



# How 'merchandise passports' can unlock customs

By Cynthia Duncan

Have you ever faced long delays at customs when going abroad to make sales calls, attend a trade fair or otherwise demonstrate how terrific your products are? Have you ever thought: "There must be a better way?"

There is. It's called the ATA Carnet, or "merchandise passport," and it unlocks customs for a wide variety of goods intended for temporary export.

## What is an ATA Carnet?

ATA Carnets enable duty-free and tax-free shipment of many types of goods entering a country that are not intended to be sold. They were created 40 years ago by international treaty, at the urging of some farsighted companies and the International Chamber of Commerce, to facilitate international trade.

"ATA" is an amalgamation of the French and English terms for "temporary admission," while "Carnet" is French for "booklet," which describes the physical appearance of the document.

The system has grown such that, nowadays, nearly 200,000 Carnets are issued every year around the world. Tools of the trade, commercial samples or items for exhibitions may travel on Carnet and are exempt from the payment of duty and taxes at the time of entry.

More than 75 countries and territories throughout Asia, Australia, Europe and North America accept ATA Carnets. Most countries in Latin America and the Caribbean do not, although Chile is expected to join the system later this year.

## How does it work?

A Carnet allows you to avoid payment of duties as well as value-added taxes. The latter can be increasingly troublesome, with VAT in the European Union running from 15 to 25 percent of the total

value of the goods, depending on the country of entry. In China, VAT is 17 percent, and in Australia, 10 percent.

When a country agrees to accept Carnets, it designates a private group, often a chamber of commerce, to administer the system and guarantee payment of any applicable duties or taxes. My organization, the United States Council for International Business, serves that function in this country. We issue Carnets out of our New York headquarters and through a network of field offices nationwide.

ATA Carnets cover virtually all commercial goods, including product samples, professional equipment and goods for trade shows and exhibitions. An individual Carnet can cover different types of goods traveling together. They are commonly used for such things as computers, photographic and sound equipment, repair tools, industrial equipment, vehicles, apparel and jewelry.

They have also been used for less typical items: large jetliners, human skulls, prototype cars, America's Cup-class yachts, performing animals and an orchestra's Stradivarius violins. Again, nearly anything taken abroad that is not intended to be sold is eligible. Carnets do not cover food or agricultural products, disposable items or postal traffic.

## What are the benefits?

An ATA Carnet streamlines the import process. Complicated customs procedures are reduced to one document (although export and import licenses must still be obtained, where necessary), and users avoid paying duty deposits and securing temporary import bonds.

There are fewer surprises with Carnets, since customs arrangements are made in advance, at a predetermined cost, in U.S. dollars. Carnets may be reused,

for unlimited exits and entries, for up to 12 months, with no need to resubmit any of the paperwork.

## How much does it cost?

The application processing fee ranges from \$200 to \$330 per Carnet and is determined by the value of the goods. The USCIB requires a security deposit, usually equal to 40 percent of the total value of the goods, to cover any customs claims that might result from a misused ATA Carnet.

The security deposit may take the form of a certified check or a surety bond, the latter of which is available through our issuing offices. Upon cancellation or expiration of a Carnet, cash deposits are returned in full, and surety bonds are terminated.

For goods valued at \$50,000, the processing fees and bond premium typically amount to \$480, delivered to the customer in 48 hours. Rush Carnets are available for an extra fee.

## Are Carnets available online?

The system is fully online, and many established customers have found it so user-friendly that the entire application process can take just minutes. This is especially important for those needing Carnets on a rush or last-minute basis.

Information on applying for an ATA Carnet, what goods are covered and which countries accept (and do not accept) Carnets is available at [www.merchandisepassport.org](http://www.merchandisepassport.org). To register for the online application, visit [www.carnetregistration.org](http://www.carnetregistration.org), or call (800) 5-DUTYFREE. ☀

*Cynthia Duncan is senior vice president with the United States Council for International Business. She can be reached at [cduncan@uscib.org](mailto:cduncan@uscib.org), or at (212) 703-5079.*