



FedEx Regulatory Alerts & Updates

Regulatory Alert: Customs Merchandise Processing Fee Increase 2021

August 6, 2021

BACKGROUND

U.S. Customs and Border Protection (CBP) issued a General Notice on July 29, 2021 which announced the customs user fee increases for Fiscal Year (FY) 22 required by the Fixing America's Surface Transportation Act (FAST Act). The FAST Act mandates that the various customs fees are increased for inflation each fiscal year, based 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, 2021, there will be an increase to the Merchandise Processing Fee (MPF) limitations for formal entries:

- New minimum MPF - \$27.75 (increased from \$27.23)
- New maximum MPF - \$538.40 (increased from \$528.33)

Q&A

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

A1: The minimum MPF fee of \$27.75 will apply to all formal entry shipments valued \$8,010.00 USD or less.

The maximum MPF fee of \$538.40 will apply to all shipments valued \$155,426.00 USD 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 for shipments between those two values are calculated at the established ad valorem rate (currently 0.3464%). Example: A shipment valued at \$11,388.00 USD would warrant an MPF fee of \$39.45 USD.

Q3: Are there any exemptions to the MPF assessment?

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

- Articles entered under provisions of most preferential trade agreements, e.g. US-IL, US-AU, US-CO, US-SG, etc.
- Articles entered under the Special Classification Provisions of Chapter 98 of the Harmonized Tariff Schedule of the United States (HTSUS)
- Low Value (\$800 or less) 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 HTSUS)

REFERENCES:

General Notice - COBRA Fees to be Adjusted for Inflation in Fiscal Year 2022:

<https://www.federalregister.gov/documents/2021/07/29/2021-16237/cobra-fees-to-be-adjusted-for-inflation-in-fiscal-year-2022>

November 1, 2017 CBP Final Rule - CBP Procedures to Adjust Customs COBRA User Fees to Reflect Inflation:

<https://www.govinfo.gov/content/pkg/FR-2017-11-01/pdf/2017-23878.pdf>

19 CFR part 24.23 (Fees for Processing Merchandise):

https://www.ecfr.gov/cgi-bin/text-idx?node=pt19.1.24&rgn=div5#se19.1.24_122

https://www.ecfr.gov/cgi-bin/text-idx?node=pt19.1.24&rgn=div5#se19.1.24_123

CSMS # 48938836 – Information on COBRA User Fee Changes Effective October 1, 2021

[https://content.govdelivery.com/bulletins/gd/USDHSCBP-2eabf54?wgt_ref=USDHSCBP_WIDGET_2?utm_source=google&utm_medium=google&utm_term=\(not%20provided\)&utm_content=undefined&utm_campaign=\(not%20set\)&gclid=undefined&dclid=undefined&GAID=undefined](https://content.govdelivery.com/bulletins/gd/USDHSCBP-2eabf54?wgt_ref=USDHSCBP_WIDGET_2?utm_source=google&utm_medium=google&utm_term=(not%20provided)&utm_content=undefined&utm_campaign=(not%20set)&gclid=undefined&dclid=undefined&GAID=undefined)

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