

§ 148.102

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For purposes of this subpart, “fair retail value” in the country of acquisition means the price at which the merchandise is freely offered there for sale at retail and “country of acquisition” includes America Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands of the United States.

Two examples of the application of this subpart are set forth below:

Example 1: B returned from Europe where he acquired merchandise having a fair retail value of \$1,950. Assume for purposes of this example that (1) in addition to the personal exemption of \$400, \$100 of the merchandise carries a free rate of duty, (2) allowances and exemptions have not been used within the past 30 days, and (3) all articles in excess of allowances and exemptions and duty-free articles are dutiable at rates other than the flat rate.

B presents his baggage to the Customs officer for examination and his declaration for verification. Duty is figured as follows:

| | Fair retail value | Duty |
|---|-------------------|-----------------------|
| (a) The \$400 personal exemption | \$400 | |
| (b) Articles which carry a free rate of duty | 100 | |
| (c) The \$1,000 flat rate of duty allowance calculated at: | 1,000 | |
| 4 percent (effective 01/01/01 through 12/31/01) | | \$40 |
| 3 percent (effective from 01/01/02) | | 30 |
| (d) Balance of articles subject to duty at rates other than flat rate | 1,450 | (¹) |
| Total | 1,950 | (¹) |

¹The articles not covered by exemptions, allowances, and duty-free rates will be valued under section 402, Tariff Act of 1930, as amended, and duty calculated at rates other than the flat rate.

Example 2: Mr. and Mrs. B return from the U.S. Virgin Islands. During the trip, they acquired merchandise having a fair retail value of \$4,900. Assume for purposes of this example that (1) in addition to the personal exemption of \$1,200 for each returning resident, \$100 of the merchandise carries a free rate of duty, (2) allowances and exemptions have not been used within the past 30 days, (3) all articles in excess of allowances and exemptions and duty-free articles are dutiable at rates other than the flat rate, and (4) Mrs. B made \$400 in purchases on the trip, none of which carries a free rate of duty.

Mr. and Mrs. B present their baggage to the Customs officer for examination and their declaration for verification. Duty is figured as follows:

| | Fair retail value | Duty |
|---|-------------------|-----------------------|
| (a) The \$1,200 personal exemptions for residents returning from the U.S. Virgin Islands are grouped for a total of | \$2,400 | |
| (b) Articles which carry a free rate of duty | 100 | |
| (c) The \$1,000 flat rate of duty allowance calculated at: | 2,000 | |
| 2 percent (effective 01/01/01 through 12/31/01) | | \$40 |
| 1.5 percent (effective from 01/01/02) | | 30 |
| (d) Balance of articles subject to duty at rates other than flat rate | 1,400 | (¹) |
| Total | 1,400 | (¹) |

¹The articles not covered by exemptions, allowances, and duty-free rates will be valued under section 402, Tariff Act of 1930, as amended, and duty calculated at rates other than the flat rate.

[T.D. 78-394, 43 FR 49789, Oct. 25, 1978, as amended by T.D. 86-118, 51 FR 22516, June 20, 1986; 52 FR 12149, Apr. 15, 1987; T.D. 87-89, 52 FR 24446, July 1, 1987; T.D. 89-1, 53 FR 51266, Dec. 21, 1988; T.D. 97-75, 62 FR 46442, Sept. 3, 1997; T.D. 01-61, 66 FR 46218, Sept. 4, 2001]

§ 148.102 Flat rate of duty.

(a) *Generally.* The rate of duty on articles accompanying any person, including a crewmember, arriving in the United States (exclusive of duty-free articles and articles acquired in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, or the Virgin Islands of the United States) shall be 4 percent, effective January 1, 2001, and 3 percent, effective January 1, 2002, of the fair retail value in the country of acquisition.

(b) *American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands.* The rate of duty on articles accompanying any person, including a crewmember, arriving in the United States directly or indirectly from American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, or the Virgin Islands of the United States (exclusive of duty-free articles), acquired in these locations as an incident of the person’s physical presence there, shall be 2 percent, effective January 1, 2001, and 1.5 percent, effective January 1, 2002, of the fair retail value in the location in which acquired.

[T.D. 01-61, 66 FR 46218, Sept. 4, 2001]