



The Bottom Line

August 2019 | VOL. 2

CUSTOMS AND BORDER PROTECTION INCREASES USER FEES TO MEET 2020 FISCAL DEMAND

Summary

For fiscal year 2020, beginning October 1, 2019, Customs and Border Protection (CBP) will increase the minimum Merchandise Processing Fee (MPF) from \$26.22 to \$26.79, while the MPF maximum will rise from \$508.70 to \$519.76 per entry.

Background

The Merchandise Processing Fee was established by the Omnibus Budget Reconciliation Act of 1986. It is calculated at an ad valorem rate on the value of the merchandise being imported, excluding duty, freight, and insurance. The purpose of the fee was to support the activities of Customs personnel in the (1) assessment and collection of duties, taxes, and fees on imported merchandise; (2) collection and reporting of import statistics; and (3) enforcement of laws of other federal agencies and international agreements. In November 1987, after some U.S. trading partners protested the initial MPF fee structure, a General Agreement on Tariffs and Trade (GATT) panel ruled that the MPF exceeded the cost of services rendered and essentially discriminated against imports to the United States in favor of domestic products. In response to the GATT panel's decision, Congress passed the Customs and Trade Act of 1990 which added a new minimum and maximum fee schedule. Since 1990, both the minimum/maximum fees and ad valorem rate have been slowly raised in small increments.

Current Status

Customs and Border Protection is required, under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), to annually review and adjust, if necessary, its various user fees. Following this year's review, the agency has announced changes to the minimum and maximum fees assessed, but that the ad valorem rate of 0.3464% will not change. Other CBP user fees in the fiscal year 2020 include informal entry or release (\$2.14), surcharge for manual entry or release (\$3.21), and dutiable mail fee (\$5.89). The annual customs broker permit user fee will be \$147.89.

Impact

This change will most directly affect shipments valued between \$7,569 and \$7,733, which would have been calculated at 0.3464% of the commercial invoice value, which are now (after October 1) bumped up to the minimum of \$26.79. Shipments over \$146,853 (commercial invoice value) would have been capped at \$508.7, but will now be calculated at 0.3464% up to the new cap of \$519.76. Although the impact to any one entry may be small, the cumulative fees collected equals revenue to Customs and Border Protection in excess of \$2.26 billion (FY 2014).