

CUSTOM CLEARANCE

Tolls Clearing Process

What is Customs?

Customs is an authority or agency in a country responsible for collecting tariffs and for controlling the flow of goods, including animals, transports, personal, and hazardous items, into and out of a country. The movement of people into and out of a country is normally monitored by migration authorities, under a variety of names and arrangements. Immigration authorities normally check for appropriate documentation, verify that a person is entitled to enter the country, apprehend people wanted by domestic or international arrest warrants, and impede the entry of people deemed dangerous to the country. Compare illegal emigration.

What is Customs clearance?

All goods shipped internationally must pass through customs before they are allowed to enter or exit a country. This includes anything sent by sea, air, or land.

Once cleared, the shipper is provided with a document that confirms that all customs duties have been paid and that the shipment of goods may proceed.

A freight forwarder will usually handle the customs clearance process, but you may also choose to hire a customs broker. See the Customs Clearance show in Figure 1.1.



Figure 1.1. Customs Clearance

The Customs Clearance Process

1. The customs officer will look at the paperwork for your shipment. All international shipments need to have a commercial invoice. This document will list both the shipper and the receiver's contact information, in addition to shipment details such as export date and airway bill number.

More importantly, the invoice will have a description of the item and its total value.

2. The customs officer will see if any taxes and duties apply to your shipment. This will depend on the type of goods, their value, and the laws of the importing country. If it's determined that the value of the goods are above the tax threshold, then the officer will check whether these taxes and duties have been paid for.

3. Customs will request payment of taxes and duties, if they haven't been paid. This is where the option of DDU (Deliver Duty Unpaid) and DDP (Deliver Duty Paid) comes into effect.

If a shipment is marked as DDP, this means that payment of the taxes and duties have already been paid for. Some express couriers have their own customs brokers who can process this payment for you, and they offer these services at a fixed price when you pay for your label.

However, if the shipment is marked as DDU, customs will forward the package to an independent customs broker to collect the required amount.

This is where it can get very expensive, as all brokers are independent and each charge a different fee structure. Different fees such as brokerage, storage, and late payment fees may apply, making it impossible to tell the customer what their final amount will be.

Additionally, these brokers will need to contact the recipient to collect payment, which can throw off your customer if they are unaware of these additional charges.

This is why we recommend sellers to pre-pay duties for a smoother delivery experience.

4. Once it's confirmed that outstanding taxes and duties have been paid, the shipment is released and continues on to its final destination.

And that's it! As long as you have the required paperwork and understand how to handle taxes and duties, clearing customs should be a breeze.

Some of the documents involved in customs clearance are:

Exports Documentation: Purchase order from Buyer, Sales Invoice, Packing List, Shipping Bill, Bill of Lading or Airway Bill, Certificate of Origin and any other specific documentation as specified by the buyer, or as required by financial institutions or LC terms or as per importing country regulations.

Imports Documentation: Purchase Order from Buyer, Sales Invoice of supplier, Bill of Entry, Bill of Lading or Airway bill, Packing List, Certificate of Origin, and any other specific documentation required by the buyer, or financial institution or the importing country regulation.

What paperwork will I need?

Our list of key freight documents should provide you with everything you need to keep your shipment moving. If you are sending goods that require special inspection (i.e., FDA-regulated products), additional documents may be required.

You can calculate container, box, or pallet freight shipping costs with our freight rate calculator. Simply enter your dimensions and weight to get an instant estimate.

What is the Customs Clearance Fee?

Who Charges the Customs Clearance Fee? Forwarder or Customs Broker

Charge At: Origin/Destination

Customs Clearance Charge Description

The customs clearance covers the process of preparing and submitting Customs Entry documentation to the CBP.

This is also known as Customs Brokerage.

Customs Clearance Fee Tips: The standard rate for Customs Clearance is around \$50 for clearance with China's Customs and \$100-\$120 for clearance with CBP.

It cannot be anticipated on the freight quote, but CBP may (at their discretion) conduct an examination, accruing costs for you (refer ISF Filing, above).

Examination is almost certain for some products, e.g. food, drugs, animal goods, your documentation is also supplied to other government agencies (OGA) concerned with threats to national health, safety, and security.