

Free Trade Agreement Bills Increase MPF

Both the Senate Finance Committee and House Ways and Means committee have drafted markups to the South Korea, Colombia and Panama Free Trade Agreements. These drafts would increase the current .21% Merchandise Processing Fee to a rate of .34% (.3464% in the House or .343% per the Senate version).

This increase of roughly .13% will affect all formal entries into the United States. A formal entry is an entry with a total entered value of over \$2000 (or over \$250 in the case of textiles and apparel). The previously established minimum of \$25 and the maximum of \$485 are not expected to change.

These measures are most likely to be voted on with Congress' return to session in September. This would be the first increase in the MPF rate since 1995, when it was raised to .21%.

Using Free Trade Agreements to import qualified items is one way not to pay MPF. However, along with increased use of Free Trade Agreements comes increased risk. The same can be said for other Duty Deferral options such as Drawback, US Goods Returned and TIB. It is important that your company have the correct compliance processes and personnel in place if you are going to take advantage of these opportunities to save on MPF.

If you would like more information on this or any other Global Trade Compliance matter please contact Allyn at (239) 489-9900 or you can email us at Dreckman.M@allynintl.com