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THE LAYMAN'S GUIDE TO UNDERSTANDING

U.S. BONDS

IT'S THE LAW

U.S. Customs and Border Protection (CBP) requires a customs bond for every shipment coming into the United States.

This guarantees that the U.S. Government will be paid any applicable duties, taxes and penalties if the importer defaults.

As an importer, you must have the correct bond type and estimated bond amount.

HOW IT WORKS

There are two types of U.S. Bonds:

1. **SINGLE-ENTRY BONDS**
Valid for one import shipment only.

2. **CONTINUOUS BONDS**
Cover your imports at a set price for the whole year.

TIPS FOR SUCCESS

Minimize exposure and assign appropriate costs: Ensure the correct bond is selected for the type of business you'll be doing based on the IRS number.

Avoid delays at the border: As your importing volume into the U.S. rises and more duty is paid, your bonding company will be able to recommend when to step up to the next bond amount.

Make the best decision up front: Understanding the two types of bonds before importing enables you determine which one best suits your anticipated importing type and frequency.

CRUNCHING THE NUMBERS

The bond amount is based on 10% of total duties paid in a year, with a minimum bond value of $50,000.

New companies must estimate how much duty they expect to pay in a year and use that number when calculating bond value. If it's not high enough, U.S. Customs will advise an increase.

If the value of your bond doesn't cover the value of your shipment, CBP will hold the shipment until a correct bond value is in place or a Single Entry Bond is done.

DID YOU KNOW...

A bond will automatically renew on its anniversary date, so long as the premium is paid every year on time. To cancel or change it, the Surety Company must be notified.

Source: coleintl.com

Customs Bonds. It's what we do.