

Origin and Free Trade Agreement Certification

Navigating the complexities of origin and Free Trade Agreement (FTA) certification is crucial for businesses engaged in international trade. The origin of goods determines eligibility for preferential treatment under FTAs and impacts the cost of imports. At Frontier, we understand the significance of getting it right.

The Cost of Incorrect Certification

Financial Implications:

1. Overpayment of Duties: Incorrectly classifying the origin of goods may result in overpayment of duties, impacting your bottom line.
2. Missed Cost Savings: Failure to leverage FTAs due to incorrect certification can lead to missed opportunities for significant cost savings.

Penalties and Legal Consequences:

1. FTA Violations: Non-compliance with FTA rules can lead to penalties and legal consequences.
2. Interest and AMPS Penalties: A failure to correct origin declarations may result in interest and Administrative Monetary Penalty System (AMPS) penalties.

Incorrect declaration of origin with reason to believe the origin is incorrect, may result in penalties if not corrected within 90 days.

Penalty Provisions

The penalties under section 32.2 of the Customs Act with code C080 (FTA) and C081, as per the Administrative Monetary Penalty System (AMPS), are:

- 1st Offense: \$500 to a maximum of \$5,000 (per issue) or \$25,000 (per occurrence)
- 2nd Offense: \$750 to a maximum of \$200,000 (per occurrence)
- 3rd and Subsequent Offenses: \$1,500 to a maximum of \$400,000 (per occurrence)

The monetary penalties imposed by U.S. Customs and Border Protection (CBP) under section 1592 include:

- A penalty in a fixed amount ranging from \$1,000 to \$2,000 is appropriate in cases where there are no prior violations of the same kind.
- Fixed sums ranging from \$2,000 to \$10,000 may be appropriate in the case of multiple or repeated violations. Fixed sum penalty amounts are not subject to further mitigation.

How Frontier Can Help

Expert Guidance

1. Origin Determination: Our team of experts assists in accurately determining the origin of your goods, ensuring compliance with FTA rules.
2. FTA Certification: We guide you through the certification process, helping you leverage preferential trade agreements and maximize cost savings.

Risk Mitigation

1. Compliance Checks: We conduct thorough compliance checks to mitigate the risk of incorrect origin declarations and associated penalties.
2. Continuous Support: Our dedicated team provides ongoing support, ensuring that your certifications align with current regulations.