



Duty Drawback

Dear Valued Client,

Duty Drawback is an advantageous avenue for Importers and Exporters to recover duties and taxes previously paid on imported merchandise which, in return, is being exported or destroyed.

There are different types of duty drawback conditions that can apply to your goods:

1. Manufacturing drawback:

- a. The duty drawback claim must be filed within five years of date of export and produced within five years from the date of import.
- b. The importer must have inventory records that clearly establish the exported merchandise was produced from a specific lot of imported merchandise.

2. Unused merchandise drawback:

- a. The duty drawback claim must be filed within five years from date of import.
- b. The importer can claim a refund on imported material that is exported in an unused condition. Prior notice must be filed with Customs before the actual export of the goods.

3. Rejected merchandise drawback:

- a. The duty drawback claim must be filed within five years from date of import.
- b. Goods that were shipped without consent of the importer can be returned. Prior notice must be filed with U.S. Customs before the actual export of the goods.

DSV can assist you with the following services, as it relates to your duty drawback:

- Preparation and Submission of Manufacturer's Drawback Ruling
- Preparation and Submission of all requests for Special Privileges (Accelerated Payment, Waiver of Prior Notice, One-Time Waiver of Prior Notice)
- Preparation and Filing of all Duty Drawback Claims
- On-Site follow-up with U.S. Customs and Border Protection to ensure timely payment of Duty Drawback Claims
- Duty Drawback Audit Services
- Record Retention Management
- Complete Management of the claimant's Duty Drawback account

DSV – Global Transport and Logistics

We provide and manage supply chain solutions for thousands of companies every day – from the small family run business to the large global corporation. Our reach is global, yet our presence is local and close to our customers. 45,000 employees in more than 80 countries work passionately to deliver great customer experiences and high quality services. Read more at www.us.dsv.com.



Direct Identification Method

A claimant may file a claim for drawback on imported material if it is used in the manufacture of an exported product. The claimant's records must clearly establish the fact that the exported merchandise was produced from a specific lot of imported material.

Applications:

In order to file claims for drawback the following applications must be filed with U.S. Customs:

1. Manufacturer's Drawback Ruling:

- a. Filed in the port where the claims are filed
- b. Three to six months for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved

In addition to the application, certain privileges can be filed with the application.

2. Accelerated Payment Privilege:

- a. Must be filed after drawback ruling is approved; one to three months for approval
- b. Allows for the payment of drawback refund within three to four weeks of filing
- c. Drawback bond must be posted
- d. Claims may be filed pending approval, no payment until approved

Documentation:

The documents needed to prepare the applications and the actual claims include but are not limited to:

- Import purchase order
- Import purchase invoice
- Receiving record
- Entry summary*
- Production record**
- Export sales invoice
- Export bill of lading***

* The drawback claimant need not have paid the import duties directly to U.S. Customs. Import duties are often buried in the purchase price on imported merchandise obtained from an American distributor. U.S. Customs assumes that the drawback value of the merchandise passes on with the sale of the imported merchandise.

** The production record must clearly show which lot of imported material was used in production. This production record should also be referenced on the export invoice along with the quantity exported.

*** The Customs Regulations state that the exporter is entitled to the drawback refund unless he waives that right. Many companies sell drawback eligible merchandise to Domestic companies who subsequently export the merchandise. If the proper waiver is obtained from the exporter claims can also be filed against those exports.

Time Frames:

- Drawback will be allowed on imported merchandise used to manufacture or produce articles that are exported or destroyed under CBP supervision within five years of importation



Substitution Method

A claimant may file a claim for drawback on imported material even if it is not physically incorporated into the exported product. The imported material need only be consumed in production by the manufacturer. Other imported or domestic merchandise “classifiable under the same 8-digit HTSUS subheading” may be used in the production of the exported product. The claimant’s records must clearly establish the fact that the exported merchandise was produced from merchandise “classifiable under the same 8-digit HTSUS subheading” as the imported merchandise. (One plant may import while a second plant exports provided both plants are divisions of the same company.)

Applications:

In order to file claims for drawback the following applications must be filed with U.S. Customs:

1. Manufacturer’s Drawback Ruling:

- a. Filed with Customs in Washington, DC
- b. Six to nine months for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved

In addition to the application, certain privileges can be filed with the application:

2. Accelerated Payment Privilege:

- a. Must be filed after drawback ruling is approved one to three months for approval
- b. Allows for the payment of drawback refund within three to four weeks of filing
- c. Drawback bond must be posted
- d. Claims may be filed pending approval, no payment until approved

Documentation:

The documents needed to prepare the applications and the actual claims include but are not limited to:

- Import purchase order
- Import purchase invoice
- Receiving record
- Entry summary*
- Date exported merchandise is produced
- Bill of material
- Export sales invoice
- Export bill of lading**

* The drawback claimant need not have paid the import duties directly to U.S. Customs. Import duties are often buried in the purchase price on imported merchandise obtained from an American distributor. U.S. Customs assumes that the drawback value of the merchandise passes on with the sale of the imported merchandise.

** The Customs Regulations state that the exporter is entitled to the drawback refund unless he waives that right. Many companies sell drawback eligible merchandise to Domestic companies who subsequently export the merchandise. If the proper waiver is obtained from the exporter claims can also be filed against those exports.

Time Frames:

Drawback will be allowed on the imported merchandise if the following conditions are met:

- The designated merchandise is used in manufacture or production within five years of importation
- Within the five year period, the exported or destroyed articles, or drawback products, were manufactured or produced
- The completed articles must be exported or destroyed under CBP supervision within five years of the date of importation of the designated merchandise



Unused Merchandise Drawback Methods

Direct Identification Method

The most common type of duty drawback is unused merchandise. A claimant may file a claim for drawback on imported material that is subsequently exported in an unused condition. Prior to exportation Customs must be advised of an export shipment in order to afford them the opportunity to examine the export shipment. The claimant's records must clearly establish the fact that the exported merchandise was the imported merchandise.

Applications:

In addition to the application, certain privileges can be filed with the application:

1. Waiver of Prior Notice:

- a. Allows the filing of drawback claims on future exports without Customs having to supervise the exportation
- b. One to three months for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved

2. One Time Waiver of Prior Notice:

- a. Allows the retroactive filing of drawback claims for the last five years notwithstanding the fact that prior notice was not given to U.S. Customs
- b. One to three months for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved

3. Accelerated Payment Privilege:

- a. Allows for payment of drawback claim within three to four weeks of filing
- b. Claims may be filed pending approval, no payment until approved
- c. Drawback bond must be posted

Documentation:

The documents needed to prepare the applications and the actual claims include but are not limited to:

- Import purchase order
- Import purchase invoice
- Receiving record
- Entry summary*
- Export sales invoice
- Export bill of lading**

* The drawback claimant need not have paid the import duties directly to U.S. Customs. Import duties are often buried in the purchase price on imported merchandise obtained from an American distributor. U.S. Customs assumes that the drawback value of the merchandise passes on with the sale of the imported merchandise.

** The Customs Regulations state that the exporter is entitled to the drawback refund unless he waives that right. Many companies sell drawback eligible merchandise to Domestic companies who subsequently export the merchandise. If the proper waiver is obtained from the exporter claims may also be filed against those exports.

Time Frames:

- A claim for drawback must be filed within five years from the date of export
- The subject merchandise must be exported within five years from the date of import



Unused Merchandise Drawback Methods

Substitution Method

A claimant may file a claim for drawback on imported material even if the merchandise exported is not the actual imported merchandise. Substituted merchandise must be classifiable under the same 8-digit HTSUS subheading number as the designated imported merchandise (plus other requirements.) Prior to exportation, Customs must be advised of an export shipment to afford them the opportunity to examine the export shipment. The claimant's records must clearly establish the fact that the exported merchandise is "classifiable under the same 8-digit HTSUS subheading number as the designated imported merchandise.

Applications:

In addition to the application, certain privileges can be filed with the application:

1. Waiver of Prior Notice:

- a. Allows the filing of drawback claims on future exports without Customs having to supervise the exportation
- b. 90 days for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved

2. One Time Waiver of Prior Notice:

- a. Allows the retroactive filing of drawback claims for the last three years notwithstanding the fact that prior notice was not given to U.S. Customs
- b. 90 days for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved

3. Accelerated Payment Privilege:

- a. Allows for payment of drawback claim within three to four weeks of filing
- b. Claims may be filed pending approval
- c. Drawback bond must be posted

4. Determination of HTSUS Classification for Substituted Merchandise rulings:

- a. Allows for the determination of the substitution of merchandise
- b. Three to four months for approval
- c. Claims may be filed pending approval

Documentation:

The documents needed to prepare the applications and the actual claims include but are not limited to:

- Import purchase order
- Import purchase invoice
- Receiving record
- Entry summary*
- Export purchase order
- Export sales invoice
- Export bill of lading**

* The drawback claimant need not have paid the import duties directly to U.S. Customs. Import duties are often buried in the purchase price on imported merchandise obtained from an American distributor. U.S. Customs assumes that the drawback value of the merchandise passes on with the sale of the imported merchandise.

** The Customs Regulations state that the exporter is entitled to the drawback refund unless he waives that right. Many companies sell drawback eligible merchandise to Domestic companies who subsequently export the merchandise. If the proper waiver is obtained from the exporter claims may also be filed against those exports

Time Frames:

- A claim for drawback must be filed within five years of the date of importation
- The subject merchandise must be exported within five years of the date of importation



Rejected Merchandise Drawback Methods

Rejected Merchandise

A claimant may file a claim for drawback on imported material that is subsequently exported and which does not conform to sample or specifications, has been shipped without the consent of the consignee, or has been determined to be defective as of the time of importation.

Unused Merchandise

A claimant may file a claim for drawback on imported material that is subsequently exported in an unused condition. Prior to exportation, Customs must be advised of an export shipment to afford them the opportunity to examine the export shipment. The claimant's records must clearly establish the fact that the exported merchandise was the imported merchandise.

Returned Retail Merchandise

This is a special rule for substitution. A claimant may file for drawback upon the exportation or destruction under CBP supervision of imported merchandise ultimately sold as retail by the importer or by the person who received the merchandise from the importer, and for any reason returned to and accepted by the importer or the person who received the merchandise from the importer. Prior to exportation, Customs must be advised of an export to afford them the opportunity to examine the export shipment.

Please inquire with us for eligibility requirements.

Applications:

In addition to the application, certain privileges can be filed with the application:

1. Waiver of Prior Notice:

- a. Allows the filing of drawback claims on future exports without U.S. Customs having to supervise the exportation
- b. One to three months for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved

2. One Time Waiver of Prior Notice:

- a. Allows the retroactive filing of drawback claims for the last five years notwithstanding the fact that prior notice was not given to U.S. Customs
- b. One to three months for approval from U.S. Customs
- c. Claims may be filed pending approval, no payment until approved.

3. Accelerated Payment Privilege:

- a. Allows for payment of drawback claim within three to four weeks of filing
- b. Claims may be filed pending approval, no payment until approved
- c. Drawback bond must be posted

Documentation:

The documents needed to prepare the applications and the actual claims include but are not limited to:

- Import purchase order
- Import purchase invoice
- Receiving record
- Entry summary*
- Export sales invoice
- Export bill of lading**



Rejected Merchandise Drawback Methods

* The drawback claimant need not have paid the import duties directly to U.S. Customs. Import duties are often buried in the purchase price on imported merchandise obtained from an American distributor. U.S. Customs assumes that the drawback value of the merchandise passes on with the sale of the imported merchandise.

** The Customs Regulations state that the exporter is entitled to the drawback refund unless he waives that right. Many companies sell drawback eligible merchandise to Domestic companies who subsequently export the merchandise. If the proper waiver is obtained from the exporter claims may also be filed against those exports

Time Frames:

- A claim for drawback must be filed within five years of the date of importation (except retail)
- The subject merchandise must be exported within five years of the date of importation (except retail)

For a free, no obligation assessment of your company's Duty Drawback potential, complete the Duty Drawback Questionnaire. Contact your local representative or [email us](#) today to get started!