

## Upcoming Expiration of Generalized System of Preferences (GSP)

The GSP program that provides duty free treatment for imported goods from certain countries will expire on midnight December 31, 2017 unless reauthorized by Congress before the deadline. The last time GSP expired on July 31, 2013, it was not reauthorized until June 29, 2015. Although the reauthorization and ability to claim GSP benefit was retroactive, importers had to take certain steps to prepare in order to claim eligibility once reauthorization occurred.

Once expiration occurs, importers should continue to flag GSP eligible imports with the appropriate "A" special program indicator (SPI) and pay the associated column 1 duty rates associated with the tariff number. Importers may want to touch base with their software providers and/or brokers to confirm that they wish to continue flagging for GSP even though duties will be paid. Continuing to flag entries will allow CBP to batch process refunds of duty if GSP is reauthorized retroactively.

CBP has also recommended that importers ensure that their importer of record information is up to date including the address, and relevant ACH banking information if applicable so that any potential refunds may be properly directed.

Ensuring that appropriate GSP flagging procedures are in place during the lapse period is important. While CBP has also indicated that it will accept post importation GSP claims via post summary correction and protest procedures for importations that occurred during the period when GSP was still in effect, post importation GSP claims to flag for GSP will **not** be allowed on importations made subsequent to the expiration of GSP.

Expiration of GSP will not affect the collection or waiver of the merchandise processing fee for eligible imports.

Preferences permitted under the African Growth and Opportunity Act (AGOA) are not impacted by the lapse in GSP. AGOA remains in effect until September 30, 2025 and the claim is indicated by SPI "D" for eligible non-textile items.

During this end of year period, CBP will be monitoring time of entry in regard to eligibility. The time of entry can be as early as the time that entry documents are filed, provided that the merchandise is within port limits and the entry documents are filed before arrival with the entry date requested on the documents at the time of submission.

CBP has also indicated that it will deny requests for suspension of liquidation under 19 CFR 159.12 for importation of otherwise GSP eligible goods imported during the lapse period.

Given the history of this program and current legislative priorities, it is unlikely that an eleventh-hour reauthorization will occur. Preparation is the best defense, so it is important to take steps now to preserve any potential for a refund if and when the program is reauthorized.