

10 + 2 UPDATE

Customs and Border Protection (“CBP”) has provided a further update on 10 + 2.

The effective date for 10+2 compliance is delayed to January 26, 2010. CBP now states that if, after the delayed compliance period the trade is not ready but has made significant efforts to come into compliance, it would strongly consider extending the delayed compliance period. This is a change from the previous statements to this point.

CBP also stated that during the period of March 25-April 15, 2009, almost one-half of Importer Security Filings (“ISF”) were considered timely, an improvement in past performance. In assessing timeliness, CBP compares the ISF with the B/L date. CBP is expected to shift to using the vessel departure date to assess timelines and expects to see an increase in timeliness once the comparison date is changed.

CBP expects to issue “report cards” at the end of April 2009. The report card will be broken down by filer code and Importer of Record (“IOR”) number. Each report card will address three specific areas: 1) volume - numbers accepted or rejected and format; 2) rejections - reasons for the rejections by error message ; and 3) timeliness - as compared to the first B/L file date (not completely accurate). Amendment and rejected filings are not included.

CBP states that from January 26-April 16, 2009, it received 554,618 ISF filings, 87 percent of which were accepted without errors; 8.6 percent were rejected with errors; and the balance, 4.3 percent, were conditionally accepted with warnings.

CBP lists the following as the top five reasons for rejections:

- The principal reason for rejection is duplicate transmissions. This could mean that the ISF filer did not wait long enough for a response from CBP and re-submitted a filing; the ISF filer did not receive a response and re-submitted a filing; the system incorrectly processed the same ISF twice; or a different ISF filer had previously submitted an ISF with the same IOR and B/L number.
- The second most frequent rejection is an invalid ISF transaction number. CBP notes that this could occur if the ISF transaction number provided in the filing previously was issued to a deleted transaction or a transaction in a different environment or the ISF transaction number provided in the filing was previously issued to a different filer.
- Nearly 6,000 ISF filings were rejected due to an invalid Harmonized Tariff Schedule number that was not valid at the 6-digit level.
- Another reason for rejection was because the entity identifier provided was not a valid IRS number format.
- Finally, almost 3,000 filings were rejected because a city was not provided.