

Client Advisory

August 2001

Customs Proposes Overhaul of Rulings Procedures

For the first time since 1993, Customs has proposed significant modifications to its regulations regarding the issuance of administrative rulings. According to Customs, many of the proposed rules are designed to conform the regulations to the changes resulting from passage of the Customs Modernization Act of 1993. Many of the changes represent a significant change from Customs' current practice. A copy of Customs' proposed changes can be found on our Web site at: http://www.kmzr.com/resource/resource_results.asp?group=6 | Customs+and+International+Trade.

Among the more significant changes proposed by Customs are:

- allowing local Customs' ports to obtain rulings that would bind importers
- mandating that rulings involving tariff classification, certain origin, and marking issues be submitted to Customs' National Commodity Specialists in New York and forwarding the case to Customs Headquarters in the event of a disagreement between the National Commodity Specialist and the ruling applicant
- requiring that rulings be appealed to Customs Headquarters within 30 days of issuance
- only allowing importers and their authorized agents (defined as attorneys, licensed customs brokers, and any other person who is not representing a principal in regard to "customs business") to apply for rulings
- drastically limiting the availability of "established and uniform" practice arguments to tariff classification cases where the importer can demonstrate 100% uniform treatment by Customs through liquidations (other than bypass or automatic liquidations) performed at multiple ports over extended periods of time
- creating an express obligation for importers to advise Customs that the same merchandise is being classified differently at two or more ports
- limiting confidential treatment to a renewable period of three years.

Because many of the above changes represent important new practices, we recommend that all importers and exporters review the proposed rule carefully. Customs is seeking comments on the proposed regulations no later than **September 17, 2001**. Should you have any questions about the new proposed rulings procedures, please feel free to contact any member of the Customs and International Trade Practice or Global Trade Advisory Group.

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