



CBP Requires Bonding for ISF by January 26, 2010

Dear Importer,

The Importer Security Filing (ISF) requirements shall be fully enforced by U.S. Customs and Border Protection (CBP) on January 26, 2010. At this time, CBP will begin issuing liquidated damage penalties to importers for non-compliance. Following are the potential penalties which may be issued by CBP:

- \$5,000 if the ISF is not transmitted at least 24 hours prior to vessel departure.
- \$5,000 for each inaccurate and/or incomplete ISF transmission.
- \$5,000 for any inaccurate ISF data update.

The maximum penalty per one ocean shipment is \$10,000, based on a combination of any of the above. CBP therefore, is requiring these exposures be bonded. Following are the bonding options CBP is permitting:

- Single transaction ISF Bond: Covers one ISF transmission and the bond amount required is \$10,000.
- Single transaction CBP Form 301 for a unified filing: "Unified" means that the entry and ISF filing are being submitted at the same time. Only if the filings are unified (occurring simultaneously) will this type of bond work without a separate ISF bond. Import bonds are generally calculated at value plus duties, taxes and fees; or 300% of the value, unless otherwise directed by CBP.
- Continuous ISF Bond: Covers ISF transmissions only, not entries. The bond amount required is \$50,000. (Note: CBP may require an increased bond based on the bond principal's violation history.)
- Continuous CBP Form 301: Activity codes 1, 2, 3 or 4 may be used to cover ISF filings. The activity code 1 (import) bond may be used to cover both the ISF filings and entries, whether they occur at the same time (i.e., "unified") or not. The bond amount is generally calculated at 10% of the total duties, taxes and fees paid to CBP for either the last 12 months or the next 12 months, whichever amount is greater, and are subject to rounding rules and an overall minimum of \$50,000.

Since CBP has recently announced they will collect under your CBP Form 301 continuous bond if your ISF bond is exhausted, we strongly encourage you to obtain a CBP Form 301 continuous bond in order to cover importer security filings. This is the most efficient solution to ensure you are in compliance and may serve to control your liability. As your customs broker, we can secure a CBP Form 301 continuous bond for you, with an "A" (excellent) A.M. Best financially rated company. Contact us today and protect your company with a continuous import bond.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brian C. Wills".

Brian C. Wills
Customs Broker