

## **Temporary Importation Under Bond** *Duty Free Entry of Goods to be Re-exported*

### **What is TIB?**

TIB stands for Temporary Importation under Bond and is a procedure whereby, under certain conditions, merchandise may be entered -- for a limited time -- into U.S. Custom's territory free of duty. Instead of duty, the importer posts a bond for twice the amount of duty, taxes, etc. that would otherwise be owed on the importation. Under this procedure, the importer agrees to export or destroy the merchandise within a specified time or pay liquidated damages, which are twice the normal duty. Only certain items, listed below, may be entered as a TIB.

### **How do you obtain a TIB?**

If the merchandise is being imported as accompanying baggage by a traveler, this can become quite complicated. The traveler will be required to go to the port's entry branch, often in a different building, and complete form CF 7501 Entry Summary. The traveler will also be required to post a bond to cover the temporary importation, which generally entails going to a surety's office as well. Alternatively, the traveler might want to make arrangements, in advance of entering the U.S., with a Customs broker to handle the transaction. Your intended port of entry can supply you with a list of brokers permitted to handle transactions at that port. Finally, many business travelers might want to consider the ATA Carnet program as an alternative to the TIB procedure. The U.S. will only accept carnets as the entry for samples, advertising films and professional equipment or tools of trade that are to be used in the U.S. by the nonresident importer. For more information, please see our brochure [ATA Carnets](#), or request it by writing U.S. Customs Service, P.O. Box #7407, Washington, D.C. 20044.

If the merchandise is being imported as cargo, the importer may either hire a broker to clear the goods through Customs, or the importer may go to the port of entry to clear the shipment. In that case, the importer should make arrangements in advance to secure a Customs bond in the amount of twice the amount of duties, taxes, etc., that would be owed on the importation. For help in determining the amount of duties that would be owed, please contact an import specialist at the port where your goods will be entering the country.

### **What are the bond exportation requirements?**

Any article imported under the TIB provision must be exported within one year from the date of importation. However, upon application to the director of the port where the entry was filed, this one-year-period for exportation may be extended for further periods, which, when added to the initial one year, shall not exceed a total of three years. There are two exceptions to the above time limitations:

1. in the case of articles covered under Subheading 9813.00.75 (autos and parts for show purposes), the period of importation may not exceed six months and may not be extended;
2. articles covered under Subheading 9813.00.50 (tools of trade), if seized for reasons other than by suit of private persons, have the requirement of exportation suspended during the period of seizure.

In order to avoid paying liquidated damages, the importer must present proof to the Customs port where the entry occurred that the goods were exported. If the item(s) being exported are being sent as unaccompanied cargo, the importer should take personal responsibility for sending a copy of the bill of lading (proof that the merchandise was actually loaded onto a ship or other conveyance) to the entry office of the port where the goods first entered the country. Accompanying the bill of lading should be a reference to the original entry number (line 1 of the CF 7501). The description of the item on the bill of lading should match the description of the item on the CF 7501 in all particulars, including serial numbers or other identifying factors. If the importer has used a customs broker to complete the transaction, Customs advises the importer to ask the broker for proof that export documentation was actually provided to the entry branch at the port of entry.

If the item(s) being re-exported are accompanying the importer as baggage, the item(s) should be taken to the entry office (if the importer is leaving from the same location where he/she arrived) for Customs to verify that the item is leaving the country. If the importer is leaving from a different location than the one

where the TIB was issued, he/she should take the item to the International Arrivals area (if leaving from an airport), or Customs border port office (if leaving through a land border) and request an inspector to fill out a CF 3495 Application for Exportation of Articles Under Special Bond. A copy of this CF form should then be sent by the importer to the original port of entry.

We want to emphasize, it is not enough to simply get proof of export from a Customs office. The importer must ensure that proof of exportation is submitted to the entry branch at the original port of entry in order to avoid liquidated damages.

In lieu of exportation, relief from liability may be obtained in any case in which the article is destroyed under Customs supervision within the original bond period.

*Note: The importer should contact the original port of entry to determine exact requirements. Destruction may not have to happen in front of a Customs officer if the destroyed item is presented for inspection. (Please see section on [Liability Issues](#).)*

However, in the case of articles under Subheading 9813.00.30, where articles are destroyed during the course of experiments or tests during the bond period, or any lawful extension, destruction need not be under Customs supervision but satisfactory proof of destruction shall be furnished to the port director with whom customs entry is filed.

Generally, destruction for purposes of satisfying the bond means destruction as an article of commerce. The article must have no commercial value whatsoever if it is to be considered destroyed.

### **Goods Eligible for TIB Entry**

The only goods that qualify for TIB entry are those listed in subheadings 9813.00.05 through 9813.00.75 of the Harmonized Tariff Schedule of the U.S. (HTSUS).

However, if the goods covered by these subheadings are being brought into the country for sale, or for sale-on-approval (i.e., a boat), they would not be eligible under the TIB provision. If the intent to sell is made after entry, then the importer's liability would be limited to the bond obligation.

Merchandise sold in the U.S. for exportation to a foreign purchaser is not considered "imported for sale or sale on approval" within the meaning of the law.

The following subheadings are listed as they appear in the fourteen HTSUS article descriptions.

*Note: Theatrical props and scenery no longer require a TIB for duty free entry. "Theatrical scenery, properties, and apparel (9817.00.98) brought into the US by proprietors or managers of theatrical, ballet, opera or similar productions arriving from abroad for temporary use by them in such productions" are now DUTY FREE unless from a column 2 country. Since this is not a TIB provision, there is no 1year export (with extensions up to 3 years) requirement. In other words, these types of theatrical items can make a duty free entry.*

### **The Fourteen TIB Subheadings**

**1** Articles to be repaired, altered or processed (including processes which result in an article's being manufactured or produced in the United States.) *Subheading 9813.00.05.*

**2** Models of women's wearing apparel imported by manufacturers for use solely as models in their own establishments. *Subheading 9813.00.10.*

**3** Articles imported by illustrators and photographers for use solely as models in their own establishments, in the illustrating of catalogues, pamphlets or advertising materials. *Subheading 9813.00.15.*

**4** Samples solely for use in taking orders for merchandise. *Subheading 9813.00.20.*

**5** Articles solely for examination with a view to reproduction, or for such examination and reproduction (except photoengraved printing plates for examination and reproduction) and motion picture advertising films. *Subheading 9813.00.25.*

**6** Articles intended solely for testing, experimental or review purposes, including specification, photographs and similar articles for use in connection with experiments or for study. *Subheading 9813.00.30.*

**7** Automobiles, motorcycles, bicycles, airplanes, airships, balloons, boats, racing shells, and similar vehicles and craft, and the usual equipment of the foregoing; all the foregoing which are brought temporarily into the United States by nonresidents for the purpose of taking part in races or other specific contests. *Subheading 9813.00.35.*

**8** Locomotives and other railroad equipment brought temporarily into the United States for use in clearing obstructions, fighting fires or making emergency repairs on railroads within the United States, or for use in transportation otherwise than in international traffic when the Secretary of the Treasury finds that the temporary use of foreign railroad equipment is necessary to meet an emergency. *Subheading 9813.00.40.*

**9** Containers for compressed gasses, filled or empty, and containers or other articles in use for covering or holding merchandise (including personal or household effects) during transportation and suitable for reuse for that purpose. *Subheading 9813.00.45.*

**10** Professional equipment, tools of trade, repair components for equipment or tools admitted under this heading, and camping equipment; all the foregoing imported by or for nonresidents sojourning temporarily in the United States and for the use of nonresidents. *Subheading 9813.00.50.*

**11** Articles of special design for temporary use exclusively in connection with the manufacture or production of articles for export. *Subheading 9813.00.55.*

**12** Animals and poultry brought into the United States for the purpose of breeding, exhibition, or competition for prizes and the usual equipment therefor. *Subheading 9813.00.60.*

**13** Works of the free fine arts, engravings, photographic pictures and philosophical and scientific apparatus brought into the United States by professional artists, lecturers or scientists arriving from abroad for use by them for exhibition and in illustration, promotion and encouragement of art, science or industry in the United States. *Subheading 9813.00.70.*

**14** Automobiles, automobile chassis, automobile bodies, cutaway portions of any of the foregoing, finished, unfinished or cutaway, when intended solely for show purposes. *Subheading 9813.00.75.*

With respect to Subheading 9813.00.40, request for free admission of equipment for use in clearing obstructions, fighting fires or making emergency repairs as provided for in the first clause of subheading 9813.00.40, the Secretary of the Treasury has delegated approval authority to the applicable Port Director or other appropriate officer at the port. However, claims under the second clause (i.e., "for use in transportation otherwise than in international traffic") require approval of the Secretary of the Treasury, and every case in which claim is made under this clause should be forwarded to Customs Headquarters for approval.

#### **Goods exported to North American Free Trade Agreement (NAFTA) countries**

If an article imported under heading 9813.00.05 (articles to be repaired, altered or processed) is subsequently exported (within the required timeframe) to Canada (or Mexico on or after January 1, 2001) the article is considered exported for TIB purposes.

*Note: Duty will not be assessed on articles that are imported from Canada for repair or alteration, regardless of their origin.*

However, because the article is being exported into Canada or Mexico, the U.S. importer will be assessed duty on the original article in the following manner. (For brevity, we refer only to Canada, with the understanding that the following will also apply to Mexico after 1/1/2001.)

If Canada assesses a duty rate on the import that is less than the U.S. duty rate on the article, then the U.S. importer will owe U.S. Customs the difference.

For example, if a pound of steel, dutiable at \$1 a pound, is imported into the U.S. under TIB, processed into steel boxes and exported to Canada -- where a duty rate of \$.25 is assessed, then the U.S. importer of the steel will owe U.S. Customs \$.75 duty on each pound of the steel that is exported to Canada. (If Canada later grants the Canadian importer's claim for NAFTA preference on the article, and refunds the duty, then the U.S. may reliquidate the U.S. importer's entry and charge the full dollar of duty owed.) If Canada assesses a duty rate is the same as or greater than the U.S. duty rate on the article, then the U.S. importer will not owe U.S. duty when it is exported into Canada. For instance, if the Canadian duty rate for steel is \$1 or more, then the U.S. importer will owe no U.S. duty.

If Canada assesses no duty, then the U.S. importer will owe \$1 in U.S. duty.

Legally, the formula is explained as follows:

For purposes of this subchapter, if an article imported into the United States under heading 9813.00.05 is withdrawn for exportation to the territory of Canada or of Mexico, the duty assessed shall be waived or reduced in an amount that does not exceed the lesser of the total amount of duty payable on the article that would have been payable on importation under chapters 1 through 97, inclusive, of the HTSU, or the total amount of customs duties paid to Canada or to Mexico on the exported article, unless such article is covered by section 203(a)(1) through 203(a)(8), inclusive, of the NAFTA Implementation Act.

The amount of duties or refunds calculated on such articles pursuant to this note shall be adjusted to take into account any subsequent claim for preferential treatment made to another NAFTA country. This note shall apply to shipments to Canada on or after January 1, 1996, and to Mexico on or after January 1, 2001.

Claims for duty reductions or waivers must generally be filed within 60 days of exportation. Likewise, any duty owed must be paid within 60 days of exportation.

### **Liability Issues**

If an article imported under the TIB provision is not exported or destroyed properly as provided by regulation, either at the port of entry, or at another port within the period specified or any lawful extension, there is a breach of the bond that subjects the importer to a liability for the payment of liquidated damages equal to double the estimated duties applicable to such entry, unless another amount is prescribed by the port director. In addition to liquidated damages, if the breach is intentional, the importer would also be subject to a penalty.

Generally, an exportation for purposes of satisfying the bond means a severance of the article from the mass of goods belonging to the United States with the intention of uniting it with the mass of goods belonging to some foreign country. This occurs when any bona fide commercial purpose is proven.

### **Further Information**

Customs port directors generally administer the TIB entry, bonding, and export provisions contained in section 10.31 to 10.40 of the Customs Regulation. Accordingly, for further information regarding TIB entry, bonding, and export particulars, a prospective importer should contact the port director where the intended importation will take place. The bond amount is based on the alternate classification. The alternate classification is the classification under which the merchandise would be entered as a regular consumption entry.

If there is a disagreement between the importer and port director as to the applicability of the TIB provisions to a proposed entry, the importer may request internal advice through the port director, pursuant to Part 177 of the Customs Regulations.

This is only a brief overview of Customs requirements. If you want additional information, please contact your local [Customs office](#).

Report Drug Smuggling to the U.S. Customs Service  
1-800-BE-ALERT

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