



FedEx Regulatory Alerts & Updates

Regulatory Alert: Customs Merchandise Processing Fee Increase 2019

August 6, 2019

BACKGROUND INFORMATION

U.S. Customs and Border Protection (CBP) issued a General Notice on August 2, 2019 which announced the user fee increases based on the Fixing America's Surface Transportation Act (FAST Act) for Fiscal Year (FY) 20.

The FAST Act mandates that the various CBP fees are increased for inflation each fiscal year, based on Consumer Price Index (CPI) data. The specific calculation method was explained in the CBP Final Rule issued November 1, 2017.

WHAT HAS CHANGED?

Effective October 1, 2019, there will be an increase to the Merchandise Processing Fee (MPF) limitations:

- New minimum MPF - \$26.79 (increased from \$26.22)
- New maximum MPF - \$519.76 (increased from \$508.70)

The fee increase for CBP FY19 is based upon a 7.167% adjustment to the base fee amounts listed in 19 CFR 24.22.

Q&A

Q1: At what value thresholds do the MPF minimum and maximum fees apply?

A1: The minimum MPF fee of \$26.79 will apply to all formal entry shipments valued \$7,734.00USD or less. The maximum MPF fee of \$519.76 will apply to all shipments valued \$150,046.00USD or higher.

Q2: Does this MPF increase apply for values between the minimum and maximum?

A2: No, the increase is 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 \$15,000.00USD would warrant an MPF fee of \$51.96USD.

Q3: Are there any exemptions to the MPF assessment?

A3: The CBP regulations 19 CFR 24.23(c) provide a full list of exemptions from the MPF. Here are a few:

- Articles entered under provisions of a preferential trade agreement, e.g. US-IL, US-AU, US-CO, US-SG, NAFTA.
- Articles entered under chapter 98 of the Harmonized Tariff Schedule of the United States (USHTS)
- Shipments entered and released under provisions of 19 USC 1321 ("Section 321")
- Products of insular possessions of the U.S. (General Note 3(a)iv of the USHTS)

References:

General Notice - CPB COBRA Fees To Be Adjusted for Inflation in Fiscal Year 2020:

<https://www.federalregister.gov/documents/2019/08/02/2019-16582/cobra-fees-to-be-adjusted-for-inflation-in-fiscal-year-2020-cbp-dec-19-08>

19 CFR part 24.23 (Fees for Processing Merchandise):

https://ecfr.io/Title-19/pt19.1.24#se19.1.24_123