

New “10+2” Import Reporting Rules are Imminent

At the time this report is being published, it appears that the new so-called “10+2” rules are just weeks away from formal adoption. The new requirements put a heavy burden on importers to improve supply chain integration and data management.

The new regulations ultimately stem from The Safe Port Act of 2006, but it was not until early in 2008 that CBP issued its draft requirements. Officially called the Import Security Filing, the proposed rules became known as “10+2” because they require two electronic filings for imported goods – one consisting of ten data elements, and then two additional ones as the goods move closer to the inbound port.

The ruling requires Importers or their designated agents to file “10” types of data elements 24 hours prior to vessel lading overseas (see table below). The vessel operator will have to submit the other “2” data elements 48 hours from the vessel departure from the foreign port.

Data Element	Brief Description	Challenges
Manufacturer Name and Address	The entity that last manufactures, assembles, produces or grows the commodity	One of the most difficult data to gather; often, actual manufacturers and actual addresses will not be known; supplier may not want to divulge details, or have bad data
Seller Name and Address	Last known entity by which goods are sold or agreed to be sold. If not sold, owner is reported	Typically known through the commercial invoice and/or purchase order issued by the Importer
Buyer Name and address	Last known entity to which the goods are sold or agreed to be sold	Typically known through the commercial invoice and/or purchase order issued by the Importer
Ship To Name and Address	The first deliver to party scheduled to physically receive the goods after release from Customs	Unique to the 10+2 rules
Container Stuffing Location	Name and address of the physical location(s) where the goods were stuffed or if break bulk goods, where they were made shipment ready	Data element known only at the origin, typically by the supplier or Freight Forwarder; unique to 10+2
Consolidator Name and Address	The party which stuffed the container or arranged for its stuffing. For break bulk goods, again the party who makes them shipment ready	Will have similar challenges to the container stuff location
Importer of Record Number	The IRS, EIN, SSN or CBP assigned number of the entity liable for payment of any duties and responsible for meeting all import requirements	Typically known by Customs broker
Consignee Number	The IRS, EIN, SSN or CBP assigned number of entity on whose account merchandise is shipped	Typically known by Customs broker
Country of Origin Code	Clarified to include the country of manufacture, production or growth, based upon import law definitions and other rules and regulations	Typically known by Customs broker
Commodity HTS number	Still require to the 6-digit level, but allowed to be reported at the 8- or 10-digit level.	Classification often done by the broker

Source: Kewill

“One major change that is not evident when you review the data elements is the requirement to link certain required information,” a recent white paper on the topic from Kewill recently noted. “CBP is requiring that the manufacturer name and address and country of origin be linked to each of the commodity HTSUS [Harmonized Tariff Schedule of the United States] numbers. For many suppliers, this will require a change to their commercial invoice format to make sure this data is available at the line item level.”

While many of the data elements can be obtained from the importers purchase order/ERP system – others are more challenging to acquire. For example, the filing requires the identity of the last entity that “manufacturers, assembles, produces or grows” the commodities being shipped; in many cases, an importer will not know that information. Offshore suppliers may be reluctant to share it, or submit bad information that could result in the importers receiving fines.

Major Impact on Logistics Processes

The new rules “will have a profound impact on how carriers and importers do business in and outside of the Country,” says the Columbus, OH law firm of Bricker and Ecker, which has a specialty in logistics-related law.

While there is no trial period, there likely will be a 60-day grace period for importers to implement the rule. Penalties for non-compliance would likely not be levied for another year after that, giving importers more time to get their systems and processes ready.