

ALERT

U.S. Customs & Border Protection Announces 90-Day Deferral of Certain Customs Duty Payments

April 20, 2020

In late March, U.S. Customs & Border Protection (CBP) signaled that it was open to permitting importers to delay duty payments on incoming shipments, given cash flow difficulties presented by the coronavirus (COVID-19) pandemic. Less than a week later, however, the agency retreated from this position, announcing that duty payments would be required as usual.

Since then, importers have continued to press the agency and the Administration for duty relief, arguing that without it, many importers will go out of business. On April 19, 2020, CBP followed through on its initial promises, announcing a 90-day postponement of the deadline for submitting duty payments on incoming imports – at least for certain duties, and certain importers.

In a new Cargo Systems Message, CBP announced that while it will permit deferred payment of “standard” import duties, other tariffs imposed pursuant to special trade programs must be paid as usual. These include antidumping duties, countervailing duties, and duties under Section 201, Section 232, and Section 301.

To take advantage of the duty deferral program, importers must show “significant financial hardship.” CBP will deem such hardship to exist where the importer has fully or partially suspended operations due to state, local, or federal orders “limiting commerce, travel, or group meetings” due to COVID-19, so long as the importer’s gross receipts for the periods from March 13-31 or April 2020 are less than 60% of receipts during the same time frame in 2019.

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