House of Representatives and the Committee on Finance of the Senate.

"SEC. 414. REMOTE LOCATION FILING. 19 USC 1414.

"(a) CORE ENTRY INFORMATION.—

"(1) IN GENERAL.—A Program participant may file electronically an entry of merchandise with the Customs Service from a location other than the district designated in the entry for examination (hereafter in this section referred to as a 'remote location') if—

"(A) the Customs Service is satisfied that the participant has the capabilities referred to in paragraph (2)(A) regarding such method of filing; and

"(B) the participant elects to file from the remote location.

"(2) REQUIREMENTS.—

"(A) IN GENERAL.—In order to qualify for filing from a remote location, a Program participant must have the capability to provide, on an entry-by-entry basis, for the following:

"(i) The electronic entry of merchandise.

"(ii) The electronic entry summary of required information.

"(iii) The electronic transmission of invoice information (when required by the Customs Service).

"(iv) The electronic payment of duties, fees, and taxes.

"(v) Such other electronic capabilities within the existing or planned components of the Program as the Secretary shall by regulation require.

"(B) RESTRICTION ON EXEMPTION FROM REQUIREMENTS.—The Customs Service may not permit any exemption or waiver from the requirements established by this section for participation in remote entry filing.

"(3) CONDITIONS ON FILING UNDER THIS SECTION.—The Secretary may prohibit a Program participant from participating in remote location filing, and may remove a Program participant from participation in remote location filing, if the participant—

"(i) fails to meet all the compliance requirements and operational standards of remote location filing; or

"(ii) fails to adhere to all applicable laws and regulations.

"(4) ALTERNATIVE FILING.—Any Program participant that is eligible to file entry information electronically from a remote location but chooses not to do so in the case of any entry must file any paper documentation for the entry at the designated location referred to in subsection (d).

"(b) ADDITIONAL ENTRY INFORMATION.—

"(1) IN GENERAL.—A Program participant that is eligible under subsection (a) to file entry information from a remote location may, if the Customs Service is satisfied that the participant meets the requirements under paragraph (2), also electronically file from the remote location additional information that is required by the Customs Service to be presented before the acceptance of entry summary information and at the time of acceptance of entry summary information.

"(2) REQUIREMENTS.—The Secretary shall publish, and periodically update, a list of those capabilities within the existing and planned components of the Program that a Program participant must have for purposes of this subsection.

"(3) FILING OF ADDITIONAL INFORMATION.—

"(A) IF INFORMATION ELECTRONICALLY ACCEPTABLE.—A Program participant that is eligible under paragraph (1) to file additional information from a remote location shall electronically file all such information that the Customs Service can accept electronically.

"(B) ALTERNATIVE FILING.—If the Customs Service cannot accept additional information electronically, the Program participant shall file the paper documentation with respect to the information at the appropriate filing location.

"(C) APPROPRIATE LOCATION.—For purposes of subparagraph (B), the 'appropriate location' is—

"(i) before January 1, 1999, a designated location; and

"(ii) after December 31, 1998—

"(I) if the paper documentation is required for release, a designated location; or

"(II) if the paper documentation is not required for release, a remote location designated by the Customs Service or a designated location.

"(D) OTHER.—A Program participant that is eligible under paragraph (1) to file additional information electronically from a remote location but chooses not to do so must file the paper documentation with respect to the information at a designated location.

"(c) POST-ENTRY SUMMARY INFORMATION.—A Program participant that is eligible to file electronically entry information under subsection (a) and additional information under subsection (b) from a remote location may file at any remote location designated by the Customs Service any information required by the Customs Service after entry summary.

"(d) DEFINITIONS.—As used in this section:

"(1) The term 'designated location' means a customs office located in the customs district designated by the entry filer for purposes of customs examination of the merchandise.

"(2) The term 'Program participant' means, with respect to an entry of merchandise, any party entitled to make the entry under section 484(a)(2)(B).".

SEC. 632. DRAWBACK AND REFUNDS.

(a) AMENDMENTS.—Section 313 (19 U.S.C. 1313) is amended as follows:

(1) Subsection (a) is amended—

(A) by inserting "or destruction under customs supervision" after "Upon the exportation";

(B) by inserting "provided that those articles have not been used prior to such exportation or destruction," after "manufactured or produced in the United States with the use of imported merchandise,";

(C) by inserting "or destruction" after "refunded upon the exportation"; and

(D) by striking out "wheat imported after ninety days after the date of the enactment of this Act" and inserting "imported wheat".

(2) Subsection (b) is amended—

(A) by striking out "duty-free or domestic merchandise" and inserting "any other merchandise (whether imported or domestic)";

(B) by inserting ", or destruction under customs supervision," after "there shall be allowed upon the exportation";

(C) by inserting "or destroyed" after "notwithstanding the fact that none of the imported merchandise may actually have been used in the manufacture or production of the exported";

(D) by inserting ", but only if those articles have not been used prior to such exportation or destruction" after "an amount of drawback equal to that which would have been allowable had the merchandise used therein been imported"; and

(E) by inserting "or destruction under customs supervision" after "but the total amount of drawback allowed upon the exportation".

(3) Subsection (c) is amended to read as follows:

"(c) MERCHANDISE NOT CONFORMING TO SAMPLE OR SPECIFICATIONS.—Upon the exportation, or destruction under the supervision of the Customs Service, of merchandise—

"(1) not conforming to sample or specifications, shipped without the consent of the consignee, or determined to be defective as of the time of importation;

"(2) upon which the duties have been paid;

"(3) which has been entered or withdrawn for consumption; and

"(4) which, within 3 years after release from the custody of the Customs Service, has been returned to the custody of the Customs Service for exportation or destruction under the supervision of the Customs Service;

the full amount of the duties paid upon such merchandise, less 1 percent, shall be refunded as drawback.".

(4) Subsection (j) is amended to read as follows:

"(j) UNUSED MERCHANDISE DRAWBACK.—

"(1) If imported merchandise, on which was paid any duty, tax, or fee imposed under Federal law because of its importation—

"(A) is, before the close of the 3-year period beginning on the date of importation—

"(i) exported, or

"(ii) destroyed under customs supervision; and

"(B) is not used within the United States before such exportation or destruction;

then upon such exportation or destruction 99 percent of the amount of each duty, tax, or fee so paid shall be refunded as drawback. The exporter (or destroyer) has the right to claim drawback under this paragraph, but may endorse such right to the importer or any intermediate party.

"(2) If there is, with respect to imported merchandise on which was paid any duty, tax, or fee imposed under Federal law because of its importation, any other merchandise (whether imported or domestic), that—

"(A) is commercially interchangeable with such imported merchandise;

"(B) is, before the close of the 3-year period beginning on the date of importation of the imported merchandise, either exported or destroyed under customs supervision; and

"(C) before such exportation or destruction—

"(i) is not used within the United States, and

"(ii) is in the possession of, including ownership while in bailment, in leased facilities, in transit to, or in any other manner under the operational control of, the party claiming drawback under this paragraph, if that party—

"(I) is the importer of the imported merchandise, or

"(II) received from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the party the imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable merchandise (and any such transferred merchandise, regardless of its origin, will be treated as the imported merchandise and any retained merchandise will be treated as domestic merchandise);

then upon the exportation or destruction of such other merchandise the amount of each such duty, tax, and fee paid regarding the imported merchandise shall be refunded as drawback, but in no case may the total drawback on the imported merchandise, whether available under this paragraph or any other provision of law or any combination thereof, exceed 99 percent of that duty, tax, or fee.

"(3) The performing of any operation or combination of operations (including, but not limited to, testing, cleaning, repacking, inspecting, sorting, refurbishing, freezing, blending, repairing, reworking, cutting, slitting, adjusting, replacing components, relabeling, disassembling, and unpacking), not amounting to manufacture or production for drawback purposes under the preceding provisions of this section on—

"(A) the imported merchandise itself in cases to which paragraph (1) applies, or

"(B) the commercially interchangeable merchandise in cases to which paragraph (2) applies,

shall not be treated as a use of that merchandise for purposes of applying paragraph (1)(B) or (2)(C).".

(5) Subsection (l) is amended by striking out "the fixing of a time limit within which drawback entries or entries for refund under any of the provisions of this section or section 309(b) shall be filed and completed," and inserting "the authority for the electronic submission of drawback entries".

(6) Subsection (p) is amended to read as follows:

"(p) SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, if—

"(A) an article (hereafter referred to in this subsection as the 'exported article') of the same kind and quality as a qualified article is exported;

"(B) the requirements set forth in paragraph (2) are met; and

"(C) a drawback claim is filed regarding the exported article;

the amount of the duties paid on, or attributable to, such qualified article shall be refunded as drawback to the drawback claimant.

"(2) REQUIREMENTS.—The requirements referred to in paragraph (1) are as follows:

"(A) The exporter of the exported article—

"(i) manufactured or produced the qualified article in a quantity equal to or greater than the quantity of the exported article,

"(ii) purchased or exchanged, directly or indirectly, the qualified article from a manufacturer or producer described in subsection (a) or (b) in a quantity equal to or greater than the quantity of the exported article,

"(iii) imported the qualified article in a quantity equal to or greater than the quantity of the exported article, or

"(iv) purchased or exchanged, directly or indirectly, an imported qualified article from an importer in a quantity equal to or greater than the quantity of the exported article.

"(B) In the case of the requirement described in subparagraph (A)(ii), the manufacturer or producer produced the qualified article in a quantity equal to or greater than the quantity of the exported article.

"(C) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the exported article is exported during the period that the qualified article described in subparagraph (A)(i) or (A)(ii) (whichever is applicable) is manufactured or produced, or within 180 days after the close of such period.

"(D) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the specific petroleum refinery or production facility which made the qualified article concerned is identified.

"(E) In the case of the requirement of subparagraph (A)(iii) or (A)(iv), the exported article is exported within 180 days after the date of entry of an imported qualified article described in subparagraph (A)(iii) or (A)(iv) (whichever is applicable).

"(F) Except as otherwise specifically provided in this subsection, the drawback claimant complies with all requirements of this section, including providing certificates which establish the drawback eligibility of articles for which drawback is claimed.

"(G) The manufacturer, producer, importer, exporter, and drawback claimant of the qualified article and the exported article maintain all records required by regulation.

"(3) DEFINITION OF QUALIFIED ARTICLE, ETC.—For purposes of this subsection—

"(A) The term 'qualified article' means an article—

"(i) described in—

"(I) headings 2707, 2708, 2710, 2711, 2712, 2713, 2714, 2715, 2901, and 2902 of the Harmonized Tariff Schedule of the United States, or

"(II) headings 3901 through 3914 of such Schedule (as such headings apply to liquids, pastes, powders, granules, and flakes), and

"(ii) which is—

"(I) manufactured or produced as described in subsection (a) or (b) from crude petroleum or a petroleum derivative, or

"(II) imported duty-paid.

"(B) An exported article is of the same kind and quality as the qualified article for which it is substituted under this subsection if it is a product that is commercially interchangeable with or referred to under the same eight-digit classification of the Harmonized Tariff Schedule of the United States as the qualified article.

"(C) The term 'drawback claimant' means the exporter of the exported article or the refiner, producer, or importer of such article. Any person eligible to file a drawback claim under this subparagraph may designate another person to file such claim.

"(4) LIMITATION ON DRAWBACK.—The amount of drawback payable under this subsection shall not exceed the amount of drawback that would be attributable to the article—

"(A) manufactured or produced under subsection (a) or (b) by the manufacturer or producer described in clause (i) or (ii) of paragraph (2)(A), or

"(B) imported under clause (iii) or (iv) of paragraph (2)(A).".

(7) The following new subsections are inserted after subsection (p):

"(q) PACKAGING MATERIAL.—Packaging material, when used on or for articles or merchandise exported or destroyed under subsection (a), (b), (c), or (j), shall be eligible under such subsection for refund, as drawback, of 99 percent of any duty, tax, or fee imposed under Federal law on the importation of such material.

"(r) FILING DRAWBACK CLAIMS.—

"(1) A drawback entry and all documents necessary to complete a drawback claim, including those issued by the Customs Service, shall be filed or applied for, as applicable, within 3 years after the date of exportation or destruction of the articles on which drawback is claimed, except that any landing certificate required by regulation shall be filed within the time limit prescribed in such regulation. Claims not completed within the 3-year period shall be considered abandoned. No extension will be granted unless it is established that the Customs Service was responsible for the untimely filing.

"(2) A drawback entry for refund filed pursuant to any subsection of this section shall be deemed filed pursuant to any other subsection of this section should it be determined that drawback is not allowable under the entry as originally filed but is allowable under such other subsection.

"(s) DESIGNATION OF MERCHANDISE BY SUCCESSOR.—

"(1) For purposes of subsection (b), a drawback successor may designate imported merchandise used by the predecessor before the date of succession as the basis for drawback on

articles manufactured by the drawback successor after the date of succession.

"(2) For purposes of subsection (j)(2), a drawback successor may designate—

"(A) imported merchandise which the predecessor, before the date of succession, imported; or

"(B) imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable merchandise for which the successor received, before the date of succession, from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the successor such merchandise;

as the basis for drawback on merchandise possessed by the drawback successor after the date of succession.

"(3) For purposes of this subsection, the term 'drawback successor' means an entity to which another entity (in this subsection referred to as the 'predecessor') has transferred by written agreement, merger, or corporate resolution—

"(A) all or substantially all of the rights, privileges, immunities, powers, duties, and liabilities of the predecessor; or

"(B) the assets and other business interests of a division, plant, or other business unit of such predecessor, but only if in such transfer the value of the transferred realty, personalty, and intangibles (other than drawback rights, inchoate or otherwise) exceeds the value of all transferred drawback rights, inchoate or otherwise.

"(4) No drawback shall be paid under this subsection until either the predecessor or the drawback successor (who shall also certify that it has the predecessor's records) certifies that—

"(A) the transferred merchandise was not and will not be claimed by the predecessor, and

"(B) the predecessor did not and will not issue any certificate to any other person that would enable that person to claim drawback.

"(t) DRAWBACK CERTIFICATES.—Any person who issues a certificate which would enable another person to claim drawback shall be subject to the recordkeeping provisions of this chapter, with the retention period beginning on the date that such certificate is issued.

"(u) ELIGIBILITY OF ENTERED OR WITHDRAWN MERCHANDISE.—Imported merchandise that has not been regularly entered or withdrawn for consumption shall not satisfy any requirement for use, exportation, or destruction under this section.

"(v) MULTIPLE DRAWBACK CLAIMS.—Merchandise that is exported or destroyed to satisfy any claim for drawback shall not be the basis of any other claim for drawback; except that appropriate credit and deductions for claims covering components or ingredients of such merchandise shall be made in computing drawback payments.".

(b) APPLICATION OF AMENDMENT TO FINISHED PETROLEUM DERIVATIVES.—Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, the amendment made by paragraph (6) of subsection (a) shall apply to— 19 USC 1313 note.

(1) claims filed or liquidated on or after January 1, 1988, and

(2) claims that are unliquidated, under protest, or in litigation on the date of the enactment of this Act.

SEC. 633. EFFECTIVE DATE OF RATES OF DUTY.

Regulations.

Section 315 (19 U.S.C. 1315) is amended—

(1) by striking out "appropriate customs officer in the form and manner prescribed by regulations of the Secretary of the Treasury," in the first sentence of subsection (a) and inserting "Customs Service by written, electronic or such other means as the Secretary by regulation shall prescribe,";

(2) by striking out "customs custody" in the first sentence of subsection (b) and inserting "custody of the Customs Service"; and

(3) by striking out "paragraph 813" in subsection (c) and inserting "chapter 98 of the Harmonized Tariff Schedule of the United States".

SEC. 634. DEFINITIONS.

Section 401 (19 U.S.C. 1401) is amended—

(1) by amending subsection (k) to read as follows:

"(k) The term 'hovering vessel' means—

"(1) any vessel which is found or kept off the coast of the United States within or without the customs waters, if, from the history, conduct, character, or location of the vessel, it is reasonable to believe that such vessel is being used or may be used to introduce or promote or facilitate the introduction or attempted introduction of merchandise into the United States in violation of the laws of the United States; and

"(2) any vessel which has visited a vessel described in paragraph (1).";

(2) by inserting at the end thereof the following new subsections:

"(n) The term 'electronic transmission' means the transfer of data or information through an authorized electronic data interchange system consisting of, but not limited to, computer modems and computer networks.

"(o) The term 'electronic entry' means the electronic transmission to the Customs Service of—

"(1) entry information required for the entry of merchandise, and

"(2) entry summary information required for the classification and appraisement of the merchandise, the verification of statistical information, and the determination of compliance with applicable law.

"(p) The term 'electronic data interchange system' means any established mechanism approved by the Commissioner of Customs through which information can be transferred electronically.

"(q) The term 'National Customs Automation Program' means the program established under section 411.

"(r) The term 'import activity summary statement' refers to data or information transmitted electronically to the Customs Service, in accordance with such regulations as the Secretary prescribes, at the end of a specified period of time which enables the Customs Service to assess properly the duties, taxes and fees on merchandise imported during that period, collect accurate statistics and determine whether any other applicable requirement of law (other than a requirement relating to release from customs custody) is met.

"(s) The term 'reconciliation' means an electronic process, initiated at the request of an importer, under which the elements of an entry, other than those elements related to the admissibility of the merchandise, that are undetermined at the time of entry summary are provided to the Customs Service at a later time. A reconciliation is treated as an entry for purposes of liquidation, reliquidation, and protest.".

SEC. 635. MANIFESTS.

Section 431 (19 U.S.C. 1431) is amended—

(1) by amending subsections (a) and (b) to read as follows:

"(a) IN GENERAL.—Every vessel required to make entry under section 434 or obtain clearance under section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91) shall have a manifest that complies with the requirements prescribed under subsection (d).

"(b) PRODUCTION OF MANIFEST.—Any manifest required by the Customs Service shall be signed, produced, delivered or electronically transmitted by the master or person in charge of the vessel, aircraft, or vehicle, or by any other authorized agent of the owner or operator of the vessel, aircraft, or vehicle in accordance with the requirements prescribed under subsection (d). A manifest may be supplemented by bill of lading data supplied by the issuer of such bill. If any irregularity of omission or commission occurs in any way in respect to any manifest or bill of lading data, the owner or operator of the vessel, aircraft or vehicle, or any party responsible for such irregularity, shall be liable for any fine or penalty prescribed by law with respect to such irregularity. The Customs Service may take appropriate action against any of the parties."; and

(2) by inserting after subsection (c) the following new subsection:

"(d) REGULATIONS.—

"(1) IN GENERAL.—The Secretary shall by regulation—

"(A) specify the form for, and the information and data that must be contained in, the manifest required by subsection (a);

"(B) allow, at the option of the individual producing the manifest and subject to paragraph (2), letters and documents shipments to be accounted for by summary manifesting procedures;

"(C) prescribe the manner of production for, and the delivery for electronic transmittal of, the manifest required by subsection (a); and

"(D) prescribe the manner for supplementing manifests with bill of lading data under subsection (b).

"(2) LETTERS AND DOCUMENTS SHIPMENTS.—For purposes of paragraph (1)(B)—

"(A) the Customs Service may require with respect to letters and documents shipments—

"(i) that they be segregated by country of origin, and

"(ii) additional examination procedures that are not necessary for individually manifested shipments;

"(B) standard letter envelopes and standard document packs shall be segregated from larger document shipments for purposes of customs inspections; and

"(C) the term 'letters and documents' means—

"(i) data described in General Headnote 4(c) of the Harmonized Tariff Schedule of the United States,

"(ii) securities and similar evidences of value described in heading 4907 of such Schedule, but not monetary instruments defined pursuant to chapter 53 of title 31, United States Code, and

"(iii) personal correspondence, whether on paper, cards, photographs, tapes, or other media.".

SEC. 636. INVOICE CONTENTS.

Section 481 (19 U.S.C. 1481) is amended—

(1) by amending subsection (a)—

(A) by amending the matter preceding paragraph (1) to read as follows: "IN GENERAL.—All invoices of merchandise to be imported into the United States and any electronic equivalent thereof considered acceptable by the Secretary in regulations prescribed under this section shall set forth, in written, electronic, or such other form as the Secretary shall prescribe, the following:",

(B) by amending paragraph (3) to read as follows: "(3) A detailed description of the merchandise, including the commercial name by which each item is known, the grade or quality, and the marks, numbers, or symbols under which sold by the seller or manufacturer in the country of exportation, together with the marks and numbers of the packages in which the merchandise is packed;", and

(C) by amending paragraph (10) to read as follows: "(10) Any other fact that the Secretary may by regulation require as being necessary to a proper appraisement, examination and classification of the merchandise.";

(2) by amending subsection (c) to read as follows:

Regulations.

"(c) IMPORTER PROVISION OF INFORMATION.—Any information required to be set forth on an invoice may alternatively be provided by any of the parties qualifying as an 'importer of record' under section 484(a)(2)(B) by such means, in such form or manner, and within such time as the Secretary shall by regulation prescribe."; and

(3) by inserting before the period at the end of subsection (d) the following: "and may allow for the submission or electronic transmission of partial invoices, electronic equivalents of invoices, bills, or other documents or parts thereof, required under this section".

SEC. 637. ENTRY OF MERCHANDISE.

(a) AMENDMENTS TO SECTION 484.—Section 484 (19 U.S.C. 1484) is amended to read as follows:

"SEC. 484. ENTRY OF MERCHANDISE.

"(a) REQUIREMENT AND TIME.—

"(1) Except as provided in sections 490, 498, 552, 553, and 336(j), one of the parties qualifying as 'importer of record' under paragraph (2)(B), either in person or by an agent authorized by the party in writing, shall, using reasonable care—

"(A) make entry therefor by filing with the Customs Service—

"(i) such documentation or, pursuant to an electronic data interchange system, such information as