



# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

### Postal Service Process for Handling Customs Duties and Fees

### Audit Report

Report Number  
NL-AR-16-002  
May 25, 2016

**POSTMASTER COLLECT DUTIES AND POSTAL FEE**

READ INSTRUCTIONS TO POSTMASTER ON ENCLOSED ENTRY FORM BEFORE COMPLETING DELIVERY

ITEM CODE	QUANTITY	RATE	AMOUNT	Addressed to Receiver
	1.0		\$6.00	
			\$5.50	
Customs Processing Fee (Pub L.99-272) (Does not include Postal handling fee)			\$111.13	

PORT 2720 PARCELS 1

DATE INSPECTED 2016-03-01

MAIL ENTRY # 00000000000

ORIGIN JP

SENDER Miduno

ADDRESSEE RECEIVED ARTICLES X

USPS TRACKING # XX0000000000XX

POSTMASTER COLLECT

John Smith  
111 Main Street  
Anytown, State 00000

POSTMASTER RECEIVED PAYMENT X

SEND PROTEST TO THE ADDRESS BELOW (IMPORTANT - SEE REVERSE)

U.S. CUSTOMS MAIL FACILITY  
P.O. BOX 5124  
Torrance, CA 90501

U.S. CUSTOMS AND BORDER PROTECTION  
MAIL ENTRY  
19 CFR 145.4 145.12

DEPARTMENT OF HOMELAND SECURITY  
CBP Form 3416 (Rev. 11/11)

TO OPEN LIFT

B

POSTMASTER: SUBMIT THIS FORM AT THE END OF EACH MONTH TO THE ADDRESS SHOWN ON THE BACK OF THE ORIGINAL



# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Highlights

***We found that the Postal Service process for handling CBP duties and fees is not effective.***

### Background

U.S. Customs and Border Protection (CBP) assesses duties on inbound international mail arriving at the U.S. Postal Service's five International Service Centers (ISC) in New York, Chicago, Los Angeles, San Francisco, and Miami; the gateway exchange office in Honolulu and at International Mail Facilities in San Juan, St. Thomas, and Newark. This mail is known as dutiable mail. In addition to the duties levied, CBP charges a \$5.50 processing fee and the Postal Service charges a \$6.00 handling fee per item. Postal Service delivery unit employees must collect these duties and fees from the addressee once the dutiable mail is delivered. Accounting Services remits the collected duties and fees to CBP monthly. When delivery unit employees are unable to deliver a dutiable item, they are required to complete the appropriate forms and submit them to CBP so it does not charge the Postal Service for the uncollected amount. Additionally, the Postal Service must return undeliverable dutiable items to the sender. Our objective is to assess the effectiveness of the Postal Service process for handling Customs duties and fees.

### What The OIG Found

The Postal Service process for handling CBP duties and fees is not effective. We conducted on-site observations at the Los Angeles ISC and five delivery units in the Los Angeles

District. In addition, we reviewed the reconciliation process at the Accounting Services Center in Eagan, MN, and analyzed expense data related to duties and fees. We found that during fiscal year (FY) 2015, the Postal Service did not collect about \$1.2 million of \$2.3 million (or 55 percent) in CBP-assessed duties and processing fees. Specifically, Postal Service employees at all five delivery units visited did not handle dutiable mail as accountable items for collecting the required duties and processing fees on delivery or report undeliverable items to CBP. As a result, the Postal Service was billed for CBP duties and processing fees. This occurred because delivery unit employees were not familiar with policies and procedures for handling dutiable items and reporting undeliverable items due to lack of training and management oversight. Consequently, the Postal Service incurred unnecessary expenses of about \$1.33 million in FY 2014 and \$1.23 million in FY 2015. It could also have a cost avoidance averaging about \$1.43 million annually in CBP-assessed duties and fees over the next 5 years by improving controls over dutiable items.

### What The OIG Recommended

We recommended the vice president, Delivery Operations, direct delivery unit management to provide periodic training to employees on existing policies and procedures for effectively collecting duties and fees and reporting undeliverable items to CBP.

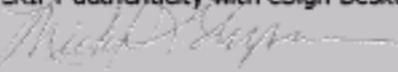
# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

MAY 25, 2016

**MEMORANDUM FOR:** EDWARD F. PHELAN, JR.  
VICE PRESIDENT, DELIVERY OPERATIONS

E-Signed by Michael Thompson  
VERIFY authenticity with eSign Desktop  


**FROM:** Michael L. Thompson  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Audit Report – Postal Service Process for Handling Customs  
Duties and Fees (Report Number NL-AR-16-002)

This report presents the results of our audit of the Postal Service Process for Handling Customs Duties and Fees (Project Number 16XG006NO000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Margaret B. McDavid, acting director, Transportation, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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# Findings

**During FY 2015, the Postal Service did not collect about \$1.2 million of \$2.3 million (or 55 percent) in CBP-assessed duties and processing fees. As a result, the Postal Service did not receive a credit transaction and was billed for CBP duties and fees.**

## Introduction

This report presents the results of our self-initiated audit of the U.S. Postal Service process for handling Customs duties and fees (Project Number 16XG006NO000). The objective was to assess the effectiveness of the Postal Service process for handling Customs duties and fees. See [Appendix A](#) for additional information about this audit.

U.S. Customs and Border Protection (CBP) assesses duties on inbound international mail items arriving at the Postal Service's five International Service Centers (ISC) in New York, Chicago, Los Angeles, San Francisco, and Miami; the gateway exchange office in Honolulu and at International Mail Facilities in San Juan, St. Thomas, and Newark. These mail items are known as dutiable mail. In addition to the duties levied, CBP charges a \$5.50 processing fee and the Postal Service charges a \$6.00 handling fee per item. Postal Service delivery unit employees<sup>1</sup> are required to collect these duties and fees from the addressee once the dutiable mail is delivered. Accounting Services remits the collected duty and fees to CBP monthly.

If delivery unit employees are unable to deliver or collect the CBP-assessed duty and fee on dutiable items, they must complete the appropriate forms and submit them to CBP to receive the proper credit against the payment of the duties and fees. Additionally, the Postal Service must return undeliverable dutiable items to the senders. The Postal Service's Accounting Services Center in Eagan, MN, performs a monthly reconciliation of outstanding dutiable items and remits funds to CBP.

## Summary

The Postal Service process for handling Customs duties and fees is not effective. We found that during fiscal year (FY) 2015, the Postal Service did not collect about \$1.2 million of \$2.3 million (or 55 percent) in CBP-assessed duties and fees. Specifically, Postal Service employees at all five delivery units visited did not handle dutiable mail as accountable items for collecting the required duties and fees on delivery and did not report undeliverable items to CBP, as required. As a result, the Postal Service did not receive a credit transaction and was billed for CBP duties and fees. This occurred because delivery unit employees were not familiar with the policies and procedures for properly handling and reporting undeliverable dutiable items due to lack of training and management oversight.



<sup>1</sup> Dutiable mail will be delivered by city and rural carriers and by window clerks.

Consequently, the Postal Service incurred unnecessary nationwide expenses of about \$1.33 million in FY 2014 and \$1.23 million in FY 2015. It could also have a cost avoidance averaging about \$1.43 million annually over the next 5 years by improving controls over dutiable items.

## Delivery Unit Procedures

The Postal Service's process for handling Customs duties and fees is not effective. We found that during FY 2015, the Postal Service did not collect about \$1.2 million of \$2.3 million (or 55 percent) in CBP-assessed Customs duties and fees.

Specifically, delivery unit employees did not handle dutiable mail as accountable items to ensure duties and fees were collected upon delivery. We reviewed delivery tracking records from the Product Tracking and Reporting System (PTRS) for 6,373 uncollected dutiable mail<sup>2</sup> items and found that 3,773 items (or 59 percent) were delivered, incurring \$250,094 in Customs duties and fees, which indicated delivery unit carriers did not collect or remit the funds as required. In addition, we observed the delivery unit employees at five delivery units in the Los Angeles District not handling dutiable mail as accountable items to ensure collection of duties and fees. Postal Service policies require delivery unit employees to handle dutiable mail as accountable items<sup>3</sup> and collect duties and fees on delivery.<sup>4</sup>

Delivery unit employees also did not report undeliverable items to CBP, as required, to receive the appropriate credit transaction. Our analysis found only 6,373 dutiable mail items had a valid delivery tracking. Of that total, 2,600 (or 41 percent) were not delivered and the Postal Service did not receive credit for the associated duties and fees in the amount of \$203,959. Further, none of the five retail clerks we interviewed at the selected Los Angeles District delivery units reported undeliverable dutiable items to CBP because they were not aware of the reporting procedures. Postal Service policies require delivery unit employees to report undeliverable items to CBP.<sup>5</sup>

This occurred because delivery unit employees were not familiar with the process of handling dutiable items due to lack of training and management oversight. None of the 41 employees<sup>6</sup> we interviewed at the five delivery units had been trained on the proper handling of dutiable mail. Subsequent to our visit, the West Los Angeles Station gave a stand-up talk to delivery unit employees on handling dutiable items.

Consequently, the Postal Service incurred unnecessary expenses of about \$1.33 million in FY 2014, and \$1.23 million in FY 2015. The Postal Service could see a cost avoidance of about \$7.16 million in CBP-assessed duties and fees over the next 5 years by improving controls over dutiable items. The Postal Service also sustained a loss of revenue for uncollected Customs clearance and delivery fees<sup>7</sup> of about \$59,000 for FY 2014, and \$63,000 for FY 2015. The Postal Service could also have a cost avoidance of about \$312,000 over the next 5 years by improving controls over dutiable items.

2 There were 69,687 dutiable items nationwide for FY 2014 and FY 2015, and the Postal Service did not collect duties and fees for 35,289 of these items. Our analysis further revealed that only 6,373 items had a valid delivery tracking number.

3 Handbook M-41, *City Delivery Carriers Duties and Responsibilities*, dated April 5, 2001, Section 261.11 states that, "accountable items are keys, postage due, customs duty, and special services mail." The *International Mail Manual*, dated March 7, 2016, Section 713.224, states that "Clearing Delivery Employee, the carrier's accountability will be cleared by a clearing clerk, who will complete both copies of PS Form 2944, Receipt for Customs Duty Mail. The original copy should be filed in a locked receptacle."

4 Handbook F-101, *Field Accounting Procedures*, dated August 2015, Section 7-2.1, states that "Postal employees must collect these duties and Postal handling fees at the time of delivery before releasing the article to the customer."

5 Handbook F-101, Section 7-2.7, dated August 2015, states that "When the U.S. CBP fails to receive a payment for a dutiable package or a report indicating disposition of a dutiable package, Accounting Services will remit the customs duties and the customs processing fee amount to Customs after 60 days."

6 We interviewed a total of nine distribution clerks, 27 carriers, and five retail clerks at five delivery units.

7 The Customs clearance and delivery fee is a Postal Service fee, which is authorized by international postal agreements to reimburse the Postal Service for costs it incurs clearing items through Customs and collecting Customs duties at the time of delivery.

# Recommendation

**We recommend management provide formal and periodic training to employees on existing policies and procedures for effectively collecting duties and fees and reporting undeliverable items to CBP.**

We recommend the vice president, Delivery Operations, direct delivery unit management to:

1. Provide formal and periodic training to its delivery unit employees on existing policies and procedures for the effective collection of duties and fees and proper reporting of undeliverable items to U.S. Customs and Border Protection.

## Management's Comments

Management agreed with the finding, recommendation, and monetary impact.

In response to the recommendation, management stated that Delivery Operations has prepared Delivery Unit training on Customs duty mail, which will be conducted via the Delivery Unit Required Activities Training system. Further, management stated there is a training module for new city and rural carriers to ensure they know their duties and responsibilities regarding Customs duty mail. Management provided the training documentation. The target implementation date is May 27, 2016.

See [Appendix B](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendation in the report and corrective actions should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

# Appendices

*Click on the appendix title  
to the right to navigate  
to the section content.*

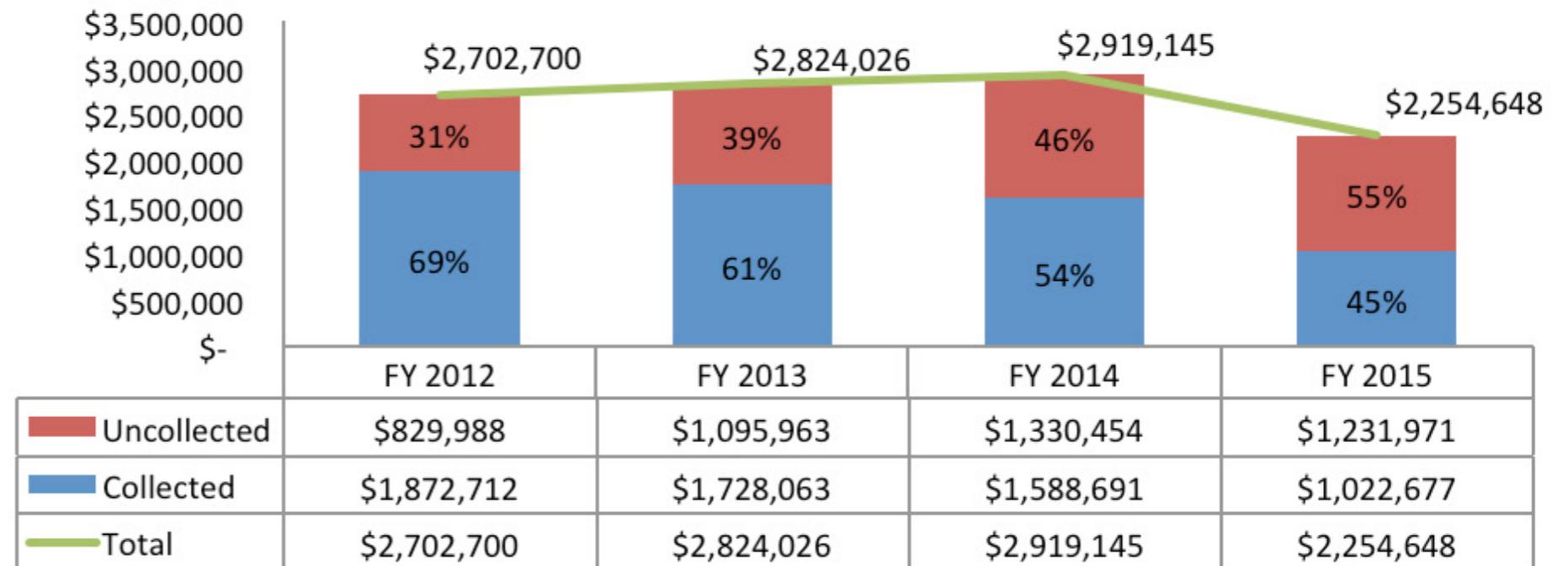
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## Appendix A: Additional Information

### Background

On average, the Postal Service is losing about \$1 million a year in uncollected duties and fees, which it must pay to CBP (see Figure 1). Although the total amount of Customs duties and fees assessed decreased in FY 2015, the percentage of uncollected duties and fees consistently increased over the past four years because delivery unit employees were not familiar with the process of handling dutiable items due to lack of training and management oversight.

**Figure 1. Customs Duties and Fees Collection and Expenses<sup>8</sup>**



Source: FY 2012 to FY 2015 data from Enterprise Data Warehouse (EDW).

In addition, when a dutiable item is delivered to an addressee and the Postal Service does not collect the related Customs clearance and delivery fee it loses revenue in the amount of a \$6.00 handling fee per item.

CBP selects and assesses duty on inbound international mail items and charges a \$5.50 processing fee per invoice. The determination of whether a package is assessed a duty is solely the responsibility of the CBP. Items with a declared value below \$200 could pass free of duty; however, a recent public law increased the exemption threshold on the declared value of inbound international items from \$200 to \$800.<sup>9</sup> This change could affect the volume of dutiable items and amount of duties and fees the Postal Service collects.

<sup>8</sup> In addition, the Postal Service revealed a similar pattern of uncollected duties and fees as far back as 2007.

<sup>9</sup> H.R.644 - Trade Facilitation and Trade Enforcement Act of 2015, 114th Congress (2015-2016) became Public Law No. 114-125 on February 24, 2016. Section 901 amends the Tariff Act of 1930 to increase the general de minimis aggregate fair retail value of shipping duty-free articles imported by one person in 1 day from \$200 to \$800.

## Objective, Scope, and Methodology

Our objective was to assess the effectiveness of the Postal Service process for handling Customs duties and fees.

Our audit focused on the Customs duties and fees expense the Postal Service incurred during FYs 2014 and 2015.

To accomplish our objective, we:

- Reviewed Postal Service policies and procedures for handling dutiable items to understand the process of duty collection, remittance, reporting, and reconciliation.
- Interviewed Postal Service management and personnel from Egan Accounting Services, the Pacific Area, and the Los Angeles District to identify the process for handling dutiable items. We also interviewed CBP management to understand CBP's procedures for handling dutiable mail.
- Interviewed Postal Service Headquarters managers from International Accounting, Global Trade Compliance, and International Postal Affairs to explore a viable technological solution.
- Obtained and analyzed Customs expense data from the EDW and Egan Accounting Services to determine the percentage of collected and non-collected Customs duties and fees. We analyzed the data to identify the top 10 ZIP Code areas with the highest number of uncollected dutiable items and the delivery units serving these areas for fieldwork.
- Obtained data for CBP assessed duties and fees from the Accounting Services in Egan, MN. The Los Angeles ISC had the highest amount of duties and fees assessed for FYs 2014 and 2015.
- Reviewed and analyzed the delivery record of uncollected dutiable items from PTRS to determine the percentage of dutiable items delivered with no duties or fees collected.
- Conducted interviews and observations at the five delivery units<sup>10</sup> in the Los Angeles District to understand the process for handling dutiable items at the delivery unit and determine the cause of non-compliance.
- Conducted interviews and observations at the Los Angeles ISC to understand the process for handling dutiable items at the ISC.

We conducted this performance audit from November 2015 through May 2016, in accordance with generally accepted government auditing standards and included such tests of internal controls, as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on May 4, 2016, and included their comments where appropriate.

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<sup>10</sup> We visited the Bicentennial, Barrington, West Los Angeles, and Sunset stations; and the Pacific Palisades Post Office, all in the Los Angeles District.

We assessed the reliability of EDW data on customs duties and fees used in this report by validating data to source documents.<sup>11</sup> We determined that the data were sufficiently reliable for the purposes of this report.

### **Prior Audit Coverage**

The OIG did not identify any prior audits or reviews related to the objective of this audit.

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<sup>11</sup> We validated FY 2014 and FY 2015 EDW Customs duties and fees expense data against Eagan Accounting Services' reconciliation records. In addition, we validated uncollected item with a delivery tracking number to the PTRS.

## Appendix B: Management's Comments

EDWARD F. PHELAN, JR  
VICE PRESIDENT, DELIVERY OPERATIONS



May 19, 2016

LORI LAU DILLARD  
DIRECTOR AUDIT OPERATIONS

SUBJECT: Postal Service Process for Handling Customs Duties and Fees  
(16XG006NO000)

Delivery Operations agrees with the findings and monetary impact cited in this audit.

**Recommendation 1:**

We recommend the vice president, Delivery Operations, direct delivery unit management provide formal and periodic training to its delivery unit employees on existing policies and procedures for the effective collection of duties and fees and proper reporting of undeliverable items to U.S. Customs and Border Protection.

**Response:**

Agree. Delivery Operations has prepared Delivery Unit training which will be conducted via the Delivery Unit Required Activities Tracking (DURAT) system. This will ensure that all required delivery units complete this training. This training will be completed by May 27, 2016. Attached is the training description information sheet. In addition, there is a training module in the standard training for new city and rural carriers that covers the employee's duties and responsibilities regarding Customs Duty mail. See attachment 1.

Edward F. Phelan, Jr.

Attachments

cc: CARM

475 L'ENFANT PLAZA SW  
WASHINGTON, DC 20260-1600  
202-268-6500  
FAX: 202-268-3331  
WWW.USPS.COM

### Customs Duty Mail

Customs Duty Mail consists of goods coming into the U.S. from another country for which a customs duty must be paid by the customer in order to receive the item.

An accountable clerk transfers a Customs Duty mailpiece to the carrier for delivery by obtaining carrier's signature on PS Form 2944, *Receipt for Customs Duty Mail*.

U. S. POSTAL SERVICE RECEIPT FOR CUSTOMS DUTY MAIL		LIST OF DUTIABLE ARTICLES
UNIT OF STATION <b>GAINESVILLE, FL</b>	DATE <b>6-13-90</b>	MAIL ENTRY NUMBER
RECEIVED FROM (Name) <b>B. JOHNSON</b>	SIGNATURE OF CARRIER <i>C. Adams</i>	<b>270621</b>
NUMBER OF ARTICLES		
WITH CUSTOMS ENTRY <b>ONE</b> <small>(From check)</small>	SHOWED CUSTOMS MAIL ENTRY FORMS  <small>(From delivering employee)</small>	
NO ARTICLES RETURNED	AMT OF DUTY COLLECTED <b>\$</b>	
DELIVERING EMPLOYEE (Signature) <i>C. Adams</i>	CLEARING EMPLOYEE (Signature)	
PS Form 2944 June 1991		U.S. GPO 1989-O-491 745-55417

Figure 4.4: PS Form 2944, Receipt for Customs Duty Mail (Hot Pink)

### Delivery Procedures

Collect duty (amount shown on U.S. Customs Form 3419) plus any postage due indicated on parcel. Customer may pay entire amount by cash or check. Checks must be made payable to USPS or Postmaster.

NO.	QUANTITY	UNIT	UNIT PRICE	TOTAL	TAXES	POSTAGE	NET
1	1	PARCEL	12.00	12.00	1.20		13.20
MAIL ENTRY # 1300003048 FROM: JANE BROWN, 133 FIRST STREET, BASKINGTOWN, ND 58010-0000 TO: JANE BROWN, 133 FIRST STREET, BASKINGTOWN, ND 58010-0000 POSTMASTER: RETURN THIS FORM WITH REMITTANCE TO ADDRESS SHOWN ON BACK OF ORIGINAL. U.S. CUSTOMS MAIL FACILITY, 100 EAST 651100 BLDG, EMSP06, ST. PAUL, MN 55101							

Figure 4.5: PS Form 3419, Receipt for Customs Duty Mail (black and white)

Scan the item and obtain customer signature on PS Forms 3849, *Delivery Notice/Reminder/Receipt*, and US Customs Form 3419. Forms located in a plastic envelope on the package must be signed as RECEIVED by the customer and as DELIVERED by the carrier

Identify International Letter-Class Post Express Mail items (flats, letters and small packets) for appropriate action as you sequence parcels for delivery. Foreign Postal administrations have placed unique logos with the "globe", "chevron" "POST Express" wordmark and barcodes prefixes beginning with "L" to identify these mail pieces. These items require a Stop The Clock scan such as an "Attempted Delivery" or "Delivered Scan".



### Customs Duty Mail

Customs Duty Mail consists of goods coming into the U.S. from another country for which a customs duty must be paid by the customer in order to receive the item. An accountable clerk transfers a Customs Duty mailpiece to the carrier for delivery by obtaining carrier's signature on PS Form 2944, *Receipt for Customs Duty Mail*.

U. S. POSTAL SERVICE RECEIPT FOR CUSTOMS DUTY MAIL		LIST OF DUTIABLE ARTICLES
UNIT OR STATION <i>GAINESVILLE, FL</i>	DATE <i>6-13-90</i>	MAX ENTRY NUMBER
RECEIVED FROM (Name) <i>B. JOHNSON</i>	SIGNATURE OF CARRIER <i>C. Adams</i>	<i>270621</i>
NUMBER OF ARTICLES		
WITH CUSTOMS ENTRY <i>ONE</i> <small>(forms attached)</small>	SIGNED CUSTOMS MAX ENTRY FORMS <small>(from delivering employee)</small>	
NO. ARTICLES RETURNED	AMT. OF DUTY COLLECTED \$	
DELIVERING EMPLOYEE (Signature) <i>C. Adams</i>	CLEARING EMPLOYEE (Signature)	
PS Form 2944 June 1971		U.S. GPO 1986-O-491-746-55412

### Delivery Procedures

Collect duty (amount shown on U.S. Customs Form 3419) plus any postage due indicated on parcel. Customer may pay entire amount by cash or check. Checks must be made payable to USPS or Postmaster.

NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS	NO. OF PARCELS
1	1	1	1	1	1	1	1	1	1
12.00	.1000	13.00							1.20
<p>10/21/1990</p> <p>MAIL ENTRY # 1300003068</p> <p>POSTMASTER COLLECT \$</p> <p>JAN DROWN 133 FIRST STREET WASHINGTON DC 20010-0000</p> <p>POSTMASTER: RETURN THIS FORM WITH RECEIPTANCE TO ADDRESS SHOWN ON BACK OF ORIGINAL</p> <p>U.S. CUSTOMS MAIL FACILITY 180 EAST KELLING BLVD ST. PAUL, MN 55101</p>									

Scan the item and obtain customer signature on glass or PS Form 3849, *Delivery Notice/Reminder/Receipt*, and US Customs Form 3419. Forms located in a plastic envelope on the package must be signed as RECEIVED by the customer and as DELIVERED by the carrier.

When delivery cannot be made for any reason, complete, scan, and leave PS Form 3849. Record the date and your initials on the article, and return it with both copies of U.S. Customs Form 3419 to the delivery unit.

### Accepting Checks

Follow local check acceptance procedures when collecting payment from customers via check. A photo ID must be presented by the customer for check acceptance.

- When accepting checks for Customs articles, the check must be made payable to the Postmaster



## SERVICE TALK FOR DELIVERY AND COLLECTION OF CUSTOMS DUTY AND FEES

**Purpose:** To use as a guide for daily operational purposes for Collection of Customs Duty and Fees.

**Responsibility:** District Managers, Managers of Operations Programs Support, Postmasters, Managers, and Supervisors.

Today, we will be discussing the delivery or attempted delivery of Customs Due items for which the delivery employee must collect these duties and Postal Service handling fees. The Postal Service has failed to collect duty, processing and handling fees, in the amount of \$1.2 million for FY/2015. This equates to over half of the total amount that should have been collected for these items.

Customs duty is a tariff or tax on the import of goods. When U.S. Customs determines that an item is subject to duties, the mail piece is given to the Postal Service with a Customs and Border Protection (CBP) Form 3419ALT - Mail Entry shown below in (Exhibit 1), in a clear adhesive-backed envelope with an orange border. The **"Postmaster Collect" amount is collected from the customer at the time of delivery.** The *postal fee* is a processing and handling fee for the delivery of customs dutiable items. Collect the fee, except for the following items:

- o Dutiable articles from overseas U.S. Post Office facilities (civil or military)
- o Parcels assessed with duty that are delivered without collection of duty according to IMM 713.233e
- o Mail items examined and passed duty-free by U.S. Customs.

According to city carrier Handbook M-41 and rural carrier Handbook PO-603, accountable items are postage due, **customs duty** and special services mail. The IMM, Section 713.224 states that the carrier's accountability will be cleared by a clearing clerk who will complete both copies of the PS Form 2944 (Exhibit 2), Receipt for Customs Duty mail.

The F-101 states "When the U.S. Customs and Border Protection fails to receive a payment for a dutiable package or a report indicating disposition of a dutiable package, Accounting Services will remit the customs duties and the customs processing fee amount to Customs after 60 days." This equates to about \$1 million a year in uncollected duties and fees that the Postal Service must pay to CBP. The amount has continually increased over the past 4 years.

### Letter Carrier Delivery Role:

- NOTE: The amount due to U.S. Customs on the Customs Mail Entry 3419ALT Form (Exhibit 1), in the **Postmaster Collect** amount.
- Collect the duties and Postal handling fees at the time of delivery before releasing the article to the customer. Customs and Border Protection charges a **\$5.50** processing fee and the Postal Service charges a **\$6.00** handling fee per item.
- Obtain the customer's signature.
- Scan the article as delivered.
- All copies of the attached Mail Entry Form are returned to the Post Office along with the fees collected.
- When a Customs item is unable to be delivered due to customer unavailability, the carrier must scan the article as attempted, leave a Delivery Notice (PS Form 3849) shown below in (Exhibit 2) and return the item to the Post Office. **DO NOT** remove or leave the CBP Form 3914ALT, with the customer.
- If the customer refuses to pay the amount due, the item should be scanned refused and return the item to the Post Office for further processing by the clerks.



**Clerk Role:**

- Complete PS Form 2944, as shown below in (Exhibit 3).
- The customs duty mail entry number on the form is entered on the PS Form 2944 as shown below in Exhibit 2. The carrier signs for the article in the top portion of the form. If the article is delivered the clearing employee signs the 2944 form, along with the carrier in the boxes at the bottom of the form upon return to the office.
- At the close of each month, send all customs forms collected to the following address:

US CUSTOMS AND BORDER PROTECTION  
 MAIL ENTRY  
 6650 TELECOM DRIVE STE 100  
 INDIANAPOLIS IN 46278-0001

**Exhibit 1 – CBP 3914ALT Form**



**Customs Collection and Reporting Tips**

February 2009, Accounting Policy

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL	RATE	SECURITY	FEES	AMOUNT	Additional Receipt
753481 32			390.30	0.0810	0.00	0.0000	34.36	
4701							5.15	
DATE INSPECTED							5.50	
12/30/2008								
MAIL ENTRY # 10000664417							35.15	
CUSTOMER								
CHINA(MAINLAND)								
POSTMASTER COLLECT								
POSTMASTER RECEIVED								
Signature: John Doe								
Signature: P.H. Kelly								

**POSTMASTER:**  
 SUBMIT THIS FORM AT THE END OF EACH MONTH TO THE ADDRESS SHOWN ON THE BACK OF THE ORIGINAL

U.S. CUSTOMS MAIL FACILITY  
 BUILDING 250 JFK IA  
 JAMAICA, NY 11430

**Note:** Enter the sum of the Customs duty and processing fee into AIC 054. In this example, \$24.30 + \$5.50 = \$29.80 Enter the postal fee (\$5.35, in this case) in AIC 148.

**Exhibit 2 – PS Form 3849**

United States Postal Service® <b>Sorry We Missed You! We Re-Deliver for You</b>		Today's Date: _____ Sender's Name: _____
Item is at: <input type="checkbox"/> Post Office™ (See back)	Available for Pick-up After: Date: _____ Time: _____	For Redelivery: Go to <a href="http://usps.com/redelivery">usps.com/redelivery</a> or see reverse.
<input type="checkbox"/> Letter <input type="checkbox"/> Large envelope, magazine, catalog, etc. <input type="checkbox"/> Parcel <input type="checkbox"/> Perishable item <input type="checkbox"/> Other: _____	For Delivery: (Enter total number of items delivered by service type.) For Notice Left: (Check applicable item) <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Certified Mail™ (Lost claim within 15 days or article will be reshipped) <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Adult Signature <input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> If checked, you or your agent must be present at time of delivery to sign for item. USPS Tracking # or Article Number(s): _____ Signature: _____ Notice Left Section Customer Name and Address: _____ Delivered By and Date: _____
Article Requiring Payment: <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Customs	Amount Due: \$ _____ <input type="checkbox"/> Final Notice: Article will be returned to sender on _____	We will re-deliver (R) you or your agent can pick up your mail at the Post Office. (Bring this form and proper ID.) If your agent will pick up, sign below in item 2, and enter agent's name here.) 1. a. Check all that apply in section 2; b. Sign in section 2 below; c. Leave this notice where the carrier can see it. 2. Sign Here to authorize redelivery or to authorize an agent to sign for you. Signature: _____ Printed Name: _____ Delivery Address: _____ USPS PS Form 3849, July 2013 (Reverse)



**Exhibit 3 - PS Form 2944**

U. S. POSTAL SERVICE RECEIPT FOR CUSTOMS DUTY MAIL		LIST OF DUTIABLE ARTICLES
UNIT OR STATION <i>GAINESVILLE, FL</i>	DATE <i>6-13-90</i>	MAIL ENTRY NUMBER
RECEIVED FROM (Name) <i>B. JOHNSON</i>	SIGNATURE OF CARRIER <i>C. Adams</i>	<i>270621</i>
NUMBER OF ARTICLES		
WITH CUSTOMS ENTRY <i>ONE</i> (Forms attached)	SIGNED CUSTOMS MAIL ENTRY FORMS (From delivering employee)	
NO. ARTICLES RETURNED	AMT. OF DUTY COLLECTED \$	
DELIVERING EMPLOYEE (Signature) <i>C. Adams</i>	CLEARING EMPLOYEE (Signature)	

PS Form 2944 June 1991 U.S.GPO 1988-0-491-745/55412

PS Form 2944, Receipt for Customs Duty Mail

**Additional Customs Collection and Reporting Tips:**

Incoming Customs Collection Procedures	
<ol style="list-style-type: none"> <li>Handle incoming Customs packages as an Accountable item. You <b>must</b> scan the Mail Entry (ME) barcode during the delivery and collection process.</li> <li>Collect the <b>POSTMASTER COLLECT</b> amount from the customer. Customers should make checks payable to the <b>USPS</b> or to <b>Postmaster</b>.</li> <li>Enter <b>only</b> the total of the Customs duty and processing fee into Customs Collection, AIC 054.  The POS system automatically enters the USPS fee into AIC 148. IRT and eMOVES units must manually enter the USPS fee into AIC 148.</li> </ol>	<ol style="list-style-type: none"> <li>Do <b>NOT</b> send a check or a money order to US Customs and Border Protection. Include it with your bank deposit.</li> <li>Keep all PS Forms 2944, <i>Receipt for Customs Duty Mail</i> and Customs and Border Protection (CBP) Forms 3419ALT in your office until the end of the month.</li> <li>At the close of each month, send all customs forms collected to this address:  US CUSTOMS AND BORDER PROTECTION MAIL ENTRY 6650 TELECOM DRIVE STE 100 INDIANAPOLIS IN 46278-0001</li> </ol>

Undeliverable/ Refused/ Unclaimed Customs	
<p><b>Note:</b> If you return a Customs package without following these procedures, <b>your unit will be expensed.</b></p> <ol style="list-style-type: none"> <li>Scan the ME barcode as Undeliverable, Refused, or Unclaimed.</li> <li>Detach both copies of the CBP 3419ALT and prepare the package to be returned to the sender.</li> <li>Mark the Mail Entry forms to show the reason for non-delivery.</li> <li>Complete a <a href="#">PS Form 2933, Register of Uncollected Customs Charges</a>, and make a copy of the completed form for your records.</li> <li>Keep all original PS Forms 2933 and CBP Forms 3419ALT in your office until the end of the month.</li> </ol>	<ol style="list-style-type: none"> <li>At the close of each month, send the original PS Forms 2933 and CBP Forms 3419ALT to:  US CUSTOMS AND BORDER PROTECTION MAIL ENTRY 6650 TELECOM DRIVE STE 100 INDIANAPOLIS IN 46278-0001</li> <li>File a copy of the PS Form 2933 locally, for reference.</li> <li>Return the package to sender.  <b>Note:</b> Do <b>NOT</b> send returned packages to Customs.</li> </ol>

For accounting assistance, contact the Accounting Help desk at 1-866-974-2733, send an email to Help Desk, Accounting - St. Louis, MO or visit us at <http://blue.usps.gov/wps/portal/accounting>



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

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