

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

September 2018



U.S. Customs and
Border Protection



Office of Trade/Trade Policy and Programs
Section 321

Action Required: Informational

Background:

- Section 321, De Minimis is the process by which cargo can be imported by one person on one day and as cited in 19 CFR 10.151. The value of the imported cargo may be free of duties and taxes. All existing processes and restrictions for these shipments remain the same. Only the increase in value from \$200 to \$800 has changed as required by Trade Facilitation and Trade Enforcement Act (TFTEA) (Pub. L. 114-125). The increase in the de minimis value is intended to streamline and facilitate the movement low value shipments. 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 will not 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
- One of the provisions of the TFTEA was to establish a 15-day mandatory implementation of the increase in the De Minimis value exemption (Section 321). This provision was implemented timely on March 10, 2016.
- CBP published an interim final rule on August 26, 2016, conforming the amount of the exemption in the regulations to the statutory amount, as well as amending certain regulatory provisions that set forth exceptions to the applicability of the exemption for certain shipments. CBP issued that document as an interim rule, effective immediately upon publication, and provided opportunity for public comment.
- CBP has issued policy guidance regarding Section 321 procedures to the field.
- A COAC Section 321 working group meeting was held on August 2-3, 2017, to discuss future recommendations. Those recommendation were presented to CBP at the COAC committee meeting on August 23, 2017. The common solution for addressing Section 321 was the idea of automating de minimis shipments in the Automated Commercial Environment (ACE).
- CBP and the trade community have advocated for an electronic method for entry submission for de minimis shipments.

Issue:

- To brief and discuss with external stakeholders the CBP automated solution for Section 321.

Current Status:

- CBP announced in May 2018, the identification and approval of funding to address key initiatives for ACE development, including Section 321. Planning and development for Section 321 is tentatively scheduled to begin in the fall of 2018.
- The initiative includes the development of an section 321 entry solution in ACE. An entry type 86 will be developed and will provide filing capabilities through Automated Broker Interface; accommodate entries that include partner government agency data, include the 10-digit Harmonized Tariff Schedule (HTS) data requirement; and expedite clearance of compliant de minimis shipments into the United States.
- CBP set up a working group under the Trade Support Network to validate the high-level Section 321 requirements, as established with COAC.

Next Steps:

- Continued internal and external stakeholder engagement will be needed throughout to include the development and deployment process.
- Initial kick-off meeting of the Section 321 working group occurred September 20, 2018. Additional meetings will be scheduled throughout the development cycle.

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