

## Utilizing a Master HTS Parts List

When importing into the United States, the importer is responsible for ensuring the correct Harmonized Tariff Schedule (HTS) classification is declared on the customs entry. While a customs broker may be preparing the customs entry, it's the importers responsibility to ensure the broker has the correct information needed to correctly classify a shipment. The most efficient way to do this is for the importer to provide the customs broker with a detailed Master HTS Parts List.

### What is a Master HTS Parts List?

A Master HTS Parts List is a file that contains specific and pertinent customs information at the part level. A Master HTS Parts List may contain the following information:

- Part Number
- Description
- HTS Classification
- Country of Origin
- Unit of Measurement
- Other Governmental Agency Information
- Binding Ruling Number

An updated parts list should be provided to the customs broker routinely to ensure all information is up-to-date. The broker can then easily identify parts and access information needed to clear the shipments. The importer should add new parts as they are identified so the list is always current. For this reason, it is important to set up protocols between importer and broker to ensure the most updated list is being used to classify imports.

Of the utmost importance when supplying a parts list to a broker is ensuring all parts are classified correctly according to the General Rules of Interpretation (GRI). Also, the importer must be able to demonstrate they are using reasonable care in the classification process. Reasonable care in the classification process can be demonstrated by the following:

- Establishing Procedures
- Consulting Customs Experts
- Recordkeeping

By knowing and following the GRI, demonstrating reasonable care and continually providing brokers with an up-to-date parts list, an importer is prepared to enter goods correctly. All of this will result in payment of duties in the correct amount, a decrease in clearance delays and an overall increase in compliance.

## Example

Part Number	Description	HTS US	HTS CA	COO	SPI	UOM	FCC	FDA	ADD/CVD
XXX-1234	Steel Coupling	7307.92.3030	7307.92.1020	CA	CA	KG			
XYZ-1111	Solvent-Based Paint	3208.20.0000	3208.20.0020	CN		l, kg			

## Advantages

An importer can take advantage of many other benefits by collaborating with Allyn on their Master HTS Parts List. Tariff numbers do change as numbers are added or deleted. Allyn will take the proper steps to ensure that you are aware of these changes and your tariff numbers are always valid.

There are also opportunities for savings and duty recovery. If Allyn determines that you are using an incorrect classification, you could be paying duties at a higher rate. Upon the discovery of such misclassifications, Allyn can assist with the filing of a Protest or Post Entry Amendment (PEA).

Ensuring that brokers have an up-to-date parts list is also a great way to minimize clearance delays. When a shipment arrives to a US port of entry, the customs broker will consult the invoice and begin the clearance proceedings which often include a request for information to the importer. When an importer utilizes a Master HTS Parts List and keeps this information up-to-date, the shipment will not be delayed waiting for information to determine classification.

Last but not least, Allyn can review your parts list leaving your staff to focus on other strategic areas. Importers can concentrate on more pressing high visibility customs issues while Allyn handles HTS classification of your parts.

## Case Study

In 2009 while performing a parts list review for a Global 500 Company, Allyn was able to recover over \$70,000 in duty, based on the misclassification of one single part. This part was misclassified with a duty rate of over 4.0 % when correctly classified the actual duty rate was 1.5%. In addition to providing the correct HTS for all part numbers, Allyn also oversaw the duty recovery through the PEA and protest process.

## Summary

Oftentimes, importers learn about misclassified goods when it is brought to their attention by US Customs and Border Protection (CBP). This can lead to increased costs as the importer may have to pay monetary penalties or at the very least review and correct previous entries. The most damaging aspect of this scenario is that CBP will be aware of your failure to practice reasonable care and this could lead to heightened visibility on your imports or a potential focused assessment.

Allyn has the expertise and experience to classify your parts correctly. Allowing Allyn to review your parts list will free up time to let you proactively manage your compliance

program. If you feel that your company can improve in the areas of HTS classification, then please let Allyn show you how we can help you and your company.

Your compliance is of first and foremost importance to Allyn. We also realize that in these economic times, controlling costs and maximizing efficiency are just as crucial. Allyn can offer you an efficient solution, based on industry best practices at a competitive price. Allyn firmly believes that importers should be able to practice reasonable care while keeping costs competitive and reasonable.

### **Allyn's Solution**

Consulting a customs expert to assist in the HTS classification process is one way to demonstrate reasonable care. Allyn International (Allyn) is a boutique global trade consulting firm that specializes in HTS classification for all types of importers. Allyn has a number of licensed customs brokers on staff and is experienced in many types of materials including:

- Electronics
- Chemicals
- Telecommunications
- Oil and Gas
- Drilling and Mining
- Semiconductors
- Medical Devices
- Jewelry

Allyn has the processes, systems and knowledge to oversee the classification of your parts list. Whether you require a one-time parts list review or on-going HTS support, Allyn can meet the needs of any importer. Allyn strives to provide cost-effective services, always placing the customer's needs at the forefront.

### **For More Information**

If you would like more information on HTS Classification or any other of the Global Trade Compliance services offered by Allyn please contact Matthew Dreckman, Global Trade Compliance Director. +1(239)489-9900 ext. 1047 or Dreckman.M@allynintl.com.

### **About Allyn International**

Allyn International is a privately-held professional services firm established in 1992 dedicated to providing high quality, customer centric services and solutions for the global marketplace. Our core products include transportation management, logistics sourcing, freight forwarding, supply chain consulting, tax management and global trade compliance.