

CBP Narrows Casualty Exception to U.S. Vessel Repair Duties

FEBRUARY 2, 2015

A 50% ad valorem duty applies to foreign repairs to U.S.-flag vessels unless the repairs are made in a country exempted by virtue of a free trade agreement with the United States. One exception is for repairs due to a casualty necessary “to secure the safety and seaworthiness of the vessel to enable her to reach her port of destination.” For duty relief, there must be an identified casualty event unless the part which fails was repaired or replaced immediately prior to the vessel leaving the United States. Otherwise, part failures are assumed to be the result of “ordinary wear and tear,” for which there is no duty relief.

On January 20, 2015, Customs and Border Protection (CBP) denied a protest involving a failure of a power take-off shaft and housing on an offshore support vessel which was repaired in Brazil. Although the parts were inspected and serviced prior to the vessel leaving for Brazil, CBP determined that there was no identifiable casualty event and that the specific part had not been repaired, serviced, or replaced as contemplated by the casualty exception.

[View the CBP's decision here.](#)

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