

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

1. <u>When will CBP begin enforcing HQ Ruling H026715?</u>	2
2. <u>What is the definition of an Instrument of International Traffic?</u>	3
3. <u>How is an IIT, arriving from a foreign country with residue, manifested and entered?</u>	4
4. <u>Who will make entry (exporter, carrier)?</u>	6
5. <u>Importer Scenarios</u>	7
6. <u>How will estimates for residual cargo be determined?</u>	9
7. <u>Current industry practice and measurement techniques have not been designed to measure “heel” residue remaining in a tank after loading and, therefore, may be less than accurate when attempting to gauge such small quantities. How will CBP determine its enforcement posture when reviewing these transactions?</u>	10
8. <u>How does the importer determine value?</u>	11
9. <u>What is the process for manifesting and entering IITs containing residual cargo valued less than or equal to \$200 under Sec. 321 (19 U.S.C. 1321)?</u>	12
10. <u>How is an IIT that is completely devoid of any residue manifested and entered?</u>	13
11. <u>If the container is cleaned prior to return to the United States will CBP demand proof of the cleaning as a condition of release for an Instrument of International Traffic?</u>	14
12. <u>In reading the ruling (HQ H026715), the impression is that this ruling focused on bulk and intermediate bulk containers (IBC), but does CBP intend to enforce on any container with residue, box, barrel, drum, pail, jerrican, can, bag, etc.? Can you please clarify if this ruling applies to all or bulk and IBC only?</u>	14
13. <u>Who is considered the “shipper” and the “importer” for IIT arriving with residue?</u>	14
<u>Publicly Available Resource and Reference Material</u>	16

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

United States (U.S.) Customs and Border Protection (CBP) has received numerous questions concerning the importation of instruments of international traffic (IIT) with residue of bulk products. CBP prepared this document to assist the trade community in understanding the obligations for transporting carriers concerning the advance electronic cargo information and importers for entry requirements. Please continue to monitor this document for changes and updates.

Please note, the information listed in this document is not intended to supersede any CBP regulations or directives. Entry requirements and information regarding definitions and responsibilities can be found at 19 U.S.C. §1484(a). Importer of record requirements and information regarding definitions and responsibilities can be found at 19 U.S.C. §1484(a)(2)(B). Entry and importer of record requirements are based on statutory authority and cannot be changed or modified through this FAQ.

The material in this document is provided for general information purposes only and does not supersede existing ruling letters issued by CBP. Because many complicated factors can be involved in customs issues, an importer may wish to obtain a ruling under part 177 of the CBP regulations (19 CFR Part 177), or to obtain advice from an expert who specializes in customs matters, for example, a licensed customs broker, attorney or consultant.

1. When will CBP begin enforcing HQ Ruling H026715?

In 2009, CBP issued HQ Ruling H026715 concerning the treatment of IIT with residue entering the U.S. An enforcement date for HQ Ruling H026715 has not yet been set. CBP continues to work with the trade community towards identifying electronic means to facilitate compliance with this ruling. Specifically, while the electronic filing of Section 321 entries (see FAQ #9) is currently available in the truck and air modes of transport, this capability does not exist at this time in the rail environment. With an anticipated deployment of the ACE M1 Vessel and Rail Manifest release in early 2012, the filing of electronic Section 321 entries will be possible in all modes of transport. CBP anticipates establishing an enforcement date for all modes once the requisite information technology issues are resolved and all rail carriers are using ACE M1 to manifest shipments. The trade community will be notified well in advanced of the enforcement date once it is established.

The trade industry should use the current non-enforcement period to make any necessary changes to business practices and operations to comply with the ruling. When ACE M1 is deployed, the following is a breakdown of the requirements CBP will enforce:

- Instruments of international traffic (IIT) containing residual shipments (chemicals, cargo, goods, etc.), must be manifested and entered in compliance with customs laws; and
- If qualified, shipments containing residual goods can be entered as American Goods Returned (AGR).

Carriers will be responsible for the following:

- Transmitting accurate and complete advance electronic cargo information for the residual cargo to CBP in advance of arrival in the U.S. (19 U.S.C. §2071 note);

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

- Providing CBP with a precise cargo description of the residue (e.g., “Residual cargo rail tank car/hopper car, etc. last contained...”) or the cargo’s Harmonized Tariff Schedule of the U.S. (HTSUSA) number to the 6-digit level in compliance with the Trade Act of 2002 implementing regulations;
- Providing CBP with an estimated quantity of the residual cargo. CBP has identified the residue shipment as a bulk shipment, and the carrier should therefore manifest the residue shipment as “1”. Since the exact amount of the residual goods may not be known at the time the advance cargo information is required to be transmitted, the importer may estimate the amount when providing that information to the carrier for transmission to CBP. Mathematical calculations, volume and weight readings, and historical data may all be tools used in estimating the amount of residue within a container;
- Adhering to applicable regulations and requirements (Environmental Protection Agency (EPA), Department of Transportation (DOT), Food and Drug Administration (FDA), or state/local); and
- Providing updates for the estimated quantity amounts to CBP if a more precise amount is determined.

When a shipment (including IIT with residue) reaches the U.S., the importer of record (i.e., the owner, purchaser, or licensed customs broker designated by the owner, purchaser, or consignee) will be responsible for:

- Filing entry documents for the goods with the port director at the goods' port of entry when required by CBP regulation (e.g. the value is more than \$200, etc.). 19 CFR §141.4 provides that entry as required by 19 U.S.C. §1484(a) shall be made of all merchandise imported into the U.S. unless specifically excepted. Imported goods are not legally entered until after the shipment has arrived within the port of entry, and delivery of the merchandise has been authorized by CBP. Pursuant to the CBP regulations at 19 CFR §143.22, the port director may require a formal consumption or appraisal entry for any merchandise if deemed necessary for import admissibility enforcement purposes, revenue protection, or the efficient conduct of Customs business, even if the importation would otherwise qualify for informal entry;
- Maintaining a valid CBP bond type 3A (Instruments of International Traffic continuous bond) in the name of the entity requesting release for all IIT (19 CFR §113.66); and
- Retaining documentation establishing the basis for determining the value provided for the residual commodity (19 CFR §163).

2. What is the definition of an Instrument of International Traffic?

Section 322(a), Tariff Act of 1930, as amended (19 U.S.C. §1322(a)), provides that “[v]ehicles and other instruments of international traffic, of any class specified by the Secretary of the Treasury, shall be granted the customary exceptions from the application of the customs laws to the extent and subject to such terms and conditions as may be prescribed in regulations or instructions of the Secretary of the Treasury.”

To qualify as an IIT within the meaning of section 322(a), Tariff Act of 1930, as amended (19 U.S.C. §1322(a)), and the implementing regulations, section 10.41a of the CBP

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

regulations (19 CFR §10.41a et seq.), an article must be substantial, suitable for and capable of repeated use, and used in significant numbers in international traffic (e.g. reusable containers). Paragraph (a)(1) of section 10.41a designates as IIT lift vans, cargo vans, shipping tanks and certain other named articles and states that other articles may be designated as IIT by the Commissioner of Customs in decisions to be published in the weekly Customs Bulletin and are available in the Customs Rulings Online Search System (CROSS) at <http://rulings.cbp.gov/>.

Articles qualifying for treatment as IIT pursuant to 19 CFR §10.41a are considered to be used in international traffic when they arrive in the U.S. containing merchandise and when they arrive empty to be filled with merchandise to be exported. If qualified, upon arrival into customs territory of the U.S., the IIT may be released without entry of the payment of duty subject to the provisions of 19 CFR §10.41a. In order to attain the release without entry as specified above, the applicant requesting release must have a valid 3a bond on file (19 CFR §10.41a(c) and 19 CFR §113.66). The presence of a quantity of residue remaining in the conveyance upon its return to the U.S. does not disqualify the article as an IIT.

3. How is an IIT, arriving from a foreign country with residue, manifested and entered?

An IIT arriving from a foreign port or place with residue may not be manifested or entered as an empty container. The residue must be reported, manifested, classified, and entered in accordance with existing statutes and regulations enforced by CBP.

Rail and truck carriers are responsible for the timely submission of accurate manifest data in accordance with the Trade Act of 2002. 19 CFR §123.91, 19 CFR §123.92

A. PROCEDURES FOR MANIFESTING IIT WITH RESIDUAL CARGO

1. All IIT containing residue returning to the U.S. may no longer be treated as empty.

2. The following only applies to IIT that (1) are loaded in the U.S. with goods that are exported, and (2) subsequently return to the U.S. with a quantity of residue below the “Manifest Threshold Limits”:

- a) For truck IIT – a quantity of residue not to exceed 3% of the IIT’s total capacity; and
- b) For rail IIT – a quantity of residue not to exceed 7% of the IIT’s total capacity.

3. In addition to the data elements outlined in 19 CFR §123.91 and 19 CFR §123.92, for IIT returning residual cargo with quantities below the Manifest Threshold Limits, the following manifesting requirements are required by the carrier:

- a) Designation of the container (rail car, etc.) as an IIT;
- b) The residue returning to the U.S. (i.e. “Residue Returning”);
- c) A manifested quantity of “1” as the residue is being considered bulk cargo; and
- d) Certification that the amount of material remaining in the IIT is below the Manifest Threshold Limits. This certification will be contained in the “Remarks/Cargo Description” section of the manifest and must state “Less than 3%” or “Less than 7%.”

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

4. The manifesting party has a continuing duty to update the manifest to the extent the manifesting party becomes aware of any corrected data elements, such as a quantity exceeding the Manifest Threshold Limits.
5. A CBP bond type 3A in the name of the entity requesting release is required for all IIT (19 CFR §113.66). When manifesting more than one bond number, input the additional bond in the “Remarks/Cargo Description” section.
6. Certain commodities imported as residue may be subject to other Federal agency license, permit, and/or restriction (e.g., DOT, EPA Toxic Substances Control Act (TSCA), FDA Prior Notice). Nothing in this document is intended to waive other Federal, state, or local agency requirements for the importation or transportation of residue cargo.

Failure to comply with manifesting regulations (19 CFR §123.91 and 19 CFR §123.92) and the manifested procedure outlined in this document could result in enforcement action (19 U.S.C. §1584) against the carrier and/or delays in release of the conveyance or shipment.

B. ENTRY REQUIREMENTS FOR IIT WITH RESIDUAL CARGO

Value of Residue	Proof of Value Required	Release Type*	Type 3A Bond Required	Type 1 Bond Required
≥ \$2,000.00	Y	Formal Entry	Y	Y
< \$2,000.00	Y	Informal Entry	Y	N
≤ \$200.00	Y	Administrative Exemption: 19 U.S.C. §1321 “ Section 321 ”	Y	N

*May be subject to other Federal agency license, permit, and/or restriction (e.g., DOT, EPA TSCA, FDA Prior Notice)

1. Entry requirements for IIT with residual cargo are based on value, not manifested quantities or the fact that the IIT contains residue below the Manifest Threshold Limit. Therefore, even if the quantity of residue remaining in the IIT is below the Manifest Threshold Limit, an entry (formal or informal) may be required.
2. For informal and formal entry types, if the empty container is eligible for treatment as an IIT and claimed as such, only the residual product needs to be reported at entry using the correct tariff classification of the product with the correct value or classified using 9801.00.10 HTS (U.S. goods returned) if qualified and entered in accordance with 19 CFR §10.1.

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

3. A CBP bond type 3A in the name of the entity requesting release is required for all IIT (19 CFR §113.66). If qualified, the residual cargo may be entered as an informal entry type 11 (e.g. free or dutiable) or under 19 U.S.C. §1321 for administrative exemptions, this would eliminate the Type 1 Importer or broker bond requirement for the residue.

4. The following information is required for merchandise valued less than or equal to \$200 which qualifies for a Section 321 release without entry (19 U.S.C. §1321; 19 CFR §143.23). In addition to this information, a valid type 3A bond in the name of the entity requesting release is required for IIT containing residue:

- a) Country of origin of the merchandise;
- b) Shipper name, address and country (see FAQ #13);
- c) Ultimate consignee name and address;
- d) Specific description of the merchandise;
- e) Quantity (see FAQ #6);
- f) Shipping weight; and
- g) Value (may be zero, but must be less than or equal to \$200 to qualify as Section 321).

IIT with residue below the Manifest Threshold Limit does not automatically qualify the shipment as Section 321. In order for the shipment to qualify as Section 321, the value of the residue must be less than or equal to \$200. This document does not waive or modify any CBP entry requirements.

Section 321's require regular e-manifest data elements plus country of origin and value. Information about 3A bonds can be obtained from an approved surety and filed with the Indianapolis bond office.

5. Even where informal entry would normally be permitted, pursuant to the CBP regulations at 19 CFR §143.22, the port director may require a formal consumption or appraisement entry for any merchandise if deemed necessary for import admissibility enforcement purposes, revenue protection, or the efficient conduct of Customs business.

6. Certain commodities imported as residue may be subject to other Federal agency license, permit, and/or restriction (e.g., DOT, EPA TSCA, FDA Prior Notice). Nothing in this document is intended to waive other Federal, state, or local agency requirements for the importation or transportation of residue cargo.

4. Who will make the entry (exporter, carrier)?

When a residue shipment reaches the U.S., the importer of record (i.e., the owner, purchaser, or licensed customs broker designated by the owner, purchaser, or consignee (see also 19 CFR §143.26)) will file entry documents for the goods with the port director at the goods' port of entry. Imported goods are not legally entered until after the shipment has arrived within the port of entry, and delivery of the merchandise has been authorized by CBP. It is the importer of record's responsibility to arrange for examination and release of the goods. 19 U.S.C. §1484 provides:

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

(a) Requirement and time

- (1) Except as provided in sections 1490, 1498, 1552, and 1553 of this title, one of the parties qualifying as “importer of record” under paragraph (2)(B), either in person or by an agent authorized by the party in writing, shall, using reasonable care—
- (A) make entry therefor by filing with the Bureau of Customs and Border Protection such documentation or, pursuant to an authorized electronic data interchange system, such information as is necessary to enable the Bureau of Customs and Border Protection to determine whether the merchandise may be released from custody of the Bureau of Customs and Border Protection;
- (B) complete the entry, or substitute 1 or more reconfigured entries on an import activity summary statement, by filing with the Customs Service the declared value, classification and rate of duty applicable to the merchandise, and such other documentation or, pursuant to an electronic data interchange system, such other information as is necessary to enable the Customs Service to—
- (i) properly assess duties on the merchandise,
- (ii) collect accurate statistics with respect to the merchandise, and
- (iii) determine whether any other applicable requirement of law (other than a requirement relating to release from customs custody) is met.

Thus, any party that can meet the definition cited above for importer of record may make entry on the residue within a container.

5. Importer Scenarios

Under the following scenarios who is the party that should be filing the CBP entry – Is it the non-resident exporter who owns the product that was not discharged; is it the U.S. producer/exporter, who may not have any right to make entry based on the terms of the original sale and who may not be able to verify that the residue is in fact, originally theirs; or is it the carrier who owns the tank/container and is causing the return of the IIT?

Scenario 1 – A U.S. company exports bulk product in its own or leased tank truck or rail car to a customer in Canada or Mexico as part of ongoing repetitive transactions. The product is pumped from the conveyance for delivery to the customer; residue “tank heel” remains and the conveyance is returned in each instance to the U.S. company for refilling. Under what circumstances may the U.S. company be the importer of record for the remaining tank heel even though the U.S. company does not own the returning goods (i.e., the company does not have a financial interest in the goods)?

Scenario 2 – Same scenario as Scenario 1 except there is no repetitive transactions just a one-time export. After the product is delivered to the customer, residue remains and the conveyance returns to the U.S. for cleaning and use by another U.S. company either for export or domestic transaction. Who is the importer of record?

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

Scenario 3 – A U.S. company exports goods via tank truck or rail to a customer in Canada or Mexico. There are repeat transactions. The product is delivered to the customer and the container is washed in Canada or Mexico.

Scenario 4 – The carrier is returning with residue which qualifies as AGR. How will the AGR shipment be manifested and entered?

CBP expects the parties to the transaction to determine who will be responsible for entering the residue product when the IIT is returned to the U.S. CBP has delayed enforcing existing statutes and regulations in order for parties structuring purchase and transportation contracts for international shipments to include provisions establishing ownership of residue and identifying the party responsible for filing entry as required by CBP regulations at 19 CFR §141.2.

Therefore, while CBP will attempt to address the particulars of the scenarios described above, the answers provided are for general guidance only as the potential variations on these scenarios are numerous and often complex.

As a point of reference in order to address variations below; in situations where the interest is only in the return of the conveyance with residue and the contract of carriage is structured to reflect the carrier as the consignee, and the consignee declares himself to be the owner of the residue, then the carrier may be considered the importer of record. If the ownership of the residue does not vest with the carrier then as the consignee the carrier may appoint a broker to act as importer of record.

Scenario 1 – A U.S. company exports bulk product in its own or leased tank truck or rail car to a customer in Canada or Mexico as part of ongoing repetitive transactions. The product is pumped from the conveyance for delivery to the customer; residue “tank heel” remains and the conveyance is returned in each instance to the U.S. company for refilling. Under what circumstances may the U.S. company be the importer of record for the remaining tank heel even though the U.S. company does not own the returning goods (i.e., the company does not have a financial interest in the goods)?

Given the situation described, the U.S. company should, as part of its established contractual transportation arrangements for its tank truck or rail car, provide CBP with the requisite information on the estimated amount of residue “tank heel” remaining. If internal controls do not exist to determine the amount of product delivered to the customer or potentially returned as “tank heel”, the trade should utilize this delayed enforcement period to establish those systems to ensure adherence to all applicable entry and other agency safety requirements.

Additionally, as stated above, in light of the expected “tank heel” the U.S. company should have added a clause to its sales contract setting forth the ownership of the expected “tank heel.” That ownership will then determine which party(ies) may qualify as “importer of record.”

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

Scenario 2 – Same scenario as Scenario 1 except there is no repetitive transactions just a one-time export. After the product is delivered to the customer, residue remains and the conveyance returns to the U.S. for cleaning and use by another U.S. company either for export or domestic transaction. Who is the importer of record?

As noted above, the company arranging for the return of the conveyance should ensure that all parties to the transaction understand the requirements for reporting residue to CBP as the conveyance return is dependent upon the accurate reporting of the residue.

Again, referencing the general principal above, terms of sale or contract for carriage should address ownership of the expected “tank heel,” which may name the carrier controlling the container as nominal consignee, who may in turn appoint a broker to be the importer of record.

Scenario 3 – A U.S. company exports goods via tank truck or rail to a customer in Canada or Mexico. There are repeat transactions. The product is delivered to the customer and the container is washed in Canada or Mexico.

Assuming that the conveyance is to be returned to the U.S. and that the washing process has removed the residue, then the empty container may enter as an IIT.

Scenario 4 – The carrier is returning with residue which qualifies as AGR. How will the AGR shipment be manifested and entered?

IIT returning to the U.S. with residue which meets the requirements of being AGR according to 19 CFR §10.1 may be entered into the U.S. free of duty on CBP Form 3311. The owner, importer, consignee, or agent of the shipment must make a declaration the shipment is true and correct best to their knowledge, etc. Refer to 19 CFR §10.1(a)2 for additional information regarding the declaration of the goods.

When the value of the shipment exceeds \$2,000 and the articles are not clearly marked with the name and address of the U.S. manufacturer, the port director may require additional documentation. 19 CFR §10.1(b)

A certificate from the master of the vessel stating that products of the U.S. are returned without having been unladen may be accepted in lieu of the declaration. 19 CFR §10.1(c)

6. How will estimates for residual cargo be determined?

Since the exact amount of the residual goods is often unknown at the time the advance cargo information is required to be transmitted, the importer may estimate the amount when providing that information to the carrier for transmission to CBP. The determination that the shipment is below the Manifest Threshold Limit levels and qualifies for treatment as residue

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

should be based on mathematical calculations, volume and weight readings, and historical data may all be tools used in estimating the amount of residue within a container.

Carriers will follow the manifesting procedures for bulk goods, and will therefore manifest the IIT residue quantity as 1. Carriers should declare in the “Remarks/Cargo Description” section of the manifest that the residue remaining in the IIT is less than or equal to 3% of the maximum capacity for IIT transported by truck and less than or equal to 7% of the maximum capacity for IIT transported by rail. The permissible threshold quantities for residue must be calculated based on the maximum capacity for the IIT. For example, a rail tank car may have a maximum capacity of 30,000 gallons; 7% of 30,000 gallons is 2,100 gallons. Therefore, the rail tank car could have up to 2,100 gallons of residual cargo, and it would fall within CBP’s Manifest Threshold Limit. Even though the residual quantity in the previous example is below the Manifest Threshold Limit, a formal or informal entry may be required depending on the value of the commodity. A shipment which qualifies as residual cargo according to the Manifest Threshold Limit does not preclude that shipment from CBP’s entry requirements even though the shipment qualifies as residual cargo.

Additionally, the same estimated amount should be used at the time of entry of the goods. If a more precise amount is obtained after arrival then the manifested quantity must be amended by the carrier and the entry must be amended by the filer. Under existing statutes and regulations, the transporting carrier is responsible for corrections to the manifested quantities and the entry filer is responsible for corrections to the entry. Failure to effect corrections within the time limits prescribed by the existing statutes and regulations may result in the initiation of an enforcement action by the CBP port director.

The statutory language of 19 U.S.C. §1494 reads, “In all cases in which the invoice or entry does not state the weight, quantity, or measure of the merchandise, the expense of ascertaining the same shall be collected from the importer of record before its release from customs custody.”

In instances where a shortage or overage of the manifested amount is detected, CBP will not initiate enforcement actions against the carrier when the verified quantity is less than the Manifest Threshold Limit unless the Port Director has identified other circumstances warranting enforcement action.

In instances where an overage of the manifested amount is detected, CBP may initiate enforcement actions against the carrier when the verified quantity is more than the Manifest Threshold Limit (such as when the IIT is manifested as empty but in fact has residue, or when any other regulation or ruling has been violated).

Nothing in this policy supersedes existing CBP rulings that have been issued to either the importer or entry filer covering imported commodities. The value must be provided and must be based on existing statutes and regulations as discussed in FAQ 8 of this document. Once the value has been determined as discussed in FAQ 8, a determination should be made as to which release should be sought from CBP as discussed in FAQ 3.

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

- 7. Current industry practice and measurement techniques have not been designed to measure “heel” residue remaining in a tank after unloading and, therefore, may be less than accurate when attempting to gauge such small quantities. How will CBP determine its enforcement posture when reviewing these transactions?**

CBP has provided additional time to the statutory implementation date (pursuant to 19 U.S.C. §1625) for the ruling of September 16, 2009 in order for CBP to work with the industry to readjust and modify current practice and procedures to accommodate residue shipments. CBP is aware that industry, in order to accurately track product movement and order fulfillment, utilizes such tools as mechanical displacement meter provers to calibrate the accuracy and performance of meters that measure the quantity of product being pumped or transferred at facilities such as drilling locations, refineries, tank farms and loading racks.

CBP believes the industry should utilize the readjustment time period to develop documented baseline measures for “heel” residue (in the respective modes utilized) which can serve as “reasonable care” measures when declaring that the “heel” in returning tanks falls within the Manifest Threshold Limit as residue. CBP may conduct compliance checks by means of spot inspections and post entry audits to ensure the Manifest Threshold Limits are not exceeded.

- 8. How does the importer determine value?**

Under 19 U.S.C. §1484(a)(1)(B), the importer of record is required, using reasonable care, to complete the entry by filing with CBP the declared value, classification and rate of duty applicable to the merchandise. The importer of record must use the value as determined in accordance with section 402, Tariff Act of 1930 (19 U.S.C. §1401a), as amended by the Trade Agreements Act of 1979 (TAA). In the context of residue returning to the U.S. in a reusable container, transaction value would not apply, because presumably the residue would not have been “sold for exportation to the United States.”

As transaction value has been eliminated as the basis of appraisement, the customs value will be determined by applying the next available appraisement method. The remaining methods, in order, are transaction value of identical or similar merchandise, deductive value, computed value, and the fallback method. Basically, if a method seems to be reasonable, it will be allowed.

For example, CBP ruled in H019073, dated November 2, 2007, that the cost of disposal of imported contaminated soil was the customs value under the fallback method. This might be helpful in situations in which the residue is removed from the container after importation for disposal. Furthermore, in ruling HQ 548247, dated March 10, 2003, CBP appraised imported scrap metal under the fallback method on the basis of the market price for identical or similar scrap metal. In some circumstances the residue must be washed out and disposed of and therefore has a negligible value. There is no “one-size-fits-all” answer as to how returning residue should be valued. But based on the above, there are a number of options, depending on the scenario.

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

Carriers should ascertain the value of the residue shipment as outlined in 19 U.S.C. §1401a. The parties responsible for providing the shipment value to CBP (through formal entry, informal entry, or Section 321 release) could be liable for enforcement action for falsifying entry value (19 U.S.C. §1592). If requested by CBP (during an audit, etc.), carriers should be able to provide the method used to determine the shipment value.

9. CBP will allow IITs containing residual cargo valued less than or equal to \$200 to be manifested and entered as a Sec. 321 (19 U.S.C. 1321). What is the process for entering these shipments and notifying the CBP Port of Entry?

A. RAIL PROCEDURES FOR MANIFESTING SEC. 321 WITH RESIDUAL CARGO

Rail carriers will use ACE M1 to submit the rail consist to CBP in adherence to the current standard practice and within the existing manifest timelines. The carrier will enter the following information when manifesting Sec. 321 shipments (19 CFR §143.23(j)):

1. Shipper name, address and country (see FAQ #13);
2. Ultimate consignee name, address and country;
3. Shipment quantity (see FAQ #6);
4. Weight;
5. Specific description;
6. Value; and
7. Country of origin.

When submitting the cargo description in the rail consist “Remarks” section to CBP through ACE, carriers should follow these guidelines in the following order:

1. A statement identifying the shipment as Sec. 321;
2. A precise commodity description stating “Residual cargo last contained...” or the cargo’s HTSUSA number to the 6-digit level (minimum);
3. The carrier’s 3A bond number; and
4. The quantity, which could be estimated and be stated as “less than 1,000 gallons” or “less than 7%” in the “Remarks” section (Please note that this quantity should be less 7% (for rail) of the total capacity of the IIT).

The following are examples of acceptable cargo descriptions the carrier should provide when inputting the cargo description into ACE for Sec. 321 shipments:

- “Sec. 321, residue last contained crude oil, 2709.00, (insert 3A Bond #), less than 700 gallons”;
- “Sec. 321, residue last contained crude oil, (insert 3A Bond #), less than 7%;
- “Sec. 321, residue last contained invert molasses, 1702.90.35, (insert 3A Bond #), less than 2,100 gallons”; or
- “Sec. 321, residue last contained crushed stone, 2515.25.17, (insert 3A Bond #), less than 7%”.

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

B. TRUCK PROCEDURES FOR MANIFESTING SEC. 321 WITH RESIDUAL CARGO

The Section 321 process is automated through Truck ACE e-Manifest. The carrier will file a “Sec. 321 Informal” manifest as outlined in [ACE e-Manifest Trade Outreach](#) document. The carrier will enter the following information when submitting Sec. 321 shipments (19 CFR §143.23(j)):

1. Shipper name, address and country (see FAQ #13);
2. Ultimate consignee name, address and country;
3. Shipment quantity (see FAQ #6);
4. Weight;
5. Specific description;
6. Value (may be zero); and
7. Country of origin.

When submitting the cargo description in the truck manifest “Cargo Description” section to CBP through ACE, carriers must follow these guidelines in the following order:

1. A statement identifying the shipment as Sec. 321;
2. A precise commodity description stating “Residual cargo last contained...” or the cargo’s HTSUSA number to the 6-digit level (minimum);
3. The carrier’s 3A bond number; and
4. The quantity, which could be an estimated and be stated as “less than 100 gallons” or “less than 3%” in the “Cargo Description” section (Please note that this quantity should be less than 3% (for truck) of the total capacity of the IIT).

The following are examples of acceptable cargo descriptions the carrier must provide when inputting the cargo description into ACE for Sec. 321 shipments:

- “Sec. 321, residue last contained crude oil, 2709.00, (insert 3A Bond #), less than 240 gallons”;
- “Sec. 321, residue last contained crude oil, (insert 3A Bond #), less than 3%;
- “Sec. 321, residue last contained invert molasses, 1702.90.35, (insert 3A Bond #), less than 25 gallons”; or
- “Sec. 321, residue last contained crushed stone, 2515.25.17, (insert 3A Bond #), less than 3%”.

10. How is an IIT that is completely devoid of any residue manifested and entered?

IIT arriving empty may be released without entry or the payment of duty, subject to the provisions of section 19 CFR §10.41a. Pursuant to 19 CFR §10.41a(c) an IIT will be released only after a bond has been filed on CBP Form 301 containing the bond conditions required under section 19 CFR §113.66. The principal on the IIT (Type 3A) bond must be the applicant for release of the holder or container designated as an IIT.

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

11. If the container is cleaned prior to return to the United States will CBP demand proof of the cleaning as a condition of release for an Instrument of International Traffic?

No. As the entity requesting release is required to post a bond under 19 CFR §10.41a(c) and 19 CFR §113.66 for the movement of the IIT, CBP will not require proof of container cleaning as a condition of release for an IIT.

12. In reading the ruling (HQ H026715), the impression is that this ruling focused on bulk and intermediate bulk containers (IBC), but does CBP intend to enforce on any container with residue, box, barrel, drum, pail, jerrican, can, bag, etc.? Can you please clarify if this ruling applies to all or bulk and IBC only?

To the extent that the original ruling (HQ 113129 dated July 12, 1994) applied to Dow Corning, and those containers at issue within the ruling, all other entities should have been transmitting advance electronic cargo information and properly entering the merchandise and containers that have been transported into the U.S.

The CBP regulations (available online at <http://www.access.gpo.gov/nara/cfr/cfr-table-search.html#page1>) 19 CFR §177.9(c) provide:

(c) Reliance on ruling letters by others. Except when public notice and comment procedures apply under Sec. 177.12, a ruling letter is subject to modification or revocation by CBP without notice to any person other than the person to whom the ruling letter was addressed. Accordingly, **no other person should rely on the ruling letter or assume that the principles of that ruling will be applied in connection with any transaction other than the one described in the letter.** However, any person eligible to request a ruling under Sec. 177.1(c) may request information as to whether a previously-issued ruling letter has been modified or revoked by writing the Commissioner of Customs and Border Protection, Attention: Regulations and Rulings, Office of International Trade, Washington, DC 20229, and either enclosing a copy of the ruling letter or furnishing other information sufficient to permit the ruling letter in question to be identified.

The ruling applies to all reusable containers meeting the requirements of 19 U.S.C. §1322(a) and 19 CFR §10.41a, regardless of their size or the type of residue remaining in the container. 19 CFR §141.4, provides that all merchandise imported into the U.S. is required to be entered unless specifically excepted. We note that IITs are exempt from the entry requirement under 19 CFR §141.4(b)(3), however, any merchandise arriving on an IIT would have to be entered pursuant to Part 141 of the CBP regulations.

13. Who is considered the “shipper” and the “importer” for IIT arriving with residue?

The Required Advance Electronic Presentation of Cargo Information Final Rule was published in the Federal Register on December 5, 2003. Pursuant to section 343(a)(1) of the Trade Act of 2002 (as amended by section 108 of the Maritime Transportation Security Act

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

of 2002), cargo information must be transmitted to CBP by means of a CBP-approved electronic data interchange system for all modes of transportation prior to import into or export from the U.S. The shipper data element is identified in the Trade Act regulations for each mode of transportation as follows:

- Vessel regulations, 19 CFR §4.7;
- Air regulations, 19 CFR §122.48a;
- Rail regulations, 19 CFR §123.91; and
- Truck regulations, 19 CFR §123.92.

On February 23, 2004, CBP published a press release regarding shipper requirements under the Trade Act of 2002 implementing regulations. This document is available on the CBP website at

http://www.cbp.gov/xp/cgov/newsroom/news_releases/archives/2004_press_releases/022004/02232004.xml. CBP has agreed to use the 24-Hour rule definition of shipper until the issue is resolved. Under the 24-Hour rule, the party that contracts for carriage of the cargo is acceptable in the shipper field. However, a CBP officer may place the shipment on hold or issue a Do Not Load until s/he can identify additional, specific information regarding the parties involved.

When a formal entry of merchandise is made under the provisions of 19 U.S.C. §1484, the required documentation or information is required to be filed or electronically transmitted by the importer of record. Under the statute, the importer of record is either the owner or purchaser of the merchandise or, when appropriately designated by the owner, purchaser, or consignee of the merchandise, a person holding a valid license as a customs broker. As part of the entry process, goods must be classified (determined where in the U.S. tariff system they fall) and their value must be determined.

Pursuant to the Customs Modernization Act, it is the responsibility of the importer of record to use reasonable care to enter, classify, and value the goods, and provide any other information necessary to enable CBP to properly assess duties, collect accurate statistics, and determine whether all other applicable legal requirements are met. These requirements can be complex. In order to assist importers in meeting their responsibilities, importers may employ experts within their organizations or seek advice or services from outside experts such as customs brokers, attorneys who specialize in customs matters or consultants. Of these outside experts, only customs brokers may actually prepare and file entry documentation, because the preparation and filing of entry documentation constitutes “customs business” which, by statute, may be performed on behalf of others only by a licensed customs broker. See 19 U.S.C. §1641(a)(2).

FREQUENTLY ASKED QUESTIONS
Instruments of International Traffic Imported into the United States with Residue
February 3, 2012

Publicly Available Resource and Reference Material

Environmental Protection Agency Toxic Substances Control Act (TSCA) Importing and Exporting Requirements

- <http://www.epa.gov/oppt/import-export/>

Food Drug Administration Prior Notice of Imported Foods under the Bioterrorism Act of 2002

- <http://www.fda.gov/Food/FoodDefense/Bioterrorism/PriorNotice/default.htm>

Customs and Border Protection

Basic Importing and Exporting

- http://www.cbp.gov/xp/cgov/trade/basic_trade/
 - Importing into the United States

Informed Compliance Publications

- http://www.cbp.gov/xp/cgov/trade/legal/informed_compliance_pubs/
 - [Bona Fide Sales and Sales for Exportation to the United States](#)
 - [Customs Administrative Enforcement Process: Fines, Penalties, Forfeitures, and Liquidated Damages](#)
 - [Customs Brokers](#)
 - [Customs Value](#)
 - [Entry](#)

CROSS – Customs Ruling Online Search System

- <http://rulings.cbp.gov/>

Ruling Request – 19 CFR Part 177

- http://www.cbp.gov/xp/cgov/trade/legal/rulings/ruling_letters.xml

CBP Bulletins and Decisions

- http://www.cbp.gov/xp/cgov/trade/legal/bulletins_decisions/

Trade Act of 2002 – Advance Electronic Cargo Information Requirements

- http://www.cbp.gov/xp/cgov/trade/trade_outreach/advance_info/

ACE Truck e-Manifest

- http://www.cbp.gov/xp/cgov/trade/automated/modernization/carrier_info/electronic_truck_manifest_info/