

US Goods Returned (USGR) Basics

- FTN requires both an Importer Declaration and Foreign Shipper Declaration to be completed IN FULL for them to apply duty free entry for Chapter 98 (USGR) articles.
- Incomplete or inaccurate declarations simply are not used, nor will FTN cage the shipment.
- FTN will simply process the shipment as a “typical” entry with full D&T assessed based on the valid import paperwork (IAWB and CI) provided with the shipment. The customer would then have to submit a D&T protest and pay the \$75 fee to have the entry amended after clearance since FTN did not make the mistake in preparing the entry.
- However, if the customer *shipper) DID include the required declarations properly completed, then FTN would amend the entry at no charge/fee.

There is no “export from US time threshold” for the returns of US origin articles. The items could be decades old; and USGR still will apply.

Here are the two declarations the customer will need for USGR import shipments:

- **Foreign Shipper Declaration for U.S Goods Returned**
- **Importer Declaration for U.S. Goods Returned**

FTN requires these declarations for any Chapter 98 import shipment valued above the U.S. de minimis of \$800USD. Most customers will point out accurately that CBP regulations stipulate above the formal entry value of \$2,500USD. FTN requires the two documents for any shipment valued above the \$800 de minimis.

Foreign goods returned to USA

The CBP regulations changed for Chapter 98 clearance for foreign manufactured articles being returned to the USA back in AUG 2017.

The HTS subheading 9801.00.10 was amended to read as follows: **Products of the United States** when returned after having been exported, **or any other products** when returned within 3 years after having **been exported**, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad

So, foreign made articles can only be claimed under 9801.00.10 when they returned back to the USA within three (3) years of the export from the USA.

The following documentation is required in order for a shipment valued above \$800.00USD to be entered as Foreign Goods Returned (FGR):

1. A completed Foreign Shipper’s Declaration of Foreign Goods Returned Form is located here: <https://www.fedex.com/gtm/pdf/USF079.pdf>
2. A completed Importer’s Declaration of Foreign Goods Returned Form is located here: <https://www.fedex.com/gtm/pdf/USF080.pdf>
3. A copy of the export commercial invoice and air waybill OR a foreign customs document showing that the same goods were exported from the United States and entered into a foreign country within 3 years of the date of re-importation into the United States
4. The commercial invoice should contain a detailed description of the merchandise in order to determine the correct 9801 HTS and any other U.S. federal agency requirements

Repair & Return BASICS

STEP 1 – Preparing the items to be returned to the USA for repair

Let's be clear on the objective - avoid/minimize the duty/tax paid when the goods are returned to the foreign destination after repair in the USA.

The solution when exporting the articles from China, Germany, or any other foreign country (except maybe CA or MX due to USMCA) is the process used when the goods are exported to the US for repair.

There is a HIGH probability that the party who exports the goods to the US will need to register the articles(s) with the Customs in their country. The registration would be PROOF that the items were already owned by the foreign shipper.

The registration may require that the goods be exported BACK to the foreign entity via BSO in order to have the goods held for the registration to be verified, confirm article is the same one (serial number checked), etc.

Basic Overview of EU Export Process

There are some FedEx countries that WILL handle the R&R entry for a set fee. For example, most EU countries like DE, FR, etc. will arrange for "temporary export/import" for 42.00EU. These can be found on the ancillary charges page at fedex.com (select a country from drop down box):

<http://www.fedex.com/ancillary/go/service/>

EU has OPR (Outward Processing Relief) that allows the damaged goods to be returned with D&T assessment waived. The paperwork must accurately reflect the R&R situation.

For OPR the EU exporter would set the re-import relief at the time the goods are declared for export. The export declaration (entry) would provide these details under specific Customs Procedure Codes (CPC) along with the Exporters authorization number. All goods should be readily identifiable by description. Serial numbers of the damaged parts for identification purposes (if R&R) are of benefit here.

Core steps in the OPR process in EU:

EU Export

1. Alerts broker of the R&R nature of the shipment
2. Broker or shipper files a customs declaration to outward processing "Customs procedure code"

US Import

1. Broker reviews paperwork
2. Applies USGR or other Chapter 98 clearance guideline if applicable
3. TIB if arranged in advance with foreign shipper

US Re-Export

1. After repair or replenishment, goods are to be re-exported to EU
2. US repairer indicates ORIGINAL IAWB number on the CI, inserts proper repair wording, and shows repair cost (if applicable)
3. US repairer also files EEI if value mandates this

EU Re-Import

1. Goods are re-imported with full or partial D&T relief
2. Warranty repair = full D&T relief
3. Chargeable repair = partial relief; D&T applied to the cost of the repair (if properly broken out in the US repairer's CI)

Obviously, US party must work with the EU party to insure they are arranging the OPR properly. Both the foreign party and the US party need to have GOOD record retention systems should Customs demand to see the original import IAWB or CI.

Basic Overview of the China Export Process

We do not have a R&R process for China. This could be because virtually every transaction beyond low value or personal shipments are handled as formal entry shipments. China defines "high value" as over \$5,000 CNY, which is about \$718USD.

- China has various ancillary costs for imports and exports.
- All fees and D&T should be totaled for a given transaction and compared to the cost of a TIB process with an external broker for these repaired articles out of and into China.
- The customer in China (or US, if they are paying) needs to ask the basic question – "do those costs STILL apply even if a TIB is arranged?" Surely not, but...that question must be asked and answered.

China export requirements: <https://sp.solutions.fedex.com/#/Solution/selected/10467>

STEP 2 – clearance of the items imported into the USA

US origin goods being returned for repair in the USA can be returned and FTN Express Clearance Operations (ECO) can clear them in the Hub as U.S. Goods Returned if the foreign shipper(s) follow(s) these core instructions for preparing the IAWB and CI for the shipment:

1. The damaged commodity should have its normal market value listed in the IAWB and CI.

a. Do NOT put ZERO value or grossly understate it!!

2. The CI should include the following details:

a. Value of the goods - \$10,000USD (or whatever the article actually costs)

b. Commodity – use the basic description (computer work station, etc.); include the HTS code if KNOWN (up to sixth digit)

c. Country of Manufacture: USA

d. The reason for the import - "{commodity} being returned to "US Company" for repair purposes.

This item was manufactured in USA. Not for resale. After (warranty?) repair, the {commodity} will be returned to {Germany}"

Note – if the repair is WARRANTY repair, then that should be cited as well.

3. US Customs is currently strictly enforcing the clearance document requirements of 19 CFR 10.1 for US Goods Returned. IF the value of the article exceeds the US de minimus value of \$800, the shipment will require these two documents for entry at any of the FedEx US Hubs:

a. Foreign Shipper's Declaration of U.S. Goods Returned (party overseas should complete it and include with the shipment)

b. Importer's Declaration of U.S. Goods Returned (The US Company is the US importer; they should complete this form and send to the overseas party for inclusion with the shipment)

Note – the foreign party preparing the Foreign Shipper’s Declaration MUST complete all sections on the form, including the “US port of exit” or “date of export” sections required on the form. So they very well might need to contact the US Company regarding those details.

If the instructions above are followed, then the shipment should clear D&T free into the USA as USGR.

STEP 3 - Return of the repaired articles back to the party overseas

As a reminder, the return of the items should ALREADY have been set up in STEP 1.

The goal now is to insure the export of the repaired article is described properly so Customs at the foreign location can easily see the items are being returned after repair in the USA.

For the return of the repaired article, the US Company (shipper) should include wording on the commercial invoice to make it clear to Customs overseas that this is a previously exported item being returned after repair in the USA. Here is a possible statement that could be used: *“The article(s) identified above are exported to Germany after repair in the USA. This article was exported from Germany on {date} on FedEx IAWB 123456789012. All values declared are for customs purposes only.”*

The commercial invoice should clearly show the article(s) with the same value shown on the initial export from Germany, along with the repair cost. Example:

- Article - \$10,000
- Cost of repair in USA - \$400
- TOTAL VALUE - \$10,400

IF the customer has set up the return process, then D&T would only be assessed on the cost of repair. If the repair was a WARRANTY REPAIR and is stated as such on the commercial invoice, then there should be no D&T assessment.

STEP 4 - Final Comments

The entire scope of R&R is not easy and takes work to arrange especially in overseas locations that do not have the Chapter 98 provisions that the US enjoys.

A legitimate factor for all customers is the cost of their items being repaired. If most are \$1,000 or less, then this process might be best. If, however, there are articles that are very high priced, it might be best to arrange a TIB entry to INSURE the items are properly entered and the right D&T is assessed. It is always a good idea for customers to compare the average cost of a TIB to the D&T costs and make a decision.

Most of the EU countries might all have a \$42 fee for arranging OPR/IPR and that might be an acceptable cost for customers.

If an external broker is needed, we recommend FTN T&B as the broker both in the USA and overseas for TIB transactions.

The FTN T&B locations worldwide can be found here: <http://ftn.fedex.com/us/locations/>