



Background

The cost of money and credit extension has always been difficult issues for Customs Brokers and Freight Forwarders. In today's uncertain business environment, risk has increased significantly. The practice of advancing funds for a client based on profitability from fees alone and the associated credit risk is most critical when advancing funds for Custom's duties and related charges. The expansion and growth of AGS Customs Brokerage and the number of shipments we are handling where we provide customs clearance is growing. We must therefore clarify and expand our policy in respect to the advancing of funds for duties and related charges.

The attached policy specifically addresses the issue of the payment of duties and related charges. Consideration should be given to handling the payment of inbound freight charges not moving within the AGS system in a similar manor. This policy applies to all payment of duties and related charges in any form, not just shipments handled through Associated Customs Brokerage.

Policy for the Payment of U.S. Customs' Duties and Related Charges.

The following policy applies to all payment of U.S. Customs' duties and related charges, regardless of whether or not the shipment is handled through Associated Customs Brokerage or directly by a Branch through an outside Customs Broker. Related charges will include but not be limited to Merchandise Processing Fees, Harbor Maintenance Fees, IRS or other Taxes or fees collected by U.S. Customs as part of the entry process.

- 1) It will be the policy of Associated Global Systems Brokerage that we will require/encourage all clients to participate in the U.S. Customs Automated Clearing House (ACH) program for the direct payment of their duties and related charges.
- 2) If a client does not wish to participate in ACH, they will have the option to insure that AGS receives all funds prior to our tendering them to U.S. Customs. This would require AGS to be in possession of the funds at least three working days before payment is due. The client must be advised that if they elect to utilize this method of payment, and AGS does not receive the funds as agreed, under U.S. Customs Regulations we have the right to submit the entry to Customs without payment. Associated Customs Brokerage would indicate that they have not received the funds from the importer. This would result in a penalty and other difficulties for the importer.
- 3) Any deviation from this policy must be considered an exception and be justified by the following considerations:
 - A.) The credit worthiness of the client.
 - B.) Their payment terms and or record of payment.
 - C.) The amount of funds to be extended.
 - D.) The overall profitability of the account.



- 4) Unless justified by special considerations, maximum credit extension for duties and related charges will be 10 days.
- 5) If credit for duties and related charges is extended, an advance fee of 2% with a minimum of \$10.00 will be applied.
- 6) When it is determined that it is profitable and secure to extend credit for the payment of duties and related charges for a client, the actual credit limit for these payments will be determined based on the profitability and creditworthiness of the account.
- 7) In no instance will the payment of duties and related charges on a specific shipment be in excess of \$2,000. The maximum credit limit for any account for total outstanding duties and related charges will be \$10,000.
- 8) If an account exceeds their established credit limit for duties and related charges or is outside of the agreed upon terms, no further payments will be made on their behalf until their account is current.
- 9) In addition to any advance fees, if an account is outside their terms, AGS standard late fees and interest charges will apply.
- 10) Although it is our policy to advance funds for duties and related charges for DDP (Delivered Duty Paid) shipments sent by an official AGS Partner/Agent, this does not give them unlimited credit. Credit extension for these shipments will be determined by the criteria outlined in item #3 of these procedures. Maximum credit extension will not exceed \$5000 per shipment.
- 11) Any requests for advance checks that include the payment of duties and related charges must clearly indicate such. The amount for duty and related charges must be indicated separately from any other charges included in the payment.
- 12) Approval of an account for the advancing of duties and related charges must be obtained accounting.
- 13) Having credit with AGS will not affect duty layouts over \$2,000. All duty over \$2,000 must be collected within 8 working days from the date of the release to suffice U.S. Customs duty payment.

All invoicing to clients that include Customs or other outlays must be invoiced within 24 hours of clearance.