Trade Compliance Standard Operating Procedures

Internal Import Compliance Manual Template

[Your Company Name] Trade Compliance Department

Document Control:

- Version: 1.0
- Effective Date: ___________________________
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1. Introduction & Purpose

1.1 Scope

This Standard Operating Procedure (SOP) governs all import activities conducted by [Company Name] into the United States. These procedures ensure compliance with U.S. Customs and Border Protection (CBP) regulations and minimize the risk of penalties, delays, or supply chain disruptions.

1.2 Objectives

- Ensure accurate and timely customs filings
- Exercise reasonable care in all import transactions
- Maintain complete and accurate records
- Standardize import compliance processes across the organization
- Mitigate financial and reputational risks

1.3 Regulatory Basis

- 19 USC (U.S. Customs Laws)
- 19 CFR (Customs Regulations)
- Harmonized Tariff Schedule (HTS)

- Partner Government Agency (PGA) requirements
- Trade agreement provisions (USMCA, GSP, FTAs)

1.4 Policy Statement

[Company Name] is committed to full compliance with all U.S. import laws and regulations. All employees involved in import activities must follow these procedures and exercise reasonable care in their duties.

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2. Roles & Responsibilities

2.1 Trade Compliance Manager

Name: ____________________________ **Contact:** ____________________________

Responsibilities:

- Oversee all import compliance activities
- Approve product classifications and valuation methods
- Maintain relationship with customs broker
- Monitor regulatory changes
- Conduct internal audits
- Respond to CBP inquiries and audits
- Train staff on compliance requirements

2.2 Purchasing / Procurement Team

Responsibilities:

- Obtain complete and accurate documentation from suppliers
- Verify country of origin with suppliers
- Collect supplier compliance declarations
- Negotiate Incoterms and payment terms
- Coordinate with Trade Compliance on new products

2.3 Logistics / Shipping Team

Responsibilities:

- Coordinate shipment schedules with suppliers and carriers
- Ensure ISF filings meet 24-hour deadline
- Provide accurate shipment details to customs broker
- Track shipments and communicate delays
- Maintain shipping records

2.4 Finance / Accounting Team

Responsibilities:

- Verify invoice accuracy
- Process duty and fee payments
- Reconcile import entries to financial records
- Maintain audit trail for all import costs
- Report related party transactions

2.5 Customs Broker (External)

Broker Name: ____________________________ **Contact:** ____________________________ **License Number:** ____________________________

Responsibilities:

- File ISF and customs entries per our instructions
- Advise on classification and valuation questions
- Monitor entry status and obtain release
- Notify company of CBP holds or inquiries
- Maintain records per regulatory requirements

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3. Import Entry Process

3.1 Pre-Import Planning

When: Before purchase order is placed

Steps:

1. Verify supplier is approved and on file
2. Confirm product specifications and HTS classification
3. Determine country of origin
4. Calculate estimated duties and fees
5. Verify any PGA requirements (FDA, USDA, etc.)
6. Ensure continuous customs bond is active

Responsible Party: Trade Compliance Manager **Documentation:** Pre-import checklist (see Appendix A)

3.2 Purchase Order Issuance

When: After pre-import approval

Required Information on PO:

- Complete product description (match HTS requirements)
- HTS code (if known)
- Country of origin
- Incoterms (FOB, CIF, EXW, etc.)
- Unit price and currency
- Quantity and units of measure
- Delivery timeline

Responsible Party: Purchasing Team

3.3 ISF Filing (Ocean Shipments Only)

When: 24+ hours before vessel loading at foreign port

Required Information:

- Manufacturer name and address
- Seller name and address
- Buyer name and address
- Ship-to name and address
- Container stuffing location
- Consolidator (if applicable)
- Importer of record number
- Consignee number
- Country of origin

- HTS code (6-digit minimum)

Process:

1. Collect information from supplier and freight forwarder
2. Verify accuracy of all data points
3. Submit to customs broker for ISF filing
4. Obtain ISF confirmation number
5. File ISF confirmation in shipment folder

Responsible Party: Logistics Team **Deadline:** 24 hours before loading **Documentation:** ISF confirmation

3.4 Customs Entry Filing

When: Within 10 days of shipment arrival at U.S. port

Required Documents:

- Commercial invoice (original from supplier)
- Packing list
- Bill of Lading (ocean) or Air Waybill
- ISF confirmation (ocean only)
- Country of origin certificate (if claiming FTA/GSP)
- Product specifications (for classification)
- Assist or royalty documentation (if applicable)

Process:

1. Receive arrival notice from carrier
2. Collect all required documents
3. Review documents for accuracy and completeness
4. Complete Internal Entry Review Checklist (see Appendix B)
5. Submit documents to customs broker
6. Review entry summary draft from broker
7. Approve entry for filing
8. Monitor entry status until released

Responsible Party: Logistics Team (submission), Trade Compliance Manager (approval) **Documentation:** All entry documents retained for 5 years

3.5 Entry Payment

When: Within 10 days of entry filing (or per payment terms)

Process:

1. Receive statement of duties/fees from broker
2. Verify calculations (duties + MPF + HMF + other)
3. Reconcile to internal estimates
4. Approve payment
5. Transmit payment via ACH or wire transfer
6. File payment confirmation

Responsible Party: Finance Team **Documentation:** Payment records

3.6 Post-Release Monitoring

Process:

1. Track liquidation dates (typically within 314 days)
2. Monitor for CBP requests for information
3. Review liquidated entries for accuracy
4. File protests if errors or overcharges identified
5. Update compliance records based on liquidation results

Responsible Party: Trade Compliance Manager

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4. HTS Classification Procedures

4.1 Classification Requirements

All imported products must be assigned a 10-digit HTS code that accurately describes the product per the Harmonized Tariff Schedule.

4.2 Classification Process

For New Products:

1. Obtain complete product information (see Section 4.3)
2. Research HTS using USITC online database
3. Review CBP rulings in CROSS database
4. Apply General Rules of Interpretation (GRI)
5. Document classification rationale
6. Obtain Trade Compliance Manager approval
7. Consider binding ruling request if uncertain

For Existing Products:

- Review classification annually or when product changes
- Monitor HTS updates (published annually)
- Update classification if product modified

Responsible Party: Trade Compliance Manager

4.3 Required Product Information

- Product name (common and technical)
- Detailed description
- Material composition (by weight %)
- Dimensions and weight
- Function and end use
- Manufacturing process
- Photos or samples
- Technical specifications or data sheets

4.4 Classification Documentation

Maintain for each product:

- HTS Classification Worksheet (see Appendix C)
- Product specifications
- Photos or samples
- Supplier documentation
- Binding rulings (if obtained)

- Rationale for classification decision

Retention Period: 5 years from last import

4.5 Binding Rulings

When to Request:

- Complex or novel products
- Unclear classification
- High duty differential between possible codes
- Significant import volume

Process:

1. Prepare detailed product description
2. Obtain product sample
3. Submit CBP Form 5600 with supporting docs
4. Await ruling (typically 30-60 days)
5. Implement ruling for all future entries
6. Monitor ruling expiration and revocation notices

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5. Valuation & Pricing

5.1 Transaction Value

Default valuation method: Price actually paid or payable to the supplier

5.2 Dutiable Value Calculation

Formula: Dutiable Value = Invoice Price + Packing + Assists + Royalties + Proceeds - Post-Importation Costs

Components:

- **Invoice Price:** FOB or CIF per Incoterms
- **Additions:** Packing materials, assists (molds, tooling), royalties, resale proceeds
- **Deductions:** U.S. inland freight, post-importation assembly, buying commissions

5.3 Related Party Transactions

If importer and supplier are related parties (>5% ownership, common control, etc.):

1. Identify relationship on entry
2. Document circumstances of sale
3. Conduct test values or transfer pricing analysis
4. Adjust transaction value if necessary
5. Maintain supporting documentation

Responsible Party: Finance Team, Trade Compliance Manager

5.4 Documentation Requirements

- Purchase orders
- Commercial invoices
- Payment records (wire transfers, ACH)
- Price lists
- Discount or rebate agreements

- Royalty or license agreements
- Assist documentation (molds, tooling costs)

Retention Period: 5 years

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6. Country of Origin Determination

6.1 Origin Rules

Default Rule: Country where product was "wholly obtained" or "substantially transformed"

Substantial Transformation: Product changes name, character, or use

6.2 Origin Determination Process

1. Identify where product was manufactured
2. If multiple countries involved, determine substantial transformation
3. For multi-country production, apply tariff shift or value-added tests
4. Obtain supplier declaration of origin
5. Document rationale
6. Verify product marking compliance (19 CFR Part 134)

Responsible Party: Trade Compliance Manager

6.3 USMCA / FTA Qualification

When claiming preferential duty rates under trade agreements:

1. Review rules of origin for specific HTS code
2. Calculate regional value content (if required)
3. Verify tariff shift (if required)
4. Obtain Certificate of Origin from supplier
5. Maintain supporting documentation

Required Documentation:

- Certificate of origin (USMCA, GSP, etc.)
- Bill of materials showing origin of components
- Regional value content calculation
- Tariff shift analysis

Retention Period: 5 years

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7. Special Trade Programs

7.1 Generalized System of Preferences (GSP)

Eligibility: Certain products from designated developing countries

Requirements:

- Product must be on GSP-eligible list
- Country must be GSP beneficiary
- 35% value-added in beneficiary country
- Direct shipment from beneficiary country

Documentation: Form A (Certificate of Origin)

7.2 USMCA (formerly NAFTA)

Eligibility: Products originating in U.S., Canada, or Mexico

Requirements:

- Meet USMCA rules of origin for specific product
- Complete USMCA Certificate of Origin
- Maintain supporting records

Documentation: USMCA Certificate of Origin

7.3 Other Free Trade Agreements

[List applicable FTAs: Korea, Australia, Chile, etc.]

Process: Similar to USMCA - review rules of origin, obtain certificates, maintain records

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8. Supplier Management

8.1 Supplier Approval Process

Before using new supplier:

1. Complete Supplier Questionnaire (Appendix D)
2. Verify business registration and legitimacy
3. Conduct due diligence (see Section 8.3)
4. Obtain compliance declarations
5. Add to approved supplier list

Responsible Party: Purchasing Team, Trade Compliance Manager

8.2 Supplier Documentation Requirements

- Business license / registration
- Factory addresses (all locations)
- Product specifications
- Country of origin declarations
- Compliance certifications (forced labor, IP, etc.)
- Financial records (for related parties)

8.3 Supply Chain Due Diligence

Annual Review:

- Update supplier information
- Verify manufacturing locations (no changes)
- Review forced labor compliance (UFLPA)
- Conduct factory audits (if high-risk)
- Recertify supplier declarations

Use: Supply Chain Due Diligence Template (Appendix E)

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9. Record-Keeping & Documentation

9.1 Retention Requirements

5-Year Retention (from entry date):

- Entry summaries (CF-7501)
- Commercial invoices
- Packing lists
- Bills of Lading / Air Waybills
- ISF confirmations
- Certificates of origin
- Payment records
- Correspondence with CBP or broker
- Classification and valuation worksheets

9.2 Filing System

Electronic Records: Stored in [System/Location] **Paper Records:** Stored in [Location] **Backup:** [Backup system/frequency]

9.3 Document Organization

- File by entry number
- Include index of documents per entry
- Maintain cross-reference to financial records
- Ensure accessibility for CBP audits

Responsible Party: Trade Compliance Manager, Logistics Team

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10. Training & Awareness

10.1 Training Requirements

All employees involved in import activities:

- Initial compliance training (within 30 days of hire)
- Annual refresher training
- Ad hoc training for regulatory changes

Topics:

- Reasonable care standard
- HTS classification basics
- Valuation principles
- Country of origin
- Record-keeping requirements
- Red flags and escalation procedures

10.2 Training Documentation

- Training attendance sheets
- Training materials and slides
- Assessments or quizzes (if applicable)
- Certificates of completion

Retention Period: Duration of employment + 5 years

Responsible Party: Trade Compliance Manager

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11. Internal Audits & Reviews

11.1 Audit Schedule

- **Annual Compliance Audit:** Full review of import program
- **Quarterly Entry Review:** Sample 10% of entries for accuracy
- **Ad Hoc Reviews:** When issues or changes occur

11.2 Audit Scope

- Entry accuracy (classification, valuation, origin)
- Record-keeping compliance
- Supplier due diligence
- Broker performance
- Staff training compliance
- SOP adherence

11.3 Audit Findings

- Document all findings (strengths and weaknesses)
- Identify corrective actions
- Assign responsibility and deadlines
- Track resolution
- Report to management

Responsible Party: Trade Compliance Manager, Internal Audit (if available)

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12. Corrective Actions & Escalation

12.1 Error Identification

If errors discovered in past entries:

1. Quantify financial impact (underpayment or overpayment)
2. Determine root cause
3. Assess whether disclosure required

12.2 Prior Disclosure

When Required: Material errors resulting in duty underpayment

Process:

1. Consult legal counsel immediately
2. Calculate duty shortfall and interest
3. Prepare detailed disclosure (19 CFR 162.74)
4. Submit to CBP Regulatory Audit Division
5. Tender payment of duties + interest
6. Implement corrective actions

Responsible Party: Trade Compliance Manager, Legal Counsel

12.3 Protest Filing

When to Protest: Duty overpayment or incorrect CBP decision

Deadline: 180 days from liquidation or decision

Process:

1. Identify basis for protest
2. Gather supporting documentation
3. Work with customs broker or attorney to file CBP Form 19
4. Monitor protest status

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13. Regulatory Updates & Monitoring

13.1 Monitoring Responsibilities

Trade Compliance Manager shall monitor:

- CBP rulings and notices (cbp.gov)
- Federal Register (federalregister.gov)
- HTS updates (annual, effective each January)
- Trade agreement changes
- Sanctions and embargoes (OFAC)
- PGA requirements (FDA, USDA, etc.)

13.2 Implementation of Changes

Process:

1. Identify regulatory change
2. Assess impact on company operations
3. Update SOPs as needed
4. Communicate changes to affected staff
5. Provide training if required
6. Document implementation

13.3 External Resources

- Customs broker advisory services
- Trade attorney consultations
- Industry associations
- CBP webinars and outreach

Appendices

Appendix A: Pre-Import Checklist **Appendix B:** Internal Entry Review Checklist **Appendix C:** HTS Classification Worksheet **Appendix D:** Supplier Questionnaire **Appendix E:** Supply Chain Due Diligence Template **Appendix F:** Glossary of Terms **Appendix G:** Contact List (CBP, Broker, Legal, etc.)

Document Approval

Prepared by: ____________________________ **Title:** ____________________________ **Date:** ____________________________

Reviewed by: ____________________________ **Title:** ____________________________ **Date:** ____________________________

Approved by: ____________________________ **Title:** ____________________________ **Date:** ____________________________

Revision History

Version	Date	Author	Changes Made
1.0			Initial release

Additional Resources

- **Strix Compliance Page:** strixsmart.com/solutions/compliance
- **CBP Trade Resources:** cbp.gov/trade
- **Informed Compliance Publications:** cbp.gov/trade/rulings
- **HTS Online:** hts.usitc.gov

Need Help Developing Your Compliance Program?

Strix Smart provides compliance consulting, SOP development, staff training, and ongoing program management.

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