

Customs' policy regarding identification of ultimate consignee

In an internal memorandum dated August 9, 2004, U.S. Customs provides an amendment to the current reporting requirements for identifying ultimate consignees at the time of entry or release. Included in the memorandum are clarifications as to the type of identification required, and some strict guidelines for enforcement of the new policy.

The Northern Border Customs Brokers Association, for which PBB serves as chair of the Customs Committee, is attempting to gain clarification from Customs on certain technical issues related to the memorandum. In the meantime, we offer the following summary for those customers that import into the U.S. and need to know how the new policy will effect their import operations.

Definitions

The ultimate consignee is defined as:

The party in the United States to whom the shipper sold the merchandise (i.e., the U.S. buyer);

If the merchandise has not been sold at the time of entry or release, the party to whom the shipper consigned the merchandise (i.e., the U.S. consignee);

If the merchandise has not been sold or consigned to a U.S. party, the proprietor of the U.S. premises to which the merchandise is to be delivered.

There exist three methods of ultimate consignee identification:

1. The ultimate consignee's identification number (the Internal Revenue Service (IRS) employer identification number(EIN), or social security number (SSN));
2. The ultimate consignee's Customs-issued identification number;
3. The ultimate consignee's name and address.

The new policy

The August 9 memorandum sets policy as to how the ultimate consignee must be identified for Customs clearance. The requirements vary by type of entry, and are as follows:

Formal entries: The ultimate consignee's identification number (IRS EIN or SSN) is required.

Informal entries: Either the ultimate consignee's identification number (IRS EIN or SSN), or its name and address, are required. However, if no identification number is provided, the entry will not be processed as "paperless", and so clearance may be delayed.

Consolidated entries (single entries containing multiple ultimate consignees): IRS EIN or SSN is required for those portions valued \$2,000 (US) and over, while the name and address will suffice for those portions valued less than \$2,000 (US).

A Customs-issued identification number may only be used in the limited instances where the ultimate consignee is not based in the U.S., and is very rarely allowed. An exception

might be under a temporary importation bond where “tools of the trade” accompany a non-U.S. worker.

The memorandum indicates that the new policy will be effective October 1, 2004. After that date, shipments lacking the required ultimate consignee identification will not be allowed to enter the U.S.

What this means for our customers

Customs invoice requirements already include the full name and complete address of each U.S. ultimate consignee. Our customers will need to ensure that the IRS EIN or SSN is also noted on or with the invoice, at the very least for formal entries.

Although EIN or SSN is technically not required for informal entries, Customs has indicated that entries lacking this identification will not be processed as “paperless” and clearance may be delayed and/or subject the entry to a more manual, cost-intensive process. Further, it can be difficult to determine in advance whether a shipment will require formal or informal entry. For these reasons, we strongly suggest that the IRS EIN or SSN be included on or with the invoice as a normal business practice. Additional costs resulting from shipments lacking the required information must be passed on to our customers.

Customs indicates that failure to provide the required information will mean that the shipment will not be allowed to enter the U.S.

Finally, our customers should be aware of another two important changes coming from Customs concerning shipment releases. The 100% classification at time of release requirement (also effective October 1), and the advance electronic cargo information rules for truck shipments (effective November 15), should be considered in combination with the new ultimate consignee policy. By November 15, customers requiring clearance of truck shipments will be responsible for providing complete documentation, including tariff classification and IRS number (EIN or SSN), to PBB several hours to one day in advance of arrival.

For more information, please see the related articles and documents:

- Advance Electronic Cargo- Truck
- Mandatory 100% HTSUS Classification
- US Customs’ letter concerning 100% HTSUS classification
- Federal Register Notice concerning Advance Electronic Cargo Information for trucks
- Customs’ internal memorandum concerning identifying ultimate consignee
- PBB’s letter to clients- SUBJECT: URGENT: 100% Classification & ID Number, October 1; PAPS, November 15