Management System) code. This tells Customs and other government agencies where the cargo is located should an intensive exam be required. The FIRMS code is a four-digit alpha-numeric identifier.

Block 15 is where the vessel name is recorded. All vessels have names. For example, American President Lines (APL) designates their vessels with names like President Kennedy. When I was 18 and just starting in the business, one of my favorite vessel names was an Evergreen vessel named Ever Uranus.

Block 16 is for the US port of unloading. That is where the cargo first arrives in the US. As noted above, the port of unloading and the port of entry may

be the same or may be different. If cargo is moved under an In-bond Transportation (IT) then the port of entry and the port of unlading will be different.

Block 17 is no longer used.

Block 18 is where the GO (General Order) number is recorded. Cargo is eligible for GO if it has arrived at a port of entry and no entry, or subsequent IT, has been made within 15 calendar days from its arrival at the bonded facility. Customs will take the cargo into their custody and if the product has a good monetary value, unless cleared, it can be auctioned off by CBP. Once the cargo is placed into GO all liens against the shipment, such as collect freight and storage, must be paid to the GO operator. Then the GO operator will issue a GO number confirming that liens have been satisfied and the number will be recorded in Block 18.

Block 19 is the total value of the shipment. If the shipment contains multiple invoices then all invoice values are added up and the total is entered here.

Block 20 is a brief description of the products being imported. It should be brief, but accurate and with enough description to truly identify what is being imported. For example, "parts" is not a sufficient description. Parts of what? Parts of lawnmowers? Parts of cars?

Block 21 is where we notate the "ticket type" of the movement of the cargo. If cargo arrives at the port of entry by an In-Bond Transportation (IT) move the "I" must be included along with the bill of lading, and when applicable, the house bill of lading number.

Block 22 is where the "ticket number" is recorded. Just like when you board a plane or a cruise ship you must have a ticket to board, cargo also must have a ticket. The ticket is the bill of lading or airway bill number. The ticket number can also be an IT number or a house bill or house airway bill in the case of a consolidated move.

Block 23 is the manifested quantity and is recorded next to the "ticket number" represented. If an IT, it is recorded adjacent to the IT number. If it is a simple bill, meaning a direct shipment, not in a consolidation, the quantity is recorded adjacent to it. If the cargo arrived in consolidation, air or ocean, a house bill will be required and the quantity will be recorded there. A special note about the manifest quantity: this is not the quantity of the number of items; it is the quantity of the number of the smallest outer packaging unit. If you have 200 items packed in 10 cartons, the manifest would be 10. If there are 15 cartons on one pallet, the manifest quantity would be 15 as a pallet would not be the smallest outer packaging unit. We will discuss in the Entry Summary lesson about unit of measure for HTS reporting quantities.

Block 24 is where the HTS numbers are lodged. This is the full 10-digit HTS number. All HTS numbers of the entry will be reflected here.

Block 25 is the country of origin of the merchandise corresponding with the HTS number to its immediate left. The country of origin and the country of export may be the same or may be different. Just because a product exports from a certain country does not necessarily mean it was made there.

Block 26 is the manufacture identification number (MID). The MID is aligned with the corresponding HTS and COO. As noted in the instructions, the MID is generally the seller of the merchandise. However, if the article is a textile, the actual manufacture ID number should be recorded here. The instructions for constructing the MID can be found on pages 30-32 of the Entry Summary 7501 instructions and are fairly simple. The first two characters are the county code; the next three are the first three characters of the first name of the seller; the next three are the first three characters of the second name; the next four characters are the first four numbers of the street address; the last three characters are the first three characters of the name of the city.

See the example below for how Blocks 24-26 should be entered.

24. H.S. NUMBER	25. COUNTRY OF ORIGIN	26. MANUFACTURER NO.
8708996810	CN	CNABCCOM1234HAN
8708305040	TW	CNABCCOM1234HAN
9405104010	IT	ITRUBHOU1940TOS

Block 27 is where the filer signs, if a broker the designation will be AIF, Atty-In-Fact. The contact phone number must be provided and the date is the date the cargo release information is being submitted to the government. NOTE: Please read the certification carefully and consider what you are certifying to when you sign the entry.

Block 28 is where CBP, or if the entry is "Paperless" the filer, will sign indicating a release of the goods. When entries are transmitted to ACE an immediate disposition is returned. It will be either – Paperless, meaning the cargo is released by all agencies and is cleared for final delivery; it may be "Documents Required" which means the government wants to review the documents in which case the entire entry package will be uploaded and submitted to the government by the document imaging system (DIS); or the disposition may be "Pending Intensive Exam" meaning the shipment must undergo a physical examination by the government. A full list of ACE Cargo Release Disposition Codes can be found [here](#). The ones you will most likely need to be familiar with are:

- 71-98 which have to do with holds and removals of holds on the cargo
- 1A which indicates an intensive examination required
- 1B indicating the exam is completed
- 1C indicating the cargo is released by CBP; however, the cargo must be held intact if there are any HOLDS in place against the bill. Do not RELEASE the cargo until all HOLDS have been removed
- 1USG indicates that the goods have arrived, that all data required for entry has been submitted to the U.S. government, that all participating government agencies that regulate the goods have issued a "may proceed" and that CBP has conditionally released the goods from its custody

Block 29 is used for the filer to enter any additional information about the shipment. For example, if the cargo arrived by ocean, the container number(s) may be recorded here.

⇒ Watch the video CBP 3461

⇒ Access the CBP 3461 in 4.6 and using the Commercial Invoice, Airway Bill, and information at the end of the study guide to complete and upload the Cargo Release document for a shipment.

#### **4.7 Week 4 Lesson 7 – CBP Form 7501: Entry Summary**

As noted in Lesson 6, customs entry is a two-part process. The Entry Summary is the second part of the customs entry. After the shipment is released a “summary” of the shipment must be submitted to allow CBP to confirm the admissibility of the shipment and ensure all proper duties, fees, and taxes are collected.

Most of the information from the 3461 Cargo Release is found in Blocks 1-26 of the Entry Summary. As with the 3461 instructions for completing the 7501 is in your study material. The CBP 7501 Entry Summary instructions are labeled 4.7a. Let's have a quick review of the data required for the 7501.

Block 1 is the same as Block 4 of the 3461.

Block 2 is the same as Block 3 of the 3461. Also in Block 2, we enter the payment information such as ACH.

Block 3, the Summary Date is the date that duty payment will be made to CBP. Unless the filer or importer is on Periodic Statement, the entry summary and duties are due 10 working days after the release of the cargo.

Block 4 identifies the surety who issued the bond.

Block 5 indicates the type of bond. It will either be 8, 9, or 0.

Block 6 is the same as Block 5 on the 3461. This is the port where the entry is being submitted to obtain a release of the cargo. This may or may not be the same port as in Block 20 of the 7501.

Block 7 is the entry date. This field is automatically populated with the release date received from ACE.

Block 8 is the same as Block 15 on the 3461.

Block 9 identifies the mode of transportation – this is how did the cargo arrive in the US? A list of transportation codes is found on page 5 of the 7501 instructions.

Block 10 is the country of origin. The ISO country code is recorded here. If the shipment has multiple countries of origin, the word “multi” is entered here.

Block 11 is the import date. This may or may not be the same as the arrival date in Block 1 of the 3461. The import date is the date the cargo first arrives on US soil.

Block 12 is the B/L or AWB number. This will be the same number entered in Block 22 of the 3461.

Block 13 is the Manufacture ID number (MID). This is the same as the MID on the 3461 in Block 26.

Block 14 is the country of export. This may or may not be the same as the country of origin. Remember, although a product may export from a country does not mean it is necessarily made in that country.

Block 15 is the export date – the day the cargo exports from a foreign country destined to the US. This is also the date used for currency exchange.

Block 16 is the In-Bond Transportation (IT) number. If the port in Block 6 and Block 20 of the 7501 are different, you will have an IT number.



Block 17 is the IT date. While an IT can be submitted to CBP prior to the arrival of the cargo and have a date prior to the import date, the IT date and import date must match for ACE entry submission.

Block 18 is for missing documents. We rarely see this block used any longer.

Block 19 is the foreign port of lading. It is only used when cargo is transporting by ocean vessel. The [Schedule K](#) contains a complete listing of foreign port codes in alphabetical order by country. The first three digits of the code identify the country (IE: 357 is Argentina; 523 is Belgium; 570 is China). The next two digits identify the actual port in the country.

Block 20 is the US port of unloading. This is the port where the cargo first arrives in the US.

Block 21 is the location code and the GO number. This is the same as Block 14-Location and Block 18-GO number on the 3461

Blocks 22 & 25 are the same as Blocks 8 & 10 on the 3461.

Blocks 23 & 26 are the same as Blocks 9 & 11 on the 3461.

Block 24 is where the filer can enter a different EIN than the IOR's EIN which will authorize CBP to send bills, refunds, and/or notices of liquidation. There must be a [CBP Form 4811](#) on file with Customs for these actions to be taken. Many brokers who do entries for foreign importers use this field as they act as the "grantor agent" in the US to receive such.

Column 27 contains the sequential line numbers of the entry. Generally, a line number will contain one HTS number; however, there are occasions such as with 301 tariffs and watch entries where a single line number may contain more than one HTS number. Lines are counted sequentially from 001 to 999. If the HTS is eligible for preferential duty treatment, the symbol identifying that treatment is recorded alongside the HTS number. For example, if HTS line 001 was eligible for GSP treatment the symbol A, A\*, or A+ will be noted here.

Column 28 contains multiple columns of information. In column 28 the description of the HTS number will populate. As well there are sub-columns under column 28 – these are Columns 29-31.

Column 29 is a two-part column. It contains the HTS number and subsequent information incidental to that HTS such as and MID if there are multiple manufacturers in the shipment, AD/CVD Case numbers, and ruling numbers. NOTE: For AD/CVD case number they must be in a specific format. The first three digits of the case number identify the country (IE: 570 is China); the next three digits identify the case itself (the item); the final three digits of the case number identify the manufacturer/exporter.

Column 30 is where the gross weight for that line is recorded and the manifest quantity that is recorded in Block 23 of the 3461.

Column 31 is the HTS unit quantity. Some HTS numbers require more than one unit reporting, while some HTS numbers have no reporting units. (as noted in the 7501 instructions). There will be times our math skills will be required to determine the HTS unit of measure. For example, if reporting dozens we have to multiply or divide by 12, depending on how the item is being imported, to obtain the dozen count – if we have 12, we have one dozen. How about socks, which come in pairs of two? That is when we would report dozen pairs (doz prs.) and in that case, 24 socks would be 2 dozen pairs. In the case of wood, you may find yourself reporting “t dwb”, “m3”, or “gross” all of which will require mathematical calculations.

Column 32 has three different data requirements.

- A – is where we record the entered value per HTS line. If you have 20 items in the shipment and 10 of them are covered under one HTS, the total of those 10 items is to be entered here. Valuation is not as simple as it sounds – see the CBP ICP [Customs Valuation Encyclopedia \(1980 - 2015\)](#), [Proper Deductions for Freight and other Charges](#), and Part 152 of Title 19.

- B – is the charges incurred to bring the merchandise to the US (such as freight and insurance – other charges as defined in the instructions.)
- C – is the relationship between the seller and the importer. We record Y if related and N if not related. Related party transactions are important to note. So much so, CBP created an ICP [Determining the Acceptability of Transaction Value for Related Party Transactions](#). “Friends and family” discount are exactly what CBP is worried about. CBP believes that a “related relationship” may influence the value declared to Customs at the time of importation.

Column 33 has five different data requirements.

- A – this is the HTS rate for the HTS number recorded in that line number.
- B – this the ADD or CVD rate for the HTS and Case number.
- C – I.R.C. (Internal Revenue Code) rate for the HTS. For example, if you are clearing alcohol or tobacco products, which have excise taxes, you will have to obtain the rates from [CFR Title 27 – Alcohol, Tobacco Products, and Firearms](#).
- D – is where the Visa Number, if applicable, is recorded. Visa numbers are customarily associated with textile goods.
- E – not shown on the CBP 7501 form but included in the instructions, is where the Agriculture License Number, if applicable, is recorded.

Column 34 is where the amount of duty, tax or fee is recorded for that HTS line. The amount is based on a value amount – the amount may be a dollar value or a quantity value depending on the type of duty rate (ad valorem – based on dollar value; specific – based on quantity value; compound – based on ad valorem plus specific). A list of “fees” is noted on page 21 of the 7501 instructions.

Block 35 is where the total entered value of the shipment is recorded. This is the same as Block 19 on the 3461.

Block 36 is where we notify CBP of the disposition of the filer (owner or agent) and the status of the purchase (under a purchase agreement or not). Further, the declaration certifies –

*I also declare that the statements in the documents herein filed fully disclose to the best of my knowledge and belief the true prices, values, quantities, rebates, drawbacks, fees, commissions, and royalties and are true and correct, and that all goods or services provided to the seller of the merchandise either free or at reduced cost are fully disclosed. I will immediately furnish to the appropriate CBP officer any information showing a different statement of facts.*

WOW – that's a lot of certifying. Remember, we certified to quite a bit on the 3461 too.

Block 37 contains the total amount of duty to be collected on the entry. This is the duty amount of all HTS lines.

Block 38 contains the total amount of tax to be collected on the entry. This is the tax amounts of all HTS lines.

Block 39 contains the total amount of fees to be collected on the entry. This is the fee amounts of all HTS lines.

Block 40 is the total amount of duties, taxes, and fees to be paid on the respective entry transaction.

Block 41 is where the filer's name, title, signature, and date are recorded.

Block 42 is where the filers' name, address, and phone number is contained.

Block 43 is the filer's reference number.

- ⇒ Discuss HTS Unit of Measure reporting units and the effects they can have on duty amounts.
- ⇒ Watch the CBP Form 7501 video
- ⇒ Access the CBP 7501 in 4.7 and using the Commercial Invoice, Airway Bill, and information at the end of the study guide to complete and upload the Entry Summary document for a shipment.

### **Week 4 Lesson 8 – CBP Form 7512: Transportation Entry and Manifest of Goods Subject to CBP Inspection and Permit**

This document is used when cargo moves throughout the US and must remain under Customs supervision. As with other forms, this is now mostly generated in an electronic format. Information for the 7512 can be found in [CFR Title 19, Part 18 - TRANSPORTATION IN BOND AND MERCHANDISE IN TRANSIT.](#)

The 7512 allows for cargo to arrive at one port then move, under bond, to another port for customs clearance. This is called an “IT” and is an entry type 61. If a shipment arrives in Los Angeles (2704) and the IOR would like to have the cargo cleared in Atlanta (1704) the cargo would move under an IT from LAX to ATL.

The 7512 also allows for cargo to export from the US under Customs supervision. These are IE (entry type 63) or T&E (entry type 62). These movements are generally associated with actions like TIB cancellations; duty drawbacks; and OGA mandated exports of cargo.

While these are called “entries” they are entries where duties, taxes, or fees are not collected. The carrier of the cargo, however, must be bonded with CBP. And although these are not “customs business” by definition, penalties can be issued to the parties.

⇔ Watch the CBP Form 7512 video.

### **Week 4 Lesson 9 – CBP Form 7551: Drawback Entry**

This form, and the other two forms in Lesson 10 and Lesson 11, is used for an entry called "Duty Drawback". Duty drawback is a very specialized type of entry; therefore we will not go deep into duty drawback. These exercises are for an introduction to what duty drawback is and how complicated the process is.

Duty Drawback is afforded to cargo that has been imported into the US, duties paid, and is subsequently exported, or destroyed, within a certain time frame (it was 3 years, but TEFTA intends to extend this to 5 years).

The application of duty drawback affords the exporter, importer, or other assigned entity to receive back 99% of the duty paid at the time of import.

You will note on the 7551 Form there is both import and export data required. The import data is what enables CBP to determine the amount of duties to be refunded.

There are three basic types of duty drawback:

- Rejected – where the product is being rejected due to reasons such as the item did not conform to specifications or the item was not properly functioning.
- Unused – where cargo arrives in the US and no additional processing takes place to the item while in the US.
- Manufacture – where the imported items are further manufactured with other materials.

Drawback is so specialized these entries may only be submitted in four US ports of entry.

Duty Drawback is covered in CFR Title 19, [Part 190 Modernized Drawback](#) and [Part 191 Drawback](#).

⇔ Review the CBP Form 7551.

#### **Week 4 Lesson 10 – CBP Form 7552: Delivery Certificate for Purposes of Drawback**

CBP Form 7552, Delivery Certificate for Purposes of Drawback, is used to record transfers of goods from a company other than the importer of record and is also used each time a change to the imported goods occurs as a result of a manufacturing operation.

⇔ Review the CBP Form 7552.

#### **Week 4 Lesson 11 – CBP Form 7553: Notice of Intent to Export, Destroy or Return Merchandise for Purposes of Drawback**

This form is used to notify CBP if an exportation, destruction, or return of the imported goods will take place. Cargo, to qualify for drawback, must

either be exported or destroyed thereby removing it from the commerce and consumption in the US.

- ⇔ Review the CBP Form 7553
- ⇔ Discuss how introducing Duty Drawback to an importer could benefit them.

#### **Week 4 Lesson 12 – CBP 28: Request for Information**

As reviewed in the video, this form is used when CBP needs additional information on a customs transaction. The 28 is issued to the importer, and the importer – the owner of the goods, the purchaser of the goods – is who must reply. The importer will have the opportunity to support their entry claim and should be thorough in their reply.

If the IOR requests assistance from the broker, as maybe they didn't properly keep records, the broker may assist them. The broker, however, should NEVER (I rarely use the word never...but) complete the 28 on behalf of the importer.

Because, as referenced above, the relationship of the buyer/importer and the seller/exporter is a concern to CBP, the 28 outlines what a "related party" is.

The IOR should use this opportunity to do some "housekeeping". That is, before replying the IOR should consider some of the following:

- Why is CBP asking for additional information?
- What caused the request?
- Was this a one-time mistake or do we have a pattern?

- ⇔ Watch the video CBP 28
- ⇔ Review the CBP 28 Form

#### **Week 4 Lesson 13 – CBP 29: Notice of Action**

The CBP 29 is usually sent after the 28. There are times CBP will issue a 29 without sending a 28 first, but generally, CBP will request information before taking an action against an entry.



A notice of action is not always negative. The 29 can be a vehicle for CBP to advise the IOR of a rate decrease just as they can a rate advance.

⇔ Watch the CBP 29 video

⇔ Review the CBP 29 Form

#### **Week 4 Quiz**

⇔ Take the Week 4 quiz of 25 questions

#### **Information for Forms:**

For the POA you will sign as President. All other forms will be signed as Atty-In-Fact.

The IOR has not ever been assigned a CBP Importer Number using the same name in Block 3 of the 5106, nor has the IOR been assigned a CBP Importer Number using a different name in Block 3 of the 5106.

Importer of Record – Kathy Can LLC

EIN# - 45-4795449

Entity type – Corporation

Address – 4150 Williamson Rd., Ellenwood, GA 30294

Incorporated in the state of Georgia

Shipment information:

Use dates on the AWB for arrival, import, and export date fields

Shipment is not subject to quota, ADD/CVD, or 301 tariffs

Entry type is Formal Consumption Free and Dutiable

Entry Number is 9FB-1234567-8

Port of arrival and unloading is Atlanta, GA

Broker File Number is 1234567

Ultimate Consignee and Importer of Record is Kathy Can LLC

Cargo is located at Delta

HTS Numbers are:

Crystal Chandelier – 9405.10.6010 (9% duty rate)

Floor Lamp – 9405.20.4010 (6.9% duty rate)

MPF rate is .3464% with a minimum of \$26.79