

# Automated In-Bond Processing Business Process Document

Public version

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U.S. Customs and  
Border Protection

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## **Executive Summary**

The Automated In-Bond Processing Business Process Document (Public Version), issued by the Office of Field Operations (OFO), is the official publication which provides both U.S. Customs and Border Protection (CBP) field personnel and members of the trade community with guidance, requirements and responsibilities when processing in-bond cargo.

OFO is committed to a full automation of the in-bond process. The Automated In-Bond Processing Business Process Document (Public Version) is a living document, and is expected to evolve as business conditions and regulations change. Future programming enhancements are being developed in the Automated Commercial Environment Multi-Modal Manifest (ACE) and will be released when complete to allow for a more functional and streamlined process. As such, updates to this document will follow when changes are made. All references in this document to the CBP Form “Transportation Entry and Manifest of Goods Subject to CBP Inspection and Permit” (CBPF 7512) refers to the ACE processed electronic version only, unless otherwise indicated.

While most of this document relates to policy issues, for technical guidance related to the processing of electronic in-bonds in ACE, users should refer to the CBP and Trade Automated Interface Requirements (CATAIR) Implementation Guide: In Bond. See, <https://www.cbp.gov/document/guidance/bond>.

CBP has prepared this document to also serve as the Small Entity Compliance Guide in accordance with section 212 of the Small Business Regulatory Enforcement Fairness Act (Public Law 104-121, as amended by Public Law 110-28). This guidance further explains the legal guidance set forth in the rule, and is intended to help small entities comply with the rule established in 19 CFR part 18. Please forward all questions regarding this issue to [cbpsbrelations@cbp.dhs.gov](mailto:cbpsbrelations@cbp.dhs.gov).

## **Background**

The in-bond process facilitates the flow of trade by allowing importers as well as transportation and logistics partners to choose the port at which their cargo is entered for consumption into the commerce of the United States via immediate transportation (IT) entries. The in-bond system also covers cargo that is not intended for entry for consumption in the United States but is instead sent in-transit through the United States to another country. These are either transportation and/or exportation (T&E) in-bond entries (i.e., the cargo enters in one United States port and moves in-bond before being exported at another port) or immediate export (IE) in-bond entries (the cargo is imported to and is exported from the same port). Importers and transportation and logistics partners may elect to use the in-bond process for a variety of commercial reasons. In-bond has become a widely used and integral component of the trade process.

In-bond cargo must be transported by a carrier covered by a CBP-approved bond that allows cargo that has not yet been entered for consumption to move through the United States. Such carriers can move goods by ship, truck, rail, plane or any combination of modes. CBP is not concerned with the type of mode used by the trade as long as the bond has been approved and issued. The bond is a contract given to insure performance of obligations imposed by law or regulation that guarantees payment to CBP if the required acts are not performed, i.e., cargo is not delivered timely. If CBP finds the bonded party has violated laws or regulations, and, as a result, breached the terms and conditions of the bond in the movement of the in-bond, CBP can initiate liquidated damages for the breach against the bonded party.

CBP benefits from the in-bond process because it helps to alleviate congestion at large ports of entry since in-bond shipments are transferred to onward modes of transportation upon arrival at those ports. At the same time, in-bond movements present unique risks. CBP only receives data from the in-bond transportation stream rather than a full complement of consumption entry information; thus the effectiveness of the targeting that can be done at the port of arrival is limited. To manage these risks, CBP relies on information systems and management processes to help track, control, and process and audit in-bond movements.

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## 1. **MAJOR CHANGES TO THE IN-BOND REGULATIONS** -

As established by 19 CFR Part 18, as revised (82 FR 45366-45408, September 28, 2017), the major changes associated with the revised and updated Part 18 are:

- Except for merchandise transported by pipeline and truck shipments transiting the United States from Canada (19 CFR Part 123 – Subpart E), the paper 7512 (Transportation Entry and Manifest of Goods Subject To CBP Inspection and Permit) has been eliminated; henceforth carriers or their agents are now required to electronically file the in-bond application;
- The in-bond procedures found in 19 CFR Part 122 (Air Commerce Regulations) have not changed except for time frames that now align with other modes. For the purposes of this regulation, shipments moving in-bond on an air waybill arriving via air in the United States and filed in ACE Air Manifest are not subject to the new in-bond requirements other than the new timeframes, and may be initiated and closed by a paper CBPF 7512 format until such time as 19 CFR Part 122 is modified to require electronic filing and processing. Shipments moving in-bond that originate on a mode of transport other than air, or that originate in the United States for export, will be required to be initiated electronically; however, if such shipments are arrived at a final U.S. destination by air or exported by air, the in-bond may be manually closed in paper under certain situations at the port of entry/export;
- A standard 30-day maximum transit time to transport in-bond cargo between U.S. ports is now in effect for all modes of transportation except pipeline and barge traffic. Barge in-bond movements are allowed 60 days;
- Carriers/brokers/filers are now required to electronically request and receive permission from CBP before diverting in-bond cargo from the original intended destination port to another port;
- Within two business days after the arrival of any portion of an in-bond shipment at the port of destination or the port of exportation, CBP must be notified via a CBP-approved EDI system that the shipment has arrived;
- The notification must include the Facilities Information and Resources Management System (FIRMS) code of the location of the merchandise within the port, except for Air Manifest in-bonds which are currently exempt from the updated regulations. The FIRMS code must be reported on the WP10 record. . Failure to report the arrival or the FIRMS code for the physical location of the in-bond shipment within the prescribed period constitutes an irregular delivery;
- While the revised 19 CFR Part 18 mandates all in-bond applications and entries to include the six digit Harmonized Tariff Schedule (HTS) number as an informational element, the submission of this element is currently not required. CBP port personnel should be alert for the issuance of additional guidance from OFO as to when the HTS number will become mandatory.

## 2. KEY DATES FOR ENFORCEMENT OF NEW IN-BOND REGULATIONS

- September 28, 2017 – Publication in Federal Register with 60 day implementation;
- November 27, 2017 – Implementation of Regulations – regulations effective on this date;
- July 2, 2018 – Mandatory electronic creation of in-bond transactions went into effect on this date. CBP has worked with the trade to ensure that in-bond filers have the capability to file in-bonds electronically;
- August 6, 2018 - Electronic reporting of all transactions became mandatory; CBP no longer accepts paper copies of the CBPF 7512 to perform arrival and export functionality except for air manifest in-bonds, which are exempt from the Final Rule, and for the narrow exceptions of shipments that arrive at the port of entry/export by air. These functions will be the requirement of the carrier. In addition, electronic reporting of diversion to a port other than reported on the original in-bond is now be required. An ACE edit will reject arrival if not performed. Electronic reporting of bonded cargo locations (FIRMS code) will be required. An ACE edit will reject arrival if no FIRMS code is provided. A 6-month period of deferred enforcement will commence until February 6, 2019;
- Enforcement of the changes to the in-bond regulations that were scheduled to begin on February 6, 2019, were postponed due to the government funding hiatus. At this time, enforcement is scheduled to be implemented on July 29, 2019 except for implementation of the edit for FIRMS code at the time of arrival. The date for that provision will be announced when implemented.

(Currently no date is set for implementation of the provision requiring the 6-digit Harmonized Tariff Schedule number requirement for Immediate Transportation movements).

## 3. IN-BOND GENERAL REQUIREMENTS AND INFORMATION

### DEFINITIONS

- In-Bond - A transaction that allows for the movement of cargo through the United States, without payment of duty and taxes prior to entry into domestic consumption or for exportation to foreign countries. In-bonds were established by statute (19 USC 1551, 19 USC 1552 and 19 USC 1553) and the process is set forth pursuant to regulation (19 CFR Part 18). The cargo must be covered by a custodial bond while being transported. The bond protects the interest of CBP and other agencies in the cargo by obligating the carrier to pay a penalty or liquidated damage assessment for noncompliance with the regulations governing the movement of in-bond merchandise. In-bonds may not be used to transport explosives or prohibited cargo;
- Bonded Carriers - A carrier of merchandise whose bond under 19 CFR 113.63 is obligated for the transportation and delivery of merchandise from one U.S. port of entry to another. These carriers include:

- Common Carrier - A carrier of merchandise that owns or operates a transportation line (railroad, steamship, pipeline, truck line or other transportation line or route and is employed by the general public to transport merchandise;
- Contract Carrier - A carrier is hired to transport merchandise for a specific person or consignee;
- Freight Forwarder -A freight forwarder dispatches shipments on behalf of other persons and handling the formalities incident to such shipments;
- Private Carrier – A carrier of one’s own goods or merchandise;
- Origination port – the U.S. port of entry at which the transportation of merchandise in-bond begins;
- Port of Destination – the U.S. port of entry at which merchandise is delivered after being shipped in-bond from the origination port where it was entered as an immediate transportation entry;
- Port of Diversion – the U.S. port of entry to which merchandise is diverted while in-transit from the origination port to the port of destination or the port of exportation;
- Port of Exportation – the U.S. port of entry at which in-bond merchandise entered for transportation and exportation or for immediate exportation is delivered for exportation from the United States.

### **Permitted Filing**

A transportation entry (filing for in-bond transit authorization) may be filed by:

- (1) The carrier, or authorized agent of the carrier, that brings the merchandise to the in-bond origination port under its bond;
- (2) The carrier, or authorized agent of the carrier, that is to accept the merchandise under its bond or a carnet for transportation to the port of destination or the port of exportation; or
- (3) Any person or the authorized agent of any person, who has a sufficient interest in the merchandise as shown by the bill of lading or manifest, a certificate of the importing carrier (such as a power of attorney or letter of authorization), or by any other document. If the person is filing the entry using the bond of another entity, written authorization to use that entity’s bond for the specific filing situation is also required, CBP may request evidence to demonstrate sufficient interest.

### **Required Bond**

Carriers, warehouses, cartmen and container stations that handle “in-bond” cargo are required by CBP to obtain an Activity Code 2 (C2) Bond, in accordance with 19 CFR 113.63. The custodial bond guarantees compliance with regulations relating to the receipt, carriage, safekeeping and disposition of merchandise not yet officially entered into the U.S. commerce and for which duties are due. Once on file with CBP, the C2 bond is valid for all ports of entry.

Road transport companies wanting to operate as a bonded carrier will need to obtain a Standard Carrier Alpha Code (SCAC) issued by the National Motor Freight Traffic Association, ([www.nmfta.org](http://www.nmfta.org)). The SCAC is used to identify road transport companies. For in-bonds created as a result of a withdrawal from a Foreign Trade Zone or bonded warehouse, the FIRMS code of the FTZ or bonded warehouse may be used in lieu of a SCAC.

### **Types of In-Bond Movements** –

There are three primary types of in-bond movements:

- **Immediate Transportation** (IT; Type 61) entry that allows foreign merchandise which has arrived at one U.S. port to be transported to another U.S. port where a subsequent entry must be filed;
- **Transportation and Exportation** (T&E; Type 62)) entry that allows foreign merchandise arriving at one U.S. port to be transported through the U.S. and to be exported from another U.S. port without the payment of duty. This requires a Custodial Type 2 bond only. Example – Vehicles imported to Brunswick, Georgia. Transferred on a Type 62 for transfer to Miami with eventual exportation to Brazil.
- **Immediate Exportation** (IE; Type 63) entry that allows foreign merchandise arriving at one U.S. port to be exported from the same U.S. port without the payment of duty;

In addition to the three primary in-bond movements, there are other scenarios using in-bonds as required by policy and regulation.

- **Vessel Supplies for Immediate Exportation** (VSIE) is the same entry as an IE in-bond movement except that the merchandise will be loaded on a vessel or aircraft for its use;
- **Vessel Supplies for Transportation and Exportation** (VSTE) is the same entry as a T&E in-bond movement except that the merchandise will be loaded on a vessel or aircraft for its use;
- **Warehouse Withdrawal for Immediate Exportation** (WDIE) is an entry that allows merchandise that has been withdrawn from a bonded warehouse at one U.S. port to be exported from the same U.S. port without the payment of duty;
- **Warehouse Withdrawal for Transportation** (WWT) is an entry that allows merchandise withdrawn from a bonded warehouse at one U.S. port to be transported to another U.S. port where entry must be filed;
- **Warehouse Withdrawal for Transportation and Exportation** (WWTE) is an entry that allows merchandise withdrawn from a bonded warehouse at one U.S. port to be transported through the U.S. to be exported from another U.S. port without the payment of duty;
- **Warehouse Withdrawal of Vessel Supplies for Immediate Exportation** (WDVSIE) is an entry that allows merchandise withdrawn from a bonded warehouse to be loaded on a vessel or aircraft, for its use, and exported from the same U.S. port;
- **Warehouse Withdrawal of Vessel Supplies for Transportation and Exportation** (WDSTE) is an entry that allows merchandise to be withdrawn from a bonded warehouse at one U.S. port, transported through the U.S., loaded on a vessel or aircraft for its use, and exported from another U.S. port.



#### **4. PORT POLICY – AUDIT OF BONDED MOVEMENT**

Local port policy may be dictated by the port director regarding manual arrival/exporting procedures. Historically, CBP ports have used a variety of audit procedures to verify bonded movement, including the presentation of paper in-bond documents at ports of arrival and export. For withdrawals from a bonded warehouse, for audit purposes, the port director may accept paper copies of the CBPF 7512, properly annotated as described in the Bonded Warehouse Manual or other documentation so long as it addresses the needs of the port director in terms of verification. The CBPF 7512 shall show the following information for the merchandise being withdrawn (19 CFR 144.36(d));

- The original entry number, date of entry, date of entry summary, and port at which filed;
- The name of the consignee at the port of destination;
- Any ascertained weight, gauge, or measure;
- The entered value of the merchandise;
- Estimated duties, if any;
- A statement that the merchandise is or is not admissible for consumption and the reason for non-admissibility, if applicable;
- The statistical information required by 19 CFR 141.61(e). When the withdrawal is made after the merchandise has been re-warehoused, the re-warehouse entry number, date and port at which filed also shall be shown.

#### **Continued Use of Paper CBPF 7512**

If the Trade wants a stamped copy of the paper CBPF 7512, it is the responsibility of the Trade to provide that copy (or like document) to CBP for stamping. CBP will not conduct routine stamping of copies.

Permit copies of the paper CBPF 7512, properly annotated as described in the Bonded Warehouse Manual and Foreign Trade Zone Manual, must be submitted to CBP as part of the CBW and FTZ audit and oversight procedures.

#### **Supervised Export Validation**

While CBP ports will no longer stamp or annotate copies on an everyday basis, the Trade may bring a paper copy of the CBPF 7512 at the time of export of the cargo to the port location for stamping or perforation. The CBPF 7512 QP authorized copy with annotations is sufficient to retain in the file. Stamping will not occur if the cargo is not available for verification.

CBP also notes that the CBPF 7512 has been used by the trade to identify the in-bond status of shipment to carriers and other transportation intermediaries as shipments move through the supply chain. CBP cautions that a trade party should not discontinue the practice of including the CBPF 7512 with its shipping documentation until it proactively conforms to its business partners that the form is no longer needed.

## **IN-BOND TIME LIMITS**

### **In-Transit Time/CBP Discretion to Grant Extensions**

The in-transit time period for trucks, vessels, trains and planes has been established at 30 days from port of origin to port of destination. Due to various factors, it is not uncommon for shipments to take longer than the 30-day period. When considering a request for an extended in-transit time period, CBP will take into account logistical issues. Factors that may be considered in its decision would include extraordinary circumstances beyond the control of the parties. For example, a vessel shipment may contain 50 coils of steel, which would need to be divided into at least 25 truckloads. CBP will consider on a case-by-case basis whether to grant an extension of the in-transit time period and if so, the length of the extension. The decision to extend the in-transit time period is within the discretion of CBP. Filing of a new/subsequent in-bond application does not extend the transit time from the time frame provided for on the original in-bond movement. Due to the special circumstances pertaining to travel by barge, CBP will allow for a 60-day in-transit time for barge shipments.

### **Process to Request Extensions**

Functionality does not currently exist to accept and approve extensions electronically via an Electronic Data Interchange (EDI). Accordingly, all requests for extensions of a particular in-bond must be made to the port director at the port of origin. CBP will not provide the reason for denying an extension request since the request may be denied for law enforcement purposes. CBP will not grant a blanket extension for all shipments covered by a bill of lading. A request for an extension must be made for each individual in-bond entry. Once the in-bond has been arrived at the port of destination, then it falls under the General Order regulations until a subsequent entry is made. When the merchandise is subject to examination or inspection by CBP or another government agency, the time for which the merchandise is held due to the examination or inspection will not be considered part of the in-transit time. Extensions of the transit time can be requested in the event of a delay at the port.

### **Start of In-Transit Time**

The in-transit time will not begin until the MOT arrival or CBP movement authorization, whichever is later.

### **Time Limit For Export After Arrival At Port of Destination**

Shippers are responsible for ensuring that basic logistical issues are resolved. The bonded carrier will have 30 days in which to deliver the merchandise to the port of destination, at which point the arrival must be reported within two business days. The reporting of the arrival of the merchandise at the destination port completes the in-bond movement for purposes of meeting the in-transit time requirements. Once arrival has been made, the carrier has 15 days to either file an entry for an IE or T&E to export the merchandise or make a subsequent in-bond movement. If the merchandise cannot be exported within 15 days after arrival, the bonded carrier can file an immediate exportation entry. This will provide an additional 15

days in which to export the merchandise. The bonded carrier may also admit the merchandise into a FTZ before the expiration of the 15 day period. Permission can be requested by the carrier to retain the goods within the port limits for an additional 90 days pursuant to §18.24. Additional extensions of 90 days or less may be granted by the port director, but the merchandise may not remain in the port limits for more than one year from the date of arrival of the importing conveyance at the port of first arrival. Any merchandise that remains in the port limits without authorization is subject to general order requirements pursuant to 19 CFR 4.37.

### **Shortening of In-Transit Time**

The in-transit time will only be shortened when required by another agency's transit requirements. For instance, the primary reason why CBP would shorten the in-transit time for the U.S. Department of Agriculture (USDA) would be to comply with that agency's statutory requirements related to merchandise moving on a USDA permit. Other government agencies may also require shortened transit periods.

## **BASIC PROCESSING REQUIREMENTS FOR MOVING CARGO IN-BOND**

### **Mandatory Electronic Document Filing**

The in-bond transaction must be filed electronically through CBP approved systems including manifest and QP/WP (ABI) transactions. All mandatory and conditional fields must be completed and accurate. Technical instructions for electronic filing of in-bonds are provided in the CATAIR (QP/WP section), CAMIR and X12 implementation guides available at CBP.gov.

In-bonds may be rejected for the following reasons:

- The carrier's bond is invalid or inactive;
- The in-bond number is invalid or has been used previously on an in-bond shipment;
- Required data elements are omitted, or coded information is invalid;
- ACE bill of lading or air waybill is not on file in ACE;
- The in-bond only covers a portion of the manifested quantity. (Remainder should be verified and entries filed simultaneously);
- Manifested quantity does not match the CBPF 7512 or master bill of lading;
- The carrier listed on the CBPF 7512 is not in ACE;
- The CBPF 7512 is incomplete and/or is missing information.

### **In-Bond Deletion – Amendment**

Updates or corrections required to an in-bond application must be done electronically; however, a specific amendment function does not exist. In order to correct or amend information provided on an in-bond application, the in-bond must be deleted and re-added providing the corrected information using the same in-bond number. Future programming enhancements will be released to allow for post-filing amendments of existing in-bonds.

### **Cancellation Reasons**

An in-bond document can be cancelled (i.e., the in-bond record will be closed within ACE) for the following reasons:

- The in-bond movement is cancelled. Broker will file a consumption entry, warehouse entry, FTZ admission, the cargo will remain in the bonded warehouse, will be placed in General Order, etc.;
- Change of the in-bond type (e.g., IE to T&E);
- Change of the in-bond entry number;
- Change of Cartage Company or Common Carrier liable for movement of the cargo;
- Two brokers filed different in-bond entries for the same cargo.

### **Food and Drug Administration (FDA) Refusals**

The Federal Food, Drug and Cosmetic Act (FDCA) authorizes FDA to detain and refuse a regulated product that appears to be in violation of FDA laws and regulations. A refused shipment must either be destroyed or exported under the supervision of CBP and FDA within 90 days of the date of the Notice of FDA Action (Refusal Notice).

#### **If a refused shipment is exported:**

- The CBPF 7512 description should state FDA REFUSAL – EXPORT ONLY;
- A copy of the Notice of FDA Action (Refusal Notice) should be included with the CBPF 7512 to verify the product and quantity refused admission by the FDA;
- Cargo must be exported under bond with CBP or FDA supervision;

### **General Order (G.O) Merchandise**

After the arrival of the cargo at the destination port, a subsequent movement must be made, i.e., a consumption or warehouse entry, another in-bond movement, or an FTZ admission. One of these movements would close the in-bond movement. If none of these movement is made, then on the 15<sup>th</sup> day after arrival, the cargo will be ordered to General Order.

## **5. REPORTING ARRIVAL/CLOSING IN-BONDS**

August 6, 2018 – As of this date, electronic reporting of all transactions became mandatory; CBP is no longer accepting copies of the paper CBPF 7512 to perform arrival and export functionality, except for air manifest in-bonds, which are not covered under the Final Rule, and except for other shipments arrived or exported by air that are currently excluded from the Final Rule's application. These functions are the requirement of the in-bond filer or the party whose bond has been obligated. In addition, electronic reporting of diversion to a port other than reported on the original in-bond became a requirement. An ACE edit has been set to reject any arrival or export if a diversion request was not performed. Electronic reporting of bonded cargo location (FIRMS code) will be required. QP/WP software users will continue to execute these functions as currently being performed.

The reporting of the arrival must be completed electronically through a CBP approved EDI system within two business days of the arrival of any portion of the shipment. Cargo is not

arrived by container. 19 CFR 18.1(d)(1)(vi) requires the reporting of the quantity using the “smallest exterior packing unit” standard. This will enable carriers to verify the quantity of the goods they are transporting and ensure that there is no shortage. Carriers (except air) and broker/filers are required to file in-bond entries and report on such entries electronically using CBP approved systems, including manifest (except Air AMS) and QP/WP via ABI. All mandatory and conditional fields must be completed and accurate. Technical instructions for electronic filing of in-bonds are provided in the CATAIR (QP/WP section), CAMIR and X12 implementation guides available at CBP.gov.

In case there is an outage that prevents compliance with the notice requirements, carriers will need to contact the port at which the in-bond merchandise has arrived for instructions on how to submit the required information. Each outage presents unique circumstances that will be dealt with on a case-by-case basis according to the port's instructions

## **6. AUTOMATED DIVERSION REQUESTS**

Pursuant to 19 CFR 18.5, merchandise may be diverted to any port other than the port of destination designated in ACE, only after the filer of the in-bond application has submitted a request to divert merchandise via ACE. The carrier will submit the diversion request in ACE using an approved software message set available to the trade. CBP’s disposition of the diversion request will be automated so that the carrier will receive authorization for the diversion immediately. When a diversion request is authorized, the user will receive a disposition code of a “3W” (Request for In-bond Diversion Granted). If the destination port code is rejected, there will be no corresponding rejection message. ACE does not have acceptance/rejection language specific to the in-bond diversion request. Absence of an acceptance message or rejection of arrival at an alternate port will indicate that the diversion was not accepted. As a result, in-bond cargo must be directed to the original destination port. Approval of diversion request will be communicated to the Trade immediately and should not result in delays long enough to impede the completion of the in-bond movement within the requested in-transit time. However, an extension of the in-transit time may be requested when necessary.

Neither the originating port nor the destination port handles the diversion request. Approval of diversion requests is strictly through the ACE portal or ABI. When diversions occur, there is no transfer of bond liability

### **Liability and When Does it Transfer**

Per 19 CFR 18.8(a), the party whose bond is obligated on the transportation entry will be liable for breach of any of the requirements found in 19 CFR 18.8(a), any other regulations governing the movement of merchandise in-bond, and any of the other conditions specified in the bond. This includes, but is not limited to, shortages, irregular delivery, or non-delivery, at the port of destination or port of exportation of the merchandise transported in-bond; the failure to export merchandise transported in-bond pursuant to a transportation and exportation or immediate exportation entry; and, the failure to maintain intact seals or the unauthorized removal of seals. Appropriate commercial or government documentation may be provided to CBP as proof of delivery and/or exportation. Any loss found to exist at the port

of destination or port of exportation will be presumed to have occurred while the merchandise was in the possession of the party whose bond was obligated under the transportation entry, unless conclusive evidence to the contrary is produced.

The transfer of liability to a new bonded party will be accomplished by the filing and acceptance of a new application for the merchandise to be transported in-bond. In order to transfer liability from one carrier to another, a report of arrival must be filed for the in-bond merchandise and the subsequent carrier must submit a new in-bond application pursuant to 19 CFR 18.1. Transactional issues that evolve between two business entities are the sole responsibility of those groups and do not involve any liability to CBP.

In the case where the manifested quantity was incorrect at importation and the in-bond persists the error by linking to the bill, both parties would be liable but ultimately CBP would need to identify the party that would receive an enforcement action. In that case, the importing carrier would be held responsible as long as the bonded carrier can provide evidence that the information in the in-bond and the information they received from the originating carrier is consistent with what they reported. If they choose to accept blind shipments based solely on a business partners information, have they performed sufficient due diligence? The responsibility to reduce their liability would need to reside in the contract between the two parties.

### **Sealing and Manipulation**

Sealing requirements allows for the transportation of in-bond merchandise with non-bonded merchandise in a container or compartment that is not sealed, if the in-bond merchandise is corded and sealed, or labeled as in-bond merchandise. This will allow in-bond merchandise to be transported with non-bonded merchandise in a container that is not sealed and will facilitate the filling of containers that would otherwise be less than container load shipments.

If it becomes necessary to remove seals for good reason, a responsible agent of the carrier may remove the seals, supervise the transfer or handling of the merchandise and seal the conveyance, compartment or container without notifying CBP. However, records pertaining to such activity would be covered under 19 CFR 163.

### **Subsequent In-Bonds**

The ACE user may electronically submit a subsequent in-bond movement or the CBPO may, under certain circumstances, manually create a subsequent in-bond movement without deleting or re-adding an existing bill. To perform a subsequent in-bond:

- a. The original or preceding in-bond entry must be arrived in ACE at the destination port;
- b. The port of in-bond departure must match the port of in-bond destination in the original or preceding in-bond move;
- c. There can be no holds or other actions against the shipment at the original or preceding in-bond destination port;

Up to 99 subsequent in-bond movements can be created.

### **Manifest Discrepancies**

If a manifest discrepancy is noted by the master, person in charge, owner, or agent of the vessel or vehicle, or any person directly or indirectly responsible for any discrepancy between the merchandise and the manifest, the discrepancy shall be reported by the master, person in charge, owner, or agent of the vessel or vehicle, or any person directly or indirectly responsible for any discrepancy between the merchandise and the vessel to the port director within 60 days after the arrival by completing a report for an overage or a declaration for a shortage. The overage report or shortage declaration may be made on the appropriate manifest form or on its electronic equivalent, as listed in 19 CFR 123.4, or on a CBPF 5931, Discrepancy Report and Declaration. If no manifest has been filed, an original copy of the appropriate form or its electronic equivalent as listed in 19 CFR 123.4, should be used. In each case in which a manifest form is used, the form shall be marked or stamped “Overage Report” or “Shortage Declaration”, as appropriate. The form used shall list the merchandise involved and state the reasons for the discrepancy. A consumption entry must be filed if there is a loss in transit on an IT movement.

If a discrepancy is discovered by CBP, the port director shall advise the master, person in charge, owner, agent, or any person directly or indirectly responsible for the discrepancy by furnishing a copy of the CBPF 5931 to that person, or by any other appropriate written means. The person so notified shall file an explanation of the discrepancy, within 30 days of notification, or within 60 days. Use of the CBPF 5931 shall not preclude assessment of any penalty or liability to forfeiture otherwise incurred.

- ACE users must amend their manifest electronically;
- ACE users should retain supporting hardcopy documentation in their files for one year to substantiate the change.
- Follow the procedures for amending or canceling an in-bond document;

### **Agriculture Transit Permits and In-bonds**

The in-bond application within ACE does not govern the Agricultural permit process. In-bond movement for Agriculture permits must follow specific routing as directed by the Department of Agriculture and may not be diverted. Electronic creation of the in-bond transaction is still required.

**CATAIR DATA ELEMENTS IN PLACE OF 7512**

**In-Bond Entry Data Element Concordance\***

**(This table depicts how CBPF 7512 information is represented in ACE, QP/WP)**

<b>CBPF 7512 Data Element</b>	<b>QP Input Data Title<sup>1</sup></b>	<b>ACE QP Input Description</b>	<b>OFO Standard Operational Definition</b>
Entry number	In-bond Number	The number identifying the in-bond movement.	The in-bond serial number assigned by ACE.
Class of entry	In-bond Entry Type	The code representing the type of in-bond movement.	Entry class code (61, 62, 63) must be recorded in this area with the approved abbreviation for the entry type: IT, T&E, IE.
Port code number	N/A	N/A	The port code shown in the Census Schedule D used to indicate the port where the in-bond entry is being presented.
First US port of unloading	Port of Importing Conveyance Arrival	Census Sch. D code representing the CBP port of unloading.	The first U.S. port of unloading is the first U.S. port of arrival from foreign at which the merchandise is off-loaded from the importing carrier.
Port of	N/A	N/A	This is the name of the port corresponding to the port code where the in-bond entry is being presented.
Entered or imported by; Importer/IRS #	In-bond Carrier ID	Code representing the ID number of the bonded carrier; also referenced as importer or IRS#	"Entered or imported by" identifies the party who imported the merchandise (importer or consignee) or the party who presents the in-bond entry to CBP if other than the importer or consignee. This party could be the importing carrier or the bonded carrier or a Customhouse broker acting as the agent for the importer, consignee, importing carrier, or the bonded carrier.
In-bond via	In-bond Carrier ID	Code representing the ID number of the bonded carrier; also referenced as importer or IRS#	This designates the bonded carrier that will be liable for the proper movement, handling, and safe-keeping of the merchandise once the in-bond movement is initiated. The bonded carrier's Importer/IRS number and name shall be included on this line.
CBP Port Director	US Port of Destination	Sch. D code representing the CBP port of termination for an IT (61) entry, or the port of exportation for a T&E (62) entry, or the port of exportation for an IE (63).	This block identifies the intended destination port, but unless there are restrictions or prohibitions on diversion, an in-bond shipment may be diverted to any CBP port with prior CBP permission.



Final foreign destination	Port of Foreign Destination	Sch.K code representing the foreign port of destination for T&E (62) or IE (63) entries. Refer to ACE Ocean Appendix F for valid Foreign Port Codes.	"Final foreign destination" must be completed for all exportation entries. At a minimum, the destination shown on the commercial shipping documents (bills of lading or air waybills) must be shown. If exportation to more than one foreign destination is planned, the term "various" may be used provided that such exportation is not prohibited. The 5-digit Sch. K code (for Mexico and Canada) and the name of the corresponding foreign destination must be placed here.
Consignee	Consignee name	A valid consignee name	The party identified here must be the same as the consignee named on the bill of lading, air waybill, invoice, etc. Address of the consignee is also required in this space. For export shipments where the bill of lading, air waybill, invoice, etc. information does not include an actual consignee, the consignee for in-bond purposes may be the party who will arrange for the disposition of the shipment at the port of destination.
Foreign Port of Lading	Foreign Port of Lading	Sch. K number or Special K code representing the foreign port in which the cargo was laden on board the importing conveyance.	Port of exporting country where cargo departed for the United States.
Bill of Lading (B/L) No.	Master Bill of Lading or House Bill Number (for Air); Container Number	The master bill number as listed on the manifest. House bill number as listed on the manifest.	
Imported on the___(name of vessel), flag___, on___(date imported), via___(last foreign port visited)	Importing Conveyance Name; Voyage/Flight/Trip Number;		The information on this line identifies the name of the carrier, its flag if applicable, the date imported and the last foreign port visited. The date of importation should be the date of arrival in the United States. For vessels, this is the date when the vessel arrives within the limits of a port in the United States.
Exported from	none	none	The country of exportation may be different from the foreign port of lading and from the last foreign port visited by the carrier. The country of exportation should al-

			ways be shown when this information is known (on the bill of lading, air waybill, invoice). Otherwise, the foreign port of lading shown should be used.
Marks and Numbers of Packages	Marks and Numbers	Written description of symbols and markings that are on the outside of the packaging.	This should be the same information as is supplied on the inward foreign manifest. For containerized shipments, the container number and the commercial seal number must also be shown. This listing should be sufficient precise enough to serve the legitimate needs of CBP.
Description and Quantity of Merchandise	In-Bond Quantity; Manifest Quantity; Manifest Unit of Measure; or, Volume and Volume Unit. Harmonized Number.	For automated BOLs, the in-bond quantity is provided in QP40. Manifest Quantity: a value greater than zero representing the total number of pieces on the bill of lading. Manifest Units: code representing the manifest unit of measure (refer to the ACE Ocean Appendix N for valid manifest units of measure. 10-character HTSUS code. The HTS number will be reported at a minimum of 6 –positions.	For all in-bond shipments, quantities must be shown in terms of the smallest external packaging unit. Any intermediate packaging involved (e.g. unit load devices, containers, pallets) must also be shown (example: 144 cartons on 12 pallets) Be specific.
Gross Weight	Weight, Weight Unit	A value greater than zero representing the gross weight in QP40. Net weight in QP70. Input only whole number; no decimals or fractions. Code representing the unit of [weight] measure.	Gross weight can be shown in either pounds or kilograms and must be identified as pounds (l) or kilograms (k).
Value	Value	A value greater than zero, in whole dollars, of the commodity.	Actual value information is to be supplied, except when it is not readily available to the party preparing the entry. In this case, estimated value information may be used and must be indicated as an estimate. Actual value information must be supplied for any type of in-bond warehouse withdrawal.
Rate	none	none	Duty rate and duty amount must be supplied for warehouse withdrawals moving in-bond. It is not

			required for any other type of in-bond.
Port	US Port of Destination	Sch. D code representing the CBP port of termination for an IT (61) entry, or the port of exportation for a T&E (62) entry,	The U.S. destination and/or exportation port is recorded here. This is part of the certificate of lading for arrival or exportation.
Seal Number	Seal Number 1, Seal Number 2	<b>A valid exporter/carrier seal number associated with the container [<i>i.e.</i>, transporting the in-bond shipment].</b>	<b>CBP in-bond seal numbers, commercial seal numbers, or other Federal agency seal numbers are recorded here. If in-bond labels are used, or if sealing or labeling is waived, this should be noted here.</b>

Note: All in-bond entry data is derived from Bill of Lading.

<sup>1</sup> See CATAIR in-Bond Record Usage Map (page INB-9) for listing of all Record IDs

## 7. IN-BOND EXAMS AND AUDITS –

Ports will continue to conduct examinations of in-bond shipments to ensure the accurate reporting of information is as filed on the in-bond entry. In-bond compliance examinations are primarily concerned with the quantity, merchandise description, and proper entry/export resolution. Enforcement, Trade Compliance, or other examinations may be conducted simultaneously with these examinations. There are documents (or the electronic equivalent) that need to be made available by the carrier for review upon the request of the Port Director. These documents are related to manifests or bills that are being audited. These include, but are not limited to:

- Manifests (CBPF 7509, etc.)
- Bills of lading (master, house, etc.)
- Delivery authorized documents
- Delivery and pick-up orders
- Manifest discrepancy reports
- Vessel out-turns or tally sheets
- General Order documents
- Permits to transfer
- Surveyor's reports
- Carrier's automated reports
- Foreign country entry documents
- Foreign country transportation documentation
- A date-stamped CBPF 7512 provided at a CBP supervised export.

Ports will continue to conduct in-bond audits to ensure that the merchandise is properly accounted for.

### **Cancellation of Export Bonds**

- Manner of Cancellation – A bond to assure exportation may be cancelled upon the listing of the merchandise on the outward manifest or outward bill of lading, the certification of lading, the record of clearance of the vessel or of the departure of the vehicle, and the production of a foreign landing certificate if the certificate is required by the port director or upon the payment of any liquidated damages issued. (19 CFR 113.55).
- Cancellation of bond charges of an international carrier- The conditions of the bond of an international carrier may be considered as having been complied with upon the production of the applicable documents previously requested by the port director.

### **Foreign landing certificate**

A foreign landing certificate, when required, must be produced within six months from the date of exportation and must be signed by a revenue officer of the foreign country to which the merchandise is exported, unless it is shown that the country has no customs administration, in which case the certificate may be signed by the consignee or by the vessel's agent at the place of landing. Landing certificates are required in the following cases:

- Mandatory. A landing certificate will be required in every case to establish the exportation of narcotic drugs or any equipment, stores (except such articles as are placed on board vessels or aircraft under the provisions of section 309 or 317, Tariff Act of 1930, as amended (19 U.S.C. 1309, 1317)), or machinery for vessels;
- Optional with the port director. A landing certificate may be required by the port director for merchandise exported from the United States, or residue cargo, when a certificate is deemed necessary for the protection of the revenue;
- Waiver. Except as provided in § 4.88 of this chapter, in cases where landing certificates are required and they cannot be produced, an application for waiver thereof may be made to the Commissioner of CBP through the port director, accompanied by such proof of exportation and landing abroad as may be available.

### **Post-audit follow-up**

CBPOs should communicate with carriers after an audit to advise them of the results. Final audit reports should be provided to the carrier when feasible and proper. The port director may require the carrier to submit a formal response to the audit report, detailing corrective actions taken. Information concerning subsequent enforcement actions or investigations shall not be included in the reports given to the carrier.

### **Foreign Trade Zone (FTZ) Restricted/Export Only Merchandise.**

Merchandise is placed into an FTZ under different statuses. NPF means “Non-Privileged Foreign.” This merchandise may be entered into the commerce or exported. Zone restricted (ZR) merchandise is merchandise that is taken into the zone for the sole purpose of exportation. Zone restricted merchandise can only be withdrawn from the zone for exportation on an in-bond. The zone status must be stated on the body of the CBPF 7512. FTZ zone-restricted merchandise should not be allowed to move to another U.S. port on an IT. The CBPF 7512 for merchandise withdrawn from an FTZ will have in the “Goods now located at” block, the tenant’s name and the FTZ number.

## **MONITORING IN-BOND ENTRIES VIA ACE REPORTS**

CBPOs enforce in-bond movements under regular compliance enforcement protocol established by OFO. The foundation of the protocol is based on specific reports in ACE.

The suite of existing, stock in-bond reports includes:

- MNFST-001 In-Bond Details – this report will run a list of in-bond movements associated to the carrier’s SCAC code;
- MNFST-002 Carrier IRS Details – this report will run the in-bond report using the carrier’s IRS number instead of the SCAC code; (both reports will return the in-bond number, bill of lading, bonded and manifested carrier code, the QP filer information, and all the pertinent dates. Both reports will be customizable with the ad hoc options should a carrier want additional details not provided in the canned reports).
  - **MMM-6012 List of In-Bond Shipments Overdue**
  - **MMM-6013 List of In-Bond Shipments Overdue for Export**

To access these reports via your ACE account, after logging into ACE:

- 1) Click on the “Accounts” tab at the top of the ACE home/welcome page; next,
- 2) under the “Task Selector” menu, click on “Reports”, then click on the “Launch Tool” box that will pop up in the “Launch Reports and Quick-view Tool”; next,
- 3) after the Launch Reports tool opens, the “ACE REPORTS” page will open (note: you can run the training modules or run ad hoc reports here); next,
- 4) in ACE REPORTS, see the “Available Workspaces” application (left side of screen), then click on “Manifest”; then,
- 5) see three MMM reports listed in the “Reports” folder under “Navigation List”; then,
- 6) select by clicking on the MNSFT-001, MNFST-002, MMM-6012, or MMM-6013 report;
- 7) a new “Prompts” subpage will open. Under the “Prompts Summary” column, enter the various departure begin dates, departure end dates, date ranges, in-bond number, origination port codes, destination port codes, or bill of lading numbers that will allow you to customize your report parameters; next,
- 8) key in your selections, then click on the ‘OK’ box located on the bottom-right side of the window, then.
- 9) after the report runs, the output will appear in the same window.

It is the recommendation of CBP that when running this report, the query is limited to a single day or no longer than a one week period, or consideration should be made about setting up a nightly report job for this report.

Questions or concerns regarding these reports can be sent to the ACE reports mailbox at [ACE.Reports@cbp.dhs.gov](mailto:ACE.Reports@cbp.dhs.gov).

## 8. GLOSSARY

- Agent - A person authorized to transact business for and in the name of another;
- Bill of Lading/Air Waybill – Principal transportation contract that describes the freight, sets forth the terms and conditions, responsibilities and liabilities, and by which a carrier acknowledges receipt of the freight;
- Bond - A bond is a contract where the principal, as guaranteed by the underwriting surety, agrees to perform in compliance with CBP regulations. When a breach of performance occurs, liquidated damages result. CBP is the beneficiary under the bond;
- Bonded Warehouse – a warehouse authorized by CBP for storage of goods without payment of customs duties;
- Carrier Individual or corporation engaged in the business of transporting goods.
- Cartage – The movement of merchandise with port limits;
- Consignee – Person who receives shipped goods;
- Container Freight Station – facility authorized by CBP to receive consolidated shipments in containers for the purpose of devanning;
- Devanning - The unloading/stripping of a container;
- Diversion – A change made in the route of a shipment in transit;
- Drawback -A refund or remission, in whole or in part, of a customs duty, internal revenue tax, or fee lawfully assessed or collected because of a particular use made of the merchandise on which the duty was assessed or collected
- Federal Maritime Commission (FMC) -A government regulatory agency that controls maritime affairs, freight forwarder licensing, and enforces the conditions of the Shipping Act of international water common carriers and noncontiguous domestic water carriers.
- Facilities Information Resource Management (FIRMS Code) - A unique, CBP assigned FIRMS code given any facility or place in or at which un-entered (including in-bond) merchandise is located;
- Foreign Trade Zone - Foreign-Trade Zones (FTZ) are secured, designated locations around the United States in or near a U.S. Customs Port of Entry where foreign and domestic merchandise is generally considered to be in international commerce and outside of US Customs territory. As a result, activated businesses in an FTZ can reduce or eliminate duty on imports and take advantage of other benefits to encourage foreign commerce within the United States.
- Freight – The actual cargo or goods, also referred to as merchandise;
- Freight Forwarder – A person or company whose business is to act as an agent on behalf of the shipper;
- House Bill of Lading –a bill of lading issued by a forwarder to a shipper as a transportation contract for merchandise that the forwarder will consolidate with cargo obtained from other exporters and ship to an agent at the port of destination. In most cases, the Bill of Lading has legal standing for banking purposes. The House Air Waybill is the equivalent in the air environment;
- In-Bond – entries of merchandise for transportation either to another port in the U.S. or through the U.S. for exportation without appraisalment or the payment of duties;
- Less than Container Load – A quantity of goods less than that which fills a container;
- Manifest – An abstract of the individual bills of lading;

- Marks and numbers – The use of identifying symbols and numbers on cargo to differentiate among the shipments;
- Master Air Waybill - One air waybill with one or more house air waybills assigned to it. You cannot post against a master air waybill unless it is to post a local transfer to move the entire shipment to a bonded facility. to be de- consolidated;
- Master Vessel Operating Common Carrier -An operator of a vessel that issues the master ocean bill of lading;
- Non-Vessel Operating Common Carrier - A common carrier that does not operate the vessels by which the ocean transportation is provided and is a shipper in its relationship with an ocean carrier;
- Partner Government Agencies (PGAs) – federal agencies with statutory authorities regarding U.S. imports and exports that cooperate with CBP’s trade enforcement activities.
- Shipper - The person or company that was the supplier of the goods.
- Simple (regular) Air Waybill - One air waybill assigned to one shipment going to one consignee;
- Split Shipment - One air waybill for one shipment going to one consignee that arrives in the United States on more than one aircraft. The shipment is split due to capacity (weight) or other operational issues;
- Stripping-The act of emptying a container;
- Stuffing - The act of loading a container.
- Trans-loading - The act of transferring cargo from one container and stuffing into another container.

## 9. ABBREVIATIONS

ABI	- Automated Broker Interface
ACE	- Automated Commercial Environment
ACS	- Automated Commercial System
AES	- Automated Export System
AGT	- Agent (Message Line Identifier)
AMS	- Automated Manifest System
ARR	- Arrival detail (Message Line Identifier)
ASN	- Airline Status Notification (Message Line Identifier)
ATA	- Air Transport Association of America
AWB	- Air Waybill
B/L or BOL	- Bill of Lading
CAFES	- CBP Automated Forms Entry System
CBW	- Customs Bonded Warehouse
CCL	- Cargo Control Location
CED	- CBP Express Detail (Message Line Identifier)
CES	- Centralized Examination Station
CET	- Contraband Enforcement Team
CFS	- Container Freight Station
CFR	- Code of Federal Regulations

CHL	- Customhouse Licensed Cartman
CNE	- Consignee (Message Line Identifier)
CSN	- CBP Status Notification (Message Line Identifier)
CTO	- Cargo Terminal Operator (w/ FIRMS or carrier code)
DIS	- Document Imaging System
DUNS	- Dun and Bradstreet Number
ECCF	- Express Cargo Clearance facility
EEI	- Electronic Export Information (replaced SED)
EIN	- Employer/Employee Identification Number
FDA	- Food and Drug Administration
FDM	- Flight Departure Message (Message type)
FIRMS	- Facility Information Resource Management System
FPPI	- Foreign Principal Party-In-Interest
FP&F	- Fines, Penalties, and Forfeiture
FROB	- Freight Remaining on Board
FTR	- Foreign Trade Regulations (15 CFR Part 30)
FTZ	- Foreign Trade Zone
GO	- General Order
HAWB	- House Airway Bill
IB	- In-Bond
IBET	- In-bond Enforcement Team
IE	- Immediate Exportation
IRS	- Internal Revenue Service
IRT	- Internal Revenue Tax
IT	- Immediate Transportation
ITN	- International Transaction Number (EEI filing)
LTL	- Less than a Trailer Load
MAWB	- Master Airway Bill
MDR	- Manifest Discrepancy Report
MIB	- Master in-bond
PGA	- Partner Government Agency
POA	- Power of Attorney
POE	- Port of Entry
PTP	- Permit to Proceed
PTT/ePTT	- Permit to Transfer
SCAC	- Standard Carrier Alpha Code
SED	- Shipper's Export Declaration (replaced by EEI)
TACM	- Transit Air Cargo Manifest
T&E	- Transportation and Exportation
TIB	- Temporary Importation Bond
USSPI	- U.S. Principal Party-In-Interest
USDA	- U.S. Department of Agriculture



VSIE	- Vessel Supplies for Immediate Exportation
VSTE	- Vessel Supplies for Transportation and Exportation
WDIE	- Warehouse Withdrawal for Immediate Export
WDT	- Warehouse Withdrawal for Transportation
WDTE	- Warehouse Withdrawal for Transportation and Exportation
WDVSIE	- Warehouse Withdrawal of Vessel Supplies for an Immediate Exportation
WDVSTE	- Warehouse Withdrawal of Vessel Supplies for a Transportation and Exportation

## 10. REFERENCES

- In-Bond regulations (19 CFR Part 18); <https://www.federalregister.gov/documents/2017/09/28/2017-20495/changes-to-the-in-bond-process>;
- Bonded Warehouse Manual - [https://www.cbp.gov/sites/default/files/documents/bonded\\_warehouse.pdf](https://www.cbp.gov/sites/default/files/documents/bonded_warehouse.pdf);

## 11. FREQUENTLY ASKED QUESTIONS

### 1. **What are the major changes in the updated in-bond regulations?**

Except for merchandise transported by pipeline and truck shipments transiting the United States from Canada, the CBPF 7512 (Transportation Entry And Manifest Of Goods Subject To CBP Inspection and Permit) has been eliminated; henceforth carriers or their agents will be required to electronically file the in-bond application; a standard 30-day maximum transit time to transport in-bond merchandise between U.S. ports will be in effect for all modes of transportation except pipeline and barge traffic. Movement by barge is 60 days; carriers will be required to electronically request and receive permission from CBP before diverting in-bond merchandise from its intended destination port to another port; and; carriers will be required to report the arrival and location of the in-bond merchandise within 2 business days of arrival at the port of destination or port of exportation; additional information on the in-bond application will include the six-digit Harmonized Tariff Schedule of the United States number if available.

### 2. **What about the air commerce regulations found in 19 CFR part 122?**

The in-bond procedures found in the air commerce regulations have not changed except for time frames to align with other modes. For the purposes of this regulation, shipments moving in-bond on an air waybill arriving via air in the U.S. and filed in ACE Air Manifest are not subject to the new in-bond requirements other than timeframes, and may be initiated and closed in paper until such time as Part 122 is modified to require air automation. Shipments moving in-bond that originate on a mode of transport other than air, or that originate in the U.S. for export, will be required to be initiated electronically; however if such shipments are arrived at a final US destination by air or exported by air, they may be closed in paper at the port of entry/export.

### **3. Who May File an In-Bond Entry?**

- (1) The carrier, or authorized agent of the carrier, that brings the merchandise to the origination port;
- (2) The carrier, or authorized agent of the carrier, that is to accept the merchandise under its bond or a carnet for transportation to the port of destination or the port of exportation; or
- (3) Any person or the authorized agent of any person, who has a sufficient interest in the merchandise as shown by the bill of lading or manifest, a certificate of the importing carrier (such as a power of attorney or letter of authorization), or by any other document that CBP may require that provides evidence to demonstrate sufficient interest.

### **4. CBP mentioned a 90 day enforcement period for this regulatory change. Are there key dates established for enforcement?**

- September 28, 2017 – Publication in Federal Register with 60 day implementation;
- November 27, 2017 – Implementation of Regulations – regulations effective on this date;
- July 2, 2018 – Paper CBPF 7512 will no longer be accepted by CBP for input into ACE. Electronic filing of new in-bond transactions will be the responsibility of the trade. Paper forms or other paper alternatives (screen prints or plain paper documents etc.) will be accepted as part of enforcement processes at the border or verification/audit operations such as warehouse withdrawals, FTZ exports and transfers or vessel/aircraft supply operations where additional information is required on paper forms that is not provided for electronically.
- August 6, 2018 - Electronic reporting of all transactions will be mandatory; CBP will no longer accept paper copies of the CBPF 7512 to perform arrival and export functionality. These functions will be the requirement of the carrier. In addition, electronic reporting of diversion to a port other than reported on the original in-bond will be required. An ACE edit will reject arrival if not performed. Electronic reporting of bonded cargo location (FIRMS code) will be required. An ACE edit will reject arrival if not provided;
- At this time, no date is set for implementation of the provision requiring the 6-digit Harmonized Tariff Schedule number requirement for Immediate Transportation movements.
- Internal outreach webinars/telephone conferences will be conducted, as needed.

### **5. What about local port policy regarding in-bond procedures?**

The trade should continue to abide by the regulations found at 19 CFR 18. Local port policy should be discussed with the port director. CBP ports use a variety of audit procedures to verify bonded movement, including the presentation of paper in-bond

documents at ports of arrival and export. If ports require paper copies of the CBPF 7512 to be presented at arrival and/or exportation, carriers should continue to provide them. This does not change the requirement for electronic reporting however. Arrivals and exports must still be reported via ACE except where exempted by regulation.

- 6. This suggests that the report of arrival for a multiple container in-bond shipment would need to be filed when the first container arrives at the port of destination or exportation. The preamble, however, states that, for multiple container movements, the arrival will be performed at the individual equipment or container level, not at the in-bond shipment level. Please clarify.**

Cargo is not arrived by container. § 18.1(d)(1)(vi) requires the reporting of the quantity using the “smallest exterior packing unit” standard. This will enable carriers to verify the quantity of the goods they are transporting and ensure that there is no shortage.

- 7. If I am filing an in-bond transaction for a Customs Bonded Warehouse (CBW), Foreign Trade Zone (FTZ) or Vessel/Aircraft Supply withdrawal for export or re-warehouse am I required to file electronically. If yes, am I still required to supply paper?**

Yes, the bonded movement from CBWs and FTZs do require the submission of in-bond applications via the electronic interfaces. That means that an IT, T&E or IE transaction must be filed in ACE to cover the bonded movement outside of the warehouse. Permit copies of the paper CBPF 7512, properly annotated as described in the Bonded Warehouse Manual and Foreign Trade Zone Manual must still be submitted to CBP as part of the CBW and FTZ audit and oversight procedures

- 8. What is the process for a diversion request and who is monitoring those diversions?**

The carrier will submit the diversion request using an approved software message set available to the trade. CBP’s disposition of the diversion request will be automated so that the carrier will receive authorization for, or denial of, the diversion immediately. When a diversion request is authorized, the user will receive a disposition code of a “3W”. If the destination port code is rejected, cargo must be directed to the original destination port.

- 9. Some agriculture commodities are not permitted to divert to other locations. Will the system automatically reject those diversions? If not, will an Agriculture specialist be required to approve/deny the request?**

The in-bond application within ACE does not at this time govern the United States Department of Agriculture (USDA) permit process. Under 7 CFR 352, the carrier is responsible to know whether or not the commodity that they are moving via an in-bond transaction is governed by a permit. If the USDA regulations do not allow a diversion, it is the carrier’s responsibility not to divert. Even if CBP authorizes a diversion electronically, the carrier will be subject to enforcement issues if they do not follow the requirements of a USDA transit permit.

**10. What port handles the diversion request? The arrival, the destination port or the new destination port? Originating port where the in-bond was filed?**

A diversion request and approval of that request is made through ACE. Neither the destination port nor the originating port handle the diversion request.

**11. For sealed containers carrying in-transit merchandise, does this mean that the bonded carrier will no longer have to request CBP approval to break the seals to trans-load?**

In the final rule, 19 CFR 18.4 states that seals may be removed for the purpose of transferring in-bond merchandise to another conveyance, compartment or container, or to gain access to the shipment because of casualty or for other good reason, such as when required by law enforcement or another government agency.

**12. When can the Trade expect publication of the new In-bond (QP) CATAIR programming specifications as well as the Truck Manifest ANSI-X12 and UN EDIFACT message sets?**

An updated CATAIR Implementation Guide has been posted to CBP.GOV at the following location for the upcoming In-bond regulation changes that will require a FIRMS code upon arrival of an in-bond for most modes of transportation.

<https://www.cbp.gov/document/guidance/bond>

In addition ANSI-X12 and EDIFACT Truck Manifest messages have been updated. Links to these messages can be found at: CSMS# 18-000359 - Updated Truck Manifest Implementation Guides supporting In-bond Regulation changes.

**13. Confirm that the system will accept both the 6-and 10-digit HTS number, at the importer's discretion.**

When CBP implements the HTS portion of the final rule, the filer will be required to provide the 6-digit HTSUS number. However, the 10-digit number will also be accepted.

**14. Confirm that the carrier remains responsible for reporting the arrival of the in-bond within 2 business days.**

Yes, the bonded carrier is responsible for reporting the arrival of the in-bond within 2 business days after actual arrival. Business relationships necessary to ensure this are the responsibility of bonded carriers when obligating their bonds. Trade parties should not discontinue use of the paper 7512 as part of their shipment documentation until they are certain that it is no longer needed to provide notice of in-bond status and in-bond number to other trade parties in their supply chain.

**15. If an exporter uses QP to file an in-bond, obligating the carrier's custodial bond, (including air shipments), does this obligate the carrier to close the in-bond electronically in QP?**

When an exporter files an in-bond in QP obligating another party's bond, the exporter must ensure that the party whose bond is obligated is aware of the in-bond filing, for example by providing a copy of a paper CBPF 7512 with the other shipping documentation. The in-bond may be closed by either the QP filer or by the exporting carrier utilizing WP. Air carriers may continue to close such in-bonds by delivering the paper CBPF 7512 to CBP at the port of export.

**16. When will the ACE Portal be programmed to allow the party whose custodial bond is obligated (not the carrier who manifested the shipment into the USA) to have visibility to and close out the in-bond via the Portal? If not, what is the interim solution?**

The ACE portal allows carriers to run reports that show in-bonds issued where their SCAC code is included in the bill of lading. Carriers cannot run this same report using their bonded carrier number. The requirement to change this functionality has been identified but is not yet prioritized. The interim solution, if the carriers are afraid that other parties are erroneously using their bonded carrier number is to restrict their bonded carrier number from use. CBP client reps assigned to carriers can help with this functionality. The exception to this is for truck carriers who use the portal to file an in-bond; these companies do not have this functionality. The functionality requirement is identified and is tied to truck refactoring.

**17. Why does CBP expect the carrier to know the description in sufficient details to ascertain if PGA's have jurisdiction?**

Based on the questions that CBP received during the period after publishing the proposed rule-making, CBP agreed that PGA requirements can be difficult for carrier's to determine and changed the language to "may provide" this information.

**18. What is the exact message, acknowledging approval to divert the in-bond?**

ACE does not have acceptance/rejection language specific to the in-bond diversion request.

**19. Will CBP compare the ISF 6-digit HTS codes to the in-bond 6-digit HTS?**

The concern is different parties can create the ISF vs the in-bond. If so, this would dictate a deeper level of integration for partners in the supply chain, which is not feasible or practical currently. One of the purposes of the in-bond regulations is to ensure that in-bond merchandise is properly transported in-bond before being entered or exported. The information CBP receives on the ISF is not sufficient for proper tracking and enforcement of in-bond requirements. First, ISF data is required only for merchandise arriving in the United States by vessel and not for merchandise arriving in the United States by rail or truck, which are also covered by this rule. Second, pursuant to § 343(a)(3)(F) of the Trade Act of 2002, as amended (19 U.S.C. 2071 note),

CBP can only use ISF data for limited purposes, i.e., for ensuring cargo safety and security, preventing smuggling, and commercial risk assessment targeting. Accordingly, CBP requires the 6-digit HTS number as part of the in-bond application.

**20. Will PGA's have visibility (or do they currently have visibility) to in-bond transactions?**

In-bond transactions are done against the bill and not the entry. CBP's PGA Message Set is a process that occurs against the entry and/or admission. Whether or not a PGA has a visibility into transactions posted against the bill depends on the PGA's regulatory authority.

**21. Can an air carrier close an electronic 7512 if it has access to the QP/WP system?**

If the air carrier initiates the CBPF 7512 via QP, then the air carrier will be able to close it. Likewise, if another entity initiates a CBPF 7512 on behalf of the airline, the air carrier will be able to close it, provided the CBPF 7512 is under the air carrier's IRS number.

**22. How will CBP handle the 90-day rule with 90-day extensions of up to 1 year, once the CBPF 7512s are no longer accepted in paper format?**

Extensions will still be accepted, but not electronically; instead, the interested party should contact the port director at the port where the air carrier operates. The port director will put the carrier in touch with a designated point of contact at the port. This person will likely be the CBPO responsible for in-bond audits.

**23. Will automatic GO notices be issued if the CBPF 7512 is not closed within 90 days?**

Notifications will be sent 2 days before and the day that the shipment becomes GO eligible. However, a CBPO must manually issue an order that a shipment be delivered to a GO warehouse; this type of order cannot be issued automatically. An airline carrier who has obtained a timely extension will receive notifications 2 days before and the day that the shipment would have become GO eligible if the extension were not obtained, but the carrier will not receive an order to deliver the shipment to a GO warehouse.

**24. Will an automatic Notice of Liquidated Damages be issued if a product is held in country for longer than 90 days? If so, is there a set amount for each penalty or is it dependent upon the value of the shipment or the taxes on the shipment?**

Notices of Liquidated Damages are not issued automatically; they must be manually issued. If an extension is obtained in a timely fashion, a Notice will not be issued. If an extension was not timely obtained, typically, CBP will start by requesting an audit report and working to achieve reconciliation. If the catering company is carrying appropriate custodial bonds, working in a Customs Approved Store Room, has (and adheres to) an appropriate procedures manual, and documents its activities, this will help to mitigate any penalties. If there is a loss of duty (e.g., because the shipment

was diverted to domestic use), the penalty amount is typically based on the loss of duty or the value of the merchandise and, if CBP determines that the violation arose from fraud, can rise to the full value of the merchandise. See 18 CFR Part 171, Appendix B, (E)(1) (b)(i). If there is no loss of duty, CBP is authorized to impose a penalty in a fixed amount not related to the value of merchandise, but an amount believed sufficient to have a deterrent effect. CBP's regulations state that, in general, "a penalty in a fixed amount ranging from \$1,000 to \$2,000 is appropriate in cases where there are no prior violations of the same kind. However, fixed sums ranging from \$2,000 to \$10,000 may be appropriate in the case of multiple or repeated violations." 18 CFR Part 171, Appendix B, (E)(1)(c).

**25. Will an automatic Notice of Liquidated Damages be issued if a CBPF 7512 is not closed with-in the required 2 business day time-frame?**

See response to question 4.

**26. Will airline carriers still be required to provide paper copies of the CBPF 7512s with the corresponding certificate of use forms showing that all bonded goods have been exported?**

For the foreseeable future, yes, this will be required; CBP's intention is to automate the procedure to document that all bonded goods have been exported, but does not yet have a timeline for doing so. The airline carrier will not need to have the documentation stamped or signed; the bond number and bill number will be sufficient.

**27. What is the proper in-bond transaction entry type to use when cargo is moved to the southern border for exportation to Mexico?**

In circumstances of trans-U.S. in-bond shipments going to Mexico indirectly, the cargo will be temporarily stored in either an FTZ, CFS or bonded warehouse. In this scenario, it would be appropriate to use the type 61 (IT). Once the arrival occurs at a bonded facility, the 61 will be closed. Once the cargo subsequently departs the bonded facility, the actual exportation of the cargo to Mexico would be on a type 63 (IE).

**28. Do shipments moving under a Customs bond as in-transit (IT) cargo or as residue cargo require a United States Department of Agriculture Animal and Plant Health Inspection Service (APHIS) PPQ transit permit?**

Shipments moving under Customs bond as in-transit (IT) cargo often require an APHIS import permit instead of a transit permit; residue cargo is covered by other authorities. If you are unsure which permit to apply for, submit an application for a transit permit (PPQ Form 586) and you will be advised accordingly.

**29. Are transiting commodities eligible for export certification?**

Foreign products that are transiting the United States under Custom's bond are **NOT** eligible for re-export certification.

## APPENDIX

### MANIPULATION RULES

Scenarios	A. Non bonded facility. Covered by bonded carrier's bond. Verification allowed. No request required. <b>No manipulation allowed.</b> <b>No Manufacturing allowed.</b> Manifest discrepancy report "MDR" may be required if shortage/overage found.	B. Non bonded facility. Covered by bonded carrier's bond. Verification allowed only upon written request and CBP authorization (Either individual or blanket). <b>No manipulation allowed.</b> <b>No Manufacturing allowed.</b> MDR may be required if shortage/overage found.	C. Container Freight Station, CFS , CES. Bonded carrier's bond liability may or may not yet be transferred or terminated. In any event, any violation would go against the facility's bond. Verification allowed only upon CBP request (Either individual or blanket). <b>No manipulation allowed.</b> <b>No Manufacturing allowed.</b> MDR may be required if shortage/overage found.	D. Bonded warehouse or FTZ. Bonded carrier's liability has transferred and terminated. Covered by facility's bond. These are on a warehouse entry (or CBPF 6043 for G.O.) or FTZ e-214 admission and no longer on an in-bond transportation entry. Consequently, these are outside the scope of "in-bond" strategy. <b>Bonded warehouse or FTZ rules apply.</b> Manipulation allowed upon request on CBPF 3499. Only class 8 bonded warehouse or class 1, 2, 3, 4, 5, 6, 7, or 11 upon CBP approval for "constructive manipulation" See 19 CFR 19.1(b). Bonded warehouse manufacturing allowed only in class 6. FTZ manipulation and/or manufacturing allowed upon request on CBPF 216 (Either individual or blanket) MDR may be required if shortage/overage found or if manifest quantity changes.
1. <b>(VIEWING)</b> External Piece count verification. No packaging will be opened or changed.	No request required	No request required	No request required	No request required
2. <b>(OPENING)</b> Piece count verification. Any packaging may be opened for the purpose of verifying internal quantities and commodities and resealed. Packages may be opened and resealed but neither packaging or internal contents will be changed.		REQUIRES PRIOR CBP APPROVAL	REQUIRES PRIOR CBP APPROVAL	REQUIRES PRIOR CBP APPROVAL
3. <b>(REPACKING-DAMAGED)</b> Piece count verification. Any packaging may be opened for the purpose of verifying internal quantities. <b>External packaging may be changed due to damage</b> but neither internal piece count nor external manifest quantities will change.		REQUIRES PRIOR CBP APPROVAL	REQUIRES PRIOR CBP APPROVAL	REQUIRES PRIOR CBP APPROVAL
4. <b>(REPACKING-ANY)</b> Piece count verification. Any packaging may be opened for the purpose of verifying internal quantities. External packaging may be changed due to damage, manifest quantity will change. Total internal piece does not change i.e. start with 100 ctns of 24 each, end with 200 ctns of 12 each.				FTZ manipulation allowed upon request on CBPF 216 (Either individual or blanket). Manipulation allowed upon request on CBPF 3499. Only class 8 bonded warehouse or class 1, 2, 3, 4, 5, 6, 7, or 11 upon CBP approval for "constructive manipulation" See 19 CFR 19.1(b).
5. <b>(MANUFACTURING)</b> Internal product is being manufactured into another product.				Bonded warehouse manufacturing allowed only in class 6. FTZ manufacturing allowed upon request on CBPF 216 (Either individual or blanket).