



# Your Guide to ACH Payments

Customs Automated Clearinghouse (ACH) is an electronic payment option that allows participants to pay customs fees, duties, and taxes directly and electronically. ACH is a straightforward procedure accomplished through a series of simple electronic transactions. Throughout the process, there are no paper payments and no cashiers.

ACH automates the time-consuming method of using cash and checks to pay duties and fees on imported merchandise. The accuracy and speed of ACH results in a more efficient and cost-effective payment process for the importer and customs. ACH fulfills the need for swift, accurate, and secure payment transfers in today's competitive business climate.

### **Customs offers two ACH options: ACH Debit and ACH Credit.**

You may send your payment in either debit or credit mode. Deringer recommends choosing the process that best suits your business environment. The application process for ACH debit and ACH credit modes is specific to each entity, meaning that you cannot apply for both. You must choose one method, and the one you apply for is the one you must use.

## **ACH Debit**

ACH Debit is available to those who file as part of Customs Automated Broker Interface (ABI) using statement processing and can be used to pay all Customs duties, taxes, and fees. With ACH Debit, the filer transmits payment authorization to Customs, and Customs sends the payment information through the network to the payer's financial institution.

**To use ACH Debit, you must complete an ACH Debit application form, which can be found on the Customs Border Protection website.**

**Download Form**

### **Benefits of ACH Debit include the following:**

- If you use Periodic Monthly Statements (PMS), you receive up to 45 days to submit payment
- Reduce administrative processing and costs
- Importer with multiple locations can pay from one bank account
- Reduce administrative errors related to check processing
- Eliminate lost or stolen check problems
- Control cash flow by identifying the exact day to allocate funds

### **ACH Debit also offers several security measures including:**

- A unique Payer Unit Number (PUN) is assigned to each payer and used only for their ACH transactions. CBP does not maintain online files of payer bank account information- all transactions are designated by the payer unit number.
- Only the filer who originally transmitted the entries to CBP can transmit the payment authorization. An importer's designated broker can use the importer's payer unit number to pay only that importer's statements, specific to company IRS number.
- Payment authorization is not accepted unless the payer's statement total equals the total recorded by Customs' Automated Commercial Environment (ACE) for the statement. If they differ, authorization is not accepted, and an error message is transmitted to the filer so that the problem can be corrected.

ACH Debit is a secure and efficient way to transfer funds electronically between bank accounts.

## How to Use ACH Debit

- In order for an importer to participate in ACH Debit, the importer's financial institution must be a U.S. bank National Automated Clearing House Association (NACHA) participant with Electronic Data Interchange capability.
- For Foreign Importers using a foreign bank, the bank must have a U.S. branch and be a NACHA participant. The importer must also have a federal identification number (tax ID number, social security number or Customs Assigned Number).
- Application for foreign bank must include foreign bank account number and US Bank Branch routing number. Several banks in Canada are NACHA participants who can participate in ACH direct with CBP. These include but are not limited to: BANQUE NATIONALE DU CANADA, Bank of Montreal, Royal Bank of Canada, TD Bank, and HSBC Bank of Canada.
- Complete an ACH Debit application form for your account. If multiple accounts are to be used, complete a separate application for each account. If you use more than one broker, only one broker needs to be identified on the application. Any broker of your choosing may use your PUN, and if you switch brokers, you do not have to update your application.
- To ensure the accuracy of the account information, it is requested that written verification (obtained from your bank) be completed and accompany the application. The ACH payer will be responsible for defaults which result from incomplete or erroneous account information when written verification is not submitted and certified by bank personnel. It is key to ensure that the bank transit routing and account number on the ACH application have been verified by your bank by obtaining a letter of confirmation from your financial institution and submitting it with your ACH application to CBP.



**“Several banks in Canada are NACHA participants who can participate in ACH direct with CBP.**

**These include but are not limited to:**

- **BANQUE NATIONALE DU CANADA**
- **Bank of Montreal**
- **Royal Bank of Canada**
- **TD Bank**
- **HSBC Bank of Canada ”**

## How Does a Typical ACH Debit Transaction Work?

### 1. The filer receives the preliminary statement.

CBP generates a preliminary statement of entry summaries scheduled for payment and transmits it to the filer through ABI. The filer prints and reviews the statement. If the filer deletes an entry summary from the statement through ABI, a new statement amount is transmitted to the filer.

### 2. The filer transmits ACH payment authorization.

The filer transmits the payment authorization to CBP through ABI. The filer sends one ACH payment authorization per statement, usually the same day the statement and entry summaries are submitted to CBP. All ACH payment authorizations are initiated by the filer--CBP takes no payment steps until the ACH payment authorization is received and accepted.

### 3. The filer receives a confirmation message.

If the ACH payment authorization transmission is error free, the filer receives a message that the authorization has been accepted.

### 4. The filer receives the final statement.

CBP transmits a final statement to the filer, usually on the first business day after the payment authorization is received, accepted, and processed by CBP. The final statement lists all paid summaries and serves as a payment receipt.

### 5. All accounts are credited and debited.

After ACH payment authorization is approved, funds transfer begins. CBP transmits payment information to the ACH processor bank and the Treasury account is credited. The ACH processor bank then transmits the data to the payer's bank. The payer's account is debited usually two business days after CBP accepts the initial payment authorization.

**ACH applications can take up to an average of 15 business days from the date of receipt to be processed by CBP if no errors are found.** For changes to an already existing ACH account, allow for three business days for processing. Once your application is sent, you will receive an email from CBP that includes your unique Payer Unit Number (PUN). Your PUN is assigned to you by CBP and will be used for all ACH Debit transactions. This number is how you will know the status of enrollment.



**ACH Debit allows filers to make automatic payments without needing to initiate the transaction.**

# ACH Credit

In order to be on ACH Credit, the company or filer must be on ABI and Statement processing. With ACH Credit, the payer initiates the payment through their financial institution. Their financial institution then electronically transmits the payment through the ACH/ Federal Reserve network to the Customs account maintained by the Treasury Department.

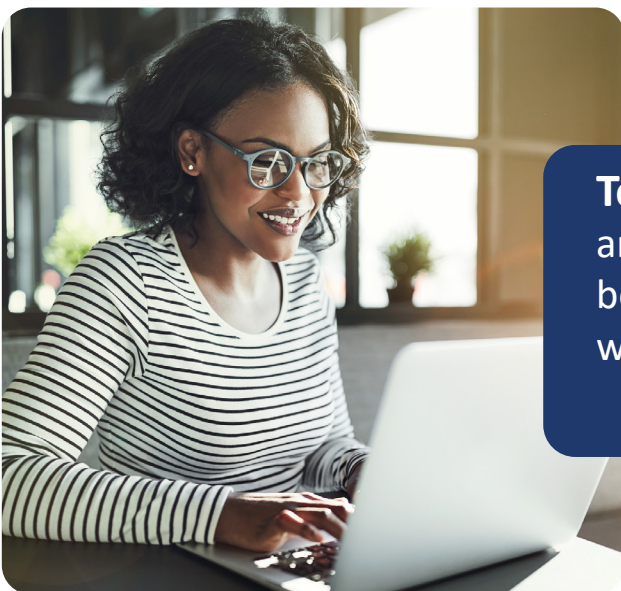
ACH Credit is a riskier approach, as there are penalties associated with late payments and liquidated damages. The payer must ensure the correct amount is sent with the appropriate remittance, at the designated time, and to the specified place.

## Benefits of ACH Credit include the following:

- If you use Periodic Monthly Statements (PMS), you receive up to 45 days to submit payment
- Payer controls the initiation and timing of payments
- Payer controls the date funds are debited
- Fraction of the costs of FEDWIRE (***Fedwire is a settlement system of central bank money used by Fed banks to electronically settle final U.S. dollar payments among member institutions***)
- Eliminates lost or stolen check problems
- Reduces administrative and check processing costs

# How to Use ACH Credit

- Just as an ACH Debit, an importer that participates in ACH Credit, the importer's financial institution must be a U.S. bank NACHA participant with Electronic Data Interchange capability.
- Importers with a foreign bank, the bank must have a U.S. branch and be a NACHA participant. The importer must also have a federal identification number (tax ID number, social security number or Customs Assigned Number). Application for foreign bank must include foreign bank account number and US Bank Branch routing number. Several banks in Canada are NACHA participants who can participate in ACH direct with CBP. These include but are not limited to: BANQUE NATIONALE DU CANADA, Bank of Montreal, Royal Bank of Canada, TD Bank, and HSBC Bank of Canada.
- Complete an ACH Credit application form.
- Once the application is processed, the Revenue division will provide the payment format and data requirements, which must be provided to your financial institution.
- Your financial institution must test and validate the payment route and account data by sending a pre-notification transaction with addendum record, which is a zero-dollar amount sent through ACH. You must notify CBP when the pre-note transaction is being sent. CBP will then notify you when you can begin ACH Credit transactions.



To use ACH Credit, you must complete an ACH Credit application form, which can be found on the Customs Border Protection website.

[Download Form](#)

## How Does a Typical ACH Credit Transaction Work?

- 1. The payer provides the necessary data to their financial institution.** CBP provides the payer with a payment format. The data requirements include CBP transit routing number, CBP account number, payer identifier, settlement date (the date the account is scheduled to be debited), the total payment amount, document number being paid, document payment amount, and payment type.
- 2. The payer initiates the payment transaction.** The payer follows their financial institution's procedures for initiating payment. The transaction must originate at least one day prior to the settlement date. Once the transaction has been initiated it cannot be reversed. Any overpayments will be handled through the normal refund process.
- 3. The Treasury Department transmits the information to CBP, and payment is posted.** If the amount paid matches the amount due, the payment is posted. If there is a discrepancy, CBP will manually reconcile the transaction, which may cause a delay in posting the payment.
- 4. The Federal Reserve notifies the financial institution that payment was received.** The transaction will be listed on the payer's bank statement, or through other arrangements made with the bank.

ACH Credit allows for the payer to control the initiation and timing of payments.



## Which Option is Right for Me?

	ACH Debit	ACH Credit
Involves electronic transfer of funds between bank accounts	✓	✓
Reduces administrative processing and costs	✓	✓
Requires the financial institution to be a U.S. bank NACHA participant with Electronic Data Interchange capability	✓	✓
Allows payment of all ABI statements in a central location	✓	✓
Enables filers to make automatic payments without initiating the transaction	✓	
An importer with multiple locations can pay from one bank account	✓	
Authorizes CBP to withdraw a single authorized payment through the filer's bank	✓	
Payer controls the initiation and timing of payments		✓



## What About Periodic Monthly Statements?

Periodic Monthly Statements (PMS) allow you to consolidate the payment of duties and fees on a monthly basis.

Importers should carefully consider and keep in mind bank authorization requirements and funding limits. If the bank sets a withdrawal limit, then the importer should monitor the account. Actively running ACE reports will help importers keep track of all activities and withdrawal limits.

### There are multiple benefits to enrolling in PMS:

- If you use PMS, you receive up to 45 days to submit payment
- Duties can be paid as late as the 15th working day of the month following release (excluding Federal Holidays)
- Shifts the payment process from a transaction-by-transaction process to a periodic monthly process
- Provides additional flexibility to manage working capital required for duty payments
- Allows you to view the PMS as it is being built during the month, using ACE
- The importer will receive an email containing each individual statement from a certain month; those statements will collect and be paid on the 15th working day of the next month
- Deringer can provide you with reports to forecast total duty amounts for the month before payment to ensure sufficient funds are in the account

### Requirements to participate in PMS:

- PMS participants must have a continuous bond
- Entry summaries not eligible for inclusion on a Periodic Monthly Statement include:
  - Duty deferral, Entry Type 08
  - Reconciliation, Entry Type 09
  - Entry summaries with IRS tax class codes

Description	Accounting Class Code
Distilled Spirits	016
Wines	017
Tobacco Products	018
Other (not included above)	022

Entry summaries flagged for reconciliation may be included on a Periodic Monthly statement if they do not include taxes.

***\* The PMS application is filed separately from the ACH Debit/Credit Application. You cannot apply for PMS without ACH.***

### How to Apply for PMS

The Bond Department can assist with the PMS participation:

Email [bonddept@anderinger.com](mailto:bonddept@anderinger.com) to request PMS participation; include a copy of the completed 5106 form with Periodic Monthly Statement Activation written on the top.

[Download Form](#)

## FAQs



### **I don't have a US bank account. Can I still enroll in ACH?**

Yes! Many banks in Canada are NACHA participants who can participate in ACH direct with CBP. These include but are not limited to: BANQUE NATIONALE DU CANADA, Bank of Montreal, Royal Bank of Canada, TD Bank, and HSBC Bank of Canada.

### **What if I do not want the government to debit my main bank account?**

A company may elect to have a separate bank account solely for the purposes of CBP debits.

### **How long does it take to establish an ACH account?**

ACH applications can take up to an average of 15 business days from the date of receipt to be processed by CBP if no errors are found. For changes to an already existing ACH account, allow 3 business days for processing.

### **Are there any financial benefits to establishing an ACH account?**

- *Eliminates funds advanced or processing fees from the broker*
- *Eliminates bank fees for wire transfers*
  - Reduce administrative processing and costs
  - Fraction of the costs of FEDWIRE (*Fedwire is a settlement system of central bank money used by Fed banks to electronically settle final U.S. dollar payments among member institutions*)
  - Eliminates lost or stolen check problems
  - Reduces administrative and check processing costs

# How Do I Get Started?

ACH Debit	ACH Credit	PMS
<ul style="list-style-type: none"><li>• Verify your financial institution is a U.S. bank NACHA participant with Electronic Data Interchange capability.</li><li>• Complete and submit an ACH Debit application form. If multiple accounts are to be used, complete a separate application for each account.</li><li>• Alongside the ACH Debit application, submit written verification (obtained from your bank) of your routing and account number.</li><li>• CBP will create the ACH account and assign you a unique PUN.</li></ul>	<ul style="list-style-type: none"><li>• Verify your financial institution is a U.S. bank NACHA participant with Electronic Data Interchange capability.</li><li>• Complete and submit an ACH Credit application form.</li><li>• Once processed, CBP will provide you with a payment format to supply to your financial institution.</li><li>• Your financial institution will test the payment route.</li><li>• CBP will notify you when you can begin ACH Credit transactions.</li></ul>	<ul style="list-style-type: none"><li>• Complete a 5106 form.</li><li>• Write Periodic Monthly Statement Activation on top of the form.</li><li>• Send an email with the form attached to <a href="mailto:bonddept@anderinger.com">bonddept@anderinger.com</a></li></ul>

\*For more information, please refer to pages 2-8

## External Resources

**Please note:** This guide must be open in Adobe Acrobat Reader in order to access some of these forms. Adobe Acrobat is available for free from the [Adobe website](#).

- [CBP Periodic Monthly Statement \(PMS\) & PMS Due Dates](#)
- [CBP Automated Clearing House \(ACH\)](#)
- [ACH Debit Application](#)
- [ACH Credit Application](#)
- [ACE and Automated Systems](#)
- [Form 5106](#)

