

**Supporting Statement  
Cost Submission  
1651-0028**

**A. Justification**

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The information collected on CBP Form 247, Cost Submission, is used by CBP to assist in correctly calculating the duty on imported merchandise. This form provides details regarding actual costs and helps CBP determine which costs are dutiable and which are not.

This collection of information is provided for by subheadings 9801.00.10, 9802.00.40, 9802.00.50, 9802.00.60 and 9802.00.80 of the Harmonized Tariff Schedule of the United States (HTSUS) and by 19 CFR 10.11-10.24, 19 CFR 141.88 and 19 CFR 152.106.

CBP Form 247 can be found at <http://www.cbp.gov/xp/cgov/toolbox/forms/>

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The information provided on CBP Form 247 is used to substantiate actual costs that are necessary to establish the appraised value and assessment of duties by CBP.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

CBP plans to automate this form in its Automated Commercial Environment (ACE) no later than 2013.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

This information is not duplicated in any other place or any other form.

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

This information collection does not have an impact on small businesses or other small entities.

**6. Describe consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

If the information were not collected, verification of compliance with CBP value laws could not be completed, thereby placing an additional burden on the importer during the time of audit.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

This information is collected in a manner consistent with the guidelines of 5 CFR 1320.5(d)(2).

**8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

Public comments were solicited through two Federal Register notices. The 60-day notice was published on September 20, 2010 (Volume 75, Page 57284) on which one comment was received, and a 30-day notice was published on December 7, 2010 (Volume 75, Page 76022) on which one comment was received.

Comments were submitted by Richard Seley of UPS Customs Brokerage, Inc. on the 60-day notice stating that they no longer use Exhibits B or C of CBP Form 247 and requested that these two exhibits be removed from the form. Also, Mr. Seley pointed out the references on the form to the Tariff Schedule of the United States, Annotated (TSUSA) are obsolete and should be removed. He also made suggested revisions regarding the use of scrap material as a component of computed value.

CBP researched the issue of Exhibits B and C and found that they are still in use, so we plan to keep these Exhibits as part of CBP Form 247. However, CBP

agrees that the references to the TSUSA are obsolete and could be confusing, and we will remove those references from the form.

Also, in terms of the scrap material, CBP is removing Item 1. under “Comments on Material costs” which is on page 1 of Exhibit A because this statement is no longer applicable.

Comments were also sent to OMB on the 30 day FRN in an email received from John Paul Vyborny of Capin Vyborny, LLC who requested that CBP eliminate the requirement of the Cost Submission for any company that makes finished good entries that are duty and MPF free.

CBP’s response is that CBP still needs the Cost Submission because a determination of whether a refund or bill is due cannot be made until the report is completed. The CBP Form 247 is a worksheet used by Import Specialists and Regulatory Auditors to assist in correctly calculating the duty. This “accounting” is a breakdown based on actual costs declared and the determination of which costs are dutiable and which are not.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There is no offer of a monetary or material value for this information collection.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

There are no assurances of confidentiality provided to the respondents of this information collection.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

There are no questions of a sensitive nature.

**12. Provide estimates of the hour burden of the collection of information.**

INFORMATION COLLECTION	TOTAL ANNUAL BURDEN HOURS	NO. OF RESPONDENTS	NO. OF RESPONSES PER RESPONDENT	TOTAL RESPONSES	TIME PER RESPONSE

CBP Form 247	-	50,000	1,000	1	1,000	50 hours
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**Public Cost**

The cost to the respondents is estimated to be \$1,000,000. This is based on the estimated burden hours (50,000) multiplied by the estimated average hourly rate (\$20.00) = \$1,000,000.

- 13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.**

There are no record keeping, capital, start-up or maintenance costs associated with this information collection.

- 14. Provide estimates of annualized cost to the Federal Government. Also provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.**

The estimated annual cost to the Federal Government associated with the review of these records is **\$42,000**. This is based on the number of responses (1,000) that must be reviewed (x) the time to review and process each response (1 hour) = 1,000 (x) the average hourly rate (\$42.00) = \$42,000.

- 15. Explain the reasons for any program changes or adjustments reported in Items 12 or 13.**

CBP made revisions to Form 247 in accordance with public comments we received. These revisions make the collection of information more clear, but they do not affect the burden hours or the information collected.

- 16. For collection of information whose results will be published, outline plans for tabulation, and publication.**

This information collection will not be published for statistical purposes.

- 17. If seeking approval to not display the expiration date, explain the reasons that displaying the expiration date would be inappropriate.**

CBP will display the expiration date for OMB approval of this information collection.

- 18. “Certification for Paperwork Reduction Act Submissions.”**

CBP does not request an exception to the certification of this information collection.

**B. Collection of Information Employing Statistical Methods**

No statistical methods were employed.