Trade Modernization Subcommittee

Revenue Modernization Working Group
Government Issue Paper

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U.S. Customs and
Border Protection

TALKING POINTS:

CBP collects approximately $45 billion annually in duties, taxes and fees, including funding related to the Treasury Forfeiture Fund account and seizure activity. This revenue is used throughout the Government to support critical programs and promotes U.S. trade and travel.

Although CBP collects the majority of revenue electronically, over **$2.5 billion** is collected through **checks and cash**, and $1.5 billion (approximately 62.5 percent) is collected at CBP's Ports of Entry (POEs). This manual collection at the POEs equates to approximately 3.4 million time-intensive cash and check transactions by CBP Officers (CBPOs) and mission support staff. This creates inefficiencies at the ports, delaying cargo and traveler movement; that keep CBPOs from focusing on critical security and compliance activities.

BACKGROUND

Revenue Modernization (Rev Mod) is a multi-year, phased initiative that will:

- Benefit the trade and travel industries and the U.S. economy by simplifying the collections process and providing modern electronic billing and payment options;

- Create operational efficiencies at the Ports of Entry (POEs) by allowing CBP Officers to focus more on critical security and compliance issues;

- Enable access to real-time, reliable financial and operational data to inform decision-making and comply with existing and emerging reporting requirements from Congress, OMB; Treasury, and DHS; and

- Support CBP customs enforcement and Revenue back-office operations by enhancing the speed, accuracy, and controls over collections through direct, electronic deposits.

INTERACTION WITH COAC

Rev Mod is engaging all stakeholders to provide input, recommendations, and support to CBP and to increase the level of transparency with the Trade and Travel communities. Rev Mod plans to leverage the Advisory Committee on Commercial Operations to CBP (COAC), specifically COAC's Trade Modernization Subcommittee, in these ways:

- Share Rev Mod's findings of gaps, challenges, and modernization requirements. Solicit Trade and Travel community feedback to determine if any are missing and if there are additional considerations of Trade and Travel communities' needs;

- Solicit the Trade and Travel communities' feedback on their fee and duty collection experiences with other countries. Identify which international approaches are most favored and why. Determine what methods of payment are most desirable;

- Review Rev Mod's draft To-Be approach with regard to revenue collections. Solicit feedback with regard to stakeholder preferences and feasible alternatives;

- Solicit stakeholder input on Rev Mod's proposed pilots, projects, and pilot locations. As pilots and projects are implemented, solicit ongoing feedback to determine what changes should be made during the pilot to adjust efficiency or address issues; and

- Discuss the feasibility of potential or proposed legislative changes needed to support Rev Mod improvements.

BENEFITS:

The Revenue Modernization initiative will benefit the trade and travel communities along with CBP in several key areas.

- **Reducing costs by**:
  - Reducing transaction costs, inefficiencies, and the administrative burden for importers, filers, and travelers with fewer manual, paper-based business processes.
  - Eliminating paper check refunds to importers which can often be more expensive to track against ledgers than depositing.
  - Limiting the need of brokers having to go to the ports or customs houses to manually pay duties, taxes, and fees.
- **Increasing efficiencies in collections by**:
  - Transitioning the collections of duties, taxes, and fees out of the ports of entry will help expedite the movement of cargo and people, spurring economic activity in the U.S.
  - Streamlining the reporting of revenue management activities in order for payers to easily know what, and when, it was paid.
- **Introducing business process improvements to facilitate Trade and Travel by**:
  - Encouraging the development and usage of smartphones, Automated Clearing House, Debit/Credit, Electronic Funds Transfer, Pay.gov, PayPal for small and medium businesses, credit cards, foreign exchange transfers, and port kiosks.
  - Improving the ability to provide filers with an accurate, consolidated view of their financial transactions.

PROGRESS:

- **May 2016** – Finalized As-Is Process Report and Pilot Recommendations
- **June 2016** - Began Pilot planning and design to automate Form 368 receipt and Form 1002 Tonnage Tax payment certification
- **June 2016** – Began Pilot to implement the use of Smart Safes together with a managed service courier, cash processing and secure intelligent safe management.
- **August 2016** – Continued planning activities for Online Payment Options Pilot and Self Service Kiosk Experiment

- **October 2016 forward** – Began the transition of select collections out of the field and deploy new technologies to ensure the efficient processing of remaining revenue collection activities
- **November 2016** – Continued working with the COAC Trade Modernization Committee to identify and collect information from the Trade and Travel communities on their suggestions on how CBP can improve its revenue collection processes and systems.