



U.S. Customs Continuous Bonds – An Explanation of Benefits

The continuous, yearly customs bond is extremely ideal. The bond is used by US Customs to ensure duty payments are made and to ensure all imported goods comply with US requirements (health and safety regulations are two key areas of concern, for example). All commercial import shipments to the USA require a bond be posted in order to obtain a release of the shipment through US Customs. This bond is required even if the goods are duty free, and is not refundable.

Let's review the costs involved when you "don't" have a CTB (continuous transaction bond) with US Customs & Border Protection (CBP):

Air shipments:

Each shipment requires its own SEB (single entry bond). The minimum charge of this bond is USD 75.00, and is based on \$7.50 USD per \$1,000 USD FOB value+duty/fees.

** The bond fee **triples** for those items subject to US Food and Drug Administration rules, as well as any importation subject to any other governmental agency oversight (Agricultural, Environment, Dept of Transportation, etc, radio transmission devices, etc).

Let's say you have an import shipment worth USD \$30,000 with a 5% duty rate. The single entry customs bond fee would be based on:

USD \$30,000 USD shipment value + Duty of USD \$1,500 + fees (merchandise processing fee) of 0.3464% - \$103.92 USD. The bond is normally written for USD \$32,000 USD. Total cost for the SEB: \$240.00.

(\$32,000 USD x 7.50 USD = \$240.00).

Ocean shipments:

Each shipment requires its own SEB (single entry bond). The minimum charge of this bond is USD 75.00, and is based on \$7.50 USD per \$1,000 USD FOB value+duty/fees.

** The bond fee **triples** for those items subject to US Food and Drug Administration rules, as well as any importation subject to any other governmental agency oversight (Agricultural, Environment, Dept of Transportation, etc, radio transmission devices, etc).

In addition, each ocean shipment now requires an Importer Security Filing Bond (ISF SEB) for importers who do not have a yearly Customs continuous bond. The flat fee for



this ISF bond is USD 75.00 per shipment. This is in addition to the Customs entry bond described in the prior paragraph.

So - Let's say you will import a shipment via ocean freight with an invoice valued at USD \$30,000 with a 5% duty rate. The bond fee would be based on:

\$30,000 USD shipment value + Duty of \$1,500 + fees (merchandise processing fee) of 0.3464% - \$103.92 and a Harbor Maintenance Fee (HMF) of 0.125% - \$37.50. The SEB bond would be written for \$32,000. Total cost for the Single Entry Bond: \$240.00.

$\$32,000 \times 7.50 \text{ USD} = \240.00 . But don't forget- add \$75.00 for the ISF SEB (ocean shipments only) – your total single entry bond fees are \$315.00 for this one shipment **alone**.

Our bond/surety company prefers the continuous, yearly bond as it limits their (and yours) exposure to any penalty action that may be issued that they – and you - could be responsible for.

So - What are the Benefits of a Yearly US Customs Continuous Bond?

If you have a continuous bond (CTB): Firstly, you have a low yearly fee, which covers your potential duty payments of up to \$500,000 USD in a given 12-month timeframe. This CTB covers any number of import shipments in a 12-month timeframe. It also covers the Importer Security Filing bond requirements as well. It's very helpful and does save money, especially if you plan on shipping more than 2 times per year to the USA.

Your Mainfreight Inc. representative can assist you in applying for this bond today!

How do you obtain a Continuous Customs Bond?

1/ Firstly, we need to obtain a valid US Customs power of attorney and non-resident corporate certification (the latter form is for non-US-based importers only). You may already have given us a US Customs power of attorney – but if not, your Mainfreight representative will forward to you. The non-resident corporate certification is a Customs' requirement, as titles used for non-US-based companies may differ from US entities – so a secondary signature from another company officer is required.

2/ Secondly, we need to obtain a completed bond application form (also attached). The form is daunting to look at, but you need to only follow the instructions- it's quite easy that way!



The bond takes less than a week to approve and is valid for shipments that arrive in the USA on/after the date it's approved by US Customs - and will last for 12 months from the date of approval by US Customs. Very nice! The customs bond will renew automatically each year unless you tell us otherwise.

Please contact your Mainfreight Inc. US Customs Brokerage team for further information at:

chb@mainfreightusa.com

Importing isn't easy- but Mainfreight just made it easier!