

**DEPARTMENT OF HOMELAND SECURITY**

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

**DEPARTMENT OF THE TREASURY**

**19 CFR Parts 24 and 111**

[USCBP–2020–0010; CBP Dec. 22–22]

RIN 1515–AE43

**Elimination of Customs Broker District Permit Fee**

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

**ACTION:** Final rule.

**SUMMARY:** This document amends the U.S. Customs and Border Protection (CBP) regulations to eliminate customs broker district permit fees. Concurrently with this final rule, CBP is publishing a final rule to, among other things, eliminate customs broker districts (see “Modernization of the Customs Broker Regulations” RIN 1651–AB16). Specifically, CBP is transitioning all brokers to national permits and expanding the scope of the national permit authority to allow national permit holders to conduct any type of customs business throughout the customs territory of the United States. As a result of the elimination of customs broker districts, CBP is amending in this document the regulations to eliminate customs broker district permit fees.

**DATES:** Effective December 19, 2022.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:**

**I. Background**

Section 641 of the Tariff Act of 1930, as amended (19 U.S.C. 1641), provides that individuals and business entities must hold a valid customs broker’s license and permit to transact customs business on behalf of others. The statute also sets forth standards for the issuance of broker licenses and permits; provides for disciplinary action against brokers in the form of suspension or revocation of such licenses and permits or assessment of monetary penalties; and, provides for the assessment of monetary penalties against other persons for conducting customs business without the required broker’s license. Section 641 authorizes the Secretary of the Treasury to prescribe rules and regulations relating to the customs business of brokers as may be necessary to protect the public

and the revenue of the United States and to carry out the provisions of section 641.

The regulations issued under the authority of section 641 are set forth in part 111 of title 19 of the Code of Federal Regulations (CFR) (19 CFR part 111) and provide for, among other things, fee payment requirements applicable to brokers under section 641 and 19 U.S.C. 58c(a)(7). The existing customs broker regulations are based on a district system in which ports within a district handle entry, entry summary, and post-summary activity, and for which a broker district permit is required.

On June 5, 2020, U.S. Customs and Border Protection (CBP) published a notice of proposed rulemaking (NPRM) in the **Federal Register** (85 FR 34549), proposing the elimination of customs broker district permit fees in parts 24 and 111. The NPRM solicited public comments on the proposed rulemaking, with a 60-day comment period, which closed on August 4, 2020. No comments were received in response to this NPRM.

In a concurrent NPRM, published elsewhere in the same issue of the **Federal Register** (see “Modernization of the Customs Broker Regulations” RIN 1651–AB16)(85 FR 34836)), CBP proposed to amend its regulations by modernizing the customs broker regulations to coincide with the development of CBP trade initiatives, including the Automated Commercial Environment (ACE) and the Centers of Excellence and Expertise (Centers). Specifically, CBP proposed to transition all brokers to national permits and expand the scope of the national permit authority to allow national permit holders to conduct any type of customs business throughout the customs territory of the United States. To accomplish this, CBP proposed to eliminate broker districts and district permits, which would also eliminate the need for district permit waivers and the requirement for brokers to maintain district offices. CBP received 55 public comments during the 60-day solicitation period and addressed those comments in a concurrent final rule document, published elsewhere in this issue of the **Federal Register** (see “Modernization of the Customs Broker Regulations” RIN 1651–AB16)(hereinafter, referred to as the “concurrent final rule document”).

**II. Discussion of Regulatory Changes to Parts 24 and 111**

*Part 24*

Part 24 of title 19 of the CFR (19 CFR part 24) sets forth regulations concerning customs financial and

accounting procedures. Section 24.22 describes the customs Consolidated Omnibus Budget Reconciliation Act (COBRA) user fees and corresponding limitations for certain services. Specifically, paragraph (h) of § 24.22 deals with the annual customs broker permit user fee. In this final rule, CBP has eliminated in §§ 24.22(h) and (i)(9), references to the customs broker district permit user fee, conforming with amendments in the concurrent final rule document, which eliminates broker districts and district permits.

In the concurrent NPRM, CBP had proposed to add a new definition in § 111.1 for a “Designated Center”, which was defined as the Center through which an individual, partnership, association, or corporation submits an application for a broker’s license, or as otherwise designated by CBP for already-licensed brokers. After further consideration of how CBP will be processing broker matters and taking into account the public comments received with regard to the proposed definition, CBP has determined in the concurrent final rule document to modify the proposed definition to better align with current and future processes regarding brokers.

CBP has concluded that a definition of “Processing Center” much better reflects how CBP will manage broker applications and broker submissions.<sup>1</sup> As described in the concurrent final rule document, the term “Processing Center” means the broker management operations of a Center that processes applications for licenses under § 111.12(a) and permits under § 111.19(b), as well as submissions by already-licensed brokers required in part 111. The applications and submissions will be managed by Center personnel, who are broker management officers (BMOs) in 41 port locations throughout the U.S. customs territory.<sup>2</sup> Current brokers will continue to submit any submissions to a location where the broker license was issued, and any new applicants for a license or permit should choose a location where the applicant intends to reside and or conduct customs business. Thus, CBP changed the proposed language in § 24.22(h) from “designated Center” to “processing

<sup>1</sup> In this document, CBP uses “Processing Center” in quotes to denote a replacement of the proposed term “Designated Center”; when the words “processing Center” without quotation marks are used, CBP is referring to the Center of Excellence and Expertise that is actually performing a processing function.

<sup>2</sup> A chart of all 41 BMO locations can be found online on CBP’s website at <https://www.cbp.gov/trade/programs-administration/customs-brokers>, by clicking on the tab titled “Broker Management Officer (BMO) Contact Information.”

Center (see § 111.1)”, adding a reference as to where the definition for processing Center may be found.

#### Part 111

##### Elimination of District Permits

Section 111.19 provides the procedures for obtaining broker permits, responsible supervision and control requirements for permits, and review procedures for the denial of a permit. Specifically, paragraph (c) describes permit fees. As CBP is eliminating district permits in the concurrent final rule document, this document makes conforming amendments to § 111.19 by eliminating fees for district permits. In addition, CBP has removed the specific permit application and permit user fee amounts and replaced the numerical figures with a reference to the relevant fee provision in § 111.96(b) and (c). CBP changed the proposed term “designated Center” to “processing Center”, as explained above, in § 111.19(c), and revised the second half of the second sentence of paragraph (c) to replace the reference to “online” submission of the fee payment with a reference to the use of a CBP-authorized EDI system. This last change was made to conform references to electronic submissions throughout part 111. In addition, CBP re-phrased the last part of the sentence in paragraph (c), without changing the meaning, to state that the fee needs to be submitted at the time the permit application is submitted. The changes to § 111.96(b) can be found in the concurrent final rule document.

##### Elimination of District Permit Fees

Section 111.96 describes fees required throughout part 111. Paragraph (c) of § 111.96 describes the permit user fee. To reflect the elimination of broker districts and district permits, CBP has eliminated the customs broker district permit user fee, and specified that the user fee is applicable for national permits only, issued under § 111.19(a).

As discussed in the concurrent final rule document, CBP published an interim final rule that transferred certain trade functions from the port director to the Center director (see 81 FR 92978, December 20, 2016). Similarly, certain broker management functions previously performed by the port directors are transferred to the processing Centers as part of this final rule. CBP has revised the last sentence of § 111.96(c) by splitting it into two sentences, with the second sentence providing that the processing Center will notify the broker in writing of the failure to pay and the revocation of the permit. For the reasons explained above,

CBP replaced the proposed term “designated Center” in § 111.96(c) with the term “processing Center”. CBP also removed the reference to “director” to clarify that submissions must be made to the broker management operations of a Center, meaning to one of the BMO locations throughout the U.S. customs territory. As not only Center directors will be handling broker matters, but any BMO, depending on where the broker license was issued, CBP determined that the removal of the reference to “director” was more appropriate.

### III. Other Conforming Amendments

The authority for part 111 currently provides a specific authority citation for § 111.3. When the text of § 111.3 was transferred to § 111.2 in a final rule published in the **Federal Register** (65 FR 13880) on March 15, 2000, CBP inadvertently did not revise the specific authority citation for either section. CBP has corrected this oversight in this final rule document by adding a specific authority citation for § 111.2, and by removing the specific authority citation for § 111.3. An identical amendment is made in the concurrent final rule document.

### IV. Conclusion

Upon further consideration, CBP has decided to adopt, with changes as described above, as final the proposed regulations published in the **Federal Register** (85 FR 34549) on June 5, 2020.

### V. Executive Orders 13563 and 12866

Executive Orders 13563 and 12866 direct agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

As mentioned above, on June 5, 2020, CBP published in the **Federal Register** an NPRM titled, “Elimination of Customs Broker District Permit Fee,” and received no comments from the public. Therefore, CBP adopts the regulatory amendments specified in the NPRM, with the addition of a change to the proposed term “Designated Center.” “Designated Center” will be replaced with “Processing Center,” in accordance with the same change made in the concurrent final rule document, as explained above, as well as additional minor changes for consistency purposes.

With the adoption of the proposed regulatory amendments, CBP applies the 2020 proposed rule’s economic analysis approach to this final rule, updating the data as necessary.

This final rule is not a “significant regulatory action,” under section 3(f) of Executive Order 12866. Accordingly, the Office of Management and Budget (OMB) has not reviewed this regulation. CBP has prepared the following analysis to help inform stakeholders of the impacts of this final rule.

#### 1. Need and Purpose of the Final Rule

Current customs broker regulations are based on the district system in which entry, entry summary, and post-summary activity are all handled by the ports within a permit district. In the concurrent final rule document, CBP is modernizing the regulations governing customs brokers to better reflect the current work environment and streamline the customs broker permitting process to save money. Under the terms of the concurrent final rule document, CBP is transitioning all brokers to national permits and expanding the scope of the national permit authority to allow national permit holders to conduct any type of customs business throughout the customs territory of the United States. By transitioning to a national permit, CBP is eliminating the requirement for brokers to maintain district permits and pay the annual user fee. Therefore, this final rule eliminates customs broker district permit annual user fees. CBP has prepared the following analysis to help inform stakeholders of the impacts of this final rule.

#### 2. Background

The customs territory of the United States is divided into seven customs regions. Within each region, the customs territory of the United States is further divided into districts; there are currently 40 customs districts.<sup>3</sup> Under the baseline, or the world as it was without this final rule, a district permit was required for each district in which a customs broker intended to conduct customs business. Brokers could apply for district permits either concurrently with their licenses or later on in their careers. Brokers who hold at least one

<sup>3</sup>In addition to the 40 geographically defined customs districts, there are three special districts that are responsible for specific types of imported merchandise. These special districts include districts 60, 70 and 80. District 60 refers to entries made by vessels under their own power. District 70 refers to shipments with a value under \$800. District 80 refers to mail shipments. These three special districts do not require the use of a licensed broker with a specific district permit and as a result are not affected by this final rule.

district permit also had the option to hold a national permit, which allows a broker to operate throughout the customs territory of the United States.<sup>4</sup>

The concurrent final rule document eliminates the district permitting process and automatically grants a national permit to each district permit holder who does not already hold a national permit. Going forward, licensed brokers have the option to apply for a single national permit either concurrently with their licenses or later in their careers. With this final rule in place, district permit user fees are eliminated, and brokers continue to pay

permit fees only for national permits. Each district or national permit requires a one-time permit fee of \$100 and an annual user fee.<sup>5</sup> The annual user fee is \$153.19 for calendar year 2022, but is adjusted for inflation each year.<sup>6</sup> Given the uncertainty of future inflation, for the purposes of this analysis, we use this fee amount for the full period of analysis.

The number of new permits issued each year depends, in part, on the number of new licenses issued. CBP issues both individual broker licenses as well as corporate licenses, which may be held by partnerships, associations, or

corporations.<sup>7</sup> The number of licenses issued has been declining for the last several years at a rate of one percent for corporate licenses and four percent for individual licenses (see Table 1). Additionally, not all licensed brokers choose to apply for a permit. Although virtually all corporate license holders do hold a permit, many individual brokers work under the auspices of a corporate permit and never hold their own permit. Based on data from CBP’s Broker Management Branch (BMB), approximately 13.5 percent of individual brokers hold a district permit.<sup>8</sup>

TABLE 1—LICENSING HISTORY

Year	Total licenses issued	Corporate licenses issued	Individual licenses issued
2016 .....	653	21	632
2017 .....	580	16	564
2018 .....	558	27	531
2019 .....	464	15	449
2020 .....	187	7	180
2021 .....	496	31	465

3. Benefits

Brokers must pay an annual permit user fee for each permit held. The permit user fee is payable for each district permit and national permit a customs broker holds, including when a district permit is issued concurrently with the broker’s license. As a result of the concurrent final rule document, district permits are eliminated and customs brokers only need to pay an annual user fee for a single national permit.<sup>9</sup> Therefore, the savings accrued to brokers and CBP as a result of many fewer user fees paid qualifies as a benefit and not as a transfer payment because CBP is eliminating the district

permits themselves, as well as the work that goes along with processing and issuing them.<sup>10</sup>

Under the baseline, both brokers holding existing permits and brokers issued new permits must pay the annual user fee for each permit held. As of January 2022, there were 15,226 active, licensed customs brokers.<sup>11</sup> 2,365 brokers hold at least one district permit.<sup>12</sup> Of those, 1,914 brokers hold a national permit in addition to their district permit(s). The 2,365 brokers who hold at least one district permit hold a total of 3,345 district permits, for an average of 1.4 district permits per permitted broker.

Based on recent licensing history, CBP projects that over the period of analysis from 2022–2026, 2,072 new individual licenses and 75 new corporate licenses will be issued.<sup>13</sup> As stated above, 13.5 percent of individual brokers and 100 percent of corporate brokers hold at least one district permit. Under the baseline, an average of 1.4 district permits held by each broker results in 396 new individual permits and 105 new corporate permits, for a total of 501 permits. See Table 2 for a summary of licensing and permitting over the period of analysis under baseline conditions.

<sup>4</sup> When first introduced in 2000, the national permit was restricted to certain activities, allowing a broker to place an employee in the facility of a client for whom the broker is conducting customs business; file electronic drawback claims; participate in remote location filing; and make representations after the entry summary has been accepted. Since the national permit was introduced, and with the full implementation of ACE, restrictions have been gradually eliminated such that only some activities requiring physical presence at the port require a district permit in lieu of a national permit. Those restrictions will be lifted with the concurrent final rule document in place.

<sup>5</sup> If a broker chooses to receive a permit with the license, then the \$100 permit fee is waived. Under the new national permitting system, brokers receiving a national permit will pay the \$100 permit fee regardless of when they do so.

<sup>6</sup> The annual user fee payable for calendar year 2022 is \$153.19 (86 FR 66573). It will be adjusted

for inflation each year. Sections 24.22 and 24.23 of title 19 CFR provide for and describe the procedures that implement the requirements of the Fixing America’s Surface Transportation Act (FAST Act) (Pub. L. 114–94, December 4, 2015), which amended section 13031 of the Consolidated Omnibus Budget Reconciliation Act (COBRA), requiring the Secretary of the Treasury to adjust certain customs COBRA user fees and corresponding limitations to reflect certain increases in inflation. Specifically, section 24.22(k) sets forth the methodology to determine the change in inflation as well as the factor by which the fees and limitations will be adjusted, if necessary.

<sup>7</sup> 19 U.S.C. 1641(b)(3). For any corporate license, at least one member of the organization must hold an individual license.

<sup>8</sup> Data pulled from ACE on May 10, 2021 and March 31, 2022.

<sup>9</sup> The reduction of the fee revenue will result in fewer funds available for CBP operations, but this

is offset by the reduction in costs to process the permits. Thus, there is no net effect to CBP in reducing this revenue.

<sup>10</sup> As described in OMB Circular A–4, transfer payments occur when “. . . monetary payments from one group [are made] to another [group] that do not affect total resources available to society.”

<sup>11</sup> Data supplied by BMB on May 10, 2021 and March 31, 2022. Data is pulled from ACE. The 12,861 brokers who do not hold any permits are unaffected by this final rule.

<sup>12</sup> This figure represents all current licensed brokers that are permit holders, regardless of what year they received their license.

<sup>13</sup> The COVID–19 pandemic and the resulting delays and closures resulted in anomalous data for 2020 for corporate licenses. Therefore, CBP removed 2020 from the projection, and used data from 2015–2019 instead to project over the period of analysis from 2022–2026.

TABLE 2—PROJECTION OF LICENSING AND PERMITTING UNDER BASELINE CONDITIONS

Year	New individual licenses	New individual permits	New corporate licenses issued	New corporate permits	Total permits
2022 .....	447	86	15	21	107
2023 .....	430	82	15	21	103
2024 .....	414	79	15	21	100
2025 .....	398	76	15	21	97
2026 .....	383	73	15	21	94
Total .....	2,072	396	75	105	501

\* Totals may not sum due to rounding.

With the concurrent final rule document in place, newly licensed brokers choosing to hold a permit require only a single national permit.

Therefore, CBP will issue 355 new permits over the period of analysis (see Table 3). Because CBP is eliminating the district permit system, these 355

permits will be issued as national permits even though, under baseline conditions, they would have been district permits.

TABLE 3—PROJECTION OF PERMITS UNDER THE FINAL RULE

Year	New individual licenses	New individual permits	New corporate permits	Total new national permits
2022 .....	447	60	15	75
2023 .....	430	58	15	73
2024 .....	414	56	15	71
2025 .....	398	54	15	69
2026 .....	383	52	15	67
Total .....	2,072	280	75	355

\* Totals may not sum due to rounding.

With the final rule in place, brokers currently holding only district permits or holding a national permit in addition to their district permit(s) continue to pay the annual user fee for a single national permit.<sup>14</sup> As of January 2021, 9 brokers each hold more than one district permit and do not hold a national permit.<sup>15</sup> Altogether, those brokers hold 18 district permits, for an average of 2 permits each. With the final rule in place, those brokers each pay for a single national permit instead of paying for the 18 district permits they currently collectively hold. Furthermore, there are 1,914 brokers holding at least one district permit and one national permit.

<sup>14</sup> As stated above, those brokers only holding district permits will be automatically granted a national permit under the terms of the concurrent final rule document.

<sup>15</sup> Brokers who hold a single district permit will have that district permit transitioned to a national permit and will continue to pay the same amount in user fees. Therefore, they are financially unaffected by the final rule.

Those brokers hold a total of 2,880 district permits. With the final rule in place, these brokers only need to pay the user fee for their national permits and will no longer pay fees for their 2,880 district permits. Overall, brokers holding permits at the start of the period of analysis will no longer need to pay for 2,889 permits.<sup>16</sup>

Combining both existing and projected permits, over the period of analysis brokers who hold permits will pay the user fee for 364 permits under the terms of the final rule. This includes 355 new national permits issued during the period of analysis in place of 396 new district permits (see Tables 2 and 3 above). An additional 9 existing district permits held by brokers only holding district permits under the baseline will be transitioned to national permits. Those 9 brokers will no longer

<sup>16</sup> This includes the 9 permits forgone by brokers holding only more than one district permit and the 2,880 district permits held by brokers holding both district and national permits.

pay for the 9 additional district permits currently held, which will be eliminated. Finally, 1,914 brokers who hold a national permit and at least one district permit under the baseline will only continue paying for their national permits and will no longer pay for 2,880 district permits. Overall, brokers will no longer pay for 3,035 district permits over the period of analysis. With a 2022 user fee of \$153.19 per permit, brokers will save \$2,281,330 from 2022–2026. See Table 4 for a summary of these savings.

<sup>17</sup> Under the baseline, these permits would be issued as district permits. Under the final rule, they will be issued as national permits.

<sup>18</sup> For the first three columns, the total number of permits is additive throughout the period of analysis instead of at the end of the period (that is, all permits issued in 2021 must also be paid for in 2022, 2023, 2024, and 2025 in addition to new permits issued in those years) so the total is equal to the number of permits existing in the final year. The total savings are calculated by summing the savings in each year.

TABLE 4—TOTAL SAVINGS [2022 U.S. DOLLARS]

Year	Total district permits under the baseline	Total permits under the final rule <sup>17</sup>	District permits no longer paid for	Savings
2022 .....	3,005	84	2,921	\$447,393
2023 .....	3,108	158	2,950	\$451,959
2024 .....	3,208	229	2,979	\$456,398
2025 .....	3,305	298	3,007	\$460,709
2026 .....	3,399	364	3,035	\$464,871
Total <sup>18</sup> .....	3,399	364	3,035	\$2,281,330

4. Costs

The elimination of the annual user fee for district permits does not result in any costs to brokers, but as noted above, this final rule yields the aforementioned savings.

5. Net Benefits

The total annual monetized savings for customs brokers results from switching from a district permitting system to a national permitting system. Specifically, brokers will only pay the

annual permit user fee for a single national permit instead of for each of the potentially several district permits held. As shown in Table 5 below, total savings over the period of analysis are approximately \$2.3 million dollars.

TABLE 5—TOTAL ANNUAL UNDISCOUNTED SAVINGS FOR BROKERS FROM 2022–2026 [2022 U.S. dollars]

Year	Total savings
2022 .....	\$447,393
2023 .....	451,959
2024 .....	456,398
2025 .....	460,709
2026 .....	464,871
Total .....	2,281,330

Note: Values may not sum to total due to rounding.

Table 6 summarizes the monetized costs and benefits of this final rule to individual and corporate customs brokers. As shown, the total monetized present value net benefit of this final rule over a five-year period of analysis

from 2022–2026 ranges from approximately \$1.9 to \$2 million and the annualized net benefit is approximately \$456,000. In 2022, we estimate that 462 brokers will receive their broker licenses (447 individual

licenses plus 15 corporate licenses). The adoption of this final rule will result in an average annual net benefit per broker in 2022 of \$987 (\$456,000 annualized net benefit/462 total new brokers for 2022).

TABLE 6—PRESENT VALUE AND ANNUALIZED NET BENEFIT OF FINAL RULE

	3% Discount rate		7% Discount rate	
	Present value	Annualized	Present value	Annualized
Total Cost .....	\$0	\$0	\$0	\$0
Total Benefit .....	2,027,555	456,008	1,868,359	455,675
Total Net Benefit .....	2,027,555	456,008	1,868,359	455,675

VI. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), as amended by the Small Business Regulatory Enforcement and Fairness Act of 1996, requires agencies to assess the impact of regulations on small entities. A small entity may be a small business (defined as any independently owned and operated business not dominant in its field that qualifies as a small business per the Small Business Act); a small not-for-profit organization; or a small

governmental jurisdiction (locality with fewer than 50,000 people).

The final rule will apply to all customs brokers, regardless of size. Accordingly, the final rule will affect a substantial number of small entities. However, as stated above in section V.5 “Net Benefits,” the final rule will result in an average annualized savings per customs broker of \$987. Since brokers, on average, will benefit as a result of this final rule, and the savings are relatively small on a per broker basis, it will not have a significant impact on

customs brokers. Accordingly, CBP certifies that this final rule does not have a significant impact on a substantial number of small entities.

VII. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104–13, 44 U.S.C. 3507), 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 OMB. The collections of information contained in these

regulations are provided for by OMB control number 1651-0034 (CBP Regulations Pertaining to Customs Brokers) and by OMB control number 1651-0076 (Recordkeeping Requirements). This final rule does not change the burden under these information collections.

### Signing Authority

This regulation is being issued in accordance with 19 CFR 0.1(a)(1) pertaining to the Secretary of the Treasury's authority (or that of her or his delegate) to approve regulations related to certain customs revenue functions.

Chris Magnus, the Commissioner of CBP, having reviewed and approved this document, is delegating the authority to electronically sign this document to Robert F. Altneu, who is the Director of the Regulations and Disclosure Law Division for CBP, for purposes of publication in the **Federal Register**.

### List of Subjects

#### 19 CFR Part 24

Accounting, Claims, Exports, Freight, Harbors, Reporting and recordkeeping requirements, Taxes.

#### 19 CFR Part 111

Administrative practice and procedure, Brokers, Penalties, Reporting and recordkeeping requirements.

### Amendments to the CBP Regulations

For the reasons set forth in the preamble, parts 24 and 111 of title 19 of the Code of Federal Regulations (19 CFR parts 24 and 111) are amended as set forth below.

## PART 24—CUSTOMS FINANCIAL AND ACCOUNTING PROCEDURE

■ 1. The general and specific authority citations for part 24 continue 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; Pub. L. 107–296, 116 Stat. 2135 (6 U.S.C. 1 *et seq.*).

\* \* \* \* \*

Section 24.22 also issued under Sec. 892, Pub. L. 108–357, 118 Stat. 1418 (19 U.S.C. 58c); Sec. 32201, Pub. L. 114–94, 129 Stat. 1312 (19 U.S.C. 58c); Pub. L. 115–271, 132 Stat. 3895 (19 U.S.C. 58c).

#### § 24.22 [Amended]

■ 2. In § 24.22:

■ a. Paragraph (h) is amended by:

■ i. Removing the phrase “each district permit and for” in the first sentence;

■ ii. Removing the second sentence; and

■ iii. Removing the word “port” from the third sentence and adding in its place the words “processing Center (see § 111.1)”; and

■ b. Paragraph (i)(9) is amended by removing the phrase “for district permits, class code 497;” from the first sentence.

## PART 111—CUSTOMS BROKERS

■ 3. The general and specific authority citations for part 111 are revised to read as follows:

**Authority:** 19 U.S.C. 66, 1202 (General Note 3(i), Harmonized Tariff Schedule of the United States), 1624; 1641.

Section 111.2 also issued under 19 U.S.C. 1484, 1498;

Section 111.96 also issued under 19 U.S.C. 58c, 31 U.S.C. 9701.

■ 4. In § 111.19, revise the section heading and paragraph (c) to read as follows:

#### § 111.19 National permit.

\* \* \* \* \*

(c) *Fees.* A national permit issued under paragraph (a) of this section is subject to the permit application fee specified in § 111.96(b) and to the customs user permit fee specified in § 111.96(c). The fees must be paid at the processing Center (*see* § 111.1) or through a CBP-authorized EDI system at the time the permit application is submitted.

\* \* \* \* \*

■ 5. In § 111.96, revise paragraph (c) to read as follows:

#### § 111.96 Fees.

\* \* \* \* \*

(c) *Permit user fee.* Payment of an annual permit user fee defined in § 24.22(h) of this chapter is required for a national permit granted to an individual, partnership, association, or corporate broker. The permit user fee is payable with the filing of an application for a national permit under § 111.19(b), and for each subsequent calendar year at the processing Center referred to in § 111.19(b). The permit user fee must be paid by the due date as published annually in the **Federal Register**, and must be remitted in accordance with the procedures set forth in § 24.22(i) of this chapter. When a broker submits an application for a national permit under § 111.19(b), the full permit user fee must be remitted with the application, regardless of the point during the calendar year at which the application is submitted. If a broker fails to pay the annual permit user fee by the published due date, the permit is revoked by operation of law. The processing Center

will notify the broker in writing of the failure to pay and the revocation of the permit.

\* \* \* \* \*

**Robert F. Altneu,**

*Director, Regulations & Disclosure Law Division, Regulations & Rulings, Office of Trade, U.S. Customs and Border Protection.*

Approved:

**Thomas C. West, Jr.,**

*Deputy Assistant Secretary of the Treasury for Tax Policy.*

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## DEPARTMENT OF HOMELAND SECURITY

### U.S. Customs and Border Protection

## DEPARTMENT OF THE TREASURY

### 19 CFR Parts 24 and 111

[USCBP–2020–0009; CBP Dec. 22–21]

RIN 1651–AB16

### Modernization of the Customs Broker Regulations

**AGENCY:** U.S. Customs and Border Protection, Department of Homeland Security, Department of the Treasury.

**ACTION:** Final rule.

**SUMMARY:** This document adopts as final, with changes, proposed amendments to the U.S. Customs and Border Protection (CBP) regulations modernizing the customs broker regulations. CBP is transitioning all customs brokers to a single national permit and expanding the scope of the national permit authority to allow national permit holders to conduct any type of customs business throughout the customs territory of the United States. To accomplish this, CBP is eliminating broker districts and district permits, which in turn removes the need for the maintenance of district offices, and district permit waivers. CBP is also updating, among other changes, the responsible supervision and control oversight framework, ensuring that customs business is conducted within the United States, and requiring that a customs broker have direct communication with an importer. These changes are designed to enable customs brokers to meet the challenges of the modern operating environment while maintaining a high level of service in customs business. Further, CBP is increasing fees for the broker license application to recover some of the costs associated with the review of customs