

# US Import Controls

**This article from the US Customs Service is intended as a general explanation of import requirements for a person interested in establishing an importing business in the USA or a person who may be importing something for personal use only (not for resale) into the USA.**

To speed customs clearance, the import community and the Customs Service have created the Customs Automated Commercial System (ACS), which electronically receives and processes entry documentation and provides cargo disposition information. Cargo carriers, customs brokers, and importers may use the system, which reduces clearance time from days to hours or even minutes. Persons entering into the importing trade who intend to file their own entry documentation with Customs are encouraged to explore this method of transacting business. Also, those importing merchandise either for their own use or for commercial transactions may use a customs broker who transacts customs business using the Automated Broker Interface (ABI) in combination with ACS.

## Import Requirements

An individual may make his/her own Customs clearance of goods imported for personal use or business. All merchandise coming into the United States must clear Customs and is subject to a Customs duty unless specifically exempted by law. Clearance involves a number of steps: entry, inspection, appraisal, classification and liquidation.

The U.S. Customs Service does not require an importer to have a license or permit. Other agencies may require a permit, license, or other certification, depending on what is being imported. Customs entry forms do ask for your importer number. This is either your IRS business registration number, or if your business is not registered with the IRS or you do not have a business, your social security number.

The importer must declare the dutiable value of merchandise. The final appraisal is fixed by Customs. Several appraisal methods are used to arrive at this value. The transaction value serves as the primary basis of appraisal. Transaction value is the price actually paid or payable by the buyer to the seller for the goods imported. Other factors may also add to the dutiable value of merchandise, such as packing costs, selling commissions, royalty or licensing fees, etc. When the transaction value cannot be determined, then the value of the imported goods being appraised is the transaction value of

identical merchandise. If merchandise identical to the imported goods cannot be found or an acceptable transaction value for such merchandise does not exist, then the value is the transaction value of similar merchandise. Similar merchandise means merchandise that is produced in the same country and by the same person as the merchandise being appraised. It must be commercially interchangeable with the merchandise being appraised. The identical or similar merchandise must have been exported to the United States at or about the same time the merchandise being appraised is exported to the United States.

The importer must determine the classification number of the merchandise being imported. The Harmonized Tariff Schedule of the United States (HTSUS), issued by the United States International Trade Commission, prescribes the classification of merchandise by type of product; e.g., animal and vegetable products, textile fibers and textile products.

The importer must pay estimated duties and processing fees if applicable. Customs makes the final determination of the correct rate of duty. The duty rate of an item is tied to its classification number. The HTSUS provides several rates of duty for each item: general rates for countries with which we maintain normal trade relations (NTR); special rates for special programs (free, or lower than the rates currently accorded NTR countries); and column 2 rates for imports not eligible for either general or special rates. Customs duties are generally assessed at ad valorem rates, a percentage of which is applied to the dutiable value of the imported goods. Some articles, however, are dutiable at a specific rate (so much per piece, liter, kilo, etc); others at a compound rate of duty (i.e., combination of both ad valorem and specific rates).

If formal entry is required - the importer may have to post a surety bond.

It is the importers responsibility to ensure that his or her goods being imported meet admissibility requirements - such as proper marking, safety standards, etc. - and that the proper permits, if required, have been obtained in advance of the goods arriving in the United States.

## Arrival of Goods

Imported goods may not legally enter U.S. commerce until the shipment has arrived within the port of entry and Customs has authorized delivery of the merchandise. This is normally accomplished by filing the appropriate documents, either by the importer or by the importer's agent. To get a list of importers in the USA To expedite this process, Customs entry papers may be presented before the merchandise arrives, but entry will not take place until the merchandise arrives within the port limits.

The Customs Service does not notify the importer of the arrival of the shipment. The carrier of the goods usually makes notification of arrival. Arrangements should be made to ensure that the importer or their agent is informed immediately of arrival so that the entry can be filed and delays in obtaining the goods avoided.

The Customs Service defines "entry" not merely as the arrival of goods at a port, but as the process of presenting documentation for clearing goods through Customs. Imported merchandise not entered through Customs in a timely manner (within 15 calendar days of arrival) is sent by Customs to a general order warehouse to be held as unclaimed. The importer is responsible for paying storage charges while unclaimed merchandise is held at the warehouse. If it remains unclaimed at the end of six months, the merchandise is sold at auction.

Some types of Customs entry must be made at the first port of arrival. Ordinarily entry is made there for consumption, for entry into a bonded warehouse, or for transportation in bond to another port where a consumption or warehouse entry will be made. If an importer is unable to be there to prepare and file the entry, commercial brokers, known as customs brokers and licensed by the Customs Service, may act as an agent for the importer. These brokers charge a fee for their services. A list of customs brokers may be obtained from the local Customs office or found in the yellow pages of the local telephone directory.

In the case of a single noncommercial shipment, a relative or other individual may act as the importer's agent for customs purposes. This person must know the facts pertaining to the shipment and must be authorized in writing to act for the importer.

Customs employees are prohibited by law and American Importers Association employees are prohibited by by-laws from performing these tasks for the importing public. However, US customs employees will advise and give information to importers about Customs requirements.

## Formal -v- Informal Entry

Informal entries cover personal shipments, commercial shipments and mail shipments that are being entered for consumption, i.e. for use or sale. In most cases informal entry can be used if the merchandise is valued at \$2000 or less. There are some exceptions such as textiles, certain types of footwear and other goods subject to quota/visa restrictions. Personal shipments valued over \$2000 will also require a formal entry. The difference between an informal entry and a formal entry is the bond requirement and the liquidation process. Liquidation is the final computation of duties or drawback accruing to an entry and is the final step in the entry process.

Formal entries are generally commercial shipments supported by a surety bond to ensure payment of duties and compliance with Customs requirements. A bond is like an insurance policy that is payable to Customs in the event that the importer does not comply with import requirements. Having a bond on file, allows an importer to take possession of his merchandise before the payment of duties, taxes and fees. Bonds can be obtained from a surety, which is an insurance company that has been authorized by the Treasury Department to write Customs bonds.

A port director can require a formal entry for any importation if he or she deems it necessary for the protection of the revenue or for admissibility or enforcement issues.

Goods admitted as informal entries do not require the posting of a bond and goods are liquidated on the spot. After the importer receives notification of the arrival of merchandise from the carrier and it is determined that all shipping charges are satisfied an invoice is presented to Customs. When an informal entry is being made, the inspector, not the importer, is responsible for determining the classification number of the goods being imported. The inspector also completes the Customs forms used for informal entry.

### Formal Entry of Goods

To make or file a consumption entry (for imported goods going directly into the commerce of the United States without any time or use restrictions placed on them) the following documents are generally required:

- A bill of lading, airway bill, or carrier's certificate (naming the consignee for customs purposes) as evidence of the consignee's right to make entry.
- A commercial invoice obtained from the seller, which shows the value and description of the merchandise.

- Entry manifest (Customs Form 7533) or Entry/Immediate Delivery (Customs Form 3461).
- Packing lists, if appropriate, and other documents necessary to determine whether the merchandise may be admitted.

When a consumption entry is filed, the importer indicates the tariff classification and pays any estimated duty and processing fee. A surety bond containing various conditions, including a provision for paying any increased duty that may be found to be owed at a later date, may also be required.

### Other Types of Entry

Imported goods may be sent in-bond from the first port of arrival to another Customs port. In-bond entries postpone final Customs formalities including payment of duty and processing fees, until the goods arrive at the final port. Arrangements for in-bond shipments should be made before the goods leave the country of export.

Imported merchandise may also be sent to a bonded warehouse under a warehouse entry. Duties and processing fees are not paid on warehoused merchandise until the goods are withdrawn for consumption. Storage fees are paid to the warehouse proprietor by the importer.

### Classification

All goods that enter the United States are categorized according to the Harmonized Tariff Schedule. The act of placing goods into the correct category is called classification.

Classification determines how much duty will be collected. Classification is more than simply looking up an item in an index. It is a very complicated process requiring the application of the General Rules of Interpretation; the section, chapter and subheading notes; and the Explanatory Notes. The importer is responsible for properly classifying his merchandise before entry. If he is not sure how to properly classify an item, he can submit a request, in writing, for a binding classification ruling to the National Commodity Specialist Division, U.S. Customs, Attn: Classification Ruling Requests, New York, NY 10048. The rulings will be binding at all ports of entry unless revoked by the Headquarters' Office of Regulations and Rulings. If an importer is not satisfied with the binding ruling received from New York, he or she can appeal it to the Headquarters' Office of Regulations and Rulings, Washington, DC 20229. The Customs Service will not issue binding rulings in response to oral requests.

Import Specialists can give oral advisory rulings but the classification-related opinions or advice of Customs Service personnel at one port are not binding on the Customs ports elsewhere. Oral inquiries may be made to Customs offices regarding existing binding rulings that might cover your importation. Binding rulings may also be researched on the Customs web site at [www.customs.gov](http://www.customs.gov).

### Determining Admissibility/Customs Examination of Goods

In simple cases involving small shipments or certain classes of goods such as bulk shipments, examination may be made on the docks, at container stations, cargo terminals, or the importer's premises. The goods are then released to the importer. In other shipments, sample packages of the merchandise may be retained by Customs for appraisal or classification purposes and the remainder of the shipment released. These sample packages will also be released to the importer after examination.

Examination of goods is necessary to determine:

- The value of the goods for Customs purposes and their dutiable status.
- Whether the goods are properly marked with the country of their origin. Special marking or labeling may apply. Generally, imported merchandise must be legibly marked in a conspicuous place and with the English name of the country of origin. Certain specific articles are exempt from this requirement. (For further information see Customs Publication No. 539 Marking of Country of Origin on U.S. Imports.)
- Whether the goods have been correctly invoiced.
- Whether the shipment contains prohibited articles.
- Whether the requirements of other federal agencies have been met.
- Whether the amount of goods listed on the invoice is correct, and no shortage or overage exists.

If necessary, goods may be analyzed by a Customs laboratory to determine proper classification and appraisal, to determine that the goods meet safety requirements, or to ensure that they are not counterfeit or otherwise in violation of U.S. laws.

If Customs determines that the goods are different from the entered descriptions in quantity or value, that the classification of the goods is incorrect, or

that a different rate of duty than the one indicated by the importer applies, an increase in duties may be assessed. If Customs determines that the importer has deliberately failed to properly classify and value his goods, he may be liable for a fine, or other penalty.

When all the information has been acquired, including the report of the Customs import specialist as to the customs value of the goods, and the laboratory report, if required, a final determination of duty is made and the entry is liquidated. At this time, any overpayment of duty is returned or under-payments billed.

### **Protest**

Within 90 days after the date of liquidation or other decision, an importer or consignee may protest the decision and receive an administrative review. The protest is filed with the port director whose decision is being protested. At the time the initial protest is filed, the importer or consignee must make a request for further review if one is desired. Review of the port director's decision by the Customs Service Center or Headquarters is then automatic. Notice of the denial of all or part of the protest will be mailed to the person filing the protest or to his agent. Any person whose protest has been denied may contest the denial by filing a civil action in the United States Court of International Trade.

### **Mail Shipments**

Shipments by mail which do not exceed \$2000 in value, whether commercial or noncommercial importations (except for commercial shipments of textiles from all countries and made-to-measure suits from Hong Kong, regardless of value), are entered under a mail entry prepared by a Customs officer after the Postal Service submits the package for Customs examination. The parcel is delivered to the addressee by the Postal Service and is released upon the payment of duty, which is shown on the mail entry accompanying the package. A postal handling fee will also be collected from the addressee at the time the package is delivered. This handling fee is not charged on packages sent through military mail channels.

A formal entry is required for any mail shipment exceeding \$2000 in value. Formal entry is also required, regardless of value, for commercial shipments of textiles from all countries and made-to-measure suits from Hong Kong. Certain other articles valued over \$250 require a formal entry (billfolds, footwear, fur, gloves, handbags, leather, luggage, plastics, rubber, textiles, toys, games and sports equipment, etc.) If formal entry is required on a parcel, the parcel is held at the Customs international mail branch and notice is

sent to the addressee of the package's arrival. The addressee can then go to the nearest Customs office to file the formal entry on the package. An entry must be filed in the same manner as for shipments arriving by vessel or airfreight. Once the mail branch has been notified that entry has been filed, the package will be released to the postal service and forwarded to its final destination.

### **Publications Available from American Importers Association**

People who are interested in contacting importers, buyers, wholesalers, distributors, and buying agents in the USA will find the following very valuable.

- Database List of USA Importers and Buying Agents
- A database list of approximately 13,000 importers and wholesalers in the USA, including company name, postal/mailling address, telephone/fax number (if available), buyer's name (if available) and the products imported. Of the companies on the list, approximately 2,000 also include the web site address.
- A short guide to direct marketing (shows the best ways to send your sales letter by post/mail to importers on the list).
- The popular booklet Exporting to the World Using the Internet (explains how to find and sell to buyers using e-mail marketing and B2B web sites.)
- A list of 153 of the most popular B2B web sites used by importers in the US, Canada and around the world.
- A brief description of how to be successful using B2B web sites

### **For more information,**

#### **Publications Available from US Customs**

People who are interested in the importing business will find the following publications very useful. They may be purchased from the Superintendent of Documents, Government Printing Office, Washington, DC 20402. Telephone (202) 512-1800. Prices are subject to change. Several of the following publications are available at [www.customs.gov](http://www.customs.gov) on the U.S. Customs Website.

Customs Regulations of the United States  
A loose-leaf volume containing regulations published for the purpose of carrying out customs,

navigation, and other laws administered by the U.S. Customs Service. Price: \$113, includes revised pages for the subscription year; \$141.25, foreign mailing (surface). Note: Customs regulations are also contained in the Code of Federal Regulations. Title 19, Chapter 1.

#### Customs Bulletin and Decisions

A weekly pamphlet containing regulations, rulings, decisions, and notices concerning Customs and related matters, decisions of the United States Court of Appeals for the Federal Circuit and the Court of International Trade. Price: \$139 a year, domestic mailing; \$173.75 a year, foreign mailing.

#### Harmonized Tariff Schedule of the United States (Annotated)

A technical document for use in classification of imported merchandise for rates of duty and statistical purposes. Price: \$51 domestic, \$63.75 foreign. (This may also be found in many public libraries and on line at [www.usitc.gov/taffairs.htm](http://www.usitc.gov/taffairs.htm).)

The following publications can be obtained from the U.S. Customs Service free of charge by writing to U.S. Customs Service, PO Box 7407, Washington, DC 20229:

Information on the Customs Automated Commercial System (ACS) and its related systems can be found in the pamphlets ACS UN/EDIFACT, ACH Credit, The Automated Clearinghouse Credit Program, Yes You Can"...On ABI and the more detailed ABI Overview. The information can also be found at [www.customs.gov](http://www.customs.gov) on the U.S. Customs web site.

#### Importing Into the United States

Publication No 0000-0502 is a highly technical 86-page book providing extensive details on the topics covered in this pamphlet. Aimed at those contemplating commercial importing, it also contains sample forms, lists of quotas and other restrictions on a variety of generic merchandise (fibers, fabric, metals, foodstuffs, vehicles, etc.) of interest to commercial importers. One free copy can be obtained from U.S. Customs. Additional copies can be obtained from the Government Printing Office at \$9 each; \$11.25 for foreign mailing. This publication is available in both English and Spanish. It is also available on the U.S. Customs website at [www.customs.gov](http://www.customs.gov).

#### Customs Bonds: Q & A

Customs publication No. 590 describes bonds and who may use them, what obligations users assume, terms and definitions.

#### Customs Bonded Warehouse

Customs publication No. 537 explains what a bonded warehouse is, users' costs, different types of bonded warehouses, advantages to importers of using bonded warehouses; plus entry,

treatment, and storage procedures for merchandise and how to establish a Customs bonded warehouse.

#### Import Quotas

"Import Quotas" (Customs publication No. 519) describes the merchandise subject to U.S. import quotas, as administered by the U.S. Customs Service.

#### International Mail Imports

Customs publication No. 0000-0514 answers most frequently asked questions about mailing merchandise to the United States from abroad. It covers gifts, articles for personal consumption, packaging/labeling requirements, and the like.

#### Marking of Country of Origin

Customs publication No. 539 describes the purpose, procedures and statutory requirements for marking merchandise and containers.

#### North American Free Trade Agreement (NAFTA): A Guide to Customs Procedures

This NAFTA guide (Customs publication No. 571) explains the rules of origin and procedural obligations relating to Customs administration of NAFTA. It summarizes various terms of the agreement and gives an overview of the benefits to and requirements of importers. One free copy can be obtained from U.S. Customs. Additional copies can be obtained from the Government Printing Office at: \$6 each, \$7.50 for foreign mailing.

#### Temporary Importation Under Bond (TIB)

Customs publication No. 527 explains the TIB procedure, under which merchandise may be entered into the United States Customs territory temporarily free of duty by posting a bond. It describes classes of goods, eligibility requirements, restrictions, and benefits of the TIB procedure.

#### Ports of Entry

Additional information may be obtained from the ports of entry listed below, or you may consult your telephone directory for a Customs port closer to you, as there are 300 ports of entry in the United States, its territories and possessions. The listing will be found under U.S. Government, Treasury Department.

#### Restricted Merchandise

A license or permit from the responsible agency may be necessary to import:

- alcoholic beverages
- animal and animal products

- certain drugs
- firearms and ammunition
- fruits, nuts
- meat and meat products
- milk, dairy, and cheese products
- plants and plant products
- poultry and poultry products
- petroleum and petroleum products
- vegetables

There are also restrictions on the importation of certain trademarked and copyrighted articles. (For further information see Customs Publication No. 549 U.S. Customs and Protection of Intellectual Property Rights.)

Certain items in these categories may also be prohibited. The following items must comply with applicable regulations of other agencies:

- art materials
- cultural property
- hazardous/toxic/flammable materials
- household appliances
- some electronics products
- toys and children's articles

Most of the above items are regulated, variously, by:

Bureau of Alcohol, Tobacco, and Firearms  
Washington, DC 20226  
(202) 927-8110 (alcoholic beverages)  
(202) 927-8320 (arms and ammunition)

Animal and Plant Inspection Service  
(Animals/animal products)  
USDA-APHIS-VS  
Hyattsville, MD 20782  
(301) 734-7885

Animal and Plant Inspection Service  
(Plants/plant products)  
USDA-APHIS-PPQ  
Hyattsville, MD 20782  
(301) 734-8896

U.S. Fish and Wildlife Service  
Office of Management Authority  
4401 N. Fairfax Drive, VA 22203  
(703) 358-2104

Food and Drug Administration  
Division of Import Operations and Policy  
5600 Fishers Lane  
Rockville, MD 20857  
(301) 443-6553

Consumer Product Safety Commission  
Office of Compliance  
4330 East West Highway  
Bethesda, MD 20814  
(301) 504-0608

Today, an increasing number of goods and products such as textiles, clothing, automobiles, boats, radios, CD players, television sets, and medical devices, are subject to special standards, declarations, certification, marking or labeling requirements.

Other merchandise must be examined for fitness of use, freedom from contamination, or may be subject to quotas on the quantity imported.

All these requirements must be met before the merchandise may be released by Customs. Finally, many categories of goods are subject to quota or visa restrictions. Please see our brochure Import Quotas for a complete list.

### **Foreign Assets Control**

U.S. trade sanctions administered by the Office of Foreign Assets Control (OFAC) generally prohibit the importation into the United States (including U.S. territories), either directly or indirectly, of most goods, technology, or services (except information and informational materials) from, or which originated from Cuba, Iran, Iraq, Libya, North Korea, Serbia, or Sudan; from foreign persons designated by the Secretary of State as having promoted the proliferation of weapons of mass destruction; named Foreign Terrorist Organizations; designated terrorists and narcotics traffickers. Vessels and aircraft under the registry, ownership, or control of sanctions targets may not import merchandise into the United States. The importation of Cuban cigars or Iranian carpets is subject to certain restrictions. Contact your local Customs office. Diamonds may not be imported from Angola without a certificate of origin or other documentation that demonstrates to Customs authorities that they were legally imported with the approval of the Angola Government of Unity and National Reconciliation. Import restrictions imposed against sanctions targets vary by program. Contact the Office of Foreign Assets Control at (202) 622-2490 with specific questions or concerns or visit OFAC's website at [www.treas.gov/ofac](http://www.treas.gov/ofac).