

Carnets

Carnets are "Merchandise Passports." They are international customs documents that simplify customs procedures for the temporary importation of various types of goods. In the U.S., two types are issued: ATA and TECRO/AIT Carnets.

History of the ATA Carnet System

To encourage world trade by reducing the obstacles caused by varying national customs regulations, the Customs Co-operation Council, which is now the World Customs Organization, adopted in December, 1961, the "Customs Convention on the ATA Carnet for the Temporary Admission of Goods." Carnets are issued and guaranteed by national groups, which administer the ATA Carnet System under a set of conditions established by the International Bureau of Chambers of Commerce (IBCC). The IBCC is sponsored by the International Chamber of Commerce (ICC) in Paris. Customs authorities in over 75 countries accept the Carnet as a guarantee that all duties and taxes will be paid if the Carnet is misused.

ATA Carnets ease the temporary importation of commercial samples (CS), professional equipment (PE), and goods for exhibitions and fairs (EF). ATA is an acronym of the French and English words Admission Temporaire/Temporary Admission. They facilitate international business by avoiding extensive customs procedures, eliminating payment of duties and value-added taxes (minimum 20% in Europe, 27% in China), and replacing the purchase of temporary import bonds. Payment is not necessary because the Carnet guarantees that the merchandise or equipment will be re-exported within a year. Carnets also serve as the U.S. registration of goods, so that the goods can re-enter the U.S. without payment of duties and taxes. A few countries and municipalities levy taxes in addition to import taxes. These may be called, for instance, usage taxes. Carnet holders have infrequently had to pay these taxes in countries, such as, India or China. Since they are not import taxes, the ATA Carnet will not apply.

TECRO/AIT Carnets, used between the U.S. and Taiwan only, appear similar to, and serve the same function as, the ATA Carnet. TECRO/AIT Carnets result from a bilateral agreement between the U.S. and Taiwan, covering only commercial samples (CS), and professional equipment (PE). TECRO is the acronym for the Taipei Economic and Cultural Representative Office in the United States (TECRO) and AIT is for the American Institute in Taiwan. They represent the contracting parties to this agreement between the U.S. and Taiwan. Merchandise entering countries in addition to Taiwan may also be accompanied by an ATA Carnet.

Benefits of Carnets

Carnets save time, effort, and money; they:

- May be used for unlimited exits from and entries into the U.S. and foreign countries (Carnets are valid for one year);
- Are accepted in over 75 countries and territories;
- Eliminate value-added taxes (VAT), duties, and the posting of security normally required at the time of importation;
- Simplify customs procedures by allowing a temporary exporter to use a single document for all customs transactions, make arrangements in advance, and at a predetermined cost; and
- Facilitate reentry into the U.S. by eliminating the need to register the goods with U.S. Customs at the time of departure.

Merchandise Covered by Carnets

Virtually all goods, including commercial samples, professional equipment, and items for tradeshow and exhibitions, including display booths.

Ordinary goods, such as, computers, tools, cameras and video equipment, industrial machinery, automobiles, gems and jewelry, and wearing apparel.

Extraordinary items, for example, Van Gogh Self-portrait, Ringling Brothers tigers, Cessna jets, Paul McCartney's band instruments, World Cup class yachts, satellites, human skulls, and the New York Philharmonic.

Merchandise NOT Covered by Carnets

Consumable or disposable goods, such as, food and agriculture products, giveaways, or postal traffic.

Comparison of Carnets to other options.

All countries have procedures allowing for the temporary importation of goods for across their borders. Such importations are generally valid for less than 12 months. Importers may choose from three options when considering a temporary importation:

- Duty refund,
- Temporary importation under bond (TIB), and
- Carnets.

Duty refund is the process by which an importer registers the goods at the time of entry, and deposits the applicable duties and taxes. For example in Europe, duty and taxes range from 20-30%, Australia 50%, and China 40%, of the value of the goods. At the time of departure, the exporter presents the goods and appropriate paperwork to a customs inspector. Exporters can expect to receive a full refund of the duties and taxes posted at some future point. For example, European countries the refunds are generally made two to six months after departure with payments made in the local currency, such as, French Franc.

For a TIB, importers are required to secure the TIB from a customhouse broker at the time of entry into the foreign country. The purchase of a TIB is required for each country visited on every trip. Fees for TIBs vary widely.

Carnets may be used for unlimited exits from and entries into the U.S. and foreign countries; are accepted in over 75 destinations worldwide; eliminate VATs, duties, and the posting of security normally required at the time of importation; and simplify customs procedures. Carnets allow temporary exporters to use a single document for all customs transactions, make arrangements in advance, and at a predetermined cost. Carnets facilitate reentry into the U.S. by eliminating the need to register goods with U.S. Customs at the time of departure.

Export/Import Requirements

Obtaining a Carnet does **not** release your obligation to comply with U.S. Government export controls or foreign country import controls. Some articles may require an export license for reasons of national security and foreign policy. An export license allows U.S. companies to export commodities that are controlled by U.S. regulations. Need to check with foreign customs in advance for their import restrictions or requirements on goods entering their country.