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Client Alert

New Tariff Schedules Being Implemented in February Will Impact Many Importers

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On January 4, 2007, the International Trade Commission published on its website a comprehensive revision to the U.S. Harmonized Tariff Schedules (HTS) to implement changes agreed upon last year by the multilateral World Customs Organization. Although the version published on the website is marked a “draft,” the revision is noteworthy because it will require many companies to change the tariff classification numbers used to import their products. Without the correct tariff classification numbers, processing of import shipments may be delayed, and correcting import entries that have already been made with incorrect classifications can be a cumbersome and expensive process.

Originally the revised version was expected to be implemented on January 1. Delays caused by a required Congressional notification procedure prevented the government from going forward with the revisions until now. Pursuant to the applicable statute, the new version of the HTS will take effect 30 days after publication – which is February 3. At that time, the final version of the HTS is expected to be available from the Commission's website as well as in hard copy from the Government Printing Office. Because February 3 is a Saturday, it is possible that the implementation date will be adjusted.

Further, Customs and Border Protection (CBP) has indicated informally that it may give importers an additional two weeks grace period. Importers should not rely on having such an extension until CBP has formally announced it, however.

Companies should note that CBP will not allow use of the new tariff classifications until the date of formal implementation, and that it may not allow the use of the old classifications after that date, or if so only for a short period. Accordingly, importers must be prepared to change over their systems within a short timeframe.

All companies that import should check whether the new HTS requires changes to the tariff classifications of their products.

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