



Regulatory Alerts & Updates

Regulatory Alert: US Customs Merchandise Processing Fee Increase

August 2, 2022

BACKGROUND

U.S. Customs and Border Protection (CBP) issued a General Notice on August 1, 2022, which announced the customs user fee increases for Fiscal Year (FY) 2023 required by the Fixing America's Surface Transportation Act (FAST Act). The new amounts are effective as of October 1, 2022.

The FAST Act mandates that the various customs 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?

There will be an increase to the Merchandise Processing Fee (MPF) limitations for formal entries:

- New minimum MPF - \$29.66 (increased from \$27.75)
- New maximum MPF - \$575.35 (increased from \$538.40)

Q&A

Q 1 - At what value thresholds do the MPF minimum and maximum fees for formal entries apply?

A 1 - The minimum MPF fee of \$29.66 will apply to all formal entry shipments valued \$8,563.00 USD or less.

The maximum MPF fee of \$575.35 will apply to all shipments valued \$166,095 USD or higher.

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

A 2 - 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 \$9,750.00USD would warrant an MPF fee of \$33.77USD.

Q 3 - Are there any exemptions to the MPF assessment?

A 3 - 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, USMCA, 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 2023

<https://www.federalregister.gov/documents/2022/08/01/2022-16533/cobra-fees-to-be-adjusted-for-inflation-in-fiscal-year-2023>

Fees for Certain Services - 19 CFR part 24.22

<http://federal.elaws.us/cfr/title19.part24.section24.22>

Fees for Processing Merchandise - 19 CFR Part 24.23

<http://federal.elaws.us/cfr/title19.part24.section24.23>

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>

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