U.S. CUSTOMS AND BORDER PROTECTION
AUTOMATED CLEARINGHOUSE CREDIT PROGRAM
PAYER PROCEDURES

Automated Clearinghouse (ACH) Credit is an electronic payment process that allows your company to transmit their payments directly to U.S. Customs and Border Protection (CBP), without disclosing your company's bank account information. ACH Credit allows your company to control the initiation and timing of their payments. ACH Credit also eliminates the administrative costs and risks associated with paying by check. ACH Credit is available to any company that pays daily statements to CBP. Participation in ACH Credit is voluntary.

The purpose of this document is to provide guidance to participants in the ACH Credit program. This document describes the process, defines your responsibilities and provides the specific information needed to transmit ACH Credit payments.

U.S. Customs and Border Protection Regulations - The CBP Regulations were amended by Treasury Decision 98-51, effective June 29, 1998, to provide for payments of funds to CBP by ACH Credit.

Payment Types Accepted - Daily Statement and Periodic Monthly Statements - A daily statement is a grouping of entry summaries (i.e., duties, taxes and fees) and a periodic monthly statement is a grouping of daily statements, created through the Automated Broker Interface (ABI), that may be paid with one payment. Statement processing is a payment option available to brokers who participate in ABI and is a requirement for participation in ACH.

ACH CREDIT PROCESS

This section describes each step in the ACH Credit process and defines your company's responsibilities.

Step 1 - Complete the Enrollment Form

To participate in this program, fax or mail a completed ACH Credit Enrollment Form (copy enclosed) to the email / mailing address listed on the application. The enrollment form can be found on CBP's website at **https://www.cbp.gov/document/forms/ form-401-automated-clearinghouse-ach-credit-enrollment.** CBP will use this form to maintain point of contact information for your company. _If requsting for multiple importer numbers or filer codes, you must submit an application for each one you will be transmitting payments for. If a subsidiary company starts transmitting payments themselves then it must go through the application process prior to sending payments._ Participation in ACH Credit is voluntary. Your company may continue to use other payment methods.

Step 2 - Discuss the Format and Routing Requirements with your Financial Institution

Payments transmitted by ACH Credit must be formatted as described in the enclosed ACH Credit Format and Routing Requirements section. _We highly advise that you take this complete package to your financial institution and discuss these requirements with them._ They will be familiar with the format requirements. Your financial institution may offer several methods for originating ACH Credit transactions. They will help you determine which method is best for your company. **Please note that REVERSALS are not allowed under the ACH Credit process.**

Step 3 - Originate the Prenotification

Your company, through your financial institution, must originate a one-time prenotification (non-dollar) transaction prior to your first payment. The prenote is considered a "test transaction" to ensure that the routing instructions are validated and that the transmitted information is properly formatted. The Format and Routing Requirements section contains prenote instructions. CBP will monitor your prenote and will notify you of the effective date on which you may originate actual payment transactions.

Step 4 - Discuss ACH Participation with your Broker

Your broker must be notified that your company will be making statement payments through the ACH Credit process. Indicate to them that this process does not require the use of a payor unit number. Payor unit numbers are assigned to the ACH Debit participants. This may change the current processing the broker follows. For example if the broker currently submits your check or authorizes payment through Automated Broker Interface, they will no longer do this. If only the broker has access to the statement number and the statement amount, they will have to provide that to whoever is initiating the ACH credit payment. The preliminary statement presented to CBP by the broker will have to be marked as "ACH Credit."

5. Obtain the Payment Identification (Document Number) and Amounts.

Statement payers - Statement processing allows ABI filers to pay multiple ABI entry summaries with one check or payment transaction. Customs generates a preliminary statement of summaries due and transmits the statement to the filer through ABI. The filer prints and reviews the preliminary statement, updates the statement with additions or deletions, and submits a final statement with payment. Statement processing reduces the processing time for collection and acceptance of an entry summary.

With statement processing you can:
- Print and review statement of all entries scheduled for payment.

- Update a scheduled statement with additions and deletions, or reschedule entry summaries for payment, up to the day before the statement date.

- Receive receipt for payment in the form of a final statement of all entries paid.

- Reduce the costs and risks of handling multiple paper checks.

- Choose from two statement types: Broker statements group entry summaries by filer code or Importer statements group entry summaries for a single importer.

Your broker through the Automated Broker Interface bases the preliminary daily statement for your company on a submission of entry summary data. *You will need to know the statement number and the statement amount from the preliminary statement at least one day prior to the due date so that your company can originate the ACH Credit payment in a timely manner. Your broker should advise you of any entries deleted from the statement, so that you transmit the correct statement amount.*

Step 6 - Originate the Payment

Your company, through your financial institution, must originate the payment transaction at least one business day prior to the due date. Settlement of your payment is due on the 10th business day for daily statements and for periodic monthly statements it is due on the 15th business day. **Therefore, your payment must be initiated no later than the 9th or 14th business day so that it settles on the 10th or 15th business day depending on your statement type.** Your company is responsible for transmitting accurate and timely payment information; CBP cannot validate your data upon origination. Your payment transaction is transmitted through the ACH network to the CBP bank account.

Step 7 - U.S. Customs and Border Protection Receives your Payment

CBP credits your payment on the business day that it is received. The receipt (collection) date is the same day as the settlement date; i.e., the date that your bank debits your account. This is generally the business day after your payment is originated. **Note some banks require two days processing time.** You will need to check with your bank to determine the processing time. The transaction will be listed on the bank account statement you receive from your financial institution, or through other arrangements made with your bank.

Step 8 - U.S. Customs and Border Protection Applies your Payment

If the information listed on your transaction is correct, your payment will be automatically posted to the appropriate statement record on the collection date.

The final statement, available through the Automated Broker Interface, on the first business day after the statement is paid, lists all paid entry summaries and serves as payment confirmation for statement payers.

Payment Discrepancy

If the information listed on your transaction is incorrect, your payment will be automatically posted to a suspense account. CBP will notify you that a discrepancy has occurred. **This will be based on the contact information contained in your application. It is your responsibility to keep the information concerning contacts and phones numbers current.** CBP must manually adjust the transaction. Your payment will be credited as of the collection date, not the adjustment processing date. Specific types of errors are described in the following paragraphs:

Invalid Document Number/Format Error - If the document number (statement) on your transmission is incorrect, or a format error has occurred, but the amount paid is correct, CBP will apply the payment once the correct document number is determined. **An invalid document number/format error may delay the payment process, which could result in liquidated damages.**

Overpayment - If the amount paid exceeds the amount due, CBP will apply the payment for the correct amount. The excess amount will be returned to your company through the existing refund process, as prescribed by the CBP Regulations. CBP cannot accept reversing transactions through ACH or return the ACH Credit transmission. **Please note that <u>REVERSALS</u> are not allowed and any excess payment will be refunded to you under the normal refund process by CBP.**

Duplicate or unidentified payments- If statement number has been previously paid or a statement number is not located for the dollar amount sent. Your payment will be processed for a refund through the existing refund process. **Please note that <u>REVERSALS</u> are not allowed and any excess payment will be refunded to you under the normal refund process by CBP.**

Underpayment – If the amount paid is less than the amount due, CBP will notify you to transmit the remainder of your payment through the ACH Credit process. **Partial payments cannot be posted to daily statements.** Once the complete payment is received, CBP will adjust the payment to the appropriate item. Your payment will be credited as of the collection date that the complete payment is received. **An underpayment error may delay the payment process, which could result in liquidated damages.**

Late Payment - If the payment is not received in full by the due date, your company may be assessed late charges i.e., liquidated damages or interest, as prescribed by the CBP Regulations. If you have any questions concerning potential late charges, please contact the CBP location where your entries are filed or the Customs location listed on the CBP service bill (CF6084) or on the Notice of Penalty or Liquidated Damages Incurred and Demand for Payment (CF5955A).

Reversals - If you have overpaid or duplicated paid a statement CBP will refund the excess funds to your company under normal refund procedures. CBP does not accept reversals.

ACH CREDIT FORMAT AND ROUTING REQUIREMENTS

The information on the next four pages represents the data elements that are required for your company and financial institution to originate ACH Credit payments.

The ACH Credit program uses the payment and addendum conventions prescribed by the National Automated Clearinghouse Association. ACH Credit transactions **must** be transmitted in one of the following formats:

> **CCD+** Contains a single payment and a single addendum record.
> **CTX**   Contains a single payment with multiple addendum records.

The **TXP** Data Segment **must** be used for the payment related information within the addendum record. The TXP Data Segment can be used with either the CCD+ or CTX payment formats. However, CBP **cannot** process the TXP Data Segment within the context of an EDI 820 (Payment Order/Remittance Advice) Transaction Set.

BATCH HEADER INFORMATION (CCD+ or CTX)

The Batch Header Record identifies the payer and briefly describes the purpose for the payment. It also specifies the date on which your payment transactions will be settled. There is usually one batch header record for your transmission. The Batch Header record contains the data elements described below.

COMPANY NAME: Provide your business name that will be shown on your bank account. Must be left justified with spaces for the remaining positions. The field length is 16 positions. **This name must match the name provided on your application.**

COMPANY DISCRETIONARY DATA: Provide your contact name and contact phone number.   Must be left justified with spaces for the remaining positions. The field length is 20 positions.

COMPANY IDENTIFICATION: Input a 1 followed by your nine digit IRS Employer Identification Number, i.e., your importer number without the suffix. You may also use a DUNS number (with a 3 in the first position) or the first ten digits of the CBP assigned number (with a 9 in the first position). The field length is 10 positions.

COMPANY PAYMENT DESCRIPTION: "CBP" for U.S. Customs and Border Protection payments. The field length is 10 positions.

EFFECTIVE DATE: This is the date that you specify that your corresponding payment transactions should be settled. Therefore, the effective date should be no later than the due date of the payment (6 positions in YYMMDD format or 8 positions in YYYYMMDD). Statements are due no later than 10 working days after release of the merchandise.

ENTRY DETAIL (PAYMENT) INFORMATION (CCD+ or CTX)

The Entry Detail Record identifies the payment amount to be debited by your bank on the settlement date. This record also includes the payer identification number to which the payment will be applied. The routing information is also displayed on this record. The number of entry detail records included in your transmission is dependent upon which format (CCD+ or CTX) is used by your bank. All items within quotation marks (" ") must be input as shown without the quotation marks. The Entry Detail record contains the data elements described below.

TRANSACTION CODE: Your financial institution must input one of the two following transaction codes, which identifies the type of transaction. The field length is 2 positions.

PAYMENT: "22"

PRENOTE: "23"

U.S. CUSTOMS AND BORDER PROTECTION TRANSIT ROUTING NUMBER: "051036706" The field length is 9 positions. (Some software applications may require that the first eight digits be input into one field and that the last digit be input into the next field as the check digit).

U.S. CUSTOMS AND BORDER PROTECTION ACCOUNT NUMBER: "307000" This six digit number must be left justified with spaces for the remaining 11 positions.

AMOUNT: Total payment amount relating to either one addendum record (CCD+ format) or multiple addenda records (CTX format). Must be right justified, unsigned, and zero filled for the remaining positions. For example, $1,347.86 would be input as "0000134786". Must equal the total for the corresponding addenda records.

PAYER IDENTIFICATION NUMBER: Input one of the following numbers. Importer number (i.e., IRS Employer Identification Number + 2 character CBP suffix), Social Security number, CBP assigned number or Filer Code. CBP requires that you use the same identification number that appears on your statement and entry summaries, including the suffix, as appropriate. The Filer Code (i.e., 3 character broker ID) should only be used if the broker is also the importer of record. Must be left justified with spaces for the remaining positions. Do not input hyphens. The field length is 15 positions.

RECEIVING COMPANY NAME: "CBP" Must be left justified with spaces for the remaining 10 positions. The field length is 22 positions.

ADDENDUM INFORMATION (TXP)

The Addendum Record identifies the specific document number and the specific amount that is being paid. All items within quotation marks (" ") must be input as shown without the quotation marks. The Addendum record contains the data elements described below and on the next page. An example of a TXP Addendum Record is shown on page 8.

80 CHARACTER PAYMENT INFORMATION SECTION

SEGMENT IDENTIFIER: "TXP" 3 positions, beginning at position 4 of the 94 character addendum record, which is also the first position of the 80 character payment information section.

DATA ELEMENT SEPARATOR: "*" in next position. An **Asterisk** must be used to separate each data element in the 80-character payment information section of the addendum record.

DOCUMENT NUMBER (Next 10 positions, depending upon the payment type):

STATEMENT PAYMENT: Statement number that is being paid (next 10 positions).

DATA ELEMENT SEPARATOR: "*" in next position, after the end of the specific document number that is input.

PAYMENT TYPE CODE (Next 5 positions): This is a critical data field that identifies the type of document number that is being paid. Input payment type:

STATEMENT PAYMENT: "20003"

DATA ELEMENT SEPARATOR: "*" in next position

SETTLEMENT DATE: Use the Effective Date from the batch header record. The date should be no later than the due date of the payment. **(Next 6 positions in YYMMDD format or 8 positions in YYYYMMDD format).**

DATA ELEMENT SEPARATOR: "*" in next position

AMOUNT TYPE CODE: "T". An "X" may also be used.

DATA ELEMENT SEPARATOR: "*" in next position

DOCUMENT AMOUNT: Document payment amount. Up to 10 positions with no decimal point, comma or dollar sign. For example, $1,347.86 would be input as "134786".

SEGMENT TERMINATOR: "\" in next position after the document amount. A backslash must be used. Spaces are used to complete the 80-character payment information section after the backslash.

EXAMPLES OF STATEMENT PAYMENT TXP ADDENDUM RECORD

STATEMENT PAYMENT (20003): The payment of statement number 4497160143 for $1,347.86 with a due date of June 11, 2007 is formatted in the Payment Information section of the Addendum Record as follows:

TXP*4497160143*20003*070611*T*134786\
OR
TXP*4497160143*20003*20070611*T*134786\

INSTRUCTIONS FOR PRENOTE ADDENDUM INFORMATION

Your prenote transaction should include an addendum record to allow CBP to verify that your company can properly format the data. **We recommend that you include the sample addendum records above as your prenote addendum record.** The prenote is a non-dollar transaction; your bank will not debit your account. If your bank cannot transmit a prenote with an addendum record, you may transmit a payment with a nominal sum on the addendum record, such as one cent, in lieu of a prenote.

NOTE: *Your broker must be on ABI Processing and Statement Processing in order to use ACH Credit for statement payments. Please consult with your broker prior to sending application and prenote to ensure you can be approved for ACH Credit. If you are interested in receiving information on Bill Payer or Tax Deferred payment options please contact the ACH help desk.*

Contact - If you have any questions concerning the ACH Credit process, please call the ACH Help Desk on (317) 298-1200, extension 1098.