

How Non-Compliant Logistics Companies Handle U.S. Import Customs Clearance

Many logistics providers offer an Importer of Record (IOR) service to sellers—using a logistics company’s own importer identity to clear customs and pay duties.

This practice seems convenient and helps sellers reduce certain compliance costs.

However, the logistics provider is **not** the actual owner or purchaser of the goods, and therefore cannot legally act as the importer of record.

From the perspective of U.S. Customs and Border Protection (CBP)—and customs authorities in other destination countries—this is a clear violation.

Previously, CBP officers often focused primarily on the goods themselves. If the products raised no safety or compliance issues, shipments sometimes passed without deeper scrutiny.

But CBP enforcement has become significantly stricter, and such

operations now risk:

- Entry refusal
- Return to origin (RTO)
- Cargo seizure
- Forced abandonment

Recently, several FBA-focused logistics providers have already faced such investigations.

Yet due to limited market maturity and cost concerns, many forwarders still fail to educate sellers about compliant practices—and the market remains reluctant to adopt proper procedures.

Therefore, these companies can only hope that CBP does not initiate a bond and importer audit.

Sellers should recognize the compliance trend and avoid major financial losses by purchasing and using their own U.S. Annual Bond for customs clearance.

As regulatory conditions evolve, it is essential to transition to legally

compliant operations early.

I. What Are “Cargo Ownership” and a U.S. Customs Bond?

1. Cargo Ownership (Title to Goods)

Cargo ownership determines who legally owns the goods.

Under the Tariff Act of 1930, Section 484, only the actual owner or purchaser of the goods is legally eligible to import them into the United States.

2. What Is a Bond?

A Customs Bond is a guarantee that an importer must obtain from CBP through a licensed surety company.

If the importer incurs penalties, duties, or fees, CBP may collect the outstanding amount directly against the bond.

A Customs Bond essentially serves as:

- A financial guarantee issued by a CBP-authorized insurance/surety company;
- A commitment that the importer will comply with all U.S. customs laws

and regulations.

II. How Non-Compliant Forwarders Handle U.S. Import Clearance

For years, some logistics companies exploited weaknesses in CBP manpower and the historically low scrutiny of importer-of-record authenticity—especially for e-commerce small parcels.

Common non-compliant practices include:

1. Forwarder Acts as the Improper Importer of Record

Forwarders list themselves or a third party as the importer, rather than the actual seller.

This reduces the seller's cost and simplifies documentation—but is 100% non-compliant.

2. Forwarders Avoid CBP Inspection by Routing Cargo Through Major Ports First

To minimize the chance of an audit, forwarders often:

- Ship cargo into large U.S. gateway ports (Los Angeles, New York, etc.)
- Then move freight inland via domestic transport

Sellers may mistakenly interpret this as the forwarder having “strong capabilities” .

3. No POA and No Actual Importer Information Collected

Sellers should ask themselves:

“ Did my forwarder ever ask me for complete cargo ownership information and a signed POA (Power of Attorney)?”

If not, the forwarder almost certainly used ****someone else’ s Bond and importer identity**** to process your entry.

4. CBP’ s Current Enforcement Trend

Major gateway ports now perform detailed Bond and IOR authenticity inspections.

CBP may request forwarders to provide:

- Valid purchase or sales contracts

- Formal commercial invoices
- Bank wire transfer records
- Documentation proving the relationship between importer and seller

Non-compliant forwarders cannot provide these documents.

As a result:

The cargo is denied entry and must be returned, seized, or abandoned.

III. How to Resolve This Issue? (Compliant Method)

1. Sellers Must Obtain a Valid U.S. Importer Number and Customs Bond

To apply, sellers need to provide:

- Business license from the e-commerce platform' s registered entity (e.g., Amazon store documentation)
- Legal representative' s ID or passport
- Registered address and company information

Once the importer number is issued and a Customs Bond is purchased, the seller can legally act as the Importer of Record.

2. Required Documents When a Company-Owned Store Applies for an Annual Bond

- Company business license & registration documents
- ID or passport of the authorized signatory
- Signed POA (Power of Attorney)
- Signed CTB (Customs Bond Application / Terms & Conditions)

3. Required Documents for Personal-Registered Stores

- Personal ID & passport
- Signed POA
- Signed CTB

4. Cost of an Annual Bond

- For total annual import value under USD 100,000, the bond costs approximately USD 500/year
- Recommended: Annual Bond (can be used unlimited times within the year)

5. Standard U.S. Import Customs Clearance Fees

Approx. USD 150, including:

- AMS Filing
- ISF Filing
- Customs Clearance Fee