

Client Advisory

January 18, 2007

Customs Announces 17-Day Grace Period for Implementation of 2007 HTSUS

U.S. Customs and Border Protection (“CBP”) has announced that it will allow a 17-day grace period for the trade community to convert to the 2007 Harmonized Tariff Schedule of the United States (“HTSUS”).

Every 4 to 6 years the World Customs Organization (“WCO”) amends the Harmonized System. The 2007 HTSUS changes are significant and cannot be disregarded. 83 chapters of the HTSUS, and 240 headings have been altered, including changes in section and chapter notes. Numerous subheadings have been deleted or divided, creating new subheadings. Because of the substantial changes to the 2007 HTSUS, U.S. importers alerted CBP that additional time would be necessary to reclassify merchandise and update databases.

President Bush signed the proclamation on January 4, 2007, to implement the amendments made by the WCO, which will go into effect on February 3, 2007. The additional 17 days which CBP has granted the trade community to implement the WCO changes, **will end at the close of business on Tuesday, February 20, 2007. The 2007 HTSUS will be fully enforced on entries submitted on or after February 21, 2007.**

CBP stated, *“The grace period will facilitate the transition to the 2007 HTSUS by allowing adequate time to address CBP actions such as the rejection of misclassified entries and will help to prevent the assessment of penalties under Title 19, United States Code, Sections 1592 and 1621 for negligence or non-egregious errors.”* In addition, *“Filers will be responsible for substantiating any additional time needed within the grace period for the late filing of entries and for making post-entry corrections.”*

Clients are reminded that it is the importer’s responsibility to properly classify its imported merchandise. It is strongly advised that all importers review their tariff classification databases during this transition period to verify if any of their merchandise has been affected by the changes in the 2007 HTSUS, and to use reasonable care in updating their tariff classifications to avoid errors when submitting entries to Customs. Failure to do so could result in penalty action. If you have any questions or concerns relating to the 2007 HTSUS changes or any other trade related issues, please contact one of the Katten Muchin Rosenman LLP Customs and International Trade professionals listed below.

	Direct Dial	Email
Peter J. Battaglioli	202.625.3500	peter.battaglioli@kattenlaw.com
Millissa A. Caswell	312.577.8387	millissa.caswell@kattenlaw.com
David M. Dunbar	312.902.5315	david.dunbar@kattenlaw.com
Eric R. Rock	312.902.5228	eric.rock@kattenlaw.com
David P. Sanders	202.625.3720	david.sanders@kattenlaw.com
Mark S. Zolno	312.902.5436	mark.zolno@kattenlaw.com

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Katten

KattenMuchinRosenman LLP

www.kattenlaw.com

401 S. Tryon Street
Suite 2600
Charlotte, NC 28202-1935
704.444.2000 tel
704.444.2050 fax

525 W. Monroe Street
Chicago, IL 60661-3693
312.902.5200 tel
312.902.1061 fax

5215 N. O'Connor Boulevard
Suite 200
Irving, TX 75039-3732
972.868.9058 tel
972.868.9068 fax

1-3 Frederick's Place
Old Jewry
London EC2R 8AE
+44.20.7776.7620 tel
+44.20.7776.7621 fax

2029 Century Park East
Suite 2600
Los Angeles, CA 90067-3012
310.788.4400 tel
310.788.4471 fax

575 Madison Avenue
New York, NY 10022-2585
212.940.8800 tel
212.940.8776 fax

260 Sheridan Avenue
Suite 450
Palo Alto, CA 94306-2047
650.330.3652 tel
650.321.4746 fax

1025 Thomas Jefferson Street, NW
East Lobby, Suite 700
Washington, DC 20007-5201
202.625.3500 tel
202.298.7570 fax