

U.S. Customs and Border Protection



19 CFR PART 4

CBP DEC. 25-13

RIN 1685-AA34

TONNAGE TAX MODERNIZATION

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Interim final rule; request for comments.

SUMMARY: This interim final rule amends U.S. Customs and Border Protection (CBP) regulations so that a tonnage year, for purposes of calculating tonnage taxes for a vessel, is aligned with the fiscal year of the Federal Government. Currently, CBP calculates a unique tonnage year for each vessel, starting when the vessel first enters the United States. This rule also permits CBP to issue a single electronic receipt for the payment of tonnage taxes and light money. This rule simplifies the tonnage tax process, decreases the number of errors in assessing tonnage taxes, and simplifies the tracking of tonnage tax payments.

DATES:

Effective Date: This interim final rule is effective on September 16, 2025.

Comment Date: Comments must be received by November 17, 2025.

ADDRESSES: Please submit comments, identified by docket number, by the following method:

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. Follow the instructions for submitting comments via docket number USCBP-2025-0581.

Instructions: All submissions received must include the agency name and docket number for this rulemaking. All comments received will be posted without change to <https://www.regulations.gov>, including any personal information provided. For additional information on the rulemaking process, see the “Public Participation” heading of the **SUPPLEMENTARY INFORMATION** section of this document.

Docket: For access to the docket to read background documents or comments received, go to <https://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: Brian Sale, Branch Chief, Office of Field Operations, U.S. Customs and Border Protection, by telephone at 202–325–3338 or by email at OFO-MANIFESTBRANCH@cbp.dhs.gov.

SUPPLEMENTARY INFORMATION:

I. Public Participation

Interested persons are invited to participate in this rulemaking by submitting written data, views, or arguments on all aspects of the interim final rule. CBP also invites comments that relate to the economic, environmental, or federalism effects that might result from this rule.

Comments that will provide the most assistance to CBP will reference a specific portion of the interim final rule, explain the reason for any recommended change, and include data, information, or authority that support such recommended change.

II. Background and Need for Rule

U.S. Customs and Border Protection (CBP) assesses and collects tonnage taxes on vessels brought into the United States from a foreign port or place under the authority of 46 U.S.C. 60301.¹ Section 4.20 of title 19 of the Code of Federal Regulations (19 CFR 4.20) details how CBP calculates regular tonnage taxes. In general, CBP calculates regular tonnage taxes based on either a lower rate of 2 cents per net ton for certain specified vessels, not to exceed 10 cents per net ton in any one year, or a higher rate of 6 cents per net ton, not to exceed 30 cents per net ton per year, for all other vessels.² See 46

¹ See also Treasury Order 100–20 in which the Secretary of the Treasury delegated to the Secretary of Homeland Security the authority related to the customs revenue functions vested in the Secretary of the Treasury as set forth in 6 U.S.C. 212 and 215, subject to certain exceptions; and DHS, Delegation No. 07010.3, Delegation of Authority to the Commissioner of U.S. Customs and Border Protection IIA (Rev. No. 03.2, Incorporating Change 2) (Dec. 11, 2024).

² The lower rate of 2 cents per net ton applies to each entry in a port of the United States of a vessel entering from a foreign port or place in North America, Central America, the West Indies, the Bahama Islands, the Bermuda Islands, or the coast of South America bordering on the Caribbean Sea, a vessel entering from the high seas adjacent to the United States or the above listed foreign locations, and on all vessels (except for vessels of the United States, recreational vessels and barges as defined in 46 U.S.C. 2101) that depart from a U.S. port or place and return to the same port or place without being entered in the United States from another port or place. See 46 U.S.C. 60301(a); 19 CFR 4.20(a). At each entry in a port of the United States of a vessel from a foreign port or place not otherwise specified as receiving the lower rate, the higher rate of 6 cents per net ton, not to exceed a total of 30 cents per net ton per year, applies. See 46 U.S.C. 60301(b); 19 CFR 4.20(a).

U.S.C. 60301(a), (b); 19 CFR 4.20(a). Additional regulatory provisions describe the exceptions to regular tonnage tax, the process for obtaining a certificate of payment and cash receipt, the process for applying for a refund, and guidance on how regular tonnage tax is calculated. *See* 19 CFR 4.20–4.21, 4.23–4.24. Tonnage tax is generally collected along with special tonnage taxes and light money, if applicable. *See* 19 CFR 4.20(c), 4.22.³

A. Tonnage Year

The relevant statute and CBP regulations establish a yearly maximum for the payment of regular tonnage taxes. 46 U.S.C. 60301(a), (b); 19 CFR 4.20(a). For example, if a vessel has made five payments at the 2-cent rate during a tonnage year, CBP will not assess additional regular tonnage tax at the 2-cent rate on that vessel for the remainder of that tonnage year. *See* 19 CFR 4.20(b). Similarly, if a vessel has made five payments at the 6-cent rate during a tonnage year, CBP will not assess additional tonnage tax at the 6-cent rate on that vessel for the remainder of that tonnage year. *See* 19 CFR 4.20(b).

When determining whether a vessel has met the yearly maximum, CBP calculates a “tonnage year” that is unique to each vessel. The tonnage year starts on the date of the first entry of the vessel concerned and expires on the day preceding the corresponding date of the following year. *See* 19 CFR 4.20(b).

The use of a unique tonnage year for each vessel results in an overly complicated calculation of regular tonnage taxes. For each vessel, the CBP officer must determine the relevant tonnage year to determine whether the yearly maximums have been met. This process increases the opportunities for errors in the tonnage tax calculation, resulting in both overpayments and underpayments. Overpayments result in additional work for CBP to process any requests for a refund and underpayments result in a loss of revenue for the U.S. Government. Additionally, if CBP identifies an error in a vessel’s tonnage tax calculation, the process to correct the vessel history can be arduous and time consuming.

A consistent tonnage year for all vessels will simplify the tonnage tax collection process and will provide greater certainty on the amount of money due for both CBP and the vessel agents and operators. CBP officers will be able to calculate tonnage taxes more quickly because they will not need to determine each vessel’s unique tonnage year. Additionally, vessel agents and operators will be better able to

³ Light money is a duty of a specified amount per ton applicable to all foreign vessels entering U.S. ports, unless exempted. *See* 46 U.S.C. 60302–60304.

predict their yearly tonnage tax payments and will need to spend less time checking their payment history for errors because there will be less uncertainty on when a tonnage year starts or ends.

B. Receipt Process for Regular Tonnage Tax, Special Tonnage Tax, and Light Money

Upon each payment of regular tonnage tax, special tonnage tax or light money, CBP provides to the master of the vessel a certificate on CBP Form 1002 (Certificate of Payment of Tonnage Tax) that includes the control number from the related cash receipt (CBP Form 368 or 368A).⁴ See 19 CFR 4.23. CBP Form 1002 constitutes the official evidence of the payment of regular tonnage taxes, special tonnage taxes, and light money. See 19 CFR 4.23. This certificate must be presented upon each entry during the tonnage year to establish the date of commencement of the tonnage year and to ensure against overpayment. See 19 CFR 4.23.

This manual, paper-based receipt process outlined in the regulations is cumbersome for CBP officers and vessel agents and operators.⁵ The process requires duplicative receipts for the payment of tonnage taxes because CBP prepares and issues, and the vessel agents and operators must keep in the records, a receipt for the payment of tonnage taxes on CBP Form 368 or 368A, as well as a receipt on CBP Form 1002.

In order to modernize this paper-based process, this rule will replace CBP Form 1002 with an electronic receipt in most circumstances. This automation will result in multiple benefits to both CBP and vessel agents and operators. For example, CBP personnel can create draft receipts prior to boarding a vessel, which decreases the amount of time it takes to fill out and issue the receipt. This enables CBP personnel to issue electronic receipts more quickly and efficiently. Additionally, the automation provides vessel owners and operators with the ability to store and receive receipts electronically. This decreases the possibility that a vessel agent or operator will be unable to provide evidence of prior tonnage tax payments and would be required to obtain a replacement receipt from the port director to whom the payment was made. See 19 CFR 4.23.

⁴ Although these forms are referenced as “Customs Form[s]” in 19 CFR 4.20 and 4.23, these forms are now CBP Forms.

⁵ For participants in the Mobile Collections and Receipts Pilot (MCR), CBP may issue a single electronic receipt that is the combined equivalent of CBP Forms 1002 and 368. See 82 FR 58008 (Dec. 12, 2017) and 88 FR 86912 (Dec. 15, 2023); see also CBP, Automation of 368 and 1002 Receipts, <https://www.cbp.gov/trade/priority-issues/revenue/revenue-modernization/automation-368-and-1002-receipts> (last visited Mar. 7, 2025).

III. Amendments to the Regulations

A. Aligning the Tonnage Year With the Fiscal Year

This rule changes the definition of a tonnage year in 19 CFR 4.20(b) to align with the fiscal year of the Federal Government, starting on October 1 of each year and ending on September 30 of the following year.⁶ See 31 U.S.C. 1102. CBP will no longer calculate a tonnage year based on when a particular vessel first enters the United States.

This change will simplify the tonnage tax collection process, eliminate the unique calculation of a tonnage year for each vessel, and reduce errors caused by multiple tonnage years, thereby considerably reducing the time and effort CBP officers currently spend calculating tonnage taxes and investigating and correcting tonnage tax errors. This is part of a broader effort by CBP to align various taxes and fees with the fiscal year to simplify assessments and collections and improve efficiencies for both CBP and the public. CBP is not changing the requirement that the tonnage tax year is calculated without regard to the rate of the payment made at the first entry of the vessel concerned.

As a result of this change, most vessels will be required to start a new tonnage year earlier than they would without this rule. For example, a vessel that has paid the yearly maximum under current requirements and which has several more months until the vessel's unique tonnage year expires, would be required to start a new tonnage year on October 1. CBP does not expect this to cause significant disruption to vessel operations because the rate of applicable tonnage taxes is not increasing, and tonnage taxes are generally not a significant cost compared to other vessel duties and taxes. Additionally, CBP does not expect the tonnage tax revenue in the transition year to be significantly higher compared to subsequent years as a result of this rule. Finally, CBP has conducted outreach to the trade, which has been supportive of this change.⁷

B. Modernized Receipt Process

This rule amends several provisions in 19 CFR 4.20 and 4.23 to modernize the receipt process so that CBP may issue a single, elec-

⁶ Special tonnage taxes and light money are not subject to a yearly maximum and, therefore, are not affected by the shift to a fiscal year tonnage year.

⁷ Since February 2023, CBP's Office of Field Operations has conducted outreach to vessel agents attending in-person and virtual training sessions and received positive feedback on the proposal to change the definition of tonnage year so that all vessels use the same timeframe. CBP also conducted outreach to various trade associations representing vessel operators and agents and received positive feedback to the proposal to implement a consistent tonnage year for all vessels.

tronic receipt for the payment of regular tonnage tax, special tonnage tax, and light money. This contrasts with the current procedures outlined in the regulations, which require CBP to issue two paper receipts for each payment at each entry.

First, this rule amends 19 CFR 4.23 to state that CBP will issue to the master of each vessel, upon each payment of regular tonnage tax, special tonnage tax, or light money, a receipt of payment. This will replace the current paper-based process in the regulations, that require CBP to issue a certificate of payment on CBP Form 1002, as well as a receipt on CBP Form 368/368A for the same payment. *See* 19 CFR 4.23. In most situations, CBP will provide the master of the vessel with an electronic receipt. If CBP is unable to provide an electronic receipt, such as in a system outage, CBP will issue a receipt on a paper CBP Form 368/368A or other equivalent paper receipt. The receipt will constitute the official evidence of payment and must be presented upon each entry during the tonnage year to ensure against overpayment. *See* new 19 CFR 4.23. In the absence of the receipt, evidence of payment of tonnage tax can be obtained from the port director to whom the payment was made. *Id.* The vessel agents and operators are responsible for maintaining their records of payment, electronically or on paper, to be available for CBP review.

As a result of this change, CBP Form 1002 will be eliminated. CBP will not be required to maintain paper copies of CBP Form 1002 and vessel agents and operators will not be required to maintain paper copies of finalized CBP Form 1002s. Vessel agents and operators should maintain any finalized CBP Forms 1002 for the entirety of any tonnage year in which they received a paper CBP Form 1002 as a receipt of payment.

Second, CBP is amending section 4.20(f)(2) to eliminate the reference to “Customs Form 1002.” Pursuant to 19 CFR 4.20(f)(2), certain information is noted on CBP Form 1002 and on the Vessel Entrance or Clearance Statement, CBP Form 1300. This notation on two forms is redundant and does not serve CBP operations. CBP will continue to include the necessary information on CBP Form 1300 and on the receipt issued for payment. CBP is also amending section 4.20(f)(2) so that “Customs Form 1300” is referred to as “CBP Form 1300” in accordance with current naming conventions.

Finally, CBP is amending 19 CFR 4.23 so that the receipt for payment of tonnage taxes is no longer used to establish when the tonnage year starts for a particular vessel. A consistent tonnage year for all vessels, equal to the fiscal year of the Federal Government, means that CBP does not need to rely on the receipt of payment for each vessel to establish when a tonnage year starts. CBP will con-

tinue to rely on the receipt of payment when determining whether a vessel has reached the yearly maximum number of payments for a tonnage tax rate.

C. Description of the Yearly Maximums

In addition to defining the tonnage year, 19 CFR 4.20(b) provides the maximum number of payments during a tonnage year, five payments at the maximum (6-cent) rate and five payments at the minimum (2-cent) rate, so that the maximum assessment of regular tonnage taxes may amount to 40 cents per net ton for the tonnage year of a vessel engaged in alternating trade. This rule amends section 4.20(b) to improve readability and clarity. CBP does not intend for this change to substantively affect the calculation of tonnage taxes.

D. Guidance

CBP uses four scenarios listed in 19 CFR 4.20 as guidance when determining the port of origin for a voyage to the United States and the applicable rate of regular tonnage tax. *See* 19 CFR 4.20(a)(1)–(4). CBP is revising the wording of these scenarios to provide more clarity for the trade and to the ports of entry. The revisions are not intended to substantively alter how CBP determines a port of origin or rate of tonnage tax.

IV. Statutory and Regulatory Reviews

A. Administrative Procedure Act

Section 553(b) of the Administrative Procedure Act (APA) generally requires agencies to publish a notice of proposed rulemaking in the **Federal Register** that solicits public comments before the rule takes effect. CBP finds that this rule is exempt from prior notice and comment rulemaking procedures under section 553(b)(A) of the APA. Pursuant to section 553(b)(A), the standard prior notice and comment procedures do not apply to an agency rulemaking to the extent that the rule involves matters of “agency organization, procedure, or practice.” Rules are procedural if they are “primarily directed toward improving the efficient and effective operations of an agency, not toward a determination of the rights or interests of affected parties.” *Mendoza v. Perez*, 754 F.3d 1002, 1023 (D.C. Cir. 2014) (quoting *Batterton v. Marshall*, 648 F.2d 694, 702 n.34 (D.C.C. 1980)). The purpose of the exception is “to ensure that agencies retain latitude in organizing their internal operations.” *Mendoza*, 754 F.3d at 1023 (quoting *Batterton*, 648 F.2d at 707).

This rule is a procedural rule promulgated for efficiency purposes that falls within this exception. This rulemaking replaces a paper certificate of payment of tonnage tax (CBP Form 1002) with an elec-

tronic receipt, or if an electronic receipt is not feasible, with a single, equivalent paper receipt. This is a change in the format of the receipt and does not change any of the substantive requirements related to the payment or receipt process. Eliminating CBP Form 1002 so that certain information is listed only on the Vessel Entrance or Clearance Statement, CBP Form 1300, and not on both CBP Forms 1300 and 1002 is also only a change in CBP recordkeeping procedures that does not affect the substantive rights or interests of the public.

Additionally, the shift to a tonnage year that is aligned with the fiscal year does not substantively affect the rights or interests of the public. Congress has determined the substantive requirements of tonnage tax, including the applicable rates and the yearly maximums. *See* 46 U.S.C. 60301. This rule does not change those substantive requirements, and vessel agents and operators will continue to be subject to the same rates and the same requirements for meeting the yearly maximums regardless of this rule. The only change to the tonnage tax process is to change which 12-month period CBP uses to determine the tonnage year. CBP considers this change to merely set forth a CBP accounting procedure for implementing the statute that does not itself impose a substantive requirement. Although average tonnage tax revenue is expected to increase under this rule, an estimated 94% of all vessels in a given year will pay no more in tonnage tax with the rule than without it. For those vessels that do pay more tonnage tax in a given year, the increase will be nominal, with the average tonnage tax per entry increasing by approximately \$128. For these reasons, CBP may forgo advance notice and comment.

As discussed above, section 553(b) of the APA generally requires agencies to publish a notice of proposed rulemaking in the **Federal Register** that solicits public comments before the provisions of the rule take effect. In addition to the aforementioned procedural rule exception, CBP finds that this rule is exempt from the prior notice and public comment requirements for good cause under 5 U.S.C. 553(b)(B), which permits agencies to forgo those procedures when they are impracticable, unnecessary, or contrary to the public interest. CBP finds prior notice and comment unnecessary in this case because this rule does not impose new obligations on the public, does not alter the substantive requirements governing tonnage tax rates or eligibility, and instead eliminates duplicative and outdated administrative processes. The revisions streamline how CBP documents tonnage tax payments and standardizes the tonnage year across all vessels, improving internal consistency and clarity for vessel agents and operators. Because these changes are limited to administrative procedures and remove, rather than impose, compliance burdens, standard notice and comment is unnecessary under 5 U.S.C. 553(b)(3)(B). Although prior notice and comment is not required in

this context, CBP nonetheless invites post promulgation comments to identify any technical or procedural improvements that may aid in future implementation.

Section 553(d) of the APA requires agencies to delay the effective date of final rules by a minimum of 30 days after the rule publishes in the **Federal Register**, subject to certain exceptions. For the same reasons stated above, CBP finds good cause under 5 U.S.C. 553(d)(3) to waive the 30-day delay in the rule's effective date. Specifically, CBP finds that a delayed effective date is unnecessary because this rule is an administrative, deregulatory rule that does not impose new obligations or alter substantive requirements. CBP assesses that trade members will not experience significant disruptions in adjusting to the revised requirements; thus, delaying the effective date of this rule would unnecessarily postpone operational improvements expected to reduce administrative errors, eliminate duplicate paperwork, and promote uniformity in the tonnage tax collection process. Immediate implementation will enable CBP and the trade community to utilize the benefits of these streamlined procedures without further delay. Moreover, this rule is a procedural rule. Because procedural rules are not substantive rules within the meaning of 5 U.S.C. 553(d), the delayed effective date requirement does not apply. For these reasons, CBP may forgo a 30-day delayed effective date.

B. Executive Orders 12866, 13563, and 14192

Executive Orders 12866 (Regulatory Planning and Review) and 13563 (Improving Regulation and Regulatory Review) direct agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits. Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Executive Order 14192 (Unleashing Prosperity Through Deregulation) directs agencies to significantly reduce the private expenditures required to comply with Federal regulations and provides that “any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations.”

The Office of Management and Budget (OMB) has not designated this rule a “significant regulatory action,” under section 3(f) of Executive Order 12866. Accordingly, OMB has not reviewed it.

This interim final rule is considered an Executive Order 14192 deregulatory action. We estimate that this rule generates \$24,792 in net annualized cost savings at a 7% discount rate, discounted relative to year 2024, over a perpetual time horizon. We estimate that this rule would result in a total net deregulatory impact on CBP and trade

members by simplifying tonnage tax calculations and reducing tax calculation errors, with only a small one-time development cost to update the electronic application that records vessels' tonnage tax histories. The present value of the positive net impact of the rule over Fiscal Years (FY) 2025–2035 would be \$239,109 under a 3% discount rate or \$195,555 under a discount rate of 7%, discounting to FY 2025. Annualized over the ten-year period FY 2025–2034, the net impact would be a positive \$27,214 per year under a 3% discount rate or \$26,021 per year under a 7% discount rate. The rule would also lead to an increase in transfers from trade members to the U.S. Government over FY 2025–2035 with a present value of \$2,731,750 under a discount rate of 3% or \$2,356,446 under a discount rate of 7%. In terms of annualized value over ten years, from FY 2025–2034, these present values translate to an increase in transfers by \$310,917 or \$313,556 per year under a discount rate of 3% or 7%, respectively.

1. Background

Upon making entry in the United States, a vessel arriving from a foreign port or place is assessed a tonnage tax by CBP.⁸ Generally, a vessel arriving from North America, the Caribbean, or a South American port on the Caribbean coast is subject to a rate of 2 cents per net ton, whereas a vessel arriving from elsewhere is subject to a rate of 6 cents per net ton. If the vessel has already made five payments at a given rate in the current tonnage year, it is exempt from further tonnage taxes at that rate for the remainder of the tonnage year. Currently, a vessel's tonnage year begins on the date the vessel makes entry in the United States without a tonnage year already in effect. The tonnage year then expires on the day preceding the corresponding date of the following year.

When processing at a port, the master of the vessel or vessel agent will present the certificates of payment of tonnage tax from recent entries to establish the start date of the current tonnage year. Upon payment of the tonnage tax on the current entry, the CBP officer will give the master or agent a new certificate of payment to record both the current payment and the start date of the tonnage year used for said payment. Before the recent automation of tonnage tax receipts, the certificate of payment was a paper CBP Form 1002 that included the control number of the cash receipt (CBP Form 368 or 368A).⁹ Now, thanks to CBP's Mobile Collections and Receipts (MCR) initiative, CBP may instead issue an electronic receipt that is the combined

⁸ See 19 CFR 4.20.

⁹ See *supra* note 5; 19 CFR 4.23.

equivalent of CBP Forms 1002 and 368.¹⁰ The master or vessel agent may then use a printed copy of the receipt sent by email as a certificate of payment.

In FY 2023, 12,475 vessels made entry in the United States from a foreign port or place.¹¹ At 4.6 entries per vessel, vessels arriving from foreign ports made 57,513 entries in total.¹² Using CBP entrance data, we calculate that 56% of these entries were subject to a tonnage tax, with the remainder exempted for being made past the five-payment cap. Under the baseline tonnage year calculation method described further in the Transfers section below, the total tonnage tax payments in FY 2023 summed to \$27,402,291, averaging \$476 per entry. The mean vessel paid \$2,197 in total, and the median vessel paid \$1,108.

CBP sometimes applies an incorrect tonnage year start date when assessing tonnage taxes. After a mistake is made, CBP officers will sometimes continue to use the wrong tonnage year start date for the vessel's subsequent entries if the original error is not caught, which leads to more errors. Using the wrong tonnage year start date can lead to CBP's overcounting or undercounting the number of entries a vessel has made in the current tonnage year. As a vessel's tonnage tax obligation depends on the number of entries made in the current tonnage year, such an error can lead to an incorrect assessment of the tonnage tax. Upon finding an error in a vessel's recorded tonnage year start date, CBP must then take the time to look through the vessel's past receipts to determine when the vessel's true tonnage year began. Requesting additional tonnage tax payments from underbilled vessels and granting refunds to overbilled vessels are time-consuming for CBP. Such billing errors also make the current system confusing to the public.

2. Purpose of Rule

The rule would align vessels' tonnage years with the fiscal year of the Federal Government, starting on October 1 of each year and ending on September 30 of the following year. The alignment would occur by cutting all current tonnage years short, ending them on September 30 and beginning the new tonnage year on October 1 of whichever year CBP begins the new process, assumed here to be FY 2026 (which begins on October 1, 2025). Switching vessels to a uni-

¹⁰ CBP, Automation of 368 and 1002 Receipts, <https://www.cbp.gov/trade/priority-issues/revenue/revenue-modernization/automation-368-and-1002-receipts> (last visited Feb. 29, 2024).

¹¹ Internal CBP database; entrance data provided by CBP Office of Field Operations subject matter experts on September 29, 2023, October 27, 2023, and January 23, 2024.

¹² Entry here refers to entry of a vessel arriving from a foreign port or place.

versal tonnage year would simplify the calculation of tonnage taxes and reduce billing errors. With fewer billing errors made, CBP would spend less time making requests for additional payments or handling requests for refunds and the trade would have more clarity as to the amount of money owed. The simplification would also allow CBP officers to calculate tonnage taxes more quickly. Vessel agents have expressed enthusiasm for this new tonnage year calculation method.¹³

3. Baseline and Regulatory Scenarios

This regulatory impact analysis compares a baseline scenario and the regulatory scenario to measure the net impact of the rule. In the baseline, CBP would continue to calculate tonnage years the current way, as explained in the Background section. Under the regulatory scenario, CBP would align vessels' tonnage years with the fiscal year at the start of the FY 2026, as explained in the Purpose of Rule section. No technological or other regulatory changes in the future are expected to affect the frequency or costliness of CBP's errors in calculating tonnage tax payments in either scenario. In the Alternative Transition Options section, we analyze another way to transition to the new tonnage year calculation method.

4. Costs

The only costs from the rule would be the cost of redevelopment within the MCR application to account for the new universal tonnage year start date. A subject matter expert estimated on March 20, 2025, that redevelopment would take 80 hours of labor. Based on the average hourly pay of CBP employees of this type (\$93.55/hour),¹⁴ the one-time cost of redevelopment would be \$7,484. The change in vessels' tonnage years would not increase administrative costs or compliance costs. The rule would increase the amount that trade members pay in tonnage taxes on net, but this effect counts as a transfer rather than as a cost because the change in tax expense represents a transfer of value within society and not an aggregate societal cost or cost savings. This effect is explained further in the Transfers section below.

¹³ Information provided by CBP Office of Field Operations subject matter expert on October 26, 2023. *See also* footnote 7, above.

¹⁴ Source of average hourly pay among other CBP positions: CBP bases this wage on the fully-loaded FY 2024 salary and benefits of the national average of other CBP positions, which is equal to a GS-9, Step 6. Source: Information provided by CBP's Office of Finance on June 17, 2024.

We examined whether it is likely that vessels would alter their activity in response to a change in tonnage year calculation method. For example, under the rule, a vessel planning to make regular trips (*i.e.*, more than five) to the United States for the length of one year could reduce its tonnage taxes by beginning those trips at the start of the fiscal year of the Federal Government rather than part way through. Beginning the calculations at the start of the fiscal year would make the vessel's entries fall under one tonnage year rather than two, reducing the number of entries subject to a tonnage tax. By contrast, under the current method of calculating tonnage years, adjusting the start date of those trips would not reduce tonnage taxes. At only 2 cents or 6 cents per net ton, however, a change in how tonnage taxes are assessed would probably not cause any distortions in vessel activity. The annual revenue collected from the tonnage tax is only 2% as large as the revenue collected from the harbor maintenance fee for vessels arriving from foreign ports, which is itself 0.125% of the value of the cargo. Hence, tonnage taxes are on average about 0.0025% as much as the cargo value, or 1 cent for every \$400 of cargo. The marginal tonnage tax rate may be somewhat higher than the average rate, but not by a significant amount. Therefore, we assume that the savings in tonnage taxes that a vessel operator could achieve by purposely delaying entry to the start of the new fiscal year would be smaller than the cost of the delay and that vessels' entrance timing would therefore not be distorted by the rule.

5. Cost Savings of Rule

Aligning vessels' tonnage years with the fiscal year of the Federal Government would simplify the calculation of tonnage taxes, resulting in time savings for the Government. The complexity of the current definition of tonnage year makes the process of assessing tonnage tax longer and more error-prone than necessary. CBP officers sometimes miscalculate vessels' tonnage year start dates by mistake and sometimes due to a misunderstanding of the regulations. By restricting every tonnage year to start on October 1, the rule would leave no room for calculation errors or misconceptions regarding the tonnage year start date.

Under the existing process, the nature of the tonnage tax means that one error can beget multiple errors. If a CBP officer assigns a vessel the wrong tonnage year start date, then future tonnage year start dates will be wrong as well if the original error is not fixed. If a vessel's supposed tonnage year start date is later than its true tonnage year start date, the CBP officer may undercount the vessel's past tonnage tax payments and mistakenly assess a tonnage tax from

which the vessel should be exempt. Alternatively, if the vessel's supposed tonnage year start date is earlier than its true tonnage year start date, the vessel may be underbilled. It takes time for CBP to fix all of these errors when they are finally discovered. If a vessel is found to have been overbilled, a vessel agent may submit to CBP a request for refund, and these requests take time for CBP to process, though we lack the data to estimate the time burden.

When a CBP officer discovers an error regarding a vessel's past tonnage taxes, such as a wrong tonnage year start date, the officer submits a service ticket to the Revenue Modernization Service Desk. CBP then looks through the vessel's tonnage tax payment history in Mobile Collections Receipts (MCR), where the information is recorded, and makes edits to correct for any errors.¹⁵ Between November 14, 2024, and March 13, 2025, the Revenue Modernization Service Desk resolved 40 incident tickets.¹⁶ Of these, 29 tickets required a correction to be made to the vessel's tonnage year start date. At the rate of 29 such tickets submitted over 120 days, we estimate that 88 tickets that at least partly involve an incorrect tonnage year start date will be submitted annually.

CBP believes the rule would prevent all issues stemming from miscalculated tonnage year start dates. Some of these tickets may be submitted anyway due to unrelated issues, such as errors related to the CBP User Fee, but a service ticket that only reports an issue with the CBP User Fee can be resolved more quickly than a ticket reporting both a CBP User Fee error and a tonnage tax error. We are unable to quantify the time savings that would result from preventing these tonnage tax errors, as we lack estimates for the average time it takes for a CBP officer to submit a ticket or for CBP to resolve a ticket, nor do we know how much this time burden would decline for service tickets that would no longer have any tonnage tax errors but would still have been submitted because of CBP User Fee errors.

Aligning vessels' tonnage years with the fiscal year would not only cut down on errors but also help CBP officers to calculate tonnage taxes more quickly. To calculate a vessel's tonnage tax obligation, a CBP officer must look at the vessel's payment history and count the tonnage tax payments made during the current tonnage year to check whether the vessel has reached its five-payment maximum at the relevant tonnage tax rate. Under the current definition of tonnage year, this process requires CBP officers to keep track of the vessel's particular tonnage year while counting the vessel's past payments. If every vessel had the same tonnage year, however, CBP officers could

¹⁵ Information provided by CBP Office of Finance subject matter expert on March 13, 2025.

¹⁶ Based on data provided by CBP Office of Finance on March 13, 2025.

count each vessel’s payments faster because they would not be slowed down by the need to keep track of the vessel’s unique tonnage year start date. Instead, officers would always count the tonnage payments back to October 1 of the current fiscal year of the Federal Government, regardless of the vessel.

CBP asked three subject matter experts in the field to quantify how long it takes them to calculate a vessel’s tonnage tax using the current tonnage year definition and how long the calculation takes when using the fiscal year as tonnage year.¹⁷ The three subject matter experts gave estimates for the average time burden under the current regulation of 25, 35, and 45 seconds. Those experts’ estimates using the fiscal year of the Federal Government as tonnage year were 15, 17, and 20 seconds, respectively. The time savings from the new tonnage year definition would thus average 17.7 seconds, a 50.5% reduction in the average time burden.

CBP officers calculate tonnage tax every time a vessel enters after arriving from a foreign port. Therefore, we use the number of entries from foreign ports to estimate the number of times CBP officers make these calculations per year. Table 1 presents the number of entrances made by vessels arriving from a foreign port from fiscal years 2012 to 2024. The number of entrances was not following any trend before the COVID–19 pandemic. The number then fell in FY 2020 but has since rebounded nearly to its FY 2019 level, as of FY 2024. Now that volumes have returned to pre-COVID–19 levels, we do not expect there to be any future trend in the number of entries by vessels arriving from foreign ports, and so we use 59,307, the annual count in FY 2024, as our estimate for all future years during the period of analysis.

TABLE 1—ANNUAL ENTRANCES BY VESSELS ARRIVING FROM A FOREIGN PORT

Fiscal year	Entrances
2012	59,669
2013	58,653
2014	60,714
2015	61,431
2016	58,062
2017	57,681
2018	61,008
2019	59,603
2020	52,882

¹⁷ The subject matter experts’ responses were provided to us by CBP’s Office of Field Operations on March 11, 2025.

Fiscal year	Entrances
2021	52,503
2022	57,216
2023	57,513
2024	59,307

Source: based on entrance data obtained through the Vessel Management System in CBP’s ACE database on January 14, 2025.

If the rule would save CBP officers 17.7 seconds per tonnage calculation and this calculation is done for all 59,307 entrances of vessels arriving from a foreign port per year, then the rule would save a total of 291 hours per year in tonnage tax calculation. The average hourly pay for CBP officers is \$99.33 per hour,¹⁸ and so the value of these time savings would be \$28,908 per year. It is possible that the savings could be even higher because the officers who provided the savings estimates are experts and may calculate tonnage taxes faster than most CBP personnel. If calculating tonnage taxes takes the average CBP officer more time than these sources, it is possible that the time savings from the new tonnage year definition are also larger for the average officer. Furthermore, these time estimates for tonnage tax calculations describe the time burdens for the simplest cases, but sometimes tonnage tax calculation can take much longer. One of the field sources later reported that a more complicated case took him 6 minutes to determine that a vessel owed no tonnage tax.¹⁹ If the tonnage year change can significantly reduce the time burden of tonnage tax calculation in these more complicated cases, then the true time savings would be larger than our estimate.

The new tonnage year definition would also improve the vessel entrance process for trade members, who have expressed support for the rule change. By simplifying the calculation of tonnage year start dates, the rule would give vessel agents and vessel operators more clarity on whether a given entry will require a tonnage tax payment. Because CBP would also make fewer billing errors, trade members would spend less time checking for errors in the tonnage tax assessment and challenging CBP’s calculations. Due to the difficulty of estimating this time burden, we cannot quantify the cost savings to trade members.

¹⁸ Source of average hourly pay among CBP officers: CBP bases this wage on the fully-loaded FY 2024 salary and benefits of the national average of CBP Officer positions, which is equal to a GS–11, Step 10. Source: Information provided by CBP’s Office of Finance on June 17, 2024.

¹⁹ Information provided by CBP Office of Field Operations on March 11, 2025.

In addition to changing vessels’ tonnage years, the rule would also modify the regulations regarding receipts for tonnage taxes and light money. CBP officers typically use MCR to create electronic receipts for tonnage tax payments as well as light money payments. These electronic receipts are the combined equivalent of CBP Forms 368 and 1002. On the rare occasion when CBP does not use the electronic MCR application, CBP instead issues the paper CBP Forms 368 and 1002, in accordance with current regulation. The rule would modify the regulations so that, on occasions when MCR is not used, CBP would not necessarily have to issue both CBP Forms 368 and 1002. Instead, a CBP officer could issue just CBP Form 368. This change would save time, as the officer would not need to issue CBP Form 1002 and the vessel agent would not need to hold onto a copy of CBP Form 1002. We expect that this will save a positive but negligible amount of time for CBP and would save a small amount of storage costs for vessel agents. We request comment on the savings to vessel agents of no longer needing to maintain copies of the CBP Form 1002 in their records.

TABLE 2—PROJECTED COST SAVINGS, FY 2025–2035

Fiscal year	Time savings (hours)	Value of time savings (2024 USD)
2025	0	\$0
2026	291	28,908
2027	291	28,908
2028	291	28,908
2029	291	28,908
2030	291	28,908
2031	291	28,908
2032	291	28,908
2033	291	28,908
2034	291	28,908
2035	291	28,908

Table 2 displays the quantified cost savings from the rule, which are the annual time savings to CBP officers from calculating tonnage years more quickly. The tonnage year start date change would not take effect until the start of FY 2026, but we include FY 2025 for consistency with other sections of this analysis. The present value of these savings over FY 2026–2035 would be \$246,592 under a 3% discount rate or \$203,039 under a 7% discount rate, discounted to base year FY 2025. In addition to these cost savings, there are others

that are harder to quantify. CBP would spend less time fixing errors in MCR that stem from incorrect tonnage year start dates and less time processing requests for refunds from vessels that were overbilled due to tonnage tax miscalculation. Vessel agents would also face less uncertainty regarding their tonnage tax obligations and therefore spend less time checking for errors in their tonnage tax payments. Finally, CBP officers could be trained more quickly, as CBP would not have to spend as much time explaining how tonnage taxes work because the definition of tonnage year would be less complicated.

6. Transfers

Aligning vessels' tonnage years with the fiscal year of the Federal Government would increase Government revenue by raising the share of entries that are subject to a tonnage tax. This effect counts as a transfer rather than as a cost or cost savings because the change in tax expense represents a transfer of value within society and not an aggregate societal cost or benefit. Therefore, the size of the transfer, reported below, would not affect the net impact of the rule change. To estimate the effect of the rule on government revenue, we applied the baseline and regulatory tonnage year calculation methods to the same historical entrance data. After projecting future tonnage tax revenue in each case, we then estimate that the rule would increase government revenue by an annualized value of \$310,917 under a discount rate of 3% or \$313,556 under a discount rate of 7%, annualized over ten years starting at base year FY 2025.

We use historical vessel entrance data spanning FY 2017 to FY 2023 to compute which entries would be taxable under which tonnage year calculation method. In the entrance data, some observations are listed as having zero net tonnage, but CBP believes that most zero-tonnage observations are inaccurate. Therefore, among vessels with zero net tonnage listed on some entries and positive net tonnage listed on other entries, we substituted each vessel's smallest positive value of net tonnage for its zero net tonnage values. CBP's entrance data does not contain the tonnage tax rate that an entry was or would be subject to, but the data does contain the vessel's last port. We assume for these calculations that a vessel's last port is where the cargo was laden and assign the tonnage tax rate accordingly. All vessels arriving from another U.S. port are therefore assumed to be exempt from the tonnage tax. To the extent that the vessel's last port is different from where the cargo was laden, the tonnage tax rate could differ. According to a smaller CBP dataset containing more information about tonnage tax payments, most vessels are taxed at the tonnage tax rate that would apply if their cargo were laden at the

most recent foreign port. Hence, this assumption is unlikely to significantly affect the results of the analysis.

Under the regulatory tonnage year calculation method, each vessel's tonnage year start date is set to October 1 of each fiscal year. To get the start dates of vessels' first tonnage year under the baseline, we use each vessel's earliest filing date in the FY 2017–2023 entrance data. After determining each vessel's first tonnage year start date, we calculate the start of all later tonnage years according to the baseline tonnage year calculation method. CBP does have records of tonnage tax payments, which include additional information not found in the basic entrance data such as the start date of each entry's tonnage year under the baseline and the applicable tonnage tax rate. However, if we were to compare the tonnage tax payments that would have occurred if the rule had been in place to the actual baseline tonnage tax records, the comparison between the baseline and regulatory scenarios would be clouded by differences in calculation errors and information constraints. Recalculating the baseline tonnage year start dates and assigning the tax rates using only the basic entrance data allows us to isolate the effect of the tonnage year calculation method when comparing tonnage tax payments under the baseline and regulatory scenarios.

After calculating the start dates of all vessels' tonnage years under both the baseline and regulatory tonnage year calculations, we calculate the annual mean net tonnage of taxed entries and the annual number of taxed entries at each tax rate under each calculation method, shown in Table 3 and Table 4. We use these historical series to form projections from FY 2026 to 2035. To project the future mean net tonnages of taxed entries for both rates, under both the baseline and regulatory scenarios, we calculated the compound annual growth rate of each series from FY 2017–2023 and use these as the estimates for future growth rates.

The mean net tonnage of entries taxed at the 2-cent rate is projected to grow at 3.75% per year under the baseline and 3.37% under the regulatory scenario. For 6-cent entries, the growth will be slower, at 1.46% and 1.34% under the baseline and regulatory scenarios, respectively. Table 5 shows the projection of mean net tonnage for each series from FY 2026–2035.

TABLE 3—MEAN NET TONNAGE OF TAXED ENTRIES

Fiscal year	2-Cent rate		6-Cent rate	
	Baseline	Rule	Baseline	Rule
2017	13,273	13,233	21,869	22,034
2018	13,962	13,892	21,951	22,140
2019	14,614	14,452	22,186	22,306
2020	14,990	15,027	22,375	22,573
2021	14,597	14,550	23,451	23,597
2022	15,953	15,622	23,509	23,550
2023	16,700	16,510	23,977	24,006

TABLE 4—NUMBER OF TAXED ENTRIES

Fiscal year	2-Cent rate		6-Cent rate	
	Baseline	Rule	Baseline	Rule
2017	18,300	19,043	13,541	13,829
2018	19,097	19,898	13,606	13,950
2019	18,604	19,609	13,495	13,759
2020	15,953	17,192	12,961	13,323
2021	15,750	16,420	15,079	15,319
2022	16,421	17,147	15,745	16,001
2023	16,903	17,584	15,123	15,416

TABLE 5—PROJECTED MEAN NET TONNAGE OF TAXED ENTRIES

Fiscal year	2-Cent rate		6-Cent rate	
	Baseline	Rule	Baseline	Rule
2026.....	18,648	18,238	25,040	24,984
2027.....	19,347	18,853	25,405	25,318
2028.....	20,072	19,489	25,775	25,657
2029.....	20,824	20,147	26,151	26,001
2030.....	21,604	20,827	26,532	26,349
2031.....	22,413	21,530	26,918	26,702
2032.....	23,253	22,256	27,310	27,060
2033.....	24,124	23,007	27,708	27,422
2034.....	25,028	23,784	28,111	27,790
2035.....	25,966	24,586	28,521	28,162

Turning to the projected number of taxed entries, we found that the FY 2017–2023 compound annual growth rates did not reflect the paths that the series are currently on and are likely to follow. Under both the baseline and regulatory scenario, the number of taxed en-

tries at the 2-cent rate fell in FY 2020 and then began rising back toward the pre-2020 level. Because the compound annual growth rate (CAGR) from FY 2017–2023 is negative, and because using the positive FY 2021–2023 CAGR would likely overstate the amount of future growth, we assume that the future number of taxed entries will have not a constant growth rate but a constant rate of convergence toward the FY 2017–2019 average. We use the rate of convergence from FY 2021–2023 as our future estimate. As for entries at the 6-cent rate, the number of taxed entries, under either scenario, dipped somewhat in FY 2020 and then rose well above the pre-2020 average. In FY 2023, the number of taxed entries at the 6-cent rate began to fall. We assume for our projections that the number of 6-cent taxed entries will continue to fall back down to the FY 2017–2019 average at the same rate as from FY 2022–2023. Table 6 shows the FY 2017–2019 averages and the rates of convergence²⁰ used for the future projections of each series, and Table 7 shows the implied projected growth rates. Table 8 shows the FY 2026–2035 projected values of each series.

TABLE 6—RATES OF CONVERGENCE, NUMBER OF TAXED ENTRIES

	2-Cent rate		6-Cent rate	
	Baseline	Rule	Baseline	Rule
FY2017–2020 Mean ..	18,667	19,517	13,547	13,846
Rate of Convergence ..	0.778	0.790	0.717	0.729

TABLE 7—PROJECTED GROWTH RATES OF TAXED ENTRIES

Fiscal year	2-Cent rate		6-Cent rate	
	Baseline (%)	Rule (%)	Baseline (%)	Rule (%)
2026.....	1.35	1.38	-1.60	-1.54
2027.....	1.03	1.08	-1.16	-1.14
2028.....	0.80	0.84	-0.84	-0.84
2029.....	0.61	0.66	-0.61	-0.62
2030.....	0.47	0.52	-0.44	-0.45
2031.....	0.37	0.41	-0.32	-0.33
2032.....	0.28	0.32	-0.23	-0.24
2033.....	0.22	0.25	-0.16	-0.18
2034.....	0.17	0.20	-0.12	-0.13
2035.....	0.13	0.16	-0.08	-0.09

²⁰ If the rate of convergence is, for example, 0.778, then the difference between each year’s number of taxed entries and the pre-2020 mean will be 0.778 times the previous year’s difference.

TABLE 8—PROJECTED NUMBER OF TAXED ENTRIES

Fiscal year	2-Cent rate		6-Cent rate	
	Baseline	Rule	Baseline	Rule
2026.....	17,837	18,564	14,128	14,453
2027.....	18,022	18,764	13,964	14,288
2028.....	18,165	18,922	13,846	14,168
2029.....	18,277	19,047	13,761	14,081
2030.....	18,364	19,145	13,701	14,017
2031.....	18,431	19,223	13,657	13,971
2032.....	18,484	19,285	13,626	13,937
2033.....	18,524	19,334	13,604	13,912
2034.....	18,556	19,372	13,588	13,894
2035.....	18,581	19,402	13,576	13,881

These projections of mean net tonnage and number of taxed entries imply what nominal revenue will be over the same time period. Using Survey of Consumer Expectations (SCE) inflation expectations²¹ from January 2024, we convert projected nominal tonnage tax revenue to projected tonnage tax revenue in 2024 U.S. dollars.²² Table 9 and Table 10 display the projections for nominal revenue and real revenue, respectively, from FY 2025 to 2036. Because the rule would not change vessels’ tonnage years until FY 2026, revenue would be the same in FY 2025 in both scenarios. We include the FY 2025 projections because our period of analysis is FY 2025–2035, due to the costs that would be incurred from the rule during FY 2025.

TABLE 9—PROJECTED NOMINAL REVENUE, FY 2025–2035

Fiscal year	Baseline	Rule	Difference
2025	\$27,588,401	\$27,588,401	\$0
2026	27,879,164	28,436,812	557,648

²¹ SCE, Inflation Expectations, <https://www.newyorkfed.org/microeconomics/sce#/inflexp-1> (last visited Oct. 9, 2024). FRBNY requires the following attribution and disclaimer to be included with any publication or presentation of the SCE data: ‘Source: Survey of Consumer Expectations, © 2013–2024 Federal Reserve Bank of New York (FRBNY). The SCE data are available without charge at <http://www.newyorkfed.org/microeconomics/sce> and may be used subject to license terms posted there. FRBNY disclaims any responsibility or legal liability for this analysis and interpretation of Survey of Consumer Expectations data.’

²² The SCE Inflation Expectations include the expected inflation rate 1 year, 3 years, and 5 years out. FRBNY, SCE, Inflation Expectations, <https://www.newyorkfed.org/microeconomics/sce#/inflexp-1> (last visited Oct. 9, 2024). We use the 1-year-out expected inflation rate for both the first and second years out from FY 2024, the 3-year-out expected inflation rate for the third and fourth years, and the 5-year-out expected inflation rate as the inflation rate of all remaining years.

Fiscal year	Baseline	Rule	Difference
2027	28,258,408	28,780,570	522,162
2028	28,705,021	29,186,803	481,782
2029	29,203,992	29,641,665	437,673
2030	29,744,711	30,135,195	390,483
2031	30,319,739	30,660,273	340,534
2032	30,923,921	31,211,857	287,936
2033	31,553,746	31,786,417	232,671
2034	32,206,885	32,381,530	174,646
2035	32,881,860	32,995,578	113,718

TABLE 10—PROJECTED REAL REVENUE (2024 USD), FY 2025–2035

Fiscal year	Baseline	Rule	Difference
2025	\$26,784,855	\$26,784,855	\$0
2026	26,278,786	26,804,423	525,637
2027	26,024,508	26,505,391	480,884
2028	25,828,666	26,262,172	433,506
2029	25,627,338	26,011,408	384,070
2030	25,455,885	25,790,066	334,180
2031	25,305,859	25,590,080	284,221
2032	25,171,399	25,405,772	234,373
2033	25,048,451	25,233,154	184,703
2034	24,934,223	25,069,432	135,209
2035	24,826,796	24,912,656	85,860

As shown in Table 11 and Table 12, the regulatory calculation method would increase the present value of government revenue from the tonnage tax by \$2,731,750 or \$2,356,446, discounted at a rate of 3% or 7% to the start of FY 2025. This result translates to an annualized increase of \$310,917 or \$313,556 under a discount rate of 3% or 7%, annualized over FY 2025–2034.

TABLE 11—TONNAGE TAX REVENUE (2024 USD),
FY25–FY35, 3% DISCOUNT RATE

	Baseline	Rule	Difference
Present Value	\$244,210,613	\$246,942,363	\$2,731,750
Annualized Value (FY 2025–2034) ..	25,624,912	25,911,554	286,642

TABLE 12—TONNAGE TAX REVENUE (2024 USD),
FY25–FY35, 7% DISCOUNT RATE

	Baseline	Rule	Difference
Present Value	\$206,159,356	\$208,515,802	\$2,356,446
Annualized Value (FY 2025–2034) ..	25,694,181	25,987,871	293,690

Government revenue would be higher under the regulatory scenario because on average vessels’ entries would be split between more tonnage years. For example, a vessel making recurring entries in the United States from April 2026 to March 2027 would experience one tonnage year under the baseline and two tonnage years under the regulatory scenario. The vessel would therefore have fewer entries per tonnage year in the latter case, putting more of its entries under each tonnage year’s cap of five tonnage tax payments at a given rate. Because a baseline tonnage year always begins with an entry, the time span of a baseline tonnage year tends to cover more entries than a fiscal year.

In addition to making the above projections, we also calculated statistics describing how tonnage tax payments would have differed in 2023 between the baseline and regulatory scenarios. Aligning vessels’ tonnage years with the fiscal year of CBP in 2023 would have led to an increase in total tonnage tax revenue of \$608,573 (in 2023 U.S. dollars). The share of entries subject to a tonnage tax would have increased from 55.7% to 57.4%, leading to 974 more tonnage tax payments. Tonnage tax per vessel would have risen by \$49, a 2% increase, and the tax per entry by \$11. Total tonnage taxes would have stayed the same for 92% of vessels, while 6% of vessels would have paid more under the regulatory scenario and 2% would have paid less. Among the 6% of vessels that would have seen an increase in total payments, the tax per vessel would have risen by \$1,061, a 37% increase, and the tax per entry by \$128.

7. Net Impact

The net impact of the rule would be positive, as the time savings to CBP officers would exceed the one-time development costs in MCR. Table 13 displays the quantified cost savings and costs of the rule. The net impact of aligning the tonnage year with the fiscal year of the Federal Government would be negative in FY 2025 due to development costs and then positive every year afterward. The present value of the rule would be \$239,109 under a 3% discount rate or \$195,555 under a 7% discount rate, discounted to FY 2025. Annualized over a ten-year period starting in base year FY 2025, the positive net impact equals \$27,214 per year or \$26,021 per year under a discount rate of

3% or 7%. This quantified net impact does not take into account other cost savings of the rule that are more difficult to quantify, such as the savings stemming from the elimination of tonnage year calculation errors or the reduced uncertainty for trade members. The estimated net impact also does not include the increase in tax revenue that would result from the rule, as the tax revenue change represents neither a cost nor cost savings, but a transfer.

TABLE 13—NET IMPACT, FY 2025–2035 (2024 USD)

Fiscal year	Cost savings	Cost	Net impact
2025	\$0	\$7,484	-\$7,484
2026	28,908	0	28,908
2027	28,908	0	28,908
2028	28,908	0	28,908
2029	28,908	0	28,908
2030	28,908	0	28,908
2031	28,908	0	28,908
2032	28,908	0	28,908
2033	28,908	0	28,908
2034	28,908	0	28,908
2035	28,908	0	28,908

8. Alternative Transition Options

In this section, we consider an alternative way to align vessels’ tonnage years with the fiscal year of the Federal Government. In the analysis above, the alignment would occur by cutting all vessels’ baseline tonnage years short on September 30 of 2025 and beginning the new universal tonnage year on the following day. CBP could instead do a long transition. In this scenario, vessels’ baseline tonnage years beginning in FY 2025 would be extended to the end of FY 2026 rather than cut short at the start of FY 2026. Vessels’ tonnage years would then be aligned with the fiscal year of the Federal Government in FY 2027. Hence, the cost savings and costs of the rule would be delayed by one year, compared to the quick transition scenario. The development in MCR would need to be done before FY 2027 instead of before FY 2026 as in the quick transition scenario, and CBP officers would not experience any time savings until FY 2027. This delay would lower the positive present value of the net impact of the rule. Table 14 displays the costs, cost savings, and net impact of the rule under the alternative transition option from FY 2025 to FY 2035. Under a discount rate of 3%, the present value of the net impact in this scenario would be \$211,261, which is \$27,848 lower

than in the quick transition scenario. Under a discounted rate of 7%, the present value of the net impact would be \$169,028, which is \$26,527 lower than in the quick transition scenario.

TABLE 14—NET IMPACT (LONG TRANSITION), FY 2025–2035 (2024 USD)

Fiscal year	Baseline	Rule	Difference
2025	\$0	\$0	\$0
2026	0	7,484	-7,484
2027	28,908	0	28,908
2028	28,908	0	28,908
2029	28,908	0	28,908
2030	28,908	0	28,908
2031	28,908	0	28,908
2032	28,908	0	28,908
2033	28,908	0	28,908
2034	28,908	0	28,908
2035	28,908	0	28,908

As for transfers, the long transition would clearly lead to lower government revenue than in the case of the quick transition, as the long transition year would lead to more of vessels’ entries being made past the five-payment cap at a given rate. To project what real government revenue would be in the long transition scenario from FY 2025 to FY 2035, we start by calculating the number and mean net tonnage of taxed entries at each rate in FY 2023 if vessels’ baseline tonnage years beginning in FY 2022 had been extended to the end of FY 2023, using the same data and methods described in the Transfers section above. Table 15 shows how these values would have deviated from the baseline results in FY 2023.

TABLE 15—TAXED ENTRIES, LONG TRANSITION YEAR (FY 2023)

	Deviation from FY23 baseline	
	2-Cent entries (%)	6-Cent entries (%)
Mean Net Tonnage	-6.08	-1.63
Number of Taxed Entries	-29.05	-12.74

We then project what the number and mean net tonnage of taxed entries at each rate would be in FY 2026 if the tonnage years beginning in FY 2025 were extended to the end of FY 2026 by applying the percent deviations in Table 15 to our projection of the baseline values in FY 2026. Our projection of the number and mean net tonnage of taxed entries at each rate from FY 2026 to FY 2035 under the long

transition alternative is thus composed of our FY 2026 projection of the long transition year values and our FY 2027–2035 projections under the alternative tonnage year calculation method, described in the Transfers section above.

Calculating the annual nominal revenue implied by the projections and converting to real 2024 U.S. dollars, again using the SCE expected inflation rates, we arrive at our FY 2025–2035 projection of real government tonnage tax revenue under the long transition scenario. Once again, our projected revenue for FY 2025 in the long transition scenario would be the same as in the baseline, as the rule would have no effect on vessels’ tonnage years until FY 2026. Table 16 and Table 17 compare how the present values and annualized values of government revenue would change after switching from the baseline to the alternative tonnage year calculation method using each transition option under discount rates of 3% and 7%. While a quick transition to the regulatory scenario would raise the present value of government revenue by \$2,731,750 (under a discount rate of 3%), a delayed transition would instead lower it by \$2,560,531. Under a discount rate of 7%, a quick transition would raise the present value of government revenue by \$2,356,447, while a delayed transition would lower it by \$2,737,992. The annualized value of tonnage tax revenue over FY 2025–2034 would be \$602,346 lower under a delayed transition than under a quick transition to the new tonnage year calculation method under a discount rate of 3%, or \$677,882 lower under a discount rate of 7%. This difference in tonnage tax revenue does not factor into the net impact of the transition method. As the loss or gain to some trade members would be exactly offset by the gain or loss to the U.S. Government, the change in tax revenue represents a transfer within society rather than an aggregate cost or cost savings to society.

TABLE 16—TONNAGE TAX REVENUE (2024 USD),
TRANSITION OPTIONS, FY25–FY35, 3% DISCOUNT RATE

	Change from baseline to alternative	
	Quick transition	Long transition
Marginal Present Value	\$2,731,750	-\$2,560,531
Marginal Annualized Value (FY 2025–2034) .	310,917	-291,429

TABLE 17—TONNAGE TAX REVENUE (2024 USD),
TRANSITION OPTIONS, FY25–FY35, 7% DISCOUNT RATE

	Change from baseline to alternative	
	Quick transition	Long transition
Marginal Present Value	\$2,356,447	-\$2,737,992
Marginal Annualized Value		
(FY 2025–2034)	313,556	-364,326

C. Regulatory Flexibility Act Analysis

The Regulatory Flexibility Act (RFA) (5 U.S.C. 603(b)), as amended by the Small Business Regulatory Enforcement and Fairness Act of 1996 (SBREFA), requires an agency to prepare and make available to the public a regulatory flexibility analysis that describes the effect of a proposed rule on small entities (*i.e.*, small businesses, small organizations, and small governmental jurisdictions) when the agency is required “to publish a general notice of proposed rulemaking for any proposed rule.” Because this rule is being issued as an interim rule, on the grounds set forth above, a regulatory flexibility analysis is not required under the RFA.

D. Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995, enacted as Public Law 104–4 on March 22, 1995, requires each Federal agency, to the extent permitted by law, to prepare a written assessment of the effects of any Federal mandate in a proposed or final agency rule that may result in the expenditure by state, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year. *See* 2 U.S.C. 1532(a). This rule will not result in the expenditure by state, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

E. Paperwork Reduction Act

The Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3507(d)) requires that CBP consider the impact of paperwork and other information collection burdens imposed on the public. An agency may not conduct, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number assigned by the Office of Management and Budget. The recordkeeping requirements for CBP Forms 1002 and 368 are covered

by OMB control number 1651–0076. As a result of this rule, the recordkeeping requirement for CBP Form 1002 is removed as the form will no longer be required. As this form makes up such a small portion of the overall recordkeeping requirement, CBP does not estimate any change in the overall burden associated with this collection.

F. Privacy

CBP will ensure that all Privacy Act requirements and policies are adhered to in the implementation of this rule and will issue or update any necessary Privacy Impact Assessment and/or Privacy Act System of Records notice to fully outline processes that will ensure compliance with Privacy Act protections.

V. Signing Authority

In accordance with Treasury Order 100–20, the Secretary of the Treasury delegated to the Secretary of Homeland Security the authority related to the customs revenue functions vested in the Secretary of the Treasury as set forth in 6 U.S.C. 212 and 215, subject to certain exceptions. This regulation is being issued in accordance with DHS Directive 07010.3, Revision 3.2, which delegates to the Commissioner of CBP the authority to prescribe and approve/ sign regulations related to customs revenue functions.

Rodney S. Scott, Commissioner, having reviewed and approved this document, has delegated the authority to electronically sign this document to the Director (or Acting Director, if applicable) of the Regulations and Disclosure Law Division for CBP, for purposes of publication in the **Federal Register**.

List of Subjects in 19 CFR Part 4

Exports, Freight, Harbors, Maritime carriers, Oil pollution, Reporting and recordkeeping requirements, Vessels.

For the reasons stated in the preamble, CBP amends 19 CFR part 4 as follows:

PART 4—VESSELS IN FOREIGN AND DOMESTIC TRADES

■ 1. The general authority citation for part 4 and the specific authority citation for § 4.20 continue to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 66, 1415, 1431, 1433, 1434, 1624, 2071 note; 46 U.S.C. 501, 60105.

* * * * *

Section 4.20 also issued under 46 U.S.C. 2107(b), 8103, 14306, 14502, 14511–14513, 14701, 14702, 60301–60306, 60312;

* * * * *

■ 2. Amend § 4.20 by revising paragraphs (a)(1) through (4), (b), and (f)(2) to read as follows:

§ 4.20 Tonnage Taxes.

(a) * * *

(1) *Arriving in ballast.* Vessels arriving to the United States in ballast from either a 2-cent port, 6-cent port, or both, will be subject to the tonnage rate applicable to the last port of call.

(2) *Arriving with cargo, passengers, or both from a port, or ports, of the same rate*—(i) Vessels arriving to the United States with cargo, passengers, or any combination thereof taken onboard only at a 2-cent port or ports will be subject to the 2-cent rate.

(ii) Vessels arriving to the United States with cargo, passengers, or any combination thereof taken onboard only at a 6-cent port or ports will be subject to the 6-cent rate.

(3) *Arriving from ports subject to various rates*—(i) If any of the cargo or passengers on board the vessel were taken on board at a 6-cent port, then the vessel will be subject to the 6-cent rate, except for in the situation specified in paragraph (a)(3)(iii) of this section.

(ii) Vessels which transport cargo, passengers, or any combination thereof taken on board at a 6-cent port or ports and which discharge all cargo and passengers in a 2-cent port or ports prior to arriving in the United States will be subject to the 2-cent rate, regardless of whether the vessel is in ballast or took on cargo or passengers at the 2-cent port, as long as there is no cargo or passengers still onboard from a 6-cent port.

(iii) Vessels which arrive to the United States with cargo, passengers, or any combination thereof from a 6-cent port will be subject to the 6-cent rate. If the vessel then proceeds to a foreign 2-cent port to discharge or take on cargo, passengers, or any combination thereof and returns to the United States, the vessel will be subject to the 2-cent rate.

(4) *Yearly maximum met.* A vessel subject to the 6-cent rate will not be assessed at the 2-cent rate, even if the yearly maximum (specified in paragraph (b) of this section) has been met at the 6-cent rate. A vessel subject to the 2-cent rate will not be assessed at the 6-cent rate, even if the yearly maximum (specified in paragraph (b) of this section) has been met at the 2-cent rate.

(b) The tonnage year is equal to the fiscal year beginning on October 1 of each year and ending on September 30 of the following year, without regard to the rate of the payment made at each entry. Each

vessel may be charged no more than five payments at the 6-cent rate and no more than five payments at the 2-cent rate within a tonnage year.

* * * * *

(f) * * *

(2) An appendix is attached to the marine document showing a net tonnage ascertained under the so-called “British rules” or the rules of any foreign country which have been accepted as substantially in accord with the rules of the United States, in which case the tonnage so shown may be accepted and the date the appendix was issued shall be noted on the Vessel Entrance or Clearance Statement, CBP Form 1300. For the purpose of computing tonnage tax on a vessel with a tonnage mark and dual tonnages, the higher of the net tonnages stated in the vessel’s marine document or tonnage certificate shall be used unless the CBP officer concerned is satisfied by report of the boarding officer, statement or certificate of the master, or otherwise that the tonnage mark was not submerged at the time of arrival. Whether the vessel has a tonnage mark, and if so, whether the mark was submerged on arrival, shall be noted on CBP Form 1300 by the boarding officer.

* * * * *

■ 3. Revise § 4.23 to read as follows:

§ 4.23 Receipt of Payment.

Upon payment of regular tonnage tax, special tonnage tax, or light money, the master of the vessel shall be issued a receipt. This receipt shall constitute the official evidence of such payment and shall be presented upon each entry during the tonnage year to ensure against overpayment. In the absence of a receipt, evidence of payment may be obtained from the port director to whom the payment was made.

ROBERT F. ALTNEU
*Director,
Regulations and Disclosure Law Division,
Regulations and Rulings, Office of Trade,
U.S. Customs and Border Protection.*

DECLARATION ZONE TEST: SECOND EXTENSION

AGENCY: U.S. Customs and Border Protection; DHS.

ACTION: General notice.

SUMMARY: This notice announces that U.S. Customs and Border Protection (CBP) is extending the Declaration Zone test for an additional three years. Current CBP regulations require each traveler to provide a CBP officer with an oral or written declaration of all articles brought into the United States. The Declaration Zone test streamlines the processing of travelers who enter the United States aboard vessels by allowing a demonstrative initial declaration to separate travelers who do not have items to declare from those who have items to declare and, in some cases, replace the provision of oral or written declarations.

DATES: The existing Declaration Zone test is set to expire on October 16, 2025. CBP is extending the Declaration Zone test at participating cruise terminals for an additional three years, expiring on October 16, 2028, unless renewed. CBP will announce any modifications by notice in the **Federal Register**.

ADDRESSES: Written comments concerning program, policy, and technical issues may be submitted at any time during the test period via email to *traveler-entry-programs@cbp.dhs.gov*. Please use “Comment on Declaration Zone Test” in the subject line of the email.

FOR FURTHER INFORMATION CONTACT: Corey Daboin, Admissibility & Passenger Programs, Office of Field Operations, U.S. Customs & Border Protection, at 202–325–1009, or *traveler-entry-programs@cbp.dhs.gov*.

SUPPLEMENTARY INFORMATION:

I. Background

Under existing U.S. Customs and Border Protection (CBP) regulations, each traveler¹ entering the United States must provide an oral or written declaration of all articles brought into the United States, to a CBP officer. *See* part 148, subpart B of title 19 of the Code of Federal Regulations (19 CFR part 148, subpart B). The Declaration Zone test, described below, provides arriving travelers with an alternative

¹ For the purposes of this test, a “traveler” is any individual who is subject to the declaration requirements found in 19 CFR part 148 subpart B. Crewmembers, subject to the declaration requirements found in 19 CFR part 148 subpart G, are not included within this definition of traveler.

method to meet this requirement by allowing a demonstrative initial declaration at select cruise terminals at certain sea ports of entry.

On August 30, 2021, CBP announced a two-year Declaration Zone Test (the “initial test”) which allowed travelers entering the United States through participating cruise terminals to provide a demonstrative initial declaration by entering one of two declaration zone queues, either *No Items to Declare* or *Items to Declare*.² At cruise terminals that do not have declaration zones, all travelers must enter the same queue and provide an oral or written declaration, regardless of whether or not the traveler has items to declare. Declaration zones facilitate the processing of travelers by separating those who need to go directly to a CBP officer for additional processing, travelers with items to declare, from those who do not, travelers with no items to declare. The initial test was limited to closed loop cruises³ participating in the voluntary facial biometric debarkation (FBD)⁴ program at two sea ports of entry.

On October 16, 2023, CBP extended the Declaration Zone Test for an additional two years and expanded the test (the “2023 test extension and expansion”) to include additional sea ports of entry and travelers who disembark from certain open loop cruises⁵ participating in Simplified Arrival.⁶ The 2023 test extension and expansion was set to expire on October 16, 2025.

II. Declaration Zone Test: Second Extension and Expansion

This notice extends the 2023 Extension and Expansion of Declaration Zone Test⁷ beyond its original expiration date of October 16, 2025, for an additional period of three years. All provisions of the 2023 test extension and expansion, with the exception of the amended expiration date and the number of locations still available for test implementation, will remain applicable through the extended period. CBP invites public comment on any aspect of the Declaration Zone

² See 86 FR 48436 (Aug. 30, 2021).

³ For the purposes of this test, a closed loop cruise is any cruise that departs from a U.S. port and visits one or more foreign ports of call in contiguous territories and/or adjacent islands, as defined in 8 CFR 286.1, before its return voyage to the same U.S. port from where it departed.

⁴ FBD and Simplified Arrival are the facial biometric solutions for processing cruise passengers arriving in the United States onboard closed loop cruises and open loop cruises, respectively. Additional information regarding CBP’s use of biometric solutions can be located at <https://www.cbp.gov/travel/biometrics>.

⁵ For the purposes of this test, an open loop cruise is any cruise that is not a closed loop cruise.

⁶ See 88 FR 71372 (Oct. 16, 2023).

⁷ *Id.*

test which may be submitted via email to *traveler-entry-programs@cbp.dhs.gov*.

For convenience, CBP has republished pertinent information from the previous notices in the following subsections, including the purpose of the test, a description of the test, eligibility and participation requirements, CBP's legal authority to conduct this test, a description of the affected Code of Federal Regulations (CFR) requirements, and the evaluation criteria for this test.

A. Duration and Purpose of the Extended Test

The purpose of the Declaration Zone Test is to determine the feasibility of allowing an initial demonstrative declaration as an acceptable declaration method. The evaluation of the initial testing period from 2021 to 2023 was significantly limited due to COVID-19-related disruptions and further limited due to only being available at two sea ports of entry. The 2023 test extension and expansion allowed expansion of the test to up to 18 additional sea ports of entry; however, during the extended testing period, declaration zones were only available at six sea ports of entry. Additionally, the Declaration Zone test did not include open loop cruises in the testing population until the 2023 test extension and expansion. To effectively evaluate the feasibility of allowing an initial demonstrative declaration, including the processing of open loop cruises, it is necessary for CBP to evaluate the use of declaration zones at additional facilities. Thus, CBP is extending the testing period to allow additional facilities to participate that may not have been able to do so previously. The selected three-year testing period will also allow CBP to align the expiration of the Declaration Zone test, which covers arriving vessels, with the Air Declaration Zone test, which covers arriving aircraft. Since 19 CFR part 148 subpart B does not currently distinguish between the maritime and air environments, additional testing will be necessary to determine how to most effectively address the operational differences of aircraft and vessel debarkation, such as differences in the collection of baggage and how that might affect travelers' entry into declaration zones.

The Declaration Zone test was originally scheduled to run for a period of approximately two years, beginning no earlier than September 27, 2021. The Declaration Zone test was extended and expanded on October 16, 2023, with a set expiration date of October 16, 2025. For the reasons described previously, CBP is extending the Declaration Zone test for an additional three years, ending on October 16, 2028. Consistent with both the initial test and first extension, expansion dates may vary at each participating location. While the test is

ongoing, CBP will evaluate the results and determine whether the test should be extended or otherwise modified. CBP reserves the right to discontinue this test at any time at CBP's sole discretion. CBP will announce any modifications by notice in the **Federal Register**.

B. Description and Procedures of the Test

Within a cruise terminal facility participating in the Declaration Zone test, two distinct customs declaration zone queues are established for entering the area where travelers are processed following their egress from a vessel (the "egress area"): one for *No Items to Declare* and another for *Items to Declare*. Signage is posted to clearly label the queues at the entrance to the egress area after travelers collect their luggage. The physical act of selecting the *No Items to Declare* queue or the *Items to Declare* queue in and of itself constitutes an initial demonstrative declaration. CBP officers conduct roving enforcement operations within the baggage collection and egress areas to ensure traveler compliance. This test solely alters the method of declaration by allowing an initial demonstrative declaration and does not modify travelers' existing obligation to accurately declare items in accordance with CBP regulations. See 19 CFR 148.18, 148.19.

i. No Items To Declare Queue

Travelers who determine they have nothing to declare enter the *No Items to Declare* queue and proceed through the egress area to the facility exit. CBP officers conduct roving operations in the *No Items to Declare* zone to affirm traveler compliance, receive oral declarations, and make referrals to secondary inspection as necessary. Travelers who are not questioned by CBP officers conducting roving operations may proceed to the exit.

ii. Items To Declare Queue

Travelers with items to declare enter the *Items to Declare* queue and present themselves to a CBP officer to make an oral declaration. The CBP officer makes a determination if duty is owed by the traveler or if additional inspection is warranted. The CBP officer then directs the traveler accordingly.

iii. Referral to Secondary Inspection

If a traveler is referred to secondary inspection at any point, CBP officers will follow standard procedures, including collecting an oral and/or written declaration during the referral and inspection. CBP officers will also follow current agency policy on declaration amendment opportunities. See 19 CFR 148.16.

C. Eligibility and Participation Requirements

The Declaration Zone test is limited to closed loop cruises participating in the voluntary FBD program and to open loop cruises participating in Simplified Arrival. Additionally, the test is only available at cruise terminal facilities identified by CBP as having sufficient space and infrastructure to accommodate queuing for processing through a Declaration Zone. CBP Headquarters will communicate with each Field Office and port of entry with cruise terminal facilities meeting these criteria and advise of the option to have a Declaration Zone test at their respective terminal(s). Participating sea ports of entry are listed online at <https://www.cbp.gov/travel/biometrics/locations/seaports>. Currently, the Declaration Zone test is conducted at cruise terminals at the Miami Sea Port, Port Everglades, Port Canaveral, Galveston, Norfolk, and Bayonne⁸ sea ports of entry. In the extended testing period announced by this notice, CBP plans to expand the test to include cruise terminals at up to 14 additional sea ports of entry, which would mean a total of 20 possible participants, consistent with the 20 permitted under the 2023 extension and expansion.

D. Authorization for This Test

CBP is authorized to impose requirements different from those specified in CBP regulations for purposes of conducting a test program or procedure designed to evaluate the effectiveness of new technology or operational procedures regarding the processing of passengers, vessels, or merchandise. *See* 19 CFR 101.9(a). Test programs must be limited in scope, time, and application. Waiver or modification of requirements under existing regulations is permitted so long as the waiver or modification does not affect the collection of the revenue, public health, safety, or law enforcement.

This test is authorized under 19 CFR 101.9(a) because it evaluates the effectiveness of a demonstrative initial declaration as an alternative to existing declaration requirements. This test is limited in scope, time, and application because this notice authorizes the alternative procedure for a period of three years and will only be applicable to select cruise terminals at certain sea ports of entry. CBP does not anticipate that this test will affect the collection of the revenue, public health, safety, or law enforcement.

⁸ Bayonne, New Jersey, is within the limits of the New York, New York customs port of entry. *See* 19 CFR 101.3; T.D. 40809 (Apr. 20, 1925).

E. Modification of Certain Regulatory Requirements

CBP regulations require each traveler to provide an oral or written declaration of all articles brought into the United States to a CBP officer. *See* 19 CFR 148.12 and 148.13. The test described in the 2021 and 2023 notices and extended by this notice provides travelers at participating cruise terminals with a modified method of satisfying the oral or written declaration requirements by allowing a demonstrative initial declaration, as described in Section II.B.

If a traveler enters the *No Items to Declare* queue and is not questioned by CBP officers conducting roving operations prior to exiting the egress area of the facility, the requirement to provide an oral or written declaration under 19 CFR 148.12 or 148.13 will be deemed satisfied for the purposes of this test. For all other travelers, the initial demonstrative declaration supplements the requirement to provide an oral and/or written declaration under 19 CFR 148.12 and 148.13.

Regardless of which declaration zone queue a traveler selects, all other requirements of 19 CFR part 148, subpart B, regarding declarations, including those provided by 19 CFR 148.18, regarding failure to declare, and 19 CFR 148.19, regarding false or fraudulent statements, still apply.

F. Evaluation of the Declaration Zone Test

CBP will use the results of this renewed test to assess the operational feasibility of allowing an initial demonstrative declaration to be an acceptable declaration method. CBP will evaluate this test based on a number of criteria, including:

- Evaluation of cruise line customer satisfaction surveys gathering feedback on the debarkation process; and
- Comparison of year-over-year enforcement statistics for each test period to ensure no impact to duty collection or to the frequency of enforcement activities.

G. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501 *et seq.*, requires that CBP consider the effect of paperwork and other information collection burdens imposed on the public, and under the provisions of 44 U.S.C. 3507(c) and (d), obtain approval from the Office of Management and Budget for each collection of information it conducts, sponsors, or requires through regulations. There is no new collection of information required in this document; thus, the provisions of the PRA are inapplicable to this test.

DIANE J. SABATINO,
*Acting Executive Assistant Commissioner,
Office of Field Operations,
U.S. Customs and Border Protection.*

**REVOCATION OF FREEBOARD INTERNATIONAL
(LINDEN, NJ), AS AN APPROVED COMMERCIAL GAUGER**

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: General notice of revocation of Freeboard International as a customs-approved gauger.

SUMMARY: Notice is hereby given, pursuant to the U.S. Customs and Border Protection (CBP) regulations, that CBP's approval for Freeboard International's Linden, NJ facility has been revoked from gauging petroleum and petroleum products for customs purposes.

DATES: The date of revocation is September 15, 2025.

FOR FURTHER INFORMATION CONTACT: Dr. Laura Granell-Ortiz, Laboratories and Scientific Services, U.S. Customs and Border Protection, 1331 Pennsylvania Avenue NW, Suite 1501A North, Washington, DC 20004, tel. 202-344-1060.

SUPPLEMENTARY INFORMATION: Notice is hereby given that, regarding Freeboard International (Freeboard), 2500 Brunswick Avenue, Linden, NJ 07036, Freeboard's approval has been indefinitely revoked from gauging petroleum and petroleum products for customs purposes in accordance with section 151.13 of the U.S. Customs and Border Protection (CBP) regulations in title 19 of the Code of Federal Regulations (CFR), (19 CFR 151.13). The basis for this revocation is pursuant to 19 CFR 151.13(d)(1)(vii) and 151.13(i)(1)(ii)(G), for the failure to meet the obligation as a CBP-approved commercial gauger to maintain a customs bond in accordance with part 113 of the CBP regulations (19 CFR part 113).

Inquiries regarding the entity's status as an approved gauger may be directed to CBP by calling (202) 344-1060 or by sending an email to CBPGaugersLabs@cbp.dhs.gov. Please reference the website listed below for a complete listing of CBP-approved commercial gaugers and accredited laboratories. <http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories>.

Dated: August 29, 2025.

KELLI A. TIPPETT,
*Acting Assistant Commissioner,
Laboratories and Scientific Services.*

ACCREDITATION AND APPROVAL OF SGS NORTH AMERICA, INC. (BEAUMONT, TX) AS A COMMERCIAL GAUGER AND LABORATORY

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Notice of accreditation and approval of SGS North America, Inc. (Beaumont, TX), as a commercial gauger and laboratory.

SUMMARY: Notice is hereby given, pursuant to CBP regulations, that SGS North America, Inc. (Beaumont, TX), has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes for the next three years as of August 14, 2024.

DATES: SGS North America, Inc. (Beaumont, TX) was approved and accredited as a commercial gauger and laboratory as of August 14, 2024. The next triennial inspection date will be scheduled for August 2027.

FOR FURTHER INFORMATION CONTACT: Mrs. Allison Blair, Laboratories and Scientific Services, U.S. Customs and Border Protection, 4150 Interwood South Parkway, Houston, TX 77032, tel. 281-560-2900.

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to 19 CFR 151.12 and 19 CFR 151.13, that SGS North America, Inc., 4575 Jerry Ware Drive, Beaumont, Texas 77705, has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes, in accordance with the provisions of 19 CFR 151.12 and 19 CFR 151.13.

SGS North America, Inc. (Beaumont, TX) is approved for the following gauging procedures for petroleum and certain petroleum products from the American Petroleum Institute (API):

API chapters	Title
3	Tank Gauging.
7	Temperature Determination.
8	Sampling.
12	Calculations.
17	Marine Measurement.

SGS North America, Inc. (Beaumont, TX) is accredited for the following laboratory analysis procedures and methods for petroleum and certain petroleum products set forth by the U.S. Customs and Border Protection Laboratory Methods (CBPL) and American Society for Testing and Materials (ASTM):

CBPL No.	ASTM	Title
27-03	D 4006	Standard Test Method for Water in Crude Oil by Distillation.
27-04	D 95	Standard Test Method for Water in Petroleum Products and Bituminous Materials by Distillation.
27-05	D 4928	Standard Test Method for Water in Crude Oils by Coulometric Karl Fischer Titration.
27-06	D 473	Standard Test Method for Sediment in Crude Oils and Fuel Oils by the Extraction Method.
27-08	D 86	Standard Test Method for Distillation of Petroleum Products at Atmospheric Pressure.
27-11.....	D 445	Standard Test Method for Kinematic Viscosity of Transparent and Opaque Liquids (and Calculation of Dynamic Viscosity).
27-13	D 4294	Standard Test Method for Sulfur in Petroleum and Petroleum Products by Energy Dispersive X-ray Fluorescence Spectrometry.
27-14	D 2622	Standard Test Method for Sulfur in Petroleum Products by Wavelength Dispersive X-Ray Fluorescence Spectrometry.
27-48	D 4052	Standard Test Method for Density, Relative Density, and API Gravity of Liquids by Digital Density Meter.
27-54	D 1796	Standard Test Method for Water and Sediment in Fuel Oils by the Centrifuge Method (Laboratory Procedure).

Anyone wishing to employ this entity to conduct laboratory analyses and gauger services should request and receive written assurances from the entity that it is accredited or approved by the U.S. Customs and Border Protection to conduct the specific test or gauger service requested. Alternatively, inquiries regarding the specific test or gauger service this entity is accredited or approved to perform may be directed to the U.S. Customs and Border Protection by calling (281) 560-2900. The inquiry may also be sent to *CBPGaugersLabs@cbp.dhs.gov*. Please reference the website listed below for a complete listing of CBP approved gaugers and accredited laboratories. *<http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories>*.

AINE RAMIREZ,
Laboratory Director,
Houston Laboratories and Scientific Services.

APPROVAL OF BUREAU VERITAS COMMODITIES AND TRADE, INC. (SULPHUR, LA) AS A COMMERCIAL GAUGER

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Notice of approval of Bureau Veritas Commodities and Trade, Inc. (Sulphur, LA) as a commercial gauger.

SUMMARY: Notice is hereby given, pursuant to CBP regulations, that Bureau Veritas Commodities and Trade, Inc. (Sulphur, LA) has been approved to gauge petroleum and certain petroleum products for customs purposes for the next three years as of June 5, 2024.

DATES: Bureau Veritas Commodities and Trade, Inc. (Sulphur, LA) was approved as a commercial gauger as of June 5, 2024. The next triennial inspection date will be scheduled for June 2027.

FOR FURTHER INFORMATION CONTACT: Mrs. Allison Blair, Laboratories and Scientific Services, U.S. Customs and Border Protection, 4150 Interwood South Parkway, Houston, TX 77032, tel. 281-560-2900.

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to 19 CFR 151.13, that Bureau Veritas Commodities and Trade, Inc., 384 N Post Oak Road, Sulphur, LA 70663, has been approved to gauge petroleum and certain petroleum products for customs purposes, in accordance with the provisions of 19 CFR 151.13. Bureau Veritas Commodities and Trade, Inc. (Sulphur, LA) is approved for the following gauging procedures for petroleum and certain petroleum products from the American Petroleum Institute (API):

API chapters	Title
3	Tank Gauging.
5	Metering.
7	Temperature Determination.
8	Sampling.
12	Calculations.
14	Natural Gas Fluids Measurement.
17	Marine Measurement.

Anyone wishing to employ this entity to conduct gauger services should request and receive written assurances from the entity that it is approved by the U.S. Customs and Border Protection to conduct the specific gauger service requested. Alternatively, inquiries regarding

the specific gauger service this entity is approved to perform may be directed to the U.S. Customs and Border Protection by calling (281) 560-2900. The inquiry may also be sent to *CBPGaugersLabs@cbp.dhs.gov*. Please reference the website listed below for a complete listing of CBP approved gaugers and accredited laboratories. *<http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories>*.

AINE RAMIREZ
*Laboratory Director, Houston,
Laboratories and Scientific Services
Directorate.*

ACCREDITATION AND APPROVAL OF SGS NORTH AMERICA, INC. (HOUSTON, TX) AS A COMMERCIAL GAUGER AND LABORATORY

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Notice of accreditation and approval of SGS North America, Inc. (Houston, TX) as a commercial gauger and laboratory.

SUMMARY: Notice is hereby given, pursuant to CBP regulations, that SGS North America, Inc. (Houston, TX) has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes for the next three years as of July 26, 2023.

DATES: SGS North America, Inc. (Houston, TX) was approved and accredited as a commercial gauger and laboratory as of July 26, 2023. The next triennial inspection date will be scheduled for July 2026.

FOR FURTHER INFORMATION CONTACT: Mrs. Allison Blair, Laboratories and Scientific Services, U.S. Customs and Border Protection, 4150 Interwood South Parkway, Houston, TX 77032, tel. 281-560-2900.

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to 19 CFR 151.12 and 19 CFR 151.13, that SGS North America, Inc., 15602 Jacintoport Blvd. Houston, Texas 77015, has been approved to gauge petroleum and certain petroleum products and accredited to test petroleum and certain petroleum products for customs purposes, in accordance with the provisions of 19 CFR 151.12 and 19 CFR 151.13.

SGS North America, Inc. (Houston, TX) is approved for the following gauging procedures for petroleum and certain petroleum products from the American Petroleum Institute (API):

API chapters	Title
3	Tank Gauging.
7	Temperature Determination.
8	Sampling.
12	Calculations.
14	Natural Gas Fluids.
17	Marine Measurement.

SGS North America, Inc. (Houston, TX) is accredited for the following laboratory analysis procedures and methods for petroleum and certain petroleum products set forth by the U.S. Customs and Border Protection Laboratory Methods (CBPL) and American Society for Testing and Materials (ASTM):

CBPL No.	ASTM	Title
27-11	D 445	Standard Test Method for Kinematic Viscosity of Transparent and Opaque Liquids (and Calculation of Dynamic Viscosity).
27-48	D 4052	Standard Test Method for Density, Relative Density, and API Gravity of Liquids by Digital Density Meter.
27-50	D 93	Standard Test Methods for Flash-Point by Pensky-Martens Closed Cup Tester.
N/A	D 92	Standard Test Method for Flash and Fire Points by Cleveland Open Cup Tester.

Anyone wishing to employ this entity to conduct laboratory analyses and gauger services should request and receive written assurances from the entity that it is accredited or approved by the U.S. Customs and Border Protection to conduct the specific test or gauger service requested. Alternatively, inquiries regarding the specific test or gauger service this entity is accredited or approved to perform may be directed to the U.S. Customs and Border Protection by calling (281) 560-2900. The inquiry may also be sent to *CBPGaugersLabs@cbp.dhs.gov*. Please reference the website listed below for a complete listing of CBP approved gaugers and accredited laboratories. *<http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories>*.

AINE RAMIREZ,
*Laboratory Director, Houston,
Laboratories and Scientific Services.*

**PROPOSED REVOCATION OF ONE RULING LETTER AND
PROPOSED REVOCATION OF TREATMENT RELATING TO
THE TARIFF CLASSIFICATION OF MEN'S OUTERWEAR
JACKETS FROM CHINA**

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Notice of proposed revocation of one ruling letter and proposed revocation of treatment relating to the tariff classification of men's outerwear jackets from China.

SUMMARY: Pursuant to section 625(c), Tariff Act of 1930 (19 U.S.C. § 1625(c)), as amended by section 623 of title VI (Customs Modernization) of the North American Free Trade Agreement Implementation Act (Pub. L. 103-182, 107 Stat. 2057), this notice advises interested parties that U.S. Customs and Border Protection (CBP) intends to revoke one ruling letter concerning tariff classification of two styles of men's jackets under the Harmonized Tariff Schedule of the United States (HTSUS). Similarly, CBP intends to revoke any treatment previously accorded by CBP to substantially identical transactions. Comments on the correctness of the proposed actions are invited.

DATE: Comments must be received on or before November 1, 2025.

ADDRESS: Written comments are to be addressed to U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, Attention: Shannon L. Stillwell, Commercial and Trade Facilitation Division, 90 K St., NE, 10th Floor, Washington, DC 20229-1177. CBP is also allowing commenters to submit electronic comments to the following email address: 1625Comments@cbp.dhs.gov. All comments should reference the title of the proposed notice at issue and the *Customs Bulletin* volume, number and date of publication. Arrangements to inspect submitted comments should be made in advance by calling Ms. Shannon L. Stillwell at (202) 325-0739.

FOR FURTHER INFORMATION CONTACT: Marie Durane, Food, Textiles, and Marking Branch, Regulations and Rulings, Office of Trade, at (202) 325-0984.

SUPPLEMENTARY INFORMATION:

BACKGROUND

Current customs law includes two key concepts: informed compliance and shared responsibility. Accordingly, the law imposes an obligation on CBP to provide the public with information concerning the trade community's responsibilities and rights under the customs and

related laws. In addition, both the public and CBP share responsibility in carrying out import requirements. For example, under section 484 of the Tariff Act of 1930, as amended (19 U.S.C. § 1484), the importer of record is responsible for using reasonable care to enter, classify and value imported merchandise, and to provide any other information necessary to enable CBP to properly assess duties, collect accurate statistics, and determine whether any other applicable legal requirement is met.

Pursuant to 19 U.S.C. § 1625(c)(1), this notice advises interested parties that CBP is proposing to revoke one ruling letter pertaining to the tariff classification of two styles of men's jackets. Although in this notice, CBP is specifically referring to New York Ruling Letter ("NY") K82923, dated March 2, 2004 (Attachment A), this notice also covers any rulings on this merchandise which may exist, but have not been specifically identified. CBP has undertaken reasonable efforts to search existing databases for rulings in addition to the one identified. No further rulings have been found. Any party who has received an interpretive ruling or decision (i.e., a ruling letter, internal advice memorandum or decision, or protest review decision) on the merchandise subject to this notice should advise CBP during the comment period.

Similarly, pursuant to 19 U.S.C. § 1625(c)(2), CBP is proposing to revoke any treatment previously accorded by CBP to substantially identical transactions. Any person involved in substantially identical transactions should advise CBP during this comment period. An importer's failure to advise CBP of substantially identical transactions or of a specific ruling not identified in this notice may raise issues of reasonable care on the part of the importer or its agents for importations of merchandise subsequent to the effective date of the final decision on this notice.

In NY K82923, CBP classified the jackets in subheading 6201.93, HTSUS, which provides for "[m]en's or boys' overcoats, carcoats, capes, cloaks, anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets), other than those of heading 6203: Anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets): Of man-made fibers." CBP has reviewed NY K82923 and has determined the ruling letter to be in error. It is now CBP's position that style #1222, Men's Manticore Jacket, and style #1228, Men's Sphinx Jacket are properly classified, in subheading 6210.20.50, HTSUS, which provides for "[g]arments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907: Other garments, of the type described in heading 6201: Of man-made fibers: Other."

Pursuant to 19 U.S.C. § 1625(c)(1), CBP is proposing to revoke NY K82923 and to revoke or modify any other ruling not specifically identified to reflect the analysis contained in the proposed Headquarters Ruling Letter (“HQ”) H334134, set forth as Attachment B to this notice. Additionally, pursuant to 19 U.S.C. § 1625(c)(2), CBP is proposing to revoke any treatment previously accorded by CBP to substantially identical transactions.

Before taking this action, consideration will be given to any written comments timely received.

YULIYA A. GULIS,

Director

Commercial and Trade Facilitation Division

Attachments

ATTACHMENT A

NY K82923

March 2, 2004

CLA-2-62:RR:NC:TA:357 K82923

CATEGORY: Classification

TARIFF NO.: 6201.93.3000; 6201.93.3511

MS. LORI J. PENDER
COLUMBIA SPORTSWEAR COMPANY
14375 SCIENCE PARK DRIVE
PORTLAND, OR 97229

RE: The tariff classification of men's outerwear jackets from China

DEAR MS. PENDER:

In your letter dated January 30, 2004, on behalf of Mountain Hardwear, your wholly owned subsidiary, you requested a classification ruling. Samples were submitted and are being returned as you requested.

The two items, style #1222, Men's Manticore Jacket and style # 1228, Men's Sphinx Jacket, are of similar design and construction. Both have a full front opening with a zipper closure and a hook and loop storm flap, zippered pockets at the waist and chest, an interior mesh pocket, a permanent hood with a brim and an elasticized drawcord, hook and loop adjustment tabs at the sleeve ends, and an elasticized drawcord at the bottom hem.

Both garments are made from two types of fabric, one designated #003990-AT4603, the other #003863-AT3210BXFL. Fabric #003990-AT4603 is a three-layer fabric consisting of an outer layer of woven nylon taffeta, a middle layer of polyurethane laminate and an inner layer of warp knit nylon tricot. Fabric #003863-AT3210BXFL is also a three-layer material with an outer layer of plain weave nylon, a middle layer of polyurethane laminate and an inner layer of polyester fleece knit pile fabric.

Most of the front panels, the upper portions of the sleeves and small portions of the upper and lower back of style #1222 are made from fabric #003990-AT4603, with a small part of the front, the side panels, the under-portion of the sleeves and most of the back made from fabric #003863-AT3210BXFL.

Style #1228 has the entire front, the upper sleeve portions and a small part of the back made from #003990-AT4603 fabric, with the side panels, the under-portion of the sleeves and most of the back made from fabric #003863-AT3210BXFL.

The plastic portion of fabric #003990-AT4603 is visible through the inner warp knit fabric, so that garments made from this material are eligible for classification in heading 6210, HTS. Fabric #003863-AT3210BXFL, however, is of knit pile construction. Garments made from this type fabric are excluded from 6210 and 6113, HTS.

The issue presented is whether these garments, which are partially composed of qualifying fabric and partially composed of non-qualifying fabric, are classifiable in heading 6210, HTS.

In support of classification in HTS heading 6210, you presented a General Rule of Interpretation 3 (GRI 3) analysis and referred to Customs memorandum 084118, dated April 13, 1989, which discussed methodologies for determining the essential character under GRI 3 of textile garments of different materials or constructions.

It is a fundamental principle of tariff classification that the GRIs are to be applied in sequence. GRI 1 states that, among other things, classification shall be determined according to the terms of the headings. In Treasury Decision 91-78, which dealt with the scope of heading 6210 and the meaning of the term “made up” within the context of that heading, it was determined that (1) it is the outer shell that determines classification and (2) a garment must be “advanced to the state where its final identity is certain” for 6210 to apply.

In the case of the garments in this request it is our opinion that the presence of substantial portions of non-qualifying knit pile fabric precludes a finding that the goods are “made up” of a fabric of heading 5903. As such, by operation of GRI 1 these garments are not provided for in heading 6210.

However, as the knit pile portions do not impart the essential character to the garments, under a GRI 3 analysis these jackets are classifiable in Chapter 62, HTS.

Because these garments are made entirely from fabrics having a plastic layer which may provide water resistance, they are eligible for classification in the provisions for water resistant garments.

If meeting the terms for water resistance described in Harmonized Tariff Schedule Chapter 62, Additional U.S. Note 2, the applicable subheading for styles 1222 and 1228 will be 6201.93.3000, Harmonized Tariff Schedule of the United States (HTS), which provides for other men’s or boys’ anoraks (including ski-jackets), windbreakers and similar articles, of man-made fibers, water resistant. The duty rate will be 7.1 percent ad valorem.

If not meeting the terms of Additional U.S. Note 2, the applicable subheading for styles 1222 and 1228 will be 6201.93.3511, Harmonized Tariff Schedule of the United States (HTS), which provides for other men’s anoraks (including ski-jackets), windbreakers and similar articles, of man-made fibers. The duty rate will be 27.7 percent ad valorem.

These jackets fall within textile category designation 634. Based upon international textile trade agreements products of China are subject to quota and the requirement of a visa.

The designated textile and apparel categories and their quota and visa status are the result of international agreements that are subject to frequent renegotiations and changes. To obtain the most current information, we suggest that you check, close to the time of shipment, the *Textile Status Report for Absolute Quotas*, which is available at our Web site at www.cbp.gov. In addition, the designated textile and apparel categories may be subdivided into parts. If so, visa and quota requirements applicable to the subject merchandise may be affected and should also be verified at the time of shipment.

This ruling is being issued under the provisions of Part 177 of the Customs Regulations (19 C.F.R. 177).

A copy of the ruling or the control number indicated above should be provided with the entry documents filed at the time this merchandise is imported. If you have any questions regarding the ruling, contact National Import Specialist William Raftery at 646-733-3047.

Sincerely,

ROBERT B. SWIERUPSKI

Director,

National Commodity Specialist Division

ATTACHMENT B

HQ H334134
OT:RR:CTF:FTM H334134 MJD
CATEGORY: Classification
TARIFF NO.: 6210.20.50

MS. LORI J. PENDER
COLUMBIA SPORTSWEAR COMPANY
14375 SCIENCE PARK DRIVE
PORTLAND, OR 97229

RE: Revocation of NY K82923; Tariff Classification of Men's Outerwear Jack-
ets from China

DEAR MS. PENDER

This letter is in reference to New York Ruling Letter ("NY") K82923, dated March 2, 2004, concerning the tariff classification under the Harmonized Tariff Schedule of the United States ("HTSUS") of two styles of men's jackets. In NY K82923, U.S. Customs and Border Protection ("CBP") classified the jackets in subheading 6201.93, HTSUS, which provided for "[m]en's or boys' overcoats, carcoats, capes, cloaks, anoraks (including ski-jackets), wind-breakers and similar articles (including padded, sleeveless jackets), other than those of heading 6203: Anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets): Of man-made fibers." Upon additional review, we have determined that the classification of the men's jackets under subheading 6201.93, HTSUS, to be incorrect. For the reasons set forth below, we hereby revoke NY K82923.

FACTS:

NY K82923 described the two styles of men's jackets, as follows:

The two items, style #1222, Men's Manticore Jacket and style #1228, Men's Sphinx Jacket, are of similar design and construction. Both have a full front opening with a zipper closure and a hook and loop storm flap, zippered pockets at the waist and chest, an interior mesh pocket, a permanent hood with a brim and an elasticized drawcord, hook and loop adjustment tabs at the sleeve ends, and an elasticized drawcord at the bottom hem.

Both garments are made from two types of fabric, one designated #003990-AT4603, the other #003863-AT3210BXFL. Fabric #003990-AT4603 is a three-layer fabric consisting of an outer layer of woven nylon taffeta, a middle layer of polyurethane laminate and an inner layer of warp knit nylon tricot. Fabric #003863-AT3210BXFL is also a three-layer material with an outer layer of plain weave nylon, a middle layer of polyurethane laminate and an inner layer of polyester fleece knit pile fabric.

Most of the front panels, the upper portions of the sleeves and small portions of the upper and lower back of style #1222 are made from fabric #003990-AT4603, with a small part of the front, the side panels, the under-portion of the sleeves and most of the back made from fabric #003863-AT3210BXFL.

Style #1228 has the entire front, the upper sleeve portions and a small part of the back made from #003990-AT4603 fabric, with the side panels, the under-portion of the sleeves and most of the back made from fabric #003863-AT3210BXFL.

The plastic portion of fabric #003990-AT4603 is visible through the inner warp knit fabric, so that garments made from this material are eligible for classification in heading 6210, HTS. Fabric #003863-AT3210BXFL, however, is of knit pile construction. Garments made from this type fabric are excluded from 6210 and 6113, HTS.

ISSUE:

What is the tariff classification of the two styles of men's jackets at issue?

LAW AND ANALYSIS:

Classification decisions under the HTSUS are made in accordance with the General Rules of Interpretation ("GRIs"). GRI 1 provides that the classification of goods shall be determined according to the terms of the headings of the tariff schedule and any relative section or chapter notes. In the event that the goods cannot be classified solely based on GRI 1, and if the headings and legal notes do not otherwise require, the remaining GRIs 2 through 6 may then be applied in order.

GRI 3 states that, when by application of GRI 2(b) goods are *prima facie* classifiable under two or more headings, classification shall be effected as follows:

...

- (b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3(a), shall be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.
- (c) When goods cannot be classified by reference to 3(a) or 3(b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

* * *

The 2025 HTSUS provisions under consideration are:

- 5903: Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902:
- 6101: Men's or boys' overcoats, carcoats, capes, cloaks, anoraks (including ski-jackets), windbreakers and similar articles, knitted or crocheted, other than those of heading 6103:
- 6201: Men's or boys' overcoats, carcoats, capes, cloaks, anoraks (including ski jackets), windbreakers and similar articles (including padded, sleeveless jackets), other than those of heading 6203:
- 6210: Garments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907:

* * *

Note 3 to Chapter 59, HTSUS, provides, in pertinent part, as follows:¹

For the purposes of heading 5903, “textile fabrics laminated with plastics” means products made by the assembly of one or more layers of fabrics with one or more sheets or film of plastics which are combined by any process that bonds the layers together, whether or not the sheets or film of plastics are visible to the naked eye in the cross-section.

Note 1 to Chapter 60, HTSUS, provides, in pertinent part, as follows:

This chapter does not cover:

...

(c) Knitted or crocheted fabrics, impregnated, coated, covered or laminated, of chapter 59. However, knitted or crocheted pile fabrics, impregnated, coated, covered or laminated, remain classified in heading 6001.

Note 6 to Chapter 62, HTSUS, provides, in pertinent part, as follows:

Garments which are, *prima facie*, classifiable both in heading 6210 and in other headings of this chapter, excluding heading 6209, are to be classified in heading 6210

* * *

In understanding the language of the HTSUS, the Explanatory Notes (“ENs”) of the Harmonized Commodity Description and Coding System, which constitute the official interpretation of the HTSUS at the international level, may be utilized. The ENs, although not dispositive or legally binding, provide a commentary on the scope of each heading, and are generally indicative of the proper interpretation of the HTSUS. *See* T.D. 89–80, 54 Fed. Reg. 35127 (August 23, 1989).

The ENs to GRI 3(b) provide, in pertinent part, that:

- (VII) In all these cases the goods are to be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.
- (VIII) The factor which determines essential character will vary as between different kinds of goods. It may, for example, be determined by the nature of the material or component, its bulk, quantity, weight or value, or by the role of a constituent material in relation to the use of the goods.

...

The General ENs to Chapter 61 and 62, HTSUS, provide, in pertinent part, that:

The classification of goods in this Chapter is not affected by the presence of parts or accessories of, for example, woven fabrics, furskin, feathers, leather, plastics or metal. Where, however, the presence of these materials constitutes **more than mere trimming** ...

* * *

¹ In 2004, when NY K82923 was published, Note 3 to Chapter 59, HTSUS, did not exist. As a result, the plastic component of textile fabrics laminated with plastics was required to be visible. However, with the addition of Note 3 to Chapter 59, HTSUS, the plastic is no longer required to be visible when a fabric with one or more layers of fabric is assembled with a sheet or film of plastic and is bonded together.

In the instant case there are two styles of jackets, style #1222, Men's Manticore Jacket, and style #1228, Men's Sphinx Jacket, that are of similar design and construction. Both jackets are made from two different multilayer fabrics, one fabric is designated #003990-AT4603, the other fabric is designated #003863-AT3210BXFL. Since both jackets in this case are constructed of two different types of fabrics, we must first classify each fabric in order to determine the classification of the jackets.

Fabric #003990-AT4603 has three layers consisting of an outer layer of woven nylon taffeta, a visible middle layer of polyurethane film, and an inner layer of warp knit nylon tricot. Heading 5903, HTSUS, provides for the classification of "[t]extile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902." According to Note 3 to Chapter 59, HTSUS, "textile fabrics laminated with plastics" means products made by the assembly of one or more layers of fabrics with one or more sheets or film of plastics which are combined by any process that bonds the layers together, whether or not the sheets or film of plastics are visible to the naked eye in the cross-section." Since the textile in fabric #003990-AT4603 is laminated with plastic as provided for in Note 3 to Chapter 59, HTSUS, the fabric is classified under heading 5903, HTSUS.

With respect to fabric #003863-AT3210BXFL, which has an outer layer of plain weave nylon, a middle layer of polyurethane film, and an inner layer of polyester fleece knit pile fabric, Note 1(c) to Chapter 60, HTSUS, is instructive. Note 1(c) to Chapter 60, HTSUS, provides that "knitted or crocheted pile fabrics, impregnated, coated, covered, or laminated, remain classified in heading 6001." Since Fabric #003863-AT3210BXFL is a laminated polyester fleece knit pile fabric, it cannot be classified in heading 5903, HTSUS, and is therefore classified in heading 6001, HTSUS, which provides for "Pile fabrics, including 'long pile' fabrics and terry fabrics, knitted or crocheted."

Having determined where the fabrics are classified, now we must determine which fabric imparts the essential character of the jackets per GRI 3(b). If the essential character of the jackets is imparted by fabric #003990-AT4603, which is classified in heading 5903, HTSUS, the jackets will be classified in heading 6210, HTSUS, which provides for "[g]arments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907," and if the essential character of the jackets is imparted by fabric #003863-AT3210BXFL, which is classified in heading 6001, HTSUS, then the jackets will be classified in heading 6101, HTSUS, which provides for "[m]en's or boys' overcoats, carcoats, capes, cloaks, anoraks (including ski-jackets), windbreakers and similar articles, knitted or crocheted, other than those of heading 6103."

However, it should be noted that the existence of both woven and knit fabrics in a garment or both textile and nontextile components does not automatically mean that the garment must be classified pursuant to GRI 3. For example, for the classification of goods in Chapters 61 and 62, consideration should be given to the General ENs related to those Chapters, which provides that "the presence of parts or accessories of, for example, woven fabrics, fur skin, feathers, leather, plastics or metal" do not affect the classification of goods in those Chapters, unless "these materials constitutes more than mere trimming." Headquarters Memorandum ("HQ Memo") 080817, dated August 31, 1987, explains CBP's position that in most instances garments will be classified according to their outer shell when the garments contain accessories or parts that are merely trimming. In the instant case, both jackets will be classified per the outer shell which constitutes fabric

#003990-AT4603 and fabric #003863-ATS3210BXFL, as the garments do not contain parts or accessories that are more than mere trimming. Therefore, a GRI 3(b) analysis is required to determine which fabric, if any, constitutes the essential character of the jackets.

When considering the essential character of garments made up of two different fabrics such as the jackets in this case, HQ Memo 084118, dated April 13, 1989, provides guidance on how to classify the garment. In HQ Memo 084118, CBP stated the following:

- (a) For upper or lower body garments, if one component exceeds 60 percent of the visible surface area, that component will determine the classification of the garment unless the other component:
 - (1) forms the entire front of the garment; or
 - (2) provides a visual and significant decorative effect (e.g., a substantial amount of lace); or
 - (3) is over 50 percent by weight of the garment; or
 - (4) is valued at more than 10 times the primary component.

If no component comprises 60 percent of the visible surface area, or if any of the above four listed conditions are present, classification will be according to GRI 3(b) or 3(c), as appropriate.

In the instant case, neither fabric #003990-AT4603 nor fabric #003863-ATS3210BXFL exceeds 60 percent of the visible surface area in either jacket. For example, for style 1222, Men's Manticore Jacket, fabric #003990-AT4603 makes up most of the front panels, the upper portions of the sleeves, and small portions of the upper and lower back, whereas fabric #003863-ATS3210BXFL makes up a small part of the front, the side panels, the under-portion of the sleeves, and most of the back. Regarding style #1228, Men's Sphinx Jacket, fabric #003990-AT4603 makes up the entire front, the upper sleeve portion, and a small part of the back, whereas fabric #003863-ATS3210BXFL makes up the side panels, the under-portion of the sleeves, and most of the back. Thus, no fabric in either jacket exceeds 60 percent of the visible surface area in either jacket.

Moreover, neither fabric provides a visual and significant decorative effect, or is over 50 percent by weight of the garments, or is valued more than 10 times the primary component. However, while fabric #003990-AT4603 makes up most of the front panels with respect to style #1222, Men's Manticore Jacket, fabric #003990-AT4603 makes up the entire front panels of style #1228, Men's Sphinx Jacket, thus meeting one of the exceptions listed in HQ Memo 084118. Therefore, per the guidance in HQ Memo 084118, both jackets should be classified according to GRI (b) or GRI 3(c).

Under GRI 3(b), composite goods must be classified according to the material or component that imparts the article with its essential character. The "essential character" of an article is "that which is indispensable to the structure, core or condition of the article, i.e., what it is." *Structural Industries v. United States*, 360 F. Supp. 2d 1330, 1336 (Ct. Int'l Trade 2005). EN VIII to GRI 3(b) explains that "[t]he factor which determines essential character will vary as between different kinds of goods. It may, for example, be determined by the nature of the material or component, its bulk, quantity, weight or value, or by the role of the constituent material in relation to the use of the goods." In the instant case, neither fabric #003990-AT4603 nor fabric #003863-ATS3210BXFL is more indispensable than the other. Also,

neither fabric makes the jackets “what it is.” Both fabrics are of equal importance to the jackets. Similarly, no one component of the jackets is more indispensable than the other, or makes the jackets what they are. As a result, no essential character determination can be made under GRI 3(b), and we must proceed to GRI 3(c). GRI 3(c) directs classification according to the heading that comes last among the competing headings. In this case, the competing headings are heading 6101, HTSUS, and 6210, HTSUS. As heading 6210, HTSUS, comes last, the jackets are classified therein, and specifically under subheading 6210.20.50, HTSUS, which provides for “[g]arments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907: Other garments, of the type described in heading 6201: Of man-made fibers: Other.”

In NY K82923, CBP classified the jackets at issue in subheading 6201.93, HTSUS, which provides for “[m]en’s or boys’ overcoats, carcoats, capes, cloaks, anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets), other than those of heading 6203: Anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets): Of man-made fibers.” The rationale was that the presence of substantial portions of non-qualifying knit pile fabric precluded a finding that the jackets were “made up” of a fabric of heading 5903, HTSUS. GRI 1 was applied, and the garments were precluded from classification in heading 6210, HTSUS. Furthermore, because the knit pile portions did not impart the essential character of the garments, per GRI 3 the jackets were classifiable in Chapter 62, HTSUS. As a result, because the jackets have a plastic layer that may provide water resistance, these articles were classified in heading 6201, HTSUS and specifically subheading 6201.93.30, HTSUS, or subheading 6201.93.35, HTSUS, depending on whether the jackets met the requirements for water resistance in the HTSUS.² This was an error.

As noted above, the outer shell of the jackets determines classification. See HQ Memo 080817. Since the outer shell of both jackets are made up of two different fabrics, classification is determined per GRI 3(b) essential character analysis or GRI 3(c). See HQ Memo 084118. However, if the essential character of a good cannot be determined per GRI 3(b), then GRI 3(c) is utilized, and the good is classified according to the heading which comes last in numerical order amongst those headings that merit equal consideration. As mentioned beforehand, neither fabric imparted the essential character of the garments and thus classification is based on the application of GRI 3(c). Accordingly, style #1222, Men’s Manticore Jacket and style #1228, Men’s Sphinx Jacket, are classified in heading 6210, HTSUS, and specifically subheading 6210.20.50, HTSUS, which provides for “[g]arments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907: Other garments, of the type described in heading 6201: Of man-made fibers: Other.”

HOLDING:

By application of GRI 3(c) and GRI 6, style #1222, Men’s Manticore Jacket, and style #1228, Men’s Sphinx Jacket, are classified in heading 6210, HTSUS, and specifically subheading 6210.20.50, HTSUS, which provides for “[g]arments, made up of fabrics of heading 5602, 5603, 5903, 5906 or 5907: Other garments, of the type described in heading 6201: Of man-made fibers: Other.” The 2025 column one general rate of duty is 7.1% *ad valorem*.

² In 2024, these provisions are currently 6201.40.45, HTSUS, and 6201.40.50, HTSUS.

Duty rates are provided for your convenience and are subject to change. The text of the most recent HTSUS and the accompanying duty rates are provided on the internet at *<https://hts.usitc.gov>*.

EFFECT ON OTHER RULINGS:

NY K82923, dated March 2, 2004, is hereby REVOKED.

In accordance with 19 U.S.C. § 1625(c), this ruling will become effective 60 days after its publication in the Customs Bulletin.

Sincerely,

YULIYA A. GULIS,

Director

Commercial Trade and Facilitation Division

AGENCY INFORMATION COLLECTION ACTIVITIES:**Extension; Application for Extension of Bond for Temporary Importation**

AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security.

ACTION: 60-Day notice and request for comments.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection (CBP) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 12, 2025) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651-0015 in the subject line and the agency name. Please submit written comments and/or suggestions in English. Please use the following method to submit comments:

Email. Submit comments to: *CBP_PRA@cbp.dhs.gov*.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229-1177, Telephone number 202-325-0056 or via email *CBP_PRA@cbp.dhs.gov*. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877-227-5511, (TTY) 1-800-877-8339, or CBP website at *https://www.cbp.gov/*.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the

agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Application for Extension of Bond for Temporary Importation.

OMB Number: 1651-0015.

Form Number: 3173.

Current Actions: Extension.

Type of Review: Extension (without change).

Affected Public: Businesses.

Abstract: Imported merchandise which is to remain in the customs territory for a period of one year or less without the payment of duties with the intent to destroy or export is entered as a temporary importation of goods under bond (TIB), as authorized under the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202). Consistent with 19 CFR 10.37, when this time period is not sufficient, importers and brokers may request an extension by submitting a CBP Form 3173, "Application for Extension of Bond for Temporary Importation", either electronically or manually, to the Center Director. The period of time may be extended for not more than two further periods of 1 year each, or such shorter periods as may be appropriate. An Extension may be granted by CBP, upon written or electronic submission of a CBP Form 3173, provided that the articles have not been exported or destroyed before receipt of the application, and liquidated damages have not been assessed under the bond before receipt of the application. CBP Form 3173 is provided for in 19 CFR 10.37 and is accessible at: <https://www.cbp.gov/newsroom/publications/forms?title=3173>.

Under the National Customs Automation Program (NCAP) concerning document imaging, certain Automated Commercial Environment (ACE) participants are able to submit electronic images of a specific set of CBP and Participating Government Agency (PGA)

forms and supporting information to CBP through the Document Image System (DIS). Specifically, importers and brokers, are allowed to submit official CBP documents and specified PGA forms via the Electronic Data Interchange (EDI).

Although the first phase of the DIS test was limited to certain CBP and PGA forms, subsequent deployment phases of DIS will incorporate additional forms and these other forms may be referenced in the DIS implementation guidelines.

This information collection is necessary to ensure compliance with 19 CFR 10.37 and the DIS guidance.

Type of Information Collection: Form 3173.

Estimated Number of Respondents: 1,822.

Estimated Number of Annual Responses per Respondent: 14.

Estimated Number of Total Annual Responses: 25,508.

Estimated Time per Response: 13 minutes.

Estimated Total Annual Burden Hours: 5,535.

Dated: September 10, 2025.

SETH D. RENKEMA
Branch Chief,
Economic Impact Analysis Branch,
U.S. Customs and Border Protection.

AGENCY INFORMATION COLLECTION ACTIVITIES:**Extension; Screening Requirements for Carriers**

AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security.

ACTION: 60-Day notice and request for comments.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection (CBP) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 12, 2025) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651-0122 in the subject line and the agency name. Please submit written comments and/or suggestions in English. Please use the following method to submit comments:

Email. Submit comments to: *CBP_PRA@cbp.dhs.gov*.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229-1177, Telephone number 202-325-0056 or via email *CBP_PRA@cbp.dhs.gov*. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877-227-5511, (TTY) 1-800-877-8339, or CBP website at *https://www.cbp.gov/*.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Screening Requirements for Carriers.

OMB Number: 1651-0122.

Form Number: N/A.

Current Actions: Extension without change.

Type of Review: Extension (without change).

Affected Public: Carriers.

Abstract: Section 273(e) of the Immigration and Nationality Act (8 U.S.C. 1323(e) the Act) authorizes the Department of Homeland Security (DHS) to establish procedures which carriers must undertake for the proper screening of their alien passengers prior to embarkation at the port from which they are to depart for the United States, in order to become eligible for an automatic reduction, refund, or waiver of a fine imposed under section 273(a)(1) and 273(b)(1) of the Act. To be eligible to obtain such an automatic reduction, refund, or waiver of a fine, the carrier must provide evidence to Customs and Border Protection (CBP) that it screened all passengers on the conveyance in accordance with the procedures listed in 8 CFR 273.

Some examples of the evidence the carrier may provide to CBP include: a description of the carrier's document screening training program; the number of employees trained; information regarding the date and number of improperly documented aliens intercepted by the carrier at the port(s) of embarkation; and any other evidence to demonstrate the carrier's efforts to properly screen passengers destined for the United States.

Type of Information Collection: Screening Requirements for Carriers.

Estimated Number of Respondents: 41.

Estimated Number of Annual Responses per Respondent: 1.

Estimated Number of Total Annual Responses: 41.

Estimated Time per Response: 100 hours.

Estimated Total Annual Burden Hours: 4,100.

Dated: September 10, 2025.

SETH D. RENKEMA
Branch Chief,
Economic Impact Analysis Branch,
U.S. Customs and Border Protection.

AGENCY INFORMATION COLLECTION ACTIVITIES:**Extension; Holders or Containers Which Enter the United States Duty Free**

AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security.

ACTION: 60-Day notice and request for comments.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection (CBP) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 12, 2025) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651-0035 in the subject line and the agency name. Please submit written comments and/or suggestions in English. Please use the following method to submit comments:

Email. Submit comments to: *CBP_PRA@cbp.dhs.gov*.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229-1177, Telephone number 202-325-0056 or via email *CBP_PRA@cbp.dhs.gov*. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877-227-5511, (TTY) 1-800-877-8339, or CBP website at *https://www.cbp.gov/*.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the

agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Holders or Containers Which Enter the United States Duty Free.

OMB Number: 1651-0035.

Form Number: N/A.

Current Actions: Extension without change.

Type of Review: Extension (without change).

Affected Public: Businesses.

Abstract: Subheading 9803.00.50 of the Harmonized Tariff Schedule of the United States (HTSUS), codified as 19 U.S.C. 1202, provide for the release without entry or the payment of duty of certain substantial holders or containers pursuant to the provisions of 19 CFR 10.41b.

19 CFR 10.41b eliminates the need for an importer to file entry documents by instead requiring, among other things, the marking of the containers or holders to indicate the HTSUS numbers that provide for duty-free treatment of the containers or holders.

For U.S. manufactured serially numbered holders or containers which may be released without entry or the payment of duty under 9801.00.10 HTSUS, 19 CFR 10.41b(c) requires the owner to place the following markings on the holder or container: 9801.00.10, HTSUS (unless the holder or container has a permanently attached metal tag or plate showing, among other things, the name and address of the U.S. manufacturer); the name of the owner; and the serial number assigned by the owner. For serially numbered holders or containers of foreign manufacture for which may be released without entry or payment of duty under 9803.00.50 HTSUS, 19 CFR 10.41b(d) requires the owner to place markings containing the following information: 9803.00.50 HTSUS; the district and port code numbers of the port of entry; the entry number; the last two digits of the fiscal year

of entry covering the importation of the holders and containers on which duty was paid; the name of the owner; and the serial number assigned by the owner.

This collection of information applies to the importing and trade community which is familiar with import procedures and with the CBP regulations.

Type of Information Collection: Holders/Containers Entering U.S. Duty-Free.

Estimated Number of Respondents: 20.

Estimated Number of Annual Responses per Respondent: 18.

Estimated Number of Total Annual Responses: 360.

Estimated Time per Response: 15 minutes.

Estimated Total Annual Burden Hours: 90.

Dated: September 10, 2025.

SETH D. RENKEMA,
Branch Chief,
Economic Impact Analysis Branch,
U.S. Customs and Border Protection.

AGENCY INFORMATION COLLECTION ACTIVITIES:

Extension; Delivery Ticket (CBP Form 6043)

AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security.

ACTION: 60-Day notice and request for comments.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection (CBP) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 12, 2025) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651-0081 in the subject line and the agency name. Please submit written comments and/or suggestions in English. Please use the following method to submit comments:

Email. Submit comments to: *CBP_PRA@cbp.dhs.gov*.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229-1177, Telephone number 202-325-0056 or via email *CBP_PRA@cbp.dhs.gov*. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877-227-5511, (TTY) 1-800-877-8339, or CBP website at *https://www.cbp.gov/*.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Delivery Ticket.

OMB Number: 1651-0081.

Form Number: 6043.

Current Actions: Extension without change.

Type of Review: Extension (without change).

Affected Public: Businesses.

Abstract: CBP Form 6043, Delivery Ticket, is used to document transfers of imported merchandise between parties. This form collects information such as the name and address of the consignee; the name of the importing carrier; lien information; the location of where the goods originated and where they were delivered; and information about the imported merchandise. CBP Form 6043 is completed by warehouse proprietors, carriers, Foreign Trade Zone operators and other trade entities involved in transfers of imported merchandise. This form is authorized by 19 U.S.C. 1551a and 1565, and provided for by 19 CFR 4.34, 4.37 and 19.9. It is accessible at: <https://www.cbp.gov/newsroom/publications/forms>.

The respondents to this information collection are members of the trade community who are familiar with CBP regulations.

Type of Information Collection: Delivery Ticket (Form 6043).

Estimated Number of Respondents: 1,156.

Estimated Number of Annual Responses per Respondent: 200.

Estimated Number of Total Annual Responses: 231,200.

Estimated Time per Response: 15 minutes.

Estimated Total Annual Burden Hours: 57,800.

SETH D. RENKEMA,
Branch Chief,
Economic Impact Analysis Branch,
U.S. Customs and Border Protection.

AGENCY INFORMATION COLLECTION ACTIVITIES:**Extension; Administrative Rulings**

AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security.

ACTION: 60-Day notice and request for comments.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection (CBP) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 12, 2025) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651-0085 in the subject line and the agency name. Please submit written comments and/or suggestions in English. Please use the following method to submit comments:

Email. Submit comments to: *CBP_PRA@cbp.dhs.gov*.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229-1177, Telephone number 202-325-0056 or via email *CBP_PRA@cbp.dhs.gov*. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877-227-5511, (TTY) 1-800-877-8339, or CBP website at *https://www.cbp.gov/*.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Administrative Rulings.

OMB Number: 1651-0085.

Form Number: N/A.

Current Actions: Extension with change.

Type of Review: Extension (with change).

Affected Public: Businesses.

Abstract: The collection of information in 19 CFR part 177 is necessary in order to enable Customs and Border Protection (CBP) to respond to requests by importers and other interested persons for the issuance of administrative rulings. These rulings pertain to the interpretation of applicable laws related to prospective and current or completed transactions involving, but not limited to classification, country of origin, marking, valuation, preferential tariff treatment, entry and duty assessment procedures, duty deferral programs, vessels and carriers, restricted and prohibited merchandise, and intellectual property. The collection of information in Part 177 of the CBP Regulations is also necessary to enable CBP to make proper decisions regarding the issuance of binding rulings that modify or revoke prior CBP binding rulings. This collection of information is authorized by 5 U.S.C. 301, 19 U.S.C. 66, 1202, (General Note 3(i), Harmonized Tariff Schedule of the United States), 1502, 1624, 1625. The application to obtain an administrative ruling is accessible at: <https://erulings.cbp.gov/s/> or the public can submit a ruling request by mail (or email).

This collection of information applies to the importing and trade community who are familiar with import procedures and with the CBP regulations.

Type of Information Collection: Administrative Rulings (HQ).

Estimated Number of Respondents: 262.

Estimated Number of Annual Responses per Respondent: 1.

Estimated Number of Total Annual Responses: 262.

Estimated Time per Response: 20.

Estimated Total Annual Burden Hours: 5,240.

Type of Information Collection: Administrative Rulings (NCSD/NIS).

Estimated Number of Respondents: 3,628.

Estimated Number of Annual Responses per Respondent: 1.

Estimated Number of Total Annual Responses: 3,628.

Estimated Time per Response: 20 hours.

Estimated Total Annual Burden Hours: 72,560.

Type of Information Collection: Appeals.

Estimated Number of Respondents: 100.

Estimated Number of Annual Responses per Respondent: 1.

Estimated Number of Total Annual Responses: 100.

Estimated Time per Response: 30 hours.

Estimated Total Annual Burden Hours: 3,000.

SETH D. RENKEMA,
Branch Chief,
Economic Impact Analysis Branch,
U.S. Customs and Border Protection.

AGENCY INFORMATION COLLECTION ACTIVITIES:

Extension; Accreditation of Commercial Testing Laboratories and Approval of Commercial Gaugers

AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security.

ACTION: 60-Day notice and request for comments.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection (CBP) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 12, 2025) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651-0053 in the subject line and the agency name. Please submit written comments and/or suggestions in English. Please use the following method to submit comments:

Email. Submit comments to: *CBP_PRA@cbp.dhs.gov*.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229-1177, Telephone number 202-325-0056 or via email *CBP_PRA@cbp.dhs.gov*. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877-227-5511, (TTY) 1-800-877-8339, or CBP website at *https://www.cbp.gov/*.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the

agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Accreditation of Commercial Testing Laboratories and Approval of Commercial Gaugers.

OMB Number: 1651-0053.

Form Number: N/A.

Current Actions: Extension with change.

Type of Review: Extension (with change).

Affected Public: Businesses.

Abstract: Commercial laboratories seeking to become a Customs and Border Protection (CBP) Accredited Laboratory and commercial gaugers seeking to become a CBP Approved Gauger must submit the information specified in 19 CFR 151.12 and 19 CFR 151.13, respectively, to CBP on CBP Form 6478. After the initial accreditation and/or approval, a private company may apply to include additional facilities under its accreditation and/or approval by submitting a formal written request to CBP. This application process is authorized by Section 613 of Public Law 103-182 (NAFTA Implementation Act), codified at 19 U.S.C. 1499, which directs CBP to establish a procedure to accredit privately owned testing laboratories. The information collected is used by CBP in deciding whether to approve individuals or businesses desiring to measure bulk products or to analyze importations. Instructions for completing these applications are accessible at: <http://www.cbp.gov/about/labs-scientific/commercial-gaugers-and-laboratories>.

CBP Form 6478 is accessible at: http://www.cbp.gov/sites/default/files/documents/CBP%20Form%206478_0.pdf.

Type of Information Collection: Application.

Estimated Number of Respondents: 4.

Estimated Number of Annual Responses per Respondent: 1.

Estimated Number of Total Annual Responses: 4.

Estimated Time per Response: 75 minutes.

Estimated Total Annual Burden Hours: 5.

Dated: September 10, 2025.

SETH D. RENKEMA,
Branch Chief,
Economic Impact Analysis Branch,
U.S. Customs and Border Protection.

AGENCY INFORMATION COLLECTION ACTIVITIES:**Extension; Application for Withdrawal of Bonded Stores for Fishing Vessels and Certificate of Use**

AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security.

ACTION: 60-Day notice and request for comments.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection (CBP) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 17, 2025) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651-0092 in the subject line and the agency name. Please submit written comments and/or suggestions in English. Please use the following method to submit comments:

Email. Submit comments to: *CBP_PRA@cbp.dhs.gov*.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229-1177, Telephone number 202-325-0056 or via email *CBP_PRA@cbp.dhs.gov*. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877-227-5511, (TTY) 1-800-877-8339, or CBP website at *https://www.cbp.gov/*.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the

agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Application for Withdrawal of Bonded Stores for Fishing Vessels and Certificate of Use.

OMB Number: 1651-0092.

Form Number: 5125.

Current Actions: Extension.

Type of Review: Extension (without change).

Affected Public: Businesses.

Abstract: CBP Form 5125, *Application for Withdrawal of Bonded Stores for Fishing Vessel and Certificate of Use*, is used to request the permission of the CBP port director for the withdrawal and lading of bonded merchandise (especially alcoholic beverages) for use on board fishing vessels involved in international trade. The applicant must certify on CBP Form 5125 that supplies on board were either consumed, or that all unused quantities remain on board and are adequately secured for use on the next voyage. CBP uses this form to collect information such as the name and identification number of the vessel, ports of departure and destination, and information about the crew members. The information collected on this form is authorized by 19 U.S.C. 1309 and 1317 and is provided for by 19 CFR 10.59(e) and 10.65. CBP Form 5125 is accessible at: https://www.cbp.gov/newsroom/publications/forms?title_1=5125.

Type of Information Collection: Form 5125.

Estimated Number of Respondents: 500.

Estimated Number of Annual Responses per Respondent: 1.

Estimated Number of Total Annual Responses: 500.

Estimated Time per Response: 0.33 hours.

Estimated Total Annual Burden Hours: 165.

SETH D. RENKEMA,
Branch Chief,
Economic Impact Analysis Branch,
U.S. Customs and Border Protection.

U.S. Court of International Trade

Slip Op. 25–121

ARCELORMITTAL TUBULAR PRODUCTS; MICHIGAN SEAMLESS TUBE, LLC;
WEBCO INDUSTRIES, INC.; and ZEKELMAN INDUSTRIES, INC., Plaintiffs, v.
UNITED STATES, Defendant, and DALMINE S.P.A., Defendant-
Intervenor.

Court No. 24–00039
Before: M. Miller Baker, Judge

[The court sustains Commerce’s determination not to collapse two affiliated entities for purposes of 19 C.F.R. § 351.401(f)(1) (2016).]

Dated: September 15, 2025

*R. Alan Luberd*a and *Melissa M. Brewer*, Kelley Drye & Warren LLP, Washington, DC, on the briefs for Plaintiffs.

Yaakov M. Roth, Acting Assistant Attorney General; *Patricia M. McCarthy*, Director; *Claudia Burke*, Deputy Director; and *Geoffrey M. Long*, Acting Assistant Director, Commercial Litigation Branch, Civil Division, U.S. Department of Justice, Washington, DC, on the brief for Defendant. Of counsel for Defendant was *Danielle Cossey*, Attorney, Office of the Chief Counsel for Trade Enforcement & Compliance, U.S. Department of Commerce, Washington, DC.

Gregory J. Spak, *Kristina Zissis*, *Luca Bertazzo*, and *Matthew W. Solomon*, White & Case LLP, Washington, DC, on the brief for Defendant-Intervenor.

OPINION

Baker, Judge:

This case involving an administrative review of an antidumping order on mechanical tubing from Italy returns after voluntary remand. The petitioners in the original investigation, a group of American manufacturers, challenge the Department of Commerce’s re-determination not to collapse a mandatory respondent with its Romanian affiliate for purposes of calculating the former’s dumping margin. Because the law compelled that result, the court sustains it.¹

I

During an antidumping investigation or review, the Department may treat “affiliated companies” as “one entity” for purposes of cal-

¹ In so doing, the court declines to redact certain confidential record material that it finds does not qualify as “business proprietary information” under the applicable Commerce regulation, 19 C.F.R. § 351.105(c). *See* 19 U.S.C. § 1516a(b)(2)(B) (providing that the court “shall . . . preserve[] in any action under this section” the “confidential or privileged status accorded to any documents, comments, or information,” except that it “may disclose such material under such terms and conditions as it may order”).

culating a single dumping margin, called “collapsing.” *Koenig & Bauer-Albert AG v. United States*, 90 F. Supp. 2d 1284, 1286 (CIT 2000); *see also* 19 U.S.C. § 1677(33) (defining “affiliated persons”). The purpose of this exercise is to ensure Commerce reviews the activities of the entire producer or exporter and to prevent connected entities from circumventing duties “by channeling production of subject merchandise through the affiliate with the lowest potential dumping margin.” *Coal. of Am. Millwork Producers v. United States*, 581 F. Supp. 3d 1295, 1303 (CIT 2022).

Under the regulation in effect during the period of review here,² Commerce collapses “two or more affiliated producers” when it finds that two conditions are satisfied. 19 C.F.R. § 351.401(f)(1) (2016). First, the relevant entities must “have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities.” *Id.* Second, there must be “a significant potential for the manipulation of price or production.” *Id.*³

II

This case stems from an order imposing antidumping duties on cold-drawn mechanical tubing from Italy. *See* 83 Fed. Reg. 26,962. In 2022, Commerce opened its fourth administrative review of this decree covering June 1, 2021, to May 31, 2022. 87 Fed. Reg. 48,459, 48,462. It selected Dalmine, S.p.A., an Italian producer, as the sole mandatory respondent. *See* Appx1000.

In its initial questionnaire response, the company reported that it manufactured subject merchandise using inputs made by Silcotub, its Romanian affiliate. Appx1030. It noted that both entities are subsidiaries of the same parent, Tenaris, and that they operate “like an integrated company using consolidated software . . . and procedures.” Appx1035. Dalmine further stated that it sold its products in the United States directly and through Silcotub, which would purchase the product from the former, cut the tubing to length, then resell it to American customers. Appx1024–1025.

The petitioners then urged the Department to collapse the two Tenaris affiliates. Appx3237–3241. In its preliminary determination, Commerce declined to do so. Instead, for purposes of calculating Dalmine’s cost of production, it adjusted the cost of inputs purchased

² The Department has since amended the regulation. *See* 19 C.F.R. § 351.401(f)(1) (2025).

³ To determine whether there is such a potential, the agency “may” consider several non-exhaustive factors. *See id.* § 351.401(f)(2)(i)–(iii); *see also* 62 Fed. Reg. 27,296, 27,345.

from Silcotub under the major-input rule. Appx7519.⁴ This had the effect of reducing the Italian producer's preliminary margin over what it would have been had the agency granted petitioners' request.

In its final determination, the Department again declined to collapse the Tenaris entities.⁵ In so doing, it acknowledged that certain requirements for collapsing were "present" here, "including . . . that Dalmine and Silcotub are affiliated, and that [the latter] both sells a major input necessary to the production of subject merchandise to [the former] and exports . . . the finished products to the United States." Appx1008. But the agency found the petitioners did not establish two of the essential elements under 19 C.F.R. § 351.401(f)(1).

First, because "Silcotub is located in Romania" and the order applies to tubing from Italy, the company was "unable" to produce subject merchandise at all, let alone "through minor alterations to its facilities." Appx1007. Second, there was no "significant potential for manipulation" of price or production. Appx1008.⁶ Thus, the agency declined to collapse the two companies. *Id.*⁷ For that and other reasons, it ultimately assigned Dalmine a dumping margin of two percent. Appx1012.

After the petitioners sued to challenge that determination, the government moved for a voluntary remand. ECF 40. It explained that Commerce wished to reconsider both its rejection of the proffered materials as well as the merits. *Id.* at 7–8. The court granted the motion. ECF 41.

The Department reopened the record and accepted the material that it had previously rejected. *See* Appx7760. After considering that information, it reaffirmed its original decision not to collapse Dalmine with Silcotub for purposes of the regulation. *Id.*

As to whether the companies could produce "similar or identical products . . . [without] substantial retooling," 19 C.F.R. § 351.401(f)(1), the agency again found that the Romanian manufacturer could not "produce subject merchandise at all, much less . . .

⁴ Rather than take the asserted value of such inputs from affiliated parties on faith, Commerce uses this rule to establish a price. *See* 19 U.S.C. § 1677b(f)(3); *see also* 19 C.F.R. § 351.407(b).

⁵ Earlier, the agency rejected certain information proffered by both the petitioners and Dalmine. *See, e.g.,* Appx7550–7552; Appx7576–7577.

⁶ As to this element, the Department gave several reasons, including that was no evidence on the record indicating Dalmine and Silcotub have "any overlap in management" or "common members on their Boards of Directors," or that they "share facilities or employees," which "limit[s] their ability to manipulate the price or production" of the tubing. *Id.*

⁷ In view of what it characterized as "the importance of this issue," however, the Department pledged to "revisit [its] decision in subsequent reviews if additional or new evidence is presented that would warrant reconsideration." *Id.*

produce such merchandise ‘without substantial retooling.’” Appx7766. Commerce distinguished two prior agency decisions invoked by the petitioners, explaining that the entities in those proceedings made “products which were within the scope of the orders/inquiry.” *Id.*

And regarding whether there was significant potential for manipulation of price or production, the Department again found none. Appx7767. Commerce quoted its initial decision for the proposition that “there is no evidence on the record” of management or board of directors overlap, or of any sharing of “facilities or employees.” *Id.*; cf. 19 C.F.R. § 351.401(f)(2)(ii), (f)(2)(iii).

III

Invoking jurisdiction conferred by 28 U.S.C. § 1581(c), petitioners sued under 19 U.S.C. §§ 1516a(a)(2)(A)(i)(I) and (a)(2)(B)(i). ECF 8, at 1. Dalmine intervened on the side of the United States. Upon return from voluntary remand, the parties fully briefed petitioners’ motion for judgment on the agency record, which is ripe for disposition.

In § 1516a(a)(2) actions, “[t]he court shall hold unlawful any determination, finding, or conclusion found . . . to be unsupported by substantial evidence on the record, or otherwise not in accordance with law.” 19 U.S.C. § 1516a(b)(1)(B)(i).

IV

The petitioners argue that “Commerce misreads the regulation by imposing a heightened standard for collapsing two entities that does not exist in the regulatory language.” ECF 54, at 22. They contend that nothing in the version of 19 C.F.R. § 351.401(f)(1) in effect during the period of review requires that “both affiliated parties must be located in the subject country or produce [covered] merchandise to be treated as a collapsed entity.” *Id.* They further observe, correctly, that “the Department cite[d] no authority to support its claim that Silcotub’s location in Romania disqualifies it from being collapsed with Dalmine.” *Id.* at 22–23.

The government responds that the regulation limits collapsing to “two or more affiliated *producers*.” ECF 59, at 22 (emphasis in original) (citing 19 C.F.R. § 351.401(f)(1) (2016)). It observes that the statute, in turn, defines “producer” as a “producer of subject merchandise,” meaning the “class or kind of merchandise that is within the scope” of an antidumping duty order. *Id.* (quoting 19 U.S.C. §§ 1677(28), (25)). It notes that “it is well-established that subject merchandise is determined by the product type as well as the country of origin.” *Id.* (citing *Ugine & ALZ Belg., N.V. v. United States*, 517 F.

Supp. 2d 1333, 1345 (CIT 2007)); *see also Canadian Solar, Inc. v. United States*, 918 F.3d 909, 913 (Fed. Cir. 2019) (stating that Commerce’s practice is to describe a product “within the scope” of an order by reference to its “technical characteristics” and “country of origin”). Thus, according to the government, Romanian-based Silcotub cannot produce subject merchandise “and is not a ‘producer’ within the meaning of 19 C.F.R. § 351.401(f)(1).” ECF 59, at 22–23.⁸

On reply, the petitioners do not contest the government’s statutory argument, which is unimpeachable. Instead, invoking *SEC v. Chenery Corp.*, 318 U.S. 80 (1943), they rail against the government for supplying a “rationale that the Department itself did not provide.” ECF 63, at 3. Under this teaching, “courts may not accept . . . counsel’s *post hoc* rationalizations for agency action; *Chenery* requires that an agency’s discretionary order be upheld, if at all, on the same basis articulated in the order by the agency itself.” *Burlington Truck Lines, Inc. v. United States*, 371 U.S. 156, 168–69 (1962).

But the *Chenery* doctrine does not apply when “the sole issue is one of statutory construction,” for that “is not ‘a determination or judgment which an administrative agency alone is authorized to make.’” *Koyo Seiko Co. v. United States*, 95 F.3d 1094, 1101 (Fed. Cir. 1996) (quoting *SEC v. Chenery Corp.*, 332 U.S. 194, 196 (1947)). Where “the plain language of the statute compels” agency action, that interpretation “does not require or implicate the exercise of . . . discretion in applying subtle and complex statutory standards to particular facts.” *Id.* The court can rely on such a clear legal command to affirm on an “alternative ground” not articulated by the agency. *Id.*; *see also Morgan Stanley Cap. Grp. Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty.*, 554 U.S. 527, 545 (2008) (where the law requires an agency to take a particular action, “[t]hat it provided a different rationale for the necessary result is no cause for upsetting its ruling”).

Here, the statute’s plain language precluded Commerce from collapsing Silcotub with Dalmine because the former company, based in Romania, was not a “producer” of subject merchandise for purposes of 19 C.F.R. § 351.401(f)(1). *See* 19 U.S.C. §§ 1677(28), (25). This indisputable proposition renders *Chenery* inapplicable and provides an alternative ground to sustain the Department’s decision not to collapse these entities.

The petitioners complain that this alternative legal rationale is inconsistent with the Department’s arguably “fact-based” conclusion.

⁸ The government also observes that this understanding of “producers” as only those entities making subject merchandise is harmonious with statutory definitions of key terms in antidumping law, including foreign like product, normal value, and the dumping margin. *Id.* at 23–24 (citing 19 U.S.C. §§ 1677(16), 1677b(a)(1)(B)(i), and 1677(29), respectively).

See ECF 63, at 9–10 (citing the agency’s statement that it would revisit its “decision in subsequent reviews if additional or new evidence is presented that would warrant reconsideration,” Appx1008). But this “is no cause for upsetting its ruling,” as “remand would be an idle and useless formality.” *Morgan Stanley*, 554 U.S. at 545. And insofar as this rationale is incompatible with past agency practice as the petitioners also charge, see ECF 63, at 10–18, that is also no reason to remand. Commerce has no discretion to ignore a statute. Nor may it disregard its own regulations. See *Wagner v. United States*, 365 F.3d 1358, 1361 (Fed. Cir. 2004) (“[A]n agency is bound by its own regulations.”) (citing *Service v. Dulles*, 354 U.S. 363, 388 (1957)). Inasmuch as its previous determinations suggest that it may collapse “two or more affiliated *producers*” where one of them does not make subject merchandise,⁹ 19 C.F.R. § 351.401(f)(1) (emphasis added), the problem is with those rulings, not with the agency’s belated decision to follow the law.

The statute and regulation compelled the Department’s redetermination here.¹⁰ The court accordingly sustains it and denies petitioners’ motion for judgment on the agency record (ECF 54). A separate judgment will enter. See USCIT R. 58(a).

Dated: September 15, 2025
New York, NY

/s/ M. Miller Baker
JUDGE

⁹ Although the government and Dalmine dispute the petitioners’ characterization of those rulings, there is no need for the court to resolve that disagreement.

¹⁰ It is thus unnecessary to consider the petitioners’ challenge to the agency’s finding that there was no “significant potential for the manipulation of price or production.” 19 C.F.R. § 351.401(f)(1).

Slip Op. 25–122

JIANGSU SENMAO BAMBOO AND WOOD INDUSTRY Co., Plaintiff, and
LUMBER LIQUIDATORS SERVICES, LLC, Plaintiff-Intervenor, v. UNITED
STATES, Defendant, and AMERICAN MANUFACTURERS OF MULTILAYERED
WOOD FLOORING, Defendant-Intervenor.

Before: Jennifer Choe-Groves, Judge
Court No. 22–00190

[Sustaining the U.S. Department of Commerce’s final results of redetermination pursuant to the third remand order in the antidumping duty review of multilayered wood flooring from the People’s Republic of China.]

Dated: September 15, 2025

Stephen W. Brophy, Husch Blackwell LLP, of Washington, D.C., for Plaintiff Jiangsu Senmao Bamboo and Wood Industry Co.

Mark R. Ludwikowski and *Kelsey Christensen*, Clark Hill PLC, of Washington, D.C., for Plaintiff-Intervenor Lumber Liquidators Services, LLC.

Brett A. Shumate, Assistant Attorney General, *Patricia M. McCarthy*, Director, and *Tara K. Hogan*, Assistant Director, Commercial Litigation Branch, Civil Division, U.S. Department of Justice, of Washington, D.C., for Defendant United States. Of counsel on the brief was *Danielle V. Cossey*, Attorney, Office of the Chief Counsel for Trade Enforcement and Compliance, U.S. Department of Commerce, of Washington, D.C. *Kelly M. Geddes*, Trial Attorney, Commercial Litigation Branch, Civil Division, U.S. Department of Justice, of Washington, D.C., also appeared.

Timothy C. Brightbill, *Stephanie M. Bell*, *Maureen E. Thorson*, and *Theodore P. Brackemyre*, Wiley Rein, LLP, of Washington, D.C., for Defendant-Intervenor American Manufacturers of Multilayered Wood Flooring.

OPINION AND ORDER**Choe-Groves, Judge:**

This action concerns the final results published by the U.S. Department of Commerce (“Commerce”) in the 2019–2021 administrative review of the antidumping duty order on multilayered wood flooring from the People’s Republic of China (“China”). *See Multilayered Wood Flooring from the People’s Republic of China (“Final Results”)*, 87 Fed. Reg. 39,464 (Dep’t of Commerce July 1, 2022) (final results of antidumping duty administrative review; 2019–2020) and accompanying Issues and Decision Memorandum for the Final Results of Antidumping Duty Administrative Review: Multilayered Wood Flooring from the People’s Republic of China; 2019–2020 (Dep’t of Commerce June 24, 2022) (“IDM”), PR 245.¹

Before the Court is Commerce’s third remand redetermination, filed pursuant to the Court’s Opinion and Order in *Jiangsu Senmao Bamboo & Wood Industry Co. v. United States (“Senmao III”)*, 49 CIT

¹ Citations to the administrative record reflect the second remand public record (“PR”) numbers filed in this case, ECF No. 72.

___, 762 F. Supp. 3d 1275 (2025). *Final Results of Redetermination Pursuant to Court Remand (“Third Remand Redetermination”)*, ECF No. 84–1; see also *Final Results of Redetermination Pursuant to Court Remand (“Second Remand Redetermination”)*, ECF No. 66–1; *Final Results of Redetermination Pursuant to Remand Order (“Remand Redetermination”)*, ECF No. 55–1.

For the following reasons, the Court sustains the *Third Remand Redetermination*.

BACKGROUND

The Court presumes familiarity with the underlying facts and procedural history of this case. See *Senmao III; Jiangsu Senmao Bamboo and Wood Industry Co. v. United States (“Senmao II”)*, 48 CIT ___, 698 F. Supp. 3d 1277 (2024); *Jiangsu Senmao Bamboo and Wood Industry Co. v. United States (“Senmao I”)*, 47 CIT ___, 651 F. Supp. 3d 1348 (2023).

On February 2, 2021, Commerce initiated the underlying administrative review of the antidumping duty order on multilayered wood flooring from China for the period from December 1, 2019, through November 30, 2020, and selected Jiangsu Senmao Bamboo and Wood Industry Co. (“Plaintiff” or “Senmao”) as the mandatory respondent in the investigation. *Initiation of Antidumping and Countervailing Duty Admin. Review, Multilayered Wood Flooring from the People’s Republic of China*, 86 Fed. Reg. 8166, 8169–71 (Dep’t of Commerce Feb. 4, 2021).

In the *Final Results*, Commerce selected Brazil as the primary surrogate country, but valued Senmao’s oak and non-oak logs with Malaysian surrogate values after determining that Brazil’s surrogate values were not reliable. IDM at 9, 22; *Multilayered Wood Flooring from the People’s Republic of China*, 86 Fed. Reg. 73,252 (Dep’t of Commerce Dec. 27, 2021) (preliminary results of the antidumping duty administrative review, preliminary determination of no shipments, and rescission of review, in part; 2019–2020) and accompanying Decision Memorandum for the Preliminary Results of Antidumping Administrative Review at 17, PR 213. Commerce also adjusted Brazil’s plywood surrogate values by excluding data it determined to be incorrect. IDM at 9–10. Ultimately, Commerce determined that Senmao’s antidumping duty margin was 39.27%. *Final Results*, 87 Fed. Reg. at 39,465.

In *Senmao I*, the Court concluded that Commerce’s determination was neither supported by substantial evidence nor in accordance with law for the following reasons: (1) Commerce failed to cite any record evidence to support its determination that Brazil’s surrogate values

regarding oak log inputs were unreliable; (2) Commerce failed to cite substantial evidence and provide a reasonable explanation for departing from its established practice of using one surrogate country and including Malaysian surrogate values instead for oak and non-oak log inputs; and (3) Commerce failed to include on the record the document on which it relied when adjusting the Brazilian plywood surrogate values by excluding data. *Senmao I*, 47 CIT at __, 651 F. Supp. 3d at 1357–61. The Court remanded for Commerce to reconsider its determinations. *Id.*

On remand, Commerce determined that it was correct to value Senmao's non-oak log inputs using Brazilian data and Senmao's oak log inputs using Malaysian data. *Remand Redetermination* at 15. Commerce maintained that it was proper to adjust the plywood surrogate values by removing the data it deemed erroneous and submitted as record evidence the document it failed to include on the record previously. *Id.* at 15–17.

In *Senmao II*, the Court concluded that Commerce failed again to cite record evidence in the remand redetermination to support the determination that Brazil was the appropriate primary surrogate country, and Commerce failed to provide a reasonable explanation for its adjustment of the surrogate values for plywood. *Senmao II*, 48 CIT at __, 698 F. Supp. 3d at 1283–87. The Court remanded both issues for further consideration. *Id.*

On second remand, Commerce cited to record evidence to explain the considerations that guided the determination that Brazil and Malaysia fulfilled the surrogate country criteria and maintained that Brazil was the appropriate primary surrogate country. *Second Remand Redetermination* at 5–8. Commerce reiterated that its adjustment of the surrogate values for plywood resulted in a reliable dataset and declined to follow this Court's recommendation that Commerce obtain corrected data from the Parties. *Id.* at 9, 24.

In *Senmao III*, the Court concluded that Commerce considered the appropriate factors and cited substantial record evidence to explain the use of two surrogate countries for the surrogate value inputs and the selection of Brazil as the primary surrogate country. *Senmao III*, 49 CIT at __, 762 F. Supp. 3d at 1286. Accordingly, the Court sustained these determinations. *Id.* With regard to the adjustment of the surrogate values for plywood, the Court concluded that Commerce's exclusion of data was erroneous and ordered Commerce to reopen the record on third remand to obtain accurate data for the surrogate values for imported plywood. *Id.* at 1288.

Now before the Court is Commerce's *Third Remand Redetermination*. In its *Third Remand Redetermination*, Commerce requested alternative plywood surrogate value data from interested parties, examined alternative data placed on the record previously, and relied on Malaysian import data for plywood during the period of review after considering comments it received on its draft redetermination. *Third Remand Redetermination* at 6, 9–10.

JURISDICTION AND STANDARD OF REVIEW

The U.S. Court of International Trade has jurisdiction pursuant to 19 U.S.C. § 1516a(a)(2)(B)(iii) and 28 U.S.C. § 1581(c), which grant the Court authority to review actions contesting the final results in an administrative review of an antidumping duty order. The Court shall hold unlawful any determination found to be unsupported by substantial evidence on the record or otherwise not in accordance with law. 19 U.S.C. § 1516a(b)(1)(B)(i). The Court also reviews determinations made on remand for compliance with the Court's remand order. *Ad Hoc Shrimp Trade Action Comm. v. United States*, 38 CIT 727, 730, 992 F. Supp. 2d 1285, 1290 (2014), *aff'd*, 802 F.3d 1339 (Fed. Cir. 2015).

DISCUSSION

Defendant United States asks the Court to sustain Commerce's *Third Remand Redetermination*. Def.'s Resp. to Comments on Commerce's Remand Results, ECF No. 86. No party filed comments opposing the *Third Remand Redetermination*.

Commerce's *Third Remand Redetermination* is consistent with the Court's prior Opinion and Order in *Senmao III*. On third remand, Commerce relied on data placed on the record previously, including historical data for Brazilian plywood imports and period of review import data from Malaysia. *Third Remand Redetermination* at 6. Based on this data, and comments from Senmao that were consistent with this Court's previous recommendation that Commerce use Malaysian import data, Commerce reconsidered its determination and relied on Malaysian import data to determine Senmao's plywood factors of production surrogate value. *Id.* at 9–10; *see Senmao III*, 49 CIT at ___, 762 F. Supp. 3d at 1289.

CONCLUSION

Because the Court concludes that the *Third Remand Redetermination* is supported by substantial evidence and in accordance with law, and complies with the Court's remand order, the Court sustains the *Third Remand Redetermination*.

Accordingly, it is hereby

ORDERED that the *Third Remand Redetermination* is sustained.
Judgment will be entered accordingly.

Dated: September 15, 2025
New York, New York

/s/ Jennifer Choe-Groves
JENNIFER CHOE-GROVES, JUDGE

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