

Claim duty drawback

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Objective

This procedure describes the global management of duty drawbacks by the CTC team for all US Rhodia legacies GBU's. A flowchart is provided to describe the process.

Scope and implementation date

This process is run on a bi-annual basis.

Roles and responsibilities

Actor	Role	Responsible
CTC	• analyse drawback opportunities and complete drawback claims • provide import documents and signed certificate of delivery to drawback brokers • follow-up with drawback brokers on refund checks • inform GBU's accordingly	Customs Process Expert
GBU	• inform about usage of material to CTC (manufacturing ruling) • provide manufacturing schedule to CTC	Manufacturing Plant
CBP	• provide guidance as requested • approve drawback rulings • send drawback checks	CBP
Drawback Brokers	• send documentation to CBP	Drawback Brokers

Overview

Duty drawback allows Solvay USA Inc. to claim refunds of duties paid on imported merchandise that is exported in the same condition or that is processed or assembled into a finished article that is then exported. Such refunds are only allowed under U.S. Customs and Border Protection (CBP) supervision

Each drawback claim involves a very detailed analysis of imports and exports and the collection of supporting documentation, all within complex legislation and strict regulations.

Types of duty drawbacks

The guidelines for completing a drawback claim are provided in the Customs Regulations.

Drawback offices are located at the CBP port located at Newark, NJ.

Scope



NAM

ERP



WP1

References

Attachments

A drawback entry and all documents necessary to complete a claim generally must be filled within 3 years after exportation or destruction of the articles. Approval of a letter of intent to operate under a general manufacturing ruling may be obtained promptly if the letter of intent complies with the drawback law and regulations. A specific manufacturing ruling, however, takes more time for approval, depending on the complexity and nature of the request.

Merchandise that is "commercially interchangeable" may be substituted under the substitution unused merchandise drawback law. CBP will determine commercial interchangeability by evaluating the critical properties of the substituted merchandise. Factors considered include governmental and recognized industrial standards, tariff classification, and value. An application for a Drawback ruling is required.

1. Manufacturing drawback

Manufacturing drawback requires the imported merchandise and the export of a new and different article within 5 years of the importation of the imported article. The designated imported merchandise must be used and the exported article must be made with either the imported or substituted merchandise.

Manufacturing operations must take place within 3 years after receipt by the manufacturer of the imported merchandise. This 3-year period must be within the 5-year import/export period.

1.1 Material is used in manufacturing process to be exported (Solvay is the importer and exporter)

- Identify raw materials consumed to produce Finished Goods that are subsequently exported.
- Define exported articles in which materials are consumed during production.
- Get BOMs (Bill of Material) from SAP and determine the amount of imported material used in production.
- The GBU needs to provide the manufacturing schedule that proves that the imported material was used to produce a specific batch #
- Send import & export reports to the drawback broker. No import documents will be requested.

1.2 Material is sold to a domestic customer to be exported after manufacturing

Drawback is always claimed by the exporter. As Solvay USA Inc. is the importer, customer's drawback broker sends the Process Expert (CTC) a request for import documents and certificate of delivery (CD) to apply for drawback.

CTC signs and send the CD back along with the import documents (7501 form & invoice) to the customer's drawback broker who will claim duty drawback to CBP and receive the check.

The terms of the contract indicate if the drawback will be either shared with Solvay USA Inc. or kept by the customer.

2. Unused Drawback

2.1 Material is exported without being manufactured

This refers to merchandise that is commercially interchangeable with imported merchandise upon which duty was paid. Any duty imposed under Federal law because of its importation, is exported or destroyed under Customs supervision and at the time of exportation or destruction has not been used, 99% of the duties paid on the merchandise may be reversed as drawback.

The GBU provides the export documents that will be matched up with the imports documents.

The import and export documents are matched up by the duty drawback broker.

2.2 Specific case – 19 U.S Code 1313P Drawback

Identify imported and exported items with same HTS within the eligible HTS codes (chapter 39 mostly).

Match exports with imports in the correct time frame (import date must be within 180 days prior to export date)

Duty drawback refund

Once drawback is approved by CBP, the GBU is informed about approval and later on, when check is received. They receive an email summarizing the refund total.

A cost center and GL code are assigned to every check and transferred to Account Receivables along with a Check deposit report.

Record retention period

The records required to substantiate drawback claims must be retained for at least 3 years after payment of the claim (accelerated payment of a claim is considered such payment). This gives Customs time to verify the accuracy of a drawback claim, and to collect drawback improperly claimed in cases where accelerated drawback has been granted but the drawback entry has not been liquidated.

Although the recordkeeping retention period for drawback is 3 years from the date of payment of drawback, the same records are required to be kept for 5 years for other purposes (For example, import entry records are required to be retained for 5 years from the date of entry).

The files are retained for 3 years in the CTC files and 2 prior years are stored in archive at an off-site storage (Iron Mountain).