

Chapter 2

The Basic Entry Process - Entry and Entry Summary

CFR 142.0 – 142.19, 149

CD: Ch 2 Entry and Entry Summary

When goods and merchandise arrive in the Customs Territory of the United States, the importer must clear entry of the merchandise with Customs. The importer is responsible for filing entry documentation and paying applicable duties, fees, and taxes. The merchandise will not be considered legally entered until Customs authorizes release of the merchandise.

This chapter will discuss the entry and entry summary process. You should know that there are some basic requirements that must be met by every importer or Customs Broker before entry. Those issues will be addressed in the next chapter, however, the authors believe it is necessary to have a good understanding of an “entry” before going any further.

“Entry” is generally a two step process. First, the importer or Customs Broker files basic documentation (or data) to secure release of the goods. This is called the **“Entry” (CF 3461)**. The second step, an **“Entry Summary” (CF 7501)** is filed to provide any additional paper work (or data) required by Customs and to pay duty. It is important to understand that the entry process does not necessarily need two steps. The importer or Broker can file everything all at once. When all documentation is filed at the same time it is called an **“Entry-Entry Summary or Live Entry”** and this is common at every port. Note that the entry documentation (or data) is normally submitted electronically.

I. Entry 142.1

Entry is defined as filing documents or delivery of documents to Customs to secure release of goods. (141.0a) The initial entry documentation (or data) must be filed within **fifteen (15) calendar days of the arrival of the goods to the U.S. Port.** (142.2) The documentation that must be filed includes:

1. Customs Form 3461
2. The invoice
3. A Bond
4. Evidence of the right to make entry – ex. The bill of lading.

The documents mentioned above which include an invoice, a bond, and evidence of right to make entry will all be discussed in the following chapters. For this section you only need to understand that these are the documents needed to clear entry. (142.3)

Once Customs receives the entry documents (or data), Customs will make the determination to release the goods or examine the goods. Under the basic two step entry using a CF3461, the date that Customs releases the goods is “the date of entry”. It is normal that Customs would release the goods on the same day as the entry is filed, but not always. So, the **“Date of Entry” is the date Customs releases the goods.** This date is also the date that will set the duty rate in most cases. (141.69 except warehouse and IT’s)

II. Entry Summary 142.11

After the initial entry is made by the importer, “entry summary” documentation is filed. As stated above, the entry summary is used to pay duty and provide any other documentation necessary for entry. The entry summary must be filed **within 10 working days from the date of entry.** (142.12) The entry summary documentation includes:

1. Customs Form 7501
2. the initial Entry Package (CF 3461, invoice, bond, etc..)
3. duty paid, attached to documents in proper form
4. any other documents required by Customs

The importer has the right to file everything at the same time rather than the two step process described above. This is called an Entry-Entry Summary or **Live Entry**. This would be done with the CF 7501 and no CF 3461 would be needed. (142.12 and 142.3b)

Sample Exam Questions:

Oct. '08 11.) Furniture NOT entered within _____ days after timely arrival is subject to general order.

- A. 10 calendar
- B. 15 business
- C. 15 calendar
- D. 30 calendar
- E. 30 business

Answer is “C”, the “entry” must be filed within 15 calendar days of merchandise arrival, 142.2a.

Oct '08 39.) If no entry has been filed for the goods at the port of entry, or at the port of destination for an in-bond shipment within _____ days after their arrival, the goods may be placed in a general warehouse at the importer’s risk and expense.

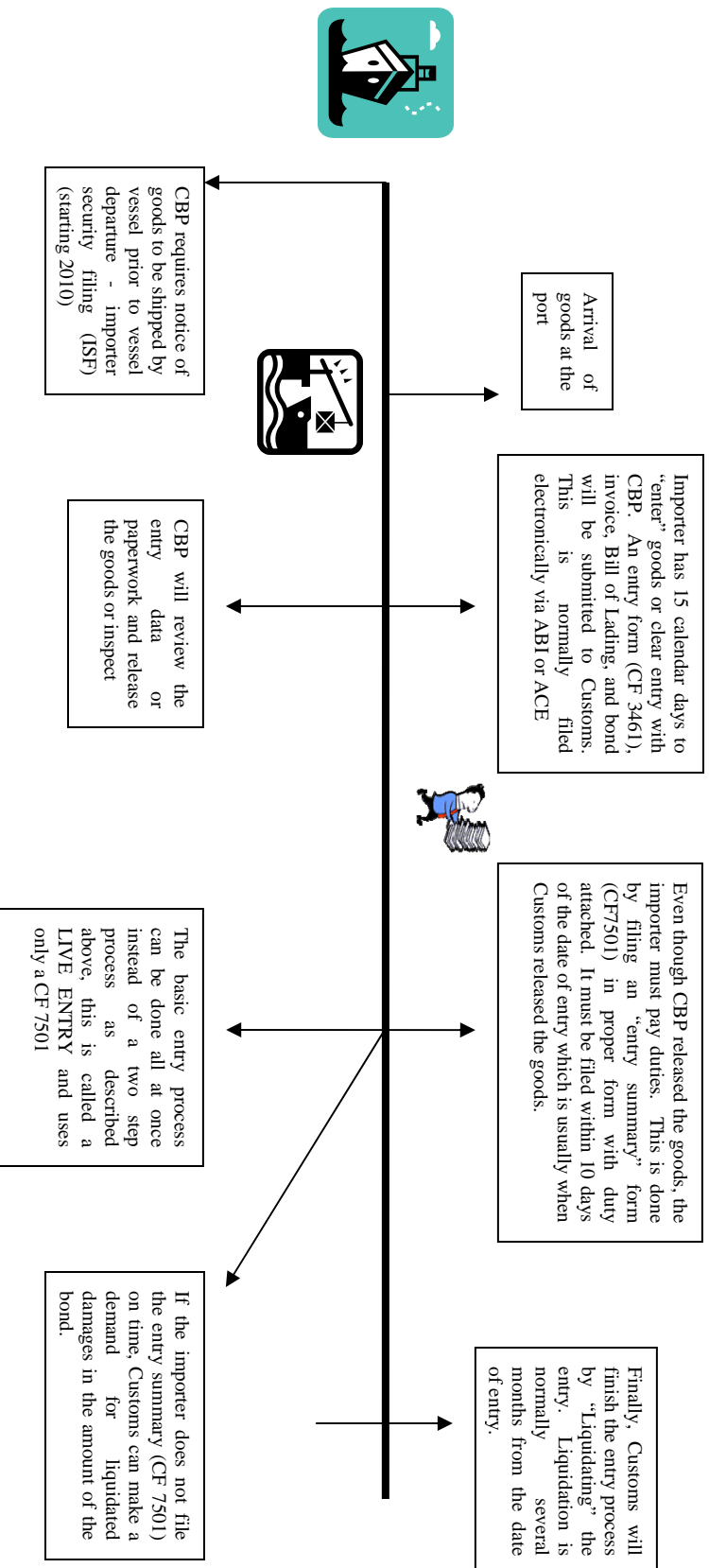
- A. 15 calendar
- B. 10 business
- C. 15 business
- D. 20 business
- E. 30 calendar

Answer is “A” 142.2 and 122.50. You have 15 calendar days to file an “entry” or the goods are subject to General Order warehouse. It does not matter that the goods arrived to the port via in bond... same entry rules apply. Note that the facts are usually not important, the question asks for the entry summary filing deadline.

III. Bond Required 142.4

Bonds will be covered in more detail in a later chapter dedicated to CFR 113. However, because this one section is tested on from time to time, the information will be included here and in the later chapter. As part of the initial entry package, a bond must be filed with Customs. The bond must be covered by an approved surety company (which is a company that Customs has approved to write bonds) or a cash deposit. Customs will not release the merchandise without a bond on file. The bond form is Customs Form 301. The port director can waive the surety or cash deposit requirement when (1) the value of the goods does not exceed \$2,500.00, (2) duties have been paid, and (3) the importer is not delinquent. (142.4(c)) This does not apply to quota merchandise, or if the port director questions redelivery, or merchandise not easily classified or valued. (142.4(c)(2))

***Date of entry is date merchandise is released by CBP when using a CF 3461**



IV. Miscellaneous Entry Issues

ISF for Ocean Imports CFR 149

Beginning 2010 CBP will require importers to electronically transmit an Importer Security Filing (ISF) for ocean vessel imports. You may also see this data referred to as an Advance Ocean Security Filing or “10 + 2”. An importer (freight forwarder or Broker) will be required to submit the following ten data elements to CBP at least 24 hours prior to vessel loading. (149.3):

- Manufacturer name and address
- Container Stuffing Location
- Seller name and address
- Consolidator name and address
- Buyer name and address
- Ship to name and address
- Importer of record
- Consignee number
- Country of Origin
- HTS number (6 digits)

The data will be matched against the ocean carrier’s manifest submitted to CBP. Carriers will need to submit two additional elements: the stow plan and container status messages. These data submissions must be completed before an entry is filed, or a Broker or importer can file an entry (CF 3461) or entry summary (CF 7501) at the same time as transmitting this data. (149.5)

Sample Question:

Oct. ’11 69.) If the ISF and CBP Form 7501 are provided via a single electronic transmission to U.S. Customs and Border Protection the party making the transmission must be a/an _____ .

- A. freight forwarder
- B. common carrier
- C. foreign trade zone operator

- D. importer acting on its own behalf
- E. non-vessel operating common carrier

Answer: D 149.5(a). Out of the options provided only the importer of record acting for himself can transmit both. However, remember that a Broker can also transmit this data.

Other Entry Forms (CF 7533 / CF 3311)

A CF 7533, Inward Cargo Manifest, can be used in place of a CF 3461 for entries coming from a contiguous country – Mexico and Canada. 142.3(a)(1). Also, CBP allows an importer to use a CF 3311 as a complete stand alone entry form when the import is duty free “American Goods Returning” to Customs territory. (142.3(b)(2))

One Entry Summary for Multiple Entries

One entry summary can be used for multiple entries of the same importer. (142.17) As long as the merchandise arrives on the same carrier (or can be by several trucks by land) and all shipments are within a one week period of time. The entry summary must be filed within 10 working days of the first shipment. However, this method cannot be used for quota merchandise. (quota merchandise will be covered later in this book)

Live Entry

The Port Director can require that an importer file everything upfront. Forcing the importer or Customs Broker to file an Entry-Entry Summary (CF 7501) for every import. (142.13) This is sometimes referred to as a live entry by Customs. The Port Director has the right to do this if the Customs Broker or importer repeatedly files

late paperwork, repeatedly files with errors, is habitually delinquent in payments, or he has not taken prompt action to settle a liquidated damages claim.

Export After Entry

It is possible that Customs may release merchandise and later demand that it be returned. This could happen for various reasons including improper marking or it is determined to be restricted or prohibited merchandise. If Customs demands return of the merchandise, the importer may not have to file an entry summary or duties as long as it is returned and an application to destroy or export the goods is filed within 10 days of entry. (142.18)

Demand for Liquidated Damages

If the entry summary is not filed on time (within 10 working days of date of release), the Port Director will make a demand for money from the importer. The demand will be for the amount of the bond for a single entry bond, 1 x the amount of the bond. It is the same amount when the importer has a continuous bond. (142.15) This means that CBP is penalizing the importer and requesting money from the importer for failure to follow CBP regulations. This is called a demand for **liquidated damages** and it will be discussed later in chapter five of the book.

Rejection/Resubmission Entry Summary

The entry summary could be rejected by CBP for some reason. CBP can reject a Non-ABI entry summary up to 30 calendar days from filing. However, ABI entry summaries can not be rejected after 10

working days from filing. Entry Summaries subject to anti-dumping and countervailing duties can be rejected up to 60 days at the port level and up to 90 days by HQ. After these dates the entry summary is considered “accepted” and can not be rejected.

Generally, the filer has two working days after the day of rejection to resubmit. If it is rejected during the normal 10 day period for submission, the filer has at least until day 10 to resubmit. However, for example, if the entry is rejected on the 9th day, the filer has until the 12th day to resubmit. (Never less than two working days to resubmit) For rejected entry summaries for failure to post sufficient bond or cash for anti-dumping and Countervailing duties, the entry may be resubmitted up to 10 working days form date of reject. This information is located in one of CBP Directives on Entry Rejection Policy – NOT in the regulations. If CBP elects to test over this specific Directive, we will notify our students by email and place a note at the students website.

Sample Exam Question:

April '09 10.) A broker has _____ days from the date of reject to resubmit a summary that is rejected for failure to post bond/cash for merchandise subject to antidumping and/or countervailing duty cases

- A. 2 calendar
- B. 2 working
- C. 5 working
- D. 10 calendar
- E. 10 working

Answer: E

Chapter 3

Basic Entry Requirements

CFR 141

CD: Ch 3 Basic Entry Requirements

As stated in Chapter 2, when goods and merchandise arrive in the Customs Territory of the United States, the importer must clear entry of the merchandise with Customs. The importer is responsible for filing entry documentation and paying applicable duties, fees, and taxes. This chapter will look at pre-entry issues. CFR 141 is the chapter that sets out when entry is required, who can enter goods, liability for duty, documents needed for entry, When is the date of entry established for Customs purposes, etc... Most of which are issues that must be addressed before an entry is filed.

As a practical matter, you should know that every new importer must file a Customs Form 5106, Application for importer number. It is a form to register an importer with the US Customs Service. More information on this form will be presented later in the Chapter dealing with CFR 24. (24.5)

I. Entry Required 141.4

When is an entry legally required?? **All merchandise imported into the U.S. must be legally entered.** There are very few exceptions to this rule. The exceptions are listed in 141.4 and in General Note 3(e) of the HTS.

The exceptions listed in CFR 141.4, which includes vessels, trains used in transporting cargo from Canada and Mexico, and shipping tanks, pallets, lift vans, cargo

vans which are used for transport. These containers and holders used for transporting merchandise are not subject to entry or duty requirements. These items are designated “instruments of international traffic” by Customs and do not have to be entered like other merchandise.

The exceptions listed in the HTS General Note 3(e) are:

1. Coffin, corpse, and accompanying flowers
2. Telecommunications transmissions
3. Business or Engineering. Records, diagrams, data, paper or data storage
4. Goods returning from Space owned by USA or USA persons. (space shuttle doesn't pay duty to return....ha ha)
5. Goods exported from Customs territory and returned within 45 days as undeliverable
6. Aircraft parts from US aircraft returned within 45 days and not having left custody of carrier or foreign customs.
7. Not in General Note 3(e), but US Currency in current circulation which must be declared but not entered.

These are matters that do not require an entry. You should note these sections in your CFR index under “entry”.