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PENNSYLVANIA

**Small Business
Development Centers**

*Helping businesses
start, grow, and prosper.*

Import Guidelines

Importing Goods Into the U.S.A. Basic Guide

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Importing Goods Into the U.S. A Basic Guide

This document provides basic information for importing goods into the United States. It does not intend to provide you with a complete overview of the importing process and import requirements. We recommend that you contact the nearest Customs office for information on specific issues or questions and consult an expert (e.g., lawyer, customs broker, accountant, customs consultant) to assist you during the process.

Most of the information contained here was obtained from several official sources including U.S Custom and PA Department of Community & Economic Development. For additional information you can go to:

- U.S. tariff rates for specific imported products, to check on regulations such as import quotas, or for general import information, dataweb.usitc.gov
- For information on the procedures to import products into the United States, the publication *Importing into the United States: A Guide for Commercial Importers* may be ordered from the US Government Printing Office (GPO). The publication (stock number 048-002-00132-0) may be ordered by contacting GPO at tel (**091) 202-512-1800 or through the GPO online bookstore: http://www.access.gpo.gov/su_docs/sale.html
- For self-help information on the Internet on Customs issues: <http://www.cbp.gov/>

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IMPORT REQUIREMENTS

- An individual may make his/her own Customs clearance of goods imported for personal use or business. Products entering the U.S. must clear customs and will be subject to a customs duty, unless that product is exempt. Customs clearance will involve a number of steps, including entry, inspection, appraisalment, classification and liquidation.
- The U.S. Customs Service does not require an importer to have a license or permit (with the exception of some restricted merchandise – please see page 9). Customs entry forms will require your importer number. This number 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 the merchandise. The final appraisalment is fixed by Customs. Several appraisalment methods are used to arrive at this value. The transaction value serves as the primary basis of appraisalment. 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.
- 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. (See how to find the HTSUS below)
- 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. Customs duties are generally assessed at *ad valorem* rates, a percentage of which is applied to the dutiable value of the imported goods.
- It is the importers responsibility to ensure that his or her goods being imported meet admissibility requirements.

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 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.
- 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.

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:

1. 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.
2. A commercial invoice obtained from the seller, which shows the value and description of the merchandise.
3. Entry manifest (Customs Form 7533) or Entry/Immediate Delivery (Customs Form 3461).
4. Packing lists, if appropriate and other documents necessary to determine whether the merchandise may be admitted.

FREIGHT FORWARDING

What do forwarders do? Freight forwarding is all about the smooth flow of international trade. The freight forwarder is the party who ensures that internationally traded goods move from point of origin to point of destination to arrive:

- At the right place,
- At the right time,
- In good order and condition,
- At the most economic cost.

An international freight forwarder is an agent for the exporter in moving cargo to an overseas destination. These agents are familiar with the import rules and regulations of foreign countries, the export regulations of the U.S. government, the methods of shipping, and the documents related to foreign trade. Export freight forwarders are licensed by the International Air Transport Association (IATA) to handle air freight and the Federal Maritime Commission to handle ocean freight.

Freight forwarders assist exporters in preparing price quotations by advising on freight costs, port charges, consular fees, costs of special documentation, insurance costs, and their handling fees. They recommend the packing methods that will protect the merchandise during transit or can arrange to have the merchandise packed at the port or containerized. If the exporter prefers, freight forwarders can reserve the necessary space on a vessel, aircraft, train, or truck. The cost for their services is a legitimate export cost that should be included in the price charged to the customer.

Once the order is ready for shipment, freight forwarders should review all documents to ensure that everything is in order. This is of particular importance with letter of credit payment terms. They may also prepare the bill of lading and any special required documentation. After shipment, they can route the documents to the seller, the buyer, or to a paying bank. Freight forwarders can also make arrangements with customs brokers overseas to ensure that the goods comply with customs export documentation regulations. A customs broker is an individual or company that is licensed to transact customs business on behalf of others. Customs business is limited to those activities involving transactions related to the entry and admissibility of merchandise; its classification and valuation; the payment of duties, taxes, or other charges assessed or collected; or the refund, rebate, or drawback thereof.

There are several directories on the internet where you can find companies providing that service. Some of them are:

National Customs Brokers & Forwarders Association of America, Inc. www.ncbfaa.org, or Transportation Intermediaries Association, www.tianet.org

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.

BASIC STEPS

To start a basic research about the HTS, you will need:

1. A complete, accurate description of your merchandise
2. An accurate tariff classification of your merchandise or HTS
3. The tariff and most recent annual U.S. Import Information
4. Details on imports by source country or imports by tariff program or imports by U.S. Customs district of entry

1. Describe your merchandise. First of all, you will need an accurate description of your merchandise. The description should be as complete as possible.

2. Find a HTS category number for your merchandise.

Trade statistics are organized using various numerical coding systems. The main system in use today for international trade statistics is the Harmonized System (HS). The HS is a system for classifying goods in international trade. It is a code of nine digits; and the longer the string of digits, the greater the degree of specificity of the commodity. One or two digit numbers represent greatly aggregated data for broad categories of commodities. Seven or ten digit numbers represent fairly specific commodities.

To find the HTS category number for your merchandise you might do the following steps:

- a) Take the description of your merchandise
- b) Go to <http://usitc.gov>
- c) Click on HTS link
- d) Click on HTS by chapter
- e) Find and click on the Chapter applicable to your merchandise
- f) Read your chapter notes before searching for your description – it may send you to a different chapter
- g) Find the product description most applicable to your merchandise. Remember that the longer string of digits, the greater degree of specificity
- h) The digits at your right are the HTS of your merchandise!!!!!!!!!!

For example, you are intending to find the HTS of roasted decaffeinated coffee, in small packages. Then, you should do the following:

- a) Click in Chapter 9 Coffee, tea, mate and spices

Then, you will find that:

0901 is the HTS for Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion

0901.22 is the HTS for Coffee, roasted Decaffeinated

0901.22. is the HTS for Coffee, roasted Decaffeinated in retail containers weighing 2 kg or less. Unit of quantity is kg and your duty into the US is FREE

2. Once you have the HTS of your product, GO TO:

RESTRICTED MERCHANDISE AND SPECIAL CONSIDERATIONS

- 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 several agencies.
- 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.