

Port of Chicago – Pipeline



U.S. Customs and
Border Protection

**Pipeline 07- 03A
January 30, 2007**

To: Customhouse Brokers, Importers, and Others Concerned

Subject: Amendment to Pipeline 07- 03 dated January 11, 2007. This amendment provides additional information on the Grace Period for Implementation of the 2007 Harmonized Tariff Schedule of the United States

The U. S. Customs and Border Protection (CBP) is granting a grace period to the Trade to assist in the conversion to the 2007 Harmonized Tariff Schedule of the United States (HTSUS).

The Subject Pipeline, 07-03 of January 11, 2007, was issued to provide the Trade with information regarding the grace period. CBP Headquarters has now issued additional information in the form of questions and answers (Q&As) concerning implementation of the grace period.

The Q&A is attached. It is recommended that you review the earlier pipeline before addressing the Q&As. Especially note that **the 17-day grace period will begin on February 3, 2007, and will end at the close of business on Tuesday, February 20, 2007.** Entries filed on or after February 21, 2007, will require the appropriate WCO HTSUS changes.

Questions regarding this policy should be addressed to Mr. Richard Waldo at (202) 344-2556.

Carl Ambroson
Area Port Director

Questions and answers regarding the conversion to the 2007 Harmonized Tariff Schedule of the United States (HTS) with WCO updates:

1. Where can the World Customs Organization (WCO) HTS updates be found? **The WCO updates can be found on the United States International Trade Commissions web page at: <http://www.usitc.gov/tata/hts/bychapter/index.htm>**
2. When will the WCO HTS updates take effect? **The HTS updates will be in effect on February 3, 2007.**
3. When will the "Grace Period" be in effect? **The grace period will begin February 3, 2007, and end at close of business February 20, 2007. Entries filed on or after February 21, 2007, will be made with the appropriate WCO HTSUS changes.**
4. Can the ten-day filing requirement for filing entries with CBP be extended during the grace period? **No. The entry summary with all duty, taxes, and fees must be filed within ten working days after the time of entry (19CFR142.12).**
5. Will both the 2006 and 2007 tariff numbers be accepted through ABI, i.e., will there be two versions of the ABI tariff file available during the "Grace Period?" **Only one version of the HTS will be accepted, and that is the tariff in effect at the time of transmission. The WCO 2007 HTS updates will be in effect and in the system on February 3, 2007.**
6. Will the CBP ABI tariff file be updated and available for pre-filed entries (air or sea imports filed up to 5 days before arrival) with arrival dates February 3, 2007, and after? **The tariff in effect on the day of ABI transmission must be used. However, immediate delivery procedures (19CFR 142 Subpart C – Special Permit for Immediate Delivery) may be used for shipments released January 22, 2007, through February 2, 2007, to take advantage of the 2007 WCO HTS tariff.**
7. Please outline in detail how rejected entry summaries are to be handled. Will the normal time limits for entry summary rejections still apply? **Corrections to entries rejected by an Import Specialist or Entry Specialist, either manually or electronically by remote location filing, and returned to the filers are required to be corrected within 48 hours. This is in accordance with the current entry summary acceptance and rejection policy.**

However, if an entry is rejected for misclassification attributed to the 2007 HTS, additional time will be allowed for correction if needed. A written explanation will be required justifying the additional time.

8. Are instructions given to the CBP Field Offices available to the Trade? **Yes. Guidance on the implementation of the 2007 WCO can be found on www.cbp.gov at the following link: http://www.cbp.gov/xp/cgov/import/communications_to_trade/world_customs_org/.**
9. When will the 2007 HTS tariff records be available in ABI/ACS for maintenance? **The Automated Commercial System (ACS) changes for the 2007 HTS are available for maintenance. There may be a few corrections as implemented by the International Trade Commission.**
10. How does the "Grace Period" work, does it mean that both 2006 and 2007 data will be available simultaneously - or just that the filers have an extra 17 days to respond? **The "Grace Period" applies to classification errors related to tariff classification made by the WCO. These could be either the late filing of a rejected entry for correction or a post entry correction for entries filed during the "Grace Period" that were later found to have classification errors.**

ACS will only have "active" HTS numbers available in the reference files for processing entry/entry summary transmissions. For example, if a HTS declared on the transmission of an entry summary on February 10, 2007, is for an HTS that expired on February 2, 2007, the transmission will be rejected by ABI/ACS back to the filer without acceptance. Therefore, the Trade MUST utilize an active HTS number at the time of transmission.

If upon subsequent review of the entry summary by the Import or Entry Specialist CBP determines that the HTS successfully used on the February 10th ABI transmission is not the correct HTS and consequently issues either a penalty or formally rejects the entry summary package, this situation may be mitigated/resolved by using this "Grace Period". This may also be the case if these same errors are discovered during an audit.

11. Can you give examples of actions that fall under the guidelines of the 17-day "Grace Period"? **CBP realizes the Trade may need additional time to conduct research and make the adjustments necessary for proper compliance. For example, if an importer has a substantial quantity of articles (such as machinery parts) that are affected by the 2007 HTS and will require additional time to make classification corrections, this could warrant the use of the "Grace Period."**
12. Can you explain what is meant by - "Filers will be responsible for substantiating any additional time needed within the grace period for the late filing of entries and for making post-entry corrections? **If an error is made related to merchandise classified under any of the WCO HTS updates, justification for post entry amendments or for the return of**

rejected entries beyond the 48-hour time limit must be submitted in writing to take advantage of the grace period. The written explanation must explain the nexus between the correction or the need for additional time in refiling corrected entries and the WCO HTS classification.

13. How will we handle NAFTA blanket Certificates of Origin (CO) after the WCO HTS on February 3, 2007?

The NAFTA product specific rules also are being amended to reflect the 2007 HTS. However, the changes are not likely to be implemented on February 3, 2007, with 2007 HTS. However, because the amended rules merely re-state the current rules using HS 2007 nomenclature, COs properly completed using the 2006 rules of origin will be substantively valid for 2007.

The CO contains a field for the classification of the imported good. COs completed for entries made prior to the implementation of the amended NAFTA rules will need to continue to reference the 2006 HTS numbers because the product specific rules are directly related to those HTS numbers.

Once the amended NAFTA rules are implemented, it will be necessary for the CO to contain a reference to the 2007 HTS number. Until the rules are amended, the simplest approach would be for exporters to include both the old and new HTS on the CO. This will avoid the necessity of CBP's requesting that an amended CO containing the 2007 HTS number be presented once the new rules are issued.

Please keep in mind that this only pertains to importations into the US and not procedures for importing into Mexico and Canada.

14. What happens if the Trade has not completed their internal classification by February 20, 2007? **On February 3, 2007, ABI software updates should be completed and on February 20, 2007, it is expected that importers will have completed all internal classification updates. If importers experience difficulties in completing their internal classification updates timely, they should work with CBP through their assigned Account Manager.**
15. Will classification changes eventually have to be made to those entries filed January 1, 2007, through February 2, 2007, or will they remain as entered? **The WCO HTS updates are NOT retroactive. They will be in effect on February 3, 2007.**