



## **DEPARTMENT OF HOMELAND SECURITY**

### **U.S. Customs and Border Protection**

#### **Mobile Collections & Receipts (MCR): Implementation of Phase Two**

**AGENCY:** U.S. Customs and Border Protection; U.S Department of Homeland Security.

**ACTION:** General notice.

**SUMMARY:** U.S. Customs and Border Protection (CBP) is conducting a test to allow for the payment of certain commercial vessel taxes and fees with electronic methods, including credit cards. Payment can be made through the existing Mobile Collections & Receipts (MCR) system's payment portal at eCBP (<https://e.cbp.dhs.gov>) or at the ports of entry for any commercial vessel arriving at a maritime port of entry. Participation in the test is voluntary. CBP will continue to accept payments by cash or check at the ports of entry. This notice describes the test and invites public comment on any aspect of the test.

**DATES:** The test will begin no earlier than [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] and will continue for two years. Comments concerning this notice and all aspects of the test may be submitted at any time during the test to the address set forth below.

**ADDRESSES:** Written comments concerning any aspect of the test should be submitted to the CBP Revenue Modernization Office at [revmod@cbp.dhs.gov](mailto:revmod@cbp.dhs.gov). In the subject line of your email please indicate "Comment on Mobile Collections & Receipts Test."

**FOR FURTHER INFORMATION CONTACT:** Clint Kiehl, Rev Mod Program Manager, Office of Finance, U.S. Customs and Border Protection, via email at [clinton.kiehl@cbp.dhs.gov](mailto:clinton.kiehl@cbp.dhs.gov) or by telephone at (317) 677-4579.

#### **SUPPLEMENTARY INFORMATION:**

##### **I. Background**

## **A. Mobile Collections & Receipts (MCR) System**

U.S. Customs and Border Protection (CBP) is committed to modernizing the payment and processing of various taxes and fees paid by the public. In furtherance of this goal, CBP developed the Mobile Collections & Receipts (MCR) system.<sup>1</sup> The MCR system calculates the amount of taxes and fees due based on information pulled from other CBP databases electronically or entered by an authorized CBP employee. The MCR system then automatically populates an electronic receipt, which is a single, combined electronic equivalent of two separate paper forms – CBP Form 368 Collection Receipt (CBP Form 368) and CBP Form 1002 Certificate of Payment of Tonnage Tax (CBP Form 1002). This notice refers to this electronic receipt as the electronic Form 368/1002. The MCR system sends the electronic Form 368/1002 via email to the entity responsible for payment.

The MCR system also allows the public to pay applicable taxes and fees through electronic methods, such as online or through Europay, Mastercard and Visa (EMV) card readers, which enables contactless payments through various methods, including credit cards and digital wallets. For online payment, MCR's public-facing payment website is located at the eCBP portal (<https://e.cbp.dhs.gov>), which directs the entity making the payment to complete the transaction on Pay.gov.<sup>2</sup> Currently, the MCR system, through eCBP and its interface with Pay.gov, allows the public to make payments related to the Customs Broker License Exam and Triennial Status Report, with additional fees to be added in the future.

The MCR system largely replaced what is a paper-based, manual, and burdensome process for the calculation and processing of payments. Under the manual

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<sup>1</sup> For more information on the Mobile Collections and Receipts initiative, visit: <https://www.cbp.gov/trade/priority-issues/revenue/revenue-modernization/automation-368-and-1002-receipts>.

<sup>2</sup> Pay.gov is a website managed by the Department of the Treasury that enables entities to make online payments to the federal government using various forms of payment.

process, CBP officers (CBPOs) and other authorized CBP employees are required to manually calculate the amount due for a particular transaction, manually complete a paper version of CBP Forms 368 and 1002 (if applicable), and manually enter the payment information in CBP's systems after collecting payment.<sup>3</sup> *See, e.g.*, sections 4.23 and 24.2 of title 19 of the Code of Federal Regulations (19 CFR 4.23, 24.2). Since the implementation of MCR for the calculation and processing of certain maritime fees, maritime ports have adopted MCR and generally no longer use the manual method.

#### **B. Phase One of the MCR Test**

Phase One of the MCR test, the Mobile Collections and Receipts (MCR) Pilot, was announced on December 8, 2017, in the *Federal Register* (82 FR 58008) (2017 MCR Pilot). The 2017 MCR Pilot allowed for the electronic payment of and receipt generation for certain commercial vessel taxes and fees through the MCR system. 82 FR at 58008. Specifically, the 2017 MCR Pilot permitted online payment and developed electronic receipts for the following taxes and fees: regular and special tonnage tax; light money; Consolidated Omnibus Budget Reconciliation Act (COBRA) user fees, including the prepayment of the annual COBRA fee; Agriculture Quarantine and Inspection (AQI) Fees; and navigation fees. *See* 82 FR at 58010. However, when CBP began operating the MCR system and issuing electronic receipts, CBP was unable to begin accepting online payments for these specified commercial vessel taxes and fees.

The 2017 MCR Pilot was limited to commercial vessels arriving at one of four designated ports of entry: Los Angeles-Long Beach, California; New Orleans, Louisiana; Gulfport, Mississippi; and, Mobile, Alabama. *See* 82 FR at 58010. Any entity responsible for the payment of the taxes and fees for vessels arriving at one of the four designated ports of entry could participate in the 2017 MCR Pilot by providing the

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<sup>3</sup> For additional details on the paper-based process for commercial vessel taxes and fees, see the notice published in the *Federal Register* (82 FR 58008) on December 8, 2017, announcing the 2017 MCR Pilot.

processing CBPO or other authorized CBP employee with an email address. 82 FR at 58009. The MCR system generated an electronic version of Forms 368 and 1002 and sent an electronic copy via email to the entity responsible for payment. 82 FR 58009. The 2017 MCR Pilot Notice was also the first time that CBP announced the implementation of the MCR system in the *Federal Register* and described the electronic receipt process, including the creation and issuance of electronic versions of Forms 368 and 1002, and the use of electronic devices that CBP employees could use to access the MCR system outside the port office. *See* 82 FR at 58009.

CBP is now able to accept online payments and is implementing Phase Two of the MCR test, which will authorize entities to pay commercial vessel taxes and fees online, in order to allow these entities to fully benefit from the efficiencies of the MCR system.

### **C. Purpose of the MCR Test: Phase Two**

CBP regulations currently restrict the payment methods available for various taxes and fees. For example, in general, CBP will accept payment of Customs duties, taxes, fees, interest, and other charges with cash or check only. *See* 19 CFR 24.1 and 24.2. Payment with a credit or charge card is limited to non-commercial entries. 19 CFR 24.1(a)(7). Additionally, a CBPO who collects payment for an amount over \$100 in the form of a government check, personal check, traveler's check, or money order must obtain the approval and signature of the CBPO in charge in order to accept the payment. *See* 19 CFR 24.1(b)(2).

Phase Two of the MCR test will allow CBP to test the feasibility of accepting electronic payment options for five categories of commercial vessel taxes and fees that cannot be paid electronically under CBP's current regulations. The five categories of commercial vessel taxes and fees are: tonnage tax (regular and special) and light money (19 CFR 4.20), Consolidated Omnibus Budget Reconciliation Act (COBRA) user fees (19 CFR 24.22(b)), Agriculture Quarantine and Inspection (AQI) fees (7 CFR 354.3(b)),

and navigation fees (19 CFR 4.98). By CBP's allowing for electronic payments of these commercial vessel taxes and fees, vessel owners/operators and vessel agents will be able to take full advantage of the MCR system. This will provide numerous benefits for CBP and the trade. For example, the MCR system reduces the number of mistakes in the calculation of taxes and fees due because the MCR system can implement any changes to the fee calculations quickly and efficiently for all ports. Additionally, the MCR system eliminates the need for CBP employees to manually enter information into CBP's systems or to perform other tasks necessary to maintain the security or inventory of the paper versions of CBP Forms 368 and 1002. This enables CBP employees to spend less time on administrative tasks and more time focusing on higher priority mission support activities.

## **II. MCR Test: Phase Two**

Phase Two of the MCR test will allow for the electronic payment of certain vessel maritime taxes and fees for commercial vessels. Payment through electronic methods will be voluntary and CBP will continue to accept cash or check payments consistent with current requirements and practice. The collection of payments under Phase Two will operate largely the same as described in the initial 2017 MCR Pilot, except that Phase Two will allow for electronic payments for vessels arriving at any maritime port of entry (as opposed to the four ports of entry designated in the 2017 MCR Pilot) and will include online payments and using an EMV card reader at the port. Details of Phase Two of the MCR test are provided below.

### **A. Participation in the Test**

Any commercial vessel agent or other entity responsible for payment of commercial vessel taxes and fees may participate in the test. No application is required to participate. However, in order to receive notification emails from the MCR system, a commercial vessel agent or other entity submitting payment must register an email

address with the CBPO or other authorized CBP employee processing the vessel arrival in the MCR system. When a commercial vessel arrives at a port of entry, the vessel's agent or other entity wishing to receive email notifications or receive the electronic Form 368/1002 will be able to confirm any email addresses with an authorized CBP employee and provide additional email addresses for receipt of electronic receipts.

## **B. Eligible Taxes and Fees**

Phase Two allows for the electronic payment of the following commercial vessel taxes and fees: tonnage tax (regular and special) and light money (19 CFR 4.20), Consolidated Omnibus Budget Reconciliation Act (COBRA) user fees (19 CFR 24.22(b)), Agriculture Quarantine and Inspection (AQI) fees (7 CFR 354.3(b)), and navigation fees (19 CFR 4.98).

Additionally, CBPOs and other authorized CBP employees, at the time of inspection, will have the option to add applicable non-commercial fees and taxes for which credit or charge cards have been authorized by the Commissioner of CBP pursuant to 19 CFR 24.1(a)(7) to the vessel's overall transaction. Such non-commercial fees and taxes are not part of Phase Two of the MCR test.<sup>4</sup> However, for the convenience of the vessel owner/agent and CBP, all taxes and fees, whether authorized for electronic payment by this MCR test or by current regulations, can be combined for purposes of making a single payment and receipt.

CBP may further expand the MCR test in the future to allow for the electronic payment of additional commercial taxes and fees. Any expansion of Phase Two of the MCR test will be announced in the *Federal Register*.

## **C. Electronic Payment Process at the Ports of Entry**

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<sup>4</sup> Examples of non-commercial fees that may be applicable to a particular vessel include duties for passenger or crew baggage, excise taxes imposed on crew and passengers, and immigration fees applicable to crew and passengers, such as fees for port of entry parole of crewmembers. A complete list of the eligible fees will be available at the MCR website (<https://www.cbp.gov/trade/priority-issues/revenue/revenue-modernization>).

The MCR system will automatically identify the commercial vessels that are due to arrive at the designated ports of entry. The CBPO or other authorized CBP employee will use the MCR system to then determine whether the arrival information submitted to CBP through approved electronic data interchange systems is sufficient to calculate the applicable maritime taxes and fees due for each commercial vessel. If there is not sufficient information, the CBPO or other authorized CBP employee can obtain the necessary information at the time of inspection or payment.

Once the CBPO has sufficient information, the vessel agent or carrier will be asked whether the agent or carrier wants to pay online or with the EMV card reader, which accepts various forms of payment, including credit cards and digital wallet payments at the point of collection. If online payment is selected, CBP will send a notification email to the relevant carrier or vessel agent at the email address they registered with eCBP. The notification email will state that the applicable taxes and fees have been calculated for a specific commercial vessel and payment can now be made on the eCBP payment portal. The entity responsible for payment will then have the opportunity to log on to the MCR system's customer-facing eCBP payment portal, review the calculated amount of taxes and fees due, and, through eCBP's interface with Pay.gov, submit payment online through Pay.gov with a credit or debit card, or any other payment option available on Pay.gov at the time of payment. Alternatively, the entity responsible for payment may pay using an EMV card reader. Additionally, for test participants who make payment online, through the EMV card reader, or by check or money order, CBPOs will not be required to obtain the signature of the CBPO in charge, as is otherwise required for payments over \$100 made with a government check, personal check, traveler's check, or money order pursuant to 19 CFR 24.1(b)(2).

After payment is accepted, the MCR system will send an electronic Form 368/1002 to the email address/addresses provided by the entity that made the payment.

Electronic payments will be accepted up to the time the vessel is cleared by CBP.

Payments required for CBP clearance must be made before clearance is granted. In all situations, CBPOs and other authorized CBP employees will have the ability to review, amend, or add data as needed to accurately calculate applicable taxes and fees prior to entering or clearing a vessel.

Payment through electronic methods, including credit cards, is voluntary.

Throughout the test, commercial vessel agents and other entities responsible for payment for commercial vessel taxes and fees will continue to be able to pay by cash or check in accordance with current requirements. CBP will provide the electronic Form 368/1002 as a receipt for all payments made by test participants, regardless of whether payment was made in person by cash or check, online, or in-person using a card reader. However, the port office will provide paper copies of electronic Form 368/1002 upon request.

This test will not affect the amount of taxes and fees due or the requirement that all applicable fees must be paid prior to CBP issuing a clearance certificate.

Additionally, vessel operators will continue to be required to present paper copies of Forms 368 and 1002 as proof of payment at subsequent ports and entries. This means that vessel owners/operators must print out the electronic Form 368/1002 to present it to CBP.

#### **D. Eligible Ports of Entry**

Phase Two of the MCR test allows for electronic payments for commercial vessels arriving at any of the U.S. maritime ports of entry.

#### **E. Duration of the Test**

The test will begin no earlier than [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] and will continue for two years.

### **III. Privacy**

CBP will ensure that all Privacy Act requirements and applicable policies are adhered to during the implementation of this test.

#### **IV. Paperwork Reduction Act**

The Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3507(d)) requires that CBP consider the impact of paperwork and other information collection burdens imposed on the public. An agency may not conduct, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number assigned by the Office of Management and Budget. There is no information collection associated with this test, so the provisions of the PRA do not apply.

#### **V. Authorization for the Test**

This test is being conducted in accordance with 19 CFR 101.9(a), which authorizes the Commissioner to impose requirements different from those specified in the CBP regulations for the purposes of conducting a test program or procedure designed to evaluate the effectiveness of new technology or operational procedures regarding the processing of passengers, vessels, or merchandise. Consequently, the regulatory provisions set forth in chapter 1 of title 19 of the CFR will be suspended to the extent that they conflict with the terms of this test. Such regulatory suspension will remain in effect for the duration of this test and will only apply to test participants; the regulatory provisions remain in effect for all non-test participants.

As explained above, for participants in this test, CBP will waive the requirements to pay commercial vessel taxes and fees with cash or check, as required by 19 CFR 24.1, at the time of arrival or when the applicable service is provided, if the participant has paid all applicable taxes and fees electronically pursuant the procedures of this test and prior to the time the vessel is cleared by CBP. The test also permits CBPOs to process the payment of over \$100 made by check, money order, online, or through the EMV card reader without obtaining authorization from the CBP officer in charge.

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