

Commercial Customs Operations Advisory Committee (COAC) Government Issue Paper: Section 321

July 2017



U.S. Customs and
Border Protection



Trade Policy and Programs/ Office of Trade
Section 321
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Action Required: Informational

Background:

- The *De Minimis* value threshold is the maximum monetary value of a shipment that can be imported into a country duty and tax free. On February 24, 2016, the *de minimis* value was raised from \$200 to \$800. This increase was required by the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) (Pub. Law 114-125). The \$800 amount aligned with the amount a U.S. citizen can bring back duty free on a passenger plane. To abide by TFTEA requirement, CBP implemented the exemption in March 2016. In August 2016, CBP published an issuance of section 321 exemptions. CBP has met all TFTEA section 321 mandates.

Issue:

- To brief and discuss with external stakeholders the CBP automated solutions.

Current Status:

- Due to the change, CBP shall clear free of duties and taxes any shipment of merchandise having a fair retail value in the country of shipment not exceeding \$800. The conditions are:
 - The shipment must be imported by one person on one day;
 - The importer must provide evidence of the value by an oral declaration or the bill of lading (or other document filed as the entry) or a manifest listing each bill of lading;
 - Consolidated shipments addressed to one (ultimate) consignee shall be treated as one importation;
 - No alcoholic beverage, perfume containing alcohol (except where the aggregate fair retail value in the country of shipment of all merchandise contained in the shipment does not exceed \$5), cigars, or cigarettes shall be exempted from the payment of duty and tax under these provisions;
 - The exemption to entry is not to be allowed in the case of any merchandise of a class or kind provided for in any absolute or tariff-rate quota, whether the quota is open or closed. In the case of merchandise of a class or kind provided for in a tariff-rate quota, the merchandise is subject to the rate of duty in effect on the date of entry
- Merchandise subject to this exemption shall be entered under the informal entry procedures except for mail importations or in the case of personal written or oral declarations, a shipment of merchandise not exceeding \$800 in value which qualifies for informal entry may be entered by presenting the bill of lading or a manifest listing each bill of lading.

Next Steps:

- In February 2017, COAC formed the E-Commerce working group under the Trade Modernization Subcommittee. The working group was created to identify challenges for the trade community, public, customs brokers, and the government surrounding the increasing volume of e-commerce shipments. In March 2017, the COAC section 321 “Team” was created to identify, and create solutions for challenges due to the *de minimis* level change per TFTEA, and both groups were combined in May 2017. There is a COAC working group meeting August 2-3, 2017, to discuss future COAC recommendations.

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