



**U.S. Customs and
Border Protection**

OT Drawback October 2020 Update WESCCON Trade Webinar

Office of Trade

Trade Policy and Programs

**Commercial Operations, Revenue and
Entry**

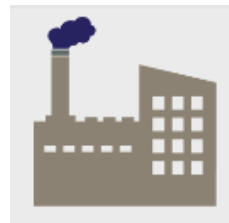
October 2020



Overview



- **Transition Overview**
- **Policy Updates/Reminders**
- **Drawback Stats**
- **Drawback FAQs**
- **Drawback References**



Presenters



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Transition Overview

TFTEA Improvements



TFTEA Claims

- Electronic Entry Filing
- Validations by ACE: Duty, HTS, UOM, Value, Filing Time Frames, C/O, etc.
- Uniform Filing Time Frames
- Line-level Reporting
- Enhanced Liability for the IOR
- Reduces Processing Burden on OFO
- Enhanced Record Retention Requirements
- Simplified Substitution Standards
- Fee Eligibility Increased

CORE Claims

- Paper Filing & Manual Claims
- Validations: Duty Only
- Time Frames Vary
- Header Level Reporting



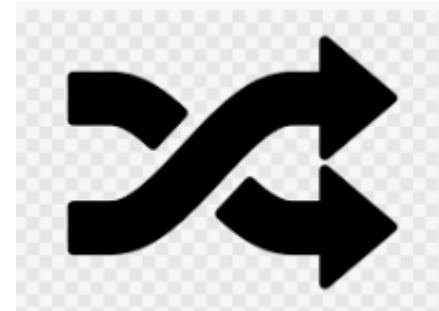
Transition Overview



- CBP successfully transitioned to only accepting electronic claims on February 24, 2019.

Accomplishments:

- Have successfully implemented new policy and procedures
- Provided training/webinar to DS (legal and policy)
- Open communication with field and trade
- Trade webinar for ACE Business Rules in March 2020
- Trade working group calls/meetings
- CBP.gov overhaul
- Trade readiness webinars and trade calls during the various deployments
- Update to CATAIR and ACE Business Rules
- Successful implementation of trade remedies



Transition Overview Continued



- The significant expansion of claims, updates to policy and technical issues have of course affected processing times. CBP remains committed to support field personnel to ensure they have the tools and guidance needed to complete their work.
- In spite of the increase in claims, the “backlog” of ACS claims has gone down by half. These claims will continue to be reviewed when they are ready for liquidation.
- Recent policy changes have led to more efficient and streamlined processing, with a special emphasis placed on privilege applications. CBP has already begun to see the impact of these adaptations.





Policy Updates/Reminders

Current Drawback Offices



- **Chicago**

- Port Code-3901
- ChicagoDrawback@cbp.dhs.gov

- **Houston**

- Port Code-5301
- HoustonDrawback@cbp.dhs.gov

- **New York**

- Port Code-1001
- NewYorkDrawback@cbp.dhs.gov

- **San Francisco**

- Port Code-2809
- SanFranciscoDrawback@cbp.dhs.gov

Hot Topics

- **COVID-19**
- **CBP Dec. 20-07 (HQ H305255) for Component Parts**
- **USMCA**
- **AP on Substitution Claims that Include IRT under CC 365**
- **New CBP.gov Drawback Website**
- **Archive Technical Issue**
- **Chapter 99 Technical Issue**
- **Privilege suffix**



Policy Reminders



- **Complete claim requirements (19 CFR 190.51)**
 - Mandatory DIS upload: electronic filers are required to upload into DIS all supporting documentation necessary to fulfill the complete claim requirements within 24 hours of a successful claim transmission.
 - Certain documents also require a mandatory DIS upload within 30 days of a successful claim transmission.
 - **CSMS #39751905** - Trade Policy Update: Drawback Claim Dates & Mandatory DIS Uploads.
- **Bond issues**
 - Claimants submitting claims with Accelerated Payment must be aware that if the claim date is **before** the continuous bond's effective date, the system will not recognize the continuous bond; claimant will need a single transaction bond (STB) in order for the payment to be processed.



Policy Reminders Continued



- **Other Reminders**

- Filers shall submit responses to CBP form 28 into DIS only
- Section 301/201 duties are eligible for drawback
- 232 duties are not eligible for drawback
- Communication with client representatives:
 - Trade should contact client representatives when there is an ABI transmission issue/acceptance issue
 - For specific claim issues and/or privilege/ruling application status, the trade should contact the Drawback Specialist
- CBP Form 7553 must be submitted to the CBP Officers at the port of examination, which for exported merchandise is usually the port of export, and for destructions, usually the port where the merchandise is located.
- Drawback prior disclosures should be filed with the Fines, Penalty and Forfeitures Office and the Drawback Office
- Do not file USMCA claims; technical fixes and regulations are still pending





First Time Drawback Filer

All drawback claims must be filed electronically in ACE and in accordance with the Trade Facilitation Trade Enforcement Act of 2015 (TFTEA) (Pub. L. 114–125, 130 Stat. 122).

Companies that are not automated have several options for filing electronic drawback claims:

- Hire a licensed customs broker to file a claim on your behalf:
 - Find a Broker by Port:
 - <https://www.cbp.gov/contact/find-broker-by-port>
- Self-file your claims through a service bureau, which provides both the software and the communications connection to the CBP Data Center. See this link for a list of service bureaus and other certified ABI software vendors:
 - [ABI Software Vendors List](#):
 - <https://www.cbp.gov/document/guidance/abi-software-vendors-list>
- Establish your own communications connection to the CBP Data Center in order to self-file your claims. There is more information about this process at the following link:
 - [Transmitting Data CBP Electronic Data Interchange](#):
 - <https://www.cbp.gov/trade/automated/getting-started/transmitting-data-cbp-electronic-data-interchange-edi>
 - Note that this process will take 3-6 months to complete.
- Please reach out to your assigned CBP client representative for more information. If you do not have an assigned client representative, send an email to clientrepoutreach@cbp.dhs.gov.



Drawback Stats

Drawback Stats Overview

- How many claims come in a month?
 - **Average between 1600-2200**
- How many claims come in a day?
 - **Average 50-75**
- What is the current inventory?
 - **60,201**

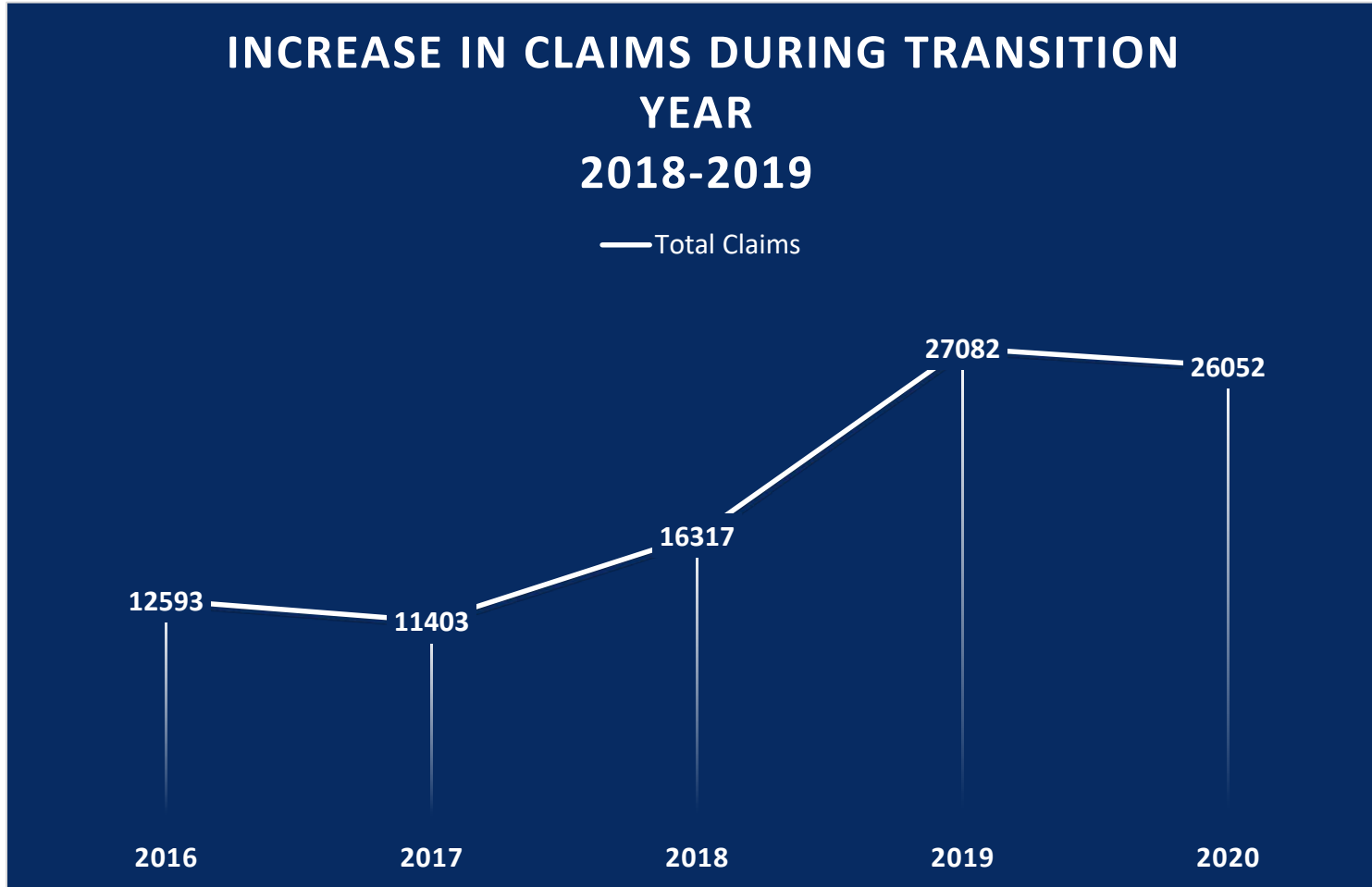


Approximate AP Estimates Per Fiscal Year

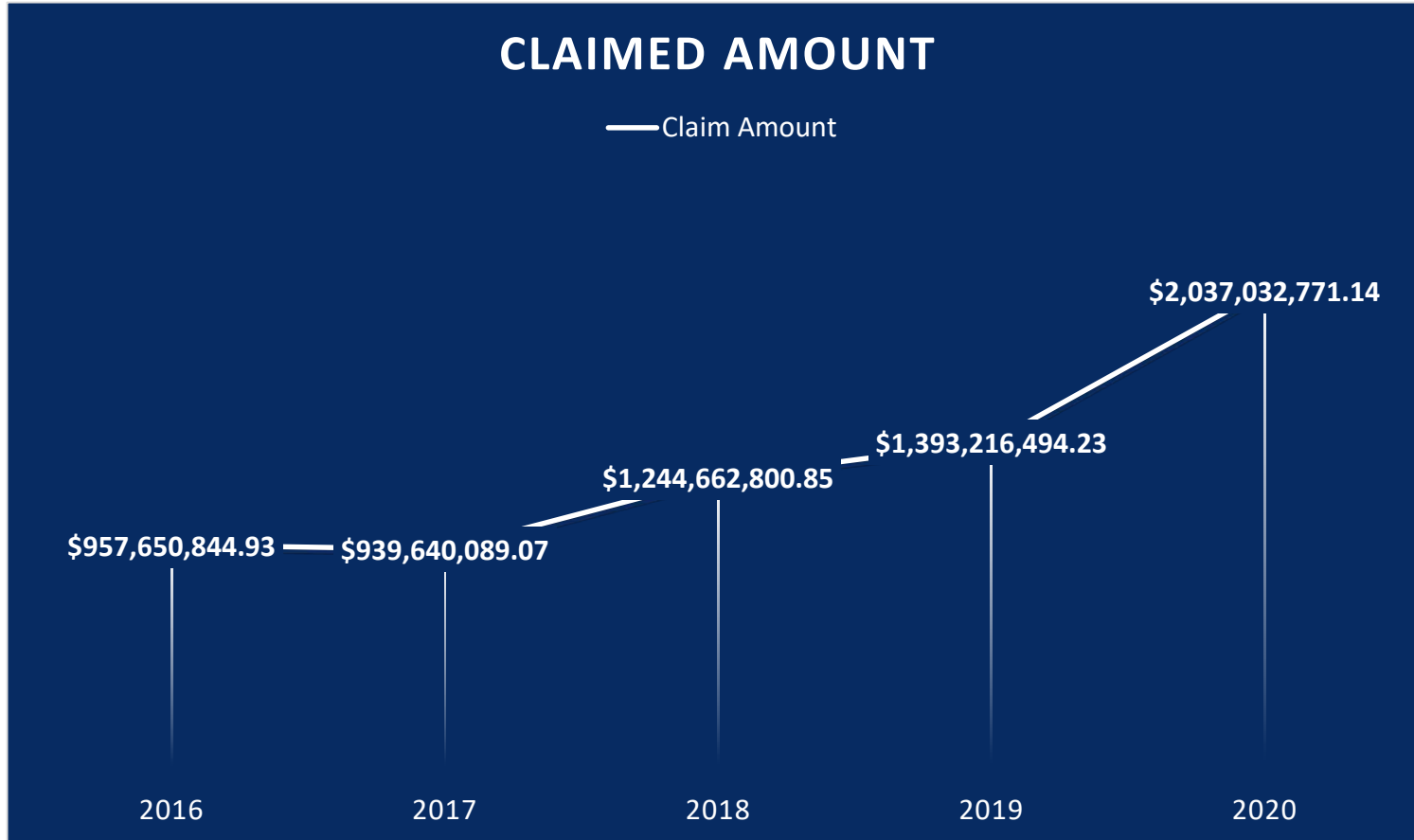


FY 2016	\$855,864,000.78
FY 2017	\$810,136,189.12
FY 2018	\$727,522,996.09
FY 2019	\$1,152,387,158.17
FY 2020	\$1,796,426,285.45

Growth of Overall Claims Over 5 years



Growth of Overall Claims Over 5 years Continued





Drawback FAQs



When Can a Claim Liquidate?

- All import entries are liquidated
- After the 180 day protest period
- DS review is complete
- All needed documents are present
- No open protests
- Refund issues resolved





When Does a Refund Get Issued?

Two ways:

1. AP:

- Claimants may request AP at the time of claim submission, or upon resubmission if the claim was accepted and returned to trade control.
- For claims that have been accepted with an AP request, ACE will automatically process the AP **except** in the certain circumstances where they would fail ACE validations.

2. Liquidation:

- DS are responsible for ensuring that drawback claims are approved for liquidation only if the claims are complete and correct and the claimant has complied with all applicable statutes and regulations.
- Refund, if warranted, will be issued once claim is liquidated.





Answers found in the ACE Entry Summary Business Rules and Process document

Where can I find the TFTEA provision codes for my claims?

- TFTEA drawback claims will be entered into ACE as entry type '47' with the applicable code/ statutory provision. (14.1.1)

In ACE, codes 51-75 are TFTEA provisions:

51: TFTEA 1313(a) / TFTEA Direct Identification Manufacturing Drawback

52: TFTEA 1313(b) / TFTEA Substitution Manufacturing Drawback

53: TFTEA 1313(c)(1) / TFTEA Rejected merchandise that does not conform to sample or specifications

54: TFTEA 1313(c)(2) / TFTEA Rejected merchandise that has been shipped without the consent of the consignee



Answers found in the ACE Entry Summary Business Rules and Process document

My Unit of Measure (UOM) and the UOM quantity are different from 2019 to 2020. How do I account for these differences?

- **Quantity/Unit of Measure** - Must match UOM on the import entry or import commercial invoice, as applicable (See section 14.3 Line Level Data)
- If the Drawback claim has a different UOM than the original import entry, it will result in an invalid UOM reject.
- Report the original UOM with fractional amounts. The quantity field in ACE does allow for up to four decimal points. (See next slide)



Answers found in the ACE Entry Summary Business Rules and Process document

My Unit of Measure (UOM) and the UOM quantity are different from 2019 to 2020. How do I account for these differences?

- **TFTEA direct identification claims**, (1313(j)(1), 1313(a) and packaging material), may designate invoice unit of measure (UOM) in lieu of the UOM corresponding to the HTS for the imported merchandise.
- The UOM used must be listed in Appendix C of the Drawback CATAIR.
- In addition, claims filed under 1313(j)(1) and packaging materials, the UOM must correspond to the UOM for the exported or destroyed merchandise.

Answers found in the ACE Entry Summary Business Rules and Process document



Can I use the same product description for both the import and export fields when filing an unused merchandise claim?

➤ **Direct Identification:**

- Provide a physical description of the merchandise/article sufficient to tie to the corresponding import and export commercial invoice; including any model, style or part numbers and/or grades, colors, and sizes.
- The 41 and 71 records are of the same standard.

Answers found in the ACE Entry Summary Business Rules and Process document



Is the product description reporting requirement the same for direct identification and substitution unused merchandise? (Continued)

➤ Substitution Unused:

- **41 Record:** Provide a physical description of the merchandise that meets the commodity description. This description can be the HTS description. The commodity description should distinguish the merchandise from commodities of the same name. (Note: The description should provide the Drawback Specialist with an accurate representation of the designated merchandise)
- **71 Record:** Provide a physical description of the substituted merchandise sufficient to tie to the selling price and its associated documentation.

Answers found in the ACE Entry Summary Business Rules and Process document



Do I have to upload a copy CBP Form 214, if I filed it electronically?

➤ **Foreign Trade Zone Admissions:**

- CBP Form 214 for manual filings.
- For electronic filings, a copy of the ABI Activity Receipt which includes the Admission Number.



Answers found in the ACE Entry Summary Business Rules and Process document

When does a Reconciliation spreadsheet need to be uploaded and within what timeframe?

- The **RECON** spreadsheet must be uploaded to DIS within 24 hours of ACE acceptance for the following circumstances:
 - Reconciliation resulted in a refund.
 - Reconciliation resulted in additional payments that are claimed in the adjusted claimed amount field.

Answers found in the ACE Entry Summary Business Rules and Process document



Are Quarterly HMF payments eligible for drawback? If so, what additional documentation is needed?

- Yes, within **24 hours** of ACE acceptance, the claimant must upload the following to DIS:
 - CBP Form 349, CBP Form 350 when applicable, and the entry summary recap sheet.

Answers found in the ACE Entry Summary Business Rules and Process document



My claim keeps getting rejected in ACE, who should I contact first?

- Filers should contact their ABI Client Representative for assistance, when a mismatch fatal error occurs that prohibits the acceptance of the claim in ACE.
- If you do not have a Client Representative assigned, please reach out to the Client Representative Branch:
clientrepoutreach@cbp.dhs.gov



Drawback References



Drawback CSMS issued in 2020

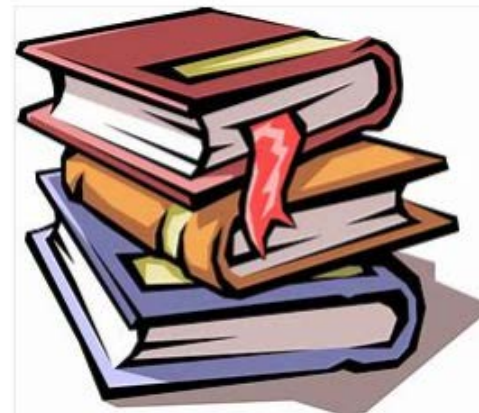
- **CSMS #41529100 - Drawback Claim Issues with Trade Remedies HTS Numbers (Chapter 99 Numbers)**
 - Issued 2/3/2020
- **CSMS #42135168 - Drawback: Newly Revised CBP Form 7553 posted to CBP.gov**
 - Issued 3/24/2020
- **CSMS #42216969 - Drawback Processing Notification**
 - Issued 3/31/2020
- **CSMS #42296248 - Drawback Update: New Drawback Webpages on CBP.gov**
 - Issued 4/7/2020
- **CSMS #42561433 - Drawback: Application Approvals for TFTEA General Rulings Under 1313(b)**
 - Issued 5/1/2020
- **CSMS #42719473 - Drawback: Commencing AP Processing on Substitution Claims that Include IRT under CC 365**
 - Issued 5/15/2020
- **CSMS #42827113 - Drawback: AP on Substitution Claims that Include IRT under CC 365**
 - Issued 5/26/2020
- **CSMS #43227909 - Drawback: USMCA Interim Guidance**
 - Issued 7/1/2020
- **CSMS #44097386 - Troubleshooting Drawback Revenue Errors**
 - Issued 9/16/2020



Drawback Regulations



- **Drawback Requirements can be found in:**
 - Title 19, United States Code, Section 1313
 - Title 19, Code of Federal Regulations, part 190
 - Title 19, Code of Federal Regulations, part 181 (NAFTA)
 - Title 19, Code of Federal Regulations, part 182 (USMCA-pending)



Drawback References

- [Drawback on CBP.gov](#):
 - ACE Business Rules
 - Drawback CATAIR
 - Drawback Error Dictionary
 - Drawback in ACE guidance
 - Drawback FAQs
 - Important Policy and Technical Updates
 - Hot Topics
 - CSMS link
 - DIS implementation Guide
 - Drawback webinars



Questions related to Drawback?



Please contact the following:

- **Technical** drawback questions: Client Representative. If you do not have an assigned client representative, send an email to clientrepoutreach@cbp.dhs.gov
- **Policy** drawback questions: OTDRAWBACK@cbp.dhs.gov
- **Specific** drawback claim and/or privilege application questions: Contact Drawback Specialist and/or one of the four [Drawback Offices](#)
- **Specific** HQ Rulings: hqdrawback@cbp.dhs.gov





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