**About Bonded Warehouses**

Bonded warehouses are secure buildings or areas in which dutiable goods can be stored and manipulated and companies can undertake manufacturing operations without a payment or duty. Usually established by the state or a private enterprise, bonded warehouses have been around since the early 1800’s.

The purpose of a bonded warehouse is to provide official supervision and security before the payment of a duty. The duty then becomes payable only when goods are taken out of the warehouse for use and consumption.

**Types of Bonded Warehouses**

There are eight classes of Customs Bonded Warehouses and a warehouse may be designated under more than one classification. The classes of Customs Bonded Warehouses denote what types of activities are allowed within the warehouse. Not all activities may be allowed, and the limitations can be restrictive for some companies.

Permitted activities in Customs Bonded Warehouse Buildings/Areas may include the following:

- Sorting *
- Repacking *
- Relabeling
- Remarking
- Regaining
- Assembled
- Stored
- Manipulated
- Salvaged
- Cleaning *
- Processed
- Sampled

* The user must receive special approval to act

An abbreviated list of types of bonded warehouses are listed below, with only those most likely to be used by Vermont businesses included. For a complete list of types, visit [www.cbp.gov](http://www.cbp.gov).

1. **Importers’ private bonded warehouses** used exclusively for the storage of merchandise belonging or consigned to the proprietor thereof.
2. **Public bonded warehouse** used exclusively for the storage of imported merchandise.
3. **Bonded yards or sheds** for the storage of heavy and bulky imported merchandise; stables, feeding pens, corrals, or other similar buildings or limited enclosures for the storage of imported animals; and tanks for storage of imported liquid merchandise in bulk.
4. **Bonded warehouses** established for the cleaning, sorting, repacking, or otherwise changing the condition of, but not the manufacturing of, imported merchandise, under Customs supervision, and at the expense of the proprietor.

**Entry, Storage & Treatment of Merchandise in Bonded Warehouses**

Upon entry of goods into the Customs Bonded Warehouse (CBW), the importer and warehouse proprietor incur liability under a bond. This liability is generally cancelled when the goods are:

- Exported; or deemed exported
- Withdrawn for supplies to a vessel or aircraft international traffic;
- Destroyed under Customs supervisions; or
- Withdrawn for consumption within the United States after payment of duty.
ABOUT BONDED WAREHOUSES

All merchandise subject to duty may be entered for warehousing except perishables and explosive substances. Full accountability for all merchandise entered into a Customs bonded warehouse must be maintained; that merchandise will be inventoried and the proprietor's records will be audited on a regular basis. Bonded merchandise may not be commingled with domestic merchandise and must be kept separate from unbonded merchandise.

When goods are moved under bond into a Customs Bonded Warehouse (CBW), a Customs warehouse entry is filed and Customs duties are not paid at that time. Duties are paid when goods are withdrawn from the warehouse for consumption into the commerce of the United States.

Merchandise in a Customs Bonded Warehouse may, with certain exceptions, be transferred from one bonded warehouse to another without impact on merchandise status.

If the goods are exported outside the United States or destroyed under Customs supervision, duties are not paid. Goods which are unconditionally FREE of duty or FREE under a special trade program may also enter a Customs Bonded Warehouse.

Establish a Customs Bonded Warehouse

A bonded warehouse may be established after an owner or lessee makes a written application (and receives approval) to the Area Director of the local customs authority describing:

- Premises
- Location
- The Class of Warehouse to be recognized

Application

An owner or lessee seeking to establish a bonded warehouse must make written application to his or her local Customs Area Director describing the premises, giving the location, and stating the class of warehouse to be established.

Except in the case of a Class 2 or Class 7 warehouse, the application must state whether the warehouse is to be operated only for the storage or treatment of merchandise belonging to the applicant, or whether it is to be operated as a public bonded warehouse.

If the warehouse is to be operated as a private bonded warehouse, the application must also state the general character of the merchandise to be stored therein, with an estimate of the maximum duties and taxes that will be due on the merchandise at any one time.

Other Requirements

The application must be accompanied by the following:

- A certificate signed by the president or a secretary of a board of fire underwriters that the building is a suitable warehouse and acceptable for fire-insurance purposes. At ports where there is no board of fire underwriters, certificates should be obtained and signed by officers of agents of two or more insurance companies.

- A blueprint showing measurements of the building or space to be bonded.

If the warehouse to be bonded is a tank, the blueprint should identify all outlets, inlets, and pipelines and be certified as correct by the proprietor of the tank. A gauge table showing the
capacity of the tank in U.S. gallons per inch or fraction of an inch of height, should be included and certified by the proprietor as correct.

When a part or parts of the building are to be used as a warehouse, a detailed description of the materials and construction of all partitions shall be included.

The Customs port director may ask for a list of names and addresses and a set of fingerprints for all company officers, principals, and employees of the applicant.

**Bonds Required**
Bonds for each class of warehouse shall be executed on Customs Bond, Form 301.

Website for Bonded Warehouse Proprietors Submission
https://forms.customs.gov/customsrfs/getformharness.asp?formName=cf-300-form.xft

Primary Source:

**U.S. Customs & Border Protection: St. Albans, VT**

In order to begin the process of establishing a new Customs Bonded Warehouse in Vermont, contact U.S. Customs & Border Protection directly.

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