



DUTY DRAWBACK 101

A Guide to the Duty Drawback Process and Maximizing Your Refund

BY J.M. RODGERS CO.





WHO SHOULD READ THIS GUIDE?

- **Importers, manufacturers, exporters, and distributors** looking to recover duties paid on goods that are later exported or destroyed.
- **Finance, supply chain, and compliance teams** aiming to reduce costs and optimize operations.
- **Business owners** who want to maximize duty drawback refunds without getting lost in complex regulations.



UNDERSTANDING DUTY DRAWBACK

Why Duty Drawback Matters

When your company imports goods into the United States, those products are subject to customs duties, taxes, and fees. These costs add up, especially for high-duty products. However, if you export or destroy some of these goods, you may qualify for a refund of up to 99% of duties paid—this is known as **duty drawback**.

Without claiming duty drawback, your business may be paying unnecessary tariffs, reducing your bottom line. Many companies overlook refunds due to a lack of awareness, perceived complexity, or administrative burden. This guide will help you understand the duty drawback process and how to reclaim the refunds you're entitled to.



WHAT IS DUTY DRAWBACK?

The U.S. government established duty drawback programs to refund duties paid on imported goods that are later exported or destroyed. It was first introduced in 1789 under the Tariff Act and has since evolved, most recently with the **Trade Facilitation and Trade Enforcement Act (TFTEA)** of 2016.

KEY STATS ON DUTY DRAWBACK

- Before TFTEA, CBP refunded \$800 million to \$1 billion annually to U.S. companies.
- Since TFTEA, total refunds have increased, reaching \$3.9 billion in 2023.
- Billions of dollars go unclaimed each year due to complexity and lack of awareness.



Did You Know?

TFTEA expanded the duty drawback program in 2016, making it easier for companies to recover more duties on exported goods—boosting refunds and improving compliance.

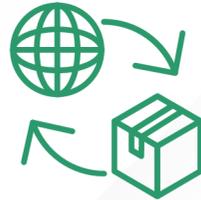
WHO IS ELIGIBLE FOR DUTY DRAWBACK?

Eligible Businesses:



Manufacturers

who are using imported materials.



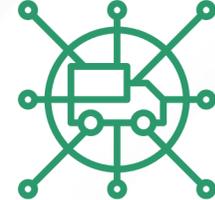
Importers

paying duties on goods that are later exported.



Exporters

who are shipping products overseas.



Distributors

who are handling international goods.



If your business imports and exports goods, destroys imports under Customs supervision, or exports duty-paid items bought domestically, you may qualify for a duty drawback refund. Restrictions apply: Some items, such as those subject to antidumping or countervailing duties, are not eligible for drawback.

WHAT IS ELIGIBLE FOR DUTY DRAWBACK?

Eligible Goods:



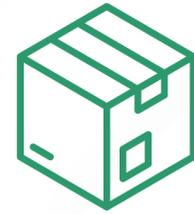
Raw materials
that are used in
manufacturing.



Components
assembled into
finished products.



Finished goods
that are later
exported.



Unused goods
re-exported in the
same condition.



If your business imports and exports goods, destroys imports under Customs supervision, or exports duty-paid items bought domestically, you may qualify for a duty drawback refund. Restrictions apply: Some items, such as those subject to antidumping or countervailing duties, are not eligible for drawback.

TYPES OF DUTY DRAWBACK CLAIMS

Claim Type	Description
Manufacturing Drawback	Refund for duties paid on imported materials used to produce exported goods.
Unused Merchandise Drawback	Refund for imported goods that are exported in their original condition.
Rejected Merchandise Drawback	Refund for defective or non-conforming goods returned to sender.
Substitution Drawback	Refund for exports matching the same 8-digit HTS code as the imported goods.
Destroyed Merchandise Drawback	Refund for duties paid on imported materials used to produce exported goods.

HOW TO FILE A DRAWBACK CLAIM

Filing a duty drawback claim requires careful documentation and attention to detail. Here's a step-by-step breakdown of the process:

1

Establish a Drawback Program

- Submit a drawback proposal to U.S. Customs and Border Protection (CBP).
- Outline your business operations and the type of drawback claim you plan to file.

2

Gather Required Documents

- Import records (e.g., entry summary forms, import invoices)
- Export records (e.g., shipping manifests, bills of lading)
- Manufacturing records (if applicable)
- Proof of duties, taxes, and fees paid

3

Submit the Claim via the ACE Portal

- File electronically using CBP's Automated Commercial Environment (ACE) system.
- Requires Automated Broker Interface (ABI)-compatible software.

4

Monitor & Respond to CBP Requests

- Track claim status in the ACE portal.
- Respond promptly to any CBP requests for additional documentation.

5

Receive Your Refund

- Standard processing time: 3–6 months (or longer)
- Accelerated payment option: 4–6 weeks (if approved)



WHY DO COMPANIES LEAVE MONEY ON THE TABLE?

Despite the potential benefits, many companies never file for duty drawback. Here are some common reasons why:

- » **Lack of awareness:** They don't know they qualify.
- » **Perceived complexity:** The regulations and paperwork feel overwhelming.
- » **Administrative burden:** They lack the staff or expertise to manage claims.
- » **Fear of audits:** They worry about compliance risks.



The Solution: Hiring a Duty Drawback Broker!
J.M. Rodgers manages your claims from start to finish, maximizing refunds with minimal effort from your team.

HOW J.M. RODGERS CAN HELP YOU MAXIMIZE DUTY DRAWBACK REFUNDS



No Upfront Fees

You only pay after receiving your refund.



Industry Expertise

A dedicated team with decades of experience.



Competitive Rates

A small percentage of recovered refunds.



Proprietary Software

Accurate and compliant claims processing.



Peace of Mind

Insured up to \$1,000,000 for claim errors.



Audit Protection

Full support during CBP audits at no extra charge.

CASE STUDY: AUTOMOTIVE IMPORTER



Challenge:

No drawback program in place; millions in duties paid on exported parts went unrecovered.



Solution:

JMR built a tailored drawback program with proprietary software and full-service support.



Results:

- Recovered \$5M+ in refunds
- Gained accelerated payment approval
- Ongoing, automated refund process



Takeaway:

Without J.M. Rodgers, this client would've missed out on millions in recoverable revenue.

DON'T LEAVE MONEY ON THE TABLE... CLAIM YOUR DUTY DRAWBACK REFUND TODAY!

**Billions of dollars in duty refunds go unclaimed each year.
Don't let your company miss out.**



Schedule a Free Drawback Consultation!

Contact us today to learn how we can help you claim your refunds.



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