

THE DRAWBACK PROCESS



FRESHTRADETM

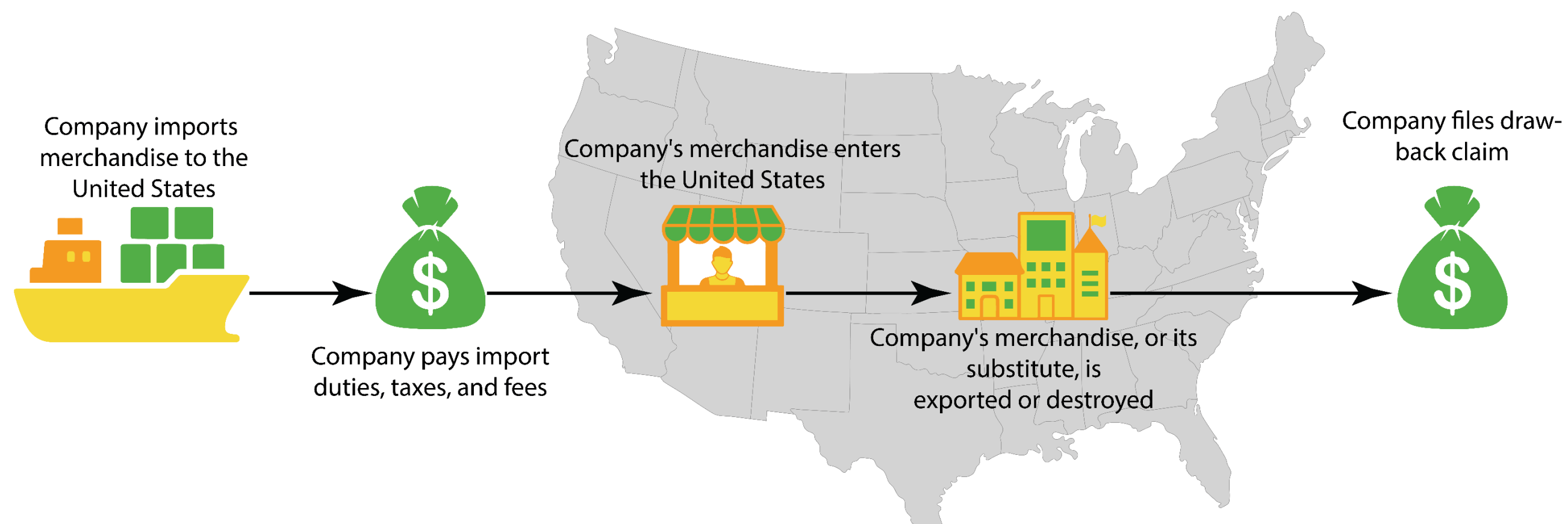
Customs Simplified. Trade Secured. Fresh Results.



Required Documentation for Customs Duty Drawbacks



DRAWBACK PROCESS SIMPLIFIED



Eligibility and Conditions

Unused Merchandise

The imported goods must be exported or destroyed in essentially the same condition as they were imported. This means they cannot have been used for their intended purpose in the U.S.

Allowable Operations

Certain incidental operations that do not constitute "manufacture" are permitted, such as testing, cleaning, relabeling, repacking, or cutting.

Time Limit

The merchandise must be exported or destroyed within five years from the date of importation.

Drawback Claim Filing

The drawback claim must be filed before the close of the five-year period.

Electronic Filing

All drawback claims must be filed electronically in CBP's Automated Commercial Environment (ACE).



The Two Main Methods of Identification

Direct Identification (19 USC 1313(j)(1))

This method requires the claimant to track specific merchandise from the time of import to the time of export or destruction. This is often done using a unique identifier like a serial number, lot number, or batch number. Approved accounting methods are also permitted.

Substitution (19 USC 1313(j)(2))

This method allows a claimant to substitute the imported merchandise with other merchandise of the same kind and quality. The imported and exported goods must be classified under the same 8-digit HTS (Harmonized Tariff Schedule) number. If the HTS description begins with "Other," a 10-digit match is required.



The Drawback Process

Who can claim Drawback

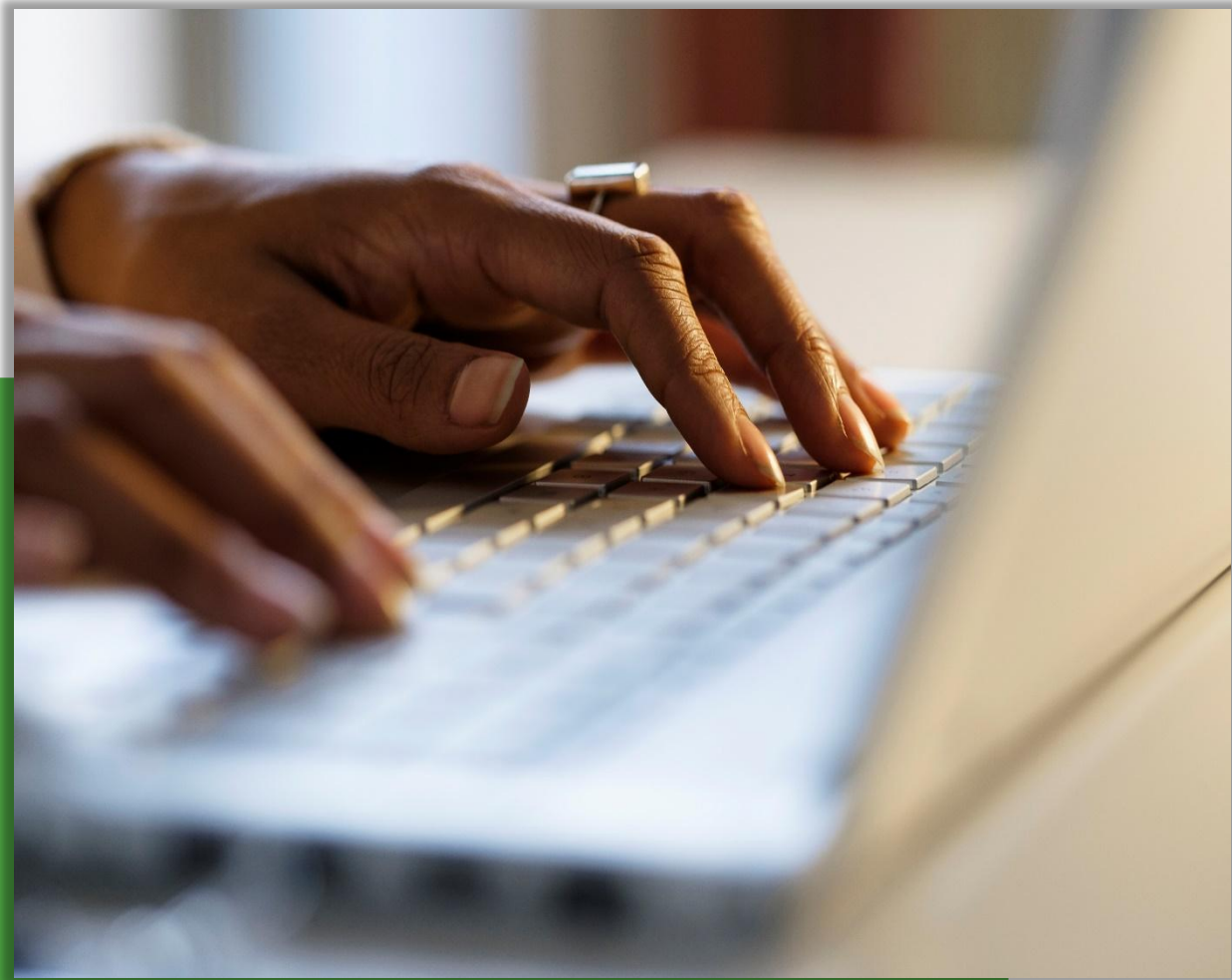
The exporter: An exporter may waive their right to the refund and assign it to the original importer. For a refund to be processed, the claim must be supported by a signed certification from the exporter, stating they have waived their right to the claim and will not authorize any other party to claim it.

Notice of Intent: Before exporting or destroying the merchandise, the claimant must file a **Notice of Intent to Export, Destroy, or Return Merchandise for Purposes of Drawback** on CBP Form 7553 at least five working days in advance.

One-Time Waiver (OTW): For past shipments where a CBP Form 7553 was not filed, you may be able to apply for a One-Time Waiver (OTW) with CBP. If approved, this can allow you to claim drawback on a past export that meets the regulatory requirements. This is generally for a single instance and is not a substitute for the WPN privilege for ongoing drawback activity.



The Drawback Process



- **CBP Examination:** After receiving the notice, CBP has two working days to decide if they will examine the merchandise.
- If CBP decides to examine the goods, the claimant must present them for inspection.
- If CBP waives the examination or fails to provide a timely response, the merchandise can be exported or destroyed without delay.
- **Filing the Claim:** After the merchandise is exported or destroyed, the drawback claim is filed electronically with CBP, including all necessary supporting documentation.
- **Recordkeeping:** Claimants must maintain all records, including import, export, and inventory documentation, for three years from the date of the claim's liquidation.



Is Drawback a Complicated Process?

Meticulous Record-Keeping: The most critical and often challenging part of the process is the need for extremely detailed and accurate record-keeping. You must be able to directly link the imported goods (with proof of duty payment) to their subsequent export or destruction. This can be difficult, especially for large companies with complex supply chains and a high volume of transactions.

- **Extensive Documentation:** Claimants must gather and submit a wide range of documents, including
 - Customs entry summaries (CBP Form 7501)
 - Proof of duties paid
 - Manufacturing records (if applicable)
 - Commercial invoices
 - Proof of import
 - Proof of export or destruction (e.g., bills of lading, export declarations)
 - Inventory Records

Is Drawback a Complicated Process?

Government Regulations and Compliance: Drawback is a “business privilege,” not an automatic right. This means there are strict rules and regulations that must be followed. The laws can change, and even minor errors in the claim or documentation can lead to rejection, delays, or even audits.

Time and Resource Intensive: The process requires a significant amount of time, effort, and resources. Companies must have dedicated staff or outside expertise to manage the process, track deadlines, and ensure all information is filed correctly. For example, in the U.S., a claim can take 3-6 months to be completed by U.S. Customs and Border Protection.

Technology and Data Integration: For many businesses, the necessary data is fragmented across different systems or departments. Integrating these data sources to build a complete and accurate claim can be a major challenge.



ABC FRUIT QUICK ANALYSIS

Past 5 ABC Fruit Shipments:	15% Tarriff
NQSH52408DR1201 / TEMU9546120	\$1936.61
NQSH52408CL53101 / SEKU9947862	\$1920.60
NQSH5248DR28101 / SEKU9174907	\$1920.60
NQSH52408DS62101 / SEGU2840258	\$1920.60
NQSH52408DR28102 / SEKU9202818	\$1920.60
Average Shipment Duties:	\$1923.80
Number of Monthly Exported Shipments:	36
Monthly Estimated Total Amount of Drawback (99%)	\$69,256.87
Annual Estimated Total Amount of Drawback (99%)	\$831,082.46



CBP Agriculture Drawback Office



Managing Center	Area of Responsibility	Team Code
Pharmaceuticals, Health and Chemicals		
NewYorkDrawback@cbp.dhs.gov	Pharmaceuticals, Health and Chemicals Industry	ADA
	Agriculture and Prepared Products Industry	ADB
	New York Team Code	2DB



Can FC Handle Drawbacks

Our ABI Software has Duty Drawback Capabilities



New California Accounting /
Development Office



Requirement to handle all CBP
7501 entries and all import
documents.



FT will also require access to
Inventory Records and FT must
maintain on internal cloud storage.