

THE ENTRY PROCESS: LIQUIDATION

Importers are often confused when the term *liquidation* is used in reference to a Customs entry, since many of us are accustomed to its usage in regard to the dissolution of businesses and the corresponding sale and distribution of assets. However, when you are informed that an entry has liquidated, this essentially means that the entry review by U.S. Customs & Border Protection (CBP) has concluded with the final computation of duties. The entry process consists of a number of steps leading up to the liquidation of the entry:

1. A Customs entry is filed with CBP using Customs form 3461 "Entry/Immediate Delivery". The 3461 entry data is transmitted electronically to CBP, and can result in either a paperless release, or lead to a review of entry documents by a Customs inspector and possibly examination of the cargo itself. If the entry complies with all rules and regulations pertaining to the imported commodity, the shipment will be released by CBP, allowing delivery to the U.S. consignee.
2. Within 10 working days after release has been granted, the importer, (or Customs broker acting on behalf of the importer), is required to submit a Customs form 7501 "Entry Summary" for formal entries, which contains the calculation of Customs duties and taxes. Payment of duties and taxes are made at this time. Although importers consider the shipment "closed" at this stage, Customs has up to one year to review the entry and question or confirm the classification, valuation and other pertinent data of the entry. Most entries are liquidated within the 314 day liquidation cycle.
3. Informal entries covering merchandise valued at less than \$2500 are liquidated on the date that Customs duties and taxes are paid. This entry type cannot be used for merchandise that is subject to quotas, or subject to anti-dumping or countervailing duties.

If an entry is not liquidated within one year from the date of entry (or one year from the date of the final withdrawal of merchandise entered into bonded warehouse), the entry will automatically be liquidated by operation of law based on the value, rate of duty, and quantity reported on the entry summary, unless liquidation has been suspended or extended by CBP. Suspension of liquidation is particularly common for entries covering merchandise subject to anti-dumping or countervailing duties, if the anti-dumping or countervailing duty case is being reviewed for any reason by the Department of Commerce.

Customs brokers will receive an electronic liquidation notice for all formal entries filed via the Automatic Broker Interface (ABI), if the entry was filed using that format. If the entry was filed via the newer Automated Commercial Environment (ACE) portal, it is possible to monitor liquidation dates using the ACE reporting tool. Liquidation notices for formal entries are also posted in a conspicuous place in the CBP Customhouse at the port of entry.

Many importers will recall receiving courtesy notices of liquidation in the mail for all formal entries. This service was discontinued in 2012 to both streamline the CBP notification process, and to save on printing and mailing costs.

In support of the elimination of the printing of the courtesy notices of liquidation (CF4333A) for entry summaries filed electronically, CBP provided a new report for importers, AM 100, Courtesy Notice of Liquidation. To view the new report, importers need to have an ACE Portal Account.

It is especially important to monitor liquidation dates if an importer disagrees for any reason with the duty assessment on an entry, and wishes to file a protest with CBP to recover duties. Once an entry has been liquidated, an importer only has 180 days to file the protest. The entry will be completely closed after the 180 day time period has elapsed, unless CBP suspects fraud, and wishes to investigate the information presented to CBP on the Customs entry.