
❖ SPC&B Update ❖

A Newsletter for Clients of Sharretts, Paley, Carter & Blauvelt, P.C.

October 25, 2011

CBP PREPARING IMPLEMENTATION OF NEW MERCHANDISE PROCESSING FEE



As discussed in our SPC&B Update of October 18, 2011, the recent Korea-U.S. Free Trade Agreement (FTA) legislation and the combined GSP/Trade Adjustment Assistance renewal legislation contained conflicting provisions for increasing the merchandise processing fee (MPF) rate, and the manner in which the fee would be affected depended upon the order in which those bills were signed. The President signed the GSP bill before the Korea FTA bill. Consequently, according to a notice from CBP, the MPF rate will be raised from 0.21% to 0.3464% for the period from October 1, 2011 through June 30, 2021.

CBP is now programming its automated systems to accommodate the new MPF rate. It will give approximately one week's notice to the trade before the ABI system begins to require the new MPF rate. It is expected that bills will be generated for entries covering the period from October 1, 2011 through the date before the new rate is implemented in ABI in order to collect the higher MPF applicable to those entries, although officials reportedly have indicated that differences of less than \$20 will not be billed. The new legislation did not affect the \$25 minimum MPF or the \$485 maximum MPF for formal entries.

CBP will also notify the trade approximately one week before ACS and ACE summaries will be accepted with the new MPF rate.

If you need further information on the effect of the above trade legislation, please contact Gail Cumins at gcumins@spcblaw.com, Donna Shira at dshira@spcblaw.com or Kenneth Paley at kpaley@spcblaw.com, or call us at 212-425-0055.

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