

Frequently Asked Questions About ATA Carnets

1. What is an ATA Carnet?

An ATA Carnet is an international Customs document that provides duty and tax-free Customs clearance for temporary imports into foreign countries. ATA Carnet simplifies the entry by eliminating the need to post some form of financial guarantee, i.e., a Temporary Import Bond (TIB). ATA Carnets are recognized in over 100 destinations for virtually all types of goods, whether hand-carried or cargo-shipped. The ATA Carnet doesn't only reduce costs; it also facilitates Customs clearance in both the U.S. and foreign countries and it is valid on multiple trips for up to one year.

2. What type of Customs entry is an ATA Carnet?

For Customs an ATA Carnet entry is considered a conditional duty-free entry based on the principal of temporary importation.

3. Which countries accept ATA Carnets?

There are officially 74 signatory countries to the ATA Carnet convention, but there are a total of 100 Customs territories where ATA Carnets may be used for temporary importation. Of the 74 signatory countries, some of these countries administer Customs for other territories. For example: France administers Customs in St. Barts, Monaco and the French side of St. Martin. South Africa administers customs for Lesotho, Namibia, Botswana and Swaziland.

4. Why is Taiwan treated differently?

Taiwan is not recognized by the People's Republic of China as an independent country and thus is unable to ratify international conventions, as in the case with the ATA Carnet convention. The United States does still retain direct diplomatic ties to Taiwan and treats them as an independent country. The U.S. has a bilateral agreement with Taiwan that functions identically to the multilateral ATA Carnet convention. This bilateral agreement is called the TECRO/AIT Carnet agreement and it establishes the rules and guidelines very similar to the ATA Carnet convention. The name of this document TECRO/AIT is derived from the agencies that facilitated the signing of this bilateral agreement, Taipei Economic and Cultural Office (TECRO) and the American Institute in Taiwan (AIT).

5. What qualifies as an ATA Carnet shipment?

Shipments that are intended to stay in a foreign country on a temporary basis and not intended for consumption. These items must be for commercial purposes, not personal travel, and are entering a foreign country for one year time period. In addition these items cannot undergo any further processing, or substantial transformation, or change in value as they are required to be re-exported in the same condition as they were when they entered. There are three choices for the intended use of the items traveling on an ATA Carnet:

1. Commercial Samples: goods used to generate a sales order but not intended for sale
2. Professional Equipment: items used as tools of the trade
3. Exhibitions and Fairs: display items used at trade shows, fairs and similar cultural events

For example:

- Mining equipment trucked to Canada for a six-month project
- Rock band world tour with show dates in England, Ireland, France, Germany, Switzerland, Croatia, Estonia, Hungary, Russia, Japan, South Korea, Hong Kong, Australia, Chile and Mexico
- American fashion designer's sales team going to Paris for Market Week
- A jewelry designer's catalogue photo shoot in Cabo San Lucas
- News crew following a story in Montenegro
- Medical device manufacturer exhibiting at the China Medical Equipment Fair
- Testing equipment in a laboratory in Switzerland
- Specialized manufacturing machine sent to a Maquiladora in Mexico for 5 months project
- Demo units loaned to a potential buyer in Denmark

6. What goods cannot go on an ATA Carnet?

Items that go on an ATA Carnet must enter and exit a country. Items that are intended to be consumed, given away, used or discarded while in country need to be formally entered into the country and cannot go on an ATA Carnet. Items that may undergo substantial transformation, or change in value or shift in HS tariff classification cannot go on an ATA Carnet. Items intended for repair or replacement does not qualify for the duty and tax-free benefits of an ATA Carnet.

7. Are there any alternatives to an ATA Carnet for temporary exports?

The ATA Carnet is not a mandatory requirement for temporary entry; every ATA Carnet country has other forms of temporary options. When entering a country on a temporary basis with goods intended for business purposes some form of guarantee must be provided to Customs at time of import to ensure that these goods can benefit from duty free entry. ATA Carnet is one option. There are other options and these do vary by country some countries require a financial deposit of the potential duties and taxes; others accept temporary import bonds or other forms of financial security.

8. Why would one choose to use an ATA Carnet over the other options?

The ATA Carnet has many benefits over the other options. Simply put, it saves time, it is very easy to obtain, it's the most cost effective option and it is the only standardized international Customs document. More specifically the ATA Carnet is valid for up to one year and covers an unlimited amount of entries/exits in that one year period; as opposed to a TIB or a duty drawback which both have to be done for every temporary entry into every country. The ATA Carnet is secured in the U.S., in advance of the shipment and all payments are made in U.S. dollars. The latter is very beneficial in the event that one posts a financial guarantee to foreign Customs. This is typically done in their currency and refunded in the same currency. By tying up monies overseas, the U.S. business is exposed to the negative effects of foreign currency fluctuation when the financial guarantee is finally reimbursed.

The ATA Carnet is one Customs document for all customs transactions. What this means is the ATA Carnet covers the certificate of registration US CBP form 4455, the entry or financial posting into the foreign country, the exportation requirements from the foreign country and the returning American goods or re-importation entry filing back into the United States. If one adds two countries to visit on one trip that would be an additional round of entry and exportation filings, but with the ATA Carnet it is all covered in one booklet.

9. How do I obtain an ATA Carnet for my client?

It is very easy to obtain an ATA Carnet. Insurance agents can simply apply online using our easy application system CarnetsOnline™ or call our ATA Carnet Help Desk at 1.800.CARNETS (1.800.227.6387) or Carnets@RoanokeGroup.com.

10. Why do I have to post a security deposit?

Along with an ATA Carnet, the holder must provide a security deposit to the United States Council for International Business (USCIB), the guaranteeing association in the United States. The USCIB requires a bond or a cash deposit equivalent of 40% of the total value of the General List. Security requirements for vehicles and boats are typically 100% for corporations and 150% for individuals.

11. What is an ATA Carnet Bond?

The simplest way to provide a security deposit to USCIB, and avoid tying up your funds for as long as 30 months, is to obtain an ATA Carnet Bond. This type of bond is a written agreement that is obtained to guarantee the payment of import duties and taxes, potential penalties for not exporting in a timely manner, as well as to assure compliance with all laws and regulations governing the entry of merchandise on an ATA Carnet into a foreign country.

12. Who are the parties to the ATA Carnet?

- The Preparer is the entity that submits the application for the ATA Carnet on behalf of the Holder. A power of attorney is required at time of application to ensure legitimacy of the relationship between the exporter (Holder) and the preparer. Typically, the preparer is the Holder's freight forwarder or customs house broker.
- The Holder who is listed in box A of the green cover is the entity ultimately liable and responsible for duties, taxes and penalties in the event the ATA Carnet shipment is not re-exported from the foreign countries in a timely enough manner.

- Authorized representative is the entity or individuals authorized by the Holder to present the ATA Carnet to customs on their behalf. Typically this is where the Freight Forwarder or Customs House Broker is listed in box B on the Green Cover. If the authorized representative is not listed on the Green Cover then a power of attorney or a letter of authorization from the holder will be sufficient for Customs clearance.

13. Who is authorized to present the ATA Carnet to customs for clearance?

The Holder listed in box A on the green cover is the primary authorized party for Customs presentation. The Holder can give authority to a third party, their freight forwarder or their customs broker to present the ATA Carnet on their behalf. They can provide this authority in a variety of ways:

1. List the third party in box B on the green cover of the ATA Carnet
2. Provide an ATA Carnet Power of Attorney
3. Provide a Customs Power of Attorney
4. Provide a letter, on Holder letter head, stating that the new entity/individual is authorized to handle the ATA Carnet

14. How long is an ATA Carnet valid for?

The ATA Carnet is typically valid for one year from date of issue of the documents. Typically foreign countries allow ATA Carnet entries to stay in their economy until the date of expiration listed on the green cover. There are cases and some countries limit the time allotted for this specific entry. It is important to note which date the customs official at time of entry notes in box two on the white importation counterfoil. For example Mexico, China and Singapore limit every entry to a six-month period. This does not change the expiration date of the ATA Carnet it simply limits that specific entry.

15. Can an ATA Carnet be extended?

ATA Carnet is valid for one year, but there are some cases and some countries that will allow an additional year to stay in their country on ATA Carnet. This is called a Replacement ATA Carnet, and these are issued on a case-by-case and country-by-country basis. It is imperative to start this application procedure as early as possible or as soon as you realize the ATA Carnet and its goods cannot be re-exported in a timely enough manner. There is no guarantee that this will be approved, but with enough time you can assess any additional options or simply re-export the goods from the country. To check what your options are, please call our ATA Carnet Help Desk at 1.800.CARNETS (1.800.227.6387) or Carnets@RoanokeGroup.com.

16. Does U.S. Customs and Border Protection (USCBP) accept Replacement (Extension) Carnets for Foreign Carnets in the US?

The U.S. does not accept extension ATA Carnets (commonly referred to as replacement ATA Carnets) however they do give you two options to keep the goods in the U.S. beyond the expiration date:

Option 1: Late re-exportation: U.S. CBP must stamp an expired Foreign ATA Carnet exiting the U.S. Notations must be made on both voucher and counterfoil that the ATA Carnet has expired: e.g., "Carnet has expired, duties are payable." Duties will be assessed depending on the date of re-export:

- Up to 90 days after ATA Carnet expiration will result in 25% of the duty and 10% penalty (minimum \$50)
- Between 90 and 180 days after ATA Carnet expiration will result in 50% of the duty and 10% penalty (minimum \$100)
- Goods re-exported 181 days after ATA Carnet expiration will result in 100% of the duty and 10% penalty

Option 2: Converting the ATA Carnet to a TIB: a foreign ATA Carnet can be converted to a TIB in the U.S., as long as the goods on the ATA Carnet qualify for TIB treatment. The following requirements must be met to successfully convert the foreign ATA Carnet to a TIB with U.S. CBP.

- Must be completed before expiration date of the ATA Carnet
- Allows only one additional year to remain in the U.S.
- ATA Carnet Number must appear on the TIB paperwork
- Merchandise description, weight and value must match the ATA Carnet General List

- ATA Carnet's re-exportation voucher should be presented and validated by U.S. Customs referencing the TIB number and date in box 2 of the re-exportation counterfoil (action taken in respect of goods produced but not re-exported)
- The ATA Carnet is then sent back to the office of issue in the foreign country
- Make sure to retain photocopies of the counterfoils with these validations in the event that CBP files a claim for goods not re-exported

17. What happens if the ATA Carnet document is lost?

There is an option to obtain a Duplicate ATA Carnet, it will bear the same expiration date and information as the original ATA Carnet, and will pick up where the original left off. This allows you a timely solution to import or re-export the ATA Carnet goods.

18. What is Lost Document Coverage?

Roanoke offers an insurance policy that covers the cost of obtaining a Duplicate ATA Carnet in the event the original document is lost or stolen. Replacing a lost ATA Carnet can result in costly replacement fees as well as lengthy delays. Purchasing lost document coverage (\$35 charge) at the time of your initial ATA Carnet application is a simple and inexpensive way to eliminate these potential risks. In the event your ATA Carnet document is lost or destroyed, a duplicate is quickly issued and shipped to you at no additional cost; shipping and handling may still apply. Otherwise, standard basic fees apply (approximately \$225 - \$500).

19. How does the ATA Carnet work?

The ATA Carnet is a color coded document; each color represents a specific part in the customs transaction:

- Green cover: the master part of the ATA Carnet. The information housed on the Green Cover is valid for the entire validity period of the ATA Carnet, typically one year from date of issue
- Yellow pages: are for U.S. CBP use and record the exportation and re-importation of the ATA Carnet shipment
- White pages: are for foreign country customs use and record the temporary importation and re-exportation of the ATA Carnet shipment
- Blue pages: are for transit operations and function like a transit in bond

The yellow, white and blue pages are made up of counterfoils and vouchers. The counterfoils are the boxes that customs validates and leaves in the ATA Carnet as the Holder and eventually the National Guaranteeing Association's proof of import and re-export of the ATA Carnet shipment. The Vouchers are the pages that customs removes for their records and these pages have the information of the holder, authorized representative, intended use and a copy of the list of goods attached.

20. Are Split or Partial Shipments possible on an ATA Carnet?

Split and partial shipments are possible on an ATA Carnet, as long as everything is out of the foreign country on or before the expiration date. These split or partial shipments are recorded on the transaction specific counterfoils and vouchers.

21. What is an ATA Carnet Claim?

A claim on an ATA Carnet is when a foreign customs office submits notice to the National Guaranteeing Association that there is no record of the goods under said ATA Carnet of leaving the country on or before expiration date. In this case duties, taxes and penalties may be owed to foreign customs, unless substantial proof can be provided that these goods did indeed leave in a timely manner. If you need assistance with your ATA Carnet claim please call our ATA Carnet Resolution Desk at 1.800.CARNETS (1.800.227.6387) or Carnets@RoanokeGroup.com.

22. What constitutes substantial Proof?

The ideal proof of re-exportation from a foreign country is in the ATA Carnet:

1. A correctly completed and stamped re-exportation counterfoil (white), before expiration date of the ATA Carnet or restricted date noted in box 2 of the white importation counterfoil.
2. Secondary proof is U.S. CBP validated re-importation counterfoil back into the United States.

In the event that both the white re-exportation counterfoil and the yellow re-importation counterfoil are not validated then CBP form 3227 Certificate of Disposition, commonly referred to in the trade as a CBP sighting of ATA Carnet goods.

The last option you have may mitigate the claim but it might not resolve the claim entirely, is any other U.S. CBP validated proof that can be easily linked to the ATA Carnet. This means that any supporting documentation that accompanies the ATA Carnet shipment should have the ATA Carnet number noted on it. For example the Airway Bill, or Bill of Lading or Packing List.

23. What happens if the goods are stolen while in a foreign country on an ATA Carnet?

First and foremost it is important to file a police report. This may mitigate the claim with foreign customs but it will not resolve the claim, as Customs holds the Holder on the ATA Carnet liable for entering the goods that were then stolen.

When obtaining cargo insurance for your goods you should double check that your policy includes coverage for the duties, taxes and penalties in the event the goods are lost or stolen. If your policy does not include this coverage, please call our ATA Carnet Help Desk at 1.800.CARNETS (1.800.227.6387) or Carnets@RoanokeGroup.com.

Roanoke Trade offers an enhanced ATA Carnet Cargo Insurance program to insure your goods for the entire duration of your ATA Carnet. The policy is designed to cover losses not typically covered under a standard transit policy. Features of this policy include "All Risk" coverage for new and used goods, including transit to and from a foreign ATA Carnet member country. Coverage continues while the merchandise is in these countries and provides duty reimbursement in the event goods are lost or stolen. The policy also covers goods checked as luggage or hand-carried on a commercial airline. The deductible for Roanoke's policy is 1% of the General List value with a \$50 minimum.

24. What happens to the ATA Carnet after its final use?

All ATA Carnets need to be returned to Roanoke Trade for cancellation. ATA Carnets that are not returned to Roanoke will be kept open for a year after expiration date and the security deposit will not be released.

25. Where do I send my ATA Carnet when I am finished using it?

Please ensure to make copies of your ATA Carnet before returning it to us, and please send it via a courier with tracking details.

Roanoke Insurance Group Inc.
Attn: ATA Carnet Resolution Team
1475 E. Woodfield Road, Suite 500
Schaumburg, IL 60173
1.800.CARNETS (1-800-227-6387)