

- 3) the value of tangible assists (tools, dies, moulds, materials, components, etc.) and intangible assists (design work, art work, engineering, plans, etc.) that you are supplying;
- 4) royalties and licence fees.

You must report to U.S. Customs any arrangements to share with your customers foreign exchange costs arising from currency fluctuations, as they may result in a higher value for duty. Failing to inform U.S. Customs of such arrangements can mean penalties.

For any transaction, you should notify your broker if there are any errors, omissions or changes of fact. There are no penalties assessed for a clerical error or omission unless U.S. Customs determines that it is part of a pattern of negligence.

TARIFF CLASSIFICATION OF IMPORTED MERCHANDISE

The tariff classification of your products is used to determine the rates of duty that will apply at the time of importation. Therefore, it is vital that your exports be accurately classified. Under the FTA and the NAFTA, tariff classification is also the significant factor in determining whether or not your exports meet the rules of origin and can take advantage of a lower rate of duty.

BINDING RULINGS—PLAYING IT SAFE

The tariff classification of your products should be determined before you commence exporting. Advisory classifications may be obtained by your U.S. customs broker or a U.S. Customs import specialist at a port of entry. However, oral advice from an import specialist is not binding on the Customs Service, and can be changed at any time. Written binding rulings may be obtained for prospective exports from U.S. Customs Headquarters, the National Import Specialists in New York City, or any U.S. Customs area or district office. You can apply

directly for a ruling, or your broker can apply on your behalf. You will need to provide a complete and detailed description of your product. Photographs, sketches and/or a sample can be useful. If you have provided all the necessary information, you can expect, in most instances, to receive a ruling within 30 days.

If you have already started exporting and the import specialist reviewing your entry summary documentation is not satisfied that the tariff classification is correct, he/she may decide to liquidate your entry at a higher rate of duty under a different tariff classification. If you do not agree with his/her opinion, you may file a protest. (See section on Liquidation of Entries.) It is too late to apply for a binding ruling after the customs transaction has taken place.

In addition to binding tariff classification rulings, prospective binding rulings are also available from U.S. Customs on the valuation of goods, country of origin marking requirements, and whether or not the goods meet the FTA rules of origin. Once NAFTA is in effect, U.S. Customs will also provide prospective binding rulings on origin status and country of origin marking requirements.