



Reconciliation External Guidance

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RECONCILIATION EXTERNAL GUIDANCE

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Changes from Version 1.0b

Version 2.0 of the U.S. Customs and Border Protection (CBP) Reconciliation External Guidance updates the policy and processing document, *Automated Commercial Environment Reconciliation (Prototype), A Guide to Compliance*, Version 1.0b dated September 2016.



BACKGROUND

In late 1993, the Customs Modernization Act (Mod Act) was enacted, providing legal authority for Reconciliation and addressing record keeping requirements and concepts such as “reasonable care” and “shared responsibility.” Specifically, the Mod Act enhances the entry summary process by allowing indeterminable information to be identified and provided to CBP at a later date. The Reconciliation process commenced as the ACS Reconciliation Prototype Test on October 1, 1998, and was extended indefinitely starting October 1, 2000. The test program transitioned from the Automated Commercial System (ACS) to the Automated Commercial Environment (ACE) on February 24, 2018 and is now known as the ACE Reconciliation Prototype Test.

Section 637 of the Mod Act amended Section 484 of the Tariff Act of 1930 to establish a new section (b), entitled “Reconciliation”, a planned component of the NCAP, 19 U.S.C. § 1484(b), 19 U.S.C. § 1411(a)(2)(C)), 19 U.S.C. § 1401 and 19 U.S.C. § 1505. [The United States Code](#)

The Code of Federal Regulations (19 CFR 101.9(b)) provides for the testing of NCAP components. The Reconciliation test was established pursuant to this regulation. [Code of Federal Regulations-Collection Application](#)

The filing of a Reconciliation entry is considered “Customs Business” under 19 U.S.C. § 1641, which requires that a broker wishing to file a Reconciliation entry have a district or national permit authorizing the broker to file the Reconciliation entry at the port where the Reconciliation entry is filed.

CBP law mandates the use of two methodologies for post-summary adjustments. Either each import shipment must be individually appraised and adjustments applied to the individual entries or the ACE Reconciliation program can be used.

This program replaced the processes of reconciling entry summaries under block appraisal/liquidation, in which the liquidation of one or several entries affects multiple entries for an entire period. Previous methods of accomplishing similar post-entry adjustments are no longer permitted.

The ACE Reconciliation Program is the exclusive means for reconciling entries for value, 9802, classification and FTA on a lump-sum basis (affecting several entries on one transaction).

B. OVERVIEW



Reconciliation is a voluntary program that allows an importer, at the time an entry summary is filed, to identify indeterminable information (other than that affecting admissibility) to CBP and to provide that outstanding information at a later date. The means of providing that outstanding information at a later date is through the filing of a Reconciliation entry. An electronic “flag” is placed on an entry summary indicating which undeterminable issue(s) will be resolved on a Reconciliation entry at the time the entry summary is filed and payment (applicable duty, taxes, and fees) is made.

The ACE Reconciliation process is divided into two main steps, flagging entry summaries and filing the Reconciliation entry. When the outstanding information flagged on the entry summary is provided, the importers will file a Reconciliation entry, an entry type 09. All required data and information must be transmitted electronically using the Automated Broker Interface (ABI) and filed in ACE. Importers are able to combine up to 9,999 flagged entry summaries on one Reconciliation entry. A Reconciliation entry is treated as an entry for purposes of recordkeeping, liquidation, reliquidation, and protest.

The filing of a Reconciliation entry, similar to the filing of a regular consumption entry, is governed by 19 USC § 1484 and can be done only by the importer of record as defined in that statute.

CBP recommends the use of the Reconciliation program because it is a simple means of filing thousands of claims on one entry and the importer can receive one check from CBP rather than thousands upon liquidation.

C. COMMON TERMS

Aggregate Reconciliation: A Reconciliation filed with summarized data showing reconciled adjustments at an aggregate level. A list of the affected entries is required, but the revenue change need not be broken out according to individual underlying entries. Aggregate Reconciliations are filed when all adjustments covered by the Reconciliation result in increases in duties, taxes, and fees or when there is a no change. Drawback is not available on the increased/reconciled adjustment on the aggregate method.



Antidumping and Countervailing Duties (AD/CVD): Additional duties determined by the U.S. Department of Commerce, which offset unfair low prices and foreign government subsidies on certain imported goods.

Automated Broker Interface (ABI): A voluntary program available to brokers, importers, carriers, port authorities, and independent service centers to allow qualified participants to electronically file required import data with CBP.

Automated Commercial Environment (ACE): The automated and electronic system of record for commercial trade processing which streamlines business processes, facilitates growth in trade, ensures cargo security, and fosters participation in global commerce, while ensuring compliance with U.S. laws, regulations, and reducing costs for U.S. Customs and Border Protection and all of its communities of interest.

Bond: A contract where the principal, as guaranteed by the underwriting surety, agrees to perform in compliance with CBP regulations. CBP is the beneficiary under the bond.

Bond Rider: Extends bond coverage to assume liabilities for third parties conducting operations for a principal. A bond rider must cover flagged entry summaries and the Reconciliation entry type 09.

CBP: The term “CBP” means U.S. Customs and Border Protection.

CBP and Trade Automated Interface Requirements (CATAIR): Document containing the technical requirements for transmitting automated data to the Automated Commercial Environment via the Automated Broker Interface.

Centers of Excellence and Expertise (Centers): National CBP offices that are responsible for performing certain trade functions and making certain determinations as set forth in particular regulatory provisions regarding importations by importers that are considered by CBP to be in the industry sector, regardless of the ports of entry at which the importations occur.

Client Representatives: The first point of contact for importers, exporters, transportation providers, and brokers wishing to automate any of their interactions with CBP. The client representatives facilitate the trade’s communication, testing, and operational participation with CBP automated systems and are the contact point for system-related problems and questions from trade partners.



Code of Federal Regulations (CFR): The codification of the general and permanent rules published in the Federal Register by the departments and agencies of the federal government.

Continuous Bond: Covers importations at any port of entry for a period of one year.

Double Flagged Entry Summary: An underlying entry summary is flagged for both, Free Trade Agreement and OTHER. Also referred to as Double Flagging.

Drawback: The refund of certain duties, internal revenue taxes and certain fees collected upon the importation of goods. These refunds are only allowed upon the exportation or destruction of goods under CBP supervision.

Entry-by-Entry Reconciliation: A Reconciliation in which the revenue adjustment is specifically provided for each affected entry summary. Entry-by-Entry Reconciliation entries are filed to report increases, decreases, or a mix of changes with no changes. If a refund is requested, this method must be used. This method cannot be used when filing a no change.

Flagged Entry Summary: An electronic indicator placed on an entry summary indicating that it is subject to Reconciliation for a defined issue(s). A flagged entry summary is also known as an underlying entry summary.

Foreign-Trade Zone (FTZ): Secure areas under U.S. Customs and Border Protection (CBP) supervision that are generally considered outside CBP territory upon activation. CBP entry procedures are required when the merchandise enters CBP territory for consumption. The entry, classification, and appraisal of merchandise transferred from a foreign-trade zone is affected by the “status” of the merchandise.

Free Trade Agreement (FTA): A treaty between the United States and another country or countries that provides for, among other things, mutual preferential treatment upon importation of the goods of participating countries. FTA’s result in CBP programs provides free or reduced rates of duty for merchandise from specific countries.

FTA Flag: An electronic indicator on an underlying entry summary indicating that an importer may make a FTA post-importation claim by filing a FTA Reconciliation entry.



FTA Reconciliation Entry: A Reconciliation entry making a FTA post-importation claim for underlying entry summaries with a FTA flag. A FTA Reconciliation entry must be filed within one year of the importation of the goods for which a post-importation claim is made. The filing of the FTA Reconciliation entry is the actual making of the post-importation claim; the flagging of the underlying entry simply indicates the importer may, or may not, make a post-importation claim at a later time by filing a FTA Reconciliation entry. A FTA Reconciliation entry can only address the FTA issues; it cannot be used to address OTHER flagged issues.

Harmonized Tariff Schedule of The United States (HTSUS): Sets out the tariff rates and statistical categories for all merchandise imported into the United States.

Midpoint Date: The date that is exactly in the middle of the time period, which begins with the date of the oldest flagged entry summary on a Reconciliation entry and ends on the date of the filing of a Reconciliation entry. This date is used for interest rate calculations on aggregate Reconciliation entries only.

Netting: The principle that applies to changes between different entries that offset one another. It is whole adjustments made between two or more entries.

OTHER Reconciliation: A Reconciliation entry covering underlying entry summaries flagged for reconciling a value, classification, 9802, or any combination thereof. An OTHER Reconciliation entry may not address a FTA issue.

Petition (19 U.S.C. § 1520(d)): A legal procedure for importers and interested parties to administratively request a refund of an overage on duties, taxes, or fees for preferential tariff treatment under specific free trade agreements.

Port of Entry: Any place designated by Executive Order of the President, by order of the Secretary of the Treasury, or by Act of Congress, at which a U.S. Customs and Border Protection officer is authorized to accept entries of merchandise to collect duties, and to enforce the various provisions of the customs and navigation laws.

Post Summary Correction (PSC): A complete replacement of an entry summary in ACE by the trade via ABI prior to liquidation. Submission of a PSC is the sole method for the trade to electronically correct entry summaries prior to liquidation.



Prior Disclosure: A valid disclosure involves the circumstances of a violation of 19 USC. § 1592 to CBP before, or without knowledge of, the commencement of a formal investigation of that violation by CBP, and includes a tender of any actual loss of duties associated with the violation.

Protest (19 U.S.C. § 1514): A legal procedure for importers and interested parties to administratively contest CBP decisions related to imported merchandise up to 180 days from the date of liquidation.

Reconciliation: An electronic process, initiated at the request of an importer, under which the elements of an entry (other than those elements related to the admissibility of the merchandise) that are undetermined at the time the importer files or transmits an entry summary are provided to CBP at a later time through the filing of a reconciliation entry. Commonly known as Recon.

Reconciliation Entry: A Reconciliation entry is a type of entry filed to resolve the issues flagged in the underlying entry summary and is treated as an entry for purposes of liquidation, reliquidation, recordkeeping, and protest.

Retroactive Flagging: CBP flagging underlying entry summaries, at its discretion, on behalf of an importer making a request for retroactive flagging.

Underlying Entry Summary: A consumption entry summary eligible for and flagged for reconciliation. Also known as a flagged entry summary.

D. ELIGIBILITY

All importers are automatically eligible to flag electronically filed entry summaries and electronically filed Reconciliation entries as long as they have a valid continuous bond and a valid Reconciliation entry bond rider on file for each importer of record number at the time the entry summary is flagged. The continuous bond and bond rider will be used to cover the Reconciliation entry. Adequate bond coverage must exist for the Reconciliation entry. The same surety and the same continuous bond must cover all flagged entries on one Reconciliation entry. The continuous bond number, Reconciliation bond rider number, and Importer of Record number (including the two-digit suffix) listed on the Reconciliation entry upon transmission to CBP must match what is on the flagged entry summaries. The filing of a Reconciliation entry is considered Customs business for purposes of 19 U.S.C. § 1641, and a broker filing such an entry must have a valid license and local or national permit.



A Reconciliation bond rider is associated to a Continuous Bond number and not an Importer of Record number, Social Security number, or a Customs assigned number. Therefore, a continuous bond having one Reconciliation bond rider will cover all Importer of Record numbers associated with it. The bond rider is required when flagging the entry summary, however, it does not have to be valid when the reconciliation entry is filed.

The only importers who are not eligible to flag electronically filed underlying entries are those who have been suspended from participation.

E. ENTRY TYPES ELIGIBLE

Only electronically filed formal consumption entry types 01 (free and dutiable formal consumption entries), 02 (quota/visa consumption entries) unless the issue to be reconciled is a classification issue, and 06 (Foreign Trade Zone consumption entries) unless the entry is subject to anti-dumping or countervailing duties, or the issue to be reconciled is a FTA issue and the goods underwent no additional processing in the zone to make it qualify for FTA treatment may be flagged for Reconciliation.

F. FLAGGING

An importer may flag an entry summary at the time it is filed by transmitting an electronic indicator, the reconciliation flag, on an entry summary at the header level to identify the issue that is flagged. The flag serves as the importer's notice of intent to file a Reconciliation entry. Except for FTA flags, the flagging of an underlying entry summary creates an obligation on the importer of record to file a Reconciliation entry resolving the flagged issue(s) regardless of where there are any changes to the flagged entry summaries to report in the Reconciliation entry. An importer must use reasonable care when filing the underlying entry summary, including but not limited to, declaring the proper value, classification, and rate of duty on the underlying entry summary, regardless of whether a particular issue has been flagged. For example, if an entry is subject to value Reconciliation, the importer must exercise reasonable care to provide a good faith value estimate, and deposit the corresponding appropriate duties, taxes, and fees at the time of entry summary.



Flagging legally separates the issue(s) flagged from the entry summary, and such issue(s) may only be addressed on a Reconciliation entry. If an entry summary is flagged for a particular issue, a Post Summary Correction (PSC) may not be filed on that entry addressing the issue, which is flagged.

The flagged entry summary is liquidated by CBP for all aspects of the entry except those issues that were flagged. For example, an entry flagged for value may be liquidated for changes made to an incorrect classification. The flagged issues will be liquidated at the time the Reconciliation entry is liquidated. Any adjustments in duties, taxes, and fees owed will be made at that time.

Scenario

Importer XYZ flagged entry 123 for value at the time of filing entry summary. Entry 123 liquidated for all aspects of the entry except for value. The importer provided the finalized value information to CBP when they filed the Reconciliation entry.

Scenario

Importer XYZ flagged entry 456 for classification at the time of filing entry summary. Entry 456 had a value change and the importer filed a PSC to update the value data.

The tracking of flagged entry summaries and timely filing of reconciliation entries on those flagged entry summaries are solely the responsibility of the importer.

In summary, the flag identifies indeterminable issues, transfers liability for those issues to a Reconciliation entry, and permits the liquidation of the flagged entry summaries for all issues other than those that are flagged on the Reconciliation entry.



1. Issues flagged

The issues for which an entry summary may be “flagged” (for the purpose of later filing Reconciliation) are limited to: (1) value issues other than claims based on [latent manufacturing defects](#); (2) classification issues if the classification issue is the subject of a pending ruling, protest or court action; (3) issues concerning value aspects of issues filed under heading 9802, Harmonized Tariff Schedule of the United States (HTSUS) (9802 issues) as long as 9802 was claimed on the underlying entry summary; and (4) the possibility of making a post-importation claim under 19 USC. 1520(d), for preferential tariff treatment.

The four issues that may be flagged on an entry summary for Reconciliation are:

- [Value](#): This flag is open to all value issues (assists, royalties, computed value, and any other factors affecting CBP valuation, such as indirect payments).
- [Classification](#): An entry summary may be flagged for classification only when one of the following issues have been established, pending administration ruling (including pre-classification rulings), protest, or pending a court action.
- [9802](#): Subheadings 9802.00.60-9802.00.90, permits for a reduced duty treatment for the value of components manufactured in the U.S. and assembled abroad. The focus is on the value aspect of the 9802, from estimates to actual figures.
- [FTA](#): Indicates that a claim under the obligations of 19 U.S.C. § 1520(d) may be made at the time of Reconciliation filing; the filing of a FTA claim is optional. Duties are paid at the time of filing entry summary on the flagged entry summaries, and if determined that the goods qualify, a refund can be requested upon filing the Reconciliation entry.



All of the FTA claims that are 520(d) eligible can be flagged for a post-importation claim via Reconciliation:

- The United States-Mexico-Canada Agreement - USMCA *Starting July 1, 2020
 - Chile FTA
 - CAFTA-DR Colombia Trade Promotion Agreement -TPA
 - KORUS - United States - Korea Free Trade Agreement
 - Oman FTA
 - Panama TPA
 - Peru TPA
 - The North American Free Trade Agreement - NAFTA*prior to July 1, 2020
- Previously flagged entry summaries for NAFTA will be accepted after July 1, 2020.

For entry summaries that are flagged for FTA issues, the filing of a Reconciliation entry is considered the exclusive means to make a 1520(d) FTA claim for those entry summaries. A refund is requested at the time of Reconciliation filing and CBP will issue one refund check for all the entries flagged. After flagging the entry summaries, the importer cannot make a 520(d) claim under CFR Part 181 on that entry summary. An importer who flags entry summaries for FTA waives the ability to file a part 181 FTA claim covering those entry summaries.

In summary, once entry summaries are flagged for FTA, the importer has two options: (1) File the FTA Reconciliation claim for the flagged entry summaries by timely filing a Reconciliation entry, or (2) Choose not to file a Reconciliation entry and let the FTA claim for the flagged entry summaries lapse with the passage of the filing deadline, thus not making a claim.

Additional information on filing Post-Importation claims for USMCA can be found on the USMCA Fact Sheet “[Post-Importation Claims](#)” on [cbp.gov](#).

2. Flagging Entries Filed in Puerto Rico (PR) or the U.S. Virgin Islands (USVI)

Flagged entry summaries filed in Puerto Rico or the Virgin Islands must be reconciled on individual, separate Reconciliation entries, one for the entries flagged for Puerto Rico and one for the entries flagged in the Virgin Islands. Flagged entry summaries filed in Puerto Rico and/or the Virgin Islands cannot be combined with flagged entry summaries filed at another port of entry.



3. Retroactive Flagging/Un-flagging

Repeated requests for editing Reconciliation flags from the same importer, can be construed as a lack of responsible supervision and control (19 CFR 111.1) or a lack of reasonable care (19 U.S.C. § 1484).

a. Retroactive Flagging

An Importer may request that CBP retroactively flag an issue on their behalf after the underlying entry summary is filed. A request may be made by sending an email to the Importer of Record's assigned Center of Excellence and Expertise, or if the underlying entry summary was filed in Puerto Rico to the San Juan Field Office. The request must be made at least 60 days before the scheduled liquidation date of the underlying entry summary the importer wishes to have CBP flag retroactively. CBP's decision to grant or deny this request is entirely discretionary and solely within CBP's province. CBP's decision is final and cannot be appealed. CBP will send an email to the importer or agent acting on the importer's behalf when the request is approved or denied along with a list of the entry numbers that were flagged or a list of the entry numbers that were not flagged. It should be noted that CBP intends to grant these requests sparingly and only as a courtesy where appropriate.

Retroactive flagging is a courtesy to importers and may be approved on a case-by-case basis. It is incumbent upon the importer to ensure that the information transmitted to CBP is accurate and correct. If there are corrections that must be made once an entry summary has been filed, the importer can file a PSC, 520(d), protest, or prior disclosure as applicable, rather than CBP retroactively flagging.

Examples of why CBP would retroactive flag:

- CBP system was down
- Trade system was down –coordination with a client representative is recommended
- Upon filing a PSC, the flag did not carry over to the new entry summary

Liquidated entries cannot be retroactively flagged. If the importer overpaid duty, taxes, or fees, they may file a protest. If they owe CBP money, then they need to file a prior disclosure and submit a voluntary tender for the difference.



b. Retroactive Un-flagging

Following the same procedure as requesting a retroactive flag, the importer may request that CBP un-flag an entry summary. CBP's decision to grant or deny this request is entirely discretionary and solely within CBP's province. CBP's decision is final and cannot be appealed. CBP will send an email to the importer or agent acting on the importer's behalf when the request is approved or denied along with a list of the entry numbers that were un-flagged or a list of the entry numbers that were not un-flagged. It should be noted that CBP intends to grant these requests sparingly and only as a courtesy where appropriate.

Examples of why CBP would un-flag:

- Flagged entry summary type changed to an in-eligible entry type.
- Importer of Record was amended and the new Importer of Record is not eligible to participate in Reconciliation processing.

4. Double flagged Entry Summary

A double flagged entry summary is one where an underlying entry summary is flagged for both FTA and OTHER Reconciliation. The OTHER Reconciliation issue can be value, classification, 9802, or any combination thereof. Because of FTA's unique nature and different due dates, importers cannot address FTA claims on the same Reconciliation entry with other Reconciliation issues. One underlying entry summary double flagged for FTA and OTHER Reconciliation will require the filing of two Reconciliation entries, one for the FTA issue and one for the other issue(s), and the FTA Reconciliation entry, if one is filed, should be filed first.

5. Canceling Flagged Entries

If the importer requests a cancellation of a flagged entry summary and there is not a replacement entry summary, the importer is not obligated to reconcile the flagged issue(s) if the request to cancel is approved by CBP nor does the flag have to be removed prior to cancellation. If there is a replacement entry summary then the replacement entry summary should also be flagged for the same recon issue(s).



Scenario

Importer XYZ identified that entry summary 999, which was flagged for value reconciliation, was filed at the incorrect port of entry. The importer filed a duplicate entry summary 888 at the correct port of entry and submitted a cancellation request of entry summary 999 to the incorrect port of entry. Importer XYZ flagged the replacement entry summary 888 for value because it is a duplicate entry summary of 999 that was flagged for value reconciliation.

G. RECON TYPES (CHANGE /NO CHANGE)

A Reconciliation is either a change or no change Reconciliation type.

NOTE: This is different from a change/no change liquidation, as explained in the liquidation section.

The importer can consolidate no changes with changes on one Reconciliation entry; however, it will be a change Reconciliation if any of the data elements have changed on the flagged entry summaries.

1. Change Reconciliation

A change Reconciliation indicates there was a change in the information flagged. The change could be in the flagged data elements or a revenue adjustment.

Reconciliation entries with changes to the flagged entry will not have to include original transaction values, or original duties, fees and taxes amounts declared on the flagged entry summary. Reconciliation entries with changes will have to report the newly determined transaction value and the newly reconciled duties, fees and taxes.

Scenario

Importer XYZ flagged entry summary 123 for value, upon review of the value flagged entry summary, the importer determined there was an increase in duties, taxes, and fees. Therefore, the importer filed a change Reconciliation.



Scenario

Importer XYZ flagged entry summary 456 for value and Free Trade Agreement, upon review of the value flagged entry summary, the importer determined SPI was established which resulted in a decrease in duties, taxes, and fees, therefore the importer filed a change Reconciliation.

Scenario

Importer XYZ flagged entry summary 456 for value, upon review of the value flagged entry summary, the importer determined there was a mix of changes and no changes to report. Therefore, the importer filed a change Reconciliation and reported the newly reconciled changes only.

2. No Change Reconciliation

A no change Reconciliation indicates that, for all flagged entry summaries grouped on the Reconciliation entry, none had changes to the data elements nor changes to the revenue. A no change means that every flagged entry has no changes to any of the data. It is not required to transmit line item data for a no change Reconciliation.

Scenario

Importer XYZ flagged entry summary 123 for value, upon review of the value flagged entry summary, the importer determined there were no changes to report, and therefore the importer filed a no change Reconciliation.



H. RECON METHOD (ENTRY-BY-ENTRY AND AGGREGATE)

There are two methods of filing Reconciliation: Entry-by-Entry and Aggregate. The method choice depends on what is reported; increase in duties, taxes, and fees, decrease in duties, taxes, and fees, or no changes to duties, taxes, fees and data.

1. Entry-by-Entry

An entry-by-entry Reconciliation entry must be filed if a refund of duties, fees, or taxes result from the adjustments made and the importer requests a refund. An entry-by-entry Reconciliation entry must show all revenue adjustments for each flagged entry summary individually. Entry-by-Entry Reconciliation entries may be filed to report increases, decreases, or a mix of changes or no changes, as long as the changes to each flagged entry summary are reported individually.

Scenario

Importer XYZ filed an entry-by-entry Reconciliation for 9,999 FTA flagged entry summaries for a refund. CBP issued one refund check for the 9,999 flagged entry summaries.

2. Aggregate

Aggregate Reconciliation entries, identifying the flagged entry summaries, must be filed when there are no changes to report on the flagged issues. An importer may file an aggregate Reconciliation entry with summarized data showing reconciled adjustments at an aggregate level when all adjustments covered by the Reconciliation entry result in an increase in the importer's liability for duties, taxes, and fees. A list of the flagged entry summaries is required, but the revenue change need not be attributed individually to each flagged entry summary. If an aggregate Reconciliation entry is filed, drawback may not be claimed on the increased/reconciled adjustment. An aggregate Reconciliation entry reporting a decrease in the importer's liability for duties, fees and taxes may be filed only if the importer waives the right to any corresponding refund of duties, fees and taxes.



Scenario

Importer XYZ filed an aggregate Reconciliation for 9,999 value flagged entry summaries for no changes on any of the data originally flagged.

a. Aggregate Refunds

There are two accepted refunds using the aggregate method:

- An overpayment of the monies paid on the aggregate Reconciliation entry filing, and
- An approved protest of an aggregate Reconciliation entry filing.

Refunds may only be made on the money that was paid on the Reconciliation entry, type 09. If an importer overpaid on the aggregate Reconciliation entry, or in instances where there was an adjustment made to the initial submission, and a protest was filed on the Reconciliation entry requesting a refund of the overpaid amount.

Scenario

Importer XYZ filed an aggregate Reconciliation entry overpaying monies on the entry type 09; CBP reviewed the Reconciliation entry and determined there was an overpayment of duties paid by the importer on the entry type 09 and issued a refund for the overpayment.

No refunds on an aggregate Reconciliation entry should be given for duties, taxes, and fees paid on the flagged entry summaries.

I. FILING

All Reconciliation entries must be filed electronically using the Automated Broker Interface and filed in the Automated Commercial Environment and must comply with the Reconciliation entry technical filing requirements set forth in the CBP and Trade Automated Interface Requirements.

Refer to the “[CATAIR](#)” for additional information.



Importers are able to combine up to 9,999 flagged entry summaries on one Reconciliation entry and flag up to four issues at once on an underlying entry summary. However, a maximum of two Reconciliation entries may be filed covering the same underlying entry summary; one for the FTA issue and one for all the other reconciliation issues. Underlying entry summaries flagged for Reconciliation of a particular and common issue should be grouped on one Reconciliation entry. Grouping by issue rather than by date can be done as long as the Reconciliation entry filing deadline has not been exceeded.

The Reconciliation entry must indicate which flagged entry summaries are associated with it and match the issue(s) flagged on the entry summaries. The affected line items of the flagged entry summaries must also be indicated. For example, if the importer flagged an entry summary for value, they must file a Reconciliation entry on that entry summary for value and list the affected line(s). Upon reconciliation entry filing, importers must indicate to CBP if a prior disclosure has been made on any of the flagged entry summaries.

The filing of a Reconciliation entry, similar to the filing of a regular consumption entry, is governed by 19 U.S.C. § 1484 and can be done only by the importer of record, or his agent, who is required to exercise reasonable care in filing the underlying entry summary, flagging issues for Reconciliation, and filing the Reconciliation entry.

1. Timely Filing

The filing of a Reconciliation entry for a FTA issue is optional, but if one is filed, it must be filed within one year of the date of importation of the merchandise for which a FTA claim is made. All other Reconciliation entries must be filed within 21 months from the date of the entry summary of the flagged entry. If an underlying entry summary is flagged for both FTA and OTHER Reconciliation, the Reconciliation entry addressing the FTA issue should be filed before filing the Reconciliation entry addressing the other flagged issue. There are no extensions allowed on the filing deadlines for Reconciliation.



If an importer must file a Reconciliation entry to meet the filing deadline but has yet to obtain the indeterminable information needed to resolve the flagged issue, the importer should timely file a no change Reconciliation entry providing the best available information, along with a letter request in writing to its assigned Center of Excellence and Expertise or the local port of entry if a Center is not assigned requesting that CBP extend the liquidation of the Reconciliation entry until the information is obtained. Exception: The importer cannot request to extend liquidation on a FTA Reconciliation in order to claim FTA on the merchandise later than one year from the date of import of the goods.

The Reconciliation entry filing date is the date when all required information has been properly presented to CBP, including payment. If payment is due at the time of filing, the Reconciliation entry is not considered timely filed until payment is received. If payment is not due at the time of filing, the Reconciliation entry is considered timely filed when all required information is properly presented to CBP. This actual filing date will be used for determining whether a Reconciliation entry was filed timely.

Scenario

Importer XYZ filed a Reconciliation entry for an entry summary flagged for value with the best available information on file along with a request to extend liquidation on the Reconciliation entry until additional information is obtained on the issue flagged.

2. Flagged Entry Summaries

If there is a Post Summary Correction and/or Protest on a flagged entry summary, it is recommended that the importer withhold on filing Reconciliation until the PSC and/or Protest is processed by CBP. If the Reconciliation filing is due, then the importer should file the Reconciliation entry using the original amounts available at the time of filing and track the process of the PSC and/or Protest filed on the flagged entry summary to make sure the original amounts did not change.

Refer to the subsection “Original Amounts” in the section “Collection of Duties, Taxes, Fees, and Interest” for additional information.

If an importer has, a PSC and/or Protest associated with a flagged entry summary that has not been processed by CBP at the time of filing the Reconciliation entry, depending on the outcome of the review, the importer may have to make amendments to the data originally transmitted on the Reconciliation entry.



When filing a PSC on a flagged entry summary, the importer may electronically indicate a request for CBP to accelerate the liquidation for the Post Summary Correction to expedite the liquidation process due to reconciliation filing timelines.

If a PSC and/or Protest is filed on a flagged entry summary, it must be for issues other than the Reconciliation flagged issue(s).

Refer to the “Protest” section for additional information.

Scenario

Importer XYZ filed a PSC on flagged entry summary 123 for a refund indicating an accelerated liquidation request due to the filing deadline on the flagged issue.

Scenario

Importer XYZ filed a PSC on flagged entry 456 for a refund, while waiting for CBP to process the PSC, the importer timely filed a Reconciliation entry type 09 for the flagged issue on entry summary 456 using the original information approved by CBP. Upon filing the Reconciliation entry, the importer requested a liquidation extension due to the CBP review on the PSC.

3. Filing Reconciliation Entries in Puerto Rico or the U.S. Virgin Islands

Reconciliation entries cannot combine flagged entry summaries filed in Puerto Rico or the Virgin Islands with flagged entry summaries filed at another port. Reconciliation entries cannot address flagged entry summaries filed in Puerto Rico with those filed in the Virgin Islands, or vice versa.

Reconciliation entries may be transmitted to any port of entry and are processed by Centers of Excellence and Expertise (Center) personnel. However, entry summaries filed at a Port of Entry within the San Juan Field Office (SJFO), including flagged entries for Reconciliation, must have the Reconciliation entry filed and processed only by personnel within that Port of Entry in the SJFO.



Scenario

Importer XYZ filed Reconciliation entry 123 in Puerto Rico comingling flagged entry summaries filed in Detroit with flagged entry summaries filed in Puerto Rico. CBP rejected Reconciliation 123 back to the importer to file a separate Reconciliation entry for those flagged entry summaries filed in Puerto Rico.

4. Data Filing

Data filing is used to identify merchandise entering the commerce of the United States, and to document the amount of duty and/or taxes paid. The importer, or the importer's agent, for each import transaction, submits data filing. Once data is transmitted and accepted by CBP, the data is stored by CBP. Importers must retain all versions of entries/entry summaries submitted to CBP in order to comply with their recordkeeping requirements. CBP will not request an importer to produce the data that the importer previously transmitted to and was retained by CBP unless CBP has a need for the record(s).

Once the importer files the Reconciliation entry in ABI, electronic transaction validations in ACE determine if all system required data elements per the CATAIR have been completed. If all elements are complete, a disposition response will be returned. It is the importer's responsibility to transmit accurate data. If CBP concludes upon review that the data is not correct then CBP will reject the Reconciliation entry back to the importer for corrections.



a. Recon Header Data

The Reconciliation header record provides general information regarding the Reconciliation entry.

The information includes but is not limited to the following:

- Reconciliation Entry Number
- Filer Code
- Processing Port
- Import of Record Number
- Surety Code
- Reconciliation Type Code
- Prior Disclosure Indicator
- Aggregate Refund Waiver Indicator

Refer to the CATAIR for additional information.

b. Associated Entry Data

The Reconciliation associated data is information regarding each flagged entry summary that is being reconciled.

The information includes but is not limited to the following:

- Filer Code
- Entry Summary Number
- Revenue Amounts for each Class Code (Exception: No change aggregate filings)

Associated data reports the total Reconciliation duties, taxes, and fees for that flagged entry summary as a whole. Minimum and Maximum amounts of Merchandise Processing Fee (MPF) are taken into account.

Refer to the CATAIR for additional information.



c. Line Item Data

The Reconciliation line item data is the reconciled information on the flagged entry summaries for those Reconciliation entries filed with changes. Only entry-by-entry Reconciliation filings require line item data.

The line item data must include the line number of the flagged entry summary being reconciled. If an FTA Reconciliation entry is associated with the line item data, specify the trade agreement/special program code used in that transaction.

Minimum and maximum amounts of MPF are not taken into account, report the MPF in the line item data as the value x MPF rate.

Refer to the CATAIR for additional information.

5. FTA Reconciliation Entries

All Reconciliation claiming eligibility for post-importation FTA treatment must be filed on an entry-by-entry Reconciliation entry within one year of the date of importation of the merchandise. A FTA Reconciliation entry must list all underlying entry summaries flagged for FTA for which a post-importation claim is being made; it should not include underlying entry summaries flagged for FTA for which a post-importation claim is not being made. The filing of the Reconciliation entry, not the flagging of the entry summaries, constitutes the making of the FTA claim. Only a refund of monies paid at the time of entry summary on the flagged entries should be reported. If an importer flagged entries for FTA and determines later that the goods do not qualify for the preferential duty rate, a Reconciliation entry for those flagged entry summaries is not required to be filed. If an underlying entry summary is flagged for FTA but a FTA Reconciliation entry is not filed timely, an importer cannot make a 520(d) claim under CFR Part 181 on that entry summary. An importer who flags an entry summary for FTA waives the ability to file a CFR Part 181 FTA claim covering those entry summaries.

There should not be an open petition on the flagged entry summary because filing the Reconciliation is the only option available to make a claim if the entry summary was flagged for FTA.



A flagged entry summary for FTA requires its own Reconciliation entry; it may not be combined with other issues on the same Reconciliation entry. If an underlying entry is double flagged for FTA and OTHER, it is recommended that the FTA issue be filed before filing the Reconciliation entry addressing the other flagged issues so the SPI is established.

Refer to the subsection “Filing FTA & OTHER” in the “Filing” section for additional information.

FTA Reconciliation entries cannot be accepted late. ACE will remove the FTA flag on the underlying entry summary on the 13th month from the date of import. If an underlying entry is flagged for FTA but a FTA Reconciliation entry is not filed timely, no liquidated damage claims will be assessed.

Refer to the “Compliance” section for additional information.

Filing a FTA claim on a Reconciliation entry allows CBP to issue one refund check for up to 9,999 entries at once. Reconciliation entries claiming preferential tariff treatment pursuant to a FTA post-importation claim must include electronic certifications of the statements and declarations required by regulation.

a. Partial Refunds

An entry summary flagged for FTA may have multiple lines, but only a few lines qualify for FTA. In this case, a partial FTA claim on a given line of the flagged entry summary can be made. On multiple line item entries, where some lines qualify for FTA but other lines do not qualify, do not include the non-qualifying line items when transmitting the line data. In other words, do not reconcile the no change lines. However, do account for the entry total amounts, inclusive of these amounts, in the association data.

Scenario

Importer XYZ flagged six lines on an entry summary for FTA, upon filing Reconciliation, importer XYZ made a FTA claim on four of the lines.



A FTA flagged entry summary can have a line that has a product that qualifies for FTA and a product that does not qualify but they are reported on the same line of the entry summary. A partial claim for the product that qualifies can be made by splitting the lines.

Scenario

Importer XYZ flagged an entry summary consisting of six line items for FTA. Each line item listed a product with two different part numbers. Upon filing Reconciliation, importer XYZ made a FTA claim on one part number per product on each line.

6. Value

Entry summaries flagged for value must be reconciled within 21 months from the date of filing the underlying entry summary. Reconciled value should match the liquidated value on the flagged entry summary.

a. Value changes that have no revenue impact

There could be value changes when no duties, taxes, or fees are affected. Even though there is no revenue impact, full data must be transmitted by the importer when they file the Reconciliation.

Scenario

Importer XYZ filed a change entry-by-entry value Reconciliation with value changes that did not affect the revenue

b. Value of defective merchandise

If the importer is aware the merchandise is defective at the time of importation but does not know the cost of the repairs, the importer may flag the entry summary for value. Entry summaries cannot be flagged for Reconciliation to account for latent manufacturing defects discovered after importation.



c. Value change results in a classification change

For some commodities, value is a factor when determining the classification of merchandise. Reconciliation entries flagged for value only must electronically indicate if a value change results in a classification change.

If there is not a classification change on a value Reconciliation entry, the importer does not have to reconcile HTS-C/O-SPI data upon filing.

d. Increase and/or decrease in value

Where there is an increase and/or decrease in value on the original tariff chapters 1-97 and Sections 232 & 301 tariffs, it affects all duties, taxes, and fees. Entry summaries flagged for value to be reconciled on a Reconciliation entry type 09 containing products that had an increase and/or decrease in value on the original tariffs have to be taken into account when reconciling the flagged entries for value.

Scenario

Importer XYZ received a refund from CBP on a value flagged entry summary subjected to a 301 product exclusion. The importer filed a change entry-by-entry Reconciliation reporting “zeros” in the value field when reconciling.

Refer to the “Flagging” section for additional information.

7. 9802

Entry summaries flagged for 9802 must be reconciled within 21 months from the date of filing the underlying entry summary.

Reconciliation is not a method for establishing a retroactive 9802 claim. An importer may not reconcile for 9802 if the merchandise was entered into commerce without claiming the 9802 provision. A 9802 claim must exist on the entry summary at the time of flagging. Subheadings 9802.00.60 – 9802.00.90 found in Chapter 98 for Special Classification Provisions in the HTSUS, allows a reduced duty exemption for the value of prefabricated components manufactured in the United States and assembled abroad in accordance with the provisions.



Importers may reconcile the estimated to actual values as well as the estimated to actual ratio of U.S. prefabricated components incorporated into the finished product. If the Reconciliation entry is adjusting the actual value or ratio of the U.S. components, CBP could ask for the reason why and request supporting documents to confirm the adjustments. Such reason may include, but are not limited to, a change in suppliers, from U.S. to non-U.S. or vice versa.

If the importer extends liquidation involving 9802 values, the amendments must be provided within six months (or at the discretion of the Center Director) in accordance with 19 CFR 10.21.

Scenario of a ratio adjustment

Entry 123 is filed for a 9802 Reconciliation. This entry contains one line item in which the importer declares a value of \$1000 under a HTS duty exemption for U.S. components and a value of \$2000 under another applicable HTS. During the Reconciliation timeframe, the importer was able to obtain a certificate of origin on a certain component used in assembling the same product, thereby substantiating U.S. origin. When filing Reconciliation, assuming all other costs remained the same, the importer included the actual U.S. components cost on the Reconciliation by declaring a reconciled value of \$1100 under the HTS duty exemption for U.S. components and \$1900 under the other applicable HTS.

Scenario of a full value adjustment

Same scenario as above, except the importer also realized an increase in labor costs of \$1000 throughout the timeframe. In this case, a full increase of value reflecting the increased labor costs and the additional U.S. component costs would be reported on the Reconciliation. Specifically, the HTS duty exemption for U.S. components would include the additional U.S. component cost (valued at \$100) and reconciled to \$1100 and the other applicable HTS would be reconciled to \$2900. The increase in labor costs would increase dutiable value, in this case, on the other applicable HTS.

8. Classification

Entry summaries flagged for classification must be reconciled within 21 months from the date of filing the underlying entry summary. An identifying number indicating a protest, administrative ruling or court action is required by the importer upon filing the Reconciliation entry.



Scenario

Importer XYZ filed a classification change Reconciliation entry identifying there was a protest on the flagged entry summaries and included the protest number in the filing.

Upon filing, the importer will include the original HTS that was submitted on the flagged entry summary, the country of origin, the reconciled HTS (the one granted from the ruling), and any reconciled duties, taxes, and fees.

An entry summary flagged for classification may have multiple line items, but only a portion of those lines pertain to a pending administrative ruling, protest or court action. On multiple line item entries, where some lines pertain to the pending information but other lines do not, the importer should not include the non-pending line items when transmitting the line data. In other words, do not reconcile the no change lines in the line data, but do account for those amounts in the association file data.

Scenario

Importer XYZ flagged six lines out of eight on an entry summary for classification, pending a protest. Upon filing Reconciliation, importer XYZ reconciled the six lines flagged for classification only.

9. Filing FTA & OTHER

One underlying entry summary double flagged for FTA and OTHER will require the filing of two Reconciliation entries, one for the FTA issue and one for the OTHER issue(s). The FTA Reconciliation entry, if one is filed, should be filed first so the Special Program Indicator could be established. The importer does not need to wait until the FTA Reconciliation is liquidated before filing the OTHER Reconciliation entry nor does the importer have to wait for ACE to remove the FTA flag if a claim is not made; however, CBP will process the FTA Reconciliation entry prior to processing the OTHER Reconciliation entry if one is filed or CBP will wait until ACE removes the FTA flag before processing the OTHER Reconciliation entry if a claim is not made.



The importer is required to take into account all issues flagged on the underlying entries upon filing. If the importer files a FTA Reconciliation entry after filing the OTHER Reconciliation entry then the importer must consider both filings. If the importer did not account for the FTA claim on the OTHER Reconciliation entry, the importer should request a rejection so amendments could be made.

Scenario

Importer XYZ flagged entry summary 999 for FTA and Value. Upon reconciling, Importer XYZ filed two Reconciliation entries for flagged entry summary 999. The first Reconciliation entry filed was for FTA so the SPI indicator could be established and the second Reconciliation entry filed was for Value.

10. Netting

Netting is a situation in which increases and decreases between entries result at the end of the reconciliation period. The restriction against netting applies only to netting between different entries, as long as the entry as a whole has an increase in duties, taxes and fees, netting is allowed.

In the event there is a netting situation, the importer has the following options:

- File an entry-by-entry Reconciliation to account for both the increases and decreases, or
- File an aggregate Reconciliation for the increase and an entry-by-entry Reconciliation for the decrease, or
- File two aggregate Reconciliations, one for the increase and another for the decrease, waiving any refunds resulting from the decrease.

Scenario

Flagged entry summary 123 covers product A and flagged entry summary 456 covers product B. An assist was provided for product A, which resulted in an increase in duty. The value of product B was affected by currency fluctuations, which resulted in a decrease of duty. The increase of product A and decrease on product B may not be combined to offset each other because they are covered by two different flagged entry summaries.



Scenario

Flagged entry summary 123 covers product A on line item 001 and product B on line item 002. An assist was provided for product A on line 001, which resulted in an increase of duty. The value of product B on line 002 was affected by currency fluctuations, which resulted in a decrease of duty. The increase to product A on line 001 and the decrease to product B on line 002 may be combined to offset each other because they are part of the same flagged entry summary.

11. Aggregate Reconciliation Entries

When filing a Reconciliation entry as aggregate, a list of the flagged entry summaries is required, but the revenue broken down by class code is not required for each flagged entry summary. Aggregate Reconciliations are usually filed when all adjustments covered by the Reconciliation entry result in an increase in duties, taxes, and fees or when there is a no change to any of the data originally reported. The importer waives any refunds, including claims for Drawback on an aggregate Reconciliation except through a protest of the Reconciliation entry itself.

Refer to the sections “Recon Method (Entry-by-Entry and Aggregate)” and “Protest” for additional information.

a. No Change Aggregate

No change aggregate Reconciliation entries are filed separately from an increase or a decrease aggregate Reconciliation. No change aggregate Reconciliations are filed when the importer chooses to close out the flagged issue(s) with no further action. These Reconciliation entries are not to be used for the single purpose of meeting the filing deadline with the intent to later amend the no change Reconciliation entry, prior to its liquidation, when the still outstanding undeterminable information is obtained. No change aggregate Reconciliation entries could be liquidated immediately.

No change aggregate Reconciliation entries cannot include flagged entry summaries with changes (adjustments to any original data submitted). If there are no data changes nor a revenue impact to report on the flagged entry summaries, the importer must use the aggregate method upon filing the Reconciliation entry, transmitting zeros in the money fields, if applicable.



Scenario

Importer XYZ has no adjustments to the original data to report on entry summary 123 flagged for value. Therefore, importer XYZ filed a no change aggregate Reconciliation entry to close out the value flagged issue.

b. Aggregate Increase

An aggregate Reconciliation increase is filed separately from a no change or a decrease aggregate Reconciliation. The result of the increase has to pertain to whole adjustments made between two or more line items on each flagged entry summary.

Scenario

Importer XYZ filed an aggregate Reconciliation increase due to an increase in duties, taxes, and fees on the flagged entry summaries as a whole.

c. Aggregate Decrease

An aggregate Reconciliation decrease is filed separately from a no change or an increase aggregate Reconciliation. An importer may report a decrease on an aggregate Reconciliation if the resulting refund is waived through an electronic indicator, thereby releasing CBP from liability.

12. Reason/Comments

Upon filing a Reconciliation entry, the importer can leave comments for CBP in the Reconciliation reason text field for any changed line; there is a 41-character data limit.

Refer to the CATAIR for additional information.



Scenarios

Importer ABC submitted the following comment to CBP upon filing a change Reconciliation entry 123, “Add ’l Recon Filed”.

Importer DEF submitted the following comment to CBP upon filing a change Reconciliation entry 456, “PSC on flagged entries”.

Importer XYZ submitted the following comment to CBP upon filing a change Reconciliation entry 789, “Protest on flagged entries”.

J. COLLECTION OF DUTIES, TAXES, FEES, AND INTEREST

Duties, fees, taxes and interest must be deposited, in accordance with CFR Part 24, at the time of filing a Reconciliation entry if it declares an increase in the importer’s liability for duties, fees or taxes. If an entry-by-entry Reconciliation entry is filed, duties, fees, taxes and interest must be attributed to each affected line on the flagged entry summary and declared according to class code when the deposit is made, regardless whether or not it is an aggregate or entry-by-entry Reconciliation.

Upon original filing of the Reconciliation, any money owed must be paid regardless of the \$20 de minimis. A Reconciliation entry is like any other entry, CBP requires payment of under \$20 with the original entry filing. Initial payment may be made via cash, check, Automated Clearing House (ACH) or by statement. Once the initial Reconciliation payment is paid, any additional payments must be submitted by check. If paying by check, the importer should include the Reconciliation entry number on the check along with a copy of the 7501 or equivalent document.

If the importer uses the ACH debit process then the Reconciliation is considered paid when authorized, if the importer uses the daily or monthly statement process then the Reconciliation is considered paid when received.

To expedite the collection process, CBP recommends that payments for Reconciliation entries be filed at the Port of Entry designated on the Reconciliation entry. Payments made at another Port of Entry may slow down the collection process.

Additional information on [revenue](#) processing can be found on [cbp.gov](#).



1. Original Amounts

Ideally, when reconciling the amounts on a Reconciliation filing, the importer should take into account the final computation of duties, taxes, and fees on the flagged entry summaries. Those are the original amounts ACE will calculate when the flagged entry summary liquidates. Those amounts are only available upon liquidation of the flagged entry summaries. The amounts the importer has available for filing prior to the flagged entries liquidating are paid amounts. Paid amounts can change through other processes, such as; PSC filing, Protest, Petitions, change liquidations, and re-liquidations. Importers are legally responsible for entry accuracy and corrections; therefore, if the importer files the Reconciliation taking into account the paid amounts instead of the liquidated amounts on the flagged entry summaries then the importer should monitor the flagged entry summaries for liquidation to ensure that the paid amounts taken into account for reconciling are the same as the liquidated amounts.

2. Reconciled Amounts

Reconciled amounts is the final value, duties, taxes, and fees on the flagged entry summary. Identifying the original amounts submitted to CBP is essential in order to identify the reconciled amounts.

If there are multiple Reconciliation entries filed on the flagged entry summary, the reconciled amount submitted on the first Reconciliation entry should be considered for the subsequent Reconciliation entry.

3. Taxes and Fees

Revenue must be broken down by class code for each flagged entry summary when the importer files an entry-by-entry Reconciliation.

Revenue need not to be broken down by class code for each flagged entry summary when the importer files an aggregate Reconciliation.

Taxes and fees applied to individual commodities (e.g., cotton fee) will be adjusted by multiplying any increase in dutiable value by the rate associated with the tariff number for the product in question.



a. Harbor Maintenance Fee (HMF)

The importer is responsible for determining and declaring the amount owed, based on any increase in dutiable value, for those products that have been subject to HMF at the time of filing the flagged entry summary.

HMF may only be refunded when paid in error, there is an adjustment to the entered value, or the merchandise was never actually unloaded.

Refer to 19 CFR Part 24 for additional information.

b. Merchandise Processing Fee (MPF)

The importer is responsible for determining and declaring the proper amount of MPF due based on any increase in dutiable value, at the MPF rate applied to the product at the time of filing the flagged entry summary. The importer reports the actual MPF due unless the amount is less than the minimum or exceeds the maximum allowed. Since there are minimum and maximum limits on MPF, the calculations for this fee are not always geometrically straight. If the importer is requesting MPF changes, they must be able to provide sufficient substantiation for the changes upon CBP request.

If an aggregate Reconciliation entry is filed resulting in an increase in liability for merchandise processing fees, the importer may attribute the increase on an individual entry basis, or calculate liability by multiplying the number of flagged entry summaries covered by the Reconciliation entry by the maximum merchandise processing fee authorized by law for an entry minus the total amount of merchandise processing fees previously paid on the flagged entry summary covered by the Reconciliation entry.

CBP will use the formula below to set the maximum MPF due on an Aggregate Reconciliation:

- (Maximum MPF x number of entries covered by the Reconciliation which were subject to MPF) minus the amount of MPF already paid on those same entries when the flagged entry summaries were filed.



The maximum MPF is not necessarily what CBP will require as payment. The formula is used to protect importers who have already paid maximum or near-maximum amounts of MPF on the flagged entry summaries. Therefore, importers may either calculate MPF using this formula or calculate MPF on an individual entry basis and prorate the change in MPF through the affected lines.

Importers may discover slight differences in reconciled MPF amounts when they compare MPF calculations for an Aggregate Reconciliation versus an Entry-by-Entry Reconciliation. Prorated adjustments are based on values, not on duty rates. Importers report the reconciled MPF based on the formula calculation they use. CBP may request the MPF calculation used from the importer if needed.

The formula below displays how to calculate HMF and MPF for each Reconciliation method.

How to Calculate Harbor Maintenance and Merchandise Processing Fees for each Method of Reconciliation		
FEES	AGGREGATE	ENTRY-BY-ENTRY
Harbor Maintenance Fee (HMF)	Dutiable Value Increase X HMF	On an individual entry basis.
Merchandise Processing Fee (MPF)	Maximum MPF x (# of entries) Minus (total MPF originally paid) -or- On an individual entry basis.	On an individual entry basis.



If an entry-by-entry Reconciliation entry is filed, any changes to the merchandise processing fees must be declared separately for each flagged entry summary.

Scenario

Importer XYZ filed an entry-by-entry reconciliation reporting MPF on each flagged entry summary, taking into account the minimum and maximum amounts at the header level.

Scenario

Importer XYZ file an aggregate reconciliation using the formula to prorate the MPF.

4. [Interest Calculations](#)

Interest accrues on all Reconciliation entries where monetary adjustments take place, whether they are increases or decreases in duties, taxes, and fees. Upon filing, importers calculate interest for underpayments. Interest on over payments are calculated by CBP and paid when the Reconciliation entry is liquidated.

When depositing interest on an entry-by-entry Reconciliation entry, the interest rate that was in effect at the time the estimated duties, fees and taxes were deposited on the flagged entry summaries must be used. When depositing interest on an aggregate Reconciliation entry, the interest rate that was in effect on the midpoint date must be used.

The interest rate(s) will be based on the prevailing quarterly rate(s) established under sections 6621 and 6622 of the Internal Revenue Code of 1954 (26 U.S.C. § 6621, 6622). For convenience, CBP publishes the current interest rate(s) in the [Customs Bulletin and Decisions](#) and [Federal Register](#) on a quarterly basis.

a. Interest on an Entry-by-Entry Reconciliation

If a refund is claimed (money due to the importer), no interest calculations are required of the importer. CBP will calculate the interest due on the refund using the entry-by-entry method of calculation.

If no refund is claimed (money owed to CBP), importers must calculate the interest amount due for each flagged entry summary and report those adjustments to CBP when filing the Reconciliation entry.



Interest on an entry-by-entry Reconciliation accrues on each flagged entry summary on which the importer declares an increase in its liability for duties, fees or taxes from the date of filing of the flagged entry summary to the date of the filing of the Reconciliation entry.

b. Interest on an Aggregate Reconciliation

Interest on an aggregate Reconciliation entry on which the importer declares an increase in liability for duties, fees or taxes accrues from the midpoint date of the Reconciliation entry to the date of the filing of the Reconciliation entry. The midpoint date is the date that is exactly in the middle of the time period, which begins with the filing date of the oldest flagged entry summary on a Reconciliation entry and ends on the date of the filing of a Reconciliation entry.

Scenario

An Aggregate Reconciliation filed on February 1, 2019, covering the period of January 1, 2018, through December 31, 2018, results in \$10,000 increased revenue due to CBP. Interest is accrued from the midpoint date of July 1, 2018, through February 1, 2019, and is calculated on the principal amount of \$10,000.

c. Interest on a Free Trade Agreement (FTA) Reconciliation

Interest accrues from the date in which the FTA claim is made (the date of the FTA Reconciliation filing) to the date of liquidation or reliquidation of the Reconciliation entry. CBP calculates and refunds any interest owed to the importer.

Review the reference guide below on interest calculations for Reconciliation filing.

Reference on Interest Calculations for Reconciliation				
Questions	Entry-by-Entry		Aggregate	
	Increases (Interest Due)	Decreases (Interest Refund)	Increases (Interest Due)	Decreases (Interest Refund)
Who calculates the interest?	Importer	CBP	Importer	Not Applicable
Can the midpoint interest calculation be used?	No	No	Yes	Not Applicable
Can the entry-by-entry interest calculation be used?	Yes	Yes	No	Not Applicable
What dates are used to calculate accrued interest?	The date the original duties were required to be deposited to the date the recon was filed with payment.	The date duties were deposited on the entry to the date of (re)liquidation of the recon.	Midpoint date of the period covered to the date the recon is filed with payment.	Not Applicable



K. REJECTIONS

There are two types of rejections. The importer could receive an ABI system rejection upon transmission or the importer could receive a rejection message from CBP upon review of the Reconciliation entry.

1. ABI System Rejection

A rejected disposition response will be returned upon transmission of the Reconciliation entry if one or more data elements contain invalid or conflicting data or the Reconciliation entry already exist and is not eligible to be updated.

The recommended steps for an ABI System Rejection include but are not limited to:

- Compare the error message to the [ACE ABI CATAIR error dictionary](#) for Reconciliation.
- Review the [Reconciliation CATAIR](#) for a possible solution.
- Contact the software vendor for technical assistance, if needed.
- Contact the client representative for technical assistance, if needed.
- Report any system errors to the client representative and/or the CBP Help Desk for assistance, if applicable.

Refer to the CATAIR for additional information.

2. CBP Rejection

As with other entry summaries, a Reconciliation entry may be rejected. Importers make their own amendments; therefore, the rejection option is primarily used if the importer needs to amend their reconciled data any time upon a CBP review. If CBP initiates the rejection, the importer will receive an ABI notification along with the reason why the entry was rejected and what amendments are needed. There is no time limit for CBP to reject an entry when rejecting for traditional change liquidation reasons such as importer corrections/amendments.



The importer may request a CBP rejection after filing; however, the Reconciliation entry must be paid and not liquidated. The CBP rejection places the Reconciliation entry into a trade control status, which allows the importer to retransmit the Reconciliation entry.

If a Reconciliation entry is rejected for non-payment issues by CBP prior to the Reconciliation filing timeframe deadline, the importer has the remainder of the timeframe or thirty calendar days to resubmit, whichever is greater. If the timeframe expired, the importer has only thirty calendar days to resubmit the rejected Reconciliation entry.

Rejected Reconciliation entries must be returned to CBP with any additional payment (if applicable) within thirty calendar days from the date of rejection or a no-file liquidated damage case could be issued. If the rejected Reconciliation entry is received after thirty calendar days from the date of rejection, a late-file liquidated damage case could be issued.

Refer to the “Compliance” section for additional information.

Scenarios on why CBP may reject a Reconciliation entry include but are not limited to:

- The Reconciliation entry liquidation has been extended and the importer is ready to provide amendments by retransmitting the Reconciliation back to CBP.
- The importer filed an aggregate Reconciliation entry indicating a decrease on the flagged entry summaries without waiving the refund.
- Upon review of a value Reconciliation entry, CBP determined an assist was not accounted for in the reconciled value transmission.
- Upon review of the Reconciliation entry, CBP found flagged entries filed in Puerto Rico comingled with flagged entries filed at a Port of Entry on the mainland in the United States.
- Upon review of the Reconciliation entry, CBP found flagged entries that were filed late comingled with flagged entries that were not filed late.



3. Rejecting Double Flagged Entries

If two Reconciliation entries are filed for the same flagged entry summary, and one of the Reconciliation entries is rejected and retransmitted with amendments without the importer updating the other Reconciliation entry, the importer should request a CBP rejection in order to make the necessary updates. Since it is recommended for the trade to file a FTA Reconciliation entry prior to filing an OTHER Reconciliation entry when an entry summary is double flagged, a rejection may only be needed if the OTHER Reconciliation entry is filed before the FTA Reconciliation entry and SPI was not established.

4. Retransmission

The retransmission of a Reconciliation entry occurs when a Reconciliation entry is rejected by CBP. Upon retransmission, changing the Reconciliation method and type is allowed. For example, if the original Reconciliation entry was filed as an aggregate no change, the retransmitted Reconciliation entry can be filed as an entry-by-entry change.

Upon retransmission of a Reconciliation entry, additional flagged entry summaries that were not on the original Reconciliation entry cannot be added and flagged entry summaries that were on the original Reconciliation entry cannot be removed unless instructed by CBP to do so or the flagged entry summary no longer qualifies for Reconciliation filing based on an entry type change and the importer has informed CBP of the removal.

Any additional money due to CBP resulting from a retransmitted Reconciliation must be paid via check.

Refer to the “Collection of Duties, Taxes, Fees, and Interest” for additional information.

a. Supporting Documents

The recordkeeping provisions of the CBP laws apply to Reconciliation. The importer must maintain all records to support the Reconciliation filing and must maintain an audit trail between the data provided in the Reconciliation and the importer’s books and records. Upon request by CBP and/or Census, further information in support of the Reconciliation filing must be provided by the importer.



If CBP requires samples or additional information, CBP will send a written request, either on a [CBP Form 28](#), or its electronic equivalent, or other appropriate form, to the importer or their agent. The importer will respond to the request for additional information through the [ACE portal](#) or the [Document Image System \(DIS\)](#).

Supporting documents may include, but are not limited to:

- CBP Form 247 (Cost Submission)
- Detailed header and line-level spreadsheets
- Cost analysis spreadsheets
- Commercial Invoice
- Packing list
- Bill of lading
- Purchase orders
- Contracts
- Manufacturers affidavit
- Inventory records
- Documents supporting apportionment of assists
- FTA certificate of origin

K. LIQUIDATION

[Liquidation](#) means the final computation or ascertainment of duties on entries for consumption, or drawback entries. All entries covering imported merchandise, except temporary importation bond entries and those for transportation in bond or for immediate transportation, shall be liquidated.

Except as provided in 19 CFR 159.12, an entry not liquidated within one year from the date of entry of the merchandise, the date of the filing of a Reconciliation entry, or the date of final withdrawal of all merchandise covered by a warehouse entry, will be deemed liquidated by operation of law at the rate of duty, value, quantity, and amount of duties asserted by the importer of record. CBP has authority under 19 USC § 1501 to reliquidate, notwithstanding the filing of a protest, within ninety days from the date of the original liquidation.



The notice of liquidation will be posted for the information of importers in a conspicuous place on cbp.gov in such a manner that it can readily be located and consulted by all interested persons. This [electronic posting](#) will be deemed the legal evidence of liquidation.

Upon CBP review, the Reconciliation entry could be liquidated in the weekly liquidation cycle.

1. Flagged Entry Summaries

The flagged entry summary is liquidated as to all issues other than those identified for later Reconciliation. The identified issues are transferred to the Reconciliation entry. Upon liquidation of a flagged entry summary, any decision by CBP entering into that liquidation (e.g., classification, may be protested pursuant to 19 U.S.C. § 1514.)

To confirm the liquidation of an entry summary, a review of the [liquidation](#) bulletin is recommended.

2. Reconciliation Entries

When the Reconciliation entry is filed containing the information previously flagged for Reconciliation, CBP will review and liquidate the Reconciliation entry once the underlying entry summaries are liquidated, reliquidated or cancelled and post notice of liquidation in accordance with CFR Part 159. The liquidation of the Reconciliation entry only relates to the issues flagged on the underlying entry summaries.

Refunds, including any interest owed to the importer that result from a Reconciliation filing will be issued by CBP within thirty days from the liquidation date. CBP will issue one bill or refund if there is a revenue change upon filing.

Liquidation of a Reconciliation entry may be protested pursuant to 19 U.S.C. § 1514, but the protest may only pertain to the issue(s) flagged for and contained in the Reconciliation entry (i.e., the protest may not address issues previously liquidated on the flagged entry summary).

Refer to the “Protest” section for additional information.



a. No Change/Change Liquidations

This is not to be confused with change/no change Reconciliation types.

No change liquidations on Reconciliation entry summaries have a different meaning than other entry summary types; therefore, Importers should consider this when reviewing the [Official Notice of Extension, Suspension and Liquidation](#). When CBP agrees with the importer's transmission, it is a Reconciliation "no change" liquidation. A no change by CBP to what was entered into ACE by the importer. It could be a refund or a bill, if CBP agrees with the reconciled amounts by the importer then it is a no change. When CBP disagrees with the importer's transmission, it is a Reconciliation "change" liquidation. A change liquidation indicates that CBP changed what was entered into ACE by the importer.

Scenarios

- CBP reviewed the value Reconciliation entry and reconciled amounts given by the importer and determined additional duty was owed to CBP, the CBP user updated the total calculated amounts and billed the importer for additional duties owed. This is a change liquidation.
- CBP reviewed the FTA Reconciliation entry refund request by the importer and agreed with the refund. This is a no change liquidation.

3. Extending Liquidation

Importers retain the right to request extension of liquidation on entry summaries per 19 CFR 159.12, including Reconciliation entries. The extension must be in writing with an explanation showing good cause of why the extension should be granted and must be submitted with the filing of the Reconciliation entry. Each request for extension will be evaluated and granted by CBP on a case-by-case basis. CBP may also elect to extend liquidation on an entry, if needed. Entries are extended in one-year intervals. The maximum number of extensions on an entry is three. Once processed by CBP, liquidation extensions are posted on the [Official Notice of Extension, Suspension and Liquidation bulletin](#).

Liquidation of a Reconciliation entry may be extended for value, 9802, or classification, extensions will not be granted for Reconciliation entries flagged for FTA beyond the one year from the date of importation.



It is recommended that importer's request extensions only in rare circumstances due to the complex nature of filing and rejecting Reconciliation entries.

If the importer must file a Reconciliation entry to meet the filing deadline but has yet to obtain the undeterminable information needed to resolve the flagged issue, the importer should timely file the Reconciliation entry with the best available information of changes expected, along with a request to extend liquidation on the Reconciliation entry.

Examples on why CBP would extend liquidation on a Reconciliation entry are included but not limited to:

- A pending court action on a Reconciliation entry flagged for Classification has not been decided.
- Additional information is needed in order to review the entry.

4. Suspending Liquidation

The one-year liquidation period may be suspended as required by statute or court order. Once processed by CBP, the notice of a liquidation suspension is posted on the [Official Notice of Extension, Suspension and Liquidation bulletin](#).

M. FILING OVERVIEW

Each filing is unique and depends on the software and style of the user; therefore, the following is only a basic outline of the filing process.

- Which flagged entry summaries are due?
- Are these entries double flagged?
- Where were the flagged entry summaries filed?
- What issue(s) were flagged?
- Do the flagged entry summaries have a PSC, Protest or Prior Disclosure associated with it?
- Is all the required information available to file a Reconciliation entry?
- Which line items were flagged for each entry summary?
- Is there a change or no change to the original data submitted to CBP?
- What method and type will be used to file the Reconciliation entry?
- Is money owed to CBP or is the Reconciliation entry duty free?



N. PROTEST

1. Flagged Entry Summaries

Upon liquidation of a flagged entry summary, any non-flagged issue decided by CBP as part of that liquidation may be protested pursuant to 19 U.S.C. 1514. The flagged issues may only be protested after liquidation of the Reconciliation entry.

If there is an open [protest](#) on the flagged entry summaries upon filing Reconciliation, the importer must alert CBP because there may be an impact on the original total amounts once the Protest is processed. The protest should be processed before the Reconciliation entry can be reviewed by CBP. The importer is responsible for the accuracy of the data submitted. Therefore, in the event of an open protest on a filed Reconciliation entry, the importer could request a liquidation extension on the Reconciliation entry until the protest has been processed.

Scenario

Importer XYZ filed a Protest on flagged entry summary 456 for a refund, while waiting for CBP to process the Protest, the importer timely filed a Reconciliation entry type 09 for the flagged issue on entry summary 456 using the original information approved by CBP. Upon filing the Reconciliation entry, the importer requested a liquidation extension due to the CBP review on the Protest.

Scenario

Importer XYZ grouped 200 value flagged entry summaries on a Protest by using the earliest Reconciliation due date; informing the Center assigned to the importer of the grouping in order to facilitate the process.

2. Reconciliation Entries

Upon liquidation of a Reconciliation entry, any flagged issue decided by CBP as part of that liquidation may be protested pursuant to 19 U.S.C. 1514. A protest against the decisions made in the liquidation of the Reconciliation entry may only address the issues previously flagged on the entry summaries and transferred to the Reconciliation entry; it may not address non-flagged issues.



The protest must be submitted using the entry-by-entry method, regardless of the method used when the Reconciliation entry was previously filed.

Scenario

Importer XYZ filed a Protest on an aggregate value Reconciliation entry disputing the liquidation of the flagged entry summaries for value. The Protest provided a revenue adjustment for each flagged entry summary.

O. PRIOR DISCLOSURE

There is a distinction between prior disclosure and Reconciliation. A [prior disclosure](#) exists when an importer discloses the circumstances of a violation of 19 USC § 1592 pursuant to CBP regulations voluntarily. The importer disclosing this information must do so before, or without knowledge of, the commencement of a formal investigation of that violation. Reconciliation is the process by which an importer notifies CBP of undeterminable information, and by which the outstanding information is provided to CBP later. Under Reconciliation, the importer is not disclosing a violation, but rather identifying information, which is undeterminable and will be provided later when the Reconciliation entry is filed.

Upon filing Reconciliation, importers must indicate to CBP if a prior disclosure has been made on any of the flagged entry summaries. Violations pertaining to a Reconciliation entry can be included within a Prior Disclosure.

P. DRAWBACK

[Drawback](#) claims may not be made against flagged entry summaries until the Reconciliation entry is filed with all associated duties, taxes, fees and interest deposited. If the Reconciliation entry is filed using the aggregate method, drawback cannot be claimed on any increased/reconciled adjustments. However, drawback can be claimed on the flagged entry summaries. If the Reconciliation entry is filed using the entry-by-entry method, the importer has full drawback privileges on both, the estimated duties, fees and taxes deposited at the time of filing the flagged entry summaries and any increased adjustment resulting from the Reconciliation if the Reconciliation entry is filed and all associated duties, taxes, fees and interest are deposited. If an entry summary is flagged for FTA and no Reconciliation entry is filed, drawback cannot be claimed on that flagged entry summary until CBP removes the flag.



In the case of a drawback claim and a Reconciliation entry resulting in a refund against the same flagged entry, the importer is responsible for ensuring that claims for refunds in excess of the duties, fees and taxes deposited are not filed with CBP and for substantiating how the separate refund requests apply to different merchandise.

Q. COMPLIANCE

Under the statutory mandate of 19 USC § 1484, the importer is responsible for using reason care in declaring at entry, filing information necessary to enable CBP to determine whether the merchandise may be released from CBP custody, and using reasonable care to complete the entry by submitting to CBP the declared value, classification and rate of duty and such other documentation or information as is necessary to enable CBP to properly assess duties, collect accurate statistics, and determine whether any other applicable requirement of law is met. Requirements related to information and documents apply to electronic records, as well as to hard copy records. It is the importers responsibility to submit accurate information at the time of filing.

CBP has a responsibility to communicate its requirements to the importer while importers, in turn, are responsible for using reasonable care and provide accurate and timely data to CBP. Reasonable care means the importers must be familiar with trade laws and regulations affecting imported merchandise.

Not complying with CBP's import regulations, whether it is intentional or not, can result in penalties to the importer.

A series of [Informed Compliance Publications](#) can be found on cbp.gov.



The violations in regards to the Reconciliation process include but is not limited to:

- Submitting data relating to prohibited merchandise.
- Flagging for non-reconcilable issues or for information that is determinable at the time of filing entry summary.
- Submitting entry types not eligible for Reconciliation processing.
- Consistently late in filing the Reconciliation entry.
- Consistently late in depositing the duties, taxes, and fees.
- Consistently late with the payment of bills from CBP.
- Failing to supply CBP with sufficient supporting documentation per request.
- Failing to follow the procedures regarding Reconciliation processing.
- Failing to follow applicable CBP laws and regulations.

Violations from the importer may be subject to liquidated damages, penalties and/or other administrative sanctions and/or prevented from flagging entry summaries for Reconciliation filing. Any actions commenced by CBP for misconduct may be appealed through existing procedures or, if none exists, to the Center Director within 30 days of the action.

CBP will monitor Reconciliation participants for patterns of misconduct that may result in suspension from the participation. If CBP suspends the importer from flagging entry summaries for reconciliation a written notice on a CBP letterhead should be provided to the Importer notifying the participant and listing the reason(s) why they were removed. Suspended importers are still required to file Reconciliation entries timely during the suspension period for underlying entries flagged prior to the suspension becoming effective.

An importer suspended from flagging entry summaries who wishes to be reinstated must submit a request in writing to its assigned Center of Excellence and Expertise or the local port of entry if a Center is not assigned. The request for reinstatement must address the reasons for the suspension and fully describe all corrective actions taken to address the grounds for suspension. Center or port personnel assigned will provide a written response for the reinstatement request on a CBP letterhead in a timely manner.



If the reinstatement is denied, CBP will list the reason(s) why and provide the importer a chance to ask for reinstatement one year from the date of suspension.

1. Liquidation Damages

Flagging of an entry summary creates an obligation on the part of the importer to file a Reconciliation within the allotted time, covering the flagged issue(s) on that entry summary. The obligation to file carries liquidated damages implications for failure to do so timely. Each flagged entry summary remains an independent entity until reconciled. CBP has no way of knowing which entry summaries will be covered by a single Reconciliation entry until one is filed. The Reconciliation is an entry in its own right and has the same legal status as other CBP entries. For these reasons, late filing and non-filing of Reconciliations will be dealt with using different mechanisms.

CBP issues monthly Reconciliation liquidated damages claims for each continuous bond number under the affected flagged entry summary filed. In the event that an importer receives a no file violation on a monthly liquidated damage claim covering flagged entry summaries that have not been reconciled, the importer must submit a Reconciliation entry, type 09 that contains only those flagged entry summaries listed on the violation. There are no conversions from no file to late file under this program. Filing the Reconciliation entry type 09 is a petition for mitigation. Mitigation is afforded for no file entry summaries once the entry type 09 is filed.

CBP will not issue liquidated damages for entry summaries flagged for FTA that are not reconciled. The only consequence of a failure to file a FTA reconciliation is the importer's loss of the 520(d) benefit provided under the statute.

A no file violation could saturate the importer's bond due to the potential large amount of value on the flagged entry summaries. In that event, importer's ability to flag entry summaries for Reconciliation filing could be suspended if their bond is over-committed and they will be required to submit single entry bonds for further entry summaries or make live entry with payment to secure release of the merchandise. Once the bond amount increases or the liquidated damage case is paid, the suspension may be reinstated.



There are five different types of liquidated damages violations for the Reconciliation process:

a. Reconciliation No File

Entry summaries were flagged, but a Reconciliation entry was not filed.

A consolidated no file is one liquidated damage claim issued per importer, per surety, per bond, per month based on calendar days for all issues flagged (value, classification, and 9802). This claim covers all flagged entry summaries not reconciled by the deadline in that calendar month. If a Reconciliation no file liquidated damage case is processed and the importer submits the Reconciliation late with no payment, it is still considered a no file and cannot be mitigated until payment on that Reconciliation is received. Filing of the Reconciliation to cover the entries on the liquidated damages claim will result in mitigation of the initial liquidated damages claim.

Flagged entry summaries that have a no file liquidated damage case issued, are to be filed on their own Reconciliation entry. A Reconciliation entry filed in response to a reconciliation no file liquidated damages claim cannot include flagged entry summaries that are not in violation. If an importer combines flagged entry summaries issued on a no file liquidated damage case with flagged entry summaries that are not issued on a liquidated damage case, CBP will reject the Reconciliation entry back to the importer to file a separate Reconciliation entry for those flagged entry summaries associated on the liquidated damage case.

Reconciliations rejected and not resubmitted within the allowed period will be considered a no file and liquidated damages will be issued.

b. Reconciliation Late File

A Reconciliation entry filed and paid late.

Reconciliation entries rejected and resubmitted beyond the allowable period will be considered a late file and liquidated damages could be issued.



c. Reconciliation Money No File

A Reconciliation entry filed timely but without payment of duties, taxes, fees and interest due.

d. Reconciliation Money Late File

A Reconciliation entry filed timely but payment of duties, taxes, fees and interest due submitted late.

e. Reconciliation Late File with Money No File

A Reconciliation entry filed late, without payment of duties, taxes, fees and interest due.

2. Liquidated Damage Amounts

The filing of the Reconciliation entry covering the flagged entry summaries on the consolidated liquidated damages claim with all applicable duties, taxes, fees, and interest due will be treated as a petition for relief. The Option 1 amount will be authorized *only* when the importer files the Reconciliation with any duties, taxes, and fees, including interest due.

[Mitigation Guidelines for Reconciliations](#) can be found on cbp.gov.

R. REPORTS

[ACE Reports](#) allow trade users with ACE Portal accounts to identify large sums of account data needed to perform daily operations free of charge. Trade users can customize and design reports to fit individual business needs. Reports can be scheduled to run automatically, at the date, time and frequency of the users choosing.

ACE Reports are a tool to assist trade users; it does not replace the recordkeeping requirements per 19 CFR 163.



1. Reconciliation ACE Reports

It is not a policy requirement for the importers to use ACE reports, it is a free service CBP provides to assist the trade in keeping track of the information they provide to CBP. If there are discrepancies found, the trade should review their own files to determine what needs to be reconciled.

Reconciliation reports are for account data on a Reconciliation entry, type 09 and the flagged entry summaries, types 01, 02, & 06.

a. ES-501 Reconciliation No Files

This report provides standard information regarding 01, 02 and 06 entry summaries flagged for Reconciliation, which have not had a type 09 Reconciliation entry filed.

Available to CBP, Brokers and Importers

Scenario

Importer XYZ schedules an ES-501 report on the first day of each calendar month in order to identify the flagged entry summaries that are pending Reconciliation filing in order to timely file.

b. ES-503 Reconciliation Entry Report

This report provides standard information regarding standard header level information for type 09 Reconciliation entries.

Available to CBP, Brokers and Importers.

Scenario

Importer XYZ generated an ES-503 report on Reconciliation entry 123 to determine which Center team is assigned to the Reconciliation entry.



c. ES-504 Reconciliation Underlying Entry Summary Report

This report provides standard header level information for all associated type 01, 02, 06 entry summaries that have been reconciled through a Reconciliation entry (type 09).

Available to CBP, Brokers and Importers.

Scenario

Importer XYZ generated an ES-504 report on Reconciliation entry 123 to obtain the original amounts on the flagged entry summaries.

d. ES-505 Reconciliation Entry Amounts

This report provides the various amounts, broken down by each class code on a 09 Reconciliation entry.

Available to CBP, Brokers and Importers.

Scenario

Importer XYZ generated an ES-505 report on Reconciliation entry 123 to obtain the refund amount on the liquidated Reconciliation entry.

e. ES-506 Reconciliation Line Item Transmitted Data

This report provides transmitted line level information regarding type 09 Reconciliation entries.

Available to CBP, Brokers and Importers.

Scenario

Importer XYZ generated an ES-506 report on Reconciliation entry 123 to confirm the reconciled MPF amounts.



f. ES-507 Reconciliation Line Item HTS Details

This report provides transmitted line level HTS information regarding type 09 Reconciliation entries.

Available to CBP, Brokers and Importers.

Scenario

Importer XYZ generated an ES-507 report on Reconciliation entry 123 to confirm the Harmonized Tariff Schedule (HTS) numbers.

S. ALTERNATIVE PROCESS

Reconciliation filing is voluntary; therefore, alternative processes are available.

1. Withhold Liquidation

Importers have the legal right to request liquidation extensions on entry summaries. They must request the extension in writing via paper or electronic format to the Center or Port of Entry assigned. Once the unresolved issues are determined, the Importer makes adjustments individually.

The prior notification that certain issues exist is essential to the demonstration of reasonable care. The reasonable care mandate requires that Importers give their best estimates of declared value based on data available at that time.

If the withhold liquidation alternative is used, post-summary adjustments involving 9802 values must be filed within six months.

2. Post Summary Correction (PSC)

If an entry summary needs correction after filing, the Post Summary Correction (PSC) may be used. The PSC can cover amendments that result in requests for refunds or the submission of additional monies owed prior to liquidation.



PSC's typically address data elements that could have been determined at the time of entry, as opposed to issues that are reasonably indeterminable at that time. Importers that excessively use PSC's may be penalized for failing to exercise reasonable care.

3. [Protest, Petition \(19 U.S.C. § 514, 520\)](#)

Issues subject to protest, petitions, corrections of clerical errors, mistakes of fact, or oversight may continue to be resolved through existing procedures.

4. Other Individual Entry Adjustments Allowed by Federal Regulations

Any other adjustments prescribed by federal regulations that involve individual entry appraisal and liquidation of a given entry summary may still be utilized. For example, assist declarations may still be reported to CBP in accordance with 19 CFR 152. Specifically, the total assist value may be apportioned over (1) the first shipment, (2) the number of units, or (3) the entire anticipated production. Periodic assist declarations, with a single check payment, covering more than one entry summary may be treated as attempted prior disclosures.

T. ADDITIONAL INFORMATION

[ACE Deployments](#)

Future ACE deployments may change the processes in this guidance. Refer to cbp.gov for development and deployment information.

Post Summary Corrections

A Post Summary Correction (PSC) is not allowed on a Reconciliation entry, type 09.



Non-Reconcilable Issues

Information that is determinable at the time of filing entry summary cannot be flagged for Reconciliation. Examples of this information include but is not limited to:

- Freight charges
- Supplier or Manufacturer
- Quantity

System Errors

If you contact the help desk for a Reconciliation system error at CBP.TECHNOLOGY.SERVICE.DESK@cbp.dhs.gov, please copy the Recon email box: OT-RECONFOLDER@cbp.dhs.gov

Make sure you provide screen shots, entry numbers and any other relevant information in the email.

U. RESOURCES

[ACE Automated Broker Interface \(ABI\) and CBP and Trade Automated Interface Requirements \(CATAIR\)](#)

Documents containing the technical requirements for transmitting automated data to the Automated Commercial Environment (ACE) via the Automated Broker Interface (ABI).

[ACE CATAIR Error Dictionary](#)

Error dictionary for ACE entry summaries.

[ACE CATAIR Reconciliation Error Dictionary](#)

A reference table of error codes that may be received through electronic transmission of ACE Reconciliation records.



[ACE Entry Summary Business Process Document](#)

This document is the outline of the entry summary processing in ACE. Policy and processing updates are implemented into this document.

If the trade has questions about this document, email acebusinessrules@cbp.dhs.gov

[ACE Training and Reference Guides](#)

ACE Portal, manifest, and reports training and reference guides.

If the trade has questions on the reports capabilities, email the reports team:
ace.reports@cbp.dhs.gov

[ACE Trade Resources Document](#)

Outlines the resources available to the trade to answer questions or address concerns.

[Cargo Systems Messaging Service \(CSMS\)](#)

The Cargo Systems Messaging Service (CSMS) communicates news and updates to trade partners.

[Cbp.gov](#)

Multiple resources are found on cbp.gov, including but not limited to, policy guidance, trade issues, legal decisions, ACE, and automated systems information.

[Centers of Excellence and Expertise](#)

Centers of Excellence Expertise (Centers) information page and contact directory. Processing questions and/or status updates regarding filed entry/entry summaries should be sent to the Center of Excellence and Expertise.



Code of Federal Regulations (CFR)

The CFR is the codification of the general and permanent rules published in the Federal Register by the departments and agencies of the federal government.

Document Image System (DIS) Implementation Guide

Provides guidance on the methods by which documents and images may be transmitted electronically to CBP by Trade.

Federal Register Notice (FRN)

Publication for rules, proposed rules, and notices to the public.

Guidance on Recordkeeping in ACE

This document is the CBP recordkeeping guidance for entries/entry summaries and FTA admissions filed in ACE.

Informed Compliance Publications

CBP has a number of Informed Compliance Publications available for the trade.

Office of Trade Entry Summary Policy

General information regarding policy and processing questions pertaining to entry summary.

Specific questions regarding the policy and process of entry summary can be emailed at otentrysummary@cbp.dhs.gov



Office of Trade Reconciliation Policy

General information regarding policy and processing questions pertaining to Reconciliation.

Specific questions regarding the Reconciliation policy and process can be emailed to OT-RECONFOLDER@cbp.dhs.gov

Official Notice of Extension, Suspension and Liquidation

The official notice of extension, suspension and liquidation provides public notice for liquidation actions for entry summaries filed with CBP.

Questions related to system automation/transmissions should be sent to CBP client reps:

CBP Client Representatives are the first point of contact for the trade community in regards to system automation and transmission questions.

If the trade needs additional information on who the Client Representative for their area is, they can reach out to the client representative branch at gmb.clientrepoutreach@cbp.dhs.gov



V. REFERENCES

Reconciliation Federal Register Notices

- 62 FR 5673 Dated: 02/06/1997
- 62 FR 51181 Dated: 09/30/1997
- 63 FR 6257 Dated: 02/06/1998
- 63 FR 44303 Dated: 08/18/1998
- 64 FR 39187 Dated: 07/21/1999
- 64 FR 73121 Dated: 12/29/1999
- 65 FR 36505 Dated: 06/08/2000
- 65 FR 55326 Dated: 09/13/2000

- 66 FR 14619 Dated: 03/13/2001
- 67 FR 61200 Dated: 09/27/2002
- 67 FR 68238 Dated: 11/08/2002

- 67 FR 77318 Dated: 12/17/2002
- 69 FR 53730 Dated: 09/02/2004
- 70 FR 1730 Dated: 01/10/2005
- 70 FR 46882 Dated: 08/11/2005
- 71 FR 37596 Dated: 06/30/2006
- 78 FR 27984 Dated: 05/13/2013
- 81 FR 89486 Dated: 12/12/2016
- 82 FR 4901 Dated: 01/17/2017
- 82 FR 26699 Dated: 06/08/2017
- 82 FR 29910 Dated: 06/30/2017
- 83 FR 2645 Dated: 01/18/2018
- 85 FR 39576 Dated: 07/01/2020

If you have any questions or require additional information regarding this document, please send an email to OT-RECONFOLDER@cbp.dhs.gov, Commercial Operations, Revenue and Entry Division, Office of Trade.