



United States Customs Bonds

Understanding How This Requirement
and Other Regulations Effect Your
Importing.

EVERY IMPORTER SHOULD KNOW

What is a Customs Bond?

A financial guarantee between 3 parties:

- Insurance/Surety Company,
- Principle,
- Customs & Border Protection (CBP).

The bond guarantees CBP that if they cannot collect monies due from the Principal they can seek remedy, up to the bond amount, from the Insurance/Surety company.

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection
CUSTOMS BOND
19 CFR Part 113

OMB No. 1651-0050 Exp. 12-31-2010
BOND NUMBER 1 (Assigned by CBP)
FILE REFERENCE

CBP USE ONLY

Exemption Date

In order to secure payment of any duty, tax or charge and compliance with law or regulation as a result of activity covered by any condition referenced below, see the below named principal(s) and sureties, bond sureties to the United States in the amount or amounts, as set forth below.

SECTION I—Select Single Transaction OR Continuous Bond (not both) and fill in the applicable blank spaces:

SINGLE TRANSACTION BOND Identification of transaction secured by this bond (e.g., entry no., seizure no., etc.) Date of transaction Port code

CONTINUOUS BOND Effective date This bond remains in force for one year beginning with the effective date and for each succeeding annual period, or until terminated. This bond constitutes a separate bond for each period in the amounts listed below for liabilities that accrue in each period. The intention to terminate this bond must be conveyed within the period and manner prescribed in the Customs Regulations.

SECTION II— This bond includes the following agreements: 2) (Check one box only, except that 1a may be checked independently or with 1, and 3a may be checked independently or with 3. Line out all other parts of this section that are not used.

Activity Code	Activity Name and Customs Regulations in which conditions codified	Limit of Liability	Activity Code	Activity Name and Customs Regulations in which conditions codified	Limit of Liability
<input type="checkbox"/> 1	Importer or broker	113.62	<input type="checkbox"/> 5	Public Charges	113.67
<input type="checkbox"/> 1a	Drawback Payments Refunds	113.65	<input type="checkbox"/> 6	Wool & Fur Products Labeling Acts Importation (Single Entry Only)	113.68
<input type="checkbox"/> 2	Custodian of bonded merchandise (includes bonded carriers, freight forwarders, cartmen and lightermen, all classes of warehouse, container station operators)	113.63	<input type="checkbox"/> 7	Bill of Lading (Single Entry Only)	113.69
<input type="checkbox"/> 3	International Carrier	113.64	<input type="checkbox"/> 8	Detention of Copyrighted Material (Single Entry Only)	113.70
<input type="checkbox"/> 3a	Instruments of International Traffic	113.66	<input type="checkbox"/> 9	Neutrality (Single Entry Only)	113.71
<input type="checkbox"/> 4	Foreign Trade Zone Operator	113.73	<input type="checkbox"/> 10	Court Costs for Condemned Goods (Single Entry Only)	113.72

SECTION III—List below all trademarks or unincorporated divisions that will be permitted to obligate this bond in the principal's name including their CBP Identification Number(s). 3 (if more space is needed, use Section III (Continuation) on back of form.)

Importer Number	Importer Name	Importer Number	Importer Name

Total number of importer names listed in Section III:

Principal and surety agree that any charge against the bond under any of the listed names is as though it was made by the principal(s).
Principal and surety agree that they are bound to the same extent as if they executed a separate bond covering each set of conditions incorporated by reference to the Customs Regulations into this bond.

If the surety fails to appoint an agent under Title 6, United States Code, Section 7, surety consents to service on the Clerk of any United States District Court or the U.S. Court of International Trade, where suit is brought on this bond. That clerk is to send notice of the service to the surety at:

Mailing Address Requested by the Surety

	Name and Address	Importer No. 3	SEAL
PRINCIPAL		SIGNATURE 5	
PRINCIPAL		SIGNATURE 5	
SURETY 4.5	Name and Address 6	Surety No. 7 SIGNATURE 5	SEAL
SURETY 4.5	Name and Address 6	Surety No. 7 SIGNATURE 5	SEAL

SURETY AGENTS Name 8 Identification No. 9 Name 8 Identification No. 9

PART 1 - CBP, PART 2 - SURETY, PART 3 - PRINCIPAL CBP Form 301 (05/98)

WHICH BOND IS RIGHT FOR YOU?

There are various types of Customs bonds required by CBP. Some of the more common bonds include:

- Import Bond (Most Common),
- Drawback Bond,
- Custodian of Bonded Merchandise,
- International Carrier,
- Foreign Trade Zone.



THE BASICS OF IMPORT BONDS

Single Entry Bonds

- Good at one port,
- Covers only one import transaction,
- Only economical for companies filing less than 3 entries per year.

Continuous Bonds

- Good at any port,
- Covers all import transactions over one year,
- Almost always more economical than single entry bonds.

IMPORTER SECURITY FILING

- ◉ ISF filings will be secured by a bond. Generally, continuous bonds will be accepted for ISF filings,
- ◉ The ISF Importer must possess a bond or designate an agent to file under the agent's bond prior to file an ISF,
- ◉ The following types of bonds have been amended to cover the new ISF requirements:
 - ◉ Basic Importation and Entry Bond,
 - ◉ Basic Custodial Bond,
 - ◉ International Carrier Bond,
 - ◉ Foreign Trade Zone Operator Bond,
- ◉ CBP also created a new type of bond, the "Importer Security Filing Bond".

OBTAINING A CUSTOMS BOND



You can purchase a customs bond through a broker or directly through the surety, usually at a substantially lower cost.



WHEN CBP THROWS A FLAG

Are your goods subject to FDA, Anti-Dumping/Countervailing Duties or do they fall under the scope of the Lacey Act? These types of entries are more likely to impact your bond.

When Customs throws a flag what will be the consequence?



- Fines,
- Penalties,
- Forfeitures,
- Supplemental Duty Bills.

Food & Drug Administration (FDA)

Almost all food products imported into the U.S. are subject to review by the FDA. The nature of the review is to determine if the goods are in compliance with the Federal Food, Drug & Cosmetic Act and the Bioterrorism Preparedness and Response Act of 2002. The decision to inspect the goods is based on:



- Nature of the Product,
- FDA Priorities,
- Past History of the Commodity.

ANTI-DUMPING & COUNTERVAILING DUTIES

Anti-Dumping

duties are charged when foreign manufacturers sell goods in the United States less than fair value, causing injury to the U.S. industry. The duties are commodity specific and are calculated to bridge the gap back to fair market value.



Countervailing

duties are charged when a foreign government provides assistance and subsidies, such as tax breaks to manufacturers that export goods to the U.S., enabling the manufacturers to sell the goods cheaper than domestic manufacturers. These duties are country specific and are calculated to duplicate the value of the subsidy.

THE LACEY ACT AMENDMENT

April 2009

The Lacey Act restricts trafficking of “illegal” wildlife, fish and plants. The 2008 Farm Bill effective May 2008, amended the Lacey Act by expanding its protection to a broader range of plants and plant products. Beginning April 1, 2009, the Lacey Act now, requires an import declaration to be filed with CBP for certain plants and plant products entering the U.S.



Penalties for violations may include:

- Civilly – monetary penalties,
- Criminally – fines and penalties and potential incarceration,
- Forfeiture – disposition of the plant, fish or wildlife in question.

CUSTOMS – TRADE PARTNERSHIP AGAINST TERRORISM C-TPAT



is a voluntary initiative creating cooperative relationships between all links of the international supply chain and improving the security of our U.S. Borders. Through this initiative importers are asked to communicate and verify their supply chain practices with Customs in exchange for these benefits:

- A reduced number of CBP inspections resulting in less border delay times,
- Front of the line priority processing when possible on inspections,
- Potential eligibility for ISA-Importer Self Assessment,
- Eligibility to attend C-TPAT supply chain security training seminars,
- A better understanding of and a more secure supply chain.

AN UNCERTAIN ECONOMY

How Far Will Your Dollar Stretch?

Transportation costs are increasing.

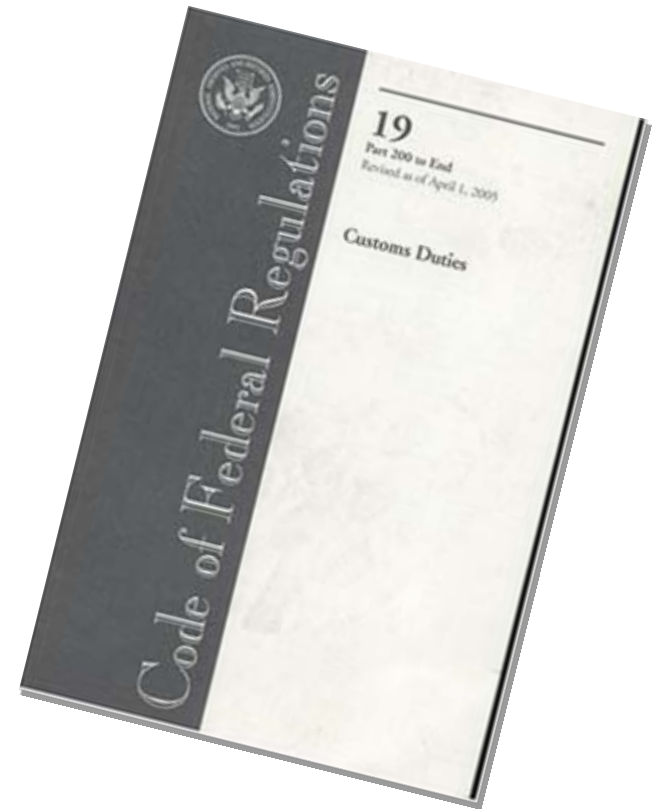
In 2008, the dollar hit record lows against the Euro and the Canadian Dollar and slumped against all major currencies.

Importers must now look for ways to cut costs in all aspects of their businesses. Looking into every stage of the import process, starting with the bond, importers can realize effective ways to cut costs.



THE BOTTOM LINE

Education is the key to developing and maintaining efficient import practices. Keep up to date on the latest trade topics and understand how they effect you and your customs bond.



Thank You

Contact TRG Bond

Phone 800.685.6082

Fax 847.756.7545