TURNING TARIFFS INTO PROFIT:
WINNING WITH DUTY DRAWBACK

By J.M. Rodgers Co.

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Since 1952

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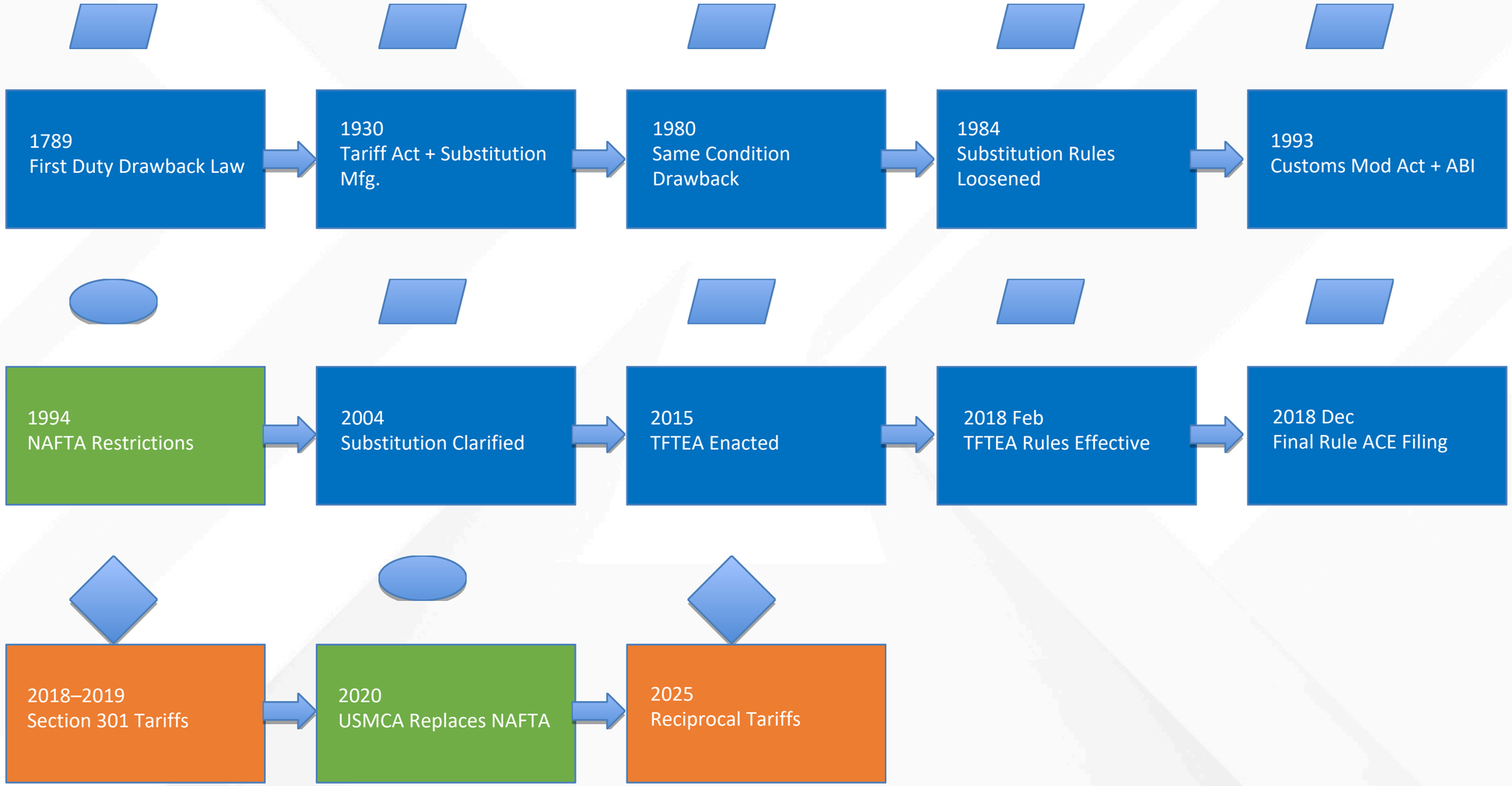
230+ YEARS OF U.S. DUTY DRAWBACK: MASTER VISUAL TIMELINE



PENDING SUPREME COURT CASE: IEEPA & RECIPROCAL TARIFFS

Plaintiffs Challenge Presidential Use of IEEPA to Impose Trafficking and Reciprocal Tariffs

- **Who Was Sued:** President Trump and senior administration officials.
- **Where Filed:** U.S. Court of International Trade (CIT) and U.S. District Court for the District of Columbia.
- **Basis of Challenge:** Improper use of IEEPA to impose tariffs based on national emergency declarations for drug trafficking, migration, and trade deficits.
- **Tariffs at Issue:** IEEPA Trafficking Tariffs (Mexico, China, Canada) + IEEPA Reciprocal Tariffs.
- **Legal Journey:** Plaintiffs won twice in lower courts.
- **Supreme Court Timing:** Court has accepted the case on an expedited path — oral arguments scheduled first week of November 2025, with a potential decision by end of calendar year 2025.
- **Implications:** Decision may open or restrict recovery of significant duties for U.S. importers and exporters.

IEEPA TARIFFS: TWO VERY DIFFERENT FUTURES

If Supreme Court Agrees with Lower Courts

- Tariffs Stop Immediately: IEEPA tariffs deemed illegal.
- Refund Rights: All importers potentially eligible for refunds of past IEEPA tariffs.
- Scale: Estimated $180 Billion YTD (2025) IEEPA tariffs at stake.
- Chaos Likely: Refund mechanism likely through PSC (Post Summary Corrections) and Protests.
- Operational Challenge: Thousands of PSCs/protests flooding brokers & CBP.

If Supreme Court Rules for the Trump Administration:

- Tariffs Stay in Place: IEEPA tariffs validated.
- No Refund: Paid duties remain, importers must mitigate costs.
- Drawback Demand: Exporters turn heavily to duty drawback to offset costs.
- Strategic Planning: Companies focus on supply-chain adjustments, alternative sourcing, or other cost recovery measures.
- Long-Term Play: Duty drawback remains one of few cost-reduction tools available.

WIN OR LOSE: A PRACTICAL APPROACH FOR IMPORTERS

Practical Steps to Take Now — Regardless of the Supreme Court Outcome

Uncertain Outcome: Even with lower court wins, the Supreme Court's decision is unpredictable.

- **Action 1 – Extend Liquidation Dates:**
  - Request liquidation extensions on entries to create a larger window to file PSCs and Protests if refunds become available.

- **Action 2 – Implement Duty Drawback Now:**
  - If you're exporting, set up or expand drawback programs immediately.
  - Drawback applies to more than just IEEPA tariffs and you can start recovering now.
  - If Trump wins, drawback mitigates ongoing tariffs. If Trump loses, you'll already be positioned to file refund claims fast.

- **Get a Head Start on Refunds:**
  - Start matching exported items to drawback-eligible entries today — this lets you act rather than react if refunds open up.
  - As your drawback provider, J.M. Rodgers can help identify the exact entries used in drawback and ensure you remain compliant with PSCs and Protests.

BUILDING A DRAWBACK SUPPORT SYSTEM

Step 1 – Identify the Right Drawback Type:
Start by analyzing your current supply chain to see which drawback category fits.

- Most companies fall under the “Big 3”:
  - Unused Direct Identification
  - Unused Substitution
  - Manufacturing Substitution
- However, every account is unique — your program must be tailored to your company’s products, data flows, and export patterns.

Step 2 – Align & Support Data by Drawback Type:

- Once you know the category, collect the right supporting data (imports, exports, BOMs, manufacturing records).
- Equally important: maintain the ability to provide documentation on request (CBP audits, PSC/Protest support).

Step 3 – JMR’s Methodical Approach vs. Quick Quotes:

- Many competitors rush to estimate refund potential and provide a rate quote.
- J.M. Rodgers takes a more methodical approach:
- Helps you understand what’s required to support the program from both a data and documentation perspective.
- Provides a ballpark idea of refund potential tied to your actual data.
- Helps you understand the resources required on your end to support the program.
- This prevents surprises 3–6 months later and ensures you’re in position to fully support drawback from the start.

ANALYZING YOUR DRAWBACK POTENTIAL

Not All Tariffs Are Eligible — Know Where to Start, Know What's Real

Step 1 – Identify Eligible Tariffs First:

- Example: Fentanyl/Trafficking Tariffs under IEEPA are NOT eligible.
- Section 232 Steel, Aluminum, and Auto tariffs are NOT eligible.
- Everything else in scope may be eligible — know the boundaries before you model potential refunds.

Step 2 – Determine Your Start Point:

- Some customers have only been impacted since April 2025, while others can go back further.
- Drawback statute allows you to claim up to 5 years back, depending on your imports/exports.

Step 3 – Recognize Evaluation Complexity:

- It's not always a straight calculation of duty paid × % exported.
- Many factors influence actual returns:
- Under Unused Direct ID, we must work off inventory turns and match at a product level.
- Under Manufacturing Drawback, waste factors in the process must be accounted for.
- Until we actually construct a claim, refund numbers are estimates only.

Step 4 – When Drawback Is Worth It:

- Our general threshold is around $200K in annual refunds.
- This isn't a hard line — we can go below — but due to the effort and resources for both parties, we need to ensure the juice is worth the squeeze.

CASE STUDIES: EMERGING DRAWBACK OPPORTUNITIES

Real-World Examples of Companies Turning Tariffs Into Refunds

Case Study 1 – Low Duty → High Impact:

- Company imported low-duty inputs but exported finished goods.
- With new tariffs, annual duties spiked; drawback unlocked hundreds of thousands in refunds.

Case Study 2 – From 'Not Worth It' to Millions in Refunds:

- Company previously dismissed drawback due to small duty exposure.
- Reciprocal tariffs changed the math; now recovering high six figures annually.

Case Study 3 – Proactive Implementation Before Court Decision:

- Reason 1: Significant historical refunds available going back 5 years that aren't tied to the pending case — implementing drawback now captures those refunds immediately.
- Reason 2: Many companies don't expect the Supreme Court to overturn these tariffs (or expect new tariffs if they're struck down) — having drawback in place hedges their bet.
- Result: By implementing now, companies are capturing legitimate historical refunds and positioning themselves to use PSCs/Protests later for any leftover eligible items if the Court's decision opens up more refunds.

MAKING DRAWBACK WORK FOR YOU

The Opportunity:

It’s Your Money: Drawback is a government program created over 235 years ago to promote U.S. manufacturing and international sales. Don’t leave your refunds on the table.

- **It’s Your Money:** Duty drawback refunds duties you already paid — not a tax credit or loophole.
- Program created to promote manufacturing and exports.
- Tariffs, trade agreements, and court decisions keep changing — drawback is your hedge against uncertainty.
- Doing nothing = leaving money on the table.

MAKING DRAWBACK WORK FOR YOU

The Requirements:

Know What's Needed: A clear understanding of your supply chain, drawback type, data, and documentation requirements.

- **Identify Your Drawback Type:** Unused Direct ID, Unused Substitution, Manufacturing Substitution — each has its own data/documentation requirements.
- **Map Your Supply Chain:** Imports, exports, manufacturing steps, waste factors, and timelines.
- **Clean Data & Documentation:** Entry numbers, bills of material, export records — all audit-ready.
- **Eligibility Awareness:** Know which tariffs are in scope (IEEPA) and which aren't (Section 232).

MAKING DRAWBACK WORK FOR YOU

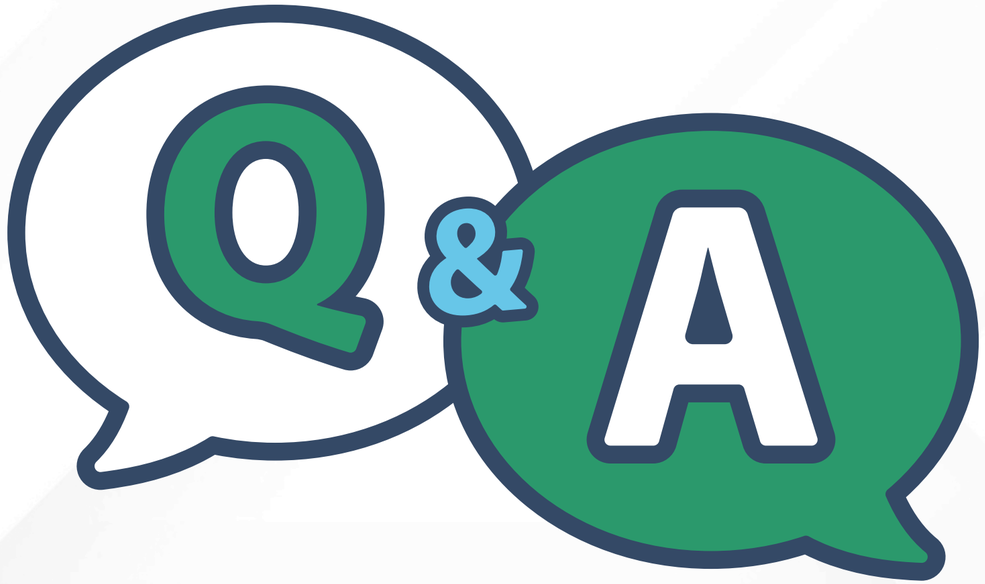
The Execution:

Turn Potential Into Cash Flow: Assign internal ownership, streamline processes, and partner with experts to claim refunds compliantly and at scale.

- **Assign Internal Champions:** Someone inside your company to coordinate finance, logistics, and compliance.
- **Build Processes for Compliance:** Regular audits, verification steps, and timelines for PSCs/Protests.
- **Use Technology & Expertise Together:** Proprietary or robust systems to handle the data, and experienced professionals (LCBs/drawback specialists) to interpret and validate.
- **Plan for Scale:** Start with high-impact goods, then expand once processes are in place.

ASK THE EXPERTS!

LET’S OPEN IT UP!



THANK YOU!

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J.M. Rodgers Co. – Your partner in drawback recovery

Since 1952

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TAKE THE NEXT STEP TOWARD MAXIMIZING YOUR REFUNDS:

Take Advantage of Our Free In-Depth Drawback Analysis!

- **Complimentary Drawback Analysis:** Schedule a free 30-minute review with Andrew Galloway to discuss your supply chain, tariff exposure, and refund opportunities.
- **Tailored Insight:** We'll help you understand your potential refunds, data needs, and program requirements specific to your company.
- **Confidential & Secure:** We provide actionable insights, not a sales pitch.
- **Actionable Next Steps:** Leave the webinar with a clear plan to capture and support drawback opportunities.

Book Your Free Analysis Today!