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**DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection**

DEPARTMENT OF THE TREASURY

19 CFR PARTS 4 and 24

CBP Dec. 12-04

USCBP-2008-0085

RIN 1515-AD74

INTEREST ON UNTIMELY PAID VESSEL REPAIR DUTIES

AGENCIES: U.S. Customs and Border Protection, Department of Homeland Security; Department of the Treasury.

ACTION: Final rule.

SUMMARY: This document adopts as a final rule, without change, the proposed amendments to the CBP regulations that provide that where an owner or master of a vessel documented under the laws of the United States fails to timely pay the duties determined to be due to CBP that are associated with the purchase of equipment for, or repair to, the vessel while it is outside the United States, interest will accrue on the amounts owed to CBP and that person will be liable for interest. The purpose of this document is to ensure that the CBP regulations reflect that CBP collects interest as part of its inherent revenue collection functions in situations where an owner or master of a vessel fails to pay the vessel repair duties determined to be due within 30 days of CBP issuing the bill.

EFFECTIVE DATE: [Insert date 30 days after date of publication of this document in the **Federal Register**.]

FOR FURTHER INFORMATION CONTACT: George F. McCray, Chief, Cargo Security, Carriers and Immigration Branch, Regulations and Rulings, Office of International Trade, (202) 325-0082.

SUPPLEMENTARY INFORMATION:

Background

On April 1, 2011, U.S. Customs and Border Protection (CBP) published in the **Federal Register** (76 FR 18132) a proposal to amend title 19 of the Code of Federal Regulations (19 CFR) regarding the payment of interest on untimely paid vessel repairs. Specifically, CBP proposed amendments to the regulations to provide that where an owner or master of a vessel documented under the laws of the United States fails to timely pay the duties determined to be due to CBP that are associated with the purchase of equipment for, or repair to, the vessel while it is outside the United States, interest will accrue on the amounts owed to CBP and that person will be liable for interest.

CBP solicited comments on the proposed rulemaking.

Discussion of Comment

One commenter responded to the solicitation of public comment in the proposed rule. The comment was favorable and recommended adoption of the proposed amendments as a final rule.

Conclusion

In light of the fact that a single favorable comment was submitted in response to CBP's solicitation of public comment, CBP has determined to adopt as final the proposed rule published in the **Federal Register** (76 FR 18132) on April 1, 2011 without change.

THE REGULATORY FLEXIBILITY ACT AND EXECUTIVE ORDER 12866

Because these amendments merely reflect the agency's revenue collection functions and rights, and impose no additional regulatory burden on the importing public, pursuant to the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 et seq., it is certified that the amendments will not have a significant economic impact on a substantial number of small entities. Further, these amendments do not meet the criteria for a "significant regulatory action" as specified in Executive Order 12866.

PAPERWORK REDUCTION ACT

As there are no new collections of information in this document, the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) are inapplicable.

SIGNING AUTHORITY

This rulemaking is being issued in accordance with 19 CFR 0.1(a)(1), pertaining to the authority of the Secretary of the Treasury (or his/her delegate) to approve regulations related to certain CBP revenue functions.

LIST OF SUBJECTS

19 CFR Part 4

Administrative practice and procedure, Cargo vessels, Customs duties and inspection, Entry, Passenger vessels, Penalties, Repairs, Reporting and recordkeeping requirements, Shipping, Vessels.

19 CFR Part 24

Accounting, Claims, Customs duties and inspection, Exports, Imports, Interest, Reporting and recordkeeping requirements, Taxes, User fees, Wages.

AMENDMENTS TO THE REGULATIONS

For the reasons set forth in the preamble, parts 4 and 24 of title 19 of the CFR (19 CFR Parts 4 and 24) are amended as set forth below.

PART 4 – VESSELS IN FOREIGN AND DOMESTIC TRADE

1. The general authority citation for part 4 continues, and the specific authority citation for § 4.14 is revised, to read as follows:

AUTHORITY: 5 U.S.C. 301; 19 U.S.C. 66, 1431, 1433, 1434, 1624, 2071 note; 46 U.S.C. 501, 60105.

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Section 4.14 also issued under 19 U.S.C. 1466, 1498; 31 U.S.C. 9701.

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2. In § 4.14:
- a. The section heading is revised;
 - b. Paragraph (i)(3) is redesignated as paragraph (i)(4) and a new paragraph (i)(3) is added; and

c. Paragraph (j)(1) is amended by adding a new third sentence.

The revisions and additions read as follows:

§ 4.14 Equipment purchases for, and repairs to, American vessels.

* * * * *

(i) * * *

(3) Application for Relief; failure to file or denial in whole or in part. If no Application for Relief is filed, or if a timely filed Application for Relief is denied in whole or in part, the VRU will determine the amount of duty due and issue a bill to the party who filed the vessel repair entry. If the bill is not timely paid, interest will accrue as provided in § 24.3a(b)(1) of this chapter.

(j) * * *

(1) * * * The owner or master of the vessel who fails to timely pay the duty determined to be due is liable for interest as provided in § 24.3a(b)(1) of this chapter.

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PART 24 - CUSTOMS FINANCIAL AND ACCOUNTING PROCEDURE

3. The general authority citation for part 24 is revised to read as follows:

AUTHORITY: 5 U.S.C. 301; 19 U.S.C. 58a-58c, 66, 1202 (General Note 3(i), Harmonized Tariff Schedule of the United States, 1505, 1520, 1624; 26 U.S.C. 4461, 4462; 31 U.S.C. 3717, 9701; Public Law 107-296, 116 Stat. 2135 (6 U.S.C. 1 et. seq.).

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4. Section 24.3a is amended:

- a. By revising the section heading;
- b. In paragraph (a): by adding, after the parenthetical phrase that ends with the word “reliquidation”, the language “, or vessel repair duties,”; and by removing the words “shall be” and adding in their place the word “are”;
- c. In the heading text to paragraph (b)(1), by adding after the word “for” the words “vessel repair duties,”;
- d. In paragraph (b)(2)(i) introductory text, by removing the word “shall” and adding in its place the word “will”;
- e. In paragraph (b)(2)(i)(A), by removing the word “shall” and adding in its place the word “will”;
- f. In paragraph (b)(2)(i)(B) introductory text, by removing the word “shall” and adding in its place the word “will”;
- g. In paragraph (b)(2)(i)(B)(1), by removing the word “shall” and adding in its place the word “will”;
- h. In paragraph (b)(2)(i)(B)(2), by removing the word “shall” and adding in its place the word “will”;
- i. In paragraph (b)(2)(i)(B)(3), by removing the word “shall” wherever it appears and adding in each place the word “will”;
- j. In paragraph (b)(2)(i)(B)(4), by removing the word “shall” and adding in its place the word “will”;
- k. In paragraph (b)(2)(i)(C), by removing the word “shall” and adding in its place the word “will”;

l. In paragraph (b)(2)(ii), by removing the word “shall” wherever it appears and adding in each place the word “will”; and

m. In paragraph (c)(1), by removing the words “CBP Office of Finance, Indianapolis, Indiana” and adding in their place the language “CBP’s Revenue Division, Office of Administration”.

The revision reads as follows:

§ 24.3a CBP bills; interest assessment on bills; delinquency; notice to principal and surety.

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David V. Aguilar

Acting Commissioner
U.S. Customs and Border Protection

Approved: March 21, 2012

Timothy E. Skud

Deputy Assistant Secretary of the Treasury