

# Customs Clearance Process FAQs

Whenever an import shipment arrives in the United States, customs clearance is required. Shipments valued at over \$2,500 require formal clearance by a customs broker. Customs regulations require a customs broker to have power-of-attorney from the importer of record in order to clear shipments on their behalf. American Cargoservice has the necessary customs power-of-attorney to arrange customs clearance on behalf of the University of California.

**Note the following term definitions referenced below:**

**Shipper:** Party sending the shipment

**Importer of record:** Party receiving the shipment (generally the University of California)

**Broker:** Professional agent, licensed by the U.S. customs, to act on behalf of the University of California in preparing and submitting all documents for clearing goods through customs

**My import shipments just showed up before. Why is this one different?**

Previous shipments may have been valued under \$2,500 and been cleared informally by a courier service such as FedEx or UPS. Occasionally a courier service will ask American Cargoservice to provide clearance when they do not have enough information from the available documents to do so, or when government agencies such as the FDA impose additional clearance requirements.

FedEx has standing instructions from UC San Diego to have American Cargoservice clear shipments valued over \$2,500. If a party other than the University of California is the importer of record, that party can authorize the customs broker of its choosing.

**Why can't I just sign another carrier/broker/forwarder's power-of-attorney so they can clear customs?**

When the University of California is the importer of record, only a person with the authority to obligate the Regents of the University of California's customs bond can sign a customs power-of-attorney on behalf of the University. Only the Regents have that authority and American Cargoservice has the necessary customs power-of-attorney to arrange customs clearance on behalf of the University of California.

**Why do I have to pay for airline fees and delivery from the airport?**

Depending on the arrangements the shipper made with the forwarder or carrier, the carrier may only arrange delivery to a port or airport. Customs clearance, port or airport fees, and delivery from the port

or airport are the responsibility of the importer. American Cargoservice will make the necessary arrangements and invoice the importer.

### **Why does the broker ask so many questions?**

U.S. customs requires that the customs broker accurately classify the contents of the shipment. Often the information available from documents provided by the shipper is not sufficient, or requires an explanation from a person with detailed technical knowledge of the commodity. The broker may need someone to explain the commodity in layman's terms so they, and customs, can understand.

### **My overseas supplier is supposed to pay everything. Why can't you just invoice him?**

Our invoicing and credit arrangements are with the University of California. UC San Diego has no recourse to ensure payment by a foreign entity.

### **How does American Cargoservice (ACS) decide when an "examination" or FDA clearance is required?**

U.S. Customs determines when they will require examination of a shipment. Examinations can be required on a random basis. FDA and other government agencies have regulations that determine what commodities are subject to approval by that agency. For example, any medical device or device that could be used for medical purposes is subject to import approval by the FDA. The FCC has regulations regarding any electronic device that could cause interference. USDA, EPA, CDC, ATF and numerous other government agencies have regulations that may affect your shipment.

### **What is a "Classification" for imports?**

Customs requires that imports be assigned to the correct Harmonized Tariff Code (HTC), a 10-digit classification code which identifies the proper classification for imports and is used by customs to charge the correct duties for the commodity.

### **Why is an "Incoterm" important for import shipments?**

An INCOTERM is a 'term of delivery', used to determine the division of the risks and costs of shipment between a buyer and seller or a shipper and consignee.

### **When can I use a Carnet or Temporary Import?**

A carnet is a document which must be obtained by the shipper prior to shipment. This document allows the shipper (carnet holder) to import a shipment into the destination country without payment of duties

or tax. The carnet holder must supply a bond promising to pay duties and taxes if the shipment is not properly exported before the carnet expires. A carnet is generally good for one year from the date of issuance. If someone is sending you a shipment for demonstration purposes, it is a good idea to ask them to ship with a carnet. This will make the shipper (as opposed to UC San Diego) financially responsible if the shipment is not properly re-exported.

A temporary import bond (TIB), is an arrangement between U.S. Customs and the importer of record, whereby the importer is allowed to import goods free of duty on the condition that the importer will re-export the goods within one year of importation. Significant penalties can occur if these conditions are not met. If you import a shipment under TIB and the shipper fails to properly re-export it, UC San Diego will be held responsible by U.S. Customs for any penalties.

### **What documents does American Cargoservice (ACS) need to clear my imports?**

At a minimum, ACS needs a transport document (air waybill or bill of lading), which is provided by the carrier, and a commercial invoice in English describing the commodity and the value. Additional documents may be required depending on the commodity.

### **What is “ISF” and why should I care?**

“ISF” stands for “Importer Security Filing”. This is an electronic filing made to U.S. customs describing the details of an ocean shipment, and it is typically done by a customs broker. ISF is required for all shipments being imported by ocean, and it must be filed BEFORE the shipment leaves the last foreign port on its journey to the United States. Customs may assess penalties against the importer if this filing is not done timely. ISF requires 10 data elements, some of which may not be readily known by the importer unless arrangements are made in advance (such as the physical address where a shipment is loaded or “stuffed” into the container). When ACS arranges the transport for your shipment, they will automatically obtain the necessary information and ensure the filing is done in a timely manner.

### **What can I/we do to help clear the goods faster?**

Making arrangements in advance goes a long way toward making the process smoother! When a shipment arrives unexpectedly and the clearance process begins only after the shipment arrives, delays are often unavoidable, and can be expensive since carriers charge storage fees while customs clearance is in progress. If you anticipate a shipment will require going through formal clearance by a customs broker, contact American CargoService prior to shipping the material.

### **I will be exporting equipment and reimporting the equipment later. What preparations can or should I make in advance?**

A carnet is a good idea in many cases, depending on where the shipment is going and for what purpose.

If a carnet cannot be used, and the goods being exported are not all made in the United States, a customs registration can sometimes be done. This shows that the goods are exported from the United States and should be exempted from duty when they return.

Goods that are made in the United States are automatically exempt from duty (but ocean shipments are still subject to Harbor Maintenance Fee at 0.125% of the value).

**If American Cargoservice (ACS) handles my import shipments from origin, how will that help clear goods faster?**

When ACS arranges a shipment from origin, by any mode of transport, UC San Diego Shipping will know it is coming, and can get answers to questions regarding customs clearance in advance of the shipment arrival.