LIQUIDATION OF ENTRIES

Duties deposited with the entry summary may not necessarily be the final accounting for import duties. The final accounting occurs only when Customs has liquidated the entry. When the import specialist reviews the entry summary documentation and is satisfied that all requirements have been met, he/she will liquidate the entry. This could be several months after the duty was paid. Entries are liquidated automatically one year after the date of entry, unless Customs extends the date by informing you in writing that liquidation is being withheld. Entries are usually liquidated before the automatic time limit.

Your broker will be familiar with the usual rhythm of entry filing and liquidation at a particular U.S. Customs port, and U.S. Customs usually issues courtesy notices of liquidation to the broker or entry filer. The official notice of liquidation appears in a bulletin posted in the customs house. It is important for you to check with your broker to ensure that your entries are being liquidated regularly. If liquidation of your entries has stopped, it is usually because there is a problem that may result in higher duty assessment.

If you disagree with action taken by U.S. Customs at liquidation, a protest must be filed within 90 days of the date of liquidation. For clerical and mathematical errors, the period to file a claim for refund of duties is extended to one year after liquidation.

If U.S. Customs denies your protest, redress is possible only through litigation before the U.S. Court of International Trade.

CUSTOMS VALUATION PROCESS AND INVOICES

An invoice indicating the transaction value of the goods is normally the basis for appraisal of the value for duty, less some standard deductions. U.S. Customs will have a copy of the commercial or sales invoice to your customer that your broker submitted with the entry. That invoice may not show all details required by U.S. Customs. Do not furnish an invoice listing only the net value, as it most likely will not reflect the total amount charged or agreed to be paid. U.S. Customs requires an invoice reflecting the entire transaction. Common deductions, including prepaid freight, the U.S. duty, and customs brokerage fees must be shown as separate items on invoices to be allowed as deductions. Cash discounts are not allowed to be deducted unless they are actually taken by your customer.

Does the invoice clearly reflect all the elements of the transaction?

That is the primary question the import specialist has in mind when he/she is reviewing your invoices. Customs can appraise imported merchandise at higher than invoice values, and often does.

Some of the other methods of valuing imported merchandise by U.S. Customs are:

1. the price paid by another importer for identical merchandise;
2. the price paid by another importer for what customs determines is similar merchandise; and
3. the price at which identical or similar merchandise is sold in the United States, less charges such as freight, duties, customs brokerage and allowances for general expenses and profit in the United States.

It is important to discuss invoicing with your broker and make sure you know which value will apply to your shipments. If amounts for the following elements that you supplied along with the goods are not included in your price or shown on the invoice, be sure to include them as they must be included in the value for duty:

1. packing costs incurred by the buyer;
2. any selling commission incurred by the buyer;