

COMMON TERMINOLOGY

Customs Entry

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<i>ADD</i>	(Antidumping Duty) Dumping is the sale of goods to the United States at less than fair market value, usually when less than comparable goods are sold in the domestic market of the exporter, and there is injury or a threat of injury to U.S. industry. Antidumping duty is assessed when a foreign manufacturer sells to the United States at less than a fair value AND there is an injury or threat of injury to U.S. industry. The antidumping margin (or AD duty rate) is set to represent the difference between the fair market value of the merchandise and the exporter's sale price. ADD margins may be specified by manufacturer.
<i>Bonded Warehouse</i>	A bonded facility used exclusively for the storage of imported merchandise. An importer may store goods in a Customs bonded warehouse and defer payment of Customs duty until the goods are withdrawn for consumption from the bonded warehouse using a Customs warehouse withdrawal. A warehouse entry secures the release of imported goods and permits their deposit in a bonded warehouse. A warehouse withdrawal may be for consumption, for transfer to another warehouse, for transportation to another port, or for export.
<i>Carnet</i>	Carnet is the French word for ticket. When used in international trade, this term most commonly refers to an ATA carnet, which covers goods entering and exiting through Customs of participating countries, or else to a TIR carnet, which covers the passage of transport conveyances through participating countries. A carnet serves as both the Customs entry and the bond. Customs authorities in participating countries accept carnets as a guarantee that all Customs duties and taxes will be paid if any of the items covered by the carnet are not re-exported within the time period allowed.
<i>Customs Form 28</i>	(Customs Request for Information) A form used by CBP to request additional information on a Customs entry, or to request a sample or documentation. The request is generally to assist Customs in determining admissibility, HTSUS classification, or Customs value. The form includes all necessary references and instructions, including the timeframe for response and procedure for extension. Failure to respond may result in duty increases, cargo examinations, compliance assessment, or other Customs actions.
<i>Customs Form 29</i>	(Customs Notice of Action) A form used by CBP to advise an importer of record that a change affecting the tariff classification, Customs duty rate, or Customs value has been taken or is proposed. If the action has been taken, Customs entry liquidation will reflect the change. If the action is proposed, the importer may submit additional information according to the instructions on the form. If the importer does not respond within the stated time frame, the action will be taken by Customs.

<i>Customs Form 4647</i>	The Customs Form 4647 Notice to Mark and/or Notice to Redeliver as the name implies, is a dual purpose form. In most cases, the notice is generated because the subject imported merchandise is not legally marked with the country of origin. The importer must mark the goods and certify he has done so to Customs. The goods may not be sold or distributed until Customs has concurred with the marking. The alternate use, as a notice for redelivery, is usually a more serious matter, and will often lead to liquidated damages. A redelivery notice is a demand by Customs for a return to Customs custody of merchandise which, subsequent to its release, is determined by Customs not to be entitled to enter the commerce of the United States.
<i>Customs Form 7501</i>	(Entry Summary) The entry summary is filed on a CF7501 and is used for the payment of duties, taxes, and fees to CBP. The CF7501 contains all shipment data including merchandise description, the tariff number under which the merchandise is classified, and the value. The entry summary is used for most entry types, but not for transportation entries. For consumption entries, the CF7501 is to be filed with estimated duties attached within 10 working days of the shipment release.
<i>CES</i>	(Centralized Examination Station) This term refers to a commercial bonded facility designated by CBP as an official cargo examination site.
<i>CFR</i>	(U.S. Code of Federal Regulations) This is a publication by the National Archives and Records Administration of all US Government (federal) rules and regulations. This publication collectively documents the detailed requirements, rules, organization and procedures which the many executive branch and independent agencies have developed to implement and enforce the numerous laws passed by Congress which are currently in effect (i.e., collectively referred to as the United States Code, or USC). The CFR has the force of law, and enforcement provisions, provided for in the enabling/underlying USC section. The CFR is divided into 50 titles which represent broad areas subject to Federal regulation.
<i>CFS</i>	(Container Freight Station) A cargo transfer terminal/facility engaged in the receipt of loose or unitized breakbulk cargo, organizing such cargo into container loads, and loading ("stuffing") such loads into outgoing intermodal containers or airfreight containers. A CFS is also a bonded area to hold cargo pending the filing of an entry and release from Customs.
<i>CO, C/O</i>	(Certificate of Origin) A document certifying goods described therein were manufactured, produced or grown in the jurisdiction or location stated on the certificate. CO or C/O may also stand for Country of Origin.
<i>Commodity Classification</i>	A term used to describe the category or line item which a product or commodity falls under within a tariff or other commodity listing. For example, commodity classifications are used to determine applicable transportation rates, Customs duties, trade statistics, and whether an export license is required. The most common commodity classification now in use is the harmonized tariff system (HTS).

<p><i>Customs Bond</i></p>	<p>A Customs bond is a contract which is given to ensure the performance of an obligation imposed by a law or regulation. The parties involved in the bond contract are the principal (importer, transportation carrier, CFS or bonded warehouse operation), surety company, and obligee (Customs). A Customs entry bond is required for the entry of imported merchandise into the U.S. A Customs entry bond acts as a security for compliance with U.S. law and ensures payment of duties, taxes, and fees due U.S. Customs & Border Protection. The bond is intended to protect the U.S. government in the event the importer cannot or will not fulfill their obligation to pay monies due. The bond also serves as an agreement for examination of merchandise, agreement to redeliver merchandise, and an agreement to produce documents, among other things. A continuous bond differs from a single transaction bond in that it remains in effect until either cancelled by the issuing surety or by the principal (i.e., importer, carrier, CFS, warehouse, etc.).</p>
<p><i>CVD</i></p>	<p>(Countervailing Duty) CVD is assessed when a foreign country pays grants or subsidies to the manufacturer, producer, or exporter of goods in order to encourage exportation or to help the exporter compete in the U.S., AND there is injury or threat of injury to U.S. industry. The payment can be direct or indirect and be in any form.</p>
<p><i>Denied Persons List</i></p>	<p>Per 15 CFR 772.1, "A list, referenced in Supplement No. 2 to part 764 of the EAR, of specific persons that have been denied export privileges, in whole or in part. The full text of each order denying export privileges is published in the Federal Register." In addition to the Denied Persons List (BIS), there is also the Entity List (BIS), Specially Designated Nationals and Blocked Persons List (OFAC), the Unverified List (BIS), and Defense Trade Controls List of Debarred Parties. Certain individuals and organizations are prohibited from receiving U.S. exports and others may only receive goods if they have been licensed, even for items that do not normally require a license. Each list must be checked by the exporter for all export transactions.</p>
<p><i>Drawback</i></p>	<p>When referring to taxation or international trade, this term refers to the refund of Customs duty or other tax which has been paid upon goods by reason that such goods have been exported or destroyed under qualifying conditions, or perhaps transferred to another party which is exempt from payment of the subject duty or tax. In general, when drawback is permitted, it can be claimed by the party who paid it or the right to claim drawback can be transferred to another party.</p>
<p><i>Entry</i></p>	<p>The act of entering merchandise consists of the filing of paper or electronic documents with the Customs and Border Protection (CBP) containing sufficient information to enable CBP to determine whether imported merchandise may be released from CBP custody. It also includes the filing with CBP of the declared value, classification and rate of duty applicable to the merchandise, and such other information as is necessary to enable CBP to properly assess duties, collect accurate statistics, and determine whether other applicable requirements of law have been met. As a general rule, all merchandise imported into the United States is required to be entered, unless specifically excepted.</p>

<i>Export Declaration</i>	Declaration made to the government of the country in which an export shipment is planned notifying the government of the intended export, and providing a variety of specific information concerning what is to be shipped, to whom and other particulars of the transaction. In the U.S., this is the AES data transmission, also known as the Electronic Export Information.
<i>FP&F</i>	(Fines, Penalties, and Forfeitures) The division of Customs and Border Protection that deals with seizure, penalties, and liquidated damages. Petitions for relief from these actions must be filed with the FP&F officer designated in the notice of claim.
<i>FTZ</i>	(Foreign Trade Zone) A Foreign Trade Zone is a secure area located in or near a U.S. Customs port of entry, but is legally considered to be outside the Customs territory for the purpose of tariff laws and Customs entry procedures. Merchandise admitted into a FTZ may be stored, exhibited, repacked, assembled, distributed, sorted, graded, cleaned, processed, tested, labeled, repaired, mixed with foreign or domestic merchandise otherwise manipulated, destroyed, or manufactured. Duties are paid only when the goods are entered into the Customs territory. FTZs were established under the FTZ Act of 1934 to create and maintain employment and investment in the U.S.
<i>GSP</i>	(Generalized System of Preferences) GSP is a program designed to promote economic growth in developing countries. It provides preferential duty-free treatment for 3,400 products from nearly 140 designated beneficiary countries and territories.
<i>HMF</i>	(Harbor Maintenance Fee) Pursuant to the Water Resources Development Act of 1986, CBP collects this fee for the U.S. Army Corp of Engineers for the improvement and maintenance of U.S. ports and harbors. Most commercial cargo unloaded from a commercial vessel is subject to the Harbor Maintenance Fee of 0.125 percent (.00125) of its value.
<i>HTSUS</i>	(Harmonized Tariff Schedule of the United States) The HTSUS is used to classify cargo imported into the U.S., and assess duty thereon, and provides the requirements for reporting statistical data of such importations. The Harmonized Tariff System (HTS) is used by over 120 countries. The HTSUS is published in the United States by the U.S. International Trade Commission and contains over 19,000 article descriptions in 99 chapters in 22 sections.
<i>Informal Customs Entry</i>	This is a simplified type of consumption entry procedure that can be used for low value commercial shipments and non-commercial shipments such as personal effects or gifts. An informal entry is considered self-liquidating (i.e., there is no entry liquidation process following release of the cargo) and the importer does not have to provide CBP with a Customs bond (as long as the entry is presented as a "live" entry). An informal entry is defined as the documentation required (either electronic or paper) to secure the release of imported merchandise that is either valued less than \$2000, or if valued in excess of \$2000, would otherwise be released on an informal entry (e.g., personal effects and household goods).

<i>Informed Compliance</i>	Informed compliance is a basic tenet of the U.S. Customs Modernization Act. Informed Compliance is a shared responsibility wherein “the importer is responsible for declaring the value, classification and rate of duty applicable to entered merchandise and Customs is responsible for informing the importer of his rights and responsibilities under the law.” In accordance with this concept, CBP must make information readily available, and importers and their agents are expected to familiarize themselves with the information and have knowledge of the regulations, rulings, interpretations and publications as well as the statutes, tariff schedules and judicial decisions which affect their import transactions. This represents a significant shift in legal responsibility to the importer of record for ensuring the accuracy of Customs entry declarations.
<i>IOR Number</i>	The Importer of Record number, also commonly referred to as an importer identification number, which CBP uses to uniquely identify importers and other parties who file Customs entries and other information with CBP. For U.S. importers, the importer ID will be the IRS number or federal tax ID, or Social Security number for an individual. Non-resident importers will receive a Customs assigned importer ID.
<i>Liquidated Damages</i>	Liquidated damages are a fine imposed by Customs for failure to meet the conditions of any bond on file with Customs, such as late payment of duties, or failure to export or destroy merchandise entered under a TIB. Both the importer and the surety who issued the Customs bond will be notified of a claim for liquidated damages.
<i>Liquidation</i>	Liquidation is the final computation or ascertainment, performed by the CBP, of the Customs duty due on a Customs entry or duty drawback due on a drawback claim. Every formal entry covering imported merchandise, except for entry under a temporary import bond (TIB) or a transportation entry, requires liquidation by the CBP. If not liquidated within one year from the Customs entry date or within one year of the final withdrawal of all merchandise covered by a Customs warehouse entry, a deemed liquidation occurs at the Customs duty rate, Customs value and duty deposit asserted by the importer at the time of filing the Customs entry summary or Customs warehouse withdrawal. The statutory period may be extended for up to three one-year periods when further information is needed or when a U.S. Countervailing Duty Order or a U.S. Antidumping Duty Order is pending, or when requested by an importer.
<i>Live Entry</i>	An entry filed with CBP with the entry summary and payment of duties attached.
<i>MPF</i>	(Merchandise Processing Fee) Pursuant to the 1985 Consolidated Omnibus Reconciliation Act (COBRA), Customs may collect user fees for passenger and conveyance services. The merchandise processing fee is an ad valorem rate of .3464% of the value of cargo (minimum \$25, maximum \$485 per formal entry; \$2 per informal entry) collected as part of the Customs entry process.

NAFTA	(North American Free Trade Agreement) A comprehensive trilateral trade agreement that went into effect January 1, 1994. Creating the world's largest free trade area, a main objective of the agreement is liberalization of trade between Canada, Mexico, and the United States to stimulate economic growth and give the NAFTA countries equal access to each other's markets.
Paperless Entry	This is a CBP procedural option for Customs release and Customs entry filing with CBP of paper documents by the importer or Customs broker. Paperless entry and entry summary operates via the ABI system. CBP will opt for a paperless entry under the following circumstances: Full entry data has been filed via ABI; import carrier is using the AMS system and cargo control is via AMS; The ACS Entry Summary Selectivity sub-system or Border Selectivity sub-system reviews entry summary data and matches it against national and local selectivity criteria to assess risk by importer, tariff number, country of origin, manufacturer, and value. If certain criteria are met, and the shipment does not require examination (i.e., is judged to be low risk) the import carrier (via AMS) and entry filer (via ABI) are notified electronically that the shipment has been released by CBP. The entry filer receives a "paperless" entry status.
PEA	(Post Entry Amendment) The purpose of a PEA is to request correction to the entry summary prior to liquidation. A PEA may cover clerical, classification and valuation errors. A PEA can be used to request a refund as well as for the submission of additional monies owed prior to liquidation. The PEA replaced the SIL (Supplemental Information Letter).
POA	(Power of Attorney) A Customs power of attorney is a legal instrument by which a principal (importer) grants certain powers and authority in favor of an agent (Customs broker). The Customs power of attorney empowers the broker to act on behalf of its clients in transacting their Customs business. That includes those activities involving transactions with Customs concerning the entry and admissibility of merchandise, its classification and valuation, and the payment of duties, taxes, or other charges collected by Customs. Some powers of attorney include language appointing freight forwarders as agents in order to complete exports on the grantor's behalf.
Protest	This term describes a formal legal process of declaring an objection to an error in the tariff classification of goods, or the assessment of duty, or the application of Customs law or regulations, and requesting correction or redress, as set forth in 19 CFR 174. In order to use this process, a protest must be filed in proper form on Customs Form 19 within 180 days of Customs entry liquidation. If a protest is denied, the protesting party may, under certain circumstances, apply for further review.
PSC	(Post Summary Correction) The PSC is the means to correct entries in ACE prior to liquidation. PSC is replacing the PEA. The PSC is filed electronically. The PSC may cover clerical, classification and valuation errors. The PSC can be used to request a refund as well as for the submission of additional monies owed prior to liquidation.

<i>Reasonable Care</i>	Reasonable Care is a legal concept that requires importers to act knowledgeably and responsibly with respect to the entry, classification, valuation, and admissibility of their imported goods. Reasonable Care is a legal term meaning “such degree of care, precaution or diligence as may be fairly and properly expected or required having regard to the circumstances surrounding the transaction.” The importer is legally responsible for using reasonable care to enter, classify and value imported merchandise, and provide any other information necessary to enable Customs to properly assess duties, collect accurate statistics, and determine whether any other applicable legal requirement is met.
<i>RLF</i>	(Remote Location Filing) An optional method for electronic transmission of U.S. Customs entry declarations created as a provision of the Customs Modernization Act. RLF allows Customs brokers to file an electronic entry from a location other than the port of arrival. A Customs broker may prepare, review, and transmit entry declarations from a single location for Customs clearance at designated Customs ports. A Customs broker must have a national permit in order to file RLF entries.
<i>TIB</i>	(Temporary Importation Bond) Under certain conditions, merchandise may be entered into the U.S. temporarily free of duty by posting a bond. Goods admitted under TIB must be exported or destroyed under Customs supervision within one year from the date of importation, unless the bond is extended. Upon approval by the port director, a temporary importation bond may be extended only twice, each extension for not more than one year. If the goods are not exported or destroyed within the specified time, the importer must pay liquidated damages, which could be twice the normal duty. The goods may not be sold or put to any other use during the bond period.
<i>TSCA</i>	(Toxic Substances Control Act) TSCA was enacted by Congress to protect human health and the environment by requiring testing and necessary use restrictions on certain chemical substances. Importers of such substances must certify either that the chemical shipment is subject to TSCA and complies with all applicable rules and orders thereunder, or that the chemical shipment is not subject to TSCA, by signing and filing with Customs a written statement.
<i>WPM</i>	(Wood Packing Material) Wood packing material includes dunnage, crating, pallets, packing blocks, drums, cases and skids. WPM excludes pieces of wood less than 6 mm (0.24 inches) in any dimension; manufactured wood, e.g., plywood, veneer, fiberboard, particle board, corrugated board, oriented strand board; loose wood materials, e.g., shavings, excelsior; whisky and wine barrels; paper products. WPM must be marked in a visible location, preferably on at least 2 opposite sides of the article. The mark must be approved by IPPC (International Plant Protection Convention) and be legible and permanent.

ABOUT SHAPIRO

Shapiro, a third generation family-owned business founded in 1915, provides creative and flexible logistics services. With six offices, over 100 employees, and worldwide strategic alliances, Shapiro is the supply chain partner that delivers customized, compliant, and reliable solutions to address your specific import and export needs. Only Shapiro has an experienced and personable staff that truly cares about your company and commits themselves to proactively achieving your business goals.

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