

# U.S. CUSTOMS AND BORDER PROTECTION

Simplified Processes – Recommendations  
Refinement and Prioritization  
*Trade Support Network*

*April 06, 2016*



U.S. Customs and  
Border Protection

## Simplified Processes Initiative Background

**Objective:** Develop transformation strategy and manage implementation of policy, processes and technology recommendations to optimize the import and export process through collaboration with the Trade and CBP.

**Background:**

- In 2011, CBP launched the Simplified Processes Initiative, a collaborative effort to develop innovative solutions to critical issues emerging at the intersection of trade facilitation, enforcement, and national security.
- The successes resulting from the start of this initiative, to include the Simplified Entry pilot, established a foundation for new solutions aimed at simplifying the importation process.
- CBP reengaged the Simplified Processes Initiative in 2014 to advance border security and management; enhance U.S. competitiveness by enabling lawful trade and travel; and promote organizational innovation – all in line with Commissioner Gil Kerlikowske’s CBP 2020 Vision and Strategy.

**Approach:** A Simplified Processes Working Group was established to identify challenges and discuss potential solutions to critical trade needs; gather requirements; and develop a proposed alternative.

July 2014

### Summary and Revenue Collection

- Examined the import summary and revenue collections processes and identify opportunities for improvements.
- Developed a draft Simplified Processes concept, which included recommendations to improve the Entry Summary, payment, and adjustment processes.

March 2015

### Other Post-Release Processes

- Conducted a research and development effort to define the desired future-state of post-release processes.
- Identified government and trade business needs and opportunities for improvement within the reconciliation, liquidation, protest, drawback and remote location filing (RLF) processes.

March-September 2016

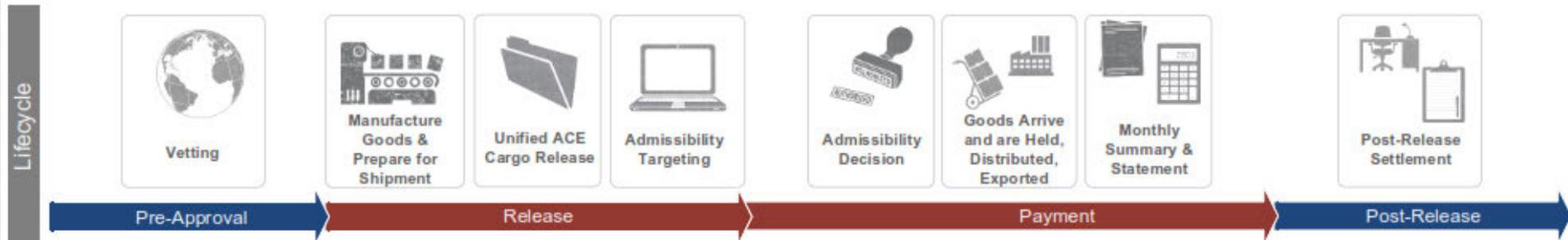
### Recommendations Refinement & Prioritization

- Socialize recommendations from Phase 1 and Phase 2 Working Group sessions with associations.
- Prioritize recommendations based on inputs and feedback
- Develop a multi-year **Simplified Processes Action Plan**.

# Simplified Processes Overview

As an account-based model for the Release, Payment, and Post Release activities, the graphic below highlights the various features provided in the proposed Simplified Processes concept.

## Simplified Processes Concepts



	Certification	Step 1: Release	Step 2: Payment	Settlement**
Lifecycle	<p><b>Vetting</b></p> <ul style="list-style-type: none"> <li>To access all features of Simplified Processes, filers must be Trusted Traders.</li> <li>Centers of Excellence and Expertise (CEEs) will coordinate the certification process and ongoing compliance reviews.</li> <li>Applicants must demonstrate and maintain their accounting practices to manage a Simplified Summary.</li> </ul>	<p><b>Unified Filing</b></p> <ul style="list-style-type: none"> <li>Unified Filing in ACE will allow for submission of Importer Security Filing (ISF) data together with Cargo Release/Entry data on the same record.</li> <li>Data required by Partner Government Agencies (PGAs) at release will be reported through ACE Single Window.</li> <li>Releases will be flagged for monthly summary and statement.</li> </ul> <p><b>Case Management</b></p> <ul style="list-style-type: none"> <li>CEEs will contribute to the identification and resolution of issues related to Unified Filing or PGA reporting information, prior to arrival.</li> </ul>	<p><b>Monthly Summary</b></p> <ul style="list-style-type: none"> <li>Includes releases over a calendar month.</li> <li>Monthly Summary 'filing date' becomes the 'entry date'.</li> <li>Data remains in trade control until the 20<sup>th</sup> calendar day of the month following release.</li> <li>Reconfigured entry is a line on the monthly summary subject to liquidation and any other downstream process.</li> <li>Lines can be flagged for reconciliation.</li> <li>Can include post-summary corrections for previously submitted reconfigured entries.</li> </ul> <p><b>Monthly Statement</b></p> <ul style="list-style-type: none"> <li>Documents class codes, value of imports, debits incurred and credits owed netted as a total balance due for a calendar month.</li> <li>May file one statement for every monthly summary or a single statement for each monthly summary.</li> </ul> <p><b>Payment</b></p> <ul style="list-style-type: none"> <li>One deposit of estimated duties and payment of bills.</li> <li>Monthly Summary, Monthly Statement and Payment are submitted the 20<sup>th</sup> calendar day of the subsequent month.</li> </ul>	<p><b>Liquidation</b></p> <p>Monthly Summary is liquidated at the line-level, as a reconfigured entry, to reduce risk to filers.</p> <p><b>Adjustments</b></p> <p><b>Post-Summary Corrections</b></p> <p>Post-Summary Corrections occur after the 20<sup>th</sup> day of the following month.</p> <p><b>Credits and Debits</b></p> <p>Post-Summary Corrections and Notices of Action may be included on the Monthly Summary as debits incurred or credit owed to importers.</p> <p><b>Post-Liquidation</b></p> <p>Automate and streamline Post-Liquidation processes: Drawback, Protest, and Reconciliation</p>
Process				

\*\*Improvements to these processes are being designed for all Entry Summary filing types

## The working groups from phase 1 & 2 proposed recommendations that transform existing programs and process

The working groups developed over 60 recommendations to improve the import process starting from the vetting of Trusted Trader programs, to filing an Entry Summary, the finalization of Drawback claims, to liquidating entries. Below represents several key recommendations across the functional areas analyzed by the working groups.

<b>Functional Area</b>	<b>Key Recommendations</b>
<p data-bbox="19 449 347 528"><b>Monthly Summary &amp; Monthly Statements</b></p> 	<ul style="list-style-type: none"> <li>▪ Filers may submit a monthly summary that includes releases over a calendar month's time.</li> <li>▪ Each line of a monthly summary is considered a "reconfigured entry" that is subject to liquidation, protest and any other downstream process.</li> <li>▪ A monthly statement will include debits (duties, taxes, fees, bills and interest) and credits (refunds) netted as a total balance due for a calendar month.</li> </ul>
<p data-bbox="19 671 347 721"><b>Liquidation</b></p> 	<ul style="list-style-type: none"> <li>▪ Allow for deem liquidation of all consumption entries at one (1) year from the date of entry.</li> <li>▪ Implement processes to accommodate line-level liquidation.</li> <li>▪ Allow for the importer to obtain liquidation status details from their ACE portal account or CBP.gov.</li> </ul>
<p data-bbox="19 821 347 871"><b>Protest</b></p> 	<ul style="list-style-type: none"> <li>▪ Transition the protest process to an electronic format.</li> <li>▪ Expand the electronic protest filing to a broader range of trade stakeholders such as attorneys, importers, and sureties.</li> <li>▪ Auto-populate numerous Entry Summaries onto one protest while providing protest statuses on ACE</li> </ul>
<p data-bbox="19 1006 347 1056"><b>Reconciliation</b></p> 	<ul style="list-style-type: none"> <li>▪ File all reconciliation data electronically and only with necessary data elements.</li> <li>▪ Eliminate the requirement of having to file an 09 entry and extend liquidation for flagged entries/lines an extra year from the date of entry.</li> <li>▪ Manage reconciliation by account and permit filing at any CEE or POE.</li> </ul>
<p data-bbox="19 1192 347 1242"><b>Drawback</b></p> 	<ul style="list-style-type: none"> <li>▪ Develop a process for the claimant to submit a "drawback profile" electronically along with automating other Drawback processes in ACE.</li> <li>▪ Track/validate if the bond coverage is sufficient prior to processing an Accelerated Payment requests.</li> <li>▪ Initiate the Desk Review and response processes electronically, to include DIS.</li> </ul>

# Changes to Drawback as a result of the Trade Facilitation and Trade Enforcement Act of 2015

## Background

- The Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) recently enacted on February 24, 2016, is a major milestone for the CBP drawback program, **providing significant enhancements** to the drawback laws under 19 U.S.C. § 1313.
- The changes included in the Act have been in the works **over the past decade** by both CBP and the trade community.
- The Act provides CBP with **two-years from the date of enactment to fully implement** the new law, and provides an **additional one-year transition (2018-2019) period for Trade**.

## Future Changes

- 1 Redefine the drawback term of "substitution" by leveraging the eight-digit Harmonized Tariff Schedule (HTS) classification or the Export Schedule B number.
- 2 Uniformly authorize drawback refunds for 99% of duties, taxes and fees paid on imported merchandise for all types of drawback.
- 3 Require all drawback claims be filed electronically.
- 4 Allow "business records kept in the normal course of business" be sufficient to demonstrate the transfer of merchandise.

## Implications

- 1 **Significantly reduces the time and effort** required for manually tracking and tracing drawback documents using a part number based criteria.
- 2 Currently, **various types of drawback claim refunds are limited to up to 99% of only the duties paid** on the imported merchandise, without recovery of taxes and fees.
- 3 Electronic filing will **mitigate the current level of burdensome manual drawback claim processing** required of both CBP and the Trade community.
- 4 Simplifies the transfer documentation rules by **eliminating the Certificate of Delivery requirement**.

## Simplified Processes – our plan for the remaining part of 2016

### Recommendations Refinement and Prioritization Objectives:

- Socialize and prioritize the recommendations with industry through direct engagement with trade associations.
- Collaborate with CBP/PGA to assess technical, operational, legislative, and regulatory requirements.
- Develop a multiyear Simplified Processes Action Plan based on prioritized recommendations.

### Have thoughts on our recommendations? Send us an email:

- [SimplifiedProcesses@CBP.DHS.GOV](mailto:SimplifiedProcesses@CBP.DHS.GOV)

