



FedEx Regulatory Alerts & Updates

Regulatory Alert: U.S. Customs Merchandise Processing Fee Increase Effective October 1, 2018

August 8, 2018

BACKGROUND INFORMATION

U.S. Customs and Border Protection (CBP) issued a General Notice on August 1 which announced the user fee increases based on the Fixing America's Surface Transportation Act (FAST Act) for Fiscal Year (FY)19.

The FAST Act mandates that the various CBP fees are increased for inflation each fiscal year based Consumer Price Index (CPI) data.

This calculation method was discussed in the CBP Final Rule issued November 1, 2017.

The Final Rule also stipulated that CBP must issue a General Notice announcing any user fee adjustments at least 60 days prior to the implementation of the fee increases.

WHAT HAS CHANGED?

Effective October 1, 2018, there will be an increase to the Merchandise Processing Fee (MPF) limitations:

- New minimum MPF - \$26.22 (increased from \$25.67)
- New maximum MPF - \$508.70 (increased from \$497.99)

The fee increase for CBP FY19 is based upon a 4.886% adjustment to the base fee amounts listed in 19 CFR 24.22.

Q&A

1. At what value thresholds do the MPF minimum and maximum fees apply?

The minimum MPF fee will apply to all formal entry shipments valued less than \$7,569.00USD. The maximum MPF fee will apply to all shipments valued more than \$146,853.00USD.

2. Does this MPF increase apply for values between the minimum and maximum?

No, the increases are applied only for the minimum and maximum fee assessment. All other MPF fees between those two values are calculated at the established ad valorem rate of 0.3464%. Example: A shipment valued at \$8,500.00USD would warrant a MPF fee of \$29.44USD.

3. Are there any exemptions to the MPF assessment?

The CBP regulations (19 CFR 24.23) provide a full list of exemptions from the MPF. Here are a few:

- Articles entered under provisions of a preferential trade agreement, e.g. NAFTA.
- Articles entered under chapter 98 of the US HTS
- Shipments entered and released under provisions of 19 USC 1321 (“Section 321”)

Timeline for Implementation: Immediate

References:

General Notice - CPB Cobra Fees to Be Adjusted for Inflation in Fiscal Year 2019:

<https://www.federalregister.gov/documents/2018/08/01/2018-16510/cobra-fees-to-be-adjusted-for-inflation-in-fiscal-year-2019>

Cargo Systems Messaging Service (CSMS # 18-000465) addresses the MPF rate increases:

https://csms.cbp.gov/viewmssg.asp?Recid=23668&page=&srch_argv=&srctype=&btype=&sortby=&sby

19 CFR Part 24.22 (Fees for Certain Services)

https://ecfr.io/Title-19/se19.1.24_122

19 CFR part 24.23 (Fees for Processing Merchandise):

https://ecfr.io/Title-19/se19.1.24_123

RegAlert 18-022 - U.S. Customs Merchandise Processing Fee Increase – posted November 10, 2017:

<https://smallbusiness.fedex.com/content/dam/SMB/international/pdf/Regulatory-Alerts/RegAlert%2018-022%20U.S.%20Customs%20Merchandise%20Processing%20Fee%20Increase.pdf>