

# Duty Drawback

You may be entitled to thousands of dollars in duty drawback refunds – and not even know it.

If you are eligible to recover drawback, do you have the resources or ability to compile the information to support claims efficiently?



## Enhance your global competitiveness

FedEx Trade Networks Transport & Brokerage, Inc. can help you get the drawback you're entitled to under the current regulations. If you export goods, you may be able to recover up to 99 percent of customs duties paid on imported materials contained in those products.

You don't need to be an importer to qualify for drawback. If you buy and export duty-paid imported goods from domestic suppliers, drawback rights can be assigned to you.

Drawback is affordable. Many Fortune 100 companies and mid-size firms utilize the FedEx Trade Networks Duty Drawback program to boost their bottom lines. So can you.

## State-of-the-art duty drawback program

Our drawback software calculates your refunds down to the penny. The fully automated program produces larger claims and expedites refunds by preparing complete drawback claims, handling the necessary computations and providing accurate record keeping.

Our sophisticated and flexible system can receive your import, export and bill of material data electronically. The system also maintains multi-level, multi-generation bills of material.

## Calculate the advantages

Here's what the duty drawback program from FedEx Trade Networks can do for you:

- Boost your bottom line.
- Enhance your global competitiveness.
- Expedited refunds within weeks.
- Enter all data electronically.
- Provide accurate, comprehensive record keeping.
- Generate an audit trail.
- Create ongoing program status updates.



# **We can help you obtain the drawback you're entitled to.**

We offer the duty drawback expertise and experience you need, whether you are filing a claim or establishing a new drawback program.

## **A strong relationship with U.S. Customs and Border Protection**

Our thoroughness and professionalism are well regarded by U.S. Customs and Border Protection. Working with every customs drawback office in the U.S., we maintain a solid track record of preparing accurate claims, proven time and again during audits. Our services include pre-audit review and audit support.

## **The bottom-line benefits of duty drawback**

Reduce your manufacturing costs. By recovering up to 99 percent of your import duties when you export, you can manufacture with foreign merchandise in the U.S. virtually duty free.

Drawback refunds even if you're not the importer. Your domestic suppliers of imported materials can transfer their drawback rights, allowing you to recover up to 99 percent of the duty paid when you export products.

## **Potential bonuses for new claimants.**

If you've never filed for drawback, you can retroactively claim duty on exports shipped over the past three years. This provision allows you to qualify for a substantial refund.

## **Personal service you can trust**

With FedEx Trade Networks, you'll work alongside the industry's top professionals who have more than 75 combined years of experience in multiple facets of drawback. You will be assigned your own drawback specialist who is knowledgeable in the regulations, rulings and directives that form the basis of duty drawback. We will keep you updated on changing legislation and breaking drawback developments through in-house seminars and regular communication.



**Get the duty drawback you deserve.**

**Contact us at [drawback@ftn.fedex.com](mailto:drawback@ftn.fedex.com) or call 1.800.249.2953 today.**

Exports drive drawback. Efforts should begin here and move backward to identify duty-paid components used in manufacture, or product on which duty was paid upon import and is subsequently exported by you or any other company.

## **Begin with a Focused Approach:**

- 1) Pursue exports where your company was both importer and exporter.
- 2) Pursue most recent exports where the data is more current and readily available.
- 3) For manufacturing drawback, identify the most valuable duty paid components on the bill of material and identify the importer. Do bills of material indicate a vendor code or country of origin?
- 4) Start by identifying high volume exports first.

## **Considerations to Explore for Your Potential in Drawback Refunds:**

To Estimate Drawback Potential: How much are you paying in duty annually and what percentage is used in export? Refunds are based in duty paid per unit. Export pricing has no bearing on refunds.

## **Calculations are:**

1. Duty payments annually multiplied by the percent exported equals the refund amount.  
If you do not know duty paid:  
What is the value of import products purchased annually (minus overhead and freight charges)?  
What is the average duty rate?
2. Value multiplied by the duty percent equals duty paid multiplied by percent exported equals the refund amount.

## **Documentation requirements:**

You can apply for a retroactive refund of any import duties paid going back three years from date of export.

**For imports:** Customs Entry (7501) forms and commercial invoices. Packing list will be required when invoices do not indicate product codes like size, color, etc...

**For exports:** airway bills or bills of lading and export invoices.  
A numbered bill of lading, unique to that export will be required.

## **Exports to Canada and Mexico**

Canadian exports U.S. Customs requires Revenue Canada forms B3 and K84 to establish proof of exports. Manufacturing Drawbacks require a drawback ruling to be submitted to Customs before payments can be made on drawback claims. We would work with you to draft the ruling. Once drafted and approved the ruling is indefinite unless:

1. No drawback claim or certificate of manufacture and delivery is filed under the ruling for a period of five years and notice of terminations are published in the Customs Bulletin; or
2. The manufacturer or producer to whom approval of the ruling was issued files a request to terminate the ruling, in writing with customs headquarters.

Manufacturing rulings outline for Customs the nature of your operations and the basis for your claims. It takes a minimum of three to four months for approval from Customs after submission. We can file claims prior to approval but no refund can be issued until approval is given.

### **Unused Drawback**

Are you importing or purchasing domestic foreign products: parts of raw material that are re-exported without any significant transformation. FedEx Trade Networks can assist you in filing a one time retroactive claim on unused drawback.

We can also help you obtain a waiver of prior notice that allows your company to file for unused drawback without prior approval to export from U.S. Customs.

### **If you are not the direct Importer of Record:**

Documentation required: each of your suppliers will be required to complete a certificate of delivery (Customs Form 7552) listing all import entry numbers, date of import, port filed, description and quantity imported, duty rate and value.

Will they be reluctant to disclose value to you? If so FedEx Trade Networks can sign a confidentiality agreement and have all CDs sent directly to us. Are there any prior manufacturing operations performed by you or your suppliers? If so, a drawback ruling must be approved with Customs.

Do you always appear as the Exporter on truck pros, ocean bills of lading, or airway bills? If not, the exporter will need to draft a letter on company letterhead transferring drawback rights to you and process copies of all export documentation.

Have any of your divisions ever previously filed for Drawback? What would already be in place?

- Manufacturing Drawback Contract
- Drawback Bond
- Customs approval for Privileges:
- Accelerated Payment
- Waiver of Prior Notice for future exports
- Waiver of Prior Notice for past exports

### **Drawback Privileges:**

Accelerated Payment: Provides for duty refunds to be issued within 4 – 6 weeks of claim submission instead of waiting for the claim to be liquidated. Approval is required from Customs. Once an application is filed, Customs has 90 days in which to approve or request additional information or additional time to process the application before final approval.

Waiver of Prior Notice: Provides for the ability to summarize exports, eliminates the necessity to file the original source documentation with the claim and waive the necessity to file prior to export giving Customs notification. Once application is filed Customs has 90 days in which to approve or request additional information or additional time to process the application before final approval.

New regulation requirements: For both imports and exports the HTS number will be required for drawback programs. Unused merchandise requirements are that the HTS number must match at the six digit level.

## **NAFTA Drawback:**

### **Unused Drawback**

“Formerly, the NAFTA regulations (19 CFR 181.45 (b)(2)(I)) required the use of the accounting procedures in the Appendix of Part 181 (not including any of the low-to-high alternatives to identify goods withdrawn from an inventory of fungible goods for export to Canada or Mexico and for which drawback is claimed under subsection 1313(j)(1)). Under subsection 1313-(j)(2) substitution unused merchandise drawback is unavailable for such exportations, with certain exceptions. Section 181.45 (b)(2)(I) now permits the use of the accounting methods in 19 CFR 191.14 (including the low-to high alternatives) for certain such exports.

Under the amended regulation, if all of the goods in a particular inventory are non-originating goods (for NAFTA purposes), identification is on the basis of one of the accounting methods in 191 CFR 191.14., subject to the requirements and procedures in that section. If this is not the case (i.e., if the goods in the inventory consist of originating and non-originating goods) determination of the origin and identification of the goods for drawback purposes must still be on the basis of the accounting procedures in Appendix of Part 181. (See 19 CFR 191.14.)

### **Manufacturing Drawback**

“Less of the two” rule. The amount of drawback paid is based on the lesser amount of the customs duties paid on the goods either to the United States or to Canada or Mexico.

**In order to better understand your Drawback needs, please provide the following:**

Company name:

Address:

City:

State/Province:

Zip/Postal code:

Tax ID:

Has your company claimed drawback before?

Yes ☐

No ☐

Brief description of merchandise :

Does the part number change from import to export?

Yes ☐

No ☐

Is there any manufacturing involved from import to export?

Yes ☐

No ☐

## Imported Merchandise

From which countries are the goods imported:

Who is the importer of record?

If you're not the importer of record will the importer sign the drawback rights to you?

Yes ☐

No ☐

## Exported Merchandise

Exported to which countries:

Who is the Exporter of record?

If you're not the exporter of record will the exporter sign the Drawback rights over to you? Yes ☐ No ☐

If exporting to Canada does your company pay the duty to Canadian Customs (Revenue Canada)? Yes ☐ No ☐

Will you be claiming on prior exports? Yes ☐ No ☐

If yes, what time frame?

How will you provide the Import and Export Data needed to prepare the Drawback Claims?

We can do Manual data entry from paper copies or you can send the data electronically via an ASCII file or Excel spreadsheet.

Our fee is a percentage of the drawback refund. The range is from 10% – 20%

What is your Duty Drawback Refund expectation for a calendar year?