



The Bottom Line

August 2019 | VOL. 3

ICAT LOGISTICS PUBLISHES UPDATED DUTY POLICY CONCERNING DISBURSEMENT FEES

Summary

Starting September 1, 2019, ICAT Logistics will begin assessing a disbursement fee on shipments for which duties and fees are paid to a Customs agency on behalf of the client.

Background

In the United States, Customs regulations clearly state the payment of duties is the responsibility of the importer. It “constitutes a personal debt due from the importer to the United States which can be discharged only by payment in full of all duties legally accruing” (19 CFR 141.1 (b)), and importers processing their own clearances with Customs are required to pay all duties at the time entry documents are presented for clearance of the imported merchandise. An importer has the option to utilize a licensed Customs broker to process their transactions with Customs and Border Protection. A broker must obtain written authority from the importer and has an obligation to due diligence in that representation. Using a broker to transmit entries on their behalf, however, does not relieve the importer from their responsibility. 19 CFR 111.29 (b)(1) states specifically: “if you are the importer of record, payment to the broker will not relieve you of liability for customs charges.” Most importers do pay the broker and expect the broker to forward duties on their behalf, as brokers are participants in Customs’ Automated Broker Interface (ABI), and have another option for paying duties of which importers take advantage. As participants in ABI, brokers pay duty via statement processing, which allows for the payment of duties for multiple shipments under one ACH (Automated Clearinghouse) transaction. Duties are required to be processed for payment within 10 business days after entry and release of the

shipment. In the course of clearance, the goods are released from Customs custody and duties are paid after release.

Current Status

Standard payment terms for Customers with credit is 30 days. This does not extend to duty payments, which have historically been billed on a separate invoice, due “upon receipt.” Duty invoices, by Customs regulation, are billed at cost. Brokers are required to provide original Customs entry documents in support of invoices for duties. Many importers do not differentiate between the terms on the multiple invoices they receive and pay according to their internal schedules. The result is ICAT has borne the liability for duties advanced within Customs’ 10-day requirement but does not see the return from the importer until the importer schedules payment to ICAT. Unfortunately, continuing this arrangement is untenable for ICAT.

Impact

With the initiation of ICAT’s policy on September 1, three options are available for importers: 1) Pay applicable duties to ICAT within the terms set for duty payments and agree to the disbursement fee; 2) Pay all duties immediately upon receipt of the charges and ICAT will waive the disbursement fee; 3) Establish an individual ACH account with Customs. ICAT, through their ABI connection, will initiate payment authorization to U.S. Customs, but the funds will be debited from the importer’s account. Since no disbursement fee is necessary from ICAT, no disbursement fee will be charged, but the importer still receives the benefit of the 10-day delay before payments are processed.

For more information about establishing an ACH payer account, please click [here](#).