Custom Bond FAQs

A Surety bond is a vehicle used for guaranteeing that a specific obligation will be fulfilled. In an import transaction, the "customs" bond, a type of surety bond, is used. It guarantees that revenues for the U.S. government, namely that the import duty will be collected. The writing of this bond is an extremely important part of the import transaction. If the bond purchased does not meet certain requirements, it may be subject to cancellation. Without a bond, your merchandise will not clear Customs.   
  
Here are a few frequently asked questions regarding bonds:   
  
Q: Is a customs bond required for all import transactions?  
A: Generally shipments with a value of $2,000 or greater require a bond. There are certain exceptions that we can familiarize you with.   
  
Q: Who is responsible for obtaining the bond?  
A: The importer is responsible for obtaining the bond. As part of the import transaction, a bond must be secured or the merchandise will not clear Customs.   
  
Q: What kind of bond do I need?  
A: Of the many different types of bonds, the Immediate Delivery and Consumption Entry Bond is the most prevalent. The type of bond you will need depends upon the volume and nature of the transaction involved. There are single-entry bonds for one-time transactions or continuous bonds under which any number of transactions may be processed. This is an important consideration as there are savings available for continuous bonds.   
  
Q: How is the bonding rate determined?  
A: Bonding rates are determined by the description of the goods and/or the use of the goods. Rates and requirements vary for each rating code. For example, goods entered for temporary importation vs. goods being delivered to a bonded warehouse vs. goods subject to FDA approval, to name just a few of the classifications. To be sure you are paying the appropriate rate and hence, the lowest premium available for that specific classification, requires extensive knowledge in this area.   
  
Q: Why do I need a Customs Broker?  
A: The advantages of using a Customs Broker are many:

1. Your Customs Broker is able to negotiate highly competitive rates for you because of his favorable claims experience and volume of transactions processed.
2. Your Customs Broker has extensive knowledge of the rating codes and underwriting requirements. This assures you of obtaining the appropriate kind of bond at the appropriate rate.
3. Arranging for a bond is part of a very routine transaction. Your Customs Broker has already processed all the necessary documents for your import transaction and therefore has access to all the information necessary to complete the bond forms.

Other bonds available include Customs Duty Drawback, Foreign Trade Zone, License & Permit, Bid, Payment, Performance and Supply & Maintenance bonds. We will be more than happy to answer all of your bond related questions.