

# Complete Guide To Import/Export

## How To Start Your Own Import/Export Business

### Week #7

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## Learn Everything You Need To Know About Importing Products Into The U.S.

*“Learning is not attained by chance. It must be sought for with ardor and attended to with diligence.”*

— Abigail Adams

**Read Chapter Seven before you start this week’s lesson.**

When I make reference to U.S. Customs in **Chapter Seven** of *How To Start Your Own Import/Export Business* and in this week’s lesson, I am referring to the Customs side of the Customs and Border Protection Agency. This week’s lesson is designed to ensure that you have a firm grasp of the procedures involved with the process of importing goods into the U.S.

### **Task 1: Familiarise yourself with U.S Customs procedures**

Your first task this week is to go to [www.customs.gov](http://www.customs.gov) and familiarise yourself with the website and the detailed rules and regulations. In particular, check out the publication *Importing into the United States: A Guide for Commercial Importers*. Bookmark this site and add it to your favorites; you will have to check it regularly for changes and new material as you move ahead with your business. This site, plus the information in your copy of *How To Start Your Own Import/Export Business* will help explain the necessary procedures involved with an import/export business.

## Task 2: Fill out a “reasonable care checklist”

To help you decide whether or not you are taking “reasonable care” as an importer, U.S. Customs has developed some user-friendly “reasonable care checklists” that I have included at the back of this week’s course. Answer the questions and rate how careful an importer you are.

## Task 3: Decide if you want to hire a Customs broker

At this stage you should begin to consider whether or not you want to hire a Customs broker. While there is no legal requirement for you to use a Customs broker to clear your goods, many importers choose to do so. See pages 72 to 74 of *How To Start Your Own Import/Export Business* to gain a better understanding of what a Customs broker does. Now is also a good time to begin making contact with some Customs brokers—you should make sure to find one that you trust. Look through the yellow pages, and the websites *www.cpb.gov* and *www.ncbfaa.orf*. Once you have decided on a Customs broker, record their details in the space below.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Tel. \_\_\_\_\_

E-mail \_\_\_\_\_

## Task 4: What type of entry will your goods have?

You should now determine the type of entry your goods will have. Review this section (pages 74 to 77) in *How To Start Your Own Import/Export Business*. Research your options, then make a choice and record your decision in the space below.

Type of entry \_\_\_\_\_

## Task 5: Determine your product classification

It is now time to determine if your products will be subject to duty. You will need to obtain a copy of, and search through the Harmonized Tariff Schedule of the U.S. (HTSUS). You can find this in your local library or you can buy a copy at <http://bookstore.gpo.gov>.

Unfortunately this will not be an easy task. The HTSUS is very complicated and you can easily get lead astray. If you are still undecided about whether or not to use a Customs broker, then the HTSUS could send you scurrying to the golden pages, *www.cbp.gov*, or *www.ncbfaa.com*. If you do decide to employ a Customs broker at this stage don’t forget to fill in the contact details of your Customs broker in the space provided above.

If you choose to continue on without a Customs broker then I urge you to proceed with caution. Just about every item you could think of importing is in the HTSUS (just make sure that you get the classification right). But don't worry, the examples in *How To Start Your Own Import/Export Business* (pages 80 to 87) should make this task much easier for you.

Once you (or your Customs broker) have decided how to classify your products, record your findings in the space below.

**Product 1**

Classification \_\_\_\_\_

**Product 2**

Classification \_\_\_\_\_

**Product 3**

Classification \_\_\_\_\_

**Product 4**

Classification \_\_\_\_\_

**Product 5**

Classification \_\_\_\_\_

### **Task 6: Collect the necessary paperwork**

As you've probably realized by now, importing products into the U.S. is a little more difficult than one might imagine. If you have completed the tasks for this week so far, however, you should be well on your way to learning all you need to know about U.S. Customs. Stick with it and, while all this information is fresh in your mind, take the time to begin collecting the paperwork necessary for U.S. Customs. This paperwork includes:

- Entry Manifest (Customs Form 7533) or,
- Application and Special Permit for Immediate Delivery (Customs Form 3461) or,
- Other form of merchandise release as required by the port director.

- Evidence of a right to make entry.
- Commercial invoice or a pro forma invoice when the commercial invoice cannot be produced.
- Packing lists, if appropriate.
- Other documents necessary to determine merchandise admissibility.

At this stage your business plan should be packed full of valuable information. Keep up the good work and insert the new information you have gathered this week into your business template where appropriate.

Now that you are an expert on importing products into the U.S. it is time to move forward. Next week we will discuss the best ways to market and sell your products.

To prepare for next week's lesson, read **Chapter 10** of *How To Start Your Own Import/Export Business*.

Sincerely,



Steenie Harvey  
Import/Export Correspondent, *International Living*

# REASONABLE CARE CHECKLIST

## For use when dealing with U.S. Customs

### Questions that apply to all transactions

- If you are not using the services of an expert/agent (lawyer, Customs broker) to help you comply with U.S. Customs' requirements, have you accessed the Customs Regulations, the Harmonized Tariff Schedule of the U.S., and Customs Bulletin and Decisions?

(All three are available from the **Superintendent of Documents**; tel. (202)512-1800.)

- Have you accessed the U.S. Customs website (*www.customs.gov*), or other Customs research services that provide information and guidance on establishing reliable procedures to facilitate compliance with Customs laws and regulations?
- Do you have an individual within your organization with the knowledge to check and ensure that your Customs documentation is full, complete, and accurate? If the documents are being prepared by an agent, will you receive copies of the information submitted to Customs? Will the information be reviewed for accuracy, and will Customs be informed of necessary corrections as quickly as possible?
- Are you using the services of an agent to help you comply with Customs import requirements? If so have you provided that agent with complete and accurate information about the transaction?
- Have you found that identical transactions or merchandise are handled differently at different ports of Customs offices? If so, have you brought this to the attention of a Customs official?

### Questions by topic

#### Merchandise description and tariff classification

- Do you know exactly what you ordered, where and how it was made, and what it is made of?
- Have you provided a complete, accurate description of your merchandise to Customs in accordance with regulations?
- Has Customs been given the correct tariff classification for your merchandise in accordance with regulations?
- Have you obtained a ruling from Customs regarding the description of your merchandise and/or its tariff classification? If so, have you notified Customs officials of the ruling and your compliance with it?

- If merchandise descriptions or tariff classifications are not immediately available, do you have a reliable procedure for obtaining them and providing them to Customs?
- Have you participated in a Customs pre-classification of your merchandise in order to get it properly described and classified?
- Have you consulted with an expert (ie. a lawyer or Customs broker) to assist you in preparing an accurate description and/or classification of the merchandise?
- If you are claiming a conditionally free or special tariff classification for your merchandise (e.g. NAFTA), have you verified that your goods do qualify for that status? Have you got all the necessary documentation to support your claim? If making a NAFTA claim, have you got a NAFTA certificate of origin?
- Is your merchandise likely to require laboratory analysis or other specialized procedures to establish proper description and classification?
- Do you have reliable procedures in place to maintain and accurately produce required entry documentation and supporting information?

### **Valuation**

- Have you provided Customs with a proper declared value for your merchandise in accordance with regulations?
- Have you obtained a Customs ruling regarding valuation of the merchandise? Can you establish that you followed the ruling reliably? Have you brought these facts to the attention of a Customs official?
- Have you consulted Customs valuation laws and regulations, the *Customs Valuation Encyclopedia*, Customs informed compliance publications, court cases, and any Customs rulings that can help you in valuing merchandise?
- If you purchased the merchandise from a “related” seller, have you reported that fact upon entry? Have you ensured that the value reported to Customs meets one of the “related party” tests?

**Note:** There are a number of conditions to be met when a transaction is carried out between family members. Customs regulations state:

“The transaction value between a related buyer and seller is acceptable for the purposes of this subsection if an examination of the circumstances of the sale of the imported merchandise indicates that the relationship between such buyer and seller did not influence the price actually paid or payable; or if the transaction value of the imported merchandise closely approximates.”

- Have all legally required costs or payments associated with the imported merchandise (assists, commissions, indirect payments or rebates, royalties, etc.) been reported to Customs?
- If you are declaring a value based upon a transaction in which you were/are not the buyer, have you substantiated that the transaction is a *bona fide* “sale at arm’s length” and that the merchandise was clearly destined for the U.S. at the time of sale?
- If you are claiming a conditionally free or special tariff classification or provision for your merchandise, have you reported the required value information and obtained the documentation necessary to support the claim?
- Have you produced the required entry documentation and supporting information?

### **Country of origin, markings, quotas**

- In your entry documents, have you reported the correct country of origin?
- Have you checked that the merchandise is marked properly with the correct country of origin, and that any other applicable marking requirements are in order (watches, gold, textile labeling, etc.)?
- Do you have a Customs ruling regarding the proper marking and country of origin of the merchandise? If so, have you followed the ruling and brought the fact to Customs’ attention?
- Have you used the services of a Customs expert to ascertain the correct country of origin of the merchandise?
- Have you informed your foreign supplier of the requirements for country-of-origin markings prior to importing your merchandise?
- If you are claiming that the goods are of U.S. origin, do you have the proof to substantiate your claim?
- If importing textiles or apparel, have you ascertained the correct country of origin in accordance with regulations, and assured yourself that no false, fraudulent, or illegal practices were involved?
- Do you know what your goods are made of, how they were made, and who made them?
- Have you ensured that the quota category is correct?
- Have you checked the most recent report on import quotas, issued by Customs, to see if your merchandise is subject to a quota category with “part” categories?

- For textile articles, have you prepared a proper country declaration for each entry, i.e., a single-country declaration (if wholly obtained/produced) or a multi-country declaration (if raw materials from one country were transformed into goods in a second)?
- Can you produce all entry documentation and supporting information, including certificates of origin, if Customs requires you to do so?

### **Intellectual property rights**

- If you are importing goods or packaging bearing a trademark registered in the U.S., have you established that it is genuine and not restricted from importation under the “gray market” or parallel-import requirements of U.S. law, and that you have permission from the trademark holder to import the merchandise?
- If you are importing goods or packaging that includes registered copyrighted material, have you established that this material is authorized and genuine? If you are importing sound recordings of live performances, were the recordings authorized?
- Is your merchandise subject to an International Trade Commission or court-ordered exclusion order?
- Can you produce the required entry documentation and supporting information?

### **Miscellaneous**

- Have you made sure that your goods comply with the requirements of other government agencies (FDA, EPA, Department of Agriculture, etc.) and if required, obtained licenses or permits from them?
- Is your merchandise subject to a “dumping” or “countervailing-duty investigation” or determination? If so, have you complied with Customs reporting requirements of this fact?
- Is any of your merchandise subject to quota/visa requirements? If so, have you provided a correct visa for the goods upon entry?
- Have you assured that you have the right to make entry under the Customs regulations?
- Have you made sure you are filing the correct type of Customs entry (e.g., TIB, T&E, consumption entry, mail entry)?