

Supporting Statement
Customs Modernization Act Record Keeping Requirements
1651-0076

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 North American Free Trade Agreement Implementation Act, Title VI, known as the Customs Modernization Act (Mod Act) amended Title 19 U.S.C. 1508, 1509 and 1510 by revising Customs and Border Protection (CBP) laws related to recordkeeping, examination of books and witnesses, regulatory audit procedures and judicial enforcement. Specifically, the Mod Act expanded the list of parties subject to CBP recordkeeping requirements, distinguished between records which pertain to the entry of merchandise and financial records needed to substantiate the correctness of information contained in entry documentation, and identified a list of records which must be maintained and produced upon request by CBP. The information and records are used by CBP to verify the accuracy of the claims made on the entry documents regarding the tariff status of imported merchandise, admissibility, classification/nomenclature, value and rate of duty applicable to the entered goods. The Mod Act recordkeeping requirements are provided for by 19 CFR 163.

- 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.**

These recordkeeping requirements are needed to substantiate the correctness of information contained in entry documentation. The information and records are used by CBP to verify the accuracy of the claims made on the entry documents regarding the tariff status of imported merchandise, admissibility, classification/nomenclature, value and rate of duty applicable to the entered goods. Failure to have correct and accurate information could result in the wrong rate of duties, taxes and fees being assessed. In addition to the monetary impact, health and safety issues, circumvention of trade agreements, inaccurate trade statistics and in general, non-compliance with U.S. trade laws could occur.

- 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.

The regulations specifically provide that importing parties, brokers and drawback claimants shall retain records in original format. When the format is electronic this is the same format in which it shall be retained for the recordkeeping period. Alternative storage methods (CD ROM, machine readable data, microfiche, etc.) for storing hard copy records by the trade community is permitted and the simplicity of procedures actually encourages alternate storage of records. This alternative storage method is for companies that wish to retain the original information in a different format than when initially submitted or recorded. It is estimated that approximately 40 percent of respondents use alternate electronic record storage methods.

Instructions and guidance for complying with these recordkeeping requirements are accessible at

http://www.cbp.gov/linkhandler/cgov/trade/legal/informed_compliance_pubs/icp027.ctt/icp027.pdf.

- 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.**

Each shipment is subject to a duty rate and other requirements based on individual shipments of imported goods. Unless the supporting documentation for each shipment, declaration or claim can be verified at the time of entry or at some later date, the wrong rate of duties or taxes and fees would be assessed. In addition to the duty impact, health and safety issues, circumvention of trade agreements, inaccurate trade statistics, and non-compliance with U.S. trade laws would occur.

- 7. Explain any special circumstances.**

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 a Federal Register notice dated March 7, 2012 (Volume 77, Page 13617) on which no comments were received, and on May 11, 2012 (Volume 77, Page 27787) on which no comments have been received.

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 the information collection.

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

A PIA for the Automated Commercial System (ACS) dated December 2, 2008, and a SORN for ACS/ACE, dated December 19, 2008 (Vol. 73, Page 77759) has been included in this ICR. No assurances of confidentiality are provided to respondents.

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
Mod. Act Recordkeeping	5,677,360	5,459	1	5,459	1,040 hours

Public Cost

The estimated cost to the respondents is \$278,190,640. This is based on the estimated burden hours (5,677,360) multiplied (x) the estimated average hourly rate (\$49.00).

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

There are no capital, start-up or maintenance costs associated with the 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 annual estimated cost to the Federal Government associated with reviewing and processing the information is \$17,386,915. This is based on the time spent per record keeper (65 hours) x number of respondents (5,459) = 354,835 hours expended multiplied by (x) the average hourly rate of \$49.00 = \$17,386,915.

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

The number of respondents was increased from 4,695 to 5,459 based on CBP's research of the number of companies currently keeping records under these provisions. There are no changes to the recordkeeping requirements under Part 163.

- 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.**

There is no form involved with 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.

