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Notes

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To Import Trade Show Goods on a Temporary Basis

By Michelle Bruno

International exhibitors participating in U.S. trade shows have two options for importing goods—temporary and permanent importation. Temporary import procedures provide for the delay or avoidance of duty payments. Permanent importations require the immediate payment of duties and taxes. Three entry types are used for temporary importation, a common procedure for high value items, however, special documentation and some advanced planning are required. Understanding the tradeoffs of each temporary import option helps exhibitors save money and avoid penalties.

ATA Carnet

An ATA Carnet is an entry document, sometimes referred to as a “merchandise passport,” that allows the exhibitor to temporarily import merchandise for up to one year after the document’s issuance. It is most appropriate for high value commercial samples, professional equipment and some advertising materials. A bond is posted at the time the document is issued and the items covered under the Carnet may be imported and exported an unlimited number of times during the 12-month period without the Carnet holder having to pay duties. More than 87 countries recognize and

allow the use of an ATA Carnet including the United States.

“Domestic associations in participating countries that are members of the International Bureau of Chambers of Commerce issue carnets to residents to be used abroad. The United States Council for International Business has been designated by [Customs and Border Protection] as the United States issuing and guaranteeing organization. The guaranteeing organization is held liable for the payment of liquidated damages if the carnet holder, such as the importer, fails to comply with Customs regulations.” Rock-It Cargo, the parent company of Rogers Worldwide, is also an issuing organization.

A Carnet greatly simplifies importation and exportation procedures. Formal customs documents (such as CF 7501) are not required. Entry fees are generally lower for processing ATA Carnets. Goods imported temporarily for a U.S. trade show under an ATA Carnet **MUST BE** re-exported. All items listed on the Carnet document must be imported and exported in tact. If the goods are sold, donated or otherwise disposed of before they are returned to the country of origin, the issuing organization will be required to pay liquidated damages equal to 100% of the import duties and taxes and they will in turn collect these funds from the Carnet holder. Additional penalties may also be assessed.

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Temporary Importation Under Bond (TIB)

Under a Temporary Importation Under Bond (TIB) entry, certain high value goods may be entered into the U.S. free of duty for a limited time. Goods entered under a TIB **MUST BE** re-exported or destroyed under Customs supervision or the importer is subject to paying liquidated damages of twice the amount of the original duty. The initial entry period is 12 months, however, this may be extended for up to three years upon application to the director of the port who may or may not grant an extension. A bond is posted for twice the amount of duties and taxes on the goods. When the items are re-exported, the entry is "liquidated" and the TIB entry is cancelled. Automobiles imported for trade show purposes under a TIB may only remain in the U.S. for 6 months.

Goods imported under a TIB are subject to standard customs procedures such as the filling of a CF 7501 (entry summary form). Entry fees for processing a TIB are generally higher than those for an ATA Carnet. The importer or the customs broker is also required to post a surety bond. In some cases, goods entered under a TIB may subsequently be imported into the U.S., however, the costs for doing so are extremely prohibitive for high value goods (twice the amount of duty and penalties). From the exhibitor's perspective, A TIB entry is less restrictive than an ATA Carnet but the costs of keeping the goods in the country (after they have been entered under a TIB) are much higher.

Trade Fair Entry

Under the Trade Fair Act of 1959, a trade fair entry allows shipments to be entered into the U.S. on a temporary basis. In lieu of duty, the official customs broker posts a bond on the importer's behalf. Goods may only remain in the U.S. as temporary imports for 90 days from the closing date of the show. After 90 days, the goods **MAY BE** imported (and duties paid), re-exported without penalty, transferred to a foreign trade

zone, destroyed or abandoned to the U.S. Government. Some items are excluded from use of the trade fair entry such as explosives, fireworks, livestock, food-stuffs, plants or beverages.

Trade fair entries are only allowed when the exhibition has been officially designated by the Secretary of Commerce as an "official" trade fair under the provisions of the Trade Fair Act. "When the Secretary of Commerce is satisfied that the public interest in promoting trade will be served by allowance of the privileges provided for ... to any fair to be held in the United States, he shall so advise the Secretary of the Treasury, designating (1) the name of the fair, (2) the place where the fair will be held, (3) the date when the fair will open and the date when it will close, and (4) the name of the operator of the fair." Trade show organizers must apply for the designation at least 90 days in advance of the show dates.

Trade fair entries are the most flexible for exhibitors needing some type of temporary importation status before the show. The costs for filing a trade fair entry are on par with the costs of filing a TIB, however, the bond for a trade fair shipment can be more expensive than for a TIB. A trade fair entry is filed naming the trade show organizer as the importer and any obligation for duties, taxes and penalties (should the goods not be liquidated within 90 days) are the responsibility of the organizer NOT the exhibitor or the broker. For that reason, some organizers opt not to acquire the official status and consequently, trade fair entries are not always available for all exhibitions.

References

CARNET

http://www.cbp.gov/linkhandler/cgov/newsroom/publications/travel/ata_carnet.ctt/ata_carnet.doc

TEMPORARY IMPORTATION

<http://www.cbp.gov/linkhandler/cgov/newsroom/publications/trade/temporaryimportationunderbond.ctt/temporaryimportationunderbond.doc>

TRADE FAIR PROGRAM

<http://uscode.house.gov/download/pls/I9C6.txt>

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