



The Most Trusted Partner in Global Trade™

Importer of Record Responsibility – What You Need to Know!

IMPORTANCE OF U.S. CUSTOMS COMPLIANCE

As your Customs Broker, we want to make sure that you are familiar with the basic “rules” of importing and ask you to review this valuable information. We urge you to also share the information with others in your organization involved in the importing process.

THE IMPORTANCE OF USING REASONABLE CARE

By law, an importer is responsible for using reasonable care when entering, classifying and valuing imported merchandise. Importers must also provide any other information necessary for Customs to properly assess duties, collect trade statistics and to determine whether all other applicable legal requirements have been met. *Failure to do so may result in the imposition of penalties. The law provides for substantially reduced penalties if an importer voluntarily discloses and corrects any errors or omissions before discovery by U.S. Customs & Border Protection (CBP)*

CV INTERNATIONAL'S ROLE IN THE IMPORT PROCESS

CV International, Inc. is licensed by CBP to transact customs business on behalf of others. As a Customs Broker, CV International, Inc. prepares and submits documentation and data, relying on its accuracy and completeness, via a customs declaration on behalf of Importers of Record (IORs).

COMPLIANCE CHECKLIST

Below are some of the more important items to consider when dealing with international shipments. This document is intended for discussion purposes only. For more complete information, we invite you to call us.



CLASSIFICATION:

- The proper tariff classification of imported goods is a critical element in the customs entry process. It is the first step in determining admissibility of the product and the duty rate.
- Determining the correct Harmonized Tariff Schedule (HTS) number requires an intimate knowledge of the imported product, its content, functions and intended use. Classification is never a matter of guesswork and requires knowledge of the underlying rules governing the Harmonized Tariff Schedules.
- Consider the level of expertise of those individuals performing your classification analysis and determination.



COUNTRY OF ORIGIN AND MARKING:

- Have you established the correctness of the Country of Origin as declared by your vendors and are the goods properly marked as required by the CBP Regulations?



VALUATION:

- Generally speaking, the transaction value (the price paid or payable for the imported goods) will be an acceptable value for Customs purposes, but there are exceptions!
- The use of an incorrect value, or the omission of additional payments or value of an assist can result in the assessment of increased duties and the imposition of penalties against the importer.
- We must be told when the Seller and Buyer are related.

WHERE SHOULD I GO FOR ASSISTANCE?

Customs & Border Protection (CBP)

www.cbp.gov

Customs Ruling Online Search System (CROSS)

www.rulings.cbp.gov

Summary of Laws Enforced by U.S. Customs:

<https://www.cbp.gov/trade/rulings/summary-laws-enforced/us-code>

USEFUL LINKS

Informed Compliance Publications:

<https://www.cbp.gov/trade/rulings/informed-compliance-publications>

Importing into the U.S.:

<https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

Tariff Classification:

<https://www.cbp.gov/document/publications/tariff-classification>

Importer's Reasonable Care Checklist:

<https://www.cbp.gov/document/publications/reasonable-care>

Proper Deductions for Freight and Other Costs:

<https://www.cbp.gov/document/publications/proper-deductions-freight-other-costs>

Records and Recordkeeping:

<https://www.cbp.gov/document/publications/recordkeeping>

Country of Origin Marking Requirements:

<https://www.cbp.gov/trade/rulings/informed-compliance-publications/markings-country-origin-us-imports>

RELEVANT LAWS

Reasonable Care: 19 USC 1484

The standard of care importers are expected to exercise when importing into the U.S.

Penalties

19 USC 1592.

Different levels of culpability apply. For example, penalties for grossly negligent violations can be 4 times the duty loss.

This communication is provided for informational purposes only and with the understanding that CV International, Inc. in its capacity as a customs broker and/or customs compliance consultant, are not engaged in rendering legal advice. While we have made every attempt to ensure the accuracy of the information, CV International, Inc. is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information is provided "AS IS" with no guarantee of completeness, accuracy, timeliness and without warranty of any kind. In no event will CV International, Inc., or its agents, employees or volunteers thereof, be liable to you or anyone else for any decision or action taken in reliance on the information contained in this communication for any consequential, special or similar damages. The information contained herein is not a substitute for obtaining legal or independent professional advice. Services are performed under CV International, Inc. Standard Terms and Conditions of Service.



The Most Trusted Partner in Global Trade™

Importer of Record Responsibility – What You Need to Know!

☐ FREE TRADE AGREEMENTS:

- Do the Free Trade Agreements (FTAs) criterion apply to your imported goods?
- Examples: Generalized System of Preferences (GSP), North American Free Trade Agreement (NAFTA), African Growth and Opportunity Act (AGOA)
- If claiming an FTA preferential treatment, have you made sure that the goods meet the regulatory origin rules?

☐ OTHER GOVERNMENT AGENCIES:

- Are any of your goods subject to other Participating Government Agency (PGA) requirements? Examples: Food and Drug Administration (FDA), Environmental Protection Agency (EPA), Alcohol and Tobacco, Tax and Tariff Bureau (TTB), Department of Transportation (DOT), Fish and Wildlife Service (FWS)
- If applicable, it is important that you communicate to us what should be declared, and how.

ADDITIONAL ITEMS TO CONSIDER

COMMERCIAL INVOICES:

- The commercial invoice is a crucial document reviewed by Customs. The description must be in English (or with an accurate translation), include adequate detail to support the classification and contain any pricing additions/deductions.

RECORDKEEPING:

- CBP requires the Importer of Record to retain documents for at least 5 years.

CUSTOMS BONDS:

- In most cases, import shipments valued over \$2,500 require a customs bond. Annual Continuous Bonds can be purchased with prior approval based on the annual value, duties and commodities. Single Entry Bonds are also available per transaction but will require e-filing at the time of entry.

PERIODIC MONTHLY ACH DUTY PAYMENTS:

- Customs & Border Protection allows for an automatic payment option from an importer's U.S. bank. With proper approval, Periodic Monthly Statement (PMS) allows eligible shipments released during one month to be paid on the 15th business day of the following month. **PMS has the potential of over 45 days of interest-free float.** CBP Automated Customs Environment (ACE) Secure Portal access provides visibility to duty payments.

CUSTOMS AND TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT)

- CV International, Inc. is a certified and validated participant in this important security initiative. We encourage and urge our clients to likewise become C-TPAT participants. CV International, Inc. offers C-TPAT consultative services for those desiring to become members

Prior Disclosure 19 USC 1592(c)(4).

With Prior Disclosure, the penalty for a grossly negligent violation may be interest on the duty loss.

MORE USEFUL LINKS

Valuation Encyclopedia:

<https://www.cbp.gov/document/publications/customs-valuation-encyclopedia-1980-2015>

Determining the Acceptability of Transaction Value for Related Parties

<https://www.cbp.gov/document/publications/determining-acceptability-transaction-value-related-party-transactions>

Food and Drug Administration

<http://www.fda.gov/>

Lists to check if Foreign Suppliers are on government Restricted Party Lists.

<https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern>

ACE Portal Overview

<https://www.cbp.gov/trade/automated/getting-started/portal-introduction>

ACH

(Automated Clearing House): Electronic payment option allowing participants to pay Customs fees, duties and taxes electronically, as well as receive refunds of Customs duties, taxes and fees electronically.

<https://www.cbp.gov/trade/automated/ach>

C-TPAT

<https://www.cbp.gov/border-security/ports-entry/cargo-security/ctpa>

This communication is provided for informational purposes only and with the understanding that CV International, Inc. in its capacity as a customs broker and/or customs compliance consultant, are not engaged in rendering legal advice. While we have made every attempt to ensure the accuracy of the information, CV International, Inc. is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information is provided "AS IS" with no guarantee of completeness, accuracy, timeliness and without warranty of any kind. In no event will CV International, Inc., or its agents, employees or volunteers thereof, be liable to you or anyone else for any decision or action taken in reliance on the information contained in this communication for any consequential, special or similar damages. The information contained herein is not a substitute for obtaining legal or independent professional advice. Services are performed under CV International, Inc. Standard Terms and Conditions of Service.